



# FACTS BEHIND THE FIGURES



# LETSHEGO GHANA SAVINGS AND LOANS PLC

Full Year 2022 & Outlook

**Nii Amankra Tetteh**  
Chief Executive Officer

**Poelo Mkpayah**  
Chief Financial Officer

Tuesday 29<sup>th</sup> August 2023



## Strategic Overview

Chief Executive Officer, **Nii Amankra Tetteh**



## Full Year 2022 Results Presentation

Chief Financial Officer, **Poelo Mkpayah**



## Outlook

Chief Executive Officer, **Nii Amankra Tetteh**



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## Macroeconomic headwinds

- Business environment deteriorated amidst high inflation, high rates and volatile currency
- Gov't pressures to reform fiscal structures amid IMF-relief fund conditions.
- Investor sentiments adversely affected by DDEP and its impact on businesses.
- Delayed repayments from CAGD.



## Stabilisation

- Following internal changes 2022 was about creating stability, internally and with stakeholders
- We remain steadfast in our strategy
- Built a diverse product offering that allows for solid future growth.
- Filled in key senior management roles

## Executing our Strategy

- Our strategy continues to focus on improving lives.
- Product diversification and grow NFI.
- Accelerate on our digitalization agenda.

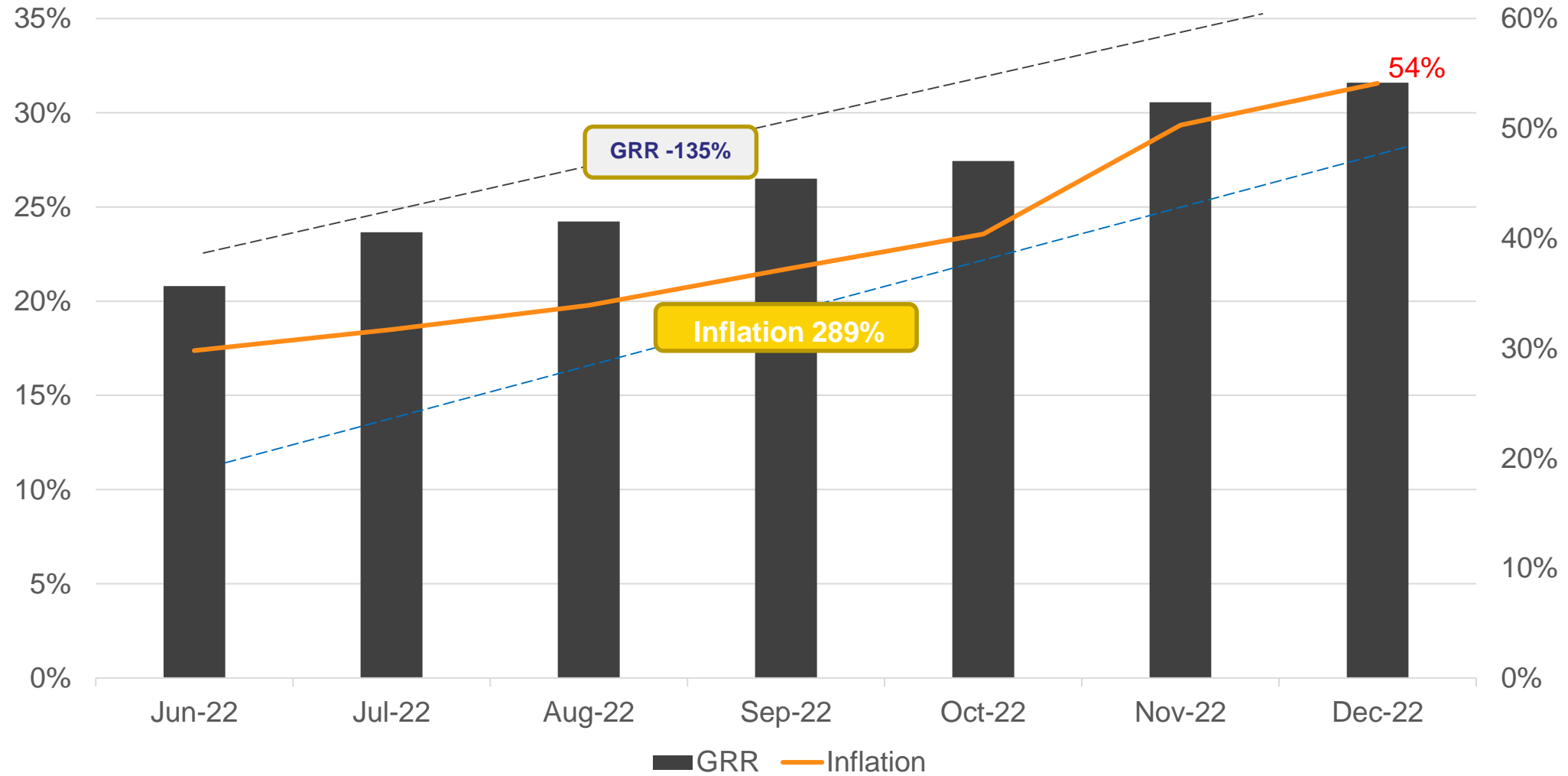


## A brighter outlook

- We are cautiously confident for 2023 and we will leverage on our strong capital base.
- Review and reset our operating model.
- Our business remains resilient and agile.

# Macros Rollercoaster: A costly journey through H2 2022

Inflation and Reference rates trends affecting H2 Cost to income Ratio





