

Nedbank Eswatini Limited

Incorporated in the Kingdom of Eswatini
Registration Number: CB39/1974
Listed on the Eswatini Stock Exchange (ESE)
ISIN Code: SZ0005797904
ESE Share Code: NEDBANK



Financial Performance for the year ended 31 December 2023

KEY HIGHLIGHTS

HEADLINE EARNINGS	OPERATING INCOME	NET INTEREST INCOME	NON-INTEREST REVENUE	EFFICIENCY RATIO	NIR TO EXPENSES	CREDIT LOSS RATIO	RETURN ON EQUITY	CAPITAL ADEQUACY	DIVIDEND PER SHARE
E178 m	E611 m	E410 m	E201 m	52%	64%	1.18%	17%	18.4%	406 cents
▲ 10%	▲ 16%	▲ 26%	▼ 1%	▼ 500 bps	▼ 400 bps	▲ 33 bps	▲ 100 bps		

► 2023 Year End Results Commentary

Overview

The Eswatini economy grew modestly in 2023 amidst a backdrop of a continued post Covid-19 recovery and an increase in the country's SACU receipts. The local economy is expected to show robust growth in 2024.

Global and local inflation remained at escalated levels due to the Russia-Ukraine conflict. In an effort to combat inflation, the Central Bank of Eswatini maintained a contractionary monetary policy stance, increasing interest rates by 100 basis points during 2023. The local banking sector increased credit extended to business and individuals in 2023.

Nedbank Eswatini Limited achieved headline earnings of E178.0 million in 2023 (2022: E161.7 million).

Net interest income

Net interest income increased by 26% from 2022, attributable to the availability of excess funds for investments placements, increased volumes on loans and advances, and the increase in the prime lending rate by 100 basis points. However, the Bank also experienced an increase in the cost of funds, driven by growing client demand for high interest earning deposit products.

Impairment of Loans and Advances

The impairment charge for the year was E46.7 million (2022: E31.1 million). This significant increase was driven by multiple interest rate hikes which contributed to increased financial stress on SME and Corporate clients, therefore, increasing their credit risk. The increase is also reflective of the additional risk in a rising interest rate environment.

Non-Interest Revenue

The Bank is continuously driving the strategic intention to onboard customers onto our digital platforms to improve client transactability experiences and grow our client base. Non-interest revenue recorded a flat performance amounting to E201.0 million (2022: E202.4 million), and the ratio of non-interest revenue to expenses declined by 400 basis points to 64% (2022: 68%).

Operating Expenses

Operating expenditure at E315.7 million (2022: E298.4 million) increased by 6%. The efficiency ratio was recorded at 52% (2022: 57%), an indication of improved operational efficiency delivered by the Bank, in a highly price sensitive market.

Capital Adequacy

Capital adequacy ratio was 18.4% (2022: 18.4%) which is above the regulatory requirement of 8%. Capital and reserves totaled E1 060 million (2022: E992 million). The Bank's capital adequacy ratio has been computed according to Basel II reporting principles as adopted by the Central Bank of Eswatini.

The Board of Directors is satisfied that the Bank's capital is adequate and meets regulatory requirements.

Prospects

Nedbank's focus to drive growth in 2024 will be centered on client acquisition to increase primary banked clients, as well as revenue growth through higher utilization of the Bank's transactional capabilities.

Dividend Declaration

Notice is hereby given that a dividend of E4.06 cents per share is declared, totaling E100m for the financial year ended 31 December 2023 payable to shareholders registered in the books of the company at the close of business on 10 May 2024. The dividend will be paid to the shareholders on 31 May 2024 and in declaring the dividend all liquidity, solvency and capital requirements were adhered to.

Annual General Meeting

The Annual General Meeting will be held on 31 May 2024 and a final notification, together with the annual report will be sent to shareholders not later than 02 May 2024.

Corporate Governance Statement

The Directors and Management of Nedbank Eswatini Limited confirm their commitment to the principles of good corporate governance as articulated in the King IV report and the Corporate Governance Guidelines issued by the Central Bank of Eswatini.

Directors

The composition of the Board in the reporting period was as follows: Mr. N A Hlatshwayo (Chairman), Ms. F Nkosi (Managing Director), Mr. M Maziya (independent non-executive), Mr. A Sutton-Pryce (independent non-executive), Dr. M D Mthembu (non-executive), Mr. Z Kunene (independent non-executive), Mr. G. Payne (non-executive), Ms. P. Maqetuka (non-executive) and Mrs. S. Nkumane (independent non-executive).

Independent Auditors' report on Abridged Bank Financial Statements

To the shareholders of Nedbank Eswatini Limited

Opinion

The accompanying abridged financial statements of Nedbank Eswatini Limited, which comprise the abridged statement of financial position as at 31 December 2023, and the related abridged statement of comprehensive income, abridged statement of changes in equity and abridged statement of cash flows for the year then ended, are derived from the financial statements of Nedbank Eswatini Limited for the year ended 31 December 2023.

