

# Lesotho PostBank Limited (Registration number I2004/163)

## Annual Financial Statements for the year ended 31 December 2017

### Financial Position

**Growth of balance sheet**  
Deposits amounted to M1 billion as at December 31<sup>st</sup> 2017, a 71% growth from prior year which stood at M588.8 million. This was attributable to acquisition of new clients coupled with our strong customer retention strategy. This performance resulted in the balance sheet growing by 62% to M1.3 billion.

The loan book stood at M643 million, an increase of 176% from 2016, this resulted into a positive growth in income as recorded in the income statement. The higher loan book growth rate was registered in both Retail and Business segments.

**Capital Expenditure**  
Capital expenditure of over M62 million included refurbishment costs on Mafike House, Maputsoe Branch, procurement and installation of new ATMs, the upgrade of the core banking system and the commencement of Digital e-Channels Project. The Go-Live date of the upgraded core banking system was in May 2017. Pursuant to amplifying customer services, the Bank intends to open a branch at Bonhomme House (Maseru) in the course of 2018, launch Internet, Mobile, Agency and Merchant Banking as well as e-Wallet.

**Liquidity**  
The Bank maintains a healthy liquidity level despite heavy expenditure on capital projects undertaken during the year in pursuit of growth and broader outreach as well as growth in the loan book. The funds were invested diligently for the increased profitability and regulatory compliance.

### Financial Performance

**Increase in Interest Income**  
Interest income improved significantly to M117 million (2016: M53 million) as a result of growth in the loan book and the deployment of funds into high yield financial instruments. The interest rate charges on loans remained stable throughout the year whereas interest paid on savings and investments was aligned to inflation rate.

**Operating and Staff expenses**  
Operating expenses went up by 51% from M35.9 million in 2016 to M54 million in 2017 as a result of growth in business coupled with activities that support the same growth. Employee costs grew 28% year-on-year as a result of increase in staff compliment to support growth strategy.

**Profit Before Tax**  
Profit before tax for the year was M53.7 million compared to M6.1 million registered in 2016 as a result of cost containment measures which management put in place coupled with upswing in income generated from operations emanating from the improved product and services.

### Acknowledgements

Our appreciation goes to all our customers for their loyalty and continued support. We want to extend our gratitude to all our stakeholders, in particular, our Staff for providing excellent service to our customers. We wish to thank the Government of Lesotho, particularly the Ministry of Communications, Science and Technology and Ministry of Finance, for their continued support and engagements, Central Bank of Lesotho for their guidance in regulatory compliance and stabilizing the banking sector. We appeal to all our stakeholders to partner and support us in all activities we envisage to undertake going forward. We have heard your voices and commit to be your partner of choice.

### Prospects for 2018

- To maintain the momentum in the increasing profitability and to be fully sustainable;
- To drive sustainable Corporate Social Responsibility that is relevant to our communities;
- To continue to be business partner of Government of Lesotho through support in its initiatives enshrined in the National Strategic Objectives which include employment creation and financial inclusion;
- To promote financial literacy in the general populace in order to build financial independence to our society;
- To remain the most affordable Bank in Lesotho in respect of provision of financial services.

### Boemo ba Lichelete (Financial Position)

**Kholo ea Boleng ba Khoebo (Balance Sheet)**  
Lipolokelo li fihletse M1 billion ka Tšitoe 31<sup>st</sup> 2017, kholo ea 71% ha ho bapisoa le polokelo ea M588.8 million ka 2016. Sena se bakoa ke bareki ba bacha ba bolokang le rona le tse la hloahloa tsa ho qoba tahlehelo ea bareki. Ke ka hona boleng ba Banka (balance sheet) bo nyolohetseng ho M1.3 billion, e leng linoko tse 62 lekholong (62%) papisong le 2016.

Kakaretso ea mekoloto e fanoeng ke M643 million, kholo ea 176% papisong le 2016. Mekoloto ena e fanoeng ho motho ka bomong le likhoebong.