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Chief Executive Officer, **Nii Amankra Tetteh**

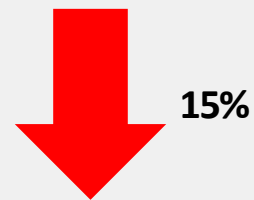
# Our business remains highly capitalised amidst tough economic landscape



## Total Assets

FY 2022: **GHS 1.12bn**

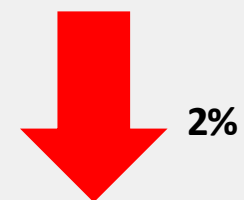
FY 2021 :GHS 1.32 bn



## Net Advances

FY 2022: **GHS 853 mn**

FY 2021: GHS 873 mn



## Customer Deposits

FY 2022: **GHS 17 mn**

FY 2021: GHS 128 mn



## Debt to Equity

FY 2021



FY 2022



## Capital adequacy (CAR)

FY 2021



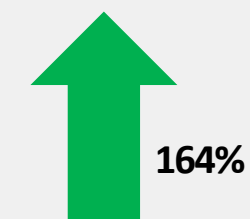
FY 2022



## Stated Capital


FY 2022: **GHS 80.5 mn**

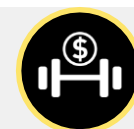
FY 2021: GHS 30.5 mn



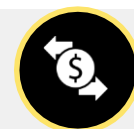


## Balance Sheet overview

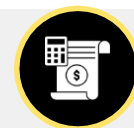
	FY 2022 GHS'000	FY2021 GHS'000	Change%
Cash and bank balance	58,283	141,300	(59%)
Investment Securities	183,165	257,803	(29%)
<b>Net advances to customers</b>	<b>852,877</b>	<b>872,728</b>	<b>(2%)</b>
Other Assets	30,236	47,583	(36%)
<b>Total Assets</b>	<b>1,124,561</b>	<b>1,319,414</b>	<b>(15%)</b>
Customer deposits	16,708	129,855	(87%)
Borrowings	652,175	654,832	(0.4%)
Other Liabilities	295,388	414,500	(29%)
<b>Shareholders funds</b>	<b>160,290</b>	<b>120,228</b>	<b>33%</b>
<b>Total liabilities &amp; equity</b>	<b>1,124,561</b>	<b>1,319,414</b>	<b>(15%)</b>
 Return of assets	<b>(0.8%)</b>	<b>2%</b>	<b>2.8%</b>



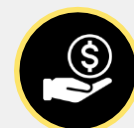
**Investment Securities decreased by 29% year on year** as a result of impairment on the GoG bonds (Impairment - GHS bonds 31% : USD bonds 15%) following the DDEP.