In our opinion, the abridged financial statements derived from the audited financial statements of Nedbank Eswatini Limited for the year ended 31 December 2023 are consistent, in all material respects, with the audited financial statements, in accordance with the requirements of the Central Bank of Eswatini and the Eswatini Stock Exchange.

Abridged Financial Statements

The abridged financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited financial statements of Nedbank Eswatini Limited. Reading the abridged Bank's financial statements, therefore, is not a substitute for reading the audited financial statements of Nedbank Eswatini Limited for the year ended 31 December 2023.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 26 March 2024.

Directors' responsibility for the abridged financial statements

The directors are responsible for the preparation of the abridged financial statements of Nedbank Eswatini Limited in accordance with the requirements of the Central Bank of Eswatini and the Eswatini Stock Exchange.

Auditors' Responsibility

Our responsibility is to express an opinion on the abridged financial statements derived from the bank's financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing 810, Engagements to Report on Summary Financial Statements.

Auditors

26 March 2024
SNG Grant Thornton Chartered Accountants (Eswatini)
Umkhiwa House, Lot 195 Kal Grant Street, Mbabane, Eswatini

Auditors:
SNG Grant Thornton Chartered
Accountants Eswatini
Umkhiwa House, Kal Grant Street
Mbabane

► Statement of Comprehensive Income

	Year ended 31 December 2023	Year ended 31 December 2022
	SZL	SZL
Interest income	643,265,148	472,452,987
Interest expense	(233,288,776)	(148,057,998)
Net interest income	409,976,372	324,394,989
Non-interest revenue	200,948,854	202,382,853
Total income	610,925,226	526,777,842
Impairment of advances	(46,717,146)	(31,143,349)
Net income	564,208,080	495,634,493
Expenses	(315,683,339)	(298,436,408)
Net income before tax	248,524,741	197,198,085
Taxation	(70,507,191)	(35,520,196)
Net income after taxation	178,017,550	161,677,889

Basic and diluted earnings per share (cents) 722 656
ROE (%) 17% 16%

► Statement of Financial Position

	31 December 2023	31 December 2022
Assets		
Cash and cash equivalents	1,218,298,514	1,188,627,975
Government and public sector securities	1,331,637,342	1,246,768,318
Derivative financial instrument	-	19,089,761
Amounts due from other banks	61,153,576	36,495,828
Investments	14,859,680	12,878,609
Loans and advances to customers	3,686,133,980	3,545,597,533
Other receivables	10,002,429	6,639,808
Deferred taxation asset	99,177,305	88,502,385
Property and equipment	69,431,246	45,835,535
Intangible assets	529,502	61,268
Total assets	6,491,223,574	6,190,497,020

Equity and Liabilities

Equity		
Share capital	12,305,277	12,305,277
Share premium and reserves	1,048,146,655	980,036,049
Total equity and reserves attributed to equity holders of the bank	1,060,451,932	992,341,326
Liabilities		
Funding from other banks	335,411,330	106,016,852
Derivative financial instruments	-	18,744,113
Deposits from banks	9,839,364	5,730,755
Amounts owed to depositors	4,850,738,319	4,830,136,242
Current taxation liabilities	26,666,948	5,349,964
Other liabilities	188,468,542	212,500,808
Provisions	8,981,025	8,981,025
Deferred tax liabilities	10,666,114	10,695,935
Total equity and liabilities	6,491,223,574	6,190,497,020

Guarantees, letters of credit, unutilized facilities and contingent liabilities 82,635,327 145,083,535

► Abridged Statement of Changes In Equity

	Year ended 31 December 2023	Year ended 31 December 2022
Shareholders' equity - at beginning of period	992,341,326	942,222,290
Prior year's final dividend paid	(100,038,944)	(105,459,774)
Net income after tax for the period	178,017,550	161,677,889
Prior year transfer to/(from)	-	21,570
Re-measurement of defined benefit liability - net	(9,868,000)	(6,810,438)
Re-measurement of land and buildings - net	-	689,789
Shareholders' equity - at end of period	1,060,451,932	992,341,326

► Abridged Statement of Cashflows

Cash generated/(utilised) by operating activities	226,451,740	55,993,487
Taxation paid	(59,894,946)	(65,144,169)
Cash utilized by investment activities	(22,567,655)	(7,104,985)
Cash utilized by financing activities	(114,318,600)	(121,176,855)
Net cash generated/(utilised)	29,670,539	(137,432,522)
Cash and cash equivalents at beginning of period	1,188,627,975	1,326,060,497
Cash and cash equivalents at end of period	1,218,298,514	1,188,627,975

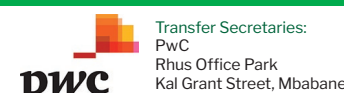
For and on behalf of the Board
Mr. N. A. Hlatshwayo
(Chairman)

15 March 2024

Ms. F. Nkosi
(Managing Director)



Sponsoring Broker:
1st Floor, Matsapha Link, Portion
3 of 582, Along College Road and
Lihawu Street, Matsapha Eswatini



see money differently

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