



NEDBANK LESOTHO LIMITED

FINANCIAL RESULTS

FOR YEAR ENDED 31 DECEMBER 2018

PERFORMANCE OVERVIEW

Nedbank Lesotho delivered an improved financial performance for the year 2018, amidst challenging economic conditions. Our profit after tax before taking into account other comprehensive income grew by 241%, from M21.924 million to M74.773 million. On a normalized basis, factoring out once-offs and unusual items in prior year and in 2018, our profits grew 15%.

Our performance was attributable to growth in clients and the business we do with them, cost containment and non-recurring items like significant recovery of previously written off loans.

Our Net Interest Income and Non-Interest Revenue increased by 16.9% and 13.1%, respectively as a result of the increase in our lending book and customers' growth.

Loans and advances grew significantly by 14.9%, from M1.179 billion to M1.355 billion in 2018, as we supported businesses to grow and create jobs and individuals to build homes, educate their children and achieve their dreams. Total deposits also increased by 7.8% to M3.856 billion from M3.577 billion in line with the Bank's strategic deposit mobilisation initiatives.

The bank is in a healthy and sound financial position which is attributed to strong capital base and good risk management as well as growth and support from our clients.

CORPORATE SOCIAL INVESTMENT (CSI)

Nedbank Lesotho continued to play a role in social upliftment in the country through corporate social initiatives such as partnerships in support of development projects for communities in Mokhotlong, support for promotion of Breast Cancer awareness, commemoration of the World Day for the Elderly with donations of blankets for the elderly for winter, and ongoing support to the Hlokomela Banana "Care for Girls" Project for provision of hygiene packages for girls in high schools.

APPRECIATION

The Board and Management of Nedbank Lesotho Limited wish to thank all customers, staff, shareholders, regulators, business partners and the community at large for their valuable and continued support during 2018 and in the coming years.

STATEMENT OF FINANCIAL POSITION

at 31 December 2018

	2018 M'000	2017 M'000
Assets		
Cash and cash equivalents	2 939 568	2 732 489
Non-pledged trading assets	46 344	36 286
Loans and advances	1 354 606	1 179 196
Amounts due from banks	61 810	78 714
Other assets	10 366	23 718
Property and equipment	61 237	69 102
Intangible assets	25	61
Current tax assets	2 647	1 085
Deferred tax asset	12 578	3 442
Total assets	4 489 181	4 124 093
Liabilities and equity		
Deposits from customers	2 895 399	2 523 285
Deposits from banks	960 579	1 053 233
Deferred Tax liability	3 867	-
Other liabilities	117 782	88 493
Total liabilities	3 977 627	3 665 011
Share capital	20 000	20 000
Retained earnings	452 169	386 275
Reserves	39 385	52 807
Total equity	511 554	459 082
Total liabilities and equity	4 489 181	4 124 093

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended at 31 December 2018

	2018 M'000	2017 M'000
Income		
Interest income	352 612	307 418
Interest expense	(164 876)	(146 793)
Net interest income	187 736	160 626
Non-interest revenue	96 386	85 247
Revenue	284 122	245 873
Expenses		
Impairment of loans and advances	5 217	(24 322)
Staff costs	(76 803)	(80 637)
Depreciation & amortisation	(9 496)	(9 872)
Other operating expenses	(109 615)	(97 483)
Total expenses	(190 697)	(212 314)
Profit before tax	93 425	33 558
Income tax expense	(18 597)	(11 634)
Profit after tax	74 828	21 924
Other comprehensive income		
Items that will not be classified to profit or loss		
Re-measurements of defined benefit liability	4 133	4 121
Related tax on re-measurements of defined benefit liability	(1 033)	(1 030)
Other comprehensive income for the year	3 100	3 091
Total comprehensive income for the year	77 928	25 014


Papa Sekyamah, Managing Director (a.i)
Nedbank Lesotho Limited


Matholoana Mokhali, Chief Financial Officer
Nedbank Lesotho Limited

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NEDBANK