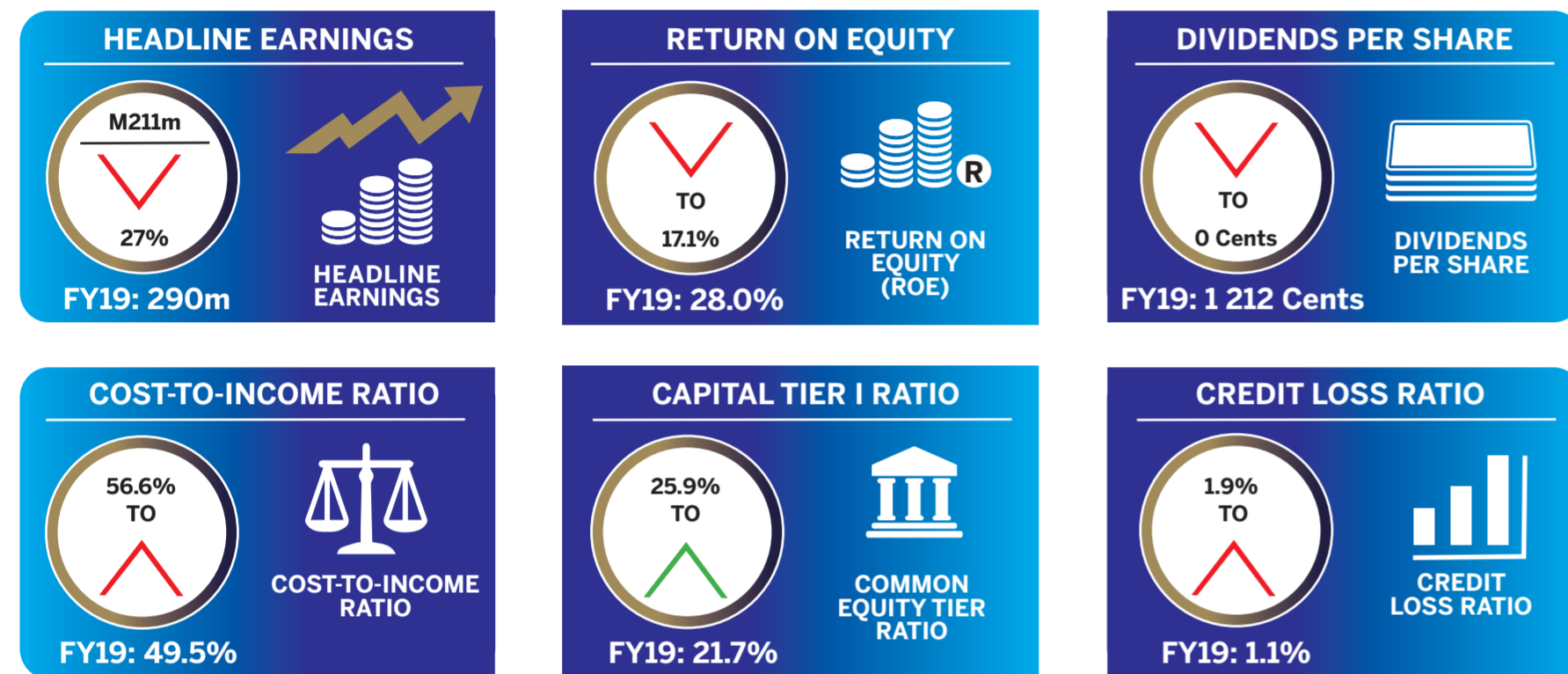


STANDARD LESOTHO BANK ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020



Standard Lesotho Bank **IT CAN BE™**

FINANCIAL HIGHLIGHTS



The 2020 financial year was an exceptionally difficult year which was dominantly characterised by unprecedented effects of Covid-19 pandemic that unleashed severe shocks on economies globally, and inevitably, our economy was not immune to the adverse effects of the pandemic. The domestic economy was projected to have contracted by a revised 6.6% in 2020 due to the economic fallout of the COVID-19 pandemic¹. This, by extension adversely impacted the financial results of the Bank that have reported headline earnings of M211million, a dip of 27% year on year. Return on Equity (ROE) was 17.1%, hence deteriorated 10.9% on FY2019, but still ahead of the cost of capital.

Despite all these Covid-19 driven pressures, the Banks' financial position remained resilient and ready to contribute to the recovery of the economy having ended the financial year 2020:

- Adequately capitalised
- Highly liquid
- Trusted by our clients
- Ready to support the envisaged recovery in 2021 and beyond

COVID-19 IMPACT AND RESPONSE BY THE BANK:

The Bank's response to the Covid-19 crisis was underpinned by a prudent risk management approach enabling fast, targeted and responsible support of our clients, at the same time providing appropriate supporting measures to our employees while preserving the bank's financial position. Our response to the pandemic was swift and purposeful and is testament to our operational resilience. As we executed our business continuity measures in an unprecedented scale across the bank, we put our people, our clients and our communities at the front and centre of our response efforts to this public health emergency.

