



2022 SUPERVISION ANNUAL REPORT

CENTRAL BANK OF LESOTHO
BANKA E KHOLO EA LESOTHO



CENTRAL BANK OF LESOTHO
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GOVERNANCE, MISSION & OBJECTIVES

Ownership and Governance

- The Central Bank of Lesotho is a statutory organisation fully owned by the Government of Lesotho.
- The Central Bank enjoys a fair amount of independence in formulating and implementing monetary policy.
- The Governor, who is also the chairman of the Board of Directors, together with the two Deputy Governors, are appointed by His Majesty The King on the advice of the Prime Minister.
- The Minister of Finance appoints the other Board Members.

Mission Statement

- The Mission of the Central Bank of Lesotho is to achieve and maintain monetary and financial system stability to support balanced macroeconomic development of Lesotho.

Objectives

- The principal objective of the Central Bank of Lesotho, as stipulated in the Central Bank of Lesotho Act of 2000, is to achieve and maintain price stability. Other related objectives which are supportive to this mission are:
 - To foster the liquidity, solvency and proper functioning of a stable market-based financial systems;
 - To formulate, adopt and execute the monetary policy of Lesotho;
 - To issue, manage and redeem the currency of Lesotho;
 - To formulate, adopt and execute the foreign exchange policy of Lesotho;
 - To license, register and supervise institutions pursuant to the Financial Institutions;
 - To own, hold and manage its official international reserves;
 - To act as a banker and advisor to, and as fiscal agent of the Government of Lesotho;
 - To promote the efficient operations of the payments system;
 - To promote the safe and sound development of the financial system; and
 - To monitor and regulate the capital market.



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FOREWORD BY THE GOVERNOR

Foreword by the Governor



FOREWORD BY THE GOVERNOR

AS ONE OF ITS MANDATE, the Central Bank of Lesotho continued to monitor developments in the financial sector to ensure safety and soundness. The banking industry remained sound and stable as reflected by good profits and strong capital positions. However, the industry continued to be challenged by credit risk, liquidity funding risk, compliance risk as well as Cybersecurity risk. Credit risk, in particular, remained elevated on account of increases in past-due loans and Non-Performing Loans (NPLs) triggered mostly by the increase in interest rates to contain rising inflation rates, due to the war in Ukraine. The work to develop the new regulations to implement Basel 2.5 and the amendment of the Agent Banking Regulations continued. The Banking Policy, which would facilitate the development of the Banking Bill, was also approved by the Cabinet.

On AML/CFT standards, the Kingdom of Lesotho underwent the second round of Mutual Evaluation (ME) by the Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG). The Mutual Evaluation process is a peer review exercise, which assesses whether a member country is sufficiently compliant with the FATF Standards and whether its AML/CFT system is working effectively. The ME focused on both technical compliance and effectiveness of the policies, laws and systems put in place by Lesotho in the AML/CFT space. The process is expected to be completed in 2023 following which the ME report shall be adopted at the ESAAMLG September 2023 meet-ing by the Council of Ministers.

On financial consumer protection, the Government of Lesotho achieved a landmark milestone in its quest of recognising and protecting the rights and interests of financial consumers through the enactment of Financial Consumer Protection (FCP) Act. The Act designates the CBL as a financial consumer protection authority and bestows on it sufficient powers to execute its mandate spanning legal and regulatory framework development, market conduct supervision, financial consumer complaints adjudication, and consumer empowerment through financial literacy.

On financial inclusion, in its quest of enabling of financial intermediation and inclusion for inclusive economic growth and human development in Lesotho, the CBL issued wide-ranging pricing directives for banks, which became effective from the second quarter of 2022. The directives aimed at, amongst others, moderating excessive pricing of banking products and services, especially offered to individuals and MSMEs, luring deposits into the banking industry and instilling saving culture by expanding interest rate floors scope from fixed deposit accounts.

Another important milestone achieved is the finalisation of Lesotho National Financial Inclusion Policy developed under the leadership of the Ministry of Finance and Development Planning with the support of the CBL. The policy aims at further deepening financial inclusion by directing efforts and resources towards the four mutually reinforcing strategic pillars, namely financial stability and integrity; Financial infrastructure; Access, quality and usage of financial services; and Consumer protection and empowerment



E. M. Letete (PhD)
Governor • Mookameli oa Banka

BANKING SECTOR AND LARGE FINANCIAL COOPERATIVES REVIEW

In accordance with Financial Institutions Act (FIA) 2012, the Central Bank of Lesotho is mandated to license, regulate and supervise Banks and Large Financial Cooperatives.



BANKING SECTOR AND LARGE FINANCIAL COOPERATIVES REVIEW

1.0 INTRODUCTION

IN ACCORDANCE WITH FINANCIAL INSTITUTIONS ACT (FIA) 2012, the Central Bank of Lesotho is mandated to license, regulate and supervise Banks and Large Financial Cooperatives. Details regarding the licensing, regulation and supervision processes are provided in the Regulations.

1.1 BANKING SECTOR DEVELOPMENTS

During the period under review, the number of licensed commercial banks remained at four (4), comprising of three (3) subsidiaries of South African banks and one (1) State-owned bank. The banking sector continued to be dominated by subsidiary banks, which accounted for 89.4 percent of the banking industry total assets. This figure had declined by 1.2 per cent from 90.6 per cent recorded during the corresponding period in 2021. In terms of outreach, the banking sector had declined from 51 to 50 branches because of closure of one branch; ATMs has increased from 208 to 209, while Point of Sale (POS) terminals totaled 2678, an increase of 325 from the previous corresponding period. The number of employees had declined from 1597 to 1591 industry-wide.

The banking sector continued to play its financial intermediation role by taking deposits and extending credit to viable ventures for personal, business and corporate clients. In addition, banks continued to diversify, develop and improve their products and services to meet evolving customer needs and to accommodate and harness industry and technical innovation in areas of potential business growth. Easy access to banking services was enabled through different platforms to customers; either through banking hall walk through, digital platforms: internet banking and mobile banking services and agents.

1.1.1 Regulatory and Supervisory Developments

The process of developing, reviewing and amending the legislative framework continued in order to support stability, efficiency and access to financial services. The following instruments were developed:

- The Banking Policy was approved by Cabinet to facilitate development of the Banking Act;
- Financial Institutions (Computation of Capital Charges for Credit, Market, Operational Risks) Regulations; and
- Amendment of Financial Institutions (Agent Banking) Regulations, 2016.

In accordance with Financial Institutions Act (FIA) 2012, the Central Bank of Lesotho is mandated to license, regulate and supervise Banks and Large Financial Cooperatives.

1.1.2 Anti-Money Laundering and Combating Terrorist Financing Supervisory Developments

i) Money Laundering (Administrative Sanctions) Rules of 2022

The Central Bank of Lesotho (CBL) enacted the Money Laundering (Administrative Sanctions) Rules of 2022. These rules were made pursuant to sections 18B (1) (c) and 18D, of the Money Laundering and Proceeds of Crime Act, 2008. They provide a variety of administrative sanctions that the CBL may impose where there are breaches of the MLPCA and its implementing regulations. They also prescribe the procedures for imposing the administrative sanctions.

ii) Directive – Documentation of the Money Laundering/ Terrorist Financing/ Proliferation Financing

In terms of Regulation 5 of the Money Laundering and Proceeds of Crime Regulations of 2019, banks are required to apply the risk-based approach (RBA). The RBA allows banks to identify, measure and monitor money laundering and terrorist financing risks and to put in place controls to mitigate the risks. Therefore, in June 2022, the CBL issued a Directive to all banks to document their Risk Assessments. The directive requires banks to conduct and document their risk assessments and submit the same to the CBL on an annual basis.

1.1.3 Consumer Protection and Market Conduct Regulation

The enactment of FCP Act, 2022 and its operation, effective from 3rd June, 2022, marked a pivotal paradigm shift in market conduct regulation in the financial sector since the establishment of the Central Bank of Lesotho. This brought to an end an era of solely protecting financial consumers with legal and regulation provisions fragmented across laws and regulations of different types of financial institutions. Simultaneously, it ushered in a period of a single, overarching financial consumer protection law and an activity, rather than institution-based regulation philosophy and approach. This will not only simplify regulation and better protect the rights of consumers, but equally important, it will also help to mitigate regulatory arbitrage across different financial institutions offering similar products and services and enable fair competition as well.

The last far-reaching regulatory intervention implemented by the Central Bank of Lesotho is “2022 Financial Institutions (Banks) (Pricing) Directives”, which became effective from 1st April, 2022. This is one of the key policy measures in response to sub-optimal performance of the banking industry in terms of financial inclusion and intermediation as depicted by the 2015 Lesotho Finscope (MSME) Survey report and 2021 Lesotho FinScope (Consumer) Survey and the CBL reports. In addition, the directives were prompted by public outcry and complaints over exorbitantly high interest rates on loans and fees. Regulatory impact assessment (RIA) of the directives demonstrated that they were enhancing banking financial inclusion through better uptake of the enhanced low income savings account (LISA), improving financial consumer protection by capping, eliminating and cutting some fees and charges for retail customers and some MSMEs, and improving financial literacy through implementation of comprehensive financial education campaigns by banks via different media channels, covering different



BANKING SECTOR AND LARGE FINANCIAL COOPERATIVES REVIEW

personal finance themes and fraud and cybersecurity issues and precautions. The trade-offs associated with these directives, especially on financial stability and banking sector profitability and solvency, were closely monitored. Lastly, draft Financial Consumer Protection (Credit Information Disclosure (KFS)) Regulations 2022 were refined further and are expected to be issued in 2023.

1.2 LARGE FINANCIAL COOPERATIVES DEVELOPMENTS

The Financial Institutions (Large Financial Cooperatives) Regulations were promulgated in 2016. These are regulations that provide a basis to license, supervise and regulate the Large Financial Cooperatives. In order to qualify to be a Large Financial Cooperatives, an institution should register a society under the Cooperatives Society Act, 2000 with the Ministry of Small Business Development, Cooperatives and Marketing and then apply for a license under the Financial Institutions (Large Financial Cooperatives) Regulations, 2016 upon attaining total deposits equal to or more than M5 million, or assets equal to or more than M5 million. Once the cooperative has been licensed as a Large Financial Cooperative, the Commissioner will have to carry out inspections to ensure that it is operating in a safe and sound manner in order to protect members' deposits and shares.

During this period, one Large Financial Cooperative. Reporting templates have also been developed and shared with the Cooperative was licensed. The cooperative is expected to submit returns to the CBL for assessment as part of monitoring and ensuring safe and sound financial sector.

1.3 ON-SITE AND OFF-SITE SUPERVISION

1.3.1 On-Site Examination

In the execution of its mandate of ensuring safe and sound financial sector, the Central Bank through Banking Supervision Division of Lesotho conducted one on-site examination of a bank in 2022. The examination was informed by the risk assessment undertaken, which was intended to profile the riskiness of the banks so that supervisory resources could be channeled to the areas within the banks that threaten the viability and stability of the institution as well as the banking industry.

The next section provides a summary of the main risks that emanated from examination:

During this period, one Large Financial Cooperative. Reporting templates have also been developed and shared with the Cooperative was licensed.

1.3.1.1 Main Risks

i) Strategic Risk

Strategic risk is defined as the risk associated with the business model selection, execution, or modification over time, resulting in a lack of achievement of overall objectives. Key factors crucial for mitigating this type of risk include adequate communication of strategy, periodic monitoring and establishment of reasonable timelines.

The following weaknesses were noted with respect to strategic risk: failure to update strategy guidelines post adoption of the new strategy formulation model; failure to develop coherent actions for some strategic objectives; non-compliance with the strategy guidelines. These would hinder the implementation of the institutions' strategies and thereby heighten strategic risk. As such, the inherent strategic risk was considered **high**, and the quality of risk management systems was **acceptable**. This resulted in a **moderate** composite strategic risk and the direction was increasing.

ii) Credit Risk

Credit risk is the potential that a borrower, financial instrument issuer or counterparty will fail to meet its obligations in accordance with agreed terms resulting in economic loss to the financial institution. Common sources of credit risk include weaknesses in the credit granting and monitoring processes which may arise due to a financial institution's failure to carry out a thorough credit assessment or due diligence.

During the period under review, note was made that there were some credit products that were introduced without Commissioner's approval. There were also some breaches of credit risk appetite, deficiencies in ECL model computation, non-compliance with credit policies and procedures, as well as oversight lapses.

The identified gaps if left unattended, will result into heightened credit risk. As such, the inherent credit risk was considered **high**, and the quality of credit risk management systems was **acceptable**. This resulted in a **high** composite credit risk and the direction was **increasing**.

iii) Liquidity Risk

Liquidity risk is the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. The importance of sound management of liquidity risk in the banks cannot be overemphasized. This is because inadequate management of liquidity risk can have far reaching repercussions for the industry.

During the period under the review, the following concerns were noted: non-compliance with the regulations, policies and procedures, failure to perform due diligence on procurement of certain systems, failure to establish the liquidity risk appetite and tolerance limits. As a result, the inherent liquidity risk was therefore considered high, and the quality of risk management systems was **acceptable**. This resulted in a **moderate** composite liquidity risk and the direction was **increasing**.



BANKING SECTOR AND LARGE FINANCIAL COOPERATIVES REVIEW

iv) Operational Risk

Operational risk is the potential loss resulting from inadequate or failed internal processes, people and systems or from external events. Important factors for effective management of operational risk include adequate resources (budget, tools & staff), clear roles and responsibilities, continued adequate training and promotion of a risk management culture across the organization, among other things.

The major gaps that were identified included failure to develop operational risk governance documents such as outsourcing risk management policy and operational risk management framework. There was also inadequate management of suspense accounts, physical security deficiencies, business continuity deficiencies and non-compliance with the regulations, policies, best practices and international standards governing management of operational risk. The identified deficiencies exacerbate the operational risk within the banks and strong monitoring should be ascertained. Given the foregoing, the inherent operational risk was considered **high**, and the quality of risk management systems was **weak**. This resulted in a **high** composite risk and the direction was **increasing**.

v) Compliance Risk

Compliance risk is the potential loss arising from a financial institution's failure to comply with laws, regulations, rules, or failure to comply with code of conduct applicable to its activities or to comply with its own policies and procedures. Compliance means conforming to laws and regulations that have been clearly defined. It is a key component of a successful business and an important part of good business conduct.

The following gaps were observed: failure to comply with the bank's own policies and processes; ineffective policies; and compromised independence of the compliance function. The inherent compliance risk was, therefore, considered **high**, and the quality of risk management systems was **weak**. This resulted in a **high** composite risk and the direction was **increasing**.

1.4 OFF-SITE SURVEILLANCE 2022

1.4.1 Main Balance Sheet Items

i) Total Assets

The Banking industry balance sheet had declined by 8.0 percent, from M21.7 billion in 2021 to M19.8 billion in 2022 (see Table 2), mainly on account of a decline in balances with local banks, cash and cash items, other investments. Balances with local banks had declined by 15.7 percent, from M785.5 million in 2021 to M661.8

The Banking industry balance sheet had declined by 8.0 percent, from M21.7 billion in 2021 to M19.8 billion in 2022.

million in 2022. Cash and cash items had declined by 70.1 percent, from M3.3 billion in 2021 to M974.9 million in 2022. In addition, other investments had dropped by 33.8 percent, from M3.6 billion in 2021 to M2.4 billion in 2022. Contrary to the declining items, credit portfolio continued to recover and rose by 6.7 percent, from M7.5 billion in 2021 to M8.0 billion in 2022. The level of credit portfolio remained significantly above the pre-pandemic mark of M7.2 billion observed in March 2020, before the first national lockdown. The recent trends on credit extension continued to be observed, as noted from the industry's precarious climb from a deep economic downturn due to pandemic. However, the ascent continued to be difficult on account of war in Ukraine.

	2014	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL ASSETS	7.5	13.3	-5.2	21.8	8.3	-1.3	16.6	7.5	-8.0
Cash and cash items	-9.2	45.6	8.7	21.7	2.0	25.6	-19.2	321.1	-70.1
Balances with CBL	22.7	-31.9	19.0	-10.8	-15.2	59.0	25.9	-17.0	12.4
Balances with local banks	21.5	6.7	-7.3	2.7	-22.8	-46.8	52.7	-43.0	-15.7
Balances with banks abroad	11.0	36.2	-15.4	30.3	22.9	-49.5	59.9	-39.9	40.7
Marketable securities	9.4	18.5	-0.2	16.4	40.3	52.1	-1.6	13.2	11.5
Other investments	-52.0	6.0	-74.6	577.0	-9.0	144.3	45.7	20.2	-33.8
Loans and advances	12.2	7.3	2.6	7.4	12.4	8.1	-0.8	7.1	6.7
Fixed assets	20.5	25.7	22.3	114.7	-6.8	-33.1	51.1	-8.1	-1.0
Other assets	42.1	-12.1	34.9	39.9	0.2	65.9	-14.2	-8.6	23.0

Source Central Bank of Lesotho

In money and capital markets, banks continued to invest in government paper, mainly on account of risk aversion, diversification of the investment portfolio and better yields. The banking industry's total exposure to government securities increased by 11.5 percent, from M2.4 billion in 2021 to M2.7 billion in 2022. The increasing exposure especially in capital markets somehow needed a closer monitoring, which underscored the need to develop the secondary market to trade exposures from the capital markets. This also remained key for the financial system to manage liquidity risk. Figure 1 shows distribution of gross loans by type, personal loans built-up by 3.3 percent, from M4.4 billion in 2021 to M4.5 billion in 2022. Business loans inched-up by 6.6 percent, from M2.1 billion in 2021 to M2.2 billion in 2022. In addition, mortgages grew by 8.5 percent, from M1.4 billion in 2021 to M1.5 billion in 2022.



BANKING SECTOR AND LARGE FINANCIAL COOPERATIVES REVIEW

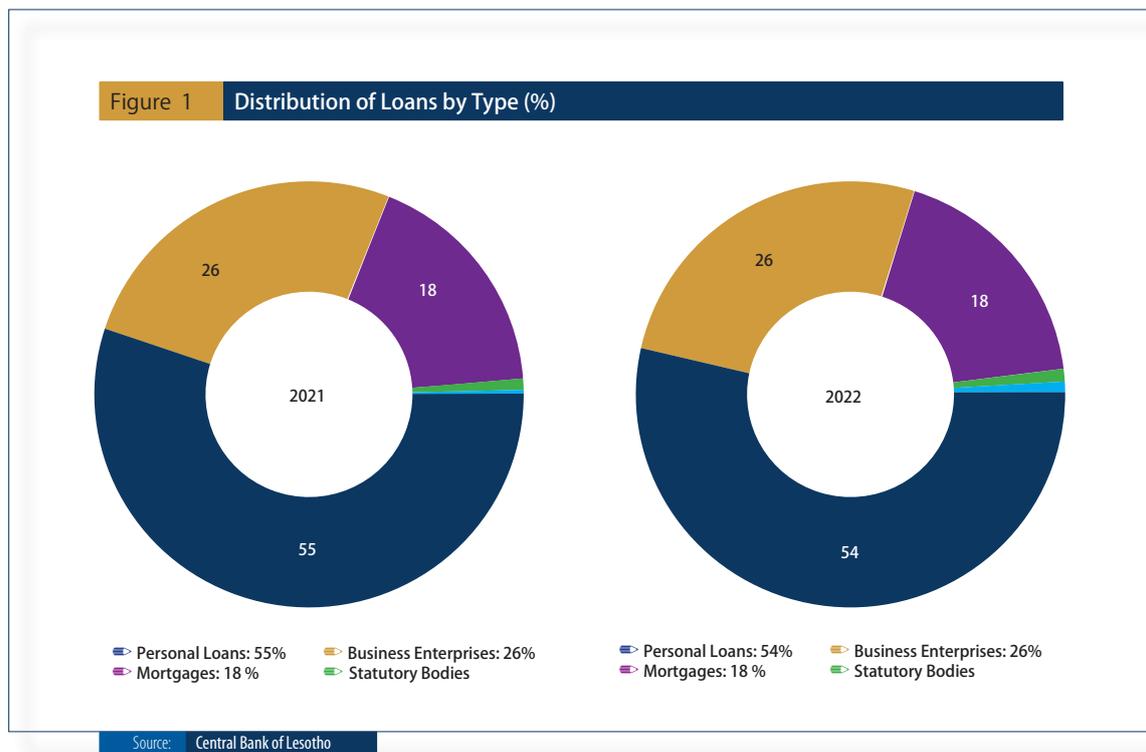


Figure 2 depicts distribution of business loans by economic sub-sectors. Credit concentration risk on business loans remained elevated. Continued vigilance on loans to real estates, mining, construction, hotels, restaurants, wholesales and retails remained necessary. These sub-sectors continued to be most vulnerable due to the pandemic uncertainty. In addition, systemic risk remained heightened due to some big borrowers in the banking system who had loan facilities across all the banks. Even though most of these facilities were collateralized, a threat somehow remained due to inherent risk in collateral, specifically during episode of financial distress, which turns to lower the value of collateral.

The banking industry's total exposure to government securities increased by 11.5 percent, from M2.4 billion in 2021 to M2.7 billion in 2022.

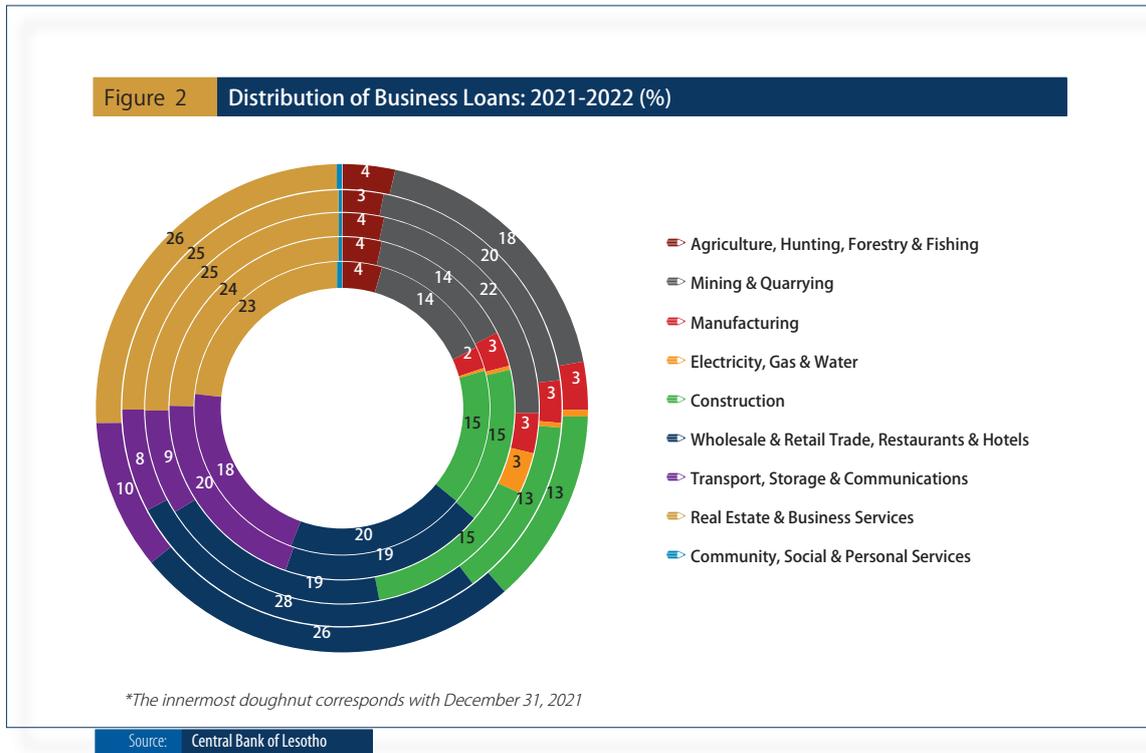
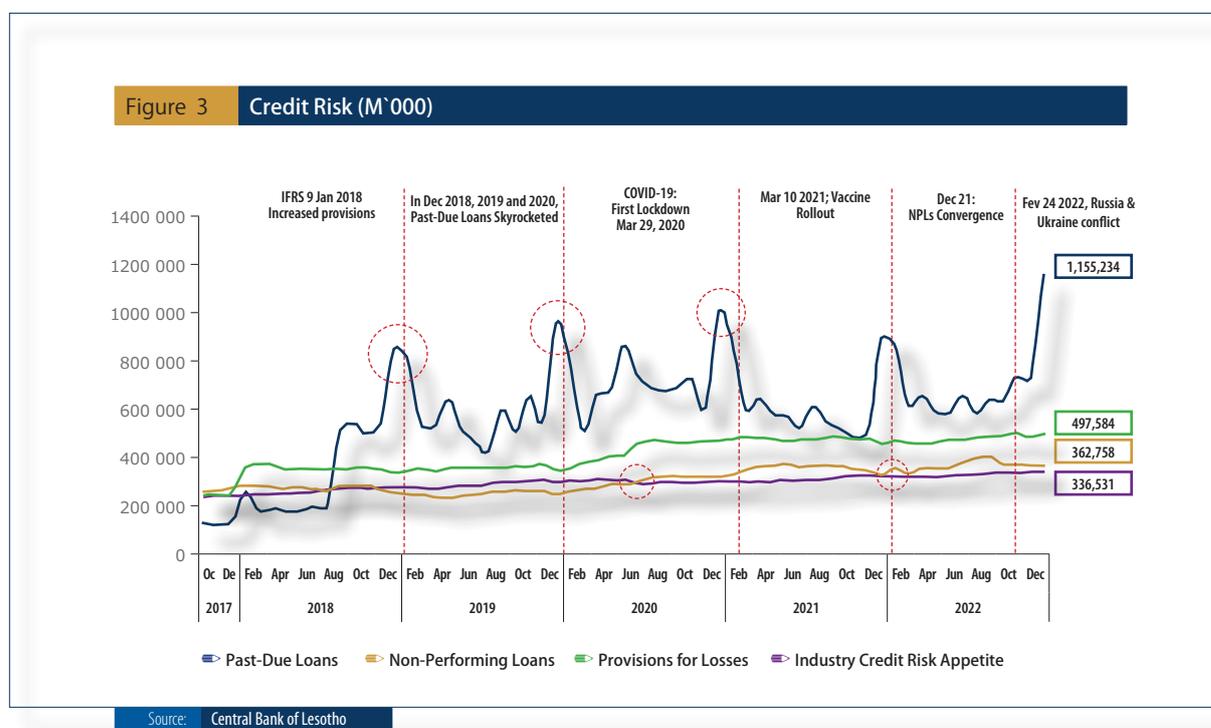


Figure 3 highlights credit risk at a glance. Non-Performing Loans had grown by 12.5 percent, from M322.5 million in 2021 to M362.8 million in 2022. In addition, NPL ratio had increased by 0.2 percentage points, from 4.1 percent in 2021 to 4.3 percent in 2022, breaching the industry credit risk appetite of 4.0 percent by 0.3 percentage points. The mortgages, business enterprises and households respectively, continued to be prominent sectors struggling to service loan facilities in the midst of highly uncertain business environment. Past-due loans increased significantly by 29.7 percent, from M890.5 million in 2021 to M1.2 billion in 2022. To contain credit risk, provisions had increased by 9.1 percent, from M456.1 million in 2021 to M497.6 million in 2022. To some extent, the strain on the credit portfolio reflected negative ramifications of increasing interest rates due to the contractionary momentary policy, which took a toll on the back of war in Ukraine.



