

# NEDBANK LESOTHO LIMITED

## FINANCIAL RESULTS

### FOR YEAR ENDED 31<sup>ST</sup> DECEMBER 2008

#### INCOME STATEMENT

	<u>2008</u>	<u>2007</u> <i>(restated)</i>
	M000	M000
<b>INCOME</b>		
Interest income	186,909	133,410
Interest expense	(90,918)	(65,846)
Net interest income	95,991	67,564
Impairment charge on loans and advances	(4,345)	(2,273)
Income from lending activities	91,646	65,291
Other operating income	38,834	33,687
<b>TOTAL INCOME</b>	<u>130,480</u>	<u>98,978</u>
<b>EXPENSES</b>		
Staff costs	34,295	26,313
Other operating expenses	38,835	30,247
<b>TOTAL EXPENSES</b>	<u>73,130</u>	<u>56,560</u>
<b>INCOME BEFORE TAXATION</b>	57,350	42,418
Taxation	14,455	9,040
<b>RETAINED INCOME FOR THE YEAR</b>	<u>42,895</u>	<u>33,378</u>
<b>EARNINGS PER SHARE</b>	<u>2.14</u>	<u>1.67</u>

#### BALANCE SHEET

	<u>2008</u>	<u>2007</u> <i>(restated)</i>
<b>ASSETS</b>		
Cash and cash items	16,346	12,019
Balances with Central Bank	21,177	44,790
Balances with group banks	407,864	201,152
Balances with other banks	858,160	833,798
Other short-term securities	144,987	183,587
Loans and advances	325,553	271,237
Amounts due from other banks	44,358	26,527
Deferred taxation asset	3,620	2,238
Property and equipment	32,836	29,990
Intangible assets	681	626
Other assets	8,796	6,711
<b>TOTAL ASSETS</b>	<u>1,864,378</u>	<u>1,612,675</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	20,000	20,000
Reserves	145,164	149,682
<b>TOTAL EQUITY</b>	<u>165,164</u>	<u>169,682</u>
<b>LIABILITIES</b>		
Deposits from customers	1,336,251	1,129,604
Deposits from banks	343,381	284,460
Other liabilities	19,582	28,929
<b>TOTAL LIABILITIES</b>	<u>1,699,214</u>	<u>1,442,993</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,864,378</u>	<u>1,612,675</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	<u>140,472</u>	<u>54,514</u>

Mokhejane 'Moleli (Mr)  
Chief Financial Officer

Lazarus Murahwa (Mr)  
Managing Director

#### COMMENTS ON THE RESULTS

The bank's headline earnings for the year ended 31 December 2008 improved by 28.5% to M42.9m from M33.4m in 2007. The steady performance during the year was the result of improvements in all facets of the bank's operations following the ongoing process re-engineering, the effects of the footprint expansion in 2007 and 2008 and general positive economic growth during the year of 3.5% although this had been forecasted to be 5.1%. The reduction in economic growth was largely due to the effects of the global economic crisis and recession in some major international markets which have adversely affected some of our clients' activities.

Cost to income ratio also continued to show signs of improvement at 54.2% for 2008 compared to 55.9% in 2007. Headline earnings per share improved by 28% in 2008 to 214 cents from 167cents in 2007.

The board of directors and management of Nedbank Lesotho Limited wish to thank all stakeholders (staff, customers, shareholders, regulators and the community at large) for their valuable and continued support during 2008.

MAKE THINGS HAPPEN

NEDBANK

A Member of the OLD MUTUAL Group