Nedbank Lesotho Limited

(Registration Number 92/191)
Annual Financial Statements
for the year ended 31 December 2022

Index

General Information

Country of Incorporation and Domicile	Lesotho
Registration Number	92/191
Nature of Business and Principal Activities	The bank carries out commercial banking business. The bank recorded profit after tax for the year of M49.1m, an increase of 75% over previous year's profit after tax of M28.1m.
Directors	Mr. Papa Sekyiamah(Chairman) (Appointed 25 April 2022) Mr. Tsiu Khathibe Mr. Sebehela Selepe Mr. Thulo Mokete Ms. Likentso Jankie Mr. Nkau Matete Mr. Ashley Sutton-Pryce
Shareholders	Nedbank Group Limited Nedgroup Investments Africa Limited
Registered Office	115-117 Griffith Hill Kingsway Street Maseru 100
Business Address	115-117 Griffith Hill Kingsway Street Maseru 100
Postal Address	P.O Box 1001 Maseru 100
Auditors	LETACC Firm of Chartered Accountants Number 7 Arrival Centre Kofi Annan Road Maseru 100
Bank Secretary	Ms. Mojabeng Matsau 115-117 Griffith Hill Kingsway Street Maseru 100

Directors' Responsibilities and Approval

The directors are required by the Companies Act no 18 of 2011 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the bank, and explain the transactions and financial position of the business of the bank at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the bank and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the bank and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the bank and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the bank is on identifying, assessing, managing and monitoring all known forms of risk across the bank. While operating risk cannot be fully eliminated, the bank endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the bank will not be a going concern in the foreseeable future. The financial statements support the viability of the bank.
The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their audit report is presented on pages 8 to 10.

The annual financial statements set out on pages 11 to 51 which have been prepared on the going concern basis, were approved by the directors and were signed on 28 March 2023 on their behalf by:

Mr. Sebehela Selepe	Mr. Nkau Matete
Chairperson of the Audit Committee	**Managing Director**

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 December 2022.

The audit committee is an independent statutory committee appointed by the shareholders. Further duties are delegated to the audit committee by the directors of the bank. This report includes both these sets of duties and responsibilities.

1. Audit Committee Members and Attendance

The audit committee is independent and consists of three non-executive directors. It meets at least four times per year as per its terms of reference.

During the year under review four meetings were held.

Name of member	Designation	Designation	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Mr. Sebehela Selepe	Chairman	Independent non-executive	Present	Present	Present	Present
Mr. Tsiu Khathibe	Member	Independent non-executive	Present	Present	Present	Present
Mr. Ashley Sutton-Pryce	Member	Independent non-executive	-	-	-	Present
Ms. Kandis Swanepoel	Resigned	Non-executive	Present	Present	Present	-

The committee is satisfied that the members thereof have the required knowledge and experience as set out in the Companies Act no 18 of 2011.

2. Role and responsibilities

The Audit committee performs the duties laid upon it by the Companies Act no 18 of 2011 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditor.

The audit committee is satisfied that it complied with its legal, regulatory or other responsibilities.

2.1 External auditors

The Audit committee has nominated Letuka Accounting Firm T/A LETACC Firm of Chartered Accountants as the independent auditors and Mr Letuka Sephelane as the designated partner, who is a chartered registered auditor, for appointment of the 2022 audit. Certain specified account balances and other audit procedures have been subcontracted to Deloitte and Touche, South Africa.

The committee satisfied itself through enquiry that the external auditor is independent as defined by the Companies Act no 18 of 2011 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act no 18 of 2011 that internal governance processes within the firm support and demonstrate the claim to independence.

The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

Report of the Audit Committee

4. Financial statements

Following the review of the financial statements, the Audit committee recommend Board approval thereof.

On behalf of the Audit committee

Sebehela Selepe
Chairperson of the Audit Committee
28 March 2023

Directors' Report

The directors present their report for the year ended 31 December 2022.

1. Incorporation

The bank was incorporated on 02nd January 1997 and was re-registered as per the Companies Act no 18 of 2011 on the 01st August 2014.

The bank is domiciled in Lesotho where it is incorporated as a public company under the Companies Act no 18 of 2011 and issued a banking licence under the Financial Institutions Act No.3 of 2012. The address of the registered office is set out on page 2.

2. Review of activities

Main business and operations
The bank carries out commercial banking business. The bank recorded profit after tax for the year of M49.1m, an increase of 75% over previous year's profit after tax of M28.1m at the back of lower impairments.

There have been no material changes to the nature of the bank's business from the prior year.

3. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

Except for dividends declaration on paragraph 6 below, the directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the bank.

5. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the bank during the year under review.

	2022	**2021**
	M'000	M'000
Authorised		
Ordinary shares	30 000	30 000
Issued		
Ordinary shares (20 000 000 at M1.00 each)	20 000	20 000
Split as follows:		
Majority Shareholder (Nedbank Group Limited)	19 999.99	19 999.99
Minority Shareholder (Nedgroup Investments Africa Limited)	0.01	0.01

Directors' Report

6. Dividend

Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payments of dividends. A dividend of M19.65million was declared after year end for FY2022 (2021 - nil).

7. Directors

The directors of the bank during the year and up to the date of this report are as follows:

Mr. Papa Sekyiamah(Chairman) (Appointed 25 April 2022)
Mr. Tsiu Khathibe
Mr. Sebehela Selepe
Mr. Thulo Mokete
Ms. Likentso Jankie
Mr. Nkau Matete
Ms. Kandis Swanepoel (Resigned 16 January 2023)
Mr. Ashley Sutton-Pryce

8. Holding Company

The bank's holding company is Nedbank Group Limited which holds 99.99995% (2021: 99.99995%) of the bank's equity. Nedbank Group Limited is incorporated in the Republic of South Africa. Nedgroup Investments Africa Limited, incorporated in Mauritius, holds the remaining 0.00005% in Nedbank Lesotho.

9. Shareholders

There have been no changes in ownership during the current financial year.

The shareholders and their interests at the end of the year are:

Nedbank Group Limited	99.99995%
Nedgroup Investments Africa Limited	0.00005%

10. Independent Auditors

LETACC Firm of Chartered Accountants were appointed as the bank's auditors at the board meeting held on Friday, 25 March 2022. Certain specified account balances and other audit procedures have been subcontracted to Deloitte and Touche South Africa. Shareholder wishing to inspect a copy of the terms on which the bank's auditor is appointed and remunerated may do so by contacting the Company Secretary.

