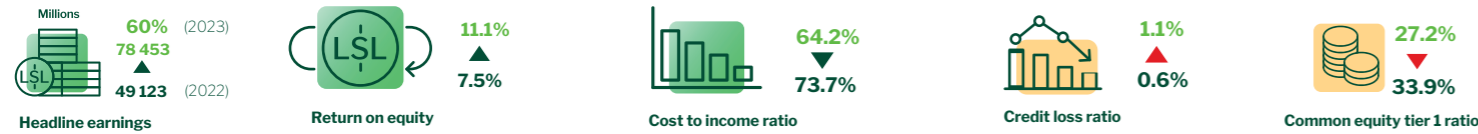


# Nedbank Lesotho Limited Annual Financial Results

For the year ended 31 December 2023



## Managing Director Mr. Nkau Matete

Nedbank Lesotho continues to show strength and resilience in a challenging economic climate. Amidst a very challenging business environment, improving how we service our clients' needs has remained top of our agenda. We have made incredible strides in delivering on set targets and I am particularly excited about the 2024 calendar as we look to unlock even more value, access, and service efficiency to meet client needs. I am encouraged and wish to tip my hat off to all Nedbank Lesotho management, staff, the board of directors, our clients, our regulators, key stakeholders including suppliers. Our positive trajectory is testament to your invaluable contribution to our course. We look forward to more collaboration with mutual yields.

Our mandate remains being the posterchild for good financial practices, as we believe that money well managed shall bring a positive change to individuals, organisations, and communities all round.



### Executive Head of Corporate and Investment Banking – Mr. Mokhachane Mopeli

At Nedbank CIB, we believe in partnering with our clients to create sustainable value, with positive impact on the society and the environment. We provide a range of tailor made solutions to cover transactional banking, corporate and investment banking as well as global markets. Our decades-strong legacy of experience has set us up as a key partner for leading corporations, financial institutions, as well as parastatals and Government Ministries. This clientele has contributed strongly in delivering good revenue growth year on year. If businesses want their money decisions done right and securely, we are the bank to partner with. We look forward to delivering on our clients' mandates to greater heights in this current fiscal



### Executive Head of Retail and Distribution – Mr. Teboho Mhlanga

We take pride in being the bank that serves individuals and entities in different segments. Our dedication to bridging the financial-inclusion gap in our country saw Nedbank Lesotho roll out a mobile money solution to ensure that banking services are extended to all Basotho including those who do not meet the primary regulatory requirement for a formal bank account. Innovation in our digital solutions shall see more exciting solutions hitting the market. Our POS solution is set to get even stronger and ensure that all cards transact seamlessly across many merchants. We will soon be unveiling more exciting news in the digital space, the lending offers, investments, and all personal banking needs. Nedbank Lesotho also wishes to congratulate all businesses in the SME space for continuing to thrive amidst the tough economic challenges, our doors remain open to have conversations that solve these challenges for our valued clients.



### Executive Head of Credit – Mrs. 'Makatleho Ntsapi

As an enabling function, I lead a team that is dedicated to ensuring that we uphold the Nedbank Lesotho principle of responsible lending. It is our priority to ensure that loans and advances afforded to our clients do not ultimately become the reason why the business or personal goals become unachievable. We take careful consideration in partnering with our business colleagues to exceed our clients' needs. I'm pleased by the many improvements we have seen in the past year, but I am even more excited about the value-unlocks which we will soon be sharing with our clients as we look to deliver on the bank's purpose.



## Performance review

In a weaker global economy with heightened geopolitical tensions and climate change impact, there has been a financial contagion on domestic economic activity resulting in higher-than-expected levels of inflation. This is at the back of imported inflation and a generally weaker currency, ultimately leading to higher-than-expected interest rates. Collectively, these conditions have also put unprecedented pressure on consumer finances. Despite this difficult and volatile operating environment, Nedbank Lesotho remained resilient and delivered strong financial performance in 2023. Nedbank Lesotho profits after tax soared by 60% from M49.1 million in the comparative period to M78.5 million in 2023, underpinned by the endowment effect and a well-diversified investment portfolio yielding higher returns. NIR performance is evident to the Bank's strategic intent to grow transactional volumes through differentiated client offering. Herewith, the Bank reported a double-digit performance in ROE at 11%. Our balance sheet surge was fostered by improved funding with customer deposits increasing by 19% to M3.168 billion, benefiting largely from higher deposits from corporate clients. This enabled loans and advances growth of 15% to M1.578 billion in 2023, driven largely by high disbursements and an enhanced credit management strategy. The Bank's capital ratios also remained strong, with a common equity tier 1 ratio of 27.2%, well above the internal targets and regulatory minimums. As such, the Bank remains well positioned to support its growth strategy and is adequately capitalised to handle economic shocks.