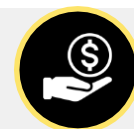
**Net Advances to customers declined by 2%** as we slowed down on disbursements in the last quarter of the year when benchmark rates increased by over 100% and affected customers affordability.



**Customer deposits decreased by 86%** as we settled off large corporate deposits in order to reduce pressure on net interest margin which was decline due to increase in reference rates.



**Borrowings** remained flat YoY in line with lower portfolio growth



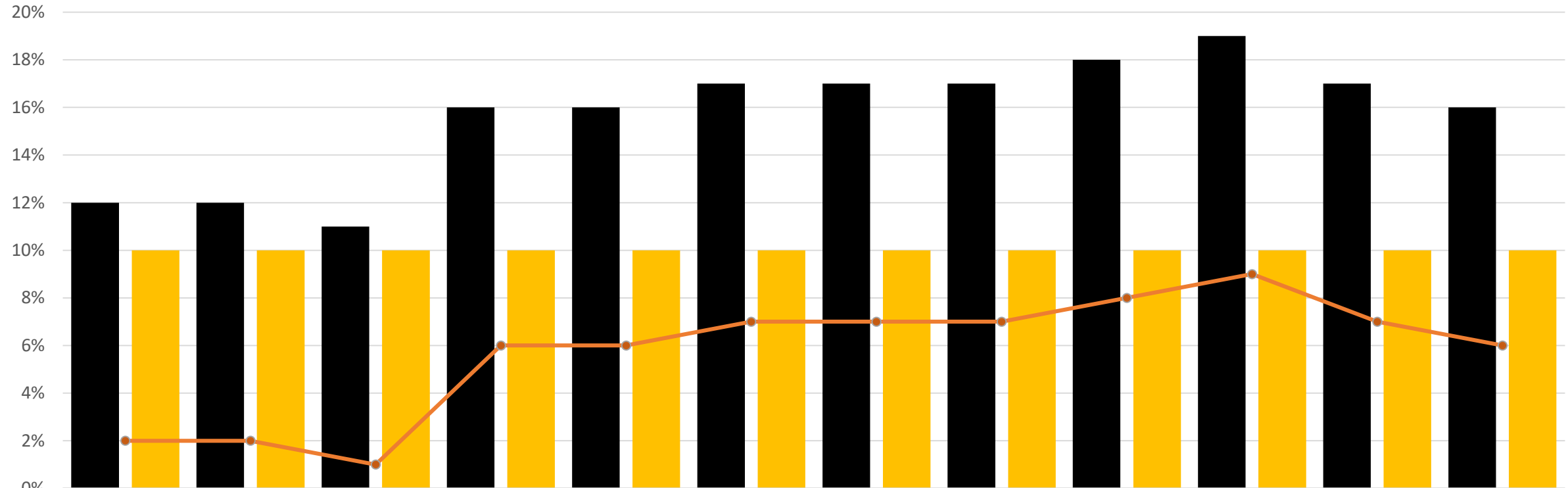
**Shareholder funds stood strong** at GHS 160 million and up 33% year on year following a GHS 50 million capital injection from the shareholder. Sign of Strong commitment to Ghana Market.

# Maintained strong capital levels



## Regulatory Capital Adequacy Ratio Position for the 12-month Period

CAR MoM



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual	12%	12%	11%	16%	16%	17%	17%	17%	18%	19%	17%	16%
Regulatory	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Difference	2%	2%	1%	6%	6%	7%	7%	7%	8%	9%	7%	6%

*The December 2022 CAR was 6% above regulatory threshold, post the GoG DDEP impairment.*

# Macro- economic headwinds impacted interest expenses and costs

## Cost to income

FY 2022 90%

FY 2021 53%

## Interest Expense

FY 2022: **GHS 375.8 mn**

FY 2021 : GHS 293.6 Mn

**28%**

59% of interest expense due to floating rate facilities.