LETACC FIRM
OF CHARTERED ACCOUNTANTS

LETUKA ACCOUNTING FIRM
Reg. No 2013/1462
BUSINESS CONSULTANTS
VAT Registration Number 50013895
TIN 200016558 - 5
P.O. Box 2368
Maseru 102
Lesotho

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Maseru, 100
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To the Shareholder of Nedbank Lesotho Limited

Opinion

We have audited the financial statements of Nedbank Lesotho Limited set out on pages 11 to 51, which comprise the statement of financial position as at 31 December 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nedbank Lesotho Limited as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of both the Companies Act no 18 of 2011 and Financial Institutions Act number 3 of 2012.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Lesotho. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Lesotho. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Lesotho. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Lesotho. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Nedbank Lesotho Limited financial statements for the year ended 31 December 2022", which includes the Directors' Report and the Audit Committee's Report as required by the Companies Act no 18 of 2011 of Lesotho. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act no 18 of 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

LETACC Firm of Chartered Accountants
Letuka Sephelane CA. L
Director
Chartered Registered Auditor

Membership Number 30034

28 March 2023
No 7 Arrival Centre
Kofi Annan Road
Maseru 100
Lesotho

Nedbank Lesotho Limited

(Registration Number 92/191)
Annual Financial Statements for the year ended 31 December 2022

Statement of Financial Position

Figures in M `000	Notes	2022	2021
Assets			
Cash and cash equivalents	10	1 757 341	2 965 522
Non-Pledged trading assets	8	305 695	117 793
Loans and advances	9	1 377 243	1 360 402
Current tax assets	7	-	11 653
Deferred tax assets	6	30 002	26 200
Other assets	5	188 164	11 876
Property, plant and equipment	3	63 397	54 752
Right-of-use assets	15	9 616	16 911
Intangible assets	4	470	472
Total assets		**3 731 928**	**4 565 581**
Equity and liabilities			
Equity			
Ordinary share capital	11	20 000	20 000
Reserves	12	54 579	47 454
Retained income		580 698	536 663
Total equity attributable to owners of the parent		655 277	604 117
Non-controlling interests		-	-
Total equity		**655 277**	**604 117**
Liabilities			
Current liabilities			
Current tax liabilities	7	118	-
Deposits from banks	14	235 793	1 068 067
Deposits from customers	14	2 652 587	2 686 067
Deferred income	16	16 824	18 178
Other liabilities	13	159 796	169 758
Lease liabilities	15	11 533	19 394
Total current liabilities		**3 076 651**	**3 961 464**
Total equity and liabilities		**3 731 928**	**4 565 581**

Nedbank Lesotho Limited

(Registration Number 92/191)
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Statement of Profit or Loss and Other Comprehensive Income

Figures in M `000	Notes	2022	2021
Interest revenue	18	286 598	244 975
Interest expense	19	(89 907)	(72 566)
Net interest income		**196 691**	**172 409**
Non-interest revenue	20	108 086	107 128
Credit impairment charges	21	(8 540)	(26 780)
Staff costs		(92 781)	(83 018)
Depreciation and amortisation		(16 554)	(17 174)
Other operating expenses	22	(129 330)	(118 509)
Profit from operating activities		**57 572**	**34 056**
Profit before tax		**57 572**	**34 056**
Income tax expense	23	(8 449)	(5 927)
Profit for the year		**49 123**	**28 129**
Other comprehensive income net of tax			
Gains on property revaluation		7 125	-
Losses on remeasurements of defined benefit plans	17	(5 088)	(4 138)
Total other comprehensive income net of tax		**2 037**	**(4 138)**
Total comprehensive income		**51 160**	**23 991**
Comprehensive income attributable to:			
Comprehensive income, attributable to owners of parent		51 160	23 991
Comprehensive income, attributable to non-controlling interests		-	-
		51 160	**23 991**

Nedbank Lesotho Limited

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Statement of Changes in Equity

Figures in M `000		Issued capital	Revaluation surplus	Other non-distributable reserve	Retained income	Total
Balance at 1 January 2021		20 000	27 454	20 000	512 672	580 126
Changes in equity						
Profit for the year		-	-	-	28 129	28 129
Re-measurement of defined benefit liability		-	-	-	(4 138)	(4 138)
Balance at 31 December 2021		**20 000**	**27 454**	**20 000**	**536 663**	**604 117**
Balance at 1 January 2022		20 000	27 454	20 000	536 663	604 117
Changes in equity						
Profit for the year		-	-	-	49 123	49 123
Re-measurement of defined benefit liability		-		-	(5 088)	(5 088)
Revaluation of Bank properties		-	7 125	-	-	7 125
Balance at 31 December 2022		**20 000**	**34 579**	**20 000**	**580 698**	**655 277**
	Notes	**11**				

Nedbank Lesotho Limited

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Statement of Cash Flows

Figures in M `000	Notes	2022	2021
Net cash flows used in operations	26	**(1 385 000)**	**(60 646)**
Interest paid		(89 907)	(72 565)
Interest received		286 598	244 975
Income taxes paid		(2 855)	-
Net cash flows (used in) / from operating activities		**(1 191 164)**	**111 764**
Cash flows used in investing activities			
Proceeds from sales of property, plant and equipment		48	32
Purchase of property, plant and equipment		(7 633)	(2 707)
Cash flows used in investing activities		**(7 586)**	**(2 675)**
Cash flows used in financing activities			
Repayment of lease liabilities		(9 432)	(9 368)
Cash flows used in financing activities		**(9 432)**	**(9 368)**
Net (decrease) / increase in cash and cash equivalents		**(1 208 181)**	**99 721**
Cash and cash equivalents at beginning of the year		2 965 522	2 865 801
Cash and cash equivalents at end of the year	**10**	**1 757 341**	**2 965 522**

Accounting Policies

1. General information

Nedbank Lesotho Limited is a public limited company incorporated and domiciled in Lesotho. The bank registered office is:

1st Floor
Nedbank Building
115-117 Griffith Kingsway Road
Maseru

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 28 March 2023.

2. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act No 18 of 2011.

These financial statements are presented in Maloti which is the bank's functional currency.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2022 is set out below in relation to the following notes in relation to other areas:

- Note 3 - Land and buildings are recognised at the fair value based on external valuations
- Note 6 – Deferred tax;
- Note 15 – estimation of incremental borrowing for IFRS 16 leases
- Note 27 & 28 – Financial Risk Management:
  - determination of the fair value of financial instruments with significant unobservable inputs
  - recognition and measurement of contingencies, key assumptions about the likelihood and magnitude of an outflow of resources.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Property, plant and equipment

Definition
Property, plant and equipment are tangible items that:
- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one period.

Recognition
Property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Initial measurement
An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

The cost of an item of property, plant and equipment includes:
- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Subsequent measurement - Cost model
After initial recognition, property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses. Land and buildings are recognised at the revalued amount, which is based on external valuations obtained every three years on a rotation basis for all properties

Subsequent expenditure
Subsequent expenditure incurred on items of property, plant and equipment is only capitalised to the extent that such expenditure enhances the value or previous capacity of those assets. Repairs and maintenance not deemed to enhance the economic benefit or service potential of items of property, plant and equipment are expensed as incurred.

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Depreciation
Depreciation of an asset commences when it is available for use, and ceases at the earlier of the date that the asset is classified as held for sale, or the date that the asset is derecognised.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Basis of preparation and summary of significant accounting policies continued...

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. The depreciable amount of an asset shall be allocated on a systematic basis over its useful life. The depreciable amount of an asset is determined after deducting its residual value.

Residual values, useful lives and depreciation methods are reviewed at each financial year end. Where there are significant changes in the expected pattern of economic consumption of the benefits embodied in the asset, the relevant changes will be made to the residual values and depreciation rates, and the change will be accounted for as a change in accounting estimate.

