

AFB (GHANA) PLC ABRIDGED UNAUDITED RESULTS FOR HALF YEAR ENDED 30 JUNE 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 before tax increased by 27%
- Net impairment allowance reduced by 47%

- Net loan book increases by 32%
- New Kumasi branch opened during the period

Statement of comprehensive income for the 6 months ended 30 June 2017

	6 months ended 30 June 2017 (GHS '000)	6 months ended 30 June 2016 (GHS '000)
Income		
Interest income	29 164	26 963
Interest expense	(8 791)	(8 254)
Net interest income	20 373	18 709
Net impairment allowance	(1 935)	(3 638)
Income from lending activities	18 438	15 071
Other income	3 670	3 037
Operating income	22 108	18 108
Total operating expenses	(14 514)	(12 109)
Selling and collection costs	(4 192)	(4 020)
Administration and other expenses	(10 322)	(8 089)
Profit from operations before taxation	7 594	5 999
Income tax expense	(2 807)	(1 591)
Profit for the period	4 787	4 408
Other comprehensive income	-	-
Total comprehensive profit for the period	4 787	4 408

Statement of financial position as at 30 June 2017

	30 June 2017 (GHS '000)	30 June 2016 (GHS '000)
Assets		
Cash and bank balances	10 312	7 814
Loans to affiliated entities	300	-
Other receivables	2 572	2 240
Loan book receivable	110 073	83 216
Deferred tax	415	283
Property, plant and equipment	3 769	3 730
Total assets	127 441	97 283
Equity and liabilities		
Issued capital	30 546	30 546
Retained income	(3 110)	(4 839)
Share based payment reserve	51	-
Statutory reserves	7 551	5 822
Total equity	35 038	31 529
Trade and other payables	3 829	648
Tax payable	4 336	1 332
Borrowings	84 238	63 774
Total liabilities	92 403	65 754
Total equity and liabilities	127 441	97 283

Statement of cash flows for the 6 months ended 30 June 2017

	6 months ended 30 June 2017 (GHS '000)	6 months ended 30 June 2016 (GHS '000)
Net cash utilised in operating activities	(1 997)	(471)
Net cash utilised in investing activities	(314)	(831)
Net cash generated from (utilised in) financing activities	2 144	(8 066)
Net decrease in cash and cash equivalents	(1 677)	(9 368)
Cash and cash equivalents at beginning of the year	10 479	17 182
Cash and cash equivalents at end of the period	10 312	7 814

Principal Activity

The company is licensed to operate as a Non-Banking Financial Institution (NBF1), 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 31 December 2016. 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

AFB Ghana Ltd strong profit growth continued during the first half of 2017 as an increase of 27% in profit before tax was achieved over the comparative first half of 2016.

Collection and recovery rates have exceeded budget during the current period, resulting in reduced non-performing loans and a decrease in net impairment allowance of 47% compared to the prior year first 6 month period. The resultant increase in cash inflows were used to fund new loans and expand the branch network with the addition of a new branch in Kumasi. Gross loan book increased by GHS 27.8m representing an increase of 30% over June 2016.

In May 2017 the long term credit ratings of the Company and its Medium Term Notes "MTN" programme were each upgraded to BB+(GH) and BBB+(GH) respectively, with the outlook accorded by Global Credit Rating Co as positive. The Companies average cost of funding has declined by 30% over the period, which is in line with the decline of the 182-day T Bill rates. The company has consequently also reduced its lending rates to pass on these savings to our customers. The average bond duration is now 5 years and now comfortably exceeds the average duration of the loan book term. MTN interest payments of GHS 9.4m and MTN capital maturities of GHS 4.25m were paid to investors during the period. New MTN bonds of GHS 15.8m were issued, which included the company's first MTN bond with a duration of 7 years. The coverage covenant ratio as at 30 June 2017 was 158% (Dec 2016: 160%).

Further strategic priorities for this year include:

- Launching new products including:
 - shorter term loans via mobile money wallets; and
 - a mobile based savings product.
- Rebranding to Letshego Ghana.

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

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Financial Director

28 July 2017