BANKING SECTOR AND LARGE FINANCIAL COOPERATIVES REVIEW



The analysis envisioned continuous recovery in asset quality and credit growth. The outlook came on the back of continuous recovery in economic growth as the pandemic appeared to be receding and major projects such as Lesotho Highlands Water Projects were expected to remain the hallmark to boost the expected growth. This remains fundamentally profound to cool down default risk and boost business confidence for banks to stimulate credit growth. In addition, the economic sub-sectors such as mining, construction, agriculture, textiles, energy and services are expected to enhance demand for credit. The pricing directive through setting a limit of 70.0 percent on loans to deposit ratio was also expected to boost credit growth. However, asset quality and credit growth to some extent may not recover at a faster pace envisioned due to uncertainty surrounding the pandemic. In addition, increasing interest rates, which took a toll on real income on the back of Russia and Ukraine conflict contributed to weigh on asset quality and demand for credit.

ii) Total liabilities

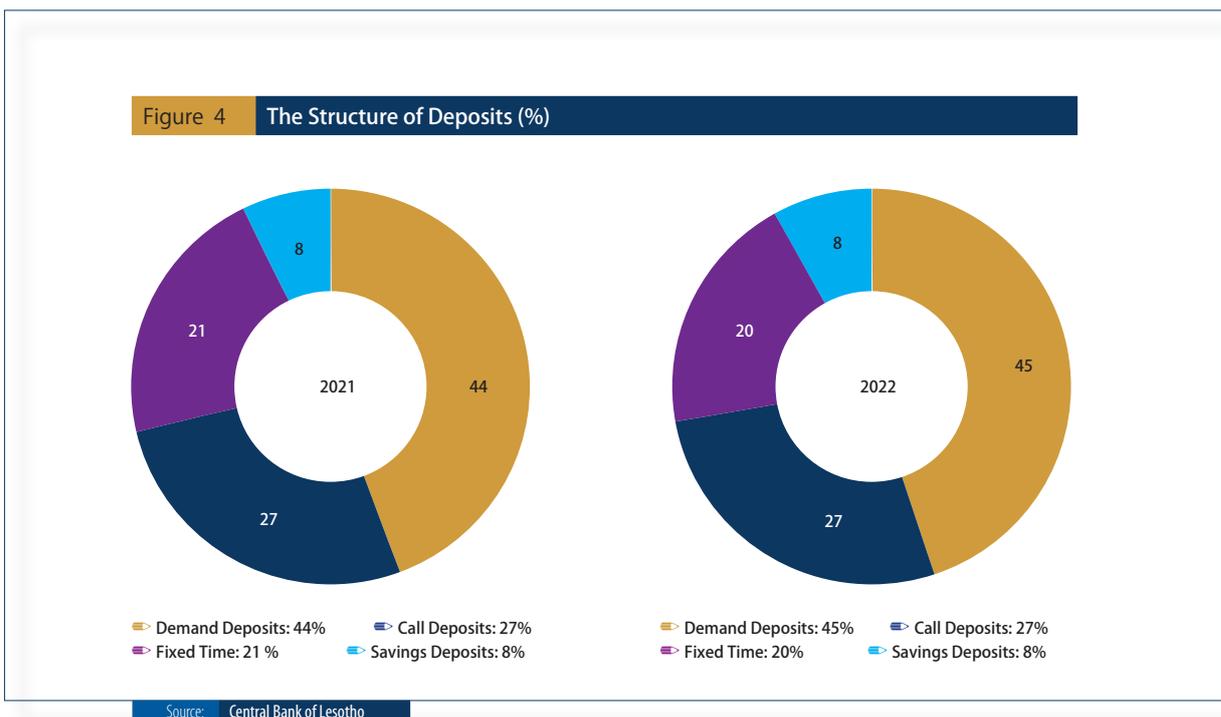
Total liabilities reflected a decline of 9.8 percent, from M18.7 billion in 2021 to M16.9 billion in 2022 (see Table 3), largely influenced by total liabilities were total deposits, balances due to local banks and other liabilities. Total deposits remained virtually identical and decreased by 1.9 percent, from M15.4 billion in 2021 to M15.1 billion in 2022. Balances due to local banks set on the contraction path and reflected a decline of 69.3 percent, from M2.1 billion in 2021 to M659.2 million in 2022. Other liabilities reflected a decline of 3.7 percent, from M913.2 million in 2021 to M879.8 million in 2022.

The banking system balance sheet size continued on the expansion path and increased by 7.5 percent, from M20.0 billion in 2020 to M21.7 billion in 2021.

Table 2 The Growth Rates of Total Liabilities (%)		2014	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL LIABILITIES		6.2	13.4	-7.6	21.7	9.0	-3.1	17.1	8.0	-9.8
Deposits		5.0	13.9	-5.9	25.7	5.9	9.9	14.5	4.8	-1.9
Due to local banks		15.6	7.8	-13.6	-0.3	27.1	-62.1	77.3	25.6	-69.3
Due to foreign banks		-36.9	26.1	-9.7	57.9	-27.6	13.3	-78.9	222.4	-13.6
Other borrowings					-0.1	1.0	-0.8	-0.5	-87.9	58.6
Other liabilities		20.6	16.1	-14.5	26.5	30.5	-12.7	25.3	22.0	-3.7

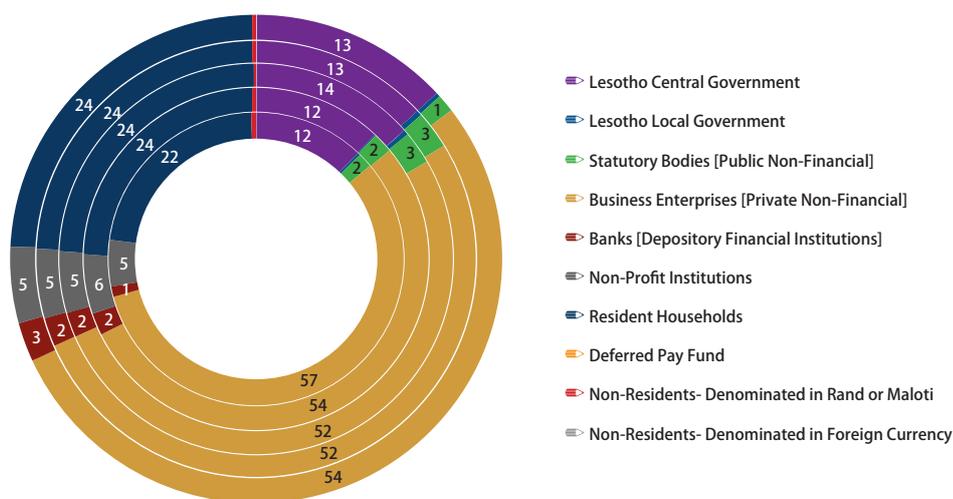
Source Central Bank of Lesotho

The structure of deposits continued to be dominated by short-term deposits indicating that the credit portfolio was mostly financed by short-term deposits. A large proportion of such deposits continued to be wholesale rather than retail (see Figure 4 and 5). Figure 5 revealed that 76.0 percent of total deposits in 2022 were wholesale. Therefore, the asset and liabilities mismatch continued on the upward trajectory and was envisaged to gain momentum on the back of elevated and increasing trend on mortgages. In addition, the system remained vulnerable to liquidity risk as large deposit withdrawals may bring liquidity shocks because of the volatility on wholesale funding. These shocks are more likely as government deposits in banks might be used to fund the fiscal deficit. Historically, government deposits used to be stable. However, more volatility prevailed during the review period, perhaps because of fiscal pressure. In addition, on anecdote, better returns in both money and capital markets may put pressure on asset and liabilities mismatch on account of the financial crowding out effect.



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Figure 5 Total Deposits by Holder (%)



*The innermost doughnut corresponds with Dec 31, 2021

Source: Central Bank of Lesotho

iii) Shareholders` Equity

Total capital had increased by 4.2 percent, from M2.8 billion in 2021 to M3.0 billion in 2022 (see Table 3). The key factors that contributed to a boost in capital were retained earnings, net income and statutory reserves. Retained earnings had increased notably by 4.9 percent, from M2.0 billion in 2021 to M2.1 billion in 2022. Net income had increased slightly by 1.2 percent, from M359.7 million in 2021 to M364.0 million in 2022. In addition, statutory reserves had built-up by 4.0 percent, from M197.9 million in 2021 to M205.9 million in 2022.

Table 3 The Growth Rates of Total Capital (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL CAPITAL	19.7	11.9	15.1	22.2	4.0	11.4	13.9	4.5	4.2
Paid-up capital	0.0	13.3	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Statutory reserve	-0.7	6.2	47.5	-4.4	1.7	0.8	3.8	0.0	4.0
Revaluation reserves	16.4	52.1	-6.2	12.7	-22.1	11.6	50.7	-10.5	78.7
Other reserves	64.9	-39.3	12.9	346.2	-96.3	2701.2	0.0	0.0	2.2
Retained earnings	34.6	16.6	15.9	52.3	0.5	10.8	34.3	3.4	4.9
Profit/ loss for the year to date	11.5	6.6	8.8	-26.1	40.1	7.8	-37.3	11.4	1.2

Source Central Bank of Lesotho

Total capital had increased by 4.2 percent, from M2.8 billion in 2021 to M3.0 billion in 2022.

The resilience of the banking system continued to firm-up and the outlook remained positive. First, all banks continued to generate profits. Second, pressure on loan defaults appeared to cool down and credit was notably above the pre-pandemic level. However, the Russia-Ukraine war was likely to aggravate credit risk to some extent. Third, improved business confidence-perhaps on the back of receding pandemic and increasing interest rates was expected to incentive the banks to stimulate credit growth.

1.4.2 Main Income Statement Items

i) Total Income

Total income had increased by 9.4 percent, from M2.0 billion in 2021 to M2.2 billion in 2022 (see Table 4). The increase was mainly driven by a built-up in interest income from loans, commission income and interest income from government securities. Interest income from loans registered growth of 21.9 percent, from M1.0 billion in 2021 to M1.2 billion in 2022, on the back of continuous recovery in the credit portfolio compounded by increasing interest rates mostly driven by the Russia and Ukraine war. Interest income on government securities reflected growth of 43.0 percent, from M146.1 million in 2021 to M208.9 million in 2022, mainly on account of increased industry exposure to government securities. In addition, commission income had grown by 25.0 percent, from M569.4 million in 2021 to M711.6 million in 2022.

Table 4	The Growth Rates in Total Income (%)									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
TOTAL INCOME	8.7	10.7	10.9	5.7	11.7	7.1	-4.9	4.4	9.4	
Interest income-loans	8.0	27.1	14.9	16.5	5.2	13.2	-8.8	-2.2	21.9	
Interest income-placements	55.8	10.9	21.9	-15.6	46.1	-29.9	-17.6	-28.0	-18.7	
<i>I) foreign payments</i>	43.6	2.2	17.1	-20.1	-24.6	10.5	12.4	-30.1	9.7	
<i>II) domestic payments</i>	76.3	22.8	27.4	-10.9	37.2	-12.2	-37.1	-25.6	-49.7	
Interest income - securities	28.6	-63.1	6.5	1.6	30.9	92.4	1.7	-9.1	43.0	
Total interest income	23.5	8.5	16.8	4.4	18.1	1.7	-10.0	-8.7	16.9	
Interest expense	59.4	4.6	25.3	-3.9	25.0	1.4	-11.9	-32.6	22.5	
Net interest income	12.3	10.2	13.3	8.3	15.2	1.9	-9.1	1.7	15.3	
Fees and commission income	5.4	9.4	10.4	4.6	2.0	4.3	0.8	-11.7	25.0	
Forex gains/losses	11.3	21.0	-23.6	-15.2	35.3	12.0	4.7	8.8	22.0	
Income on equity investment				-61.0	220.6	-100.0				
Other income	1.0	49.5	78.5	-23.8	40.7	266.7	2.8	125.3	-57.8	
Grants	-70.0	-10.0	2.8	106.4	66.3	15.7	-15.6	-4.6	-6.5	
Non-interest income	4.3	11.4	7.7	2.2	6.4	15.4	1.1	7.7	2.4	

Source: Central Bank of Lesotho



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ii) Total Expenses

Total expenses had built-up by 12.1 percent, from M1.5 billion in 2021 to M1.7 billion in 2022. (See Table 5), mainly driven by other operating expenses, staff salaries and interest expenses. Other operating expenses rose by 17.2 percent, from M571.0 million in 2021 to M669.4 million in 2022. Staff salaries had increased by 12.6 percent, from M535.6 million in 2021 to M602.8 million in 2022. In addition, management and directors' fees observed growth of 26.4 percent, from M85.1 million in 2021 to M108.4 million in 2022. Interest expenses grew by 22.5 percent, from M313.7 million in 2021 to M384.3 million in 2022 mainly driven by a combination of two factors:

- The CBL Policy rate remained on the hiking path to ease inflationary pressures throughout 2022.
- The pricing directive on deposit rates to some extent took a toll on interest expenses. Sessions of strains from the pandemic continued to fade away, as a result, provision for bad debts revealed slight growth of 6.7 percent, from M106.0 million in 2021 to M113.1 million in 2022, perhaps on the back of Russia and Ukraine war. In addition, bad debts written-off had decreased by 32.6 percent, from M50.6 million in 2021 to M34.1 million in 2022.

	2014	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL EXPENSES	7.9	13.5	11.5	24.6	2.2	7.6	11.8	1.0	12.1
Staff salaries and benefits	11.3	14.3	13.9	8.5	7.0	9.5	0.9	4.6	12.6
Management/directors fees	9.1	17.0	4.2	39.6	-3.3	-50.2	4.8	3.9	26.4
Auditors/consultants fees	11.2	12.4	7.3	14.1	119.2	98.0	7.1	36.7	-21.5
Provision for bad debts	24.5	19.7	-2.1	8.2	-18.4	-9.9	120.9	-37.1	6.7
Bad-debts write-offs/irrevocable losses				420.4	-100.0		-3.0	19.8	-32.6
Depreciation	1.0	0.3	15.7	13.0	60.0	-2.2	3.4	2.6	11.2
Other operating expenses	-0.5	11.1	12.1	35.0	8.3	19.3	10.3	5.2	17.2
Operating income/loss	9.9	6.8	10.0	-22.6	34.5	6.2	-35.9	15.1	1.8
Income/loss before tax	9.9	6.8	10.0	-22.6	34.5	6.2	-35.9	15.1	1.8
Taxation	5.9	7.4	13.2	-13.4	22.2	2.2	-32.2	24.2	3.1
Net income after tax	11.5	6.6	8.8	-26.1	40.1	7.8	-37.3	11.4	1.2

Source: Central Bank of Lesotho

Net income had increased slightly by 1.2 percent, from M359.7 million in 2021 to M364.0 million in 2022, mainly driven by increased interest income from loans, placements and government securities. In addition, a decline in bad debts written-off played a key role to boost performance. However, a rebound in the net income from the pandemic remained challenging, as the industry profit levels continued to fluctuate below the pre-pandemic mark. In December 2019, net income had registered M514.7 million. Net income was expected to continue on the recovery path on account of the improved outlook on credit growth and asset quality driven mostly by envisaged macroeconomic performance in 2023. However, uncertainty remained because of the pandemic and war in Ukraine.

Total expenses had built-up by 12.1 percent, from M1.5 billion in 2021 to M1.7 billion in 2022.

1.4.3 Market Share Analysis

The banking sector continued to play a major role in the economy as seen by investments in low-cost service channels, employment and increasing market activity. The summary of market share and measures of concentration used to assess the level of the banking sector competitiveness are illustrated in Table 6, while Table 8 provides additional information on the market outreach and total number of employees in the banking system.

The market-share of the two largest banks by assets decreased by 2.8 percentage points, from 76.4 percent in 2021 to 73.6 percent in 2022, suggesting an improved balance sheet. Therefore, HHI declined by 1.2 percent, from 3767 in 2021 to 3720 in 2022. Despite a decline in HHI, the elevated levels of HHI revealed that, the market continued to be duopolistic in nature.

Table 6	Market Shares for Top 2 banks (%)										
	2020			2021				2022			
	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Share of assets	77.5	76.6	76.3	76.5	76.2	74.6	76.4	75.1	75.0	75.1	73.6
Share of loans	80	79.6	78.5	77.6	77.3	77	76.3	76.5	75.8	75.8	75.0
Share of deposits	75.4	74.7	74.2	74.3	74.7	73.4	74.1	73	74.2	73.9	72.4
Share of post-tax profits	106.8	96.5	90.1	78.7	83.1	80.1	76.2	72	83.2	89.6	89.6
Non-performing loans	73.3	74.4	80.3	82.5	83.1	82.2	82.7	81.1	80.7	78.9	76.2
Past due loans	83.1	89.3	89.7	82.5	81.6	78.6	94.1	79.5	82.0	78.8	89.6
HHI	3,681	3,849	3,728	3,774	3,728	3,728	3,767	3,700	3,728	3,747	3,720

Source: Central Bank of Lesotho

Table 7 reveals that POS devices in the banking industry reflected a double-digit growth of 25.8 percent, from 2,129 in 2021 to in 2,678 in 2022. ATMs also built-up by 2.5 percent, from 203 in 2021 to 208 in 2022. The number of branches remained constant at 50 in 2022 compared to the previous year. This component is envisioned to remain relatively constant as banks continue to invest in low-cost service channels, mostly driven by digital transformation and agency banking. Employment in the banking system revealed a slight built-up of 1.5 percent, from 1,560 in 2021 to 1,583 in 2022.

Table 7	Market Outreach											
	2020				2021				2022			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Branches	50	50	51	51	51	50	50	50	50	50	50	50
ATMs	201	201	202	202	198	201	202	203	208	210	211	208
POS	1,853	1,905	1,955	1,995	2,117	2,028	2,039	2,129	2,353	2,318	2,470	2,678
Employees	1,627	1,616	1,623	1,576	1,575	1,579	1,566	1,560	1,585	1,613	1,600	1,583

Source: Central Bank of Lesotho



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During this period, the financial system continued to digitize exponentially. However, risks associated with digital transformation, especially cybercrime, remained recalcitrant. The predictions revealed that, perhaps the next financial crisis in the global financial system would be triggered by the cyber-attack. Therefore, that underscores a need for banks to remain vigilant and continue to invest in resources to strengthen cybersecurity. Anecdotally, dedicated resources to work on cybersecurity matters result in better detection of cyber-attacks as well as monitoring of third-party risk.

1.5 EXCHANGE CONTROL AND ANTI-MONEY LAUNDERING

1.5.1 Exchange Control Developments

i) Compliance with the Authorised Dealer (AD) Manual

Cross Border Transactions Reporting System (C-BTRS): The Central Bank of Lesotho went live with the Cross-Border Transactions Reporting System (C-BTRS) in October 2020 with five (5) reporting entities. Following full certification and stabilisation of the system, the reporting entities provided assurance to CBL that the system was stable and continued to report in accordance with the Operations Manual, Business and Technical Specifications as provided by CBL. In 2022, however, through the off-site surveillance, a number of non-compliance issues were observed, that brought into disrepute the integrity of the data submitted through C-BTRS. Key amongst the issues were misclassification of balance of payment (BOP) categories; submission of heavily manipulated data not coming from the source systems; violation of the rules.

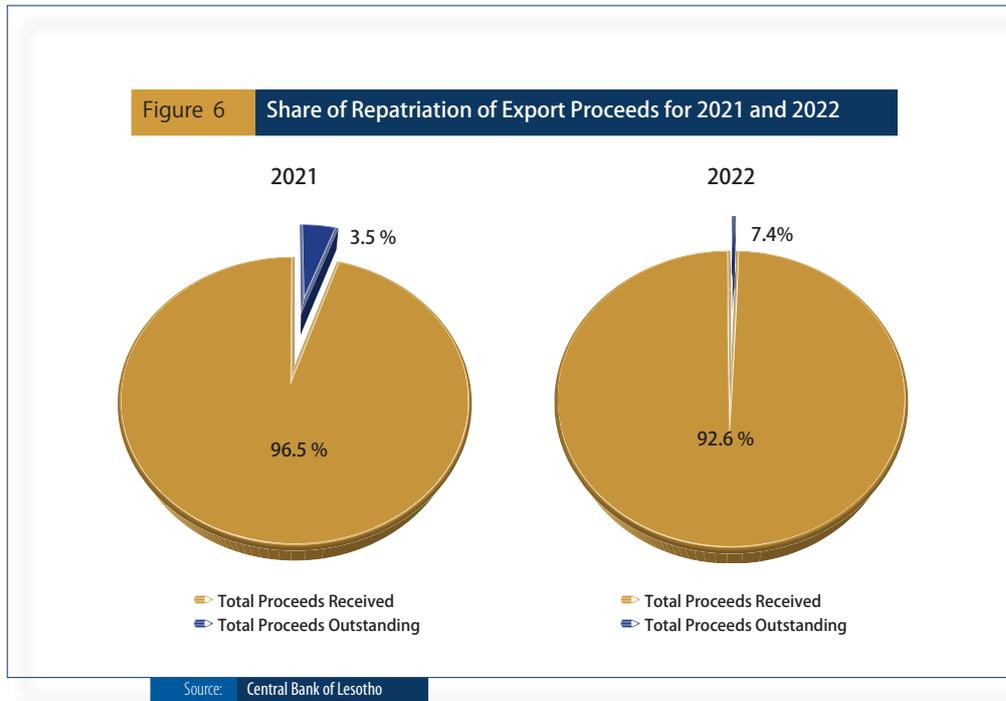
ii) Analysis of Cross-border Transactions

In 2022, Lesotho continued to be a net importer with overall inflows of M21.12 billion trailing behind overall outflows of M23.97 billion, resulting in net outflows of M2.85 billion. This represented an increase from M240 million in net outflows in 2021. As was the case in 2021, the major drivers in inflows in 2022 were Merchandise exports as well as Intellectual property and other services. For outflows, Merchandise imports also continued to lead followed by Financial investments/disinvestments and Prudential investments.

iii) Analysis of Export Proceeds

Repatriation of export proceeds slowed down in 2022, with 92.6 percent being repatriated relative to 96.5 percent repatriated export proceeds in the previous year. The value of overall exports also dipped from M491 million in 2021 to M476 million in 2022.

In 2022, Lesotho continued to be a net importer with overall inflows of M21.12 billion trailing behind overall outflows of M23.97 billion, resulting in net outflows of M2.85 billion.



iv) Application to Sell Foreign Currency

During this period, there was a surge in applications to sell foreign currency. A total of M1.36 billion was observed, compared with M814 million in 2021, thereby representing an increase of 60.4 per cent. This was the reverse of what prevailed in 2021, where a decline of 27.0 per cent was realized. Material purchase continued to lead and accounted for 64.4 per cent of all applications to sell foreign currency, albeit a decline from 68.3 per cent in 2021. Dividends followed yet again with 30.6 per cent, representing an increase from 13.9 per cent from the previous year.

1.5.2 Anti-Money Laundering and Combating of Terrorist Financing (AML/CFT)

1.5.2.1 Off-site Supervision

a) Structural risk

The inherent structural risk is measured by the average of the asset size, number of years in operations, and ownership structure of the banking sector. The inherent structural risk for the banking sector was found to be very high in the period under review.



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i) Asset Size

The inherent structural risk in respect of asset size was generally rated very high on account of the asset size of the banking sector, which constituted 65 percent of the inherent structural risk. As at 31 December 2022, the banks' total assets amounted to M19.9 billion. This accounted for more than 67 percent of the total financial sector assets. Since the asset size of the banking industry was large, if the money laundering risk were to materialize, the impact would be severe.

ii) Average number of years in operations

The inherent risk posed by numbers of years in operations was high. Out of four banks in Lesotho, the two banks had been in operation for more than 20 years. The other two banks had been in business for less than 20 years. However, all banks had been in business for more than 10 years. Therefore, the ML/TF risks posed by number of years in operation remained high in the banking sector.

iii) Ownership structure

The ownership structural risk was rated high in the period under review. Three of the four banks are subsidiaries of the South African banks. The interconnectedness between these banks and other foreign subsidiaries may ease movement of cross-border illicit funds. The other commercial bank is 100 percent owned by the Government of Lesotho.

b) Business risk

Business risk is the total risk from customers, products and services, delivery channels risks, and geographical location risks. The inherent risk thereof was found to be high during the review period.

i) Customer risk

The inherent customer risk was rated moderate during the period. Although the banks on-boarded a large number of customers, most of them were low risk customers. Most newly on-boarded customers were resident natural persons that are regarded as low risk because they are easily known and their KYC documents can be easily accessible. Banks also established business relationships with high-risk customers including Politically exposed Persons (PEPs).

ii) Products and Services risk

The inherent risk from products and services was high during the review period. The products and services risk contributed the most weight in the overall business risk. The recorded international transfers had shown an increasing trend in period under review. Banks had also introduced digitalised products to improve efficiency and customer experience, which are high risk products given their non-face-to-face nature. Moreover, deposits had increased significantly in response to the pricing directive that required banks to ensure transactional accounts also generate interest. Deposits are high risk products because they are liquid and easily transferable.

Out of four banks in Lesotho, the two banks had been in operation for more than 20 years.

iii) Delivery channels

The inherent risk from delivery channels was rated high during the period under review. The customers continued to use the traditional face-to-face in bank premises channels. The face-to-face channels are considered to be low risk because clients can be easily identified and their identities matched with their identity documents. However, there was an increase in the use of digital channels, such as mobile banking and internet banking. Banks also continued to engage agents in large scale to conduct some of the banking activities. These are high risk delivery channels because agents may prioritise revenue over compliance due to their commission-based revenue generating structure.

iv) Geographic location

During the period under review, geographical location was rated medium for two banks and high for the other two banks. Majority of transactions were performed in branches in Maseru. The recorded number of transactions and monetary values involved were rated high. Maseru was identified as the high-risk location under National Risk Assessment (NRA) because it is the country's economic hub.

Adequacy of risk management systems

The risk management systems were acceptable; however, they were not strong enough to lower inherent risk. As such, the composite structural risk was high, and composite business risk was also high. Banks have put in place governance structures responsible for the management of ML/TF risks and financial crime related activities. Board and Senior Management have developed policies and procedures that provide high level statements and provide guidance on the implementation of the law. Banks have also put in place transaction monitoring tools and automatic screening systems. Gaps were noted in relation to the implementation of the risk management tools.

Data of suspicious transactions in the Banking Sector

During the period under review, banks had submitted 294 suspicious transactions reports (STRs). More than 90 percent of these STRs involved individuals' accounts. The submitted reports showed that no accounts held by PEPs were involved. The underlying predicate offenses included cases of suspected fraud, tax evasion, illicit flow of funds, counterfeit currency, bleached bank notes, Ponzi schemes and transactions which did not match the customers' profiles.

1.5.2.2 On-site Examinations

The CBL is mandated to supervise banks and other financial institutions under its regulatory umbrella. This mandate is extended to onsite examination in terms of section 18B (1) (a) of MLPCA 2008 (as amended). The



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onsite examinations revealed that although the banks had risk management systems which were acceptable, there were several cases of non-compliance. The deficiencies were observed in conducting Customer Due Diligence, Enhanced Due Diligence and on-going due diligence. There were gaps in records keeping as some customer files could not be produced to examiners.

1.6 FINANCIAL CONSUMER PROTECTION AND MARKET CONDUCT

The Market Conduct Supervision of regulated financial service providers, such as commercial banks, insurance companies, microfinance institutions (MFIs), pension funds, payments services providers, credit bureau, large financial cooperatives, CBL-Maseru Securities Market (MSM) and collective investment schemes, focuses on protection of consumers from unfair treatment. This is undertaken in pursuit of promoting and maintaining trust and confidence in the financial system. This function was carried out through complaints handling, off-site analysis and on-site examinations in 2022.

1.6.1 Complaints Handling and Redress

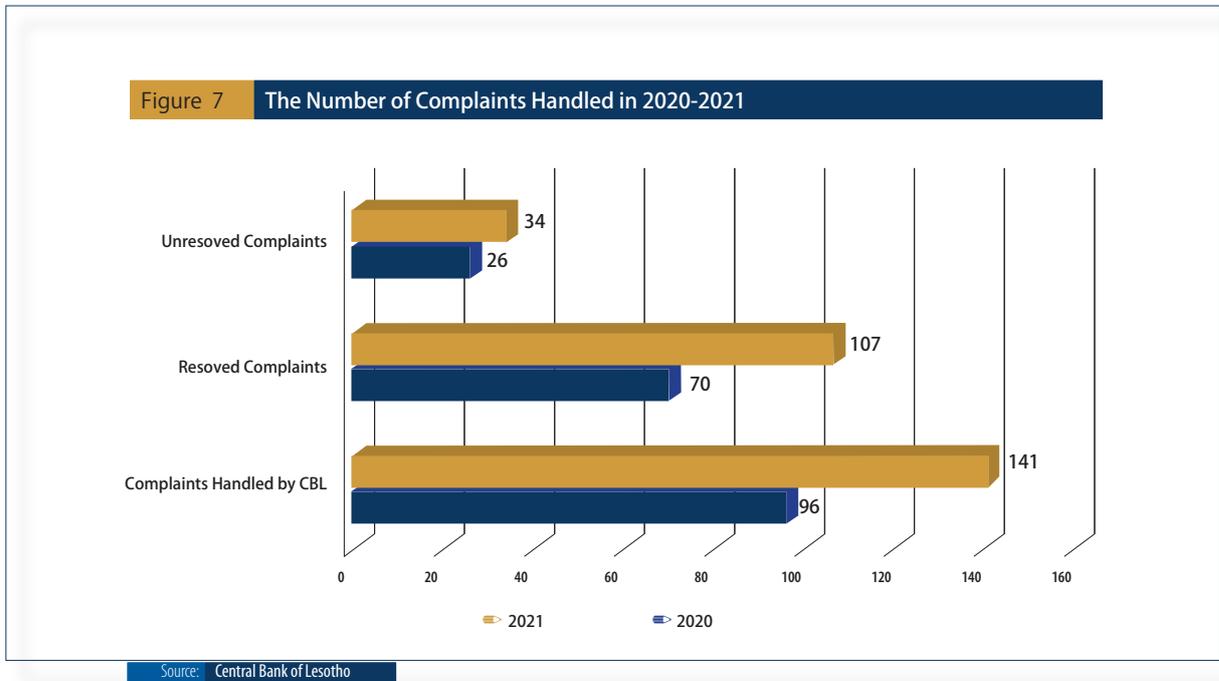
CBL, through FCP Division, investigates and facilitates the resolution of complaints escalated to it by consumers when the internal mechanisms of regulated financial service providers have been exhausted.