The measurement base, useful life or depreciation rate as well as the depreciation method for all major classes of assets are as follows:

Asset class	Useful life / depreciation rate	Depreciation method
Standard Computer Equipment and Software	3 years	Straight line
Specialised Computer Equipment and Software	10 years	Straight line
Auto Teller Machine	5 years	Straight line
Motor Vehicle	6 years	Straight line
Furniture and Fittings	10 years	Straight line
Plant and Equipment	5 years	Straight line
Mechanised Equipment	5 years	Straight line
Freehold Property	50 years	Straight line
Leasehold Property	5 years	Straight line

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if it is required by another standard.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up are included in profit or loss when the compensation becomes receivable.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised when the asset is disposed of or when when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Gains are classified as other gains on the face of the statement of profit or loss and other comprehensive income.

Leases as lessee

The Bank assesses whether a contract is or contains a lease, at inception of a contract. The Bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Basis of preparation and summary of significant accounting policies continued...

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the "incremental borrowing rate".

The 'incremental borrowing rate' is determined as follows:
- the bank's cost of funds
- Adjust the cost of funds with the liquidity premium used in the JIBAR Spread on Nedbank SA NCDs (Quoted on Bloomberg)
- Adjust the cost of funds with Credit Default Swaps spreads based on the country's NGR rating

Lease payments included in the measurement of the lease liability comprise
- fixed rental payments.
- Any variable lease payments not included in the fixed rentals of the lease liability are classified as operating expenses

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The bank re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed; or
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised borrowing rate.

The Bank made such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The bank applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

2.2 Financial instruments

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the bank or the counterparty.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

2.2.1 Loans and Advances

Loans and advances to banks are classified as financial assets at amortised cost.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. When the Bank chooses to designate the loans and advances as measured at fair value through profit or loss, they are measured at fair value with face value changes recognised immediately in profit or loss.

2.2.2 Deposits

Deposits are the Bank's sources of debt funding.

Deposits are initially measured are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Bank designates liabilities at FVTPL.

2.2.3 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Central Banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

2.2.4 Share Capital and Equity

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability of the bank in which they are declared and approved by shareholders. Incremental costs directly attributed to the issue of ordinary shares are recognised as a deduction from equity, net of tax effects.

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders.

2.3 Impairment of Non-Financial Assets

The bank assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the bank estimates the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, the bank also:

- Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

- If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

- The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

- If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

- An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Basis of preparation and summary of significant accounting policies continued...

- The bank assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

- A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

2.4 Taxation

Taxation expense, recognised in the statement of profit and loss and other comprehensive income, comprises both current and deferred taxation. Income or direct taxation is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it too is recognised in equity.

Current taxation

Current taxation, recognised in the statement of profit and loss and other comprehensive income, is the expected tax payable on the taxable income for the year, using taxation rates enacted or substantively enacted as at the balance sheet date, and any adjustment to taxation payable (prior period tax paid) in respect of previous years.

Deferred taxation

Deferred taxation is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective taxation bases. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities and is measured at the taxation rates (enacted or substantively enacted at the reporting date) that are expected to be applied to the temporary differences when they reverse.

Deferred taxation is recognised in profit or loss for the period, except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is accounted for as acquisition. The effect on deferred taxation of any changes in taxation rates is recognised in profit or loss for the period, except to the extent that it relates to items previously charged or credited directly to equity.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred taxation is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they will not reverse in the foreseeable future.

2.5 Provisions and contingencies

A provision is recognised when:

- there is a a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Basis of preparation and summary of significant accounting policies continued...

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received when the obligation is settled. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Provisions are not recognised for future operating losses.

The present obligation under an onerous contract is recognised and measured as a provision.

Contingent assets and liabilities are not recognised, but details are disclosed in the notes to the annual financial statements.

2.6 Employee benefits

Short-term employee benefits
The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments are recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans
Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.
Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the bank’s obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans
For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.
Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the bank is demonstrably committed to curtailment or settlement.

Basis of preparation and summary of significant accounting policies continued...

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

2.7 Foreign Currency Transactions

Transactions in foreign currencies are translated into Maloti at the date of the transaction by applying the spot exchange rate ruling at the transaction date to the foreign currency amounts.

Exchange differences that arise on the settlement or translation of monetary items are recognised in profit or loss in the period that they arise.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into Maloti using the foreign exchange rates ruling at the dates when the fair values were determined.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are converted into Maloti at the spot exchange rate ruling at the date of the transaction and are not subsequently retranslated.

Exchange differences on non-monetary items are recognised consistently with the gains and losses that arise on such items. For example, exchange differences relating to an item for which gains, and losses are recognised directly in equity are recognised in equity. Conversely, exchange differences for non-monetary items for which gains, and losses are recognised in profit or loss are recognised in profit or loss.

2.8 Interest

Interest income and expense are recognised in profit or loss using the nominal interest rate method. The effective interest rate will be used being the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank will estimate future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Interest income and expense presented in the statement of profit or loss and other comprehensive income include interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

2.9 Non-interest revenue

The Bank recognizes revenue to depict the transfer of goods or services to clients at an amount that the entity expects to be entitled to in exchange for those goods or services. Revenue is recognized based on the satisfaction of performance obligations, which may occur over time or at a point in time. The Bank follows this five-step process: identify the contract with a client; identify the separate performance obligations in the contract; determine the transaction price; allocate the transaction price to the separate performance obligations; and recognize revenue when (or as) each performance obligation is satisfied.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Fees and commission

The Bank earns fees and commissions from a range of services it provides to clients and these are accounted for as follows: Income earned on the execution of a significant act is recognised when the significant act has been performed.

Income earned from the provision of services is recognised as the service is rendered by reference to the stage of completion of the service.

Income that forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate and recorded in interest income.

Net trading income

Net trading income comprise all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading, together with the related interest, expense, costs and dividends. Interest earned while holding trading securities and interest incurred on trading liabilities are reported within non-interest revenue.

Other

Fair value gains or losses on financial instruments at fair value through profit or loss, including derivatives, are included in noninterest revenue. These fair value gains or losses are determined after deducting the interest component, which is recognised separately in interest income and expense.

Gains or losses on de-recognition of any financial assets or financial liabilities are included in non-interest revenue.

2.10 Financial Guarantees and Commitments

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. ‘Loan commitments’ are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below-market interest rate are included within other liabilities.

ECL on financial guarantees and loan commitments is measured as the present value of expected payments to reimburse the holder less any amount that the Bank expects to recover.

Notes to the Annual Financial Statements

Figures in M `000	2022	2021

3. Property, plant and equipment

3.1 Balances at year end and movements for the year

	Property	Motor vehicles	Fixtures and fittings	Capital Work in Progress	Total
Reconciliation for the year ended 31 December 2022					
Balance at 1 January 2022					
At cost or revaluation**	38 912	1 832	128 636	2 887	**172 267**
Accumulated depreciation	(14 783)	(1 633)	(101 099)	-	**(117 515)**
Carrying amount	**24 129**	**199**	**27 537**	**2 887**	**54 752**
Movements for the year ended 31 December 2022					
Additions from acquisitions	-	666	2 457	4 510	**7 633**
Depreciation	(616)	(102)	(7 730)	-	**(8 448)**
Revaluation increase (decrease)	9 500	-	-	-	**9 500**
Increase (decrease) through transfers from work in progress	-	-	3 306	(3 306)	**-**
Increase (decrease) through other changes*	7 490	-	(7 490)	-	**-**
Disposals	-	-	(30)	(10)	**(40)**
Property, plant and equipment at the end of the year	**40 503**	**763**	**18 050**	**4 081**	**63 397**
Closing balance at 31 December 2022					
At cost	48 412	2 234	126 150	4 081	**180 877**
Accumulated depreciation	(7 909)	(1 471)	(108 100)	-	**(117 480)**
Carrying amount	**40 503**	**763**	**18 050**	**4 081**	**63 397**

*The M7.49 million movement relates to transfer of leasehold improvement's accumulated depreciation to furniture and fittings.

