

FINANCIAL RESULTS

FOR YEAR ENDED 31 DECEMBER 2019



PERFORMANCE OVERVIEW

Nedbank Lesotho's financial performance for the year 2019 was subdued amidst challenging economic conditions. Our profit after tax before other comprehensive income declined by 21%, from M74.828 million to M59.499 million. On a normalized basis, factoring out once-offs and unusual items in prior year, our profits grew by 13%.

Our performance was attributable to growth in the lending book and strategic cost containment initiatives.

Our Net Interest Income increased by 17% as a result of the increase in our lending book and customers' growth. Non Interest Revenue on the other hand dropped by 10%, this was mainly as a result of deferral of fees in compliance with IFRS 15 Revenue Recognition requirements.

Loans and advances grew significantly by 12%, from M1.355 billion to M1.522 billion in 2019, as we continued to support local businesses to grow and individuals to reach their goals. Total deposits decreased by 12% from M3.856 billion to M3.398 billion as local banks reduced their funds held with the Bank to meet their local liquidity requirements.

The Bank remains healthy and of sound financial position which is attributed to strong capital base and good risk management practices 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 our corporate social investment initiatives. The CSI spent went to the following key and targeted categories. Non-government organizations in areas such as the promotion of breast cancer awareness, sports development, and partnering with organizations looking after vulnerable and marginalized members of society.



APPRECIATION

The Board and Management of Nedbank Lesotho Limited wish to thank all clients, staff, shareholders, Regulators, business partners and the community at large for their valuable and continued support during 2019 and in the coming years.

STATEMENT OF FINANCIAL POSITION

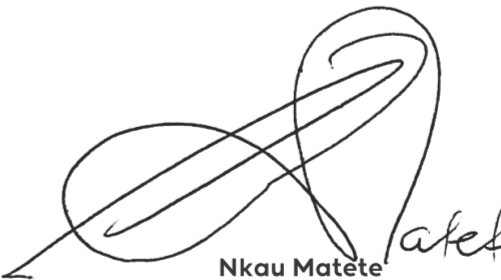
at 31 December 2019

	2019 M'000	2018 M'000
Assets		
Cash and cash equivalents	1 970 892	2 939 568
Non-pledged trading assets	262 117	46 344
Loans and advances	1 511 074	1 354 606
Amounts due from banks	152 780	61 810
Other assets	20 072	10 366
Property and equipment	54 664	61 237
Right of Use Assets	30 590	
Intangible assets	43	25
Current tax assets	15 512	2 647
Deferred tax asset	18 555	12 578
Total assets	4 036 299	4 489 181
Liabilities and equity		
Deposits from customers	2 861 623	2 895 399
Deposits from banks	523 512	960 579
Lease Obligation	31 638	-
Deferred Tax liability	-	3 867
Deferred Revenue	12 775	-
Other liabilities	47 592	117 782
Total liabilities	3 490 140	3 977 627
Share capital	20 000	20 000
Retained earnings	486 774	452 169
Reserves	39 385	39 385
Total equity	546 159	511 554
Total liabilities and equity	4 036 299	4 489 181

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended at 31 December 2019

	2019 M'000	2018 M'000
Income		
Interest income	354 466	352 612
Interest expense	(134 786)	(164 876)
Net interest income	219 680	187 736
Non-interest revenue	86 737	96 386
Revenue	306 417	284 122
Expenses		
Impairment of loans and advances	(21 396)	5 217
Staff costs	(83 266)	(76 803)
Depreciation & amortisation	(16 848)	(9 496)
Other operating expenses	(113 938)	(109 615)
Total expenses	(235 448)	(190 697)
Profit before tax	70 969	93 425
Income tax expense	(11 520)	(18 597)
Profit after tax	59 449	74 828
Other comprehensive income		
<i>Items that will not be classified to profit or loss</i>		
Re-measurements of defined benefit liability	106	4 133
Related tax on re-measurements of defined benefit liability	(26)	(1 033)
Other comprehensive income for the year	80	3 100
Total comprehensive income for the year	59 529	77 928


Nkai Matete
Managing Director
Nedbank Lesotho Limited


Matholoana Mokhali
Chief Financial Officer
Nedbank Lesotho Limited