NEDBANK (SWAZILAND) LIMITED

FINANCIAL RESULTS

MAKE **THINGS HAPPEN**



NET INTEREST

26% E162.6 MILLION

HEADLINE

NON INTEREST

E139 MILLION

6%

RETURN

NIR TO **EXPENSES**

90.2%

4%

MARKET SHARE 20%

Non-interest revenue

Impairment of advances

Net income before tax

Deferred income tax

Net income after taxation

OTHER COMPREHENSIVE INCOME

Total other comprehensive income

STATEMENT OF FINANCIAL POSITION

Government and public sector securities

Loans and advances to customers

Amounts due from other banks

Derivative financial instrument

Total comprehensive income

Cash and short-term funds

Other receivables

Investments

Share capital

Reserves

Deferred taxation asset

Property and equipment

EQUITY AND LIABILITIES

Amounts owed to depositors

Current taxation liabilities

Trade and other payables

Funding from other banks

Total equity and liabilities

and contingent liabilities

Prior year's final dividend paid

Net income after tax for the period

Shareholders' equity - at end of period

Cash utilised by investment activities

Cash utilised by financing activities

Net cash generated/(utilised)

ABRIDGED STATEMENT OF CASHFLOWS

Employee benefits obligation

Derivative financial instruments

Guarantees, letters of credit, unutilised facilities

ABRIDGED STATEMENT OF CHANGES IN EQUITY

Re-measurement of defined benefit liability - net

Cash generated/(utilised) by operating activities

Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period

Shareholders' equity - at beginning of period

Shareholders' equity

Deposits from banks

Re-measurement of defined benefit liability

Basic and diluted earnings per share (cents)

Total income

Expenses

ROE (%)

ASSETS

ASSETS

10%

DIVIDEND

110 CENTS

ADEQUECY

230 026 632

(67 395 683)

162 630 949

138 996 482

301 627 431

(13 733 444)

287 893 987

133 821 083

96 930 084

815 000

590 873

393

20.4%

(224 127)

97 520 957

321 524 765

364 773 471

6 742 647

37 620 746

19 623 373

20 571 942

3 595 504 096

2 311 081

11 930 554

2 691 288

10 605 151

94 705 527

7884000

19 598 615

479 710 579

3 595 504 096

947 420 904

401 570 146

(24 640 134)

96 930 084

474 450 969

97 597 125 (35 114 283)

(7 924 881)

29 917 827

(24 640 134)

(188 103 641)

(158 185 814

590 873

462 520 415

474 450 969

2 505 857 967

2 799 182 778

(36 890 999)

(154 072 904)

18.4%

CAPITAL

EARNINGS PER SHARE

27%

Year ended 31 December 2013

Restated

185 651 400

(56 311 449)

129 339 951

130 749 820

260 089 771

(10 171 273)

249 918 498

110 385 486

(34 240 176)

76 145 310

18 276 000

(5 096 850)

13 179 150

89 324 460

192 132 645

272 029 093

6 645 040 22 259 820

14 389 222

18 072 725

2 491 011

22 125 672

11 930 554 389 639 592

401 570 146

5 215 585

3 351 734

61 847 344

8 766 000

12 665 773

380 236 286

2 845 118 568

742 799 317

335 653 813

76 145 310

13 179 150

401 570 146

(460 734 631)

(32 329 424)

(13 114 487)

(23 408 128) (529 586 670)

341 483 029

(188 103 641)

Ms F Nkosi

(Managing Director)

(23 408 127)

1971465700

2 845 118 568

2 294 973 340

309

19.0%

(139 533 012)

SZL

COMMENTARY

OVERVIEW

Swaziland's economy has continued to show signs of recovery from the effects of the global economic downturn and the country's fiscal and external balances have also improved over the years. The Bank has delivered value in a volatile macro environment. Headline earnings have increased by 27% to E96.9 million (2013: E76.1 million) driven by a strong increase in both net interest income and non-interest revenue. Deposits have increased by 27% to E2 506 million (2013: E1 971 million), growth is mainly from corporate clients. The bank continues to strive for diversification of the asset book and growing core deposits by driving current and savings accounts to improve profitability.

NET INTEREST INCOME (NII)

NII increased by 26% to E162.6 million (2013: 129.3 million), benefiting from growth in interest earning assets. The net interest margin (NIM) widened to 5.9% as focus was on high yielding assets even though slightly compressed by high cost of funds as deposits remain skewed towards wholesale.