**The bank revalues property once every three years. The most recent revaluation was undertaken on bank properties by an independent valuer at year end.

	Property	Motor vehicles	Fixtures and fittings	Capital Work in Progress	Total
Reconciliation for the year ended 31 December 2021					
Balance at 1 January 2021					
At cost or revaluation	38 912	1 832	127 754	1 663	**170 161**
Accumulated depreciation	(14 339)	(1 497)	(93 545)	-	**(109 381)**
Carrying amount	**24 573**	**335**	**34 209**	**1 663**	**60 780**

Notes to the Annual Financial Statements

Figures in M `000 | **2022** | **2021**

Property, plant and equipment continued...

Movements for the year ended 31 December 2021					
Additions from acquisitions	-	-	773	1 932	**2 705**
Depreciation	(609)	(136)	(7 955)	-	**(8 700)**
Increase (decrease) through transfers from work in progress	165	-	543	(708)	**-**
Disposals	-	-	(33)	-	**(33)**
Property, plant and equipment at the end of the year	**24 129**	**199**	**27 537**	**2 887**	**54 752**
Closing balance at 31 December 2021					
At cost	38 912	1 832	128 636	2 887	**172 267**
Accumulated depreciation	(14 783)	(1 633)	(101 099)	-	**(117 515)**
Carrying amount	**24 129**	**199**	**27 537**	**2 887**	**54 752**

3.2 Depreciation and impairment losses

Depreciation and impairment losses have been included under the following expenditures:

	2022	2021
Depreciation		
Property	616	609
Motor vehicles	102	136
Fixtures and fittings	7 730	7 955
	8 448	**8 700**

Notes to the Annual Financial Statements

Figures in M `000	2022	2021

4. Intangible assets

4.1 Reconciliation of changes in intangible assets

	Computer software	Total
Reconciliation for the year ended 31 December 2022		
Balance at 1 January 2022		
At cost	3 026	**3 026**
Accumulated amortisation	(2 554)	**(2 554)**
Carrying amount	**472**	**472**
Movements for the year ended 31 December 2022		
Amortisation	(2)	**(2)**
Intangible assets at the end of the year	**470**	**470**
Closing balance at 31 December 2022		
At cost	2 993	**2 993**
Accumulated amortisation	(2 523)	**(2 523)**
Carrying amount	**470**	**470**
Reconciliation for the year ended 31 December 2021		
Balance at 1 January 2021		
At cost	3 025	**3 025**
Accumulated amortisation	(2 534)	**(2 534)**
Carrying amount	**491**	**491**
Movements for the year ended 31 December 2021		
Amortisation	(19)	**(19)**
Intangible assets at the end of the year	**472**	**472**
Closing balance at 31 December 2021		
At cost	3 026	**3 026**
Accumulated amortisation	(2 554)	**(2 554)**
Carrying amount	**472**	**472**

4.2 Amortisation and impairment losses

	2022	2021
Other expenses		
Computer software	2	19

Notes to the Annual Financial Statements

Figures in M `000	2022	2021

5. Other assets

Other assets comprise:

	2022	2021
Sundry debtors	1 518	1 949
Prepaid expenses	2 559	1 397
Remittances in transit*	184 087	8 530
Total other assets	**188 164**	**11 876**

* Remittances in transit consists of debits outstanding or debit transactions that were still to be cleared, including regional settlement account balance as at year end.

6. Deferred tax

6.1 The analysis of deferred tax assets is as follows:

	2022	2021
Opening balance at 1 January	26 200	26 200
Charge or Release for the year	6 177	652
Deferred tax on property revaluation gain	(2 375)	-
Closing Balance	30 002	652
Net deferred tax assets	**30 002**	**26 200**

Notes to the Annual Financial Statements

Figures in M `000

Deferred tax continued...

6.2 Reconciliation of deferred tax movements

	Property, plant and equipment	Provision for leave pay	Provision for bonus	Provision for employee share scheme	Provision for audit fees	Provision for legal costs	Provision for bad debts	Provision for Defined Benefit Plan	Revaluation of Property	Total
Opening balance at 1 January 2022	(1 674)	751	375	712	631	162	28 847	(2 280)	(1 803)	**26 200**
(Charged) / credited to profit or loss	222	271	300	724	(334)	(30)	944	2 280	1 803	**6 177**
(Charged) / credited to other comprehensive income	(2 375)	-	-	-	-	-	-	-	-	**(2 375)**
Closing balance at 31 December 2022	**(3 827)**	**1 021**	**675**	**1 436**	**297**	**133**	**29 791**	**-**	**-**	**30 002**
Opening balance at 1 January 2021	(2 694)	894	500	219	598	173	29 529	(2 280)	(1 803)	**25 548**
(Charged) / credited to profit or loss	1 020	(144)	(125)	493	33	(11)	(683)	-	-	**652**
Closing balance at 31 December 2021	**(1 674)**	**751**	**375**	**712**	**631**	**162**	**28 847**	**(2 280)**	**(1 803)**	**26 200**

Notes to the Annual Financial Statements

Figures in M `000	2022	2021

7. Current tax assets and liabilities

Current tax assets and liabilities movement

	2022	2021
Opening balance at 1 January	**11 653**	**19 945**
Withholding tax	2 855	2 926
Current year charge	(14 626)	(6 579)
Other Movements	-	(4 639)
Net tax (payable)/ receivable	**(118)**	**11 653**
Net current tax asset from all items being set off	-	11 653
Total current tax asset per the statement of financial position	**-**	**11 653**
Net current tax liability from all items being set off	(118)	-
Total current tax liability per the statement of financial position	**(118)**	**-**

8. Non-Pledged trading assets

Non-Pledged trading assets incorporates the following balances:

	2022	2021
Government bonds	56 660	54 317
Treasury bills	249 035	63 476
	305 695	**117 793**

9. Loans and Advances

9.1 Loans and Advances comprise the following balances

	2022	2021
Business loans	113 606	134 295
Commercial and residential mortgages	649 611	570 084
Card debtors	22 742	25 059
Instalment sale and finance leases	178 030	206 405
Personal loans	317 185	329 833
Overdrafts	221 298	209 235
Gross loans and advances to customers	**1 502 472**	**1 474 911**
Credit impairments	(125 229)	(114 509)
Net Loans and advances to customers	**1 377 243**	**1 360 402**

Notes to the Annual Financial Statements

Figures in M `000	2022	2021

Loans and Advances continued...

