

# AFB (GHANA) PLC ABRIDGED AUDITED RESULTS FOR YEAR ENDED 31 DECEMBER 2016

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 before tax increased by GHS 7m
- Regulatory approval received for Savings and Mobile Loan Products

- Net loan book increases by GHS 23m
- 2 New branches opened during the period

## Statement of comprehensive income for the year ended 31 December 2016

	2016 (GHS '000)	2015 (GHS '000)
<b>Income</b>		
Interest income	54 142	46 585
Interest expense	(17 207)	(15 452)
<b>Net interest income</b>	<b>36 935</b>	<b>31 133</b>
Net impairment allowance	(9 976)	(11 568)
<b>Income from lending activities</b>	<b>26 959</b>	<b>19 565</b>
Other income	6 518	3 527
<b>Operating income</b>	<b>33 477</b>	<b>23 092</b>
Total operating expenses	(26 297)	(22 899)
Selling and collection costs	(8 326)	(5 721)
Administration and other expenses	(17 971)	(17 178)
<b>Profit from operations before taxation</b>	<b>7 180</b>	<b>193</b>
Income tax expense	(4 101)	(2 872)
<b>Profit for the year</b>	<b>3 079</b>	<b>(2 679)</b>
Other comprehensive income	-	-
<b>Total comprehensive profit (loss) for the year</b>	<b>3 079</b>	<b>(2 679)</b>

## Statement of cash flows for the year ended 31 December 2016

	2016 (GHS '000)	2015 (GHS '000)
Net cash (utilised in)/generated from operating activities	(14 925)	7 751
Net cash used in investing activities	(898)	(1 409)
Net cash generated from/(utilised in) financing activities	9 120	(1 084)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6 703)</b>	<b>5 258</b>
Cash and cash equivalents at beginning of the year	17 182	11 924
<b>Cash and cash equivalents at end of the year</b>	<b>10 479</b>	<b>17 182</b>

## Statement of financial position as at 31 December 2016

	2016 (GHS '000)	2015 (GHS '000)
<b>Assets</b>		
Cash and bank balances	10 479	17 182
Other receivables	1 574	2 205
Loan book receivable	91 680	68 645
Deferred tax	415	283
Current tax	-	186
Property, plant and equipment	3 885	3 039
<b>Total assets</b>	<b>108 033</b>	<b>91 540</b>
<b>Equity and liabilities</b>		
Issued capital	30 546	30 546
Retained income	(5 504)	(7 043)
Statutory reserves	5 158	3 618
<b>Total equity</b>	<b>30 200</b>	<b>27 121</b>
Trade and other payables	1 534	765
Tax payable	2 764	-
Borrowings	73 535	63 654
<b>Total liabilities</b>	<b>77 833</b>	<b>64 419</b>
<b>Total equity and liabilities</b>	<b>108 033</b>	<b>91 540</b>

## Principal Activity

The company is licensed to operate a Non-Banking Financial Institution (NBFI), Finance House, under the Banking Act 2004 (Act 673), as amended by the Banking (Amendment) Act 2007 (Act 738).

## Change of shareholding

Letshego Holdings Limited ("Letshego") acquired 100% of the Company effective 31 December 2016. Letshego was incorporated in 1998, is headquartered in Gaborone and has been publicly listed on the Botswana Stock Exchange since 2002. The transaction has been approved by the Bank of Ghana and is currently pending Securities and Exchange Commission (SEC) approval.

## Review of the performance of the company

The Company performed strongly during 2016, increasing profit before tax by GHS 7m compared to 2015.

Major factors contributing to growth in profits were increased revenues from the growth in the loan book asset, elimination of foreign currency losses in the prior financial period and focused cost control.

Collections were good during the current period, resulting in the business generating significant cash flows which were used to fund new loans and expand the branch network with the addition of two new branches in Accra.

The net loan book increased by GHS 23m as a result of robust disbursement of new loans. Medium Term Notes "MTN" interest payments of GHS 16,3m and MTN capital maturities of GHS 8.9m were paid to investors during the year. New MTN bonds of GHS 18m were issued, which included the company's first MTN bond with a duration of 5 years. The average duration on the MTN programme is now matched to the maturity profile of the loan book. The MTN coverage covenant ratio as at 31 December 2016 was 160% (Dec 2015: 166%). During the current year, Global Credit Ratings Company Ltd affirmed the final, public long term credit, investment grade rating of 'BBB<sub>(GH)</sub>' with a Stable Outlook to the AFB (GHANA) PLC MTN Programme.

Further strategic priorities for this year include:

- Launching new products, including:
  - shorter term loans via mobile money wallets; and
  - a savings investment product which is expected to reduce the cost of funding over time.
- Further expansion of the AFB branch network.
- Achieving greater operational efficiency through continued automation of the operational & origination systems.

These initiatives are expected to attract additional customers, limit cost increases and consequently deliver further profitability to the Company during the current financial period.

Arnold Parker

Managing Director

21 February 2017