**Tšebeliso ea Chelete Meralong e Mehola (Capital Expenditure)**  
Banka e sebelisitse kahalimo ho M62 million bakeng sa meralo e meholo e kenyeletsang ho nchafatsa le ho ntlafatsa moaho oa Mafike House le oa Maputsoe Branch, ho reka li-ATMs, ho nchafatsa le ho ntlafatsa likomporo tsa ho banka (core banking system) le ho thakholo moralo oa mechini ea marang-rang ea ho banka (Digital Channels Launch Project). Porojeke ena ea ntlafatso ea likomporo e felile ka Motšehanong 2017 'me Banka ea qala ho li sebelisa ka eona nako eo. Lintlafatso tse na li tla lateloa ke ho bula lekalana le leng Maseru moahong oa Bonhomme House ka 2018. Tse ling tsa lihlahisoa tse tlang ka 2018 ke ho kenya tšebetsong lihlahisoa tsa marang-rang eleng Internet le Mobile Banking, Agency le Merchant Banking le Mobile Money. Banka e kene litšenyehelong hobane e batla ho ipeha 'mapeng ka ho fana ka litšebeliso tsa morao-morao tsa marang-rang, hore e tsebe ho fana ka lihlahisoa tse hlokoang ke bareki, 'me tse tšireletsehileng.

**Lichelete tse Fumanehang Habobele (Liquidity)**  
Banka e ntefatsa kamehla hore boemo ba chelete e sebelisang habobele (liquidity) bo lula bo nepahetse esita le nakong eo Banka e sebelisang lichelete tse boima mabapi le meralo e meholo le liporojeke tse kholo tsa lintlafatso le ho anetsa litšebeliso sechabeng. Banka e boetse ea tsetela ka bohale hore e une puseletso e holimo holim'a matsete a eona. Banka e lutse e le seli kamehla hore e 'ne e itšetlehe ka melao e laolang libanka.

### Tšebetso ea Chelete (Financial Performance)

**Mouno oa Tsoala / Phaello**  
Mouno o hlalileng e le tsoala (Interest income) o nyolohetse ho M117 million ka 2017 o tloha ho M53 million ka 2016. Hona ke tšebetso e khotsofatsang e hlalitseng ke kholo ea mekoloto e nanabelitsoeng bathong ka bo mong le likhoebong esita le ho tsetela ho hloahloa mebarakeng ea lichelete. Litsoala mabapi le mekoloto ha li eaka tsa fetoloa, ha litsoala mabapi le matsete li ile tsa ipapisa le sekahla se akaretsang sa theko (inflation rate).

**Tšebeliso ea Chelete Mabapi le Basebetsi le Tselo ea Mehla ea Khoebo (Operating and Staff expenses)**  
Litšenyehelo tse tloaelehileng li nyolohile ka linoko tse mashome a mahlano le motso o le mong lekholong (51%) ka kakaretso ea M54 million ho tloha ho M35.9 million ka 2016. Hona ke litlamorao tsa ho hola ha Banka le meralo e tšehetsang kholo ena. Litšenyehelo tse amanang le basebetsi li nyolohile ka 28% kaha lethathamo la basebetsi le eketsehile e ntse e le ho tšehetsa kholo ena e kholo ea Banka.

**Tsoala Pele ho Lekhetho (Profit Before Tax)**  
Tsoala pele ho lefshoa lekhetho ke M53.7 million ha ka 2016 palo ena e ne e le M6.1 million. Lebaka le lehola la pele ke hore Banka e 'nile ea tsoelapele ho lisa le ho beha tšebetsong meralo ea ho theola litšenyehelo (cost containment), ha la bobeli e bile mouno o hlalileng lihlahisoeng tse ncha tsa Banka.