9.2 Movements in impairment of loans and advances are as follows:

	2022	2021
At the beginning of the year	114 509	118 119
Impairment raised	23 607	34 318
Written off during the year	(12 887)	(37 928)
At the end of the year	**125 229**	**114 509**
Comprising:		
Stage 1 ECL allowance	17 677	29 727
Stage 2 ECL allowance	14 829	5 344
Stage 3 ECL allowance	92 723	79 438
	125 229	**114 509**

9.3 Loans Sector Analysis

An analysis of the statement of financial position by economic sector and credit risk concentrations are presented in the table below in M'000:

	2022	2021
Individuals	697 211	481 298
Financial services, insurance and real estate	6 533	4 385
Manufacturing	10 227	8 588
Building and property development	111 436	121 853
Transport, storage and communication	52 211	45 892
Retailers, catering and accommodation	150 069	119 645
Wholesale and trade	13 440	13 646
Mining and quarrying	56 278	105 890
Agriculture, forestry and fishing	11 916	17 777
Government and public sector	77 287	62 453
Other services	315 863	493 484
	1 502 472	**1 474 911**

Notes to the Annual Financial Statements

Figures in M `000	2022	2021

10. Cash and cash equivalents

Cash and cash equivalents included in current assets:

Cash		
Bank notes and coins	122 647	101 169
Balance with the Central Bank of Lesotho	158 965	165 927
Balance with Group	760 678	1 288 435
Balance with other banks	594 334	1 191 100
Foreign banks(correspondent banks)	121 446	219 670
Impairments	(729)	(779)
	1 757 341	**2 965 522**

Movements in impairments of cash and cash equivalents

Amounts in M'000	Subject to 12 Months ECL	Credit Impairment	Total
Opening balance at 1 January	(779)	0	(779)
Net-re-measurement increase or decrease in allowances	50	0	50
Balance 31 December 2021	**(729)**	**0**	**(729)**

11. Issued capital

Authorised and issued share capital

Authorised		
30 million ordinary shares of M1 each	30 000	30 000
Issued		
Issued and fully paid 20 million ordinary shares of M1 each	20 000	20 000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and to vote at meetings of the Bank.

Notes to the Annual Financial Statements

Figures in M `000	2022	2021

12. Reserves

Classification of reserves

Statutory Reserves*	**20 000**	**20 000**

*It is the requirement in terms of section 22 of the Financial Institutions Act number 3 of 2012

Revaluation Reserves:		
Balance at 1 January	27 455	27 455
Revaluation of Bank properties	7 125	-
Closing balance	**34 580**	**27 455**
Total distributable reserves	-	-
Total non distributable reserves	54 579	47 454
Total reserves	**54 579**	**47 454**
Attributable to Non-controlling Interest	-	-
Attributable to Ordinary Shareholders	**54 579**	**47 454**

13. Other liabilities

Other liabilities comprise:

Provision for leave pay	4 085	3 002
Provision for bonus	8 444	4 349
Credit items in transit*	113 453	124 467
Sundry creditors	26 343	28 316
Major provisions	4 837	7 043
Provision for off-balance sheet items	729	664
Post retirement benefit	1 905	1 917
Total trade and other payables	**159 796**	**169 758**

* Credit items in transit relates to credits outstanding or credit transactions yet to be allocated to their respective general ledger accounts as at year end.

14. Deposits

Deposits comprise:

Deposits from banks	235 793	1 068 067
	235 793	**1 068 067**
Deposits from customers		
Current Accounts	948 887	1 041 111
Savings Accounts	225 407	216 233
Call Accounts	975 816	858 167
Term Deposits	501 963	569 895
Card creditors	514	661
	2 652 587	**2 686 067**

Notes to the Annual Financial Statements

Figures in M `000	2022	2021

Deposits continued...

Exposure to liquidity risk
Refer to financial risk management note for details of liquidity risk exposure and management.

	2022	2021
Sector Analysis		
Individuals	483 733	446 794
Business	2 168 853	2 239 272
	2 652 587	**2 686 067**

15. Lease liabilities and Right of Use Assets

15.1 Lease liabilities comprise:

	2022	2021
Lease Liabilities	11 533	19 394

	2022	2021
Lease liabilities Maturity:		
Maturity analysis – contractual undiscounted cash flows		
Less than one year	7 656	9 349
One to five years	4 469	11 441
	12 125	**20 790**

15.2 Right-of-use assets comprise:

	2022	2021
Buildings	9 616	16 911

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Reconciliation of changes in right of use assets

	2022	2021
Balance at 1 January	**16 911**	**22 807**
Net Movements*	809	2 577
Depreciation	(8 104)	(8 473)
Closing balance	**9 616**	**16 911**

*Net movement represents lease modifications (lease term extensions) for Butha-buthe branch (M719.6k) and KFC ATM (M89.6k).

15.3 Amounts recognised in the statement of profit or loss and other comprehensive income

	2022	2021
Depreciation		
Buildings	8 104	8 473

	2022	2021
Interest Expense		
Lease liability interest expense	853	1 212

Notes to the Annual Financial Statements

Figures in M `000	2022	2021
16. Deferred income		
Deferred income movement:		
Balance at 1 January	**18 178**	**15 180**
2018 Write Back	(1 204)	(1 204)
2019 Write Back	(1 617)	(2 248)
2020 Write Back	(1 268)	(1 727)
2021 Write Back	(2 185)	-
Current year deferred income	4 920	8 177
Closing Balance	**16 824**	**18 178**

17. Retirement benefit assets and obligations

Defined contribution plans

Defined benefit plan - Retirement benefit obligation

The bank sponsors defined benefit plan for qualifying employees. The defined benefit plans are administered by a separate fund that is legally separate from the bank. The trustees of the pension fund as required by law to act in the interest of the fund and of all relevant stakeholders in the plan. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund.

The Bank makes contributions to a defined benefit pension fund that entitles a retired employee to receive an annual pension payment equivalent to 1/60 of final salary for each year of service that the employee provided. The defined benefit pension plan is administered by an independent and legally separate entity. The Board of Trustees is composed of employee and employer representatives who are required to act in the best interests of the plan participants.

Notes to the Annual Financial Statements

Figures in M `000	2022	2021

Retirement benefit assets and obligations continued...

The amounts recognised in other comprehensive income are determined as follows:

Reconciliation of net defined benefit liability		
Current Service Cost	2 245	2 749
Net Interest on Net Defined Benefit Liability	(237)	(191)
Past Service Cost	-	-
Expense / (Income) / recognised in Profit and Loss	**(2 008)**	**(2 558)**
Company Contribution	7 096	6 696
Re-measurements Recognised in Other Comprehensive Income	**5 088**	**4 138**

Describe the relationship between any reimbursement right and the related obligation.

Asset/(Liability) at year end		
Included in assets	-	-
included in liabilities	-	-
	-	**-**
Current year (Gain)/Loss	(6 444)	13 328
Change in Paragraph 65 Limits	11 532	(9 190)
Re-measurement recognised in Other Comprehensive Income	**5 088**	**4 138**

Key assumptions used

Assumptions used on last valuation on:		
Discount rates used	11.10%	10.00%
Salary Inflation	6.80%	6.60%
General Inflation	5.80%	5.60%

Sensitivity information

1% increase in inflation		
Increase in defined benefit obligation (amount)	125 949	134 929
Increase in defined benefit obligation (percentage)	13.40%	15.00%
1% decrease in inflation		
Decrease in defined benefit obligation (amount)	98 976	103 278
Decrease in defined benefit obligation (percentage)	10.80%	12.00%

18. Interest income

18.1 Interest income comprises:

Cash and cash equivalents	111 743	88 564
Treasury bills and government bonds	13 860	4 185
Loans and advances	160 995	152 226
Total interest income	**286 598**	**244 975**

Notes to the Annual Financial Statements

Figures in M `000	2022	2021

Interest income continued...