1.6.2 Complaints Brought by Consumers to CBL for Mediation

During the year under review, 206 complaints were handled by CBL compared with 141 complaints handled in 2021. These were complaints received from consumers who were dissatisfied with the responses they had received from commercial banks, insurance companies, microfinance institutions-money issuing companies, credit bureau, large financial cooperative and others. Out of these complaints, 55 per cent of the complaints were resolved and closed, compared with 76 per cent in the previous year. This decline was attributed to the rising volume of complaints and complexity of some of the cases handled. The unresolved complaints will be carried forward and handled in 2023 (see Figure 7).

Complaints against the commercial banks continued to lead, constituting 38 per cent of the mediated complaints. This is followed by complaints against MFIs and insurance companies, which accounted for about 33 percent and 26 percent of the total complaints, respectively. The remainder were complaints against other financial service providers, such as the Credit Bureau and E-money issuers, which contributed 4 percent.

During the year under review, 206 complaints were handled by CBL compared with 141 complaints handled in 2021.



When looking at the nature of the complaints received and mediated by Central Bank of Lesotho, lodged against the banking industry, in the descending order of their frequency, complaints coming from customers of commercial banks who were highly over-indebted and in financial difficulties dominated (36 percent). This was followed by complaints related to: fraud (12 percent), loan instalment deduction errors and disputes (12 percent), selling repossessed homes and vehicles at deeply discounted prices in auctions and collateral repossession disputes (9 percent), inadequate transparency and product information disclosure (8 percent), poor service and unreliability (8 percent), unilateral account freeze and client relationship termination (6 percent) and others.

For complaints lodged against the insurance industry, complaints related to insurance claim repudiation (including digital funeral insurance claim rejections) led (60 percent), then followed by complaints pertaining to inadequate transparency and product information disclosure (16 percent), lower than expected investment maturity values and pension benefits (12 percent), unsatisfactory insurance policy benefits (8 percent) and fraud (4 percent).

When looking at the MFI industry, just like in the banking industry, complaints coming from customers of microfinance institutions who were highly over-indebted and in financial difficulties dominated (60 percent), then followed by complaints related to excessive pricing (interest rate and fees) (13 percent), inadequate transparency and product information disclosure (10 percent), loan instalment deduction errors and disputes (10 percent), loan settlement amount quotation expiry and errors (7 percent), fraud and unauthorised loans (6 percent), illegal lending and collateral practices (withholding customer IDs, passports, ATM card and PIN) (5 percent) and outdated, inaccurate credit record in the Credit Bureau (5 percent) and others.



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Lastly, complaints against non-bank e-money issuers mainly related to payment errors and funds not reversed (40 percent), pricing (20 percent) and agent's missing funds(20 percent) and selling unsuitable product (direct deposits to other customers' account not allowed) (20 percent).

1.6.3 On-site Examinations

Financial consumer protection on-site examination of one bank and its three branches was carried out in 2022. The bank's inherent financial consumer protection risk was considered moderate, while its risk management systems were rated acceptable, resulting in moderate composite financial consumer protection risk, but an increasing risk in the next 12-months. In particular, the examination identified the following issues:

- Controls on fraud and data protection and privacy risks exhibited significant deficiencies;
- The complaints handling mechanism of the bank showed some weaknesses in terms of structure appropriateness and service availability and continuity;
- Product information disclosure and transparency was inadequate with respect to the translation of product contracts and product information into Sesotho, disclosure of loan early settlement fees in contracts, complaints handling process, and changes in deposit rates following changes in the CBL policy rate;
- Loan affordability assessments were not adequately conducted before loans were approved, which elevated the risk of overloading vulnerable borrowers with debt; and
- The bank grappled with frequent and recurring ADT deposit and ATM withdrawal failures, which caused a lot of inconvenience to customers.

1.6.4 Consumer Financial Empowerment

Against a backdrop of a recovery of economic activities and a return to normalcy of the physical mode of human interaction after the COVID-19 infections had drastically declined and associated restrictions eased, the year 2022 witnessed unprecedented scale of financial education and awareness campaigns in terms of the number

Financial consumer protection on-site examination of one bank and its three branches was carried out in 2022.

of participants and population reached, duration, geographic coverage, and modes of delivery, at least since the advent of Money Week/Month campaigns in Lesotho. Throughout 2022, Financial Consumer Protection Division successfully carried out 40 financial education workshops, training of 2489 participants from the National Security Sector and Civil Service across the ten districts (see Figure 8). One Non-Governmental Organisation (NGO) also benefited.

The workshops focused on debt management and were part of a menu of interventions proposed by the 2019 Thematic Research on Consumer Over-Indebtedness Report produced by FCP Division and were informed by the findings of the 2021 Lesotho FinScope (Consumer) Survey Report as well as the analysis of CBL-mediated complaints from over-indebted borrowers. Financial consumer protection-related regulatory framework awareness was also carried out on several local radio stations and Lesotho Television following the issuance of the Financial Institutions (Banks) (Pricing) Directives and the enactment and publication of FCP Act 2022. Digital media platforms, such as Central Bank of Lesotho's website and social media were also leveraged to reach a vast population of internet users, especially the youth and students. Advertisements through billboards and newspapers and aired on radio stations were also used to disseminate financial education messages. These campaigns were mainly aimed at inculcating better financial habits in order to mitigate the rising incidence of over-indebtedness and its adverse effects on the wellbeing of the borrowers and their households. Again, they were intended to educate consumers about their financial legal rights and obligations as enshrined in the FCP Act 2022 and opportunities and benefits coming with the 2022 Financial Institutions (Banks) (Pricing) Directives. Lastly, FCP Division also actively participated in the design and implementation of the 2022 CBL Money Month Campaign programme.

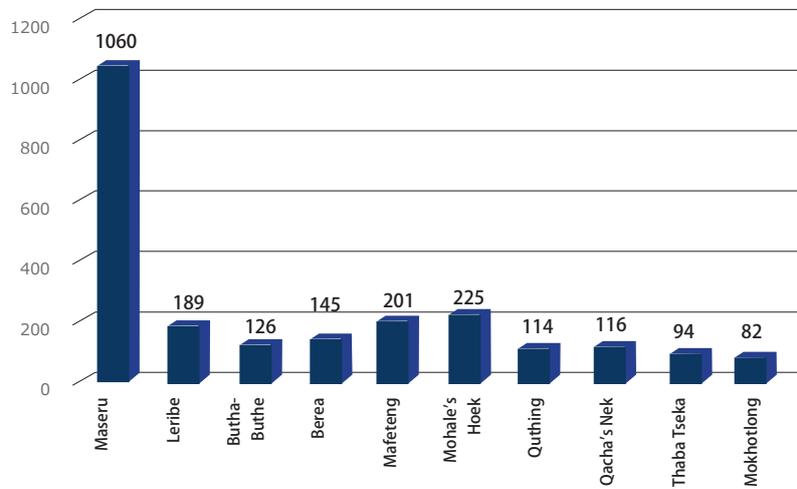
can make access to financial services safe, affordable, and more convenient was encouraged; Second, all stakeholders were urged to invest time, efforts and resources in improving their financial skills; third, financial service providers were encouraged to understand their clients and their business models and invest in staff training; fourth, financial service providers were encouraged to prioritize social goals in their pursuit of profits and to price loans based on the risk profile of clients and the nature of their businesses; fifth, financial service providers should develop products based on the understanding of customers' needs and the nature of their businesses; Sixth, financial service providers should ensure product contracts are written in a clear and visible manner and in Sesotho; lastly, financial service providers should continually review the pricing of their products to make them affordable to consumers.

FCP Division also participated in Financial Education and Financial Consumer Protection Campaigns aired on Radio Lesotho Oreng Molao Programme on the 25th February, 2021.



BANKING SECTOR AND LARGE FINANCIAL COOPERATIVES REVIEW

Figure 8 Number of officers from the National Security Sector and Public Service trained through financial education workshops in 2022



Source: Central Bank of Lesotho

INSURANCE SECTOR REVIEW

2

The domestic economy is estimated to have slowed down to 1.4 per cent growth in 2022, relative to 1.6 per cent growth registered in 2021.



INSURANCE SECTOR REVIEW

2.0 INTRODUCTION

The domestic economy is estimated to have slowed down to 1.4 per cent growth in 2022, relative to 1.6 per cent growth registered in 2021. The slowdown was largely driven by underperformance in the mining, clothing, and textiles industry. Growth is expected to increase to 2.5 per cent in 2023, 3.0 per cent in 2024 and 2.8 per cent in 2025. This growth is expected to be anchored by LHWP Phase II project with the project picking up momentum from 2023 onwards. The positive results of this project were seen in the short-term sector on the last quarter of 2022 when premium increased significantly.

Looking at the insurance industry in general, there was a year-by-year increase in premium and assets of 5.10 percent and 5.51 percent respectively. This led to total premiums of M593.75 million and assets of M9.41 billion. Considering individual sectors, the long-term sector's year on year premium declined by 0.62 percent to M1.77 billion and assets grew by 4.50 percent to M8.62 billion. The short-term sector on the other hand portrayed growth of 25.52 percent to M627.55 million, and 16.59 percent to M782.92 million for premium and assets respectively. The long-term sector contributed 91.68 percent to the industry's assets, and 73.86 percent in terms of gross written premiums.

2.1 INDUSTRY AND REGULATORY DEVELOPMENTS

The insurance industry comprised of ten (10) insurance companies, 50 brokers and 600 agents. Six (6) of the insurance companies are in the life insurance business and the rest in the general insurance business. With regard to brokers, 30 are composite brokers, 13 are long term brokers and 7 are short term brokers. No new insurer licenses were issued nor cancelled during the year 2022. However, 2 broker licenses were surrendered during the year due to relocation of Principal Officers to South Africa. With regard to insurers there were cases of technical insolvency and misconduct observed with some insurers. All cases were dealt with bilaterally and corrective measures were enforced. Technical insolvency occurs when the allowable (admissible) assets of an insurer are less than the total liabilities of that insurer. Regulators exclude some assets in the calculation of total assets as a way of ensuring that insurers acquire high quality assets to safeguard policy holder's claims.

With regard to insurers' compliance and conduct, during the period under review there was an insurer that submitted unsatisfactory/incorrect quarterly returns. The said insurer was directed to provide audited returns but failed to submit on time. The issue has since been resolved, and the insurer in question has since provided operational guidelines document to avoid incorrect submissions in the future. In the brokerage space 2 brokers still had pending conduct issues. One broker was being investigated for not issuing policyholders their premium refunds while another was being remediated to transfer clients to a local insurer as per the provisions of the law.

The domestic economy is estimated to have slowed down to 1.4 per cent growth in 2022, relative to 1.6 per cent growth registered in 2021.

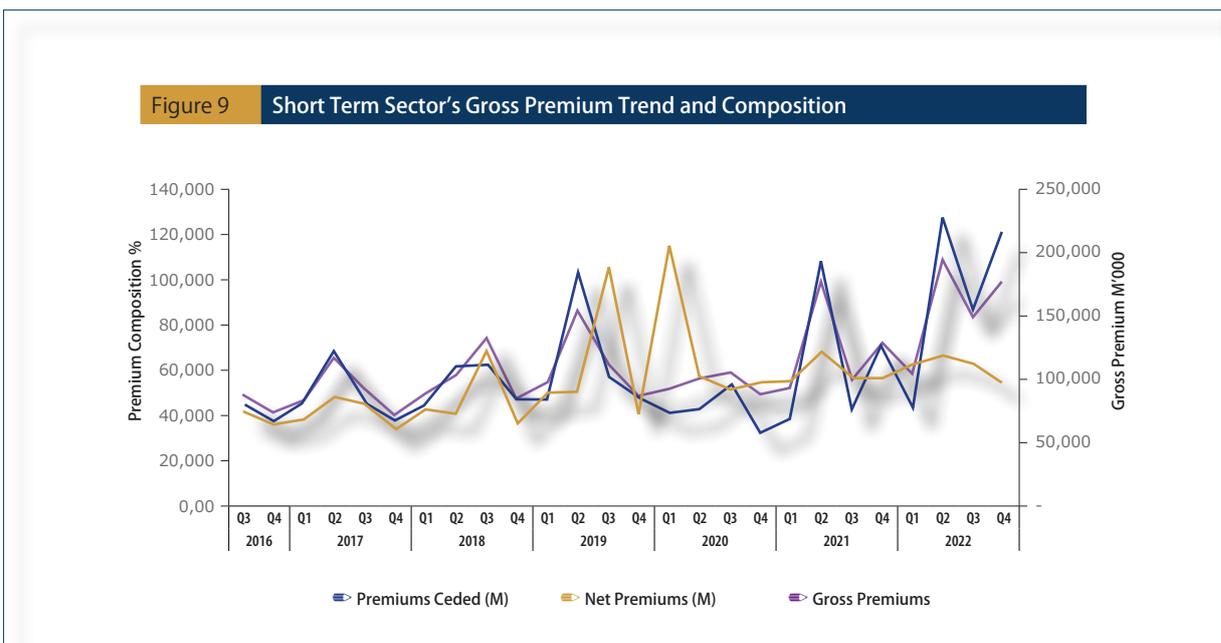
2.2 SHORT TERM INSURANCE SECTOR PERFORMANCE

2.2.1 Short Term Underwriting Performance

During the year 2022, the short-term insurance sector collected premiums amounting to M627.55 million, an increase of 25.52 percent from the previous year; 60.59 percent of the collected premiums was ceded to reinsurers and the industry saw an increase of 44.95 percent in the reinsurance ceded. This increase was mainly due to acquisition of the Polihali project business in the last quarter of 2022. Cession of premium is a requirement of the law that makes it possible for insurers to manage the risks they undertake. In terms of contributions by different classes, property insurance contributed the largest portion of premium followed by motor insurance.

The sector recorded an underwriting loss to the tune of M21.28 million. The underwriting loss was driven by high net claims incurred, which had increased by 7.72 percent to M112.76 million from M104.67 million. Furthermore, the short-term sector registered a loss of 0.42 million after tax, this loss was mainly due to the 55.32 percent decline in investment income.

Figure 9 provides a longer-term view of the sector’s premium. From the Figure, it can be observed that the short-term sector’s business in terms of premium collections is volatile. This is due to the seasonality in the sector. However, volatility in this case is not a cause for concern since there are no fundamental drivers to it (only seasonality).



Source: Central Bank of Lesotho



INSURANCE SECTOR REVIEW

2.2.2 Short Term Underwriting Performance

2.2.2.1 Assets

The asset base for the short-term insurance sector increased by 16.59 percent in 2022 from the previous year's closing level of M671.50 million, to the current level of M782.92 million. The increase in assets was driven by receivables which had increased by 28.88 percent from M284.54 million to M366.72 million. In particular, reinsurance recoverable approved increased by 1030.08 percent and premiums receivables outstanding for less than 60 days and more than 60 days had increased by 98.21 and 109.52 percent, respectively. The increase in reinsurance recoverable was as a result of high cessation of the industry. On the other hand, the increased premium receivable outstanding indicated poor premium collection by the industry and is being monitored.

With regard to asset composition investment assets formed the largest component of assets followed by receivables. The investment assets breakdown is shown on Table 8. From the table, investment funds contributed 62.10 percent to the sector's total investable assets, followed by deposits with financial institutions and government securities at 20.21 percent and 15.99 percent, respectively. The rest of the investment asset classes contributed the remaining 1.70 per cent as indicated on Table 8.

Table 8 Investments by Asset Class for the Short Term Insurance Sector		
Investments by Class	% of Total Investments	
	2022	2021
Government Securities	15.99	14.85
Non-government Securities	0.33	0.89
Deposits at Financial Institutions	20.21	23.22
Investment Property	0.00	0.00
Investment and Subsidiaries and Affiliates	1.37	1.31
Investment funds	62.10	59.73
Total Investments	100.00	100.00

Source: Central Bank of Lesotho

2.2.2.2 Equity and Liabilities

The sector's equity had decreased by 5.76 percent, from M141.06 million to M132.93 million due to a decline in retained earnings and accumulated profit as the sector had experienced losses. With regard to Liabilities, underwriting provision constituted a larger proportion at 72.37 percent of total liabilities thus demonstrating adequate reserving as per set benchmarks. Underwriting provisions increased by 10.44 percent compared from the previous year.

The asset base for the short-term insurance sector increased by 16.59 percent in 2022 from the previous year's closing level of M671.50 million, to the current level of M782.92 million.

2.2.2.3 Financial Stability

The operational performance of the sector remained negative and a loss after tax was also recorded, as can be seen from Table 9. The claims ratio had increased slightly in 2022, from 45.46 to 45.77 percent due to increase in claims incurred. However, the ratio is below the benchmark of 50 percent. This could be due to insurers not paying claims fairly and/or overpriced product. The expense ratio had declined marginally from 87.92 to 87.52 percent due to a decline in management expenses. However, the ratio was way above the benchmark of 38 percent thus an indication of inefficiency and an indication that much of the premiums were channelled to expenses and not claims. The combined ratio during the year under review was 133.30 percent which is above the benchmark of 105 percent. The investment yield declined to 4.78 from 11.53 percent recorded in 2021. This is above the benchmark of above 3 percent, however the drastic drop resulted in a loss after tax.

With regard to capitalization, the sector was not adequately capitalized in 2022. The technical provisions to equity ratio was way above the 250 percent, at 358.87 percent recorded in 2022. This would put pressure on capital. The capital to liabilities also declined from 26.59 percent to 20.45 percent which is below the benchmark of 25 percent.

Table 9 Selected Key Financial Soundness Indicators for the Short Term Sector (%)				
	Benchmark	Average	Dec-22	Dec-21
Operational results				
Claims Ratio	[50 - 70]	45.61	45.77	45.46
Expense Ratio	[33 - 38]	87.72	87.52	87.92
Combined Ratio	< 105	133.34	133.30	133.37
Investment Yield	> 3	8.15	4.78	11.53
Return on Average Equity	> 5	5.05	-0.31	10.40
Financial Position				
Proportion of Investment Assets	> 50	49.08	46.97	51.18
Technical Reserves to Total Liabilities	[60 - 70]	76.33	72.37	80.30
Technical Provisions to Equity	< 250	327.91	358.87	301.96
Premium Receivables cover	< 50	218.10	224.05	212.14
Liquid Reserves Cover	> 20	18.47	17.25	19.68
Net Premium to Equity	< 300	40.61	40.99	40.22
Technical Reserves Cover	> 100	110.07	136.08	84.07
Capital to Liabilities	> 25	23.52	20.45	26.59
Source: Central Bank of Lesotho				



INSURANCE SECTOR REVIEW

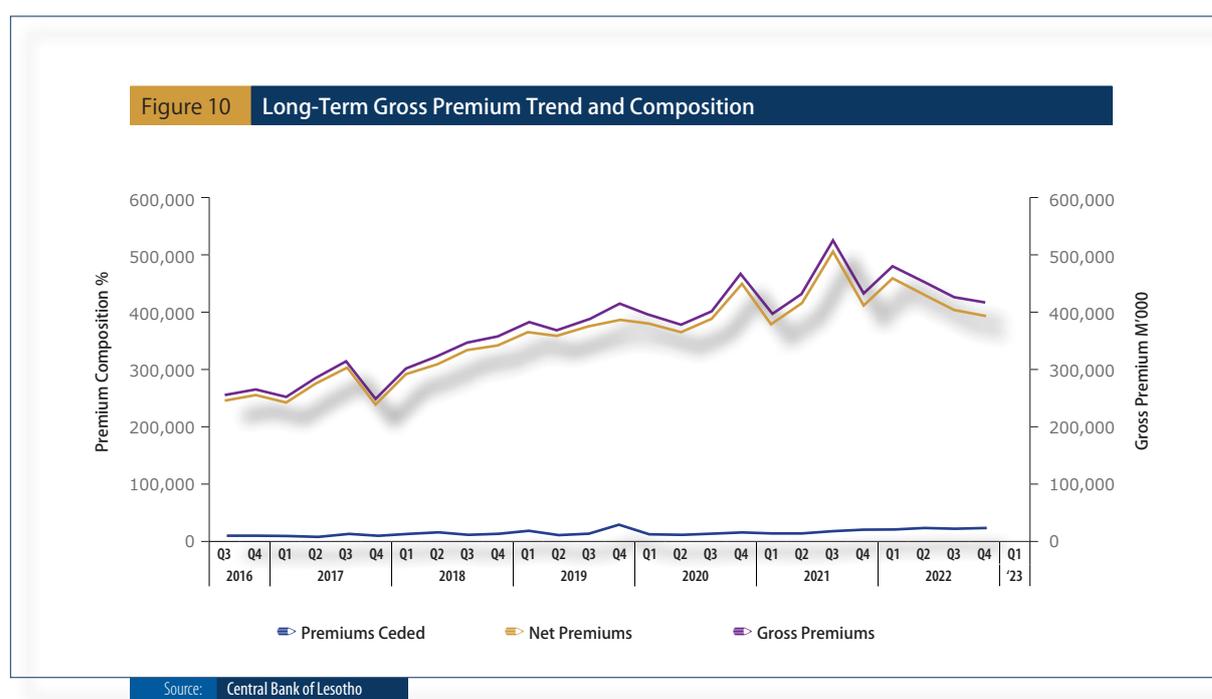
2.3 LONG TERM INSURANCE SECTOR PERFORMANCE

2.3.1 Long-Term Underwriting Performance

The long-term insurance sector recorded gross written premium amounting to M1.77 billion, a marginal decrease of 0.62 percent compared to the collections of 2021. As of the last quarter of 2022, premiums had decreased due to the removal of premium holiday hence previously credited premium accounts lapsed. The sector continued to boast high risk absorption capacity with a high premium retention rate of 94.82 percent, hence ceding only 5.18 percent of premiums. The low reinsurance ceded implied greater risk retention by the long-term sector.

The sector recorded an underwriting profit of M596.77 million, an increase of 198.12 percent. This was mainly due to the 42.81 decrease in claims incurred during 2022 as well as a 6.93 percent decrease in commission paid. In 2021, many life insurers experienced higher claims due to COVID-19 related deaths. However, by 2022 the pandemic had begun to subside hence claims incurred had declined. Consequently, a profit after tax of M364.29 million was recorded, representing a decline of 5.19 percent from 2021. This decline was due to a decrease in investment income and an increase in investment expenses.

Figure 10 provides a longer-term view of the sector’s premium. From Figure 10, it can be observed that the premium collection for the long-term sector is less volatile compared to the short term sector.



The long-term insurance sector recorded gross written premium amounting to M1.77 billion, a marginal decrease of 0.62 percent compared to the collections of 2021.

2.3.2 Balance Sheet Performance

2.3.2.1 Assets

Total assets of the sector had increased from M8.25 billion to M8.62 billion; an increase of 4.50 percent. Investible assets contributed the largest proportion of the sector's total assets and were consequently the main driver with a recorded 5.61 percent increase in 2022. Table 10 shows the different types of investible assets. Investment funds is the largest investment asset at 55.27 percent, followed by non-government securities and government securities at 18.05 percent and 15.99 percent respectively.

Table 10 Long Term Insurance Sector Investments by Asset Class		
Asset Class	% of Total Investments	
	2022	2021
Government Securities	15.99	11.93
Non-government Securities	18.05	12.92
Deposits at Financial Institutions	6.99	7.67
Investment Property	1.78	2.07
Investments in Subsidiaries and Affiliates	1.75	2.09
Investment Funds	55.27	63.17
Total Investments	100	100

Source: Central Bank of Lesotho

2.3.2.2 Equity and Liabilities

The long-term insurance sector equity had increased by 13.30 percent to M1.15 billion due to an increase in retained earnings and accumulated profits as profits in the sector increased. Underwriting provisions constituted 86.37 percent of total liabilities and recorded an increase of 3.73 percent from the previous year. This reflected over reserving by the sector.

2.3.2.3 Financial Stability

The selected Financial Soundness Indicators for the long-term sector are depicted on Table 6 in their two major categories of operational and financial position.



INSURANCE SECTOR REVIEW

Table II Selected Key Financial Soundness Indicators for Long Term Sector (%)			
	Benchmark	Dec 2022	Dec 2021
Operational Performance			
Claims Ratio	[50-70]	37.15	63.76
Expense Ratio	[33-38]	28.03	26.54
Combined Ratio	<105	65.18	90.30
Investment Yield	>3	12.03	13.30
Financial Position			
Net Premium to Equity	<300	34.03	40.26
Investments to Total Assets	>50	76.21	75.41
Policyholders Benefit Cover	>100	101.86	100.05
Change in capital and surplus	[-10 - 50]	-1.64	-2.75

Source: Central Bank of Lesotho

The operational performance for the sector remained positive as reflected by the combined ratio of 65.18 percent which remained significantly better than the benchmark performance of “less than 105” and is thus favourable. The claims ratio was significantly below the benchmark of 50 percent due to a decline in incurred claims. The expense ratio for 2022 was at 28.03 which is also below the benchmark of 33 percent. The low expense ratio speaks to efficiency indicating that premiums are not mainly used for expenses but cater for claims instead. The investment income remained above the benchmark performance of “greater than 3 percent”.

The long-term insurance sector was adequately capitalized as indicated by the ratio of net premium to equity of 34.03 percent, which is significantly below the benchmark of “less than 300 percent”. The policyholder benefit cover also exceeded the benchmark of 100 percent at 101.86 percent indicating that investment assets can cover policyholder benefits. Further to this change in capital and surplus was within its acceptable ranges at -1.64 percent.

The insurance industry generally remained resilient despite economic difficulties.

2.4 CONCLUSION

The insurance industry generally remained resilient despite economic difficulties. The volatile underwriting performance of the short-term sector should however be closely monitored together with its capital adequacy. In the long-term space, it is necessary, on the one hand, to scrutinize the investments alongside the liabilities they are meant to cover a concept known as asset liability matching. The ongoing geopolitical landscape had increased market risks for investments. Brokers, on the other hand, should be monitored for market conduct and policy level considerations should be made to disallow them through legal frameworks from holding premium as some of them misuse that benefit.

On the outlook, the sector is expected to benefit from tailwinds coming from positive spill overs from the LHWP Phase II and anticipated reprieve on real incomes as inflation subsides. However, closures of some of the textile and clothing manufacturing firms and/or retrenchments coming from the textiles & clothing manufacturing industry are likely to impact the growth prospects for the sector negatively as it presents a possibility of non-payment of premiums, hence policy lapses. The sector should hence be encouraged to improve on their capital buffers to mitigate such adverse conditions □



NON-BANKS FINANCIAL SECTOR REVIEW



3

Following the recent legal and institutional reforms aimed at overhauling the MFIs landscape, the sub-sector has increased tremendously and at the same time the market integrity has improved.

NON-BANKS FINANCIAL SECTOR REVIEW

3.0 INTRODUCTION

The non-banks financial institutions comprise a diverse set of institutions as per the following categories and their relevant pieces of legislations:

I. Financial Institutions Act 2012

- Micro-Finance Institutions under the Financial Institutions (Credit-Only and Deposit Taking MFIs) Regulations 2014 as amended.
- Money Transfer Institutions under the Financial Institutions (Money Transfer) Regulations 2014.

II. Credit Information Bureau under the Credit Reporting Act 2011 and Credit Reporting Regulations 2013.

III. Lesotho Electronic Registry in Movable Assets (LERIMA) under the Security Interest in Movable Property Act 2020 and Regulation 2020.

