

Lesotho PostBank Limited

(Registration number I2004/163)

Annual Financial Statements for the year ended 31 December 2014

In 2014, the bank achieved a significantly improved performance, registering a profit before tax of M4.497 million. This was driven by increased net interest income, and a significant reduction in impairment costs despite the increase in our Loans and advances.

LPB's target to improve its performance resulted in the cost to income ratio improving by 22.5% YOY, thereby making cost monitoring an added competitive advantage. The reduction in our cost base, coupled with lower impairments, has driven a major improvement in our profitability and returns, with the underlying result strengthening from a loss in 2013 (M9.830 million subsidized by grants) to a profit of M4.497 million in 2014. This improvement in profitability has been a key driver in transforming our balance sheet, with our key ratios significantly strengthening through our strong underlying performance.

The transformation of our business also includes great progress made towards our strategic aim of being the best and relevant bank for our customers anywhere, by continuing to invest in structured customer value propositions and significantly reducing risk in our lending portfolio through careful portfolio management, tighter, clear controls and maintaining a low risk appetite. Coupled with the positive impact of the collections department, this has led to a significant reduction in nonperforming loans, which now represent less than 2% of gross advances compared to 6% in 2013.

The Board and staff of LPB want to pass special thanks to its current and the potential customers for their continuing support and we commit to serve the community at large. We pledge, at all times, to live up to our core values that include but are not limited to "putting customer interests first, integrity and professionalism".

Ka selemo sa 2014, banka ea rona e sebelitse hantle haholo papisong le 2013, 'me ea fihlela phaello ea M4.497 million pele ho lekhetho. Se ka sehlohlolong tšebetsong ena e ntle, e bile phaello e hlalisoeng ke matsete, ho nyolla likalimo ho sechaba, le ho fokotseha ho holo hoa litšenyehelo.

Sepheo sa banka sa ho ntlafatsa tšebetso ka ho theola litšenyehelo ho entse hore papiso ea litšenyehelo ho mouno oo re o fumaneng (Cost to income ratio) ho ntlafale ka 22.5% papisong le 2013. Sena se re kholisitse hore moralo oa ho fokotsa litšenyehelo tšebetsong ke sebetsa se ka re tlisetsang molemo ha re ipapisa le bao re qothisanang le hlokoa le bona. Phokotseho eona ena ea litšenyehelo ka kakaretso 'moho le ho fokotseha ha litšenyehelo tse amanang le likalimo ka kotloloho, ke tsona tse ntlafalitseng phaello (profitability and returns), 'me tsa fetolela boemo ba tahlehelo ea M9.830 million ka 2013 ho phaello ea M4.497 million ka 2014. Ntlafalo ena ea phaello le eona e fetotse sebopeho sa matla a boleng ba banka ea rona ba lichelete (balance sheet), 'me lipalo-papiso (ratios) tseo re li sebelisang ho metha boleng bona, le tsona li ntlafetse.

Phetoho ea mokhoa oa tšebetso ea rona e kenyeletsa khatelopele e kholo ea ho fihlela litšiea tsa tšebetso (strategic pillars). E 'ngoe ea litšiea tsena ke ho nka mehato ea ho netefatsa hore re araba lithoko tsa sechaba ka linako tsohle, le ho etsa meralo e sa beheng lithoko tseo kapele feela, empa e bile e li fumanela tharollo. Re etsa tsena re ntse re le seli hore re se ke ra beha khoebo ea rona, haholoholo ea ho fana ka likalimo, tsitsing kapa tlokotsing ea ba ikhakanyetsang ho lefa likalimo tse joalo. Selemong se tosa feta re ile ra ikitlaetsa haholo ho lelekisa ba ileng ba ikhakanyetsa boitlamo ba bona ba ho lefa likalimo le ho lefa ka nako e lumellanoeng. 'Me sena se ile sa re thusa ho theola boemo ba melato e sa lefuoa. Palo-papiso eo re e sebelisang ho metha sena, e theohile ho 6% ka 2013 ho ea ho katlaase ho 2% ka 2014. Palo-papiso ena e bapisa likalimo tse tlosoeng moeli ho likalimo ka kakaretso.

Bookameli le basebetsi ba Lesotho Postbank ba fetisetse liteboho tsa bona ho sechaba ka kakaretso ka botšehetsi ba bona bo tsoileng matsoho. Re itlamba ho tsoelapele ho fana ka litšebeletso sechabeng sa habo rona. Boikano ba rona hara tse ling ke "ho beha bareki kapele, tšebetso e nang le seriti, bokhabane bosebelising".

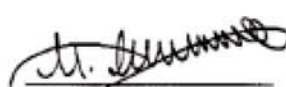
Khotso! Pula! Nala!

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2014

M'000	2014	2013
Interest income	28 630	17 739
Interest expense	(1 991)	(2 396)
Net interest income before impairment of advances	26 638	15 344
Impairment of advances	(213)	(3 226)
Net interest income after impairments of advances	26 425	12 118
Non interest income	17 094	9 495
Capital Grant Income	2 886	2 367
Income from operations	46 405	23 980
Employee costs	(21 178)	(16 728)
Depreciation	(2 886)	(2 367)
Operating expenses	(17 844)	(14 714)
Profit before tax	4 497	(9 830)
Tax	(623)	-
Profit after Tax for the year	3 873	(9 830)
Subsidised by Grants	-	9 830
Total Comprehensive Income	3 873	0

STATEMENT OF FINANCIAL POSITION as at 31 December 2014

M'000	2014	2013
ASSETS		
Cash and short term funds	136 378	209 986
Loans and Advances	130 709	20 248
Investment securities- Treasury Bills	60 469	67 661
Inventories	422	1 014
Trade and other receivables	2 115	1 419
Property and equipment	15 763	13 361
Deferred tax asset	1 434	-
Total assets	347 290	313 688
EQUITY AND LIABILITIES		
Liabilities		
Deposits	286 019	272 498
Trade and other payables	6 051	4 557
Deferred Income	29 290	16 633
Corporate Tax liability	1 314	-
Deferred Tax liability	744	-
Total liabilities	323 417	293 688
Equity		
Capital and reserves		
Ordinary shares	20 000	20 000
Retained Income	3 873	-
Total equity	23 873	20 000
Total equity and liabilities	347 290	313 688


MASEQOBELA WILLIAMS
CHAIRPERSON


MOLEFI LEQHAOE
MANAGING DIRECTOR