18.2 Sources of interest income

Financial instruments	286 598	244 975

19. Interest expense

Interest expense comprise:

Current and demand accounts	61 113	47 892
Savings accounts	3 518	1 209
Term deposits	24 423	22 253
Lease liability interest	853	1 212
Total interest expense	**89 907**	**72 566**

20. Non-interest revenue

Non-interest revenue comprises:

Fees and Commission Income	98 005	97 570
Gains from Securities Dealings	10 081	9 558
Total non-interest revenue	**108 086**	**107 128**

21. Impairments of loans and advances

Impairment of loans and advances comprise:

IFRS 9 Credit Impairments Stages 1 and 2	(234)	(3 571)
IFRS 9 Impairment Exp Stage3	22 917	38 769
Recoveries on loans and advances	(14 143)	(8 418)
Total impairment of loans and advances	**8 540**	**26 780**

22. Other operating expenses

Other operating expenses comprise:

Audit fees	2 917	2 786
Communication and travel	3 997	4 977
Computer processing	9 347	8 722
Directors' fees	994	745
Insurance	1 245	1 385
Management fees(Intergroup project fees included)	67 396	60 209
Marketing and Public Relations	3 280	2 787
Occupation and accommodation	11 521	9 898
Other operating expenses	18 158	20 143
Other professional fees	9 873	5 428
Printing and stationery	602	1 429
Total other operating expenses	**129 330**	**118 509**

Notes to the Annual Financial Statements

Figures in M `000	2022	2021
23. Income tax expense		
23.1 Income tax recognised in profit or loss:		
Current tax		
Current year	14 626	6 579
Deferred tax		
Deferred tax	(6 177)	(652)
Total income tax expense	**8 449**	**5 927**
23.2 The income tax for the year can be reconciled to accounting profit as follows:		
Profit before tax from operations	57 572	34 056
Income tax calculated at 25.0%	25.00%	25.00%
Tax effect of:		
Temporary differences	2.66%	(3.00%)
Permanent differences	(2.26%)	(3.00%)
Effective tax rate	**25.40%**	**19.00%**
24. Contingent liabilities, undrawn facilities and commitments		
24.1 Contingent liabilities and undrawn facilities		
Guarantees	32 572	62 319
Committed undrawn facilities	87 799	107 269
	120 371	**169 588**
24.2 Commitments		
Capital expenditure approved by directors:		
Contracted but not provided for	3 245	-

25. Related parties

25.1 Related parties disclosure

Nedbank Lesotho Limited is a subsidiary of Nedbank Group Limited (Incorporated in South Africa). Nedbank Group Limited also owns Nedbank South Africa and Nedbank Namibia, Swaziland and London

25.2 Related party balances

	2022	2021
Short-term Deposits with Group Banks	760 678	1 288 435
Obligations to Group Banks	(96 744)	(166 679)
	663 934	**1 121 756**

Notes to the Annual Financial Statements

Figures in M `000	2022	2021
Related parties continued...		
25.3 Related party transactions		
Distribution		
Dividends paid to immediate holding company	-	-
Income		
Interest Income from group banks	58 249	53 074
Expenses		
Interest Expense	(10 371)	(1 248)
Management and Project fees charged by Nedbank Group	(67 396)	(60 208)
Net(expense/income)	**(19 518)**	**(8 382)**

25.4 Directors' remuneration

The Bank's policy on remuneration of executive and non-executive directors is fair and reasonable and takes into account what is offered by the market and competition, in line with the unique circumstances of the Bank and complexities of the business.

The total remuneration paid to non-executive directors for the year ended 31 December 2022 amounted to M 994k (2021: M 745k).

Notes to the Annual Financial Statements

Figures in M `000	2022	2021
26. Cash flows from operating activities		
Profit for the year	**49 123**	**28 130**
Adjustments for:		
Income tax expense	8 449	5 927
Interest income	(286 598)	(244 975)
Interest expense	89 907	72 565
Depreciation and amortisation expense	16 554	17 193
Losses on remeasurements of defined benefit plans	(5 088)	(4 138)
Gains and losses on disposal of non-current assets	(8)	2
Lease liability interest	853	1 212
Adjustment for impairments	23 607	34 318
Change in operating assets and liabilities:		
Adjustments for increase in Non-pledged trading assets	(187 902)	(101 667)
Adjustments for increase in loans and advances	(40 449)	(26 013)
Adjustments for (increase) / decrease in other assets	(176 290)	10 723
Adjustments for (decrease) / increase in deposits	(865 754)	101 722
Adjustments for (decrease) / increase in other liabilities	(9 965)	43 389
Adjustments for (decrease) / increase in deferred income	(1 354)	2 998
Adjustments for derivative assets and liabilities	-	(2 032)
Adjustments for lease modifications	(85)	-
Net cash flows from operations	**(1 385 000)**	**(60 646)**

27. Financial risk management

This note presents information about the Bank's exposure to financial risks and the Bank's management of capital.

Risk	Definition	Key Considerations
Credit Risk	Credit risk is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk (including borrowers and trading counterparties), concentration risk and country risk.	i) Credit quality analysis ii) Collateral held and other credit enhancements iii) Offsetting financial assets and financial liabilities) Concentration of credit risk iv) Impaired loans and advances
Liquidity Risk	Liquidity risk is the risk that the Bank will not have enough cash to meet its financial obligations on time	i) Exposure to liquidity risk ii) Maturity analysis for financial liabilities and financial assets
Market risk	Market risk is defined as the risk of a change in the actual or effective market value or earnings of a portfolio of financial instruments caused by adverse moves in market variables such as equity, bond and commodity prices, foreign exchange rates, interest rates, credit spreads, recovery rates, correlations and implied volatilities in the market variables. Market risk covers both the impact of these risk factors on the market value of traded instruments as well as the impact on the bank's net interest margin because of interest rate risk on banking book assets and liabilities.	i) Banking book interest rate risk ii) Foreign Exchange Risk

27.1 Credit risk

Loans and Advances inherently exposes the bank to credit risk, being the risk that the bank will incur financial loss if counterparties fail to make payments as they fall due.

Financial risk management continued...

27.1.1 Risk management

In order to mitigate the risk of financial loss from defaults, the bank only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained in all cases. Each counterparty is analysed individually for credit worthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the credit worthiness of counterparties is continuously monitored.

In determining the amount of expected credit losses, the bank has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate or are employed. This information has been obtained from the counterparties themselves, as well as from economic reports, financial analyst reports and various external sources of actual and forecast data and is applied to estimate a probability of default occurring as well as estimating the loss upon default.

Credit quality analysis

Impaired loans
The Bank regards a loan or advance as impaired when there is objective evidence that a loss event has occurred since initial recognition and the loss event has an impact on future estimated cash flows from the asset.