## Corporate social responsibility (CSI)

Nedbank Lesotho remains committed to playing a role in supporting several initiatives in line with the sustainable development goals. In 2023, the bank supported the Limomonane Tree-planting initiative, which is aimed at countering the adverse effects of climate change. The bank also supports Hlokomela Banana sanitary towel drive whose main objective is to give the girl-child an equitable access to education. It is our firm believe that money well-managed, will bring meaningful change to our communities. High unemployment inspires entrepreneurial activity in the events, arts, and sporting space amongst other sectors. We, in 2023, supported initiatives in cycling, football, musical events, and activated more CSI initiatives driven by Nedbank Lesotho staff in different teams.

## Appreciation

The Board of Directors, and Management of Nedbank Lesotho Limited wish to thank all Clients, Staff, Shareholders, Regulators, Business Partners, and the Community at large for their invaluable and continued support.

## Nedbank Lesotho Limited Financial Results – 2023

Statement of Financial Position At 31 December 2023

## Statement of Profit or Loss and Other Comprehensive Income

for the period ended 31 December 2023

	2023 M'000	2022 M'000		2023 M'000	2022 M'000
<b>Assets</b>			Interest Revenue	429 096	286 598
Cash and cash equivalents	3 513 825	1 757 341	Interest Expense	(166 294)	(89 907)
Non-Pledged trading assets	142 013	305 695	<b>Net Interest Income</b>	<b>262 802</b>	<b>196 691</b>
Loans and advances	1 577 607	1 377 243	Non-Interest Revenue	115 137	108 086
Deferred tax asset	26 098	30 002	Impairment of Loans and Advances	(17 578)	(8 540)
Other assets	658 557	188 164	Staff Costs	(100 036)	(92 781)
Property, Plant and Equipment	61 692	63 397	Depreciation and Amortisation	(16 255)	(16 554)
Right of Use Asset	8 033	9 616	Other operating expenses	(141 277)	(129 330)
Intangible assets	8 774	470	<b>Profit before taxation</b>	<b>102 793</b>	<b>57 572</b>
<b>Total assets</b>	<b>5 996 599</b>	<b>3 731 928</b>	Taxation	(24 340)	(8 449)
<b>Liabilities and equity</b>			<b>Profit for the year</b>	<b>78 453</b>	<b>49 123</b>
Deposits from banks	1 874 019	235 793	<b>Other comprehensive income</b>		
Deposits from customers	3 167 618	2 652 587	Re-measurements on net defined benefit liability/asset	(6 820)	(5 088)
Current tax liability	1 400	118	Gains on property revaluation	1 123	7 125
Deferred revenue	14 046	16 824	<b>Other comprehensive income for the year net of taxation</b>	<b>(5 697)</b>	<b>2 037</b>
Other liabilities	222 083	159 796	<b>Total comprehensive income for the year</b>	<b>72 756</b>	<b>51 160</b>
Lease obligations	9 048	11 533			
<b>Total Liabilities</b>	<b>5 288 214</b>	<b>3 076 651</b>			
Share capital	20 000	20 000			
Reserves	55 702	54 579			
Retained earnings	632 683	580 698			
Total equity	<b>708 385</b>	<b>655 277</b>			
<b>Total liabilities and equity</b>	<b>5 996 599</b>	<b>3 731 928</b>			

*Nkau Matete*  
Nkau Matete  
Managing Director  
Nedbank Lesotho Limited

*Director Sebehele Selepe*  
Director Sebehele Selepe  
Chairman of Audit Committee  
Nedbank Lesotho Limited

see money differently

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**NEDBANK**