IMPAIRMENTS OF LOANS AND ADVANCES

Charge for impairments increased by 35% to E13.7 million (2013: E10.2 million), this is in line with the growth in the loan book and was anticipated in view of the drive in growing the retail sector especially unsecured lending. The credit loss ratio is 0.56% a slight increase from prior year. Non performing loans increased to E37.3 million (2013: E29.1 million). However the Bank continues to improve asset quality, prudent credit granting and strong collections.

Impairments raised were in line with the regulatory requirements and International Financial Reporting Standards (IFRS) have been taken into account.

NON-INTEREST REVENUE (NIR)

NIR increased by 6% to E139.0 million (2013: E130.7 million). Growth was realised in service fees and cash handling fees earned as a result of an improvement in the bank's transactional volumes. The NIR to expenses ratio for the year was 90.2% (2013: 93.7%), higher expenses growth rate resulted in regression of the ratio.

OPERATING EXPENSES

Expenses growth of 10.4% to E154.1 million (2013: E139.5 million) was underpinned by continued investment in revenue enhancement initiatives especially brand visibility expenses. The bank's cost to income ratio is 51.1% (2013: 53.7%) the positive movement is attributed to the continuous monitoring of costs.

CAPITAL ADEQUACY

The bank's capital adequacy ratio was 18.4% as at 31 December 2014 which was above regulatory requirements. Capital and reserves totaled E474.5 million (2013: E401.6 million).

standardised methodology adopted for all the Nedbank Group's African subsidiaries. The Bank monitors its capital adequacy through its ALCO process.

The Board of Directors is satisfied that the Bank's

strong balance sheet and is well positioned to continue to grow in the coming year despite the challenging economic climate. The Bank aims to grow its customer base and expects growth in headline earnings to be above nominal GDP growth

DIVIDEND DECLARATION

share for the year ended 31 December 2014 has been declared payable to members registered in the books of the bank at the close of business on 15 May 2015. The transfer books and register of members will be closed from 8 May 2015 to 11 May 2015 both days inclusive, and dividend warrants will be posted to shareholders on or about 20 May 2015.

normal tax of 10% will be deducted by the bank from dividends paid to local shareholders. Non-resident shareholders tax will (where applicable) be deducted from dividends.

ANNUAL GENERAL MEETING

and a final notification, together with the Annual Report will be sent to shareholders not later than 5 May 2015

CORPORATE GOVERNANCE STATEMENT

The Directors and Management of Nedbank (Swaziland) Limited confirm their commitment to the principles of good Corporate Governance as articulated in the King III report.

DIRECTORS

The composition of the Board currently is as follows: Mr. B C F Mhlongo (Chairman), Ms. F Nkosi (Managing Director), Mr. S Beyers (non-executive), Ms N.R Hlatshwayo (non-executive), Mr. H Brits (independent non-executive), Mr. A Du Plessis (executive) and Mr. A

COMMITTED TO LONG-TERM VALUE CREATING FOR ALL OUR STAKEHOLDERS



INVESTING IN OUR **PEOPLE**

- Continued focus on Continued focus on people development.
 Ex-selling skills training conducted.
 Franchise for financiers training conducted.
 Nedbank way training.
 Over 159 Staff trained.



INNOVATING FOR OUR **CLIENTS**

- Total clients over 97 755. Continued to invest in the ATM footprint bringing it to a total of
- E722 million in new loans paid out (Retail)
- E343 million in nev loans paid out
- Enhanced our premie



CONSISTENTLY TO OUR SHARFHOI DERS

- to 110 cents per share, a 10% increased to 110 cents per share, a 10% increase from last financial year.

 Earnings per share increased to 393 cents from E309 cents.



COMMUNITIES WF SFRVF

- affordable and accessible.
 Contributed over E1 Million to socio-economic development.

STATEMENT OF COMPREHENSIVE INCOME Interest Income Interest expense Net interest income

The Bank is reporting in line with Basel II using the

capital meets Regulatory Requirements.

The Bank is resilient, with a diversified loan book and a

Notice is hereby given that a dividend of 110 cents per

In terms of the Income Tax Act 1975 (as amended),

The Annual General Meeting will be held on 28 May 2015

For and behalf of the Board Mr. B Mhlongo

KPMG Chartered Accountants (SD)

(Chairman)

Auditors:

Umkhiwa House

195 Kal Grant Street,

Taxation paid

Sponsoring broker:



Swaziland Stockbrokers Limited 5th Floor SIDC Suite, Dlan'ubeka House, Mhahane

Transfer Secretaries:



MTN Office Park Kal Grant Street Mbabane