A loan that has been renegotiated due to a deterioration in the borrower's conditions is usually considered to be impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Loans that are past due but not impaired
Loans that are 'past due but not impaired' are those for which contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security or collateral available and/or the stage of collection of amounts owed to the Bank. The amounts disclosed exclude assets measured at fair value through profit or loss.

Loans with renegotiated terms
The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

Notes to the Annual Financial Statements

Figures in M `000

Financial risk management continued...

The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet revised terms.

For purposes of disclosure in these financial statements, 'loans with renegotiated terms' are defined as loans that have been restructured due to deterioration in the borrower's financial position, for which the Bank has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Bank had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, early repayment or write off. Irrespective of whether loans with renegotiated terms have been derecognised, they remain disclosed as impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-repayment of future cash flows and there are no other indicators of impairment.

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for loans and advances and off-balance sheet exposures by credit rating grade:

Maximum exposure to credit risk:	**2022**				**2021**			
M'000	**Total**	**Loans and Advances subject to Stage 1 12-month ECL**	**Loans and Advances subject to Stage 2 lifetime ECL**	**Loans and Advances subject to Stage 3 lifetime ECL (credit impaired)**	**Total**	**Loans and Advances subject to Stage 1 12-month ECL**	**Loans and Advances subject to Stage 2 lifetime ECL**	**Loans and Advances subject to Stage 3 lifetime ECL (credit impaired)**
Loans and advances:								
Commercial mortgage loans	**374 499**	336 952	20 211	17 335	**351 871**	331 495	57	20 320
Residential mortgage loans	**275 111**	260 445	3 281	11 385	**218 212**	201 092	5 087	12 034
Instalment credit	**178 030**	170 365	4 276	3 389	**206 405**	199 136	1 727	5 543
Micro and personal loans	**317 185**	268 533	3 074	45 578	**329 833**	286 629	4 459	38 745
Business loans	**113 606**	104 942	4 278	4 386	**134 296**	130 521	1 143	2 632
Overdrafts	**221 297**	114 151	89 582	17 564	**209 235**	185 172	13 230	10 832
Credit card balances	**22 744**	16 815	608	5 320	**25 059**	17 642	405	7 011
Gross loans and advances	**1 502 472**	**1 272 205**	**125 310**	**104 957**	**1 474 911**	**1 351 686**	**26 108**	**97 117**
Allowance for impairments	**(125 229)**	(17 677)	(14 829)	(92 723)	**(114 509)**	(29 727)	(5 344)	(79 438)
Net loans and advances	**1 377 243**	**1 254 528**	**110 481**	**12 234**	**1 360 402**	**1 321 959**	**20 764**	**17 679**

Notes to the Annual Financial Statements
Figures in M `000

Financial risk management continued...

Cash & cash Equivalents:								
Gross exposure	**1 758 070**	1 758 070	-	-	**2 966 301**	**2 966 301**	**-**	**-**
Impairment allowance	**(729)**	(729)	**-**	**-**	**(779)**	(779)	**-**	**-**
Net cash and cash equivalent exposure	**1 757 341**	**1 757 341**	**-**	**-**	**2 965 522**	**2 965 522**	**-**	**-**
Non-Pledged trading assets:								
Gross exposure	**306 424**	306 424	-	-	**117 793**	**117 793**	**-**	**-**
Impairment allowance	**-**	-	**-**	**-**	**-**	-	**-**	**-**
Net Non-pledged trading assets exposure	**306 424**	**306 424**	**-**	**-**	**117 793**	**117 793**	**-**	**-**
Off-balance sheet exposures:								
Lending commitments	**87 799**	87 799	-	-	**107 269**	107 269	-	-
Financial guarantees	**32 572**	32 572	-	-	**62 319**	62 319	-	-
	120 371	**120 371**	**-**	**-**	**169 588**	**169 588**	**-**	**-**
Allowance for impairments	(729)	(729)			**(664)**	(664)		
Net off-balance sheet exposure	**119 642**	**119 642**	**-**	**-**	**168 924**	**168 924**	**-**	**-**
Movement in impairment charge on financial instruments:								
At the beginning of the year	**115 953**	**31 171**	**5 344**	**79 438**	**118 682**	**25 401**	**15 348**	**77 933**
Impairment raised	**23 622**	(11 163)	10 929	23 856	**35 198**	6 433	(10 004)	38 769
Written off during the year	**(12 887)**			(12 887)	**(37 928)**			**(37 928)**
At the end of the year	**126 688**	**20 008**	**16 273**	**90 407**	**115 952**	**31 834**	**5 344**	**78 774**

Figures in M `000	2022	2021

Financial risk management continued...

27.1.2 Collateral held and other credit enhancements

The Bank holds collateral against loans and advances to customers in the form of mortgage interest over property, other registered securities over assets and guarantees. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. The main types of collateral are as follows:

- For commercial lending, charges over real estate properties, inventory, call and fixed deposits and trade receivables;
- For retail lending, mortgages over residential properties and lien over call and fixed deposits; and
- For non-performing advances, collateral are cash, funds on security realisation accounts, and mortgage bonds.

Collateral Loans and Advances

M'000		
Retail	182 283	156 196
Wholesale	247 115	228 466
	429 398	**384 662**

Assets obtained by taking possession of collateral

The Bank's policy is to pursue timely realization of collateral in an orderly manner. The Bank does not generally use the non-cash collateral for its own operations. Repossessed assets as at end of the year amounted to M290k (2021: M1.82 million).

27.1.3 Offsetting financial assets and financial liabilities

There are no financial assets and financial liabilities that are offset in the Bank's statement of financial position or that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position

Financial risk management continued...

27.2 Market risk

27.2.1 Foreign exchange risk

Exposure

The Bank is exposed to currency risk through transactions in foreign currencies. The Bank's transactional exposures give rise to foreign currency gains and losses that are recognised in the statement of profit or loss and other comprehensive income. These exposures comprise the assets and liabilities of the Bank, as follows (in Lesotho Maloti (M'000) terms)

31 December 2022	USD	GBP	EURO	ZAR	Other	Total
Assets	41 074	3 524	22 849	1 093 763	2 570 717	**3 731 928**
Liabilities and total equity	33 618	-	19 630	89 656	3 589 025	**3 731 928**
Net open position	**7 457**	**3 524**	**3 219**	**1 004 107**	**(1 018 307)**	**(0)**

31 December 2021	USD	GBP	EURO	ZAR	Other	Total
Assets	200 424	1 060	19 713	1 681 813	2 662 571	**4 565 581**
Liabilities and total equity	195 367	-	18 151	154 388	4 197 675	**4 565 581**
Net open position	**5 057**	**1 060**	**1 562**	**1 527 425**	**(1 535 105)**	**(0)**

In respect of monetary assets and liabilities in foreign currencies that are not economically hedged, the Bank ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate.

Figures in M `000

Financial risk management continued...

27.2.2 Interest rate risk in the banking book

Management of interest rate risk in the banking book

The bank employs various analytical techniques to measure interest rate sensitivity monthly in the banking book on both an earnings and economic-value basis (where appropriate) for balance sheets with material exposure to interest rate risk. Assets, liabilities and derivative financial instruments are modelled and reported based on their contractual repricing or maturity characteristics.

