

AFB (GHANA) LTD AUDITED RESULTS FOR YEAR ENDED 31 DECEMBER 2018

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).



Statement of Comprehensive Income for the Year Ended 31 December 2018

	2018 (GHS '000)	2017 (GHS '000)
Income		
Interest income	181 907	61 830
Interest expense	(77 157)	(19 058)
Net interest income	104 750	42 772
Net impairment allowance	(51 043)	(3 422)
Income from lending activities	53 707	39 350
Other income	10 405	6 657
Operating income	64 112	46 007
Total operating expenses	(52 077)	(34 198)
Selling and collection costs	(26 226)	(10 832)
Administration and other expenses	(25 851)	(23 366)
Profit from operations before taxation	12 035	11 809
Income tax expense	(2 463)	(3 612)
Profit for the year	9 572	8 197
Other comprehensive income	-	-
Total comprehensive profit for the year	9 572	8 197

Statement of financial Position as at 31 December 2018

	2018 (GHS '000)	2017 (GHS '000)
Assets		
Cash and bank balances	31 064	5 710
Other receivables	18 155	2 962
Loan book receivable	397 082	163 802
Deferred tax	12 206	1 502
Property, plant and equipment	4 466	3 672
Total assets	462 973	177 648
Equity and liabilities		
Issued capital	30 546	30 546
Retained income	308	(1 406)
Share based payment reserve	145	41
Statutory reserves	14 042	9 256
Total equity	45 041	38 437
Trade and other payables	10 947	4 419
Other liabilities	96 306	18 053
Tax payable	16 419	4 473
Deposits from Customers	47 906	10 672
Borrowings	246 355	101 594
Total liabilities	417 932	139 211
Total equity and liabilities	462 973	177 648

Statement of Cash Flows for the Year Ended 31 December 2018

	2018 (GHS '000)	2017 (GHS '000)
Net cash utilised in operating activities	(106 762)	(32 481)
Net cash utilised in investing activities	(1 793)	(1 184)
Net cash generated from financing activities	133 909	28 896
Net decrease in cash and cash equivalents	25 354	(4 769)
Cash and cash equivalents at beginning of the year	5 710	10 479
Cash and cash equivalents at end of the year	31 064	5 710

Principal Activity

AFB 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).

Highlights

- Interest Income increased by 194%
- Gross Loan Book grew by 168%
- PBT grew by 17%

Re-branding and Conversion to a Savings and Loans Company

The company has received regulatory approval to convert from a Finance House to a Savings and Loans Company and to change its name from AFB (Ghana) Ltd to Letshego Ghana Savings and Loans Limited.

2018 Performance Review

Our 2018 performance is headlined by a phenomenal increase in customers served during the year. Our customer base topped 1.8 million by December 2018, making AFB one of the largest financial institutions in Ghana in terms of customer numbers.

The growth in customer numbers also resulted in a 168% increment of the gross loan book. The net loan book subsequently increased by 142%.

During the year, we launched AFB Edusolution, a package designed to address the financing needs of the educational value chain. As educational institutions continue to sign up, we are well positioned to become the dominant financier in the sector.

Our Qwikloan solution on the MTN mobile money platform has become the largest digital credit portfolio in the country. Over ten million loans were processed during the year. Although the Qwikloan portfolio account for a substantial portion of our impairments, it remains an important customer acquisition channel. With this product, the company has taken a commanding lead in financial inclusion as many Ghanaians can now access a formal financial services product for the first time.

We received regulatory approval to extend our bond programme limit from GHS100m to GHS300m. The bond programme remains a significant source of funding for the business. In the coming year the business will additionally focus on deposit mobilization to diversify its liabilities.

The Global Credit Rating Agency (GCR) reaffirmed the rating accorded to the Company and its bond programme as BB+(GH) and BBB+(GH) respectively. The rating has the outlook accorded as positive and stable. The bond coverage covenant ratio a key indicator of the business's financial health was 151% as at 31st December 2018 (Dec 2017: 166%). The average duration of the Company's Loan book is adequately matched to the average duration of the bond issued.


Blaise Mankwa
Board Chairman


Arnold Parker
Managing Director

29 March 2019