

ABRIDGED AUDITED FINANCIAL STATEMENTS OF FIRST NATIONAL BANK OF LESOTHO LIMITED
(Published in accordance with section 40(3)(a) of the Financial Institutions Act 2012)


how can we help you?

M' 000	31 December 2017	31 December 2016
Interest and similar income	180 485	154 870
Interest expense and similar charges	(52 405)	(40 400)
Net interest income before impairment of advances	128 080	114 470
Impairment of advances	(67 350)	(25 245)
Net interest income after impairments of advances	60 730	89 225
Non-interest revenue	170 180	170 732
Income from operations	230 910	259 957
Operating expenses	(259 891)	(220 608)
Profit before income tax	(28 981)	39 349
Income tax expense	7 071	(9 889)
Profit for the year	(21 910)	29 460
Other comprehensive income	-	-
Total comprehensive income for the year	(21 910)	29 460

M' 000	31 December 2017	31 December 2016
ASSETS		
Cash and cash equivalents	240 488	372 207
Investments securities and other investments	370 411	174 931
Current tax asset	14 552	-
Advances	698 372	777 218
Accounts receivable	13 611	4 672
Amounts due by holding company and fellow subsidiary companies	570 550	369 602
Property and equipment	48 968	49 747
Deferred income tax asset	19 394	13 462
Total assets	1 976 346	1 761 839
EQUITY AND LIABILITIES		
Liabilities		
Creditors, accruals and provisions	36 177	42 270
Current tax liability	-	12 536
Deposits	1 647 340	1 461 815
Employee liabilities	9 367	6 360
Amounts due to holding company and fellow subsidiary companies	122 643	56 104
Tier 2 liabilities	19 939	19 965
Total liabilities	1 835 466	1 599 050
Equity		
Ordinary shares	39 124	39 124
Share premium	9 109	9 109
Reserves	92 647	114 556
Total equity	140 880	162 789
Total equity and liabilities	1 976 346	1 761 839

Financial Performance

2017 proved to be a challenging year for First National Bank of Lesotho (FNBL) where performance was affected by high impairment losses and an increase in operating costs. FNBL has revised its strategy to address credit quality and reduce the rising cost base.

Net Interest Income has shown healthy growth at the back of growth in investment securities supported by a strong growth in deposits.

Non-Interest Revenue has been under pressure as the bank continues to drive its digital strategy. This was expected as digitisation is aimed at reducing the cost of banking to customers while driving operational efficiencies.

Channel Footprint

FNBL prides itself as being the first bank in Lesotho to introduce Automated Deposit Terminals (ADTs). The ADTs accept deposits and offer customers value in real time at a much lower cash deposit fee. ADTs have been installed at all the branches in Lesotho. In addition, the cash@till functionality, which has been introduced at certain retailers, enables FNBL customers to withdraw cash at Point of Sale machines further allowing banking to be easily accessible.

Segment Review
Retail Segment

The bank introduced the Bokamoso Funeral policy towards the end of the financial year as part of its value add offering to customers. This is the most competitive policy with the first cash back feature in the market to date.

A new smart gold bundle pricing option has been introduced for our smart segment that provides a flat rate pricing option which includes tailormade banking services.

Business Segment


In line with its SME strategy and the goal to make banking more transparent to clients, the Business Segment introduced a Single Fee Pricing option for businesses with an annual turnover of M500 000. Single Fee Pricing offers effortless banking to business owners for example free ADT deposits.

Corporate Segment

The Corporate Segment continues to provide tailor made solutions for large corporates as well as competitive forex and trade solutions.



I Leyenaar
Chairman



W.J. Adams
Chief Executive Officer