3.1 MICROFINANCE INSTITUTIONS (MFIs)

3.1.1 Introduction

Microfinance Institutions (MFIs) are financial institutions that provide alternative and small scale financial services to those who are excluded from the traditional banking system. These institutions are regulated by the Central Bank of Lesotho and are licensed under the Financial Institutions Act of 2012 and the Financial Institutions (Credit Only and Deposit Taking Microfinance Institutions) Regulations 2014 as amended 2018. Under these Regulations, MFIs are classified into three tiers based on their asset base. Tier I MFIs are deposit taking, Tier II are credit only MFIs, which have either issued debt instrument in a public exchange or has M10 million or more in assets, while Tier 3 are credit only MFIs below M10 million asset base threshold.



NON-BANKS FINANCIAL SECTOR REVIEW

3.1.2 Overview of MFIs

Following the recent legal and institutional reforms aimed at overhauling the MFIs landscape, the sub-sector has increased tremendously and at the same time the market integrity has improved. As at the end of the review period, there were 134 MFIs licensed by Central Bank of Lesotho, out of which; 8 are Tier II and 126 are Tier III. This industry was largely dominated by two large MFIs from abroad. Their combined asset base was around M1.15 billion. In the review period, MFIs were still unable to raise funds from the banking sector to finance their credit extension operations, and as such, remained dependent on loan funding from mother companies, strategic investors and shareholders' capital.

The main target clients for most of these MFIs were government and private employees. In view of the saturation and diminishing market size, particularly for government employees, many MFIs are beginning to slowly widen their scope to include the MSMEs as well as the informally employed individuals. While this diversification was welcomed to improve access to finance, it exposed MFIs to higher credit risk given the risks associated with the informal and MSMEs sectors. The use of the Lesotho Electronic Registry in Movable Assets (LERIMA) and the credit information bureau become critical in averting this risk exposure.

According to the FinScope Consumer Survey of 2021, 48 percent of the adult population use formal financial products but were not banked. This was made possible by the use of mobile money and many MFIs have realised the window of opportunity in this space and have started to collaborate with the mobile money providers in order to offer micro loans to the unbanked on mobile money platforms.

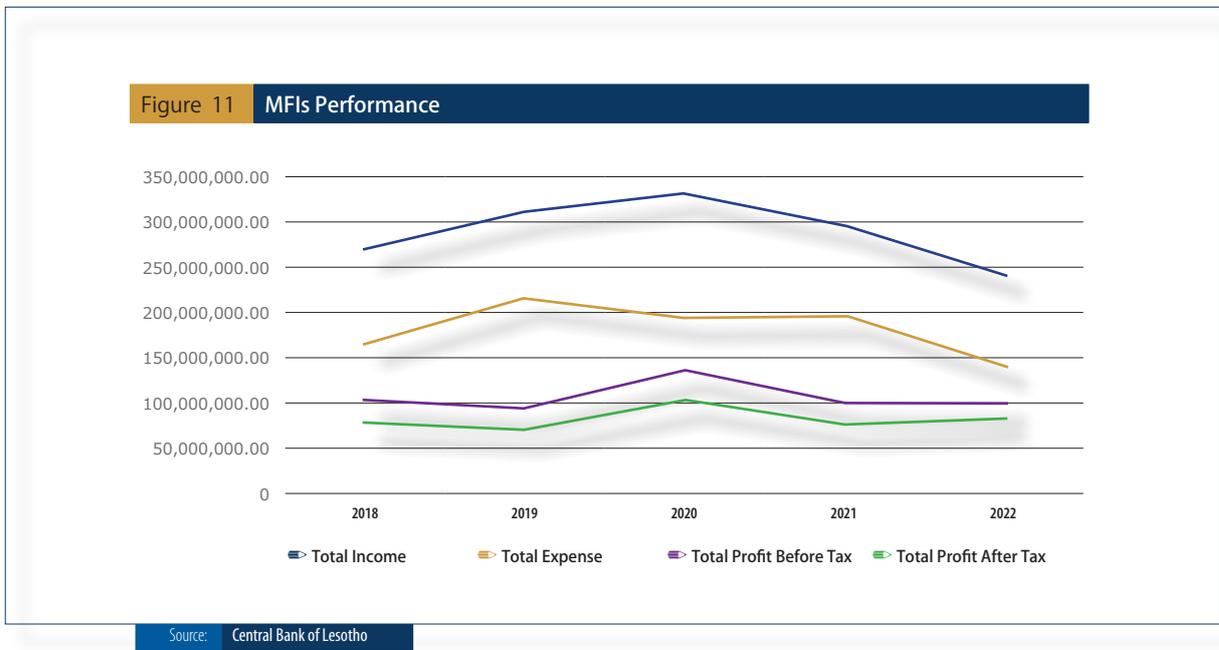
Another major development and improvement in this sub-industry relates to compliance and market integrity. MFIs are now formal companies registered in accordance with the Companies Act of 2011 as Amended, as a result they are formal financial institutions, which run businesses in line with business principles. Given that all of them were recently licensed post 2018, they were all tested against higher regulatory requirements, which they had to fully comply with upon licensing. Many of these requirements sought to strengthen market conduct and the protection of financial consumers.

Lastly, the advent of COVID-19 forced them to slowly start digitizing their business process by employing some basic technology suitable for them. Issuance of digital credit was, therefore, on the rise in 2021. These developments are highly appreciated despite the fact that they pose risks of cyber security, data protection and education and awareness amongst others. Another major challenge in this area is the prominence of over-indebtedness as a result of reckless lending.

As at the end of the review period, there were 134 MFIs licensed by Central Bank of Lesotho, out of which; 8 are Tier II and 126 are Tier III.

3.1.3 Financial Performance of MFIs

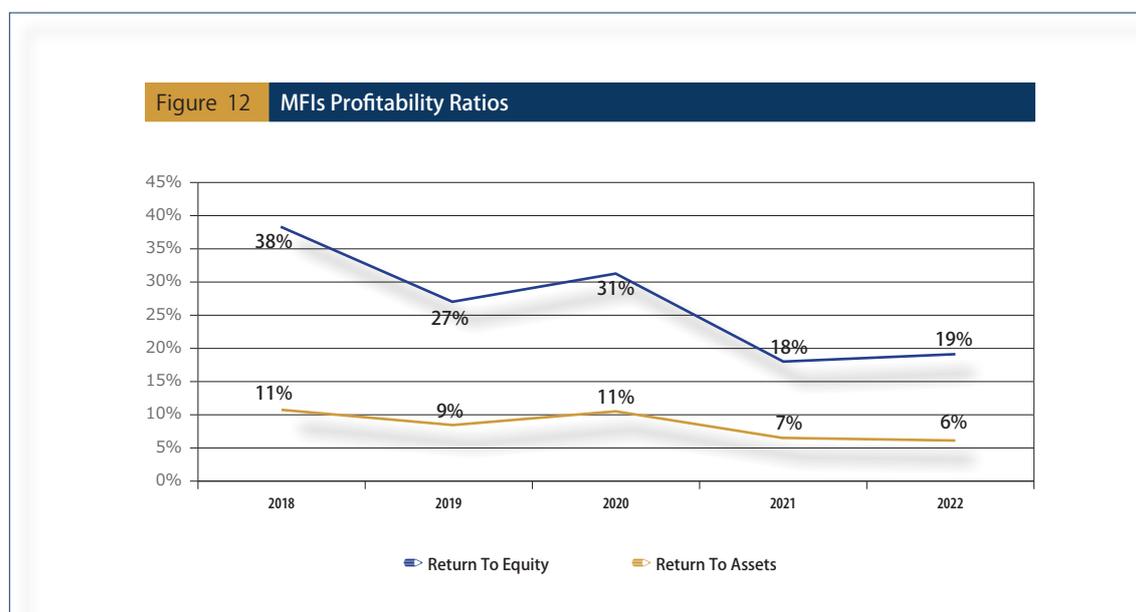
In the year under review, the MFIs sub-sectors remained profitable although at a declining rate. The subsector’s total income decreased by 19 percent year on year, while the total expenses decreased by 28 percent. The figure below shows MFI performance of the course over five years, from 2018 to 2022. The COVID-19 forced MFI performance to take a downward trend, whereby both income and expense took a fall. Even though profit fell in 2021, it regrouped in 2022 and increased by 10 percent. The tightening of business in all round could not be over emphasised.



The profitability of microfinance institution is commonly measured by Return on Equity (ROE) and Return on Assets (ROA). International benchmark for good performance in microfinance for ROE is round 15 per cent to 30 percent and ROA is 5 percent to 10 percent. The figure below shows MFIs profitability over a period of five years. In all five years, it shows that MFI industry is profitable in Lesotho. Nonetheless, a profitability declining trend is observable over these five years period.



NON-BANKS FINANCIAL SECTOR REVIEW

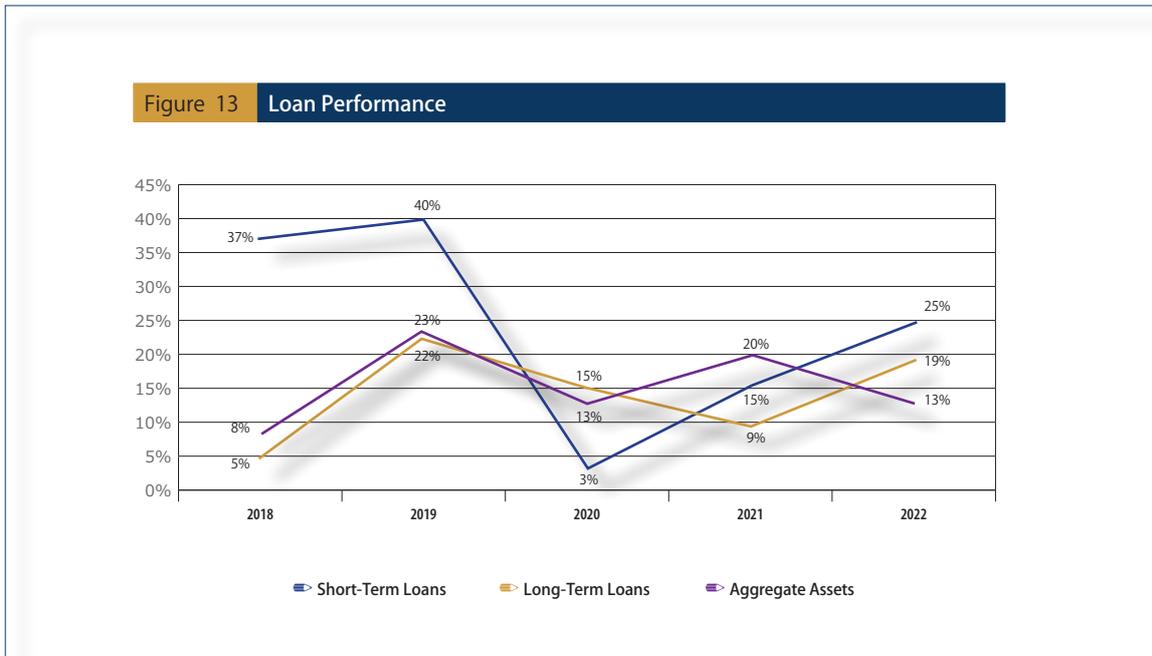


Source: Muela Reports

The resilience of this industry despite unfavourable economic conditions as a result of COVID-19 was bolstered by strong risk mitigation factors. The MFIs loan repayments were deducted from the source particularly for government employees and their salaries were not affected by COVID-19 as compared to private sector employees. The loss of income from private sector employees were, therefore, cushioned by the steady income from Government employees.

However, many MFIs had to reduce their long term credit offerings and focus more on short term until 2021, which was still marred with uncertainties on the medium to long term outlook. This was coupled with the fact that many people were not economically active and needed short term loans for basic household and livelihood needs. After the removable of restrictions due to COVID-19, the figure below shows that long-term loans picked up from 9 percent to 19 percent increase.

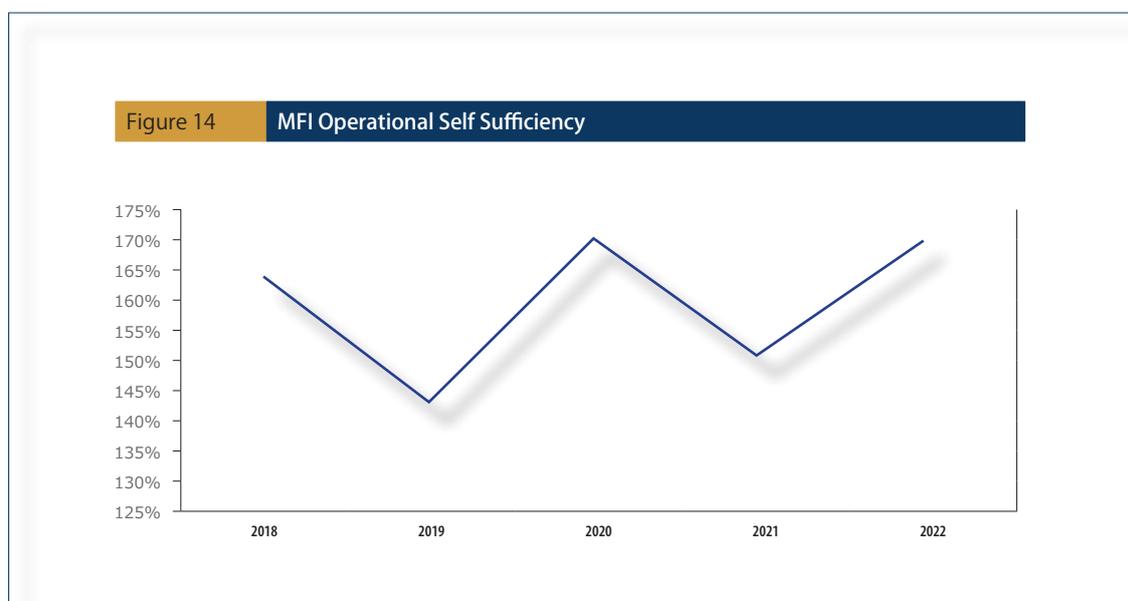
The resilience of this industry despite unfavourable economic conditions as a result of COVID-19 was bolstered by strong risk mitigation factors.



While there was a decrease in the performance of MFI's in the current reporting period, the MFI's continued to show resilience and were still able to finance their operations with their income, as shown by the Operational self-sufficiency figure below. Operational self-sufficiency (OSS) refers to the ability of microfinance institutions to cover all the operational costs from revenue generated from the operation. OSS above 100 percent, indicates operationally self-sufficient institution. The figure below shows that MFI sub-sector in Lesotho continues to be operationally self-sufficient even after disruption of COVID-19.



NON-BANKS FINANCIAL SECTOR REVIEW

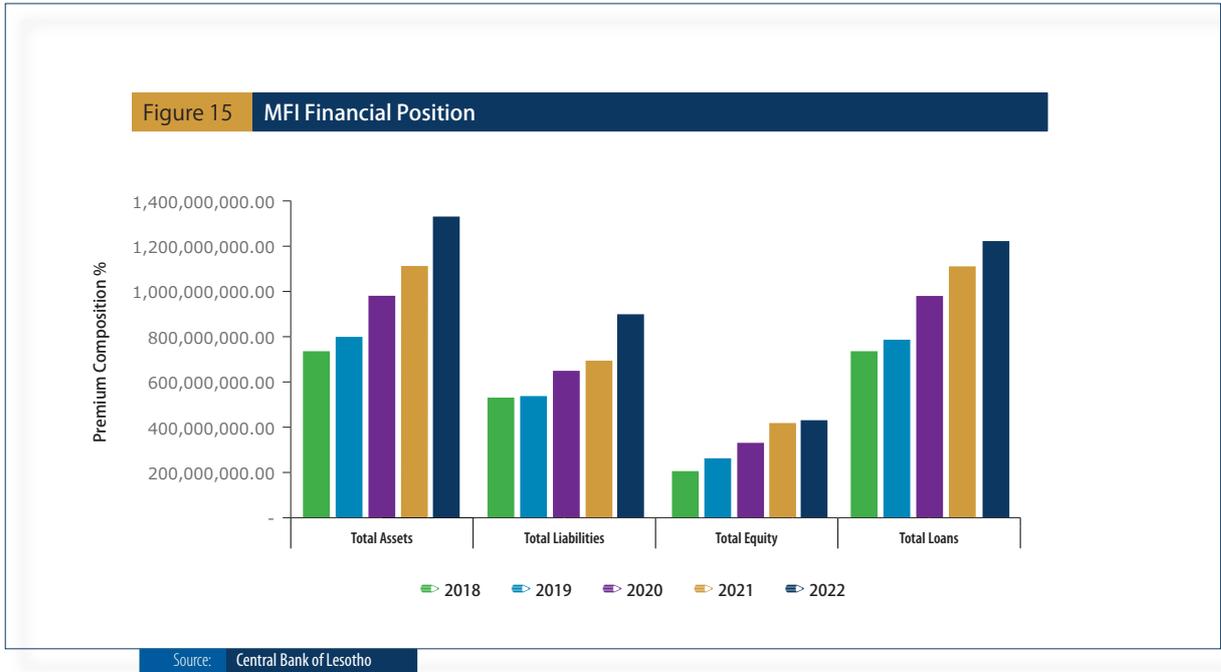


Source: Central Bank of Lesotho

3.1.4 Financial Performance of MFIs

Figure 17 shows the MFIs financial positions trend for the past 5 years. Looking at the 5 year trend, the sub sector finances its assets with more debt than equity, which may result in very poor financial leverage. This could lead to MFIs failing to meet their long-term financial obligations when they become due. Although the number of loans offered have also been increasing from the year 2017 to 2021, the income has not been increasing as rapidly as shown by the previous profitability indicators. This is because of the overly indebted population in the sector, which results in non-performing loans.

Despite this performance, the prevalence of over-indebtedness as a result of reckless lending continued in the review period.



3.1.5 Conclusion

There had been a general decline in the financial indicators in the current reporting period. However, the sub-sector remained strong, resilient and well cushioned from the negative impact of COVID-19. Despite this performance, the prevalence of over-indebtedness as a result of reckless lending continued in the review period. From the regulatory point of view, the Bank should intensify efforts and employ necessary tools to avert reckless lending. From the supply side, MFIs should make use of the already existing financial infrastructure during credit underwriting, while financial literacy and awareness programs should be intensified from the demand side.



NON-BANKS FINANCIAL SECTOR REVIEW

3.2 ANTI-MONEY LAUNDERING AND COMBATING OF FINANCING TERRORISM (AML/CFT)

During the year under review, the CBL prioritized AML/CFT supervisory activities for other financial institutions, in preparation for Lesotho's mutual evaluation that commenced in July 2022 and carried the risk-based AML/CFT supervision. The Department of Other Financial Institutions developed the AML/CFT framework, which will ensure risk-based supervision of reporting institutions under its purview. To this end, the department has finalized the development of Risk Based Supervision (RBS) Framework and Risk Management Guidelines for the successful implementation of the RBS approach for Insurance Companies, Microfinance Institutions; and Pensions and Securities subsectors.

In order to ensure broader participation and compliance, the Bank embarked on awareness and promotion campaigns dedicated to AML/CFT for all licensed Non-Banks Financial Institutions across the country. Furthermore, an AML/CFT sectoral assessment to understand threats and vulnerabilities facing the MFIs was conducted and the assessment results will inform supervisory engagements/plans to be undertaken thereafter

3.3 CREDIT INFORMATION SHARING MARKET IN LESOTHO 2022

3.3.1 Introduction

Credit information sharing activity is for lenders to share their borrowers' credit details with a centralised credit bureau. This process allows the credit bureau to consolidate creditors information and package it into reports that lenders use at a later stage to advise their credit decision making. In the absence of such borrower credit information, lenders may make improper decisions, thus leading to over indebtedness, borrower defaults and increase in non-performing loans. On the other hand, availability of borrower credit information contributes to increased credit extension, financial inclusion and safe and stable financial sector development. Thus, adequate consumer information is useful for undertaking credit transactions as it enables proper risk calculation and assessment of borrower affordability.

Following promulgation of credit reporting laws in 2011 and 2013, credit information sharing initiative started and such data providers as banks, microfinance institutions, retailers, Savings and Credit Cooperatives (SACCOs), insurance companies and telecommunications were brought on board.

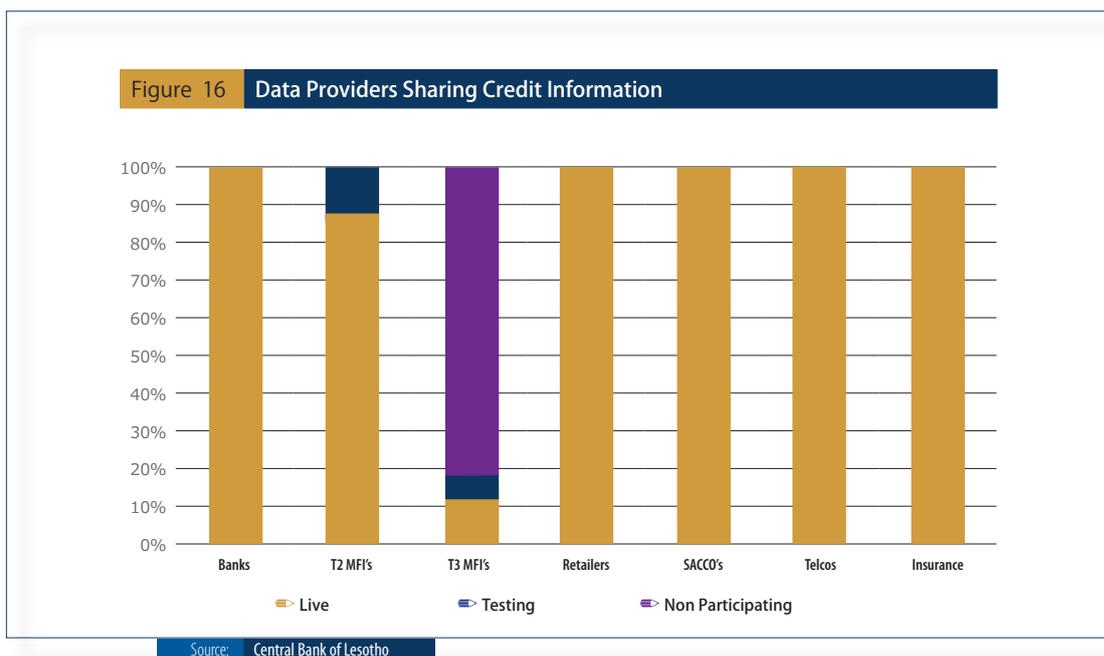
Credit information sharing activity is for lenders to share their borrowers' credit details with a centralised credit bureau.

The Central Bank of Lesotho regulates borrower credit information sharing among all data providers within the country. In accordance with Section 8 of Credit Reporting Act of 2011, the Central Bank of Lesotho is responsible for monitoring and advising on trends in credit market conditions and structure; compliance and conduct of credit providers; consumer indebtedness; functioning of the credit reporting system and any other matter relating to the credit industry.

The year under review continued to see the aftermath of covid-19 pandemic, this is evidenced by rising non-performing loans, low count of reported borrowers in the credit bureau system and lower tally of borrower credit checks. This report brings insights on the analysis of credit market and extension in Lesotho for the year ended 31 December 2022.

3.3.2 Data Providers' Participation

Consumer credit information becomes increasingly reliable for credit underwriting and other purposes when data providers periodically and adequately share information to the credit bureau. By the end of 2022, all commercial banks, seven (7) Tier II MFIs, sixteen (16) Tier III MFIs, three (3) Savings and Credit Cooperative, two (2) telecommunication companies, three (3) insurance companies and seven (7) retailers were live on the credit bureau at 100 percent. In the same period, one (1) Tier II MFIs and eight (8) Tier III MFIs were at a testing stage. There is evidence of increasing live credit providers at the bureau and this bodes well with the purpose of the credit information-sharing regime.

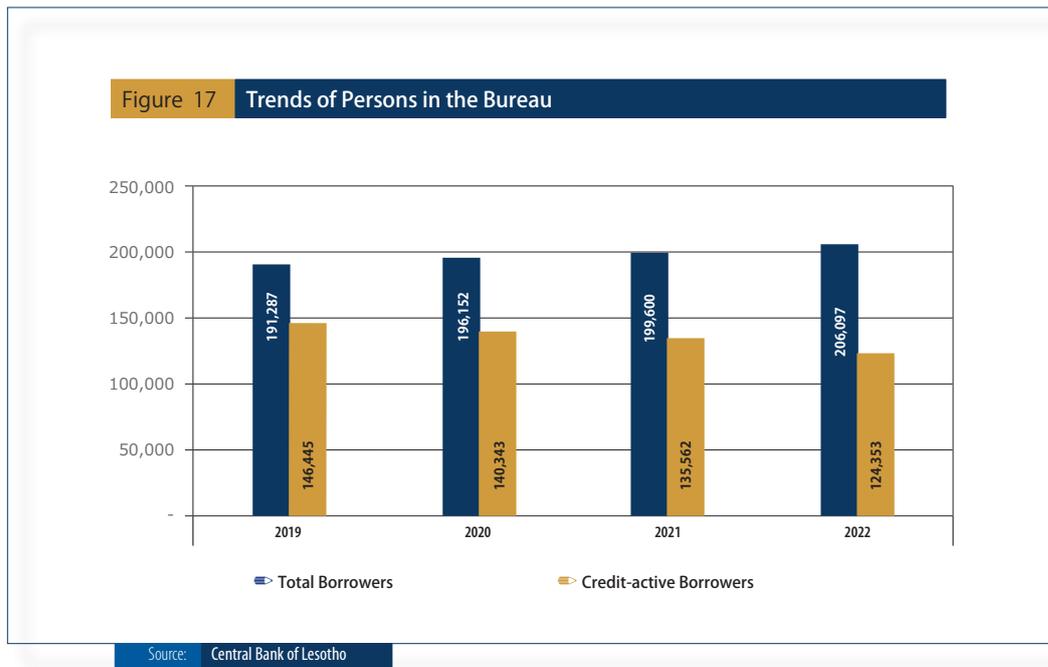


NON-BANKS FINANCIAL SECTOR REVIEW

3.3.3 Borrowers Information Available at the Bureau

Availability of rich and reliable borrower data in the credit bureau reduces problems of adverse selection and asymmetric information between borrowers and lenders¹. This promotes responsible lending and borrowing, reduces default risk and improves the allocation of new credit. To ensure that credit decision-making is supported by adequate and comprehensive data, all relevant borrower information must be captured in the credit bureau system. This report tracks status of borrowers' credit information as reported in the credit bureau.

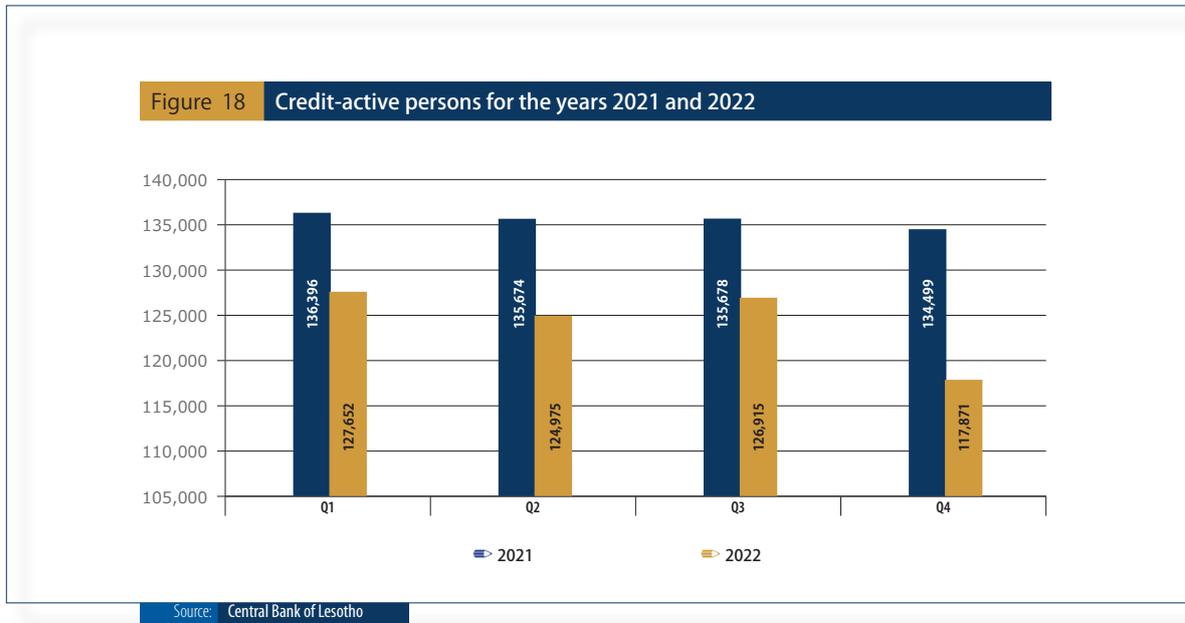
Figure 19 depicts trends of the number of persons whose information was made available in the bureau.



