

# NEDBANK ESWATINI LIMITED

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



## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### Overview

2021 was a challenging year for Eswatini, marked by continued mutations of the coronavirus, which resulted in the loss of lives, a strained health system and suppressed economic activity. The country also experienced civil unrest, which led to the loss of Emaswati lives and livelihoods. Globally, and in the SADC region, vaccine inoculations and easing of trade restrictions led to an increase in economic activity in the latter part of the year.

The Central Bank of Eswatini maintained an accommodative monetary policy stance, leaving interest rates unchanged throughout 2021. Interest rates are expected to be on an upward trend in 2022 in response to inflationary pressure. The Eswatini economy has remained resilient, with the country's GDP expected to record a full year expansion of 5.9% in 2021. The country is expected to return to its pre-COVID growth path in 2023. Nedbank Eswatini Limited's Headline Earnings for 2021 were E136.0 million (2020: E78.2 million).

### Net Interest Income (NII)

During 2021, the Bank's Net interest income improved by 3%. Whilst the main income driver, loans and advances, declined by 7.3%, this was negated by lower interest expense as a result of client liabilities decreasing by 11.8%. Interest rates during the year remained stable.

### Impairments of Loans and Advances

The 2021 impairment charge of E17.9 million decreased significantly by greater than 200% from prior year. Even though the effects of COVID 19 continue to have lingering effects on the economy, thus impacting our clients; the recent uplifting of restrictions, introduction of vaccines and the recovery of industries has resulted in a positive economic outlook. Worth highlighting is that the Bank's IFRS 9 model was refined in 2021 to encompass a correlation analysis of the full macro-economic factors (GDP and CPI).

### Non-Interest Revenue (NIR)

The ease of restrictions in the economy led to an increase in transactional volumes, thus positively impacting commission and fees which grew by 4% to E190.8 million (2020: E182.4 million). A change in consumer behavior has been noted in the last 2 years, with more customers migrating to electronic and digital platforms. Transaction volumes across the platforms were however, impacted during the internet shutdown that resulted from the political unrest during the June and August month end periods in 2021.

### Operating Expenses

Operating expenditure at E273.3 million (2020: E269.9 million) increased by 1.98%. Expenditure of the bank includes investments in the enablement of its digital platforms, which is a continued implementation of its strategies over the last few years. The increase is notably below 2021 inflation emanating from controlled expenditure and savings from the new ways of working.

### Capital Adequacy

Capital adequacy ratio was 17.8% as at 31 December 2021, (2020: 14.8%) which is above regulatory requirement of 8%. An improvement has been recorded against prior year due to the decline in Loans and Advances. Capital and reserves totaled E942 million (2019: E807.1 million). The Bank's capital adequacy ratio has been computed according to Basel II reporting principles as adopted by the Central Bank of Eswatini.

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

### Prospects

Nedbank's growth strategy continues to focus on yielding revenues through investing in infrastructure that will enable customers to transact with ease and automate its processes to make for a better customer experience.

### Dividend Declaration

Notice is hereby given that a dividend of 428 cents per share is declared, totaling E106m for the financial year ended 31 December 2021 payable to shareholders registered in the books of the company at the close of business on 10 June 2022. The dividend will be paid to the shareholders on the 30th of June 2022. In the process of declaring the dividend, all liquidity, solvency and capital requirements were adhered to.

### Annual General Meeting

The Annual General Meeting will be held on 24 May 2022 and a final notification, together with the Annual Report will be sent to shareholders not later than 2 May 2022.

### Corporate Governance Statement

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

### Directors

The composition of the Board currently is as follows: Mr. N A Hlatshwayo (Chairman), Ms. F Nkosi (Managing Director), Mr. M Maziya (independent non-executive), Mr. A Sutton-Pryce (independent non-executive), Dr. M D Mthembu (non-executive), Ms. K. Swanepoel (non-executive) and Mr. Z Kunene (Independent non-executive).

### Independent Auditors' report on Abridged Bank Financial Statements

To the shareholders of Nedbank Eswatini Limited

### Opinion

The accompanying abridged financial statements of Nedbank Eswatini Limited, which comprise the statement of financial position as at 31 December 2021, the related statement of comprehensive income, abridged statement of changes in equity and abridged statement of cash flows for the year then ended, are derived from the audited financial statements of Nedbank Eswatini Limited for the year ended 31 December 2021.

In our opinion, the abridged bank financial statements derived from the Bank's financial statements of Nedbank Eswatini Limited for the year ended 31 December 2021 are consistent, in all material respects, with the audited financial statements, in accordance with the requirements of the Central Bank of Eswatini.

