

# 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 Results for the year ended 31 December 2022

### KEY HIGHLIGHTS



#### Overview

Eswatini's economy remained resilient in 2022, despite tough conditions locally and abroad. A recovery from COVID-19 and the normalisation of global supply chains aided the growth. However, domestic socio-political challenges as well as inflation exacerbated by the Russia-Ukraine war all hindered economic output.

The Central Bank of Eswatini adopted a contractionary monetary policy stance in 2022, raising interest rates by a cumulative 275 basis points in response to inflationary pressures. Interest rates are expected to continue on an upward trend in the first half of 2023. The country's road to recovery and plans to return to its pre-COVID-19 growth path will face headwinds in the form of high inflation and the spill over effects from the Russia-Ukraine war. The forecasted GDP growth rate is estimated at 1% for 2023.

Nedbank Eswatini Limited's Headline Earnings for 2022 were E161.7 million (2021: E136.0 million).

#### Net interest income

During 2022, the Bank's net interest income improved by 13%. Whilst the underlying asset loans and advances only increased by 2.2%, the bank's income from lending benefitted from the cumulative 275 basis points rise in interest rates.

#### Impairment of Loans and Advances

The impairment charge for the year increased to E31.1 million (2021: E17.9 million). Most of the clients that were previously impacted by COVID-19 have recovered and their accounts regularised. However, business activity within the Small Medium Enterprises (SME) sector and hospitality industry continued to remain subdued and thus negatively impacted our level of impairments in the year under review.

#### Non-Interest Revenue

The Bank continued to pursue the model of migrating its customers onto the digital platforms thus increasing non-interest revenue by 6% to E202.4 million (2021: E190.8 million). There has been consistent growth in clients making use of the platforms offered by the Bank's suite of digital products.

#### Operating Expenses

Operating expenditure at E298.4 million (2021: E273.3 million) increased by 9.2%. The bank's expenditure includes investments in the enablement of its digital platforms, as part of the current strategic initiatives.

#### Capital Adequacy

Capital adequacy ratio was 18.04% as at 31 December 2022, (2021: 17.43%) which is above the regulatory requirement of 8%. An improvement has been recorded against prior year due to the decline in exposures with no asset backing such as the overnight loans. Capital and reserves totaled E992 million (2021: E942 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 growth strategy continues to focus on sustainable revenue expansion through investing in digital and other infrastructure that will enable clients to transact with ease and automate its processes to allow for a better customer experience.

#### Dividend Declaration

Notice is hereby given that a dividend of 406 cents per share is declared, totaling E100 million for the financial year ended 31 December 2022 and payable to shareholders registered in the books of the company at the close of business on 12 May 2023. The dividend will be paid to the shareholders on 31 May 2023. In declaring the dividend, all liquidity, solvency and capital requirements were adhered to.

#### Annual General Meeting

The Annual General Meeting will be held on 26 May 2023 and a final notification, together with the annual report will be sent to shareholders no later than 3 May 2023.

#### 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), Ms. K. Swanepoel (non-executive) and Mr. Z Kunene (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 of the statement of financial position as at 31 December 2022, the related 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 audited financial statements of Nedbank Eswatini Limited for the year ended 31 December 2022.

In our opinion, the abridged bank financial statements derived from the financial statements of Nedbank Eswatini Limited for the year ended 31 December 2022 are consistent, in all material respects, with the audited financial statements, in accordance with the requirements of the Central Bank of Eswatini.

#### Abridged Financial statements

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

#### The audited Financial Statements and our Report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 17 March 2023.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the abridged Bank's 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.