As at the end of the year 2022, there were 206,097 persons in the bureau on average, 3.3 percent up year-on-year. Of these, the year under review saw a decline in the number of credit active consumers fall by 8.3 percent, registering 124,353 borrowers on average. Furthermore, figure 20 gives a comparison of credit active borrowers per quarter over two years. There is indication that credit active borrowers count has been on a fall in this period, highlighting a declined credit activity.

¹ <https://www.worldbank.org/en/publication/gfdr/gfdr-2016/background/credit-bureau>

Availability of rich and reliable borrower data in the credit bureau reduces problems of adverse selection and asymmetric information between borrowers and lenders.



3.3.4 Consumer Indebtedness

A borrower is defined as over-indebted “when its existing and expected resources are insufficient to meet its financial commitments without lowering its standard of living”. Another definition of over-indebtedness provides that a borrower is said to be over-indebted if they recurrently fail to meet their periodic repayments³. Drawing from the later definition, this report explores trends of borrowers reported as having their accounts up-to-date and those having skipped their debt repayments for at least one month.

Borrowers have an obligation to repay their loans timely over the life of such loans. As at the end of the year 2022, there were 57,807 persons with up to date accounts, down 11.67 percent year-on-year. On average, this year had 61,406 persons in this category, a 3.1 percent decline from the previous year.

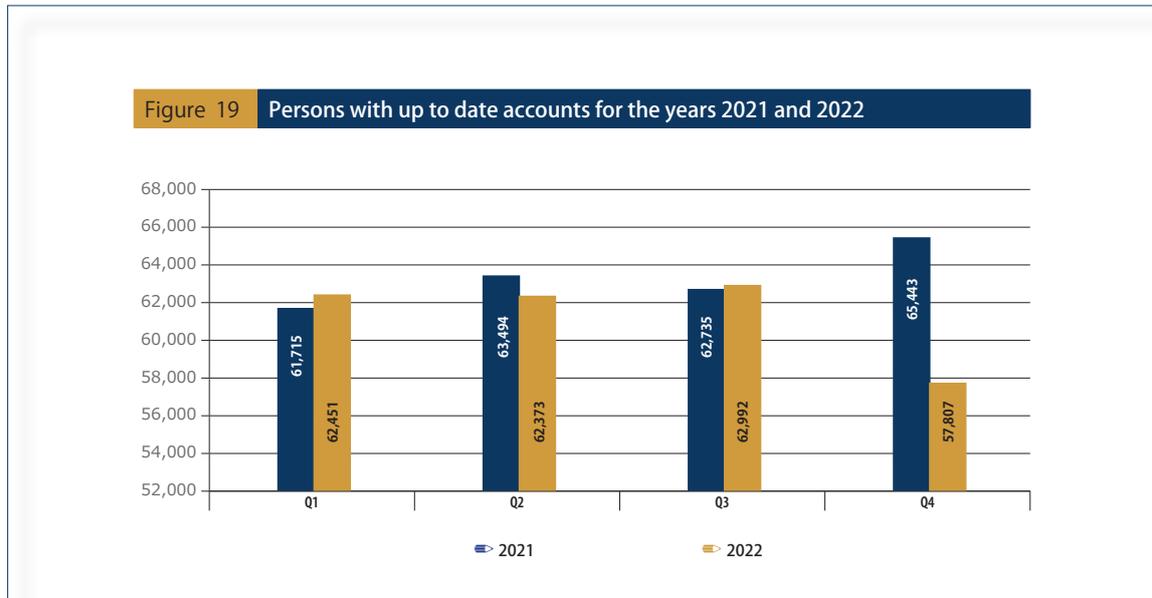
Borrowers categorised as having their accounts up-to-date in the year under review trended lower compared to 2021 throughout the year. Notably, the fourth quarter of 2022 registered a lowest count of borrowers in this category to close 57,807 an 11.7 percent decline year-on year.

Figure 21 compares trends of borrowers with up-to-date accounts for the years 2021 and 2022.

² Giovanni D’Alessio & Stefano Iezzi, 2013. “Household over-indebtedness: definition and measurement with Italian data,” *Questioni di Economia e Finanza (Occasional Papers)* 149, Bank of Italy, Economic Research and International Relations Area.
³ Jessica Schicks (2012) *Over-Indebtedness in Microfinance –An Empirical Analysis of Related Factors on the Borrower Level.*

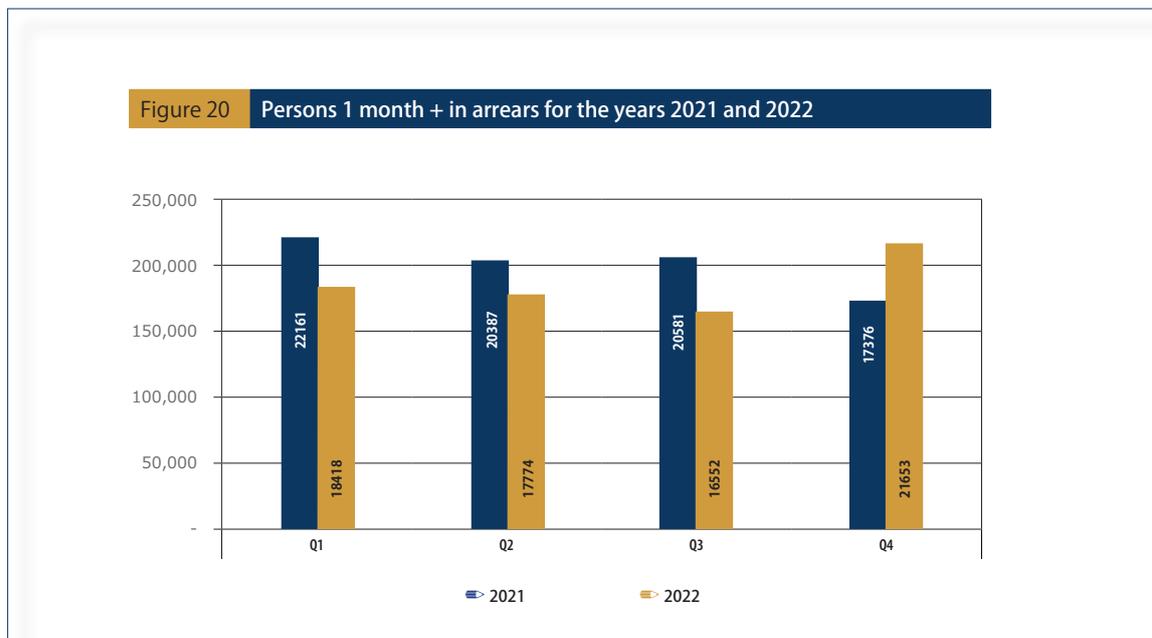


NON-BANKS FINANCIAL SECTOR REVIEW



Source: Muela Reports

Furthermore, this report explores trends of borrowers who would miss their loan repayments for at least one month, this indicates financial distress among borrowers.



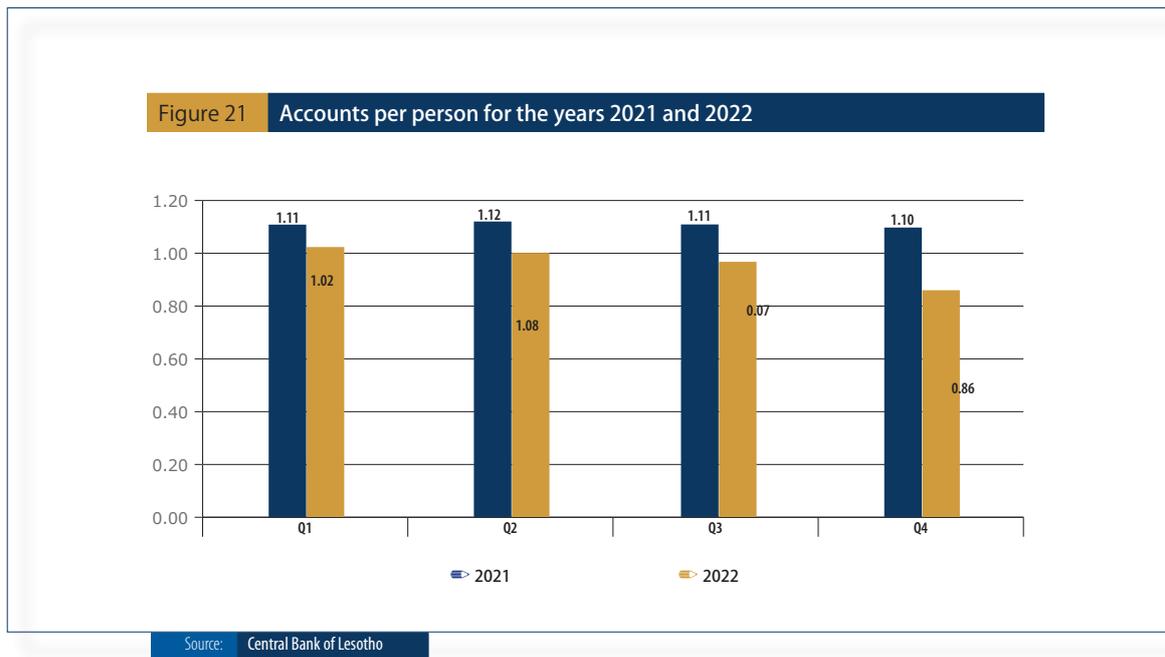
Source: Central Bank of Lesotho

Borrowers who were in arrears for one month and above trended at lower margins in 2022 than in 2021 with exception for the fourth quarter of 2022.

Borrowers who were in arrears for one month and above trended at lower margins in 2022 than in 2021 with exception for the fourth quarter of 2022. On average, over 20 thousand borrowers were behind with their monthly loan repayments in 2021, contrastingly, this tally subsided to 18,599 in 2022, thus registering a slight improvement.

Borrowers who took out loans and pay them out well may be encouraged to take more loans in the future, given their satisfactory credit history and hence ease of taking up new loans. To understand if borrowers could take more than one loan, which would be a sign of affordability, this reports explores the amount of loans a single person on average has at any point in time by tracking loans accounts as a ratio of persons recorded in the bureau.

Figure 23 displays a ratio of accounts per person for the years 2021 and 2022.



As portrayed on figure 6 above, on average, borrowers in the credit bureau system held 0.96 accounts in the year under review. This count is 0.15 percent down compared to 2021 at 1.11 accounts on average. This ratio reveals that a fewer proportion of borrowers had loan accounts in the year under review than in the year before.

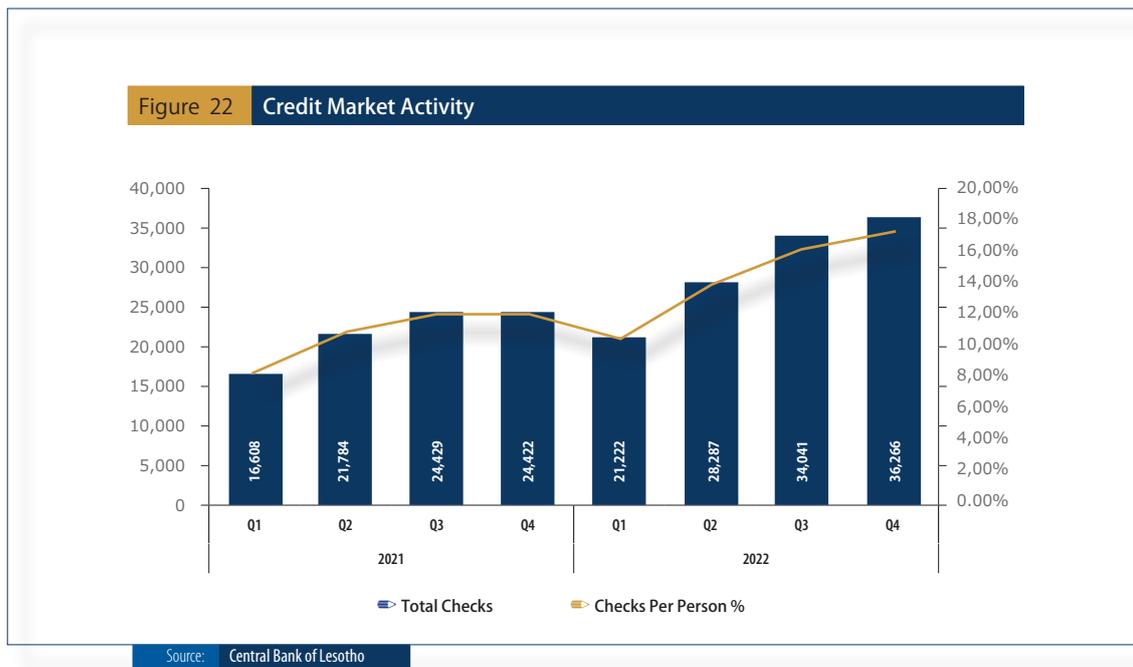


NON-BANKS FINANCIAL SECTOR REVIEW

3.3.5 Credit Market Activity

The primary purpose of collecting borrower credit information is to aid lenders make informed lending decisions. Credit information sharing process is a circle of data submission by data providers and borrower credit inquiries by credit providers. Following collection of borrower information, credit bureau generates reports, which in turn form input in the assessment of borrower credit worthiness and affordability. To track how lenders make use of borrower information as hosted in the credit bureau system, this report tracks how many borrower report inquiries lenders make on the credit bureau systems.

Figure 24 trends total checks and total checks per person in the past four years.



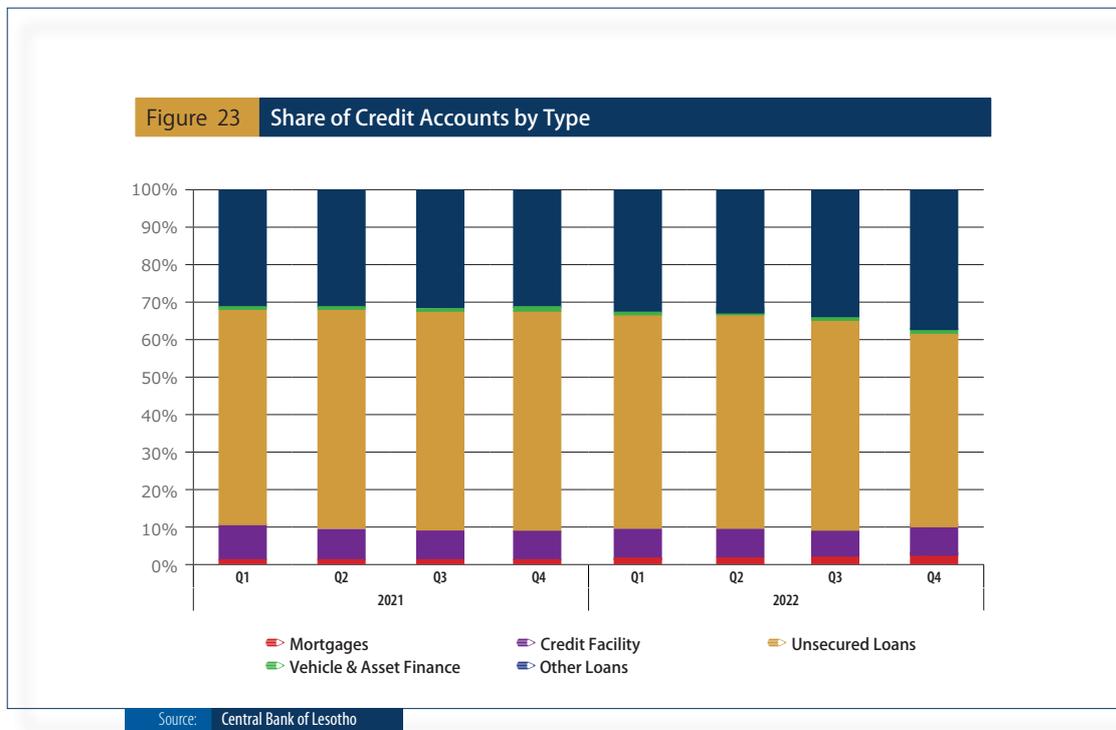
A count of credit checks is indicative of demand for loans as it reflects the extent to which credit providers incorporate borrower credit history for credit decision making. On aggregate, credit checks conducted in the year 2022 amounted to 119,816, up 37 percent from the previous year. This score nearly matched the 2019 count (123,234) as the other two years recorded lower counts of credit checks. This indicates an economic activity resuscitation in the year under review.

Credit information sharing process is a circle of data submission by data providers and borrower credit inquiries by credit providers.

3.3.6 Credit Market Breakdown by Product Type

Different types of loans are demanded at different quantities and values depending on borrowers' preference and affordability. Certain loan requirements may also bar borrowers from accessing a certain type of loan, which would drive them take optional products they can readily acquire.

Figure 25 shows a breakdown of loan account types as demanded in the market.



On aggregate, accounts held at credit providers fell in the year under review. This signals lower borrower commitment in the year under review. While there was a rise in demand for loans, the outcome of loan applications remained low; this shows that borrowers would have failed affordability tests conducted by lenders in their credit decision making. Mortgage accounts grew by 33.7 percent year-on-year while unsecured lending fell by 28.15 percent in the same year. Credit facility, unsecured lending, VAF and other loans fell by 18.7 percent, 28.15 percent, 40.18 per cent and 2.5 per cent, respectively. All the other loan types such as credit facilities and vehicle and asset finance fell by 23.6 and 4.4 percent, respectively.

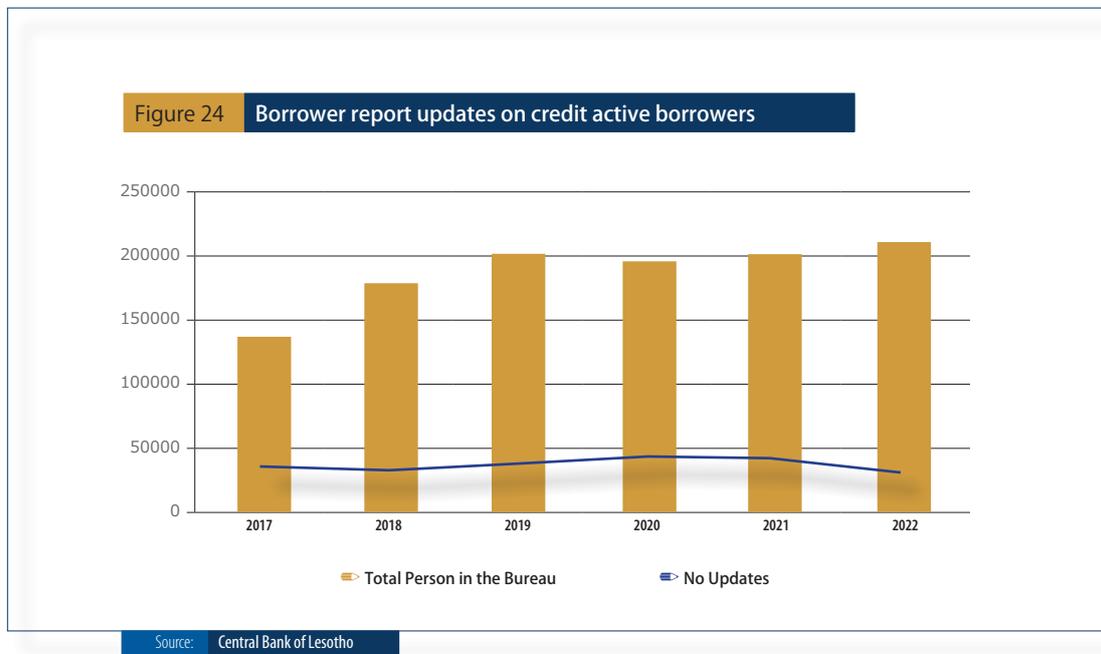


NON-BANKS FINANCIAL SECTOR REVIEW

3.3.7 Data Quality

Data quality issues undermine basic credit risk management⁴. Poor borrower credit information leads to poor credit decision making and ample time spent on data accuracy verification. Thus availability of quality data is important for meaningful credit reporting and decision making. Owing to availability of data, this report assesses one element of data quality, being periodic borrower report updates.

Figure 9 below portrays borrower reports updates against credit active borrowers.



On aggregate, 16 per cent of borrowers' accounts did not receive expected updates in the year under review. This is an improvement of 6 per cent from the previous year. In total, 32,565 borrower files were deprived of their due updates, thus rendering borrower information less useful. Figure 9 above portrays borrower reports updates as discussed.

⁴ <https://www.brinknews.com/practical-ways-to-improve-credit-data-quality/>

Poor borrower credit information leads to poor credit decision making and ample time spent on data accuracy verification.

3.3.8 Conclusion

The impact of covid 19 pandemic in the credit market was evident through 2022. Number of accounts held with credit providers, number of borrowers in the bureau host and accounts per person ratio fell in the year under review. This was despite a resurging number of credit checks conducted by credit providers in the bureau. More efforts towards financial education and awareness are needed to address over indebtedness seen among borrowers.

3.4 LESOTHO ELECTRONIC REGISTRY IN MOVABLE ASSETS (LERIMA)

3.4.0 Introduction

Following the promulgation of the Security Interest in Movable Property Act in 2020 and the publication of the Security Interest in Movable Property Regulations of 2020, the development of the Lesotho Electronic Registry in Movable Assets was concluded. This was followed by the rigorous testing and acceptance after which the system was deployed for training, capacity building and awareness. Having laid this foundation and building blocks, the Central Bank of Lesotho launched the Secured Transactions Regime and Collateral Registry in July 2021.

3.4.1 Developments in 2022

Post the launch, a load of work went into on-boarding of participants in the registry. As at the end of the review period, there was a total of 11 active accounts in the Registry comprised of the following categories: 3 commercial banks; 6 MFIs; 1 law firm; and 1 individual. In total there were 454 notices filed by the end of the review period amounting to M159.5 million.

In terms of usage of the system, there were only 35 searches made on the system in 2022. Therefore, there is still a lot of potential to increase the numbers as there are still a considerable number of big credit providers who have not yet registered on the system. These include one bank, big MFIs, furniture shops, telecommunications companies and other credit providers of asset based finance.



NON-BANKS FINANCIAL SECTOR REVIEW

3.4.2 Conclusion

There has been a slow uptake of the system as highlighted in the summary above, however, the numbers are also encouraging given that the launch was only done in the last half of the year. Going forward there is need for capacity building within the credit infrastructure unit of the Bank. This will ensure that the system is well maintained, secure and credible to use. Low uptake of the system among credit providers is also attributable to low levels of innovation for asset-based lending in the country.

There is therefore a need to intensify training for the users of the system and conduct awareness for prospective for all stakeholders of the secured transactions regime in Lesotho 



PENSIONS AND SECURITIES

4

Oversight and regulation of collective investment schemes (CISs) in Lesotho is guided by the Central Bank of Lesotho (Collective Investment Schemes) Regulations 2018.



PENSIONS AND SECURITIES

4.0 PENSIONS AND SECURITIES

4.1 COLLECTIVE INVESTMENT SCHEMES

Oversight and regulation of collective investment schemes (CISs) in Lesotho is guided by the Central Bank of Lesotho (Collective Investment Schemes) Regulations 2018. During the review period, implementation of the regulations revealed a number of regulatory gaps, necessitating draft amendments which are expected to be published in the next reporting period.

The number of licensed asset managers increased by one from the preceding review period, which brought the number of licensed asset managers to three at the end of 2022. However, there continued to be only one active asset manager within the industry. The number of active and locally registered CISs remained at four during the review period. The foreign registered schemes increased to twelve in 2022 from ten in the preceding year. The twelve foreign schemes are marketed by the locally registered asset managers.

The overall performance of the collective investment schemes has shown a stable and sound financial position compared to the previous reporting period. The total assets under management grew from M3.07 billion as at the end of 2021 to M3.11 billion at the end of 2022.

An examination was conducted during the review period. Some instances of non-compliance with the laws were discovered and directives were issued to remedy the issues. All the regulated entities submitted requests for renewal of their licenses as per the regulations and they were granted.

4.2 PENSIONS

4.2.0 Introduction

The pension industry in Lesotho was not regulated until 2019 when the Pension Funds Act, 2019 (the Act) was promulgated. The Act designates the Central Bank of Lesotho as the Regulator and charges it with the general administration and enforcement of the Act. In 2022, the Regulator continued to prioritize the registration of unregistered pension funds. At the end of the review period, seven (7) pension funds were registered. Four (4) of these funds were umbrella funds covering 238 participating employers. The total membership of registered pension funds was 20,982 at the end of 2022. The Regulator also started to enforce compliance with the Pension Funds (Financial Reporting Requirements) Regulations, 2020. Below is an overview of the status of the registered pension funds as at 31st December 2022 as the entities only commenced to report in 2022. The year-on-year performance of the sector will therefore be assessed in the subsequent reporting periods.

The overall performance of the collective investment schemes has shown a stable and sound financial position compared to the previous reporting period.

4.2.1 Income and Expenses

Operational income of pension funds comprises employer and/or employee contributions, additional voluntary contributions, and insurance proceeds such as death, disability or any other. At the end of the year under review, total operational income of registered funds stood at M223.00 Million. Employer and employee contributions constituted the larger proportion of operational income in 2022 at 52.3 percent and 38.9 percent, respectively. During the review year, registered funds made benefits payout to the tune of M102.00 million. Withdrawal, retirement and disability benefits were the main contributors to the value contributing 65.5, 24.8 and 7.2 percent, respectively. Operational expenses for pension funds comprise of salaries and employee benefits, trustee remuneration and other trustee expenses. Insurance premium and other expenses (such as investment consultancy fees) constituted 53.2 percent and 41.4 percent, respectively at the end of 2022. Higher operational income than both benefits and operating expenses culminated in net operational income of M101.09 million at the end of 2022.

4.2.2 Assets

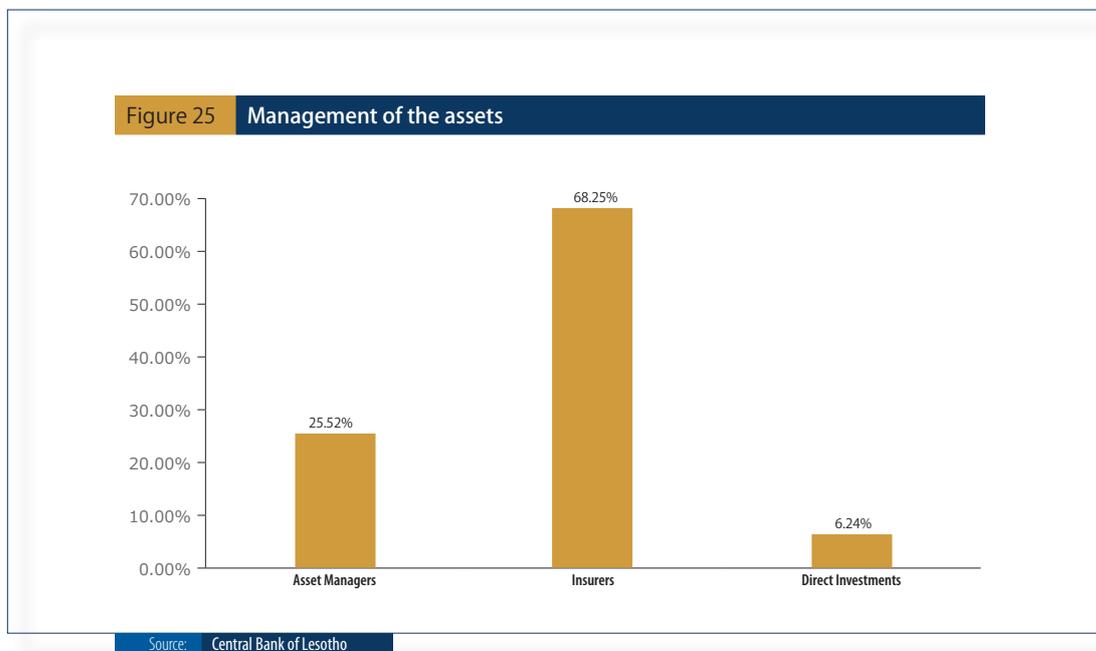
Assets of registered pension funds constituted investment property, plant and equipment, financial assets, contributions and other receivables, cash and cash equivalents. The total value of pension fund assets of registered funds amounted to M2.97 billion at the end of 2022. Financial assets accounted for 92.22 percent of total assets, followed by cash and cash equivalents, investment property and contributions and other receivables at 3.94, 2.09 and 1.74 percent, respectively. The three (3) of the registered pension fund schemes in the industry held 80.94 percent of the total industry asset at the end of the review period. At the end of 2022, the industry managed to record a strong soundness position despite the economic impact of the COVID-19 pandemic, the Russian invasion of Ukraine, and high inflation and interest rates in 2022. This was with the exception of one fund however that had a funding level less than 100. The liquidity risk of the pension sector was low and the registered pension funds could meet their short term obligations.