### Abridged Financial statements

The abridged Bank's financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the Bank's audited financial statements of Nedbank Eswatini Limited. Reading the abridged Bank's financial statements, therefore, is not a substitute for reading the Bank's audited financial statements. The audited Financial Statements and our Report thereon. We expressed an unmodified audit opinion on the audited financial statements in our report dated 15th of March 2022.

### Auditors' Responsibility

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

STATEMENT OF COMPREHENSIVE INCOME	Year ended 31 December 2021	Year ended 31 December 2020
	SZL	SZL
Interest income	415,974,820	426,053,672
Interest expense	(128,668,160)	(147,472,405)
<b>Net interest income</b>	<b>287,306,660</b>	<b>278,581,267</b>
Non-interest revenue	190,857,778	182,381,277
<b>Total income</b>	<b>478,164,437</b>	<b>460,962,544</b>
Impairment of advances	(17,922,516)	(78,525,414)
<b>Net income</b>	<b>460,241,922</b>	<b>382,437,130</b>
Expenses	(273,297,314)	(269,918,792)
<b>Net income before tax</b>	<b>186,944,608</b>	<b>112,518,339</b>
Taxation	(50,946,126)	(34,288,792)
<b>Net income after taxation</b>	<b>135,998,482</b>	<b>78,229,546</b>
<b>Basic and diluted earnings per share (cents)</b>	<b>552</b>	<b>317</b>
<b>ROE (%)</b>	<b>14.4%</b>	<b>9.7%</b>

STATEMENT OF FINANCIAL POSITION	31 December 2021	31 Dec 2020
<b>ASSETS</b>		
Cash and cash equivalents	1,326,060,497	1,375,458,695
Government and public sector securities	1,135,972,574	1,174,970,246
Derivative financial instrument	98,386	6,686,476
Amounts due from other banks	4,319,956	2,854,395
Investments	375,020	375,020
Loans and advances to customers	3,468,570,598	3,742,158,126
Other receivables	37,940,175	15,496,510
Deferred taxation asset	77,885,395	70,046,455
Property and equipment	44,489,059	68,858,925
Intangible assets	1,260	4,724
<b>Total assets</b>	<b>6,095,712,920</b>	<b>6,456,909,572</b>

<b>EQUITY AND LIABILITIES</b>		
Share capital	12,305,277	12,305,277
Share premium and reserves	929,917,013	794,784,531
<b>Total equity and reserves attributed to equity holders of the bank</b>	<b>942,222,290</b>	<b>807,089,808</b>
<b>Liabilities</b>		
Funding from other banks	251,612,354	5,173,524
Derivative financial instruments	72,156	6,634,002
Deposits from banks	8,320,945	1,683,506
Amounts owed to depositors	4,709,031,417	5,336,232,246
Current taxation liabilities	12,132,196	17,530,118
Other liabilities	145,009,467	260,621,485
Provisions	17,351,447	11,198,591
Deferred tax liabilities	9,960,648	10,746,292
<b>Total equity and liabilities</b>	<b>6,095,712,920</b>	<b>6,456,909,572</b>
<b>Guarantees, letters of credit, unutilized facilities and contingent liabilities</b>	<b>150,079,500</b>	<b>243,706,620</b>

ABRIDGED STATEMENT OF CHANGES IN EQUITY	31 December 2021	31 December 2020
Shareholders' equity - at beginning of period	807,089,808	866,873,092
Prior year's final dividend declared/paid	-	(140,000,000)
Net income after tax for the period	135,998,482	78,229,546
Re-measurement of defined benefit liability - net	(866,000)	1,987,170
<b>Shareholders' equity - at end of period</b>	<b>942,222,290</b>	<b>807,089,808</b>

STATEMENT OF CASHFLOWS	31 December 2021	31 December 2020
Cash generated/(utilised) by operating activities	(149,907,614)	886,993,659
Taxation paid	(64,968,632)	(32,786,484)
Cash utilized by investment activities	4,475,091	(7,074,915)
Cash utilized by financing activities	(85,435,872)	(81,202,689)
<b>Net cash generated/(utilised)</b>	<b>(49,398,198)</b>	<b>765,929,571</b>
Cash and cash equivalents at beginning of period	1,370,285,171	604,355,600
<b>Cash and cash equivalents at end of period</b>	<b>1,074,448,144</b>	<b>1,370,285,171</b>

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

Ms. F. Nkosi  
(Managing Director)

15th of March 2022



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



Sponsoring Broker:  
Swaziland Stockbrokers Limited  
Ground Floor, Lilunga House,  
Somhlolo Road, Mbabane



