

# FINANCIAL RESULTS

FOR YEAR ENDED 31 DECEMBER 2020



## PERFORMANCE OVERVIEW

In a period of unprecedented health, economic and social challenges brought about by the global Covid-19 pandemic; Nedbank Lesotho has remained profitable and resilient, underpinned by a strong balance sheet with a solid capital and liquidity position.

Nedbank Lesotho's Headline Earnings decreased by 55% to M26.670 million from M59.449 million year on year. The bank's performance was negatively impacted by several interest rate cuts, reduced transactional activities as a result of lockdowns and high impairments attributable to the impact of Covid-19 on the business environment.

Net Interest Income dropped by 13% mostly due to interest rate cuts as well as challenges growing the lending book as most businesses struggled with low economic activity. Non-Interest Revenue on the other hand increased by 8% owed to recognition of prior deferred revenue plus contribution coming from a range of digital solutions made available to Nedbank clients.

Loans and advances dropped by 9%, from M1.511 billion to M1.359 billion year on year, as a result of high impairment provisions and slow growth. On the other hand, customer deposits grew by 4% to M2.986 billion from M2.861 billion in line with the Bank's strategic deposit mobilisation initiatives.



## CORPORATE SOCIAL INVESTMENT (CSI)

Amidst Covid-19's unusual impact on the nation, Nedbank Lesotho was responsive and continued to play its role as a responsible corporate citizen to help Basotho through corporate social investment initiatives. The major CSI spend was in the form of donations of personal protective equipment (PPE) to Scott Hospital Morija and St. Joseph's Hospital in Roma. The bank prioritized hospitals to safeguard the lives of the country's frontline workers who are at the most elevated risk due to the nature of their work. Other initiatives targeting categories such as sports development and education did not go ahead for the year as envisaged as the bank needed to adhere to the national Covid-19 regulations around physical distancing and times of national lockdown.



## APPRECIATION

The Board and Management of Nedbank Lesotho Limited wish to thank all our valued clients, shareholders, regulators, business partners and the community at large for their valuable and continued support. A special appreciation goes to our employees for the commitment and resilience they have shown during this difficult time.

## STATEMENT OF FINANCIAL POSITION

at 31 December 2020

	2020 M'000	2019 M'000
<b>Assets</b>		
Cash and cash equivalents	2 363 749	1 970 892
Amounts due from other banks	502 052	152 780
Non-Pledged trading assets	16 126	262 117
Derivative Assets	9 412	-
Loans and advances	1 368 707	1 511 074
Current Tax Asset	19 945	15 512
Deferred Tax Asset	25 548	18 555
Other Assets	22 597	20 072
Property, Plant and Equipment	60 779	54 664
Right of Use Asset	22 807	30 590
Intangible assets	492	43
<b>Total assets</b>	<b>4 412 214</b>	<b>4 036 299</b>
<b>Liabilities and Equity</b>		
Deposits from banks	666 014	536 512
Deposits from Customers	2 986 398	2 861 623
Derivative Liabilities	8 442	-
Deferred Revenue	15 180	12 775
Other liabilities	131 080	47 592
Lease Obligations	24 974	31 638
<b>Total Liabilities</b>	<b>3 832 088</b>	<b>3 490 140</b>
Share capital	20 000	20 000
Reserves	47 454	39 385
Retained earnings	512 672	486 774
<b>Total equity</b>	<b>580 126</b>	<b>546 159</b>
<b>Total liabilities and equity</b>	<b>4 412 214</b>	<b>4 036 299</b>

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 31 December 2020

	2020 M'000	2019 M'000
Interest Revenue	304 276	354 466
Interest Expense	(112 244)	(134 786)
<b>Net Interest Income</b>	<b>192 032</b>	<b>219 680</b>
Non Interest Revenue	94 088	86 737
Impairment of Loans and Advances	(35 364)	(21 396)
Staff Costs	(80 893)	(83 266)
Depreciation and Amortisation	(17 559)	(16 848)
Other operating expenses	(116 959)	(113 938)
<b>Profit before taxation</b>	<b>35 345</b>	<b>70 969</b>
Taxation	(8 675)	(11 520)
<b>Profit for the year</b>	<b>26 670</b>	<b>59 449</b>
Other comprehensive income		
Re-measurements on net defined benefit liability/asset	(772)	106
Deferred Tax	216	(26)
<b>Other comprehensive income for the year net of taxation</b>	<b>(556)</b>	<b>80</b>
<b>Total comprehensive income for the year</b>	<b>26 114</b>	<b>59 529</b>

Nkai Matete  
Managing Director  
Nedbank Lesotho Limited

Matholoana Mokhali  
Chief Financial Officer  
Nedbank Lesotho Limited