## Profit before Tax

FY 2022: **GHS 7.5 mn**

FY 2021 : GHS 55.2 mn

**86%**

PBT affected by margin compression, high interest expense and inflationary pressure on costs

## Return on Equity

FY 2022: **-7%**

FY 2021: 26%

## Return on Assets

FY 2022: **-0.8%**

FY 2021: 2%

## Key Impact of DDEP

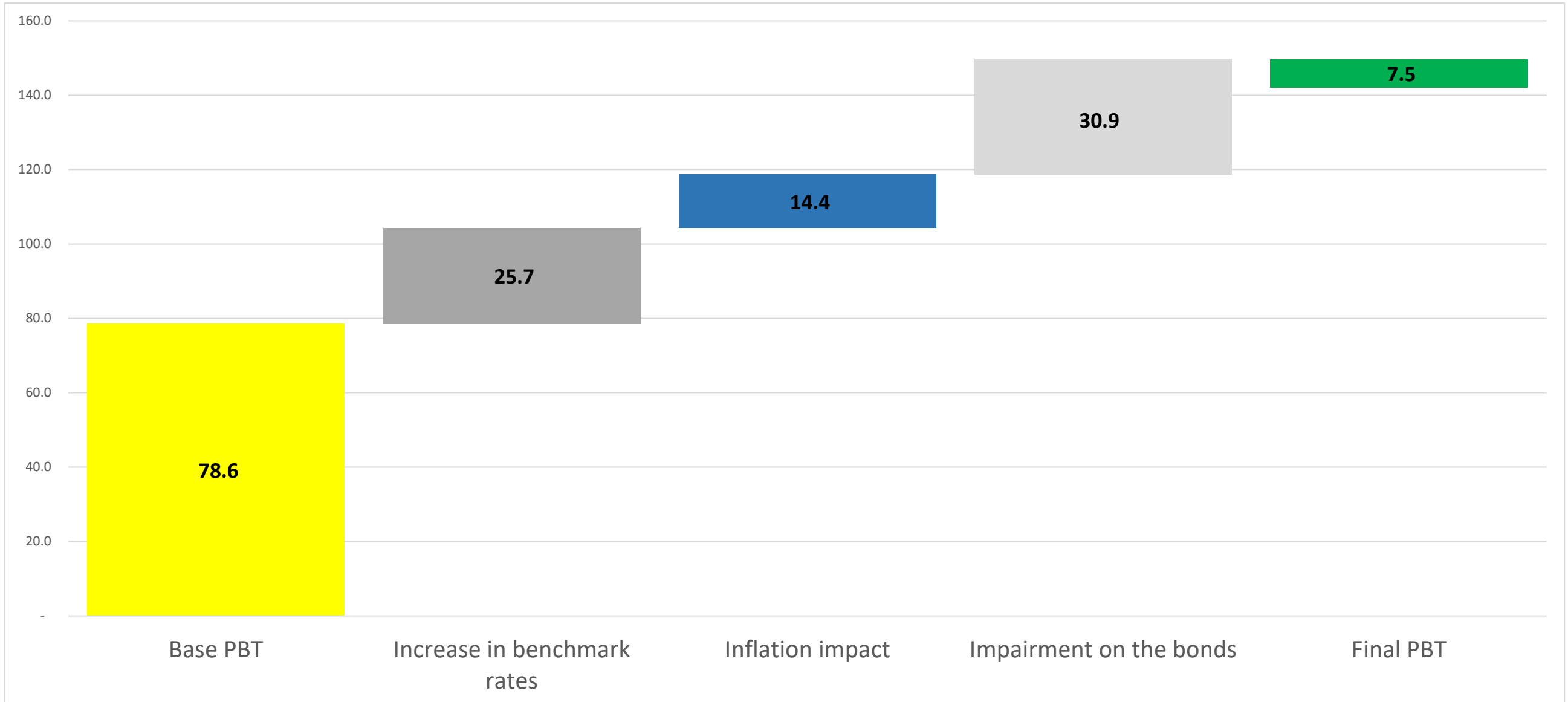