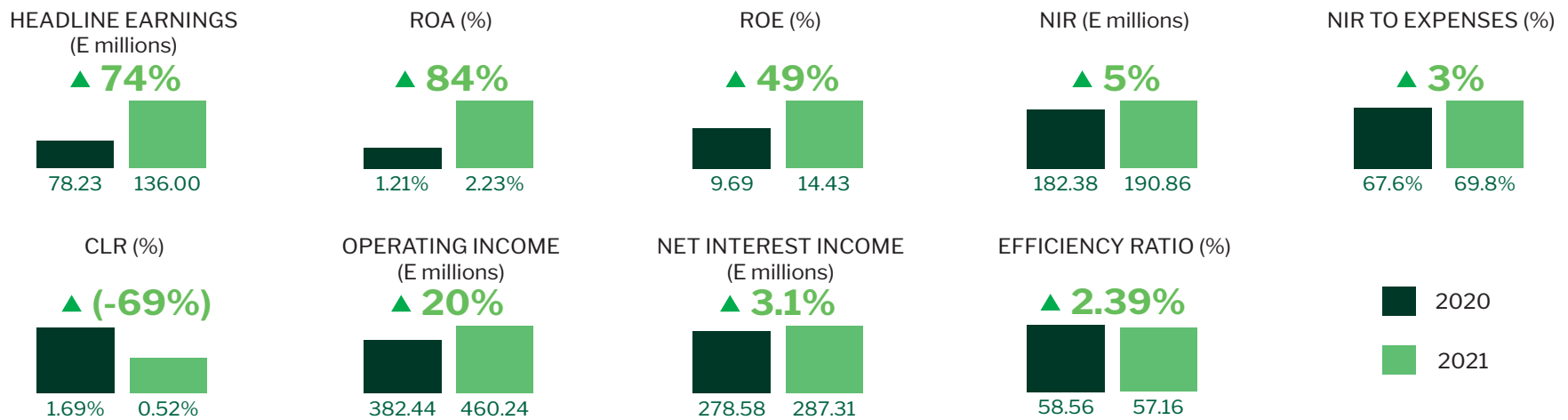
Transfer Secretaries:  
PwC  
Rhus Office Park  
Kal Grant Street, Mbabane

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NEDBANK

# BEING THE DIFFERENCE THAT IMPACTS OUR WORLD



**Delivering market-leading client solutions** – digital uptake & usage accelerated, driven by world-class solutions, enablement & innovation, as well as client behavioural shifts during Covid-19

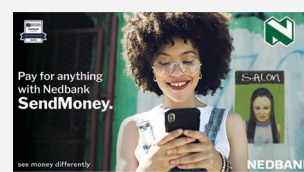
## Insurance



**Extended Family Funeral Cover** is a new cover proposition, offering cover to a maximum of 10 extended family members from just E10 a month.

**Immediate Family Funeral Cover** is a cover proposition covering immediate family members up to E30 000.

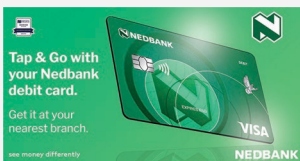
## Digital Banking



**Nedbank Money (Africa) app** is an award winning banking app which offers convenient banking, 24 hours a day. It allows users to pay taxes, rates, SendMoney, share restaurant bill using PayMe Request, apply for credit and so much more.

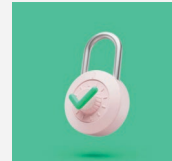
**SendMoney** enables clients to send cash and make payments to anyone with a valid local cellphone number up to E5 000 a day.

## Consumer Banking



**Tap and Go** is a new cover proposition, card payment facility allows clients to pay for purchases with a single tap of their card.

## Consumer Banking



Block, freeze and unfreeze your card quickly on the Nedbank Money (Africa) app.

If you lose your card you can disable your card tap and go functionality on the Nedbank Money (Africa) app.

## Our Purpose is to Do Good

### Sponsorship & CSI

At Nedbank, our Brand purpose is to use our financial expertise to do good for individuals, families, business and society. Amidst the challenges of the year 2021, we managed to make a difference to the needy. We spent over E0.5 million on sponsorship and CSI. Some of the beneficiaries include: Eswatini Breast and Cervical Cancer Society, Sithobela Health Centre, ENACTUS Eswatini.

### Staff Charity Programme

Nedbank employees are proud to make a difference where it really matters. They achieve this through the Nedbank Staff Charity Programme which seeks to benefit individual Emaswati in need.

### Covid-19 Relief



Over E400m approved COVID-19 debt relief requests

### Loan Payment Holidays and Loan Restructures



More than E360m granted to clients in loan repayment holidays and loan restructures



That is an astounding 98% approval rate in applications

## Most Innovative Retail Banking App Eswatini

While we work tirelessly to ensure that our clients get the best banking services and platforms. In the recent past we have enhanced our Money (Africa) app to provide our clients with the banking solutions they need, anytime and anywhere. This has not gone unnoticed. We are proud to say that the Nedbank Money (Africa) app has been named the Most Innovative Retail Banking Award in Eswatini - 2021. Our work is not done. There's more to come for our valued clients.



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