	Year ended 31 December 2022	Year ended 31 December 2021
<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
	SZL	SZL
Interest income	472,452,987	415,974,820
Interest expense	(148,057,998)	(128,668,160)
<b>Net interest income</b>	<b>324,394,989</b>	<b>287,306,660</b>
Non-interest revenue	202,382,853	190,857,778
<b>Total income</b>	<b>526,777,842</b>	<b>478,164,438</b>
Impairment of advances	(31,143,349)	(17,922,516)
<b>Net income</b>	<b>495,634,493</b>	<b>460,241,922</b>
Expenses	(298,436,408)	(273,297,314)
<b>Net income before tax</b>	<b>197,198,085</b>	<b>186,944,608</b>
Taxation	(35,520,196)	(50,946,126)
<b>Net income after taxation</b>	<b>161,677,889</b>	<b>135,998,482</b>
<b>Basic and diluted earnings per share (cents)</b>	<b>656</b>	<b>552</b>
<b>ROE (%)</b>	<b>16%</b>	<b>14%</b>

	31 December 2022	31 December 2021
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Cash and cash equivalents	1,188,627,975	1,326,060,497
Government and public sector securities	1,246,768,318	1,135,972,574
Derivative financial instrument	19,089,761	98,386
Amounts due from other banks	36,495,828	4,319,956
Investments	12,878,609	375,020
Loans and advances to customers	3,545,597,533	3,468,570,598
Other receivables	6,639,808	37,940,175
Deferred taxation asset	88,502,385	77,885,395
Property and equipment	45,835,535	44,489,059
Intangible assets	61,268	1,260
<b>Total assets</b>	<b>6,190,497,020</b>	<b>6,095,712,920</b>

	Year ended 31 December 2022	Year ended 31 December 2021
<b>EQUITY AND LIABILITIES</b>		
Share capital	12,305,277	12,305,277
Share premium and reserves	980,036,049	929,917,013
<b>Total equity and reserves attributed to equity holders of the bank</b>	<b>992,341,326</b>	<b>942,222,290</b>
<b>Liabilities</b>		
Funding from other banks	106,016,852	251,612,354
Derivative financial instruments	18,744,113	72,156
Deposits from banks	5,730,755	8,320,945
Amounts owed to depositors	4,830,136,242	4,709,031,417
Current taxation liabilities	5,349,964	12,132,196
Other liabilities	212,500,808	145,009,467
Provisions	8,981,025	17,351,447
Deferred tax liabilities	10,695,935	9,960,648
<b>Total equity and liabilities</b>	<b>6,190,497,020</b>	<b>6,095,712,920</b>

<b>Guarantees, letters of credit, unutilized facilities and contingent liabilities</b>	<b>145,083,535</b>	<b>150,079,500</b>
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	31 December 2022	31 December 2021
<b>ABRIDGED STATEMENT OF CHANGES IN EQUITY</b>		
Shareholders' equity - at beginning of period	942,222,290	807,089,808
Prior year's final dividend paid	(105,459,774)	-
Net income after tax for the period	161,677,889	135,998,482
Prior year transfer to/(from)	21,570	-
Re-measurement of defined benefit liability - net	(6,810,438)	(866,000)
Re-measurement of land and buildings - net	689,789	-
<b>Shareholders' equity - at end of period</b>	<b>992,341,326</b>	<b>942,222,290</b>

	31 December 2022	31st December 2021
<b>ABRIDGED STATEMENT OF CASHFLOWS</b>		
Cash generated/(utilised) by operating activities	55,993,487	96,531,216
Taxation paid	(65,144,169)	(64,968,632)
Cash utilized by investment activities	(7,104,985)	4,475,091
Cash utilized by financing activities	(121,176,855)	(85,435,873)
<b>Net cash generated/(utilised)</b>	<b>(137,432,522)</b>	<b>(49,398,198)</b>
Cash and cash equivalents at beginning of period	1,326,060,497	1,375,458,695
<b>Cash and cash equivalents at end of period</b>	<b>1,188,627,975</b>	<b>1,326,060,497</b>

For and on behalf of the Board

Mr. N. A. Hlatshwayo  
(Chairman)

17th of March 2023

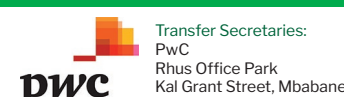
Ms. F. Nkosi  
(Managing Director)



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



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



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**NEDBANK**