Credit loss expense on investment

securities: **GHS30.9m**

# FY 2022 PBT Bridge

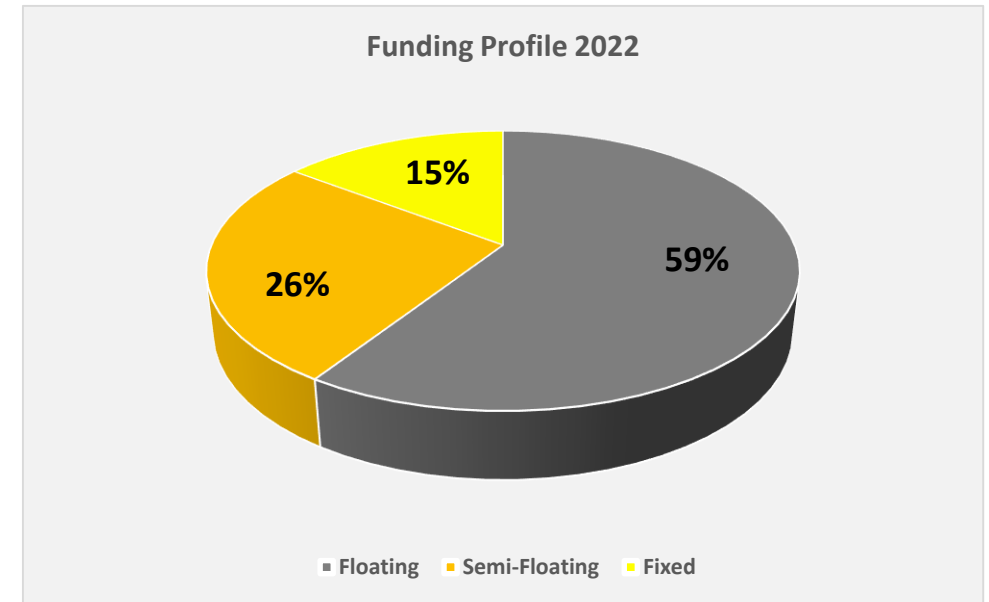


PBT was affected by margin compression, high interest expense, inflationary pressure on costs and impairment on the domestic bonds.



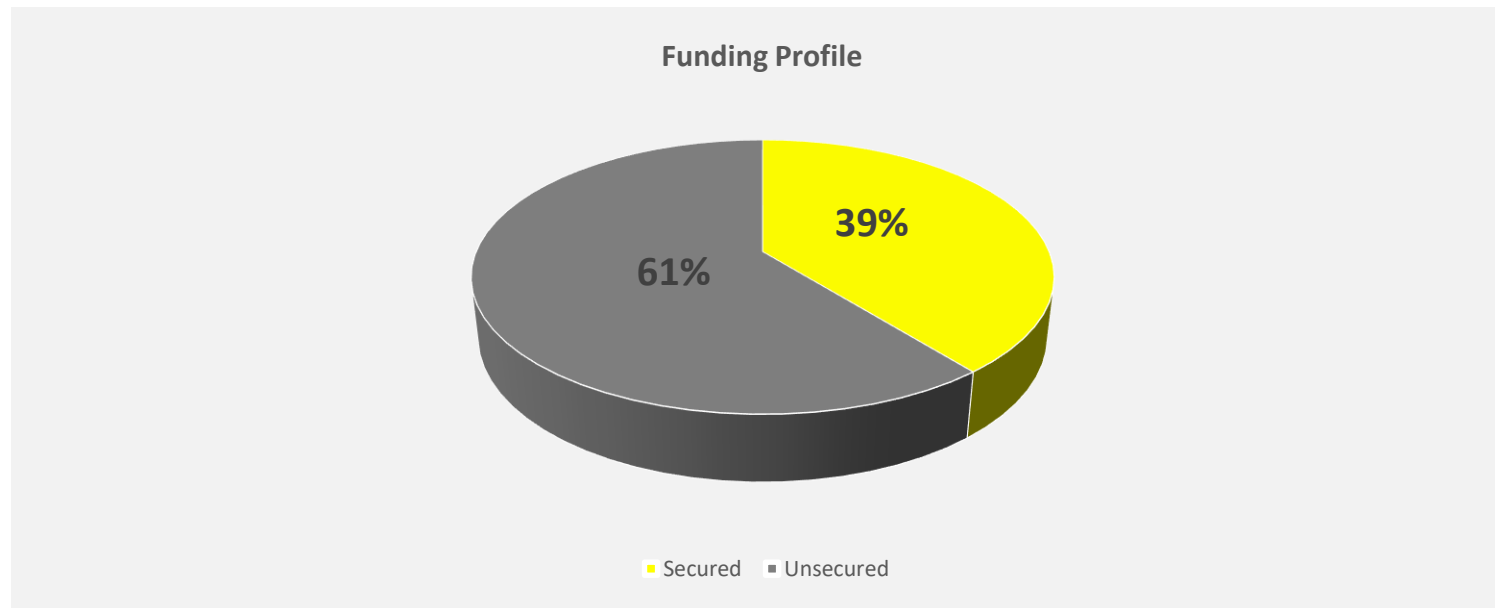
# Aggressive increase in reference rates