4.2.3 Investment of Assets

The assets of pension funds are invested in different investment vehicles offered by capital markets locally, regionally and globally. Section 46. (2) of the Pension Funds Act, 2019 stipulates that assets of a pension fund should be managed or invested by a pension fund itself by approval of the Regulator, a licensed asset manager or a licensed insurance company where the insurance company issues insurance policies to the fund. As depicted in Figure 1 below, the highest share of financial assets of registered pension funds are managed/ invested by insurance companies at 68.2 percent at the end of 2022, followed by asset managers at 25.5 percent and directly by the pension funds themselves at 6.2 percent.



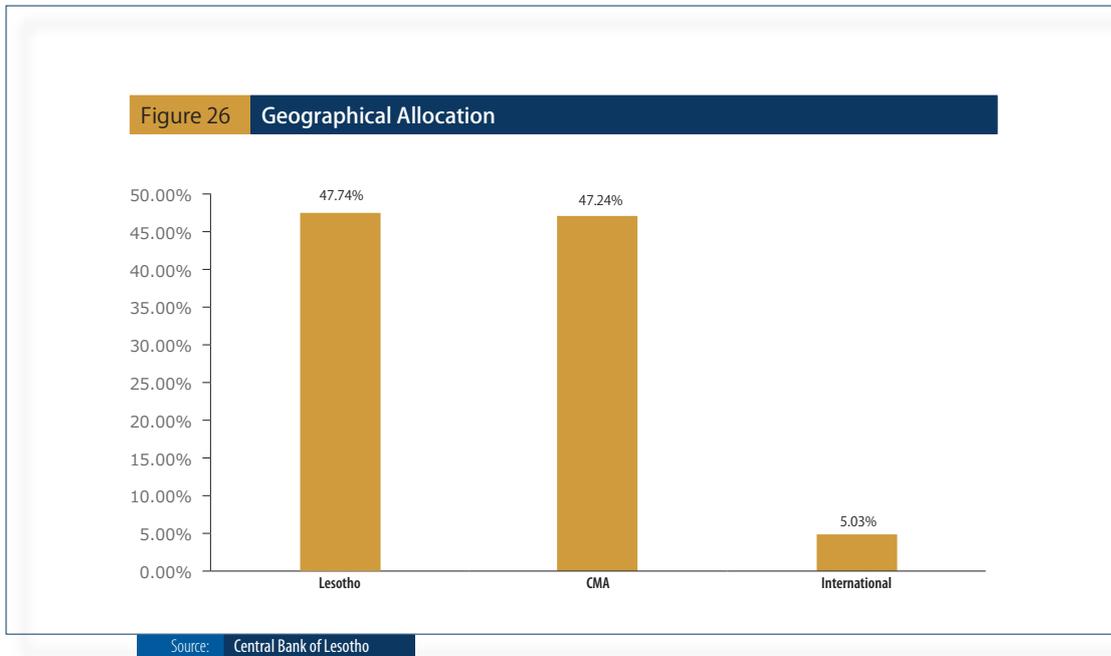
PENSIONS AND SECURITIES



4.2.4 Assets by Geographic Allocation

As at 31 December 2022, the registered funds complied with the 30.0 percent local asset requirement stipulated by Regulation 5 of the Pension Funds (Investment) Regulations, 2020. They reported domestic investment assets that amounted to 47.7 percent of total investment assets. The Common Monetary Area (CMA) assets stood at 47.2 percent, while international (excluding CMA) assets stood at 5.0 percent. The caveat here is that there is a high possibility that the local holding is overstated by the misclassification of insurance policies. Since these policies are structured and originated here; they are reported at the insurance policy level as domestic. This gives an incorrect picture since the assets backing these securities may not necessarily be destined in Lesotho.

As at 31 December 2022, the registered funds complied with the 30.0 percent local asset requirement stipulated by Regulation 5 of the Pension Funds (Investment) Regulations, 2020.



4.3 SECURITIES

The Capital Markets in Lesotho are regulated under the Central Bank (Capital Markets) Regulations, 2014. The Regulations are meant to promote, regulate and facilitate the development of an orderly, fair and efficient capital markets in Lesotho. The market comprises of the Maseru Securities Market and the licensed market players which include stock brokers, broker-dealers and investment advisors.

At the end of the review period, the number of licensed broker dealers had decreased to two (2) following voluntary winding up of one (1) broker dealer. The number of licensed investment advisors remained at three (3). The objective of these players is to facilitate activity on the Maseru Securities Market (MSM). Activity on the MSM remained subdued with one (1) listing from the previous reporting period





DEVELOPMENTS RELATED TO SUPERVISION

5

Since its launch in 2006, Lesotho Wire (LSW) has remained the cornerstone of the payments and settlements system in Lesotho.

DEVELOPMENTS RELATED TO SUPERVISION

5.0 DEVELOPMENTS RELATED TO SUPERVISION

5.1 PERFORMANCE OF PAYMENT SYSTEMS

5.1.1 Lesotho Wire

Since its launch in 2006, Lesotho Wire (LSW) has remained the cornerstone of the payments and settlements system in Lesotho. It continues to function as the only large value payment system that provides real time and intraday settlement of financial transactions on a continuous and gross basis. LSW has five participants consisting of the commercial banks and the Banking Division of the Central Bank of Lesotho. In 2022, LSW settled a total of 43,271 transactions valued at M75.09 billion, compared to a total of 38,450 transactions worth M77.79 billion settled in 2021. This represented growth of 13 percent in transaction volumes while the value of transactions declined by 3 percent. The rise in transaction volumes emanated from growth in the number of third party payments, while the decline in transaction values was attributable to lower transaction values in the interbank market.

In terms of the uptime, the LSW maintained an uptime of 99 per cent in 2022, which was similar to the system uptime achieved in 2021. Therefore, the system generally remained operational and available to settle all large value and time-critical payments during the reporting year. The LSW transactions between 2015 and 2022 are depicted in Table 12.

Year	Volumes	Change (%)	Values	Change (%)
2015	25 683	28.96	28 058 854 748	-8.77
2016	23 917	-6.88	34 257 297 169	22.09
2017	29 968	25.30	43 046 062 473	25.66
2018	25 880	-13.64	51 466 286 357	19.56
2019	33 047	27.69	66 901 041 540	29.99
2020	32 474	-1.73	77 581 732 255	15.96
2021	38 450	18.38	77 794 364 791	0.27
2022	43 271	12.56	75 086 607 944	-3.48

Source: Central Bank of Lesotho



DEVELOPMENTS RELATED TO SUPERVISION

5.1.2 Automated Clearing House

Transaction volumes and values processed by the Electronic Funds Transfer (EFT) clearing system increased in 2022. In particular, transaction volumes and values grew by 16 percent and 13 percent, respectively. The growing use of EFT by consumers continued to benefit from the safety and efficiency provided by electronic payment methods, as well as the discontinuation of cheques in September 2021. Table 2 displays the trend in EFT transactions between 2015 and 2022.

Year	Volumes	Change (%)	Values	Change (%)
2016	431 671	91.92	3 401 141 406	87.72
2017	557 916	29.25	4 424 643 963	30.09
2018	666 541	19.47	5 321 027 584	20.26
2019	776 441	16.49	6 049 474 412	13.69
2020	877 151	12.97	6 605 769 732	9.20
2021	1 032 070	17.66	7 974 835 986	20.73
2022	1 201 140	16.38	8 995 262 952	12.80

Source: Central Bank of Lesotho

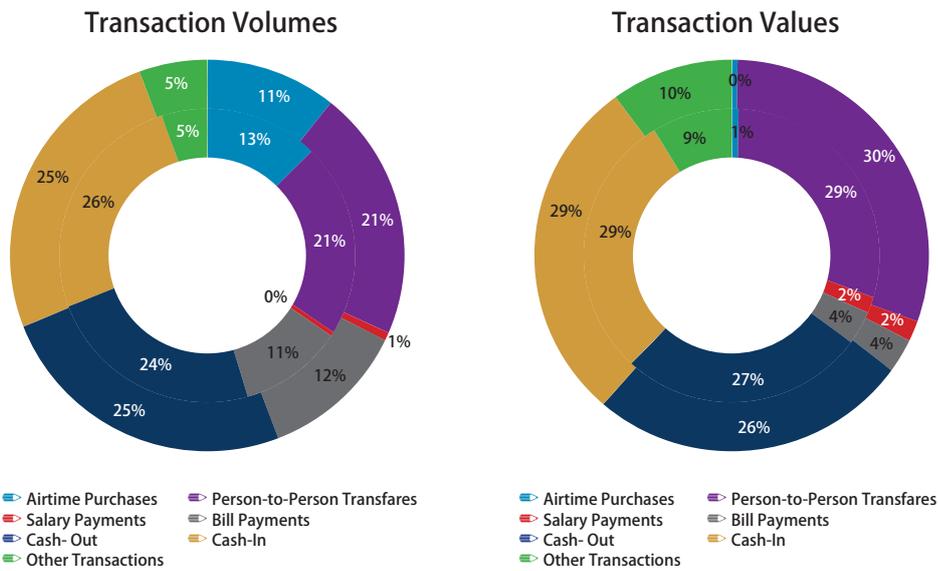
In terms of the uptime, the automated clearing house maintained an uptime of 99.8 per cent in 2022, which was above the tolerance level of 98 percent. Therefore, the systems generally remained operational and available to clear all payments during the reporting year.

5.1.3 Mobile Money

The most dominant mobile money transactions in terms of transaction volumes in 2022 were cash-in, followed by cash-out, person-to-person (P2P) transfers, bill payments and airtime purchases. In terms of transaction values, the most dominant mobile money transactions were P2P transfers and cash-in, followed by cash-out and other transactions. Figure 14 presents the mix of mobile money transactions between 2021 and 2022.

Transaction volumes and values processed by the Electronic Funds Transfer (EFT) clearing system increased in 2022.

Figure 27 Mobile Money Transactions Between 2021 and 2022



Note: The innermost and outermost doughnuts correspond to 2021 and 2022, respectively. Other transactions denote the sum of merchant purchases, cross border transactions, bank-to-wallet, wallet-to- bank, nano loans and other services (sending money to unregistered customers).

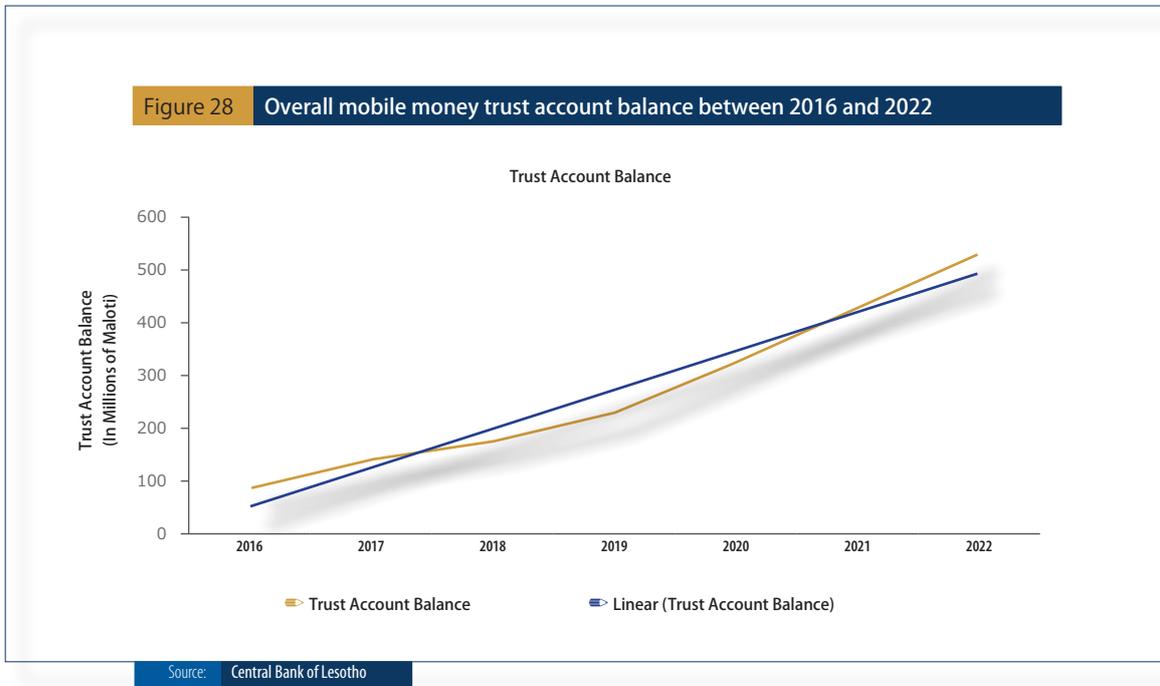
Source: Central Bank of Lesotho

Mobile money service in Lesotho have continued to evolve to offer innovative financial services and products, with high transaction volumes and values in the reporting year. In accordance with this, overall trust account balance also grew. Figure 2 depicts overall mobile money trust account balance between 2016 and 2022. It shows that the overall trust account balance grew by 23 percent to M532.87 million in 2022. Therefore, this is a testimony of continued growth in mobile money usage in Lesotho in the reporting year.

⁵ Other transactions denote the sum of merchant purchases, cross border transactions, bank-to-wallet, wallet-to- bank, nano loans and other services (sending money to unregistered customers).



DEVELOPMENTS RELATED TO SUPERVISION



5.2 PAYMENT SYSTEMS INITIATIVES

5.2.1 Implementation of the National Payment Switch

The implementation of the national payment switch continued in 2022 with several milestones achieved. These included the development of the payment scheme constitution and the instant payments scheme rules, which aim to ensure the provision of an efficient and safe, payment platform. Furthermore, the instant payment stream went live on a pilot basis in November 2022, thereby enabling the transfer of funds from one mobile money wallet to another. The interchange pricing structure for the card payment stream was also completed in the year under review, however, the card stream go live date was set for June 2023. It is envisaged that the completion of the national payment switch project will lead to a reduction in card processing fees. Furthermore, by enabling interoperability between mobile money issuers, the switch will increase financial service access points available to consumers, which will ultimately lead to an improvement in financial inclusion.

In 2022, the Bank completed the review of the Payment Systems Act 2014 and finalized the Payment systems Bill.

5.2.2 Review of the payment systems legislation

In 2022, the Bank completed the review of the Payment Systems Act 2014 and finalized the Payment systems Bill. The Bill is intended to ensure that all payment services are regulated under the same provision and accommodate the possibilities of new payment services in the country. Moreover, the Bank continued with the drafting of the Payment Systems (Licensing Requirements for Payment Systems Operators and Payment Service Providers) Regulations. The draft payment systems regulations are intended to provide requirements for licensing, as well as, conditions and procedures under which payment system operators and payment service providers are licensed.

5.2.3 Migration of the LSW to the new messaging standard

The Bank in collaboration with other LSW participants continued the project of migration to ISO 20022 messaging standards. However, the project was faced with delays in the implementation of the project plan, putting the feasibility of the October 2023 go-live date in question. Nonetheless, the project team completed the impact assessment, training and finalised the migration approach and strategy. It is worth noting that the initially approved migration strategy was changed from the coexistence approach to the big bang approach, as the coexistence approach was found to add an additional layer of complexity, cost and time delays.

5.3 BASEL II.5 MIGRATION

As part of Bank strategic objective to improve financial stability and boost stakeholder confidence, implementation of Basel II.5 continued to be a major priority. In fact, the threat that the pandemic posed on the banking sector which its resilience then rested purely upon Basel I, further warrants Basel II.5 as our major priority. CBL previously shared Pillar I guidelines, template and reporting manual with the banks, thus, triggering the parallel run, banks reported under both accords, Basel I and Basel II.5 during the year. The expectation is that, Basel I will be switched-off once Basel II.5 regulations become operational, perhaps beginning of 2024. The drafting process for Pillar I regulations is at a very advanced stage. The CBL envisioned the gazettment of the regulation in 2023. The parallel run remains a profound approach: First, it offered banks a smooth transition, as it allows banks to build capital overtime in preparation for Basel II.5. Second, it provided opportunity to correct and smoothen some errors and caveats depicted from the guidelines, template and reporting manual. The other aspect of the pilot relates to Pillar II and III. Banks continued to submit internal capital adequacy assessment processes and stress tests to be used as an integral part in supervisory overview under Pillar II. In addition, banks continued to comply with the guidelines on basic disclosure requirements

⁶ In November 2022, the national payment switch went live on a pilot basis for mobile money payments.





APPENDICES



Appendices

APPENDICES

Appendix I Banking Sector Audited Balance sheet (M'000)										
BALANCE SHEET	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL ASSETS	11,441,254	12,295,054	13,926,566	13,201,813	16,074,849	17,411,287	17,181,049	20,041,261	21,552,964	19,830,076
Cash and cash items	426,976	387,871	564,886	613,960	747,067	762,106	957,317	773,311	3,256,649	974,934
Balances with CBL	447,963	549,673	374,398	445,400	397,372	337,114	536,027	675,038	560,413	629,959
Balances with local banks	1,780,323	2,163,450	2,307,861	2,138,905	2,196,629	1,695,041	902,079	1,377,909	785,547	661,847
Balances with banks abroad	2,332,483	2,590,189	3,528,206	2,985,556	3,891,395	4,782,533	2,416,680	3,864,120	2,322,998	3,268,188
Government securities	666,030	728,508	862,954	861,203	1,002,800	1,406,996	2,139,818	2,104,606	2,382,234	2,656,019
Other investments	1,063,519	511,000	541,600	137,451	930,582	846,597	2,067,967	3,012,188	3,620,910	2,398,470
Loans and advances	4,375,961	4,907,856	5,265,522	5,403,718	5,804,732	6,523,182	7,049,973	6,996,179	7,489,537	7,990,565
Fixed assets	175,394	211,284	265,665	324,867	697,537	650,350	435,354	657,908	604,744	598,530
Other assets	172,605	245,223	215,474	290,753	406,736	407,369	675,834	580,002	529,933	651,563
TOTAL LIABILITIES	10,347,048	10,985,500	12,461,503	11,515,451	14,013,569	15,267,829	14,792,643	17,320,819	18,711,385	16,869,599
Deposits	7,822,771	8,213,781	9,352,181	8,796,049	11,060,237	11,710,064	12,869,603	14,732,281	15,446,465	15,145,556
Due to local banks	1,864,779	2,156,610	2,325,171	2,009,065	2,002,976	2,544,961	963,361	1,707,980	2,144,528	659,158
Due to foreign banks	313,361	197,786	249,352	225,095	355,442	257,232	291,434	61,612	198,663	171,560
Other borrowings	0	0	50,417	70,946	70,904	71,596	71,027	70,682	8,537	13,538
Other liabilities	346,137	417,323	484,382	414,297	524,010	683,976	597,218	748,264	913,191	879,786
TOTAL CAPITAL	1,094,205	1,309,555	1,465,063	1,686,362	2,061,281	2,143,459	2,388,407	2,720,441	2,841,579	2,960,477
Paid-up Capital	108,858	108,858	123,358	125,858	125,858	125,858	125,858	125,858	125,858	125,858
Statutory Reserve	124,919	124,059	131,777	194,331	185,876	189,106	190,654	197,880	197,880	205,858
Revaluation Reserves	13,975	16,261	24,740	23,211	26,162	20,374	22,741	34,276	30,681	54,839
Other Reserves	12,070	19,903	12,074	13,628	60,803	2,240	62,747	62,746	62,746	64,145
Retained Earnings	477,464	642,604	749,165	867,918	1,321,787	1,328,591	1,471,693	1,976,884	2,044,758	2,145,792
Profit/ loss for the year to date	356,919	397,870	423,949	461,416	340,795	477,290	514,714	322,796	359,651	363,985
Other Capital account	0	0	0	0	0	0	0	0	20,005	0



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Appendix 2		Income Statement									
INCOME STATEMENT		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL INCOME		1,196,139	1,300,320	1,439,501	1,596,248	1,687,750	1,884,563	2,018,169	1,919,473	2,002,983	2,191,849
Interest income - Loans		519,024	560,308	711,899	817,655	952,771	1,002,221	1,134,200	1,034,020	1,011,769	1,233,206
Interest income - Placements		230,404	358,880	397,897	485,133	409,325	598,016	419,494	345,782	248,956	202,403
<i>i) Foreign payments</i>		144,646	207,677	212,271	248,609	198,571	149,769	165,505	186,075	130,062	142,636
<i>ii) Domestic payments</i>		85,759	151,203	185,626	236,524	210,755	289,193	253,989	159,707	118,894	59,768
Interest Income-Securities		122,176	157,164	57,934	61,674	62,690	82,091	157,969	160,703	146,091	208,872
Total Interest Income		871,604	1,076,352	1,167,730	1,364,462	1,424,786	1,682,328	1,711,663	1,540,506	1,406,816	1,644,482
Interest Expense		207,659	330,943	346,249	433,950	417,099	521,483	528,577	465,512	313,699	384,281
Net Interest Income		663,945	745,409	821,481	930,512	1,007,687	1,160,845	1,183,086	1,074,994	1,093,117	1,260,201
Fees and Commission Income		451,125	475,642	520,386	574,645	601,250	613,444	639,627	644,609	569,413	711,645
Forex Gains/Losses		59,049	65,699	79,523	60,737	51,477	69,662	77,999	81,655	88,873	108,396
Income on Equity Investment		0	0	0	510	199	638	0	0	0	0
Other Income		9,822	9,916	14,822	26,463	20,158	28,365	104,022	106,883	240,766	101,496
Grants		12,198	3,654	3,289	3,381	6,979	11,609	13,434	11,332	10,814	10,110
Non-interest Income		532,194	554,911	618,020	665,736	680,063	723,718	835,083	844,479	909,865	931,647
TOTAL EXPENSES		701,571	756,673	858,974	957,596	1,193,497	1,219,679	1,311,789	1,466,793	1,482,034	1,661,611
Staff salaries and benefits		275,201	306,336	350,179	398,896	432,995	463,283	507,299	511,807	535,562	602,777
Management/directors fees		88,122	96,164	112,558	117,250	163,647	158,200	78,743	82,528	85,738	108,366
Auditors/consultants fees		4,478	4,979	5,596	6,006	6,855	15,025	29,752	31,862	43,549	34,179
Provision for bad debts		65,685	81,805	97,947	95,919	103,802	84,706	76,296	168,523	106,021	113,112
Bad-debts write-offs/irrecoverable losses		0	0	0	9,917	51,613	0	43,510	42,195	50,571	34,103
Depreciation		40,787	41,200	41,307	47,795	53,998	86,379	84,457	87,329	89,586	99,664
Other operating expenses		227,298	226,189	251,387	281,813	380,587	412,086	491,730	542,549	571,007	669,411
Operating income/loss		494,568	543,647	580,527	638,652	494,253	664,884	706,381	452,680	520,949	530,237
Income/loss before taxation		494,568	543,647	580,527	638,652	494,253	664,884	706,381	452,680	520,949	530,237
Taxation		137,649	145,777	156,578	177,236	153,458	187,594	191,667	129,884	161,297	166,252
Net income after tax		356,919	397,870	423,949	461,416	340,795	477,290	514,714	322,796	359,651	363,985

Appendix 3		List of Licensed Commercial Banks		
Institution	Chief Executive Officer / Managing Director	Physical & Postal Address		Contacts
Standard Lesotho Bank Ltd	Mr. Anton Nicolaisen	Head Office Kingsway Street, P.O. Box 1053, Maseru 100		(+266) 22315737
Nedbank (Lesotho) Ltd	Mr. Nkau Matete	Head Office Kingsway Street, P.O. Box 1001, Maseru 100		(+266) 22312696
First National Bank of Lesotho	Mrs. Delekazi Mokebe	Head Office Kingsway Street, P.O.Box 11902, Maseru 100		(+266) 22247100
Lesotho Post Bank	Mr. Molefi Leqhae	Post Office Building, P/B A121, Maseru 100		(+266) 22317842

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Appendix 4 (a) Short Term Insurance Sector Balance Sheet					
Particulars	December 2021		December 2022		Change %
	M'000	% of Total Assets/Liabilities	M'000	% of Total Assets Liabilities	
ASSETS					
Fixed Assets	14 927	3,22%	13 978	1,79%	-6,36%
Investments	343 699	74,22%	367 714	46,97%	6,99%
Government Securities	51 038	11,02%	58 799	7,51%	15,21%
Non Governmental Securities	3 054	0,66%	1 195	0,15%	-60,85%
Deposits at Financial Institutions	79 790	17,23%	74 329	9,49%	-6,84%
Ordinary Shares Listed	-		-		
Preference Shares Listed	-		-		
Ordinary Shares Unlisted	-		-		
Preference Shares Unlisted	-		-		
Investments Funds	205 305	44,34%	228 347	29,17%	11,22%
Investment Property	-		-		
Investment in Subsidiaries and Affiliates	4 512	0,97%	5 042	0,64%	11,75%
Loans	3 087	0,67%	4 204	0,54%	36,18%
Loans to Sector	3 087	0,67%	4 204	0,54%	36,18%
Other loans	-		-		
Receivables	284 541	61,45%	366 716	46,84%	28,88%
Cash and cash equivalents	4 034	0,87%	6 833	0,87%	69,37%
Cash in hand	40	0,01%	43	0,01%	8,24%
Cash in bank	3 994	0,86%	6 790	0,87%	69,98%
Other	19 727	4,26%	23 157	2,96%	17,39%
Accrued Interest, Rent, Income	785	0,17%	651	0,08%	-17,07%
Deferred Acquisition Cost	-		-		
Prepaid Expenses	2 338	0,50%	1 863	0,24%	-20,32%
Intangible Assets	9 697	2,09%	7 589	0,97%	-21,74%
Taxation	6 907	1,49%	13 054	1,67%	89,00%
Other assets	1 482	0,32%	315	0,04%	-78,75%
Total Assets	671 498	145,01%	782 917	100,00%	16,59%



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Appendix 4 (b) Short Term Insurance Sector Balance Sheet					
Equity and Liabilities	December 2021		December 2022		Change %
	M'000	% of Total Assets/Liabilities	M'000	% of Total Assets Liabilities	
Capital Reserves	141 059	29,36%	132 930	16,98%	-5,76%
Paid Up Share Capital	13 250	2,76%	13 250	1,69%	0,00%
Share Premium	46 278	9,63%	46 278	5,91%	0,00%
Statutory Reserves	-		-		
Retained Earnings	96 515	20,09%	74 467	9,51%	-22,84%
Preference Shares	-		-		
Contingency Reserve	-		-		
Other Reserves	-		-		
Accumulated Profit/(Losses)	(14 985)	-3,12%	(1 065)	-0,14%	-92,89%
Underwriting Provisions	425 943	88,66%	470 394	60,08%	10,44%
Technical Reserves	425 943	88,66%	470 394	60,08%	10,44%
Mathematical Reserves(Actuarial Liabilities)	-		-		
Non Current Liabilities	60 337	12,56%	119 552	15,27%	98,14%
Debentures	-		-		
Loans Secured	-		-		
Unsecured Loans	-		-		
Amount Due to related parties (Affiliates and subsidiaries)	10 406	2,17%	4 663	0,60%	-55,19%
Amount Due to reinsurers	49 931	10,39%	114 889	14,67%	130,10%
Current Liabilities	39 617	8,25%	52 726	6,73%	33,09%
Provisions	12 163	2,53%	13 079	1,67%	7,53%
Taxation	2 106	0,44%	609	0,08%	-71,08%
Dividends	-		-		
Bank Overdraft/Short-Terms Loans	-		-		
Other payables	25 348	5,28%	39 038	4,99%	54,01%
Other Liabilities	4 542	0,95%	7 315	0,93%	61,05%
Total Equity and Liabilities	671 498	139,77%	782 917	100,00%	16,59%

