

# AFB (GHANA) PLC AUDITED RESULTS FOR YEAR ENDED 31 December 2017

Published in compliance with the requirements of the Listing Rules of the Ghana Stock Exchange (GSE).  
Financial results presented in compliance with International Financial Reporting Standards (IFRS).



- Profit after tax increased by 166%
- Investment Grade rating of Company MTN reaffirmed

## Statement of comprehensive income for the year ended 31 December 2017

	2017 (GHS '000)	2016 (GHS '000)
<b>Income</b>		
Interest income	61 830	54 142
Interest expense	(19 058)	(17 207)
<b>Net interest income</b>	<b>42 772</b>	<b>36 935</b>
Net impairment allowance	(3 422)	(9 976)
<b>Income from lending activities</b>	<b>39 350</b>	<b>26 959</b>
Other income	6 657	6 518
<b>Operating income</b>	<b>46 007</b>	<b>33 477</b>
Total operating expenses	(34 198)	(26 297)
Selling and collection costs	(10 832)	(8 326)
Administration and other expenses	(23 366)	(17 971)
<b>Profit from operations before taxation</b>	<b>11 809</b>	<b>7 180</b>
Income tax expense	(3 612)	(4 101)
<b>Profit for the year</b>	<b>8 197</b>	<b>3 079</b>
Other comprehensive income	-	-
<b>Total comprehensive profit for the year</b>	<b>8 197</b>	<b>3 079</b>

## Statement of financial position as at 31 December 2017

	2017 (GHS '000)	2016 (GHS '000)
<b>Assets</b>		
Cash and bank balances	5 710	10 479
Other receivables	2 962	1 574
Loan book receivable	163 802	91 680
Deferred tax	1 502	415
Property, plant and equipment	3 672	3 885
<b>Total assets</b>	<b>177 648</b>	<b>108 033</b>
<b>Equity and liabilities</b>		
Issued capital	30 546	30 546
Retained income	(1 406)	(5 504)
Share based payment reserve	41	-
Statutory reserves	9 256	5 158
<b>Total equity</b>	<b>38 437</b>	<b>30 200</b>
Trade and other payables	24 805	1 534
Tax payable	4 473	2 764
Deposits from Customers	10 672	-
Borrowings	99 261	73 535
<b>Total liabilities</b>	<b>139 211</b>	<b>77 833</b>
<b>Total equity and liabilities</b>	<b>177 648</b>	<b>108 033</b>

## Statement of cash flows for the year ended 31 December 2017

	2017 (GHS '000)	2016 (GHS '000)
Net cash utilised in operating activities	(32 481)	(14 925)
Net cash utilised in investing activities	(1 184)	(898)
Net cash generated from financing activities	28 896	9 120
<b>Net decrease in cash and cash equivalents</b>	<b>(4 769)</b>	<b>(6 703)</b>
Cash and cash equivalents at beginning of the year	10 479	17 182
<b>Cash and cash equivalents at end of the year</b>	<b>5 710</b>	<b>10 479</b>

- Gross loan book increased by 75%.
- Over 1m Mobile "Qwikloan" loans disbursed

## Principal Activity

The company is licensed to operate as a Non-Banking Financial Institution (NBFI), Finance House, under the Banks and Specialized Deposit Taking Institutions Act 2016 (Act 930).

## Change of shareholding

Letshego Holdings Limited ("Letshego") acquired 100% of the Company effective 1 January 2017. Letshego was incorporated in 1998, is headquartered in Gaborone and has been publicly listed on the Botswana Stock Exchange since 2002.

## Review of the performance of the Company

The company performed strongly during 2017, increasing profit after tax by 166% compared to 2016.

Collection and recovery rates have been strong during the current period, resulting in reduced non-performing loans. Gross loan book increased by GHS 75.4m representing an increase of 75% over December 2016.

During the second half of 2017, the Company launched its mobile "Qwikloans" solution in collaboration with MTN Ghana and by end of February 2018 has disbursed over a million loans to over 250 000 new customers.

In November 2017 the long-term credit ratings of the Company and its Investment Grade Medium Term Notes "bond" programme were reaffirmed as BB+(GH) and BBB+(GH) respectively, with the outlook accorded by Global Credit Rating Company as positive. The Company's average cost of funding has declined by 35% over the year, which is in line with the decline of the 182-day T Bill rates. The Company has consequently reduced its lending rates to pass these savings onto our customers.

The bond coverage covenant ratio as at 31 December 2017 was 166% (Dec 2016: 160%) while the duration of the Company Loan book is well matched to the average duration of the bond funding programme. There were interest payments of GHS18.6m and capital maturities of GHS17.3m during the year. New bonds issued during the year totalled GHS43.8m.

Subject to regulatory approval the company will be rebranding to LESTHEGO GHANA LTD.

Arnold Parker  
Managing Director

Ibrahim Obosu  
Financial Director

2 March 2018