We provided extensive client relief programmes as indicated below while carefully monitoring and managing our capital, liquidity and impairment risk metrics. We helped ease the liquidity crisis facing many clients and maintained the collections activity by enabling employees to work from home. We continued to manage portfolio concentrations, including concentrations in specific client sectors, such as mining and construction.

Client Relief Measures:

- Arrears re-spread
- Loans restructuring
- Capital moratorium
- Payment holiday
- Temporary facility increases and
- Realisation of cash security

Cumulative client relief of M617million was granted in 2020 to clients to support continuity of their businesses and sustainability of their livelihoods.

APPRECIATION

The above financial results reflected the Bank's balance sheet resilience to sustain extremely severe economic shocks, mainly attributable to its strong capital base and growth in clients' deposits. Consistent focus on our clients and providing much-needed support and relief measures not only to survive Covid-19 but thrive beyond the pandemic storm demonstrated the Bank's commitment to grow Lesotho's economy. Despite working under highly stressful and uncertain conditions, the Bank has made good strategic progress especially around digital platforms that enabled us to continue serving our clients during the crisis. We wish therefore to express our highly gratified appreciation to our clients for their unwavering support and trust they have shown to the Bank, as demonstrated by increase in their deposits' portfolio.

To our employees, we wish to extend our most sincere and profound appreciation to each and every one of you for your unparalleled resilience, courageous approach to deal with the crisis and ability to go extra mile to support our clients whilst showing empathy to one another. These efforts have translated into an improved Net Promoter Score and Customer Satisfaction Index survey results in 2020. We would like to encourage you to stay the course as we are able to see the light at the end of the tunnel, continue working intelligently hard to serve our clients and support each other emotionally and physically. Most importantly remain disciplined to save lives and livelihoods.

The Bank is also very grateful for the continued council and support of the Central Bank of Lesotho in ensuring financial stability through compelling monetary and prudential responses to the pandemic, indeed the fortress of the Bank's balance sheet was underpinned by well-planned directive measures. The Board of Directors of Standard Lesotho Bank wishes to further extend its gratitude to all stakeholders for their continued support.

IT CAN BE!!!

Mannete Ramaili
Chairperson

Thabiso Tsenki
Acting Chief Executive

STATEMENT OF FINANCIAL POSITION as at 31 December 2020

	2020 M'000	2019 M'000
Assets		
Cash and balances with Central Bank	780 341	697 194
Derivative assets	115 319	22 134
Trading securities	971 809	724 821
Financial investments	2 720 879	1 866 763
Loans and advances	5 551 136	4 972 678
Loans and advances to customers	4 121 712	4 079 490
Loans and advances to banks	1 429 424	893 188
Deferred taxation	34 668	52 929
Other assets	215 985	179 895
Property, equipment and right of use assets	183 477	170 040
Intangible assets	304 115	326 364
Total Assets	10 877 729	9 012 818
Equity and liabilities		
Equity	1 669 912	1 402 768
Equity attributable to the ordinary shareholder	1 335 929	1 122 214
Ordinary share capital	16 500	16 500
Reserves	74 523	71 684
Retained income	1 244 906	1 034 030
Non-controlling interest	333 983	280 554
Liabilities		
Derivative liabilities	10 032	1 598
Deposits and debt funding	8 693 647	7 243 408
Deposits from customers	7 939 761	6 593 869
Deposits from banks	753 886	649 539
Subordinated debt	50 682	50 993
Current tax liabilities	12 132	16 891
Provisions and other liabilities	441 324	297 160
Total liabilities	9 207 817	7 610 050
Total equity and liabilities	10 877 729	9 012 818

INCOME STATEMENT for the year ended 31 December 2020

	2020 M'000	2019 M'000
Income		
Net interest income	567 880	640 289
Interest income	838 495	933 453
Interest expense	(270 615)	(293 164)
Non-interest revenue	508 827	533 083
Net Fee and commission revenue	333 503	357 130
Fee and commission revenue	384 093	407 861
Fee and commission expense	(50 590)	(50 731)
Trading revenue	72 406	72 378
Other revenue	13 528	17 157
Other gains on financial instruments	89 390	86 418
Total income	1 076 707	1 173 372
Credit impairment charges	(86 038)	(69 432)
Income before operating expenses	990 669	1 103 940
Operating expenses	(609 327)	(581 045)
Net income before capital items and equity accounted earnings	381 342	522 895
Non-trading and capital items	185	(137)
Net income before indirect taxation	381 527	522 758
Indirect tax	(28 324)	(36 728)
Profit before direct taxation	353 203	486 030
Direct tax	(89 607)	(123 322)
Profit for the year	263 596	362 708
Attributable to non-controlling interests	52 719	72 542
Attributable to ordinary shareholders	210 877	290 166
Earnings per share		
Basic earnings per ordinary share (cents)	1 278	1 759

¹Per the Central Bank of Lesotho Statement of Monetary Policy Statement 26th January 2021