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Appendix 4 (c) Short-Term Insurance Sector Underwriting Statement					
	2021	% of Gross Written Premiums	2022	% of Gross Written Premiums	% Change
Direct insurance gross written premiums	499 956	100,00%	627 551	100,00%	25,52%
Reinsurance assumed gross written premiums	-		-		
Gross written premiums	499 956	100,00%	627 551	100,00%	25,52%
Less: reinsurance ceded	262 314	52,47%	380 212	60,59%	44,95%
Net written premiums	237 642	47,53%	247 339	39,41%	4,08%
Less: change in unearned premiums	7 367	1,47%	1 002	0,16%	-86,40%
Net earned premiums	230 275	46,06%	246 337	39,25%	6,98%
Reinsurance commissions earned	27 142	5,43%	23 238	3,70%	-14,38%
Other underwriting income	1 042	0,21%	1 630	0,26%	56,45%
Total underwriting revenue	258 458	51,70%	271 205	43,22%	4,93%
Gross claims paid (including claim settlement expense)	184 372	36,88%	195 225	31,11%	5,89%
Less: reinsurance share of claims	73 495	14,70%	84 121	13,40%	14,46%
Net claims paid	110 876	22,18%	111 104	17,70%	0,21%
Add: change in outstanding claims reserve	(10 926)	-2,19%	6 218	0,99%	-156,91%
Add: change in claims IBNR reserve	6 519	1,30%	(887)	-0,14%	-113,61%
Add: change in mathematical reserves	-		-		
Less salvage and recoveries	1 796	0,36%	3 680	0,59%	104,90%
Net claims incurred	104 674	20,94%	112 755	17,97%	7,72%
Commissions paid	64 901	12,98%	80 917	12,89%	24,68%
Commissions received	19 102	3,82%	35 877	5,72%	87,81%
Net Commissions	45 798	9,16%	45 040	7,18%	-1,65%
Management expenses	137 554	27,51%	134 689	21,46%	-2,08%
Total underwriting expenses	288 026	57,61%	292 484	46,61%	1,55%
Underwriting result	(29 567)	-5,91%	(21 279)	-3,39%	-28,03%
Investment income	40 084	8,02%	17 912	2,85%	-55,32%
Other expenses	(3 980)	-0,80%	(2 948)	-0,47%	-25,94%
Profit/(loss) before tax	14 497	2,90%	(420)	-0,07%	-102,90%
Taxation	555	0,11%	-		-100,00%
Profit/(loss) after tax	13 942	2,79%	(420)	-0,07%	-103,01%



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Appendix 5 (a) Long-Term Insurance Sector Balance Sheet					
Particulars	December 2021		December 2022		Change %
	M' 000	% of Total Assets/ Liabilities	M' 000	% of Total Assets/ Liabilities	
Assets					
Fixed Assets	54 953	0,67%	55 290	0,64%	0,61%
Investments	6 221 729	75,41%	6 570 823	76,21%	5,61%
Government Securities	741 973	8,99%	1 050 376	12,18%	41,57%
Non Governmental Securities	804 095	9,75%	1 185 769	13,75%	47,47%
Deposits at Financial Institutions	477 424	5,79%	459 591	5,33%	-3,74%
Ordinary Shares Listed	-		-		
Preference Shares Listed	-		-		
Ordinary Shares Unlisted	9 176	0,11%	10 920	0,13%	19,01%
Preference Shares Unlisted	-		-		
Investments Funds	3 930 206	47,63%	3 631 625	42,12%	-7,60%
Investment Property	128 775	1,56%	117 271	1,36%	-8,93%
Investment in Subsidiaries and Affiliates	130 080	1,58%	115 270	1,34%	-11,38%
Loans	372 827	4,52%	380 148	4,41%	1,96%
Loans to Sector	372 828	4,52%	380 148	4,41%	1,96%
Other loans	(1)	0,00%	-		100,00%
Receivables	303 534	3,68%	281 012	3,26%	-7,42%
Cash and cash equivalents	985 772	11,95%	1 144 104	13,27%	16,06%
Cash in hand	11	0,00%	11	0,00%	0,00%
Cash in bank	985 761	11,95%	1 144 094	13,27%	16,06%
Other	27 417	0,33%	47 069	0,55%	71,68%
Accrued Interest, Rent, Income	1 481	0,02%	5 170	0,06%	249,07%
Deferred Acquisition Cost	968	0,01%	7 129	0,08%	636,44%
Prepaid Expenses	16	0,00%	212	0,00%	1222,78%
Intangible Assets	-		364	0,00%	
Taxation	24 952	0,30%	34 195	0,40%	37,04%
Other assets	284 449	3,45%	143 866	1,67%	-49,42%
Total Assets	8 250 680	100,00%	8 622 312	100,00%	4,50%

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Appendix 5 (b) Long-Term Insurance Sector Balance Sheet					
Particulars	December 2021		December 2022		Change %
	M' 000	% of Total Assets/Liabilities	M' 000	% of Total Assets/Liabilities	
Equity and Liabilities					
Capital Reserves	1 018 266	12,34%	1 153 705	13,38%	13,30%
Paid Up Share Capital	50 383	0,61%	49 883	0,58%	-0,99%
Share Premium	154 050	1,87%	154 199	1,79%	0,10%
Statutory Reserves	-		-		
Retained Earnings	811 329	9,83%	873 720	10,13%	7,69%
Preference Shares	-		-		
Contingency Reserve	1 500	0,02%	-		-100,00%
Other Reserves	7 917	0,10%	8 257	0,10%	4,29%
Accumulated Profit/(Losses)	(6 914)	-0,08%	67 645	0,78%	1078,45%
Provident Fund	700 317	8,49%	711 799	8,26%	1,64%
Underwriting Provisions	6 218 600	75,37%	6 450 751	74,81%	3,73%
Technical Reserves	228 050	2,76%	284 934	3,30%	24,94%
Mathematical Reserves(Actuarial Liabilities)	5 990 550	72,61%	6 165 817	71,51%	2,93%
Non Current Liabilities	750 556	9,10%	748 131	8,68%	-0,32%
Debentures	-		-		
Loans Secured	3 976	0,05%	3 569	0,04%	-10,23%
Unsecured Loans	21 786	0,26%	13 748	0,16%	-36,90%
Amount Due to related parties (Affiliates and subsidiaries)	13 792	0,17%	3 569	0,04%	-74,12%
Amount Due to reinsurers	10 685	0,13%	15 446	0,18%	44,55%
Current Liabilities	203 371	2,46%	212 054	2,46%	4,27%
Provisions	12 020	0,15%	18 019	0,21%	49,90%
Taxation	76	0,00%	(541)	-0,01%	-809,32%
Dividends	-		-		
Bank Overdraft/Short-Terms Loans	-		-		
Other payables	191 275	2,32%	194 576	2,26%	1,73%
Other Liabilities	59 887	0,73%	57 671	0,67%	-3,70%
Total Equity and Liabilities	8 250 680	100,00%	8 622 311	100,00%	4,50%



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Appendix 5 (c) Long-Term Insurance Sector Underwriting Statement					
Particulars	2021		2022		Change %
	M' 000	% of Gross Written Premiums	M' 000	% of Gross Written Premiums	
Direct insurance gross written premiums	1 792 527	100,44%	1 773 610	100,00%	-1,06%
Reinsurance assumed gross written premiums	(7 779)	-0,44%	12	0,00%	-100,15%
Gross written premiums	1 784 748	100,00%	1 773 622	100,00%	-0,62%
Less: reinsurance ceded	74 801	4,19%	91 868	5,18%	22,82%
Net written premiums	1 709 947	95,81%	1 681 754	94,82%	-1,65%
Less: change in unearned premiums	3 087	0,17%	6 323	0,36%	104,83%
Net earned premiums	1 706 860	95,64%	1 675 431	94,46%	-1,84%
Reinsurance commissions earned	4 584	0,26%	4 920	0,28%	7,34%
Other underwriting income	29 974	1,68%	8 395	0,47%	-71,99%
Total underwriting revenue	1 741 418	97,57%	1 688 746	95,21%	-3,02%
Gross claims paid (including claim settlement expense)	1 023 692	57,36%	928 651	52,36%	-9,28%
Less: reinsurance share of claims	65 483	3,67%	52 489	2,96%	-19,84%
Net claims paid	958 209	53,69%	876 162	49,40%	-8,56%
Add: change in Outstanding claims reserve	(20)	0,00%	52	0,00%	-360,00%
Add: change in Claims IBNR reserve	3 698	0,21%	9 005	0,51%	143,49%
Add: change in Mathematical reserves	126 420	7,08%	(262 789)	-14,82%	-307,87%
Net claims incurred	1 088 307	60,98%	622 429	35,09%	-42,81%
Commissions paid	154 382	8,65%	143 684	8,10%	-6,93%
Commissions received	114	0,01%	-	-	-100,00%
Net Commissions	154 268	8,64%	143 684	8,10%	-6,86%
Management expenses	298 668	16,73%	325 863	18,37%	9,11%
Total underwriting expenses	1 541 243	86,36%	1 091 976	61,57%	-29,15%
Underwriting result	200 175	11,22%	596 770	33,65%	198,12%
Investment income	958 597	53,71%	928 050	52,33%	-3,19%
Other expenses	754 636	42,28%	1 137 331	64,12%	50,71%
Profit/(loss) before tax	404 135	22,64%	387 488	21,85%	-4,12%
Taxation	19 892	1,11%	23 201	1,31%	16,63%
Profit/(loss) after tax	384 244	21,53%	364 287	20,54%	-5,19%

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Appendix 6		List of Licensed Insurance Companies		
Long term Insurers				
No.	Institution	Principal Officer	Registered Office Address	Contact Details
1.	Lesotho National Life Assurance Company Limited	Mr. Mpho Vumbukani Managing Director	LNGIC House Constitution Road Maseru, Lesotho 100	(+266) 22313031
2.	Alliance Insurance Company Limited	Mr. Angus Yeats Chief Executive Officer	Alliance House 4 Bowker Road Maseru, Lesotho 100	(+266) 22215600
3.	Metropolitan Lesotho Limited	Ms. Mamello Phomane Managing Director	Metropolitan Building Kingsway Road Maseru, Lesotho 100	(+266) 22222100
4.	Liberty Life Lesotho Limited	Mr. Makhakhe Maliehe Managing Director	Liberty Life Lesotho Unit 39, Maseru Mall Maseru	(+266) 22326820 (+266) 22314589 (+266) 22314590
5.	Transafrika Life Insurance Company Limited	Mr. Khauhelo Ramakongoana Chief Executive Officer	Shop 26, Race Course Mall (Maseru Mall) Ha Thetsane	(+266) 22324606
6.	NBC Lesotho Insurance Company Limited	Mr. Godfrey Vatsha: Managing Director	4 Bowker Road, Ground floor; Pension Fund House	(+266) 22320633

Appendix 6 (b)		List of Licensed Insurance Companies - Short term Insurers		
Short term Insurers				
No.	Institution	Principal Officer	Registered Office Address	Contact Details
1.	Lesotho National Life Assurance Company Limited	Mr. Mpho Vumbukani Managing Director	LNGIC House Constitution Road Maseru, Lesotho 100	(+266) 22313031
2.	Alliance Insurance Company Limited	Mr. Angus Yeats Chief Executive Officer	Alliance House, 4 Bowker Road, Maseru, Lesotho 100	(+266) 22215600
3.	Zenith Horizon Insurance Company Limited	M.s Smangela Molumeli Chief Executive Officer	1st Floor Christie House Orpen Road, Maseru, Lesotho, P.O. Box 0293 Maseru West 105	(+266) 22324347
4.	Specialized Insurance Company Limited	Mr. Mokhápheka Lazaro Managing Director	MGC Park, Ground floor; Maseru, Lesotho	(+266) 22320837/8



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Appendix 7 List of Licensed Insurance Brokers			
INSTITUTION	PRINCIPAL OFFICER	REGISTERED OFFICE ADDRESS	CONTACT
Long term Brokers			
Crescent Insurance Brokers	Mrs. 'Matebello Ntsoane	Plot 75 Behind Victoria Hotel	(+266) 68000255
JM Insurance Brokers (Pty) Ltd	Mrs. 'Maphomolo Seele	LNDC Block B Level 5 Room 503	(+266) 6286 0156 / 5886 0156
Pula National Insurance Brokers	Mr. Leqhae Thabane	Oblate Building First Floor, Maseru 100	(+266) 2232 4620 / 6300 7462
Mokhele Insurance Brokers (Pty) Ltd	Mr. Malongoa Mokhele	Oblate Building Behind Maseru Book Shop, Maseru 100	(+266) 2232 1964 / 5875 3977
MH Insurance Brokers (Pty) Ltd	Mrs. 'Mamosa Molapo	Lisemeng 1, Opposite Shoprite, Hlotse, Leribe 300	(+266) 2240 0113 / 5812 7918
Chelete Brokers (Pty) Ltd	Mr. Ntopa Chelete	Motherland Property , First Floor Room 6, Thuube Street, Thaba-Tseka 550	(+266) 5615 8485 / 6302 7551
Bright Point Insurance Brokers (Pty) Ltd	Mrs. 'Matumane Semoli	Oblate Building first floor, Kingsway Road, Maseru 100	(+266) 5892 9308
Active Insurance Brokers (Pty) Ltd	Mrs. 'Maelisa Leiee	Naomi House Office No.4, Broker Road, Maseru 100	(+266) 6324 8940
Cadant Partners Consultants	Mr. Tsepo Letsoela	Christie House Building , First Floor, Maseru 100	(+266) 58701449/ 62701449
Thathy Insurance Brokers (Pty) Ltd	Mr. Reentseng Thathasela	Bedco Building, Mafoso Street, Mohale's Hoek 800	(+266) 2701 9877 / 6201 9877
DBM Insurance Brokers (Pty) Ltd	Mrs. Doreen Masilo	124 Hlotse Street, Lower Thetsane, Maseru 100	(+266) 2878 5265/ 5978 2760
Green Point Brokers (Pty) Ltd	Mr. Malebanye Sidwell Tsola	Oblate Building first floor, Kingsway Road	
P&L Insurance Brokers	Mrs. 'Mamohapi Samuel	Maqalika Business Center, Maseru 100	

Appendix 7 (b) List of Licensed Insurance Brokers			
INSTITUTION	PRINCIPAL OFFICER	REGISTERED OFFICE ADDRESS	CONTACT
Short Term Brokers			
Brokersure Insurance Brokers (Pty) Ltd	Mrs. 'Marorisang Lepheane	4th Floor Bokamoso Suites Former Christie House Maseru 100	(+266) 2232 3689 / 5884 2863
Berkely Risk Lesotho (Pty) Ltd	Ms. Lemohang Ratsoane	Oblate Building, Room 10, Kingsway Road	(+266) 56218472
Hamilton Solutions Short Term Brokers (Pty) Ltd	Mrs. Charmaine Heymans	Anway Building, 20 Mostoene Road, Industrial Area, Maseru 100	(+266) 5986 8000
ClientCare Risk Consultants (Pty) Ltd	Mrs. Popi Kaiser	Premium House, 224 Kingsway Road, Opposite American Embassy, Maseru 100	(+266) 2232 1768 / 2832 5432
Maluti Risk Solutions (Pty) Ltd	Mr. Malefane Mphana	Makamo Complex, Moshoeshoe Road, Opposite Lerotholi Polytechnic, Maseru 100	(+266) 5885 8113 / 6310 5800
Guardrisk Insurance Brokers (Pty) Ltd	Mrs. Ntšeliseng Makatjane	LNDC, 3 Floor, Maseru 100	(+266) 2832 7989 / 5022 3825

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Appendix 7 (c) List of Licensed Insurance Brokers - Short Term Brokers - Composite Brokers			
INSTITUTION	PRINCIPAL OFFICER	REGISTERED OFFICE ADDRESS	CONTACT
Composite Brokers			
Minet Lesotho (Pty) Ltd	Mr. Retšelisitsoe Leboela	Minet House, 4 Bowker Road, Maseru 100	(+266) 2231 3540
MN Insurance Brokers (Pty) Ltd	Mrs. 'Majonothane Moeti	LNDC Block B Level 5 Room 503	(+266) 6932 5425
Thamotha Insurance Brokers (Pty) Ltd	Mrs. 'Matokelo Thabane	Mapetla House, Room G4 Kingsway Road Maseru 100	(+266) 5878 9268 / 2832 4655
Risk Managers (Pty) Ltd	Mr. Paseka Moletsane	Sechaba House, 4 Bowker Road, Maseru 100	(+266) 2232 1898 / 5891 5607
Explicit Brokers (Pty) Ltd	Mrs. 'Malineo 'Monahali	Thola Tu Building Kingsway, Maseru 100	(+266) 5885 6438 / 6285 6438
Roseland (PTY) Ltd	Mrs. 'Matšoloane Mahlaha	Christie House, Ground Floor, Maseru 100	(+266) 2232 6156
CS Brokers (Pty) Ltd	Mr. Serame Sebolai	Maseru Book Center Building, Second Floor, Maseru 100	(+266) 5885 3263
TIB Insurance Brokers (Pty) Ltd	Mrs. 'Mamonyane Monyane	307c Cenez Road, Maseru West	(+266) 2231 6556
Ideal Insurance Brokers (Pty) Ltd	Ms. Maliepollo Pheko	Husteds Building Room 12, Kingsway Road, Maseru 100	(+266) 2232 2924/ 5877 1524
Equiways (Pty) Ltd	Mrs. 'Manthatisi Pata	Metcash Building Room 1396, Maseru 100	(+266) 5908 8372 / 5871 2412
Legend Insurance Brokers (Pty) Ltd	Mrs. 'Mabokang Nthatisi Phantši	LNDC Building Block C, Third Floor, Maseru 100	(+266) 5957 8525
Thari (Pty) Ltd	Mr. Motjope Mokhathi	Sekhametsi Building, Corner Parliament, Kingsway Road, Maseru 100	(+266) 2232 4297 / 5732 4425/5671 4656
Elarem Insurance Brokers (Pty) Ltd	Mr. Lenka Malefane	Carlton Centre, First Floor, Room 10, Room 110, Kingsway Road, Maseru 100	(+266) 2232 4607/6200 2100/5804 0810
Thaba Bosiu Risk Solutions (Pty) Ltd	Mrs. 'Matokelo Seturumane	1st Floor Options Building, Pioneer Road Maseru 100	(+266) 2231 3018 / 5250 0404(5)
Setha Insurance Brokers (Pty) Ltd	Mrs. 'Matholo Setilo	Hospital Area Pela LPPA, Mafeteng 900	(+266) 2270 1203 / 6307 4712
Assurance Insurance Brokers (Pty) Ltd	Mrs. 'Malebohang Lehana	Thola Tu Complex, 1st Floor, Maseru 100	(+266) 2232 4319 / 5857 7728
Insurecare Brokers (Pty) Ltd	Mr. Michael Mohasi	LNDC Development House Block D, Kingsway Road Maseru 100	(+266) 2232 1973/ 5885 3985
Urban Life Insurance Brokers (Pty) Ltd	Mrs. 'Mamokete Mokete	3rd Floor, LNDC Office Block, Kingsway Road, Maseru 100	(+266) 2835 0959 / 58853270
Classic Legends Brokers (Pty) Ltd	Mrs. 'Maamohelang Letsie	Husteds Building Room 16, Maseru 100	(+266) 5845 0771 / 6300 1064
BMM Insurance Brokers (Pty) Ltd	Mrs. 'Mamariete Khalema	Oblate Building 1st Floor, Kingsway Road, Maseru 100	(+266) 2232 7940/ 5841 3531
Metroma Insurance Brokers (Pty) Ltd	Mr. Teboho Maqeba	Post Office Building Mafeteng 900	(+266) 2870 2783 / 5872 5297



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Appendix 7 (c) List of Licensed Insurance Brokers - Short Term Brokers - Composite Brokers (continued)			
INSTITUTION	PRINCIPAL OFFICER	REGISTERED OFFICE ADDRESS	CONTACT
Mekhoabo insurance Brokers	Mr. Moshoeshoe Dube	Metcash Complex Room 145B, Kingway Road Maseru 100	(+266) 2733 9586/ 6371 2955
Signature Risk Consultancy (Pty) Ltd.	Mr. Tšepo Ramaema	STC Development House No. 7, Mabelebele Street, Maseru	(+266) 5748 4014/ 6248 4014
Global Insurance Brokers (Pty) Ltd	Mrs. 'Makhauta Mapiloko	Nala House Unit 2, 4 Bowker Road, Maseru 100	(+266) 5791 7525
Convenient Solutions Brokers (Pty) Ltd	Mr Katiso Mohlalisi	St John Anglican Church Adnim Block, Lancers Inn Maseru 100	(+266) 6336 5215
Serene Insurance Brokers (Pty) Ltd	Mrs. Tebello Motuba	SCM House, Constitution Road, Maseru 100	(+266) 6245 4957
Precious Brokers (Pty) Ltd	Mr. Thabo Ramphene	Wool Wagon Building Room 15, Cathedral Area. Maseru	(+266) 5762 2620
Reliable Risk Consultants (Pty) Ltd	Mr. Tlotliso Majoro	Monaphathi Building, Opposite Oxford Building, Maseru 100	(+266) 6339 8440
Selemela Insurance Broker (Pty) Ltd	Mr. Letlama Chabana	Matala Phase I Near Tribute Guesthouse	(+266) 58697608
Spiddi Intermediary Services (Pty) Ltd	Mr. Innocent Philani Shabalala	Office No. 17 Kingsway Mall, Kingway Road, Maseru 100	(+266) 6343 6135
Absolute Risk Solutions (Pty) Ltd	Mr. Tlali Mpholo	Kingsway Mall 2nd Floor, Kingsway Road, Maseru 100	(+266) 2231 3924

Appendix 8 List of Licensed Stock Brokers/Advisors				
NAME	CONTACT	LICENSE	ADDRESS	TELEPHONE
Katleho Securities (Pty) Ltd	Mr. Leonard Nyambuya Principal Officer	Broker Dealer Advisor	Plot Number 12292-972, Mabelebele Street, Katlehong, Maseru Lesotho	(+266) 53230700 (+266) 22325694 (+266) 68235699
PKF Corporate (Pty) (Ltd)	Mr. Sunday Adache Principal Officer	Broker Dealer Advisor	PKF Office Park Crn Mejametalana/Letsoapo Str (Behind Setsoto Stadium) Maseru East	(+266) 58689662 (+266) 28324750
Cadiant Partners Consultants And Actuaries Lesotho (Pty) Ltd	Mr Tšepo Letsoela Public Officer	Advisor	10 Molepe Str, Hillsviwe P.O. Box 1120 Maseru, Lesotho	(+266) 58701449
Minet Lesotho (Pty) Ltd	Mr. Retšelisitsoe Leboela Chief Executive Officer	Advisor	MINET House, 4 Bowker Road Maseru	(+266) 2231 3540 (+266) 2231 0033
Strategica (Pty) Ltd	Lerato Sekantsi Principal Officer	Advisor	House No. 4 Mokuoane Flats, Mapeleng, Opposite DLM Complex, Khubetsoana	(+266) 68261353

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Appendix 9 List of Licensed Asset Managers in Lesotho			
NAME OF ASSET MANAGER	NAME AND TITLE OF PRINCIPAL OFFICER	POSTAL ADDRESS	TELEPHONE/ FAX
Mergence Investment Managers Lesotho (Pty) Ltd	Mr. Papali Tejane Principal Officer	Unit 38, Maseru Mall, Maseru 100	(+266) 52500040/50 (+266) 58855757 (+266) 62200768 (+27) 826723474
STANLIB Lesotho Management Company (Pty) Ltd	Mr. Mohlabinyane Mohapi Managing Director	MGC Office Park, Corner Pope John Paul II and Mpilo Boulevard, P.O. Box 115, Maseru	(+266) 22326821
Metropolitan Lesotho Asset Managers (Pty) Ltd	Ms. Mamello Phomane Managing Director	Metropolitan Lesotho Asset Managers (Pty) Ltd Metropolitan Building, P.O. Box 645, Maseru 100, Lesotho	(+266) 58880191

Appendix 10 List of Licensed Pension Funds				
NAME	CONTACT	LICENSE	ADDRESS	TELEPHONE
Lesotho Employers Umbrella Pensions/ Provident Fund	Mr. Tokiso Nthebe Principal Officer	Pension / Provident Fund	Alliance Insurance Co. Alliance House, 4 Bowker, Road, Maseru 100	(+266) 2221 5600
Rainmaker Umbrella Fund	Ms. Kamohelo Setlojoane Principal Officer	Pension / Provident Fund	Metropolitan Lesotho, Metropolitan Building, Kingsway, Maseru 100	(+266) 2222 2300
Metropolitan Staff Retirement Fund	Mr. Rethabile Mapena Principal Officer	Pension / Provident Fund	Metropolitan Lesotho, Metropolitan Building, Kingsway, Maseru 100	(+266) 2222 2300
Corporate Bodies Pension Scheme	Mr. Motlalepula Sempu Principal Officer	Pension Fund	Lesotho National Life Assurance Company, LNIC House, Constitution Road Maseru	(+266) 2231 4144
Nedbank Lesotho Limited Pension Fund	Ms. Mojabeng Matsau Principal Officer	Pension Fund	Nedbank Lesotho, Griffith Hill, Kingsway Road, Maseru	(+266) 2228 2100
Lesotho National Life Assurance Provident Fund	Mr. Motlalepula Sempu Principal Officer	Pension Fund	Lesotho National Life Assurance Company, LNIC House Constitution Road Maseru	(+266) 2231 4144
National University of Lesotho Defined Contribution Pension Fund	Mr. Monaheng Mahlatsi Principal Officer	Pension Fund	National University of Lesotho, Roma, Lesotho	(+266) 2234 0601



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Appendix 11		List of Pension Fund Intermediaries		
NAME	CONTACT	LICENSE	ADDRESS	TELEPHONE
TIB Insurance Brokers	Mr. Garth Dixie Managing Director	Intermediary	307c Cenez Road Maseru West	(+266) 2232 6556
Risk Managers Lesotho	Mr. Simon Bak Managing Director	Intermediary	Sechaba House 4 Bowker Road, Maseru	(+266) 2232 1898
Minet Lesotho	Mr. Retselisitsoe Leboela Chief Executive Officer	Intermediary	Minet House 4 Bowker Road, Maseru	(+266) 2231 3540
Thaba Bosiu	Mrs. Matokelo Seturumane	Intermediary	1st Floor Options Building Pioneer Road, Maseru	(+266) 2231 3018

Appendix 12		List of Pension Fund Administrators		
NAME	CONTACT	LICENSE	ADDRESS	TELEPHONE
NBC Lesotho Insurance Company	Mr. Godfrey Vatsha Managing Director	Administrator	Pension Fund House 4 Bowker Road, Private Box 2001, Maseru, 102. info@nbc.co.ls	(+266) 2232 0633
Metropolitan Lesotho	Ms. Mamello Phomane Managing Director	Administrator	Metropolitan Lesotho Metropolitan Building Kingsway, Maseru 100	(+266) 2222 2300
Alliance Insurance Company	Mr. Angus Yeats Chief Executive Officer	Administrator	Alliance Insurance Co. Alliance House 4 Bowker Road, Maseru 100	(+266) 2221 5600
Lesotho National Life Assurance Company Limited	Mr. Mpho Vombukani Managing Director	Administrator	LNIC House, Constitution Road, Maseru	(+266) 2231 4144
Akani Financial Services		Administrator		