### Kananelo (Acknowledgements)

Re isa litheboho ho bareki ba rona ba oeleng ba tsoha le rona. Re boele re lebohe basebetsi ba Banka ka boitelo ba bona mosebetsing le litšebeliso tse ntle ho bareki. Re leboha hape 'Musu oa Motlotlehi, e leng bona beng ba Banka, ka kotloloho re leboha Lekala la Likhokahanyo, Mahlale le Tšebeliso ea Mahlale, le Lekala la Lichelete ka litšehetso tsa oona. Re ipiletsa ho bohle ba chang ba tšola bankeng ena ho tsoelapele ho hokahana le rona ho tšehetsa meralo ea rona. Re sekehetsa tsebe likeletso le likhothaletso tsa lona 'me re itlamba hore re tla sebetsa 'moho le lona.

### Chebelopele ka 2018

- Ho tsoelapele ho holisa phaello ea khoebo hofihlela Banka e ka ikemela ka botlalo;
- Ho tsoelapele ho tebisa metso ea rona mererong ea ho busetsa sechabeng ka meralo e tla khahlanyetsa lithoko tsa sechaba;
- Ho tsoelapele ka khokahano le 'Musu oa Motlotlehi ka ho ntšetsa pele merero ea 'ona e ngoliloeng ka har'a tokomane e bitsoang "National Strategic Objectives" e kenyeletsang ho qala mesebetsi le ho bona hore ha hona batho ba saletseng kathoko ha ho tluoa tabeng tsa lichelete (financial inclusion);
- Ho phahamisa litsebo tsa mathomo tsa lichelete sechabeng ka kakaretso e le hore batho ba ikemele karolong ena ea lichelete;
- Ho lula re le Banka e litjeo li tlaase 'me li fihleloa ke bohle Lesotho ha ho shejoa litšebeliso tsa libanka ka kakaretso.

### Statement of Financial Position as at 31 December 2017

	2017	2016
Assets	M	M
Property, plant and equipment	51,965,990	56,791,830
Intangible assets	44,000,186	6,727,389
Deferred tax	8,594,895	3,580,942
Treasury bills	146,223,453	77,256,458
Inventories	538,393	1,050,799
Trade and other receivables	16,840,641	7,740,999
Investments	48,108,553	50,712,244
Loans and advances	643,006,904	232,747,324
Cash and cash equivalents	370,295,429	379,003,078
<b>Total Assets</b>	<b>1,329,574,444</b>	<b>815,611,063</b>

### Equity and Liabilities

Equity		
Share capital	37,000,000	37,000,000
Reserves	40,033,811	16,993,035
Retained income	70,709,906	50,107,781
	<b>147,743,717</b>	<b>104,100,816</b>

### Liabilities

Deferred tax liability	3,125,285	1,924,500
Loan impairments	19,748,047	5,739,361
Trade and other payables	20,817,240	20,470,177
Deferred income	114,683,818	93,527,893
Corporate tax liability Deposits	15,340,407	1,020,810
Deposits	1,008,115,930	588,827,506
<b>Total Equity and Liabilities</b>	<b>1,329,574,444</b>	<b>815,611,063</b>

### Statement of Profit or Loss and Other Comprehensive Income

	2017	2016
	M	M
Capital grant income	6,978,785	3,381,122
Other operating income	42,789,479	22,468,749
Interest income	116,919,765	52,869,310
Depreciation and amortization	(5,449,111)	(3,381,122)
Employee costs	(38,173,260)	(29,802,456)
Other operating expenses	(54,035,801)	(35,893,397)
<b>Profit/(loss) before taxation</b>	<b>69,029,857</b>	<b>9,642,206</b>
Finance costs	(15,291,911)	(3,522,398)
<b>Profit before taxation</b>	<b>53,737,946</b>	<b>6,119,808</b>
Taxation	(12,533,697)	(2,184,912)
<b>Profit for the year</b>	<b>41,204,249</b>	<b>3,934,896</b>

### Other comprehensive income:

### Items that will not be reclassified to profit or loss:

Other comprehensive income:	-	-
<b>Total comprehensive income for the year</b>	<b>41,204,249</b>	<b>3,934,896</b>

R. ELIAS  
BOARD CHAIRMAN

M. LEQHAOE  
MANAGING DIRECTOR