Static repricing gap

31 December 2022	Up to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	Non-rate sensitive items	Total
Assets	2 282 914	697 013	53 140	698 861	**3 731 928**
Liabilities and total equity	2 440 732	383 959	53 382	853 855	**3 731 928**
Net static gap	**(157 819)**	**313 055**	**(242)**	**(154 994)**	**0**
31 December 2021					
Assets	3 090 615	802 269	53 140	619 557	**4 565 581**
Liabilities and total equity	3 207 326	484 362	53 157	820 735	**4 565 581**
Net static gap	**(116 711)**	**317 906**	**(17)**	**(201 178)**	**0**

Interest rate sensitivity analysis

	2022	2021
NII Sensitivity: 100bps parallel shift in interest rates ↓	**(10 039)**	**(10 700)**

At the reporting date, the net interest income sensitivity of the banking book for a 1% parallel reduction in interest rates measured over 12 months is a decrease in net interest income of approximately R10 039k before tax (2021: R10 100k), which is within the board's approved risk limit. The group's net interest income sensitivity exhibits very little convexity and will therefore also result in an increase in pretax net interest income of similar amounts should interest rates increase by 1%.

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Figures in M `000 **2022** **2021**

Financial risk management continued...

27.3 Liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. The Central Bank of Lesotho requirement is that the Bank should hold at least 25% of the ratio. For this purpose, net liquid assets are considered as including cash and cash equivalents and non-pledged securities for which there is an active and liquid market less any collateral on borrowings from other banks, other borrowings and commitments maturing within the next month.

The concentration of funding requirements at any one date or from any one source is managed continuously. A substantial proportion of the Bank's deposit base is made up of current accounts and other short term customer deposits.

27.3.1 Liquidity ratios

The liquidity ratios at the reporting date and during the reporting period (based on weekly ratios) were as follows:

	2022	2021
At 31 December	30.03%	31.53%
Average for the period	29.94%	29.27%
Highest for the period	52.22%	38.08%
Lowest for the period	23.16%	22.70%

Notes to the Annual Financial Statements
Figures in M `000

Financial risk management continued...

27.3.2 Liquidity Gap

	Less than 1 month	Between 1 months and 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Non-determined	Total contractual cash flows
Year ended 31 December 2022							
Cash and cash equivalents	667 035	183 842	517 180	390 012	-	(729)	**1 757 339**
Non-Pledged trading assets	17 217	33 814	198 003	56 660	-	-	**305 695**
Loans and advances	217 873	51 019	211 115	657 089	258 450	(18 304)	**1 377 241**
Other assets	184 063	-	-	-	-	107 590	**291 653**
Total assets	**1 086 187**	**268 675**	**926 298**	**1 103 761**	**258 450**	**88 556**	**3 731 928**
Total equity	-	-	-	-	-	655 277	**655 277**
Deposits from banks	95 989	-	86 531	53 273	-	-	**235 793**
Deposits from customers	2 195 968	150 666	305 710	243	-	-	**2 652 587**
Other liabilities	146 004	3 977	5 512	4 397	-	28 380	**188 271**
Total equity and liabilities	**2 437 961**	**154 644**	**397 754**	**57 912**	**-**	**683 657**	**3 731 928**
Net liquidity gap	**(1 351 773)**	**114 031**	**528 545**	**1 045 849**	**258 450**	**(595 101)**	**(0)**
Year ended 31 December 2021							
Cash and cash equivalents	1 696 365	107 830	987 094	175 012	-	(779)	**2 965 522**
Non-Pledged trading assets	24	14 195	49 257	54 317	-	-	**117 793**
Loans and advances	217 571	66 214	229 638	664 471	192 849	(10 341)	**1 360 402**
Other assets	8 528	11 653	-	-	-	101 685	**121 865**
Total contractual assets	**1 922 488**	**199 892**	**1 265 989**	**893 800**	**192 849**	**90 565**	**4 565 581**

Figures in M `000

Financial risk management continued...

Total equity	-	-	-	-	-	604 115	**604 115**
Deposits from banks	913 678	-	100 229	54 160	-	-	**1 068 067**
Deposits from customers	2 153 027	142 561	390 462	17	-	-	**2 686 067**
Other liabilities	153 563	5 770	6 286	10 907	-	30 806	**207 332**
Total Equity and liabilities	**3 220 268**	**148 331**	**496 977**	**65 084**	**-**	**634 921**	**4 565 581**
Net liquidity gap	**(1 297 781)**	**51 561**	**769 012**	**828 716**	**192 849**	**(544 356)**	**0**

28. Classification of financial assets and financial liabilities

28.1 Carrying amount of financial assets by category

	At fair value through profit or loss	Designated at fair value through profit or loss	Fair value hedging instruments	At amortised cost	At fair value through other comprehensive income	Total
Year ended 31 December 2022						
Non-Pledged trading assets (Note 8)	-	-	-	305 695	-	**305 695**
Loans and advances	-	-	-	1 377 243	-	**1 377 243**
Other assets excluding non-financial assets (Note 5)	-	-	-	185 605	-	**185 605**
Cash and cash equivalents (Note 10)	-	-	-	1 757 341	-	**1 757 341**
	-	**-**	**-**	**3 625 884**	**-**	**3 625 884**

Figures in M `000

Classification of financial assets and financial liabilities continued...

	At fair value through profit or loss	Designated at fair value through profit or loss	Fair value hedging instruments	At amortised cost	At fair value through other comprehensive income	Total
Year ended 31 December 2021						
Non-Pledged trading assets (Note 8)	-	-	-	117 793	-	**117 793**
Loans and advances (Note 9)	-	-	-	1 360 401	-	**1 360 401**
Other assets excluding non-financial assets (Note 5)	-	-	-	10 478	-	**10 478**
Cash and cash equivalents (Note 10)	-	-	-	2 965 522	-	**2 965 522**
	-	**-**	**-**	**4 454 194**	**-**	**4 454 194**

Notes to the Annual Financial Statements

Figures in M `000	2022	2021

Classification of financial assets and financial liabilities continued...

Financial liabilities

28.2 Carrying amount of financial liabilities by category

	Held for trading	Designated at fair value	Fair value - hedging instruments	At amortised cost	Total
Year ended 31 December 2022					
Deposits from banks and customers (Note 14)	-	-	-	2 888 380	**2 888 380**
Other liabilities excluding non-financial liabilities (Note 13)	-	-	-	113 453	**113 453**
	-	**-**	**-**	**3 001 833**	**3 001 833**
Year ended 31 December 2021					
Deposits from banks and customers (Note 14)	-	-	-	3 754 134	**3 754 134**
Other liabilities excluding non-financial liabilities (Note 13)	-	-	-	124 467	**124 467**
	-	**-**	**-**	**3 878 601**	**3 878 601**

28.3 Reconciliation to statement of financial position

	2022	2021
Total financial assets	3 625 884	4 454 194
Total non-financial assets	106 044	111 387
Total assets	**3 731 928**	**4 565 581**
Total financial liabilities	3 001 833	3 878 601
Total equity and non-financial liabilities	730 095	686 980
Total equity and liabilities	**3 731 928**	**4 565 581**