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Appendix 13 List of Licensed Micro-Finance Institutions					
NAME OF INSTITUTION	TIER	NAME OF CEO/ MD	PHYSICAL & POSTAL ADDRESS	NO OF BRANCHES	CONTACTS
Letshego Financial Services Limited	TIER II	Ms. Selloane Tsike	Old Maseru Toyota Building, P.O. Box 13670, Maseru 100	5	(+266) 22031017
Unlimited Financial Services Ltd	TIER III	Mr. Alex Mpharoane	Nthane Estate Building, One way Traffic Road, Teyateyaneng, Berea	5	(+266) 59021558 / +27660767341
Thusano Financial Solutions Ltd	TIER III	Mr. Moeti Sehloho	Ha Mafafa, P.O. Box 14845, Maseru 100	1	(+266) 58850056/ 58750056
Blessings Financial Services Limited	TIER III	Mrs. 'Mamakamane Makamane	Metcash Complex, Room 144, Kingsway, P.O. Box 12045, Maseru 100	1	(+266) 28330004
MM Financial Loans Ltd	TIER III	Mr. Nthole Mojapela	Tredoritte, Kingsway, Maseru. P.O. Box 901, Butha-Buthe 400	19	(+266) 59191336/ 68436336
Myloan Limited	TIER II	Mr. Tjale Maila	Holy Trinity Anglican Church, Upper Moyeni, P.O. Box 3, Quthing 700	11	(+266) 53797734
Zecho Financial Services Ltd	TIER III	Mr. Mobutu Phera	TEBA Building, Moshoeshoe Road, Maseru, P.O. Box 3, Khukhune 452	2	(+266) 62004599
Loyal Financial Services Ltd	TIER III	Mrs. 'Matšepo Linakane	Epic Printer, Industrial Area, P.O. Box 10712, Maseru 100	1	(+266) 51891773/ 68211912
Isaac Holdings Ltd	TIER III	Mr. Toporo Molelemgoane	Aboobake Properties, P.O. Box 1565, Maputsoe 350	1	(+266) 62184763
MEL Finance Ltd	TIER III	Mr. Mpho Leqela	Tlelai Building, Cathedral Area, P.O. Box 7374, Maseru 100	2	(+266) 58749425/ 68085972
Mabusane Finance Ltd	TIER III	Mrs. 'Maselone Mabusane	Mabusane residence, Maoeng, P.O. Box 537, Butha-Buthe 400	1	(+266) 59490362/ 63276290
Thusong Financial Services Limited	TIER III	Mr. Montoetsane Nchai	Shop 17 Old LNDC Building, Pioneer Road Maseru	3	(+266) 28319479
Alimela Thuto Financial Services Limited	TIER II	Mrs. 'Mamonyake Mokebe	Hopolang Building, Corner Airport & Parliament Roads, P.O. Box 1932, Maseru 100	1	(+266) 22322403/ 22322404
Trust Financial Services Ltd	TIER III	Mr. Molete Pheko	Southline Offices, Ha Tikoe, Maseru, P.O. Box 14114, Maseru 100	1	(+266) 58842444/
Roby Financial Services Ltd	TIER III	Mr. Molahlehi Ntau	Lecoop Next to Clinic, Khubetsoana, Maseru, P.O. Box 10754, Maseru 100	1	(+266) 58880333/ 58832266
Letlotlo Credit Finance Ltd	TIER III	Mrs. 'Maphutheho Ranooe	Epic Printers Building, Moshoeshoe Road, Industrial Area, P.O. Box 1426, Maseru 100	1	(+266) 22314335/ 56550538
PS Finance Ltd	TIER III	Mrs. Pulane Sick	Tredorette, Kingsway, Maseru. P.O. Box 11986, Maseru 100	2	(+266) 56624840/ 58685618
PAN Finance Limited	TIER III	Mrs. 'Motebang Leboela	Mandlebe Building, Second Floor, Maseru	1	22324639/ 62505285
Netloans Limited	TIER II	Mr. Jafeta Pheko	Naomi House, 286 Bowker Street, Old Europe, P.O. Box 9717, Maseru 100	1	(+266) 58082223/ 59087647
JFM Financial Services Ltd	TIER III	Mrs. 'Mathabisang Leseba	Metro, Next to Hippo Transport, Ha Mathata, P.O. Box 766, Maputsoe 350	1	(+266) 57936489
Kopo Finance Ltd	TIER III	Mr. Relebohile Kopo	Abdul Cassim Building, Botha-Bothe	2	56939099/ 59625555
Lereko Financial Services (Pty)Ltd	TIER III	Mrs. 'Mapali Molula	2nd Floor Platinum Building Opposite Usave Bus Stop Area Maseru Lesotho	3	26662201002



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Appendix 13 List of Licensed Micro-Finance Institutions (continued)					
NAME OF INSTITUTION	TIER	NAME OF CEO/MD	PHYSICAL & POSTAL ADDRESS	NO OF BRANCHES	CONTACTS
M.A.M Financial Services Ltd	TIER III	Mrs. Mamankoe Moshesha	Mafeteng Reserve, Ha Seitheko	1	58030832
NK Finance (Pty) Ltd	TIER III	Mr. Ntoa Khelane	Maputsoe next to Maseru Toyota	1	50798218
Thebo Finance Ltd	TIER III	Mrs. Maboitumelo Tau	Crocodile Inn, P.O. Box 72, Botha-Bothe 400	1	50881194 / 57934099
Gift Micro Finance Ltd	TIER III	Mrs. Mampfo Sehloho	2nd Floor Grandnation, Mokhoaba Building, Industrial Area, Maseru 100	1	(+266) 58496811 / 58503438
Thebo Finance Ltd	TIER III	Mrs. Maboitumelo Tau	Crocodile Inn, P.O. Box 72, Botha-Bothe 400	1	50881194 / 57934099
JP Financial Services Ltd	TIER III	Mr. Teleko Mohloboli	2nd Floor, Moosa's Building P.O. Box 1666, Maseru 100	28	56097365
SJR Financial Services	TIER III	Mr. Selikane Rahebe	Kingsway Mall, 2 nd Floor, P.O.Box 883, Maseru 100	1	62607860
TKM Financial Services Ltd	TIER III	Ms. Matokelo Mohale	P.O. Box 602 Motheo Build. Mohale's Hoek	1	26663015101
CHAMP Financial Services Limited	TIER III	Mr. Moses Cholsu Kopo	Nnelese Construction Building, P.O. Box 12092, Maseru 100	1	63032085
MS Financial Services Ltd	TIER III	Mr. Motlalepula Sepipi	Room 34 Tradorette Building, Kingsway Road, P.O. Box 9808, Maseru 100	5	(+266) 62810810 / 58102769
Marea Financial Services Ltd	TIER III	Mrs. Matlhokomelo Mathaba	Office 314, LNDC Centre, Kingsway Road, P.O. Box 11659, Maseru 100	1	(+266) 58882582
SPRTFIN Ltd		Mr. Lehohla Sepiriti	Maputsoe next to Maputsoe Border	1	6317818 / 57033370
Meraka Financial Services Ltd	TIER III	Mr. Moseki Nthibane	Oxford Building, Level 3, Room 5, Maseru 100	1	58483814/56054348
M Leloka Company Ltd	TIER III	Mrs. Mampe Leloka	Likoting Complex, P.O. Box 143, Botha-Bothe 400	1	(+266) 68646612
Airvantage Lesotho Ltd	TIER II	Mr. Micheal Roffey	Suite 211-212 Victory Hotel Offices, Private Bag A104, Maseru 100	1	(+27)827790943 / (+27)836757708
Quick Financial Bailout (Pty) Ltd	TIER III	Mr. Theko Clark Letsie	Oriental Center, Hospital Area, P.O. Box 701, Mafeteng	1	(+266) 59633399 / 57335150
Juju Financial Services (Pty) Ltd	TIER III	Mr. Mathulise Mpholle	Tlokoeng, Botha Bothe, P.O. Box 871, Botha Bothe 400	2	(+266) 62462541
Lesana Lesotho Limited	TIER II	Mr. Tšepo Ramoholi	Level 4, Block C LNDC, Private Bag A26, Maseru 100	4	(+266) 22321180
NECA Financial Services (Pty) Ltd	TIER III	Ms. Nthabiseng Moloantoa	Lepota Building, Lithabane, P.O. Box 13683, Maseru 100	1	(+266)59451188
MSB Holdings	TIER III	Mr. Sephula Letuka	Epic Printers Building, Industrial Area, Maseru	1	63377888
BJ Financial Services (Pty) Ltd	TIER III	Mr. Tšeliso Senekane	Epic Building, industrial Area Maseru, Private Bag 8173, Bochabela, Khubetsoana	1	
TM Financial Services (PTY) Ltd	TIER III	Mr. Mojalefa Tsatsane	BEDCO Complex Room 1211, Butha-Butha	1	58067930 / 59557120
Express Credit (Pty) Ltd	TIER III	Mrs. Mannete Khotle	Shop 4 LNDC, Kingsway Road, Maseru 100	1	(+266) 58912448

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Appendix 13		List of Licensed Micro-Finance Institutions (continued)				
NAME OF INSTITUTION	TIER	NAME OF CEO/MD	PHYSICAL & POSTAL ADDRESS	NO .OF BRANCHES	CONTACTS	
Thaby & Khau Financial Services Limited	TIER III	Mrs. 'Maphuthi Mathetsa	Metcash Complex, Room 168, Maseru 100	1	63330352/ 62333222	
Future Loans Ltd	TIER III	Mrs. 'Manapo Mohale	Room 139G Metcash Building, Kingsway Road, Maseru 100	1	59088372/ 58842702	
Success Financial Services Ltd	TIER III	Mr. Nkopane Tsoelipe	Ha Khotso Tarabane, Mapoteng, Berea 200	1	58916439	
Bushel Financial Services Ltd	TIER III	Ms. Retšelisitsoe Rammolai	NRH Mall P.O. Box 15569 Maseru 100	1	62482482/ 57594482	
Green Dot Finance I Ltd	TIER III	Mr. Katiso Tšenoli	Metcash Building P.O. Box 15121 Maseru 100	1	62009900/ 62856529	
Myhope Micro-Finance Ltd	TIER III	Mrs. Bonang E. Ntlama	Grindnation Makhoana Building Industrial Area P.O.Box 41 Maseru 100	1	58062130	
Highlands Financial Services	TIER III	Mr. Tlala Lekanyane	Thaba Bosiu, TEBA Building, Mokhotlong	1	58086154	
Mothusi Financial Services (Pty) Ltd	TIER III	Ms. Refiloe Ntšoeu	Mount Moorosi	2	59111444/ 62211444	
MCM Finance Ltd	TIER III	Mrs. 'Mampho Motloli	Ntlholohetsane, P.O. Box 77, Mokhotlong 500	1	53127926/ 66141400	
Faith Financail Services Ltd	TIER III	Mrs. 'Matšireletso Mathaba	Bonhomme House, Room 15, Maseru	1	53764377/ 22323378	
Prime Financial Services	TIER III	Mr. George Mokhethea	Tsoelopele House, Lithabaneng, Main South I	1	58042847	
NP Finance Limited	TIER III	Mr. Ntale Phooko	Metcash Building Maseru 100	1	58993773	
Innovated Financial Services Ltd	TIER III	Mrs. Makopoi Sehlabaka	Ha Sekekete, Maputsoe, P.O. Box 305, Maputsoe 350	1	59776051	
N & R Financial Services	TIER III	Mrs. 'Mantšebo Seeiso	Floor 1 Speedy Complex, P.O. Box 2539 Maseru 100	1	62848967	
TJ Finance (Pty) Ltd	TIER III	Mr. Thabo Ratalane	Ha Leqele Next to Matala Local Court, Main South I Road, Maseru, P.O. Box 48, Maseru 100	1	58481433	
Fresh Money Solutions	TIER III	Mr. Thato Lefosa	AABuilding Room 1 P.O. Box 535 Leribe 300	1	62320225 / 58000225	
SY Financial Services Ltd	TIER III	Mr. Sixakeko Yengane	Tahlo Complex Fokothi, Moshoeshoe Road, P.O. Box 1387, Maseru 100	1	62039312/ 58466299	
Platinum Credit Ltd	TIER III	Ms. Motena Lishea	BNP Centre Crm Airport Road and Parliament Road, P.O. Box 1437, Maseru 100	2	63419272	
Selibeng Financial Services (Pty) Ltd	TIER III	Mrs. 'Makamohelo Makhaola	Room 6 Husted's Building, Kingsway Road, Maseru, P.O. Box 15157, Maseru 100	1	580402297	
LME Finance Ltd	TIER III	Mrs. Lišeoana Mahase	Maoeng Masheane Next to Standard Bank ATM, Mount Moorosi, Quthing, P.O. Box 246, Quthing 700	1	58150625/ 59100756	
Sekabi Financial Services (Pty) Ltd	TIER III	Ms. 'Malekhoboki J Sekabi	Tradorette Mini Market, Kingsway Road, Maseru, P.O. Box 432, Botha Bothe 400	1	57349500	
Sick Financial Services (Pty) Ltd	TIER III	Ms. 'Matumane Sick	Tradorette Mini Market, Kingsway Road, Maseru, P.O. Box 12059, Maseru 100	1	58469547	
Big R Financial Services Ltd	TIER III	Mr. Tšotetsi Ramahetlana	Thabang II Next to Motherland Guest House, Thaba Tseka, P.O. Box 135, Thaba Tseka 550	1	62666669/ 50120012	



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Appendix 13		List of Licensed Micro-Finance Institutions (continued)			
NAME OF INSTITUTION	TIER	NAME OF CEO OR MD	PHYSICAL & POSTAL ADDRESS	NO .OF BRANCHES	CONTACTS
JG Microfinance (PTY) Ltd	TIER III	Mr. Bokang Thulo	Maputsoe, P.O.Box 625, Leribe 300	1	58012063/ 57301426
Tharollo Financial Services	TIER III	Ms. Mojabeng Matsoso	Kobeli Building, Maseru Station	1	63907478
Mosh Fianancial Services	TIER III	Mr. Mpho Moshanyana	Speedy Complex, Maseru 100	3	62002255/ 56066440
Pulamaliboho Financial Services	TIER II	Adv. Dominic Metlae	Ground Floor; Options Building, 240 Pioneer Road, P.O. Box 14312	1	22315521
Kuena Financial Services Ltd	TIER III	Ms. Kuenahali Peete	Maseru Club, United Nations Road, P.O. Box 67, Maseru 100	1	58011604/ 62011604
Reco Financial Services (Pty) Ltd	TIER III	Mr. Bokang Letho	Bible Society of Lesotho Building, Dove Road, Maseru. Liphookoang Box 60, Thaba Tseka 550	1	63168390
TL Finance	TIER III	Mrs. 'Mamolaba Ts'olele	P.O Box 28 Quthing 700	1	63781098
Power House Financial Services	TIER III	Mr.Thabang Ramoqopo	TEBA Building, TY. P.O. Box 14 Mapoteng, Berea	1	59023344
MJM Financial Services Ltd	TIER III	Ms. Moliehi Motsie	Tradorette Building, Kingsway Road, Maseru 100	1	28329889/ 62040000
Serumula Financial Services Ltd	TIER III	Mr. Motlatsi Nthejane	A.M.E Hall Room 5 Maseru	1	57362228/ 67400979
Digiloans Limited	TIER III	Mr. Joel Makara	Mazenod, ha Paki	1	56678903
Karabo Finance Limited	TIER III	Mrs. 'Makatlheho Mothebesoane	Khubetsoana ka Motseng, Maseru	1	59595654
Mercury Finance Limited	TIER III	Mathabo Mohobelo/ Nonkololeko	Ha 'Mathata Maputsoe Leribe	1	59661277
Kente Cash Loans (Pty) Ltd	TIER III	Mr. Halekhethele Kente	Amohelang Moletsane Building, Mohlakeng, P.O. Box 539, Mohale's Hoek 800	1	58916411
Moralla Finance (Pty) Ltd	TIER III	Mr. Rapalinyane Sekese	Mandlebe Building, Ha Tsautse	1	56713465
Bophelong Financial Services	TIER III	Refiloe Mahaoane	Po. Box 2298 Leribe 300	1	56831312
E.M. Instant Loans	TIER III	Mrs. 'Matholang Thabo	Mohale's Hoek	1	56678892
P.K Financial Services	TIER III	Mr. Lehlohonolo Phooko	Government residences, Likalaneng Ha Mohale, Maseru	1	58972305/ 58423796
Letlama Microfinance Ltd	TIER III	Mr. Letlama Joel	Phapjama pela Stepby Step Preschool, Butha Buthe 400	1	57301961/ 59787882
PLN Financial Services	TIER III	Mr. Khahliso Makhele	Ha Motlere, Behind Maluti Brewery Depot, P.O Box 1267 Mafeteng	1	58793905
Leo Financial Services	TIER III	Mrs. 'Maletsie Letsie	Moshoeshoe II near Military Base, P.O.Box 554, Maseru 100	1	58940634/ 62940634
LH Financial Services	TIER III	Lets'olo Lets'ela	Carlton Centre Maseru 100	1	59910178
Mokhothu Holdings (Pty) Ltd	TIER III	Mrs. 'Matheko Mokhothu	Platinum Building, Phamola Road, Maseru 100	1	56622807
Agriculture & Small Business MF	TIER III	Mr. Thapelo Molatoli	Room 7 NRH Mall, Kingsway Road, Maseru	1	57854907/ 63464784

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Appendix 13 List of Licensed Micro-Finance Institutions (continued)					
NAME OF INSTITUTION	TIER	NAME OF CEO OR MD	PHYSICAL & POSTAL ADDRESS	NO .OF BRANCHES	CONTACTS
MFS Finance (Pty) Ltd	TIER III	Mrs. Mamatekane Semela	Hlotse next to Nedbank Building, Room 8, P.O. Box 116, Leribe 300	1	58407230
Lizet Financial Services (Pty) Ltd	TIER III	Mrs. Makatleho Makama	Room 18, Mapetla House, Kingsway Maseru, P.O. Box 10232, Maseru 100	1	63776850/ 58926849
Eliza Micro Finance (Pty) Ltd	TIER III	Ms. Motšea Motsaotoeng	Ha Matala, Next to Twistas, P.O. Box 972, Maseru 100	1	56207591
MR Financial Services (Pty) Ltd	TIER III	Mrs. Mathabo Ramatobo	Ha Motšoaane, Thabana Tsooana, Leribe, P.O. Box 266, Leribe 300	1	58776088
The Dochka Finance Ltd	TIER III	Mr. Boiketlo Molapo	Setsomi Building Room 8, Hlotse, Urban, Leribe, P.O. Box 9750, Maseru 100	1	58882619
New Hope Financial Services	TIER III	Ms. Tšepiso Macheoane	Hlotse Main Road, TEBA Premises Opp. Cash Build. P.O. Box 1162 Maputseo 350	2	58149523
Legacy Financial Services (Pty) Ltd	TIER III	Mrs. Mamoholi Mokhothu	Bensons Bulding, Top Floor Room 3, Maser 100	1	53790226
Justali Finance	TIER III	Ms. Mantlibi Matete	Thesele 'Maseribane Building, P .O. Box 5 Quthing 700	1	50918727
BM Financial Services	TIER III	Mr. Bonane Mabaleha	Ha Abia, a Joele P.O. Box 409 Mazenod 160	1	57144779 / 63333671
BCM Finance	TIER III	Mrs. Moleboheng Matšoele	Mafeteng Resrve, Box 2, Mafeteng 900	1	27002661
OZY's Financial Services	TIER III	Mr. Kamohelo Nthafa	Oblate House, New Office Building, Office Number 7	1	63195555/ 59182510
BIH Finance (Pty) Ltd	TIER III	Ms. Itumeleng Tsukuluhi	Thabang Box 1, Mokhotlong 500	1	
SK Loans (Pty) Ltd	TIER III	Mr. Teboho Sekholomi	P.O. Box 102, Maseru West	1	63850097
First Finance (Pty) Ltd	TIER III	Ms. Liakanyo Mohlomi	Room 4, Blue's building, Maseru 100	1	63297653/ 62088666
62088666	TIER III	Mr. Halekheteloe Kente	Amohelang Moletsane Building, Mohlakeng, P.O. Box 539, Mohale's Hoek 800	1	58916411
Sekhobe Financial Services (Pty) Ltd	TIER III	Mr. Motau Khoeli	Fabric World Building, Opposite Universal Church, Mokhotlong	1	58598600
Financial Hub (Pty) Ltd	TIER III	Mrs. Maunathi Nhlapho	No. 11 Tradorette Building Mini Market, Kingsway Road, Maseru	1	59347424
Fast Loans Financial Sercives	TIER III	Ms. Maqenehelo Mathaba	P.O. Box 212 Mapholaneng 500	1	58997611
Remmoho Financial Services (Pty) Ltd	TIER III	Mr. Mpho Mphatsela	Litsoakotleng Building, P .O. Box 232, Butha Buthe 400	1	58673243
LAT Financial Services	TIER III	Mr. Kabelo Maqache	Mohalalitoe, Lakesidel Hotel P.O. Box 12528	1	68982333
Innovative Quick Solutions	TIER III	Mr. Sefako Seema	Mohalalitoe, Pela Jesu ke Karabo, Maseru	1	62756802/ 67252404
TR Financial Services (Pty) Ltd	TIER III	Ms. Lineo Palime	Tradoratte Building, Kingsway Road	1	63937306
Mpowli Financial Services (Pty) Ltd	TIER III	Mrs. Mamopeli Moholoholo	Room 102 Metcash Bdg. Kingsway Road Maseru, Private Bag A116 Maseru 100	1	58597200
Ideas in Action (Pty) Ltd	TIER III	Mr. Iketsetseng Tsese	Cathedral Area, Fabric Building, P.O. Box 960, Maseru 100	1	59138079



APPENDICES

Appendix 13		List of Licensed Micro-Finance Institutions (continued)			
NAME OF INSTITUTION	TIER	NAME OF CEO OR MD	PHYSICAL & POSTAL ADDRESS	NO .OF BRANCHES	CONTACTS
Easy Credit Finance (Pty) Ltd	TIER III	Ms. Likopo Makhele	Kingsway Mall, 2nd Floor, P.O.Box 2311 ,Maseru 100	1	27312311
Prime Capital (Pty) Ltd	TIER III	Mr.Tekane Lelimo	248 Moshoeshoe Road, Opp. Sefika Mall, Maseru, P.O. Box 662 Maseru	2	63855199
LB Micro Finance (Pty) Ltd	TIER III	Mr. Letsema Lepanya	Roma, Hata-Butle, Maseru	1	68554021
Dee's Cash loans	TIER III	Mr.Thabiso Mokete	Room 2 Khasu's Building, Roma, Maseru 100	1	
MIG Finance (Pty) Ltd	TIER III	Mr. Basia Sephelane	No & Arrival Centre, Kofi Annan Road, Maseru	1	68891973
Mottek Finance (Pty) Ltd	TIER III	Mr.Teko Motilane	Metcash Building, Kingsway Road, P.O. Box 15059, Maseru	1	58721330
Redeem Financial Services	TIER III	Mr.Thuso Mpholo	P.O. Box 117 Maseru. Modise Complex, Mookoli, Main North 1	1	58882100
Bohlokoa Financial Services	TIER III	Ms. Palesa Ntlamelle	LNDC Centre, 2nd Floor; Suite 212, Maseru 100	1	57527777
Bana Ba Thari	TIER III	Mantsuba Rantsuba	P.O. BOX 386, Fabric Building Room 7, Maseru 100	1	50385106
KK Finance Ltd	TIER II	Mr. Keketsi Keketsi	Head Office Butha Buthe, Hospital Road Opp. Cash Build, P.O. Box 37, Butha Buthe 400	10	27059892/ 67081108/ 62883355
Moses Microfinance Ltd	TIER III	Mr. Lebohang Molumaela	Borokhoaneng, M&A Building, P.O. Box 1866, Maseru 100	1	58144431/ 59499686
MKN Financial Services (Pty) Ltd	TIER III	Mr. Lefu Makaoane	Rm 4 Mokhotlo Bldg, Ha Motsoeneng Lithabaneng, P.O. Box 9186 Maseru 100	1	62703470/ 57278770
Joy Finance (Pty) Ltd	TIER III	Ms. Moliehi Lekoala	Room 26 Metcash Building, Kingsway Road, P.O. Box 11871, Maseru 100	1	63286158/ 58504187
Loan Central (Pty) Ltd	TIER III	Mr.Thakholi Nyaphisi	Nyaphisi Residence Room 1 Matamong, P.O. Box 113, Mokhotlong 500	1	50345553
Rorisang Financial Services (Pty) Ltd	TIER III	Ms. Keena Phahamane	Room 7 NRH Mall, Kingsway Road, P.O. Box 883 Maseru 100	1	59222342/ 62461204
LMK Credit and Capital (Pty) Ltd	TIER III	Mrs. Mantsubise Mokhethi	Monaphathi Building Office Number 6, Maseru 100	1	58888653
Ktwins Finance (Pty) Ltd	TIER III	Ms. Khoboso Marabe	Room 193 Metcash Building, Kingsway Road Maseru	1	53430089/ 53430090
MP Financial Services	TIER III	Ms. Makobeli Limpho Kabane	Florida Flats Next to Tribute, P.O.Box 866, Maseru 100	1	58944593
Unifier Financial Services	TIER III	Mr. Retselisitsoe Masunyane	Likhutlong, Mohale's Hoek, P.O. Box 335, Mohale's Hoek 800	1	58654064/ 63001340
LQ Financial Services (Pty) Ltd	TIER III	Mrs. Mamookameli Qhalehi	Thabang 2, Next to Paray High School, P.O Box 552 Thaba-Tseka 550	1	57384491/ 59442285/ 58691174
Mother and Daughter (Pty) Ltd	TIER III	Ms. Motlalepula Nthebe	Likhutlong Pela Jandrel's Building, Mohale's Hoek, P.O. Box 29, Mohale's Hoek 800	1	57597149/ 58589566

APPENDICES

Appendix 13		List of Licensed Micro-Finance Institutions (continued)			
NAME OF INSTITUTION	TIER	NAME OF CEO OR MD	PHYSICAL & POSTAL ADDRESS	NO .OF BRANCHES	CONTACTS
Prosperity Loans (Pty)Ltd	TIER III	Mr. Motalenyane Ntuba	Ha abia, KK Building,Room 2, Maseru 100	1	58817647/ 63297063
Molebo's Financial Services	TIER III	Ms. Moleboheng Machela	Bnp Centre Crn Airport Road and Parliament Road, Second floor Room 13	1	59885257
Tharollong Money Solutions (Pty) Ltd	TIER III	Ms. 'Maatlehang Ramabiletsa	10/10 Building Pitso ground, 3rd Floor Maseru room 306A.	1	57383153
Eezee Loans (Pty) Ltd	TIER III	Mr. Monki Sepamo	Oblate House Room 5, Kingsway Road Maseru	1	62000090
Tšepo ea rina Finance Ltd	TIER III	Tebello Senekane	Salang (LECOP) pela Thaba Ntlenyana Shop Mokhotlong	1	69284180
Batlokoa Financial Services Ltd	TIER III	Matsepe Lelefa	Victoria Hotel Block B Room 404, Kingsway Road, Maseru	1	63887631
Rise Financial Pathways (Pty) Ltd			Mr Jean Building Room B15, Phamola Road, Pitso ground Maseru	1	56232033



APPENDICES

Appendix 14 List of Licensed Financial Leasing					
NAME OF INSTITUTION	NAME OF CHIEF EXECUTIVE OR MANAGING DIRECTOR	PHYSICAL & POSTAL ADDRESS	BRANCHES	CONTACTS	EMAIL ADDRESS
Moipone Fleet Leasing Services (Pty) Ltd	Teboho Lebakeng	Block C Level 7, LNDC Development House, Kingsway Rd, PO. Box 11330, Maseru 100	1	(+266) 22314778	teboho@moiponegroup.co.za

Appendix 15 List of Licensed Authorised Dealers with Limited Authority				
NAME OF INSTITUTION	NAME OF CHIEF EXECUTIVE OR MANAGING DIRECTOR	PHYSICAL & POSTAL ADDRESS	CONTACTS	EMAIL ADDRESS
Mukuru Bureau De Change (Pty) Ltd (Foreign Exchange & Money Transfer)	Andre Willem Ferreira	Room 4, 1st Floor Hopolang Building, Opposite BNP Centre, Maseru 100	(+27)878078310	andre@mukuru.com
Interchange (Pty) Ltd (Foreign Exchange & Money Transfer)	*Maliponto Ramakatane	Pioneer Mall Shop UG 21, Corner Pioneer & Mpilo Roads, Maseru 100	(+266) 22324296	ponti.ramakatan@interchangeafx.com
VCL Financial Services (Pty) Limited	Palesa Mphunyetsane	Vodacom Park 585 Mabile Road, Maseru PO Box 7387, Maseru 100, Lesotho	+266 5221 2335	
Sasai Econet Financial Services Pty Ltd	*Matikoe Letsie	Kingsway, Maseru PO Box 1037 Maseru 100, Lesotho	+266 62221440	letsiem@etl.co.ls

Central Bank of Lesotho

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