Country	Reference Rate		
	Dec 21	Dec 22	% incr
<b>Macros</b>			
Inflation	12.6%	54.1%	↑ 329.3%
GRR	13.89%	32.83%	↑ 136.4%
182-Day T-bill	13.19%	36.23%	↑ 172.1%
Libor	0.29%	5.18%	↑ 1,686%



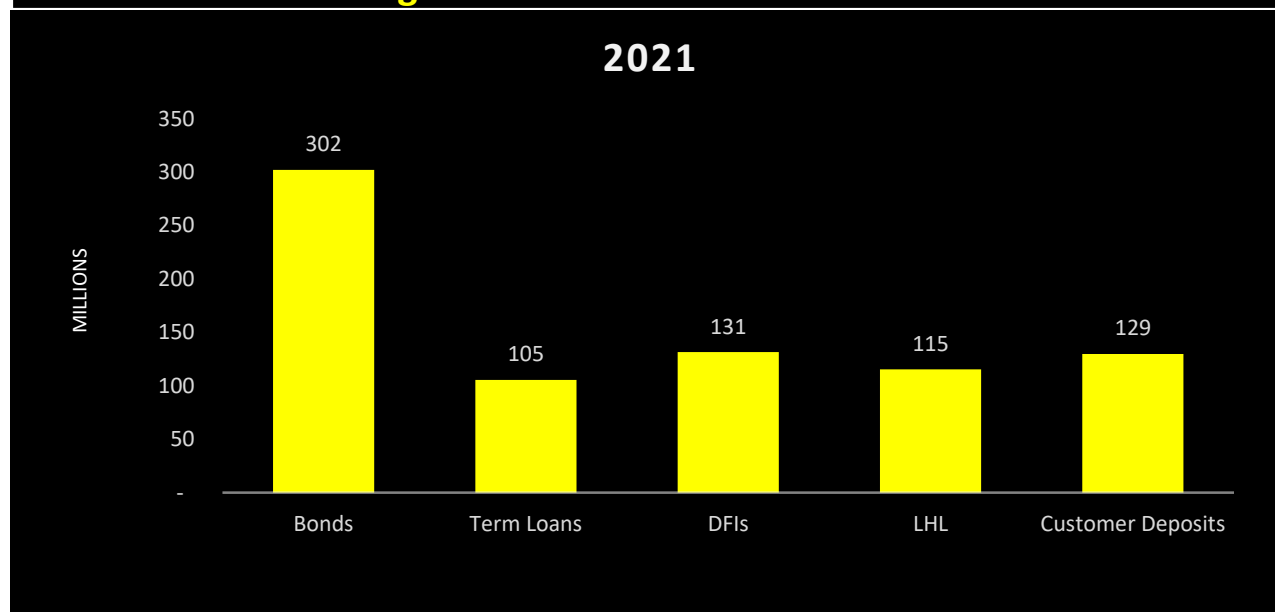
## Highlights

With 59% of the funding floating, this increased interest expense while the loan book remained fixed.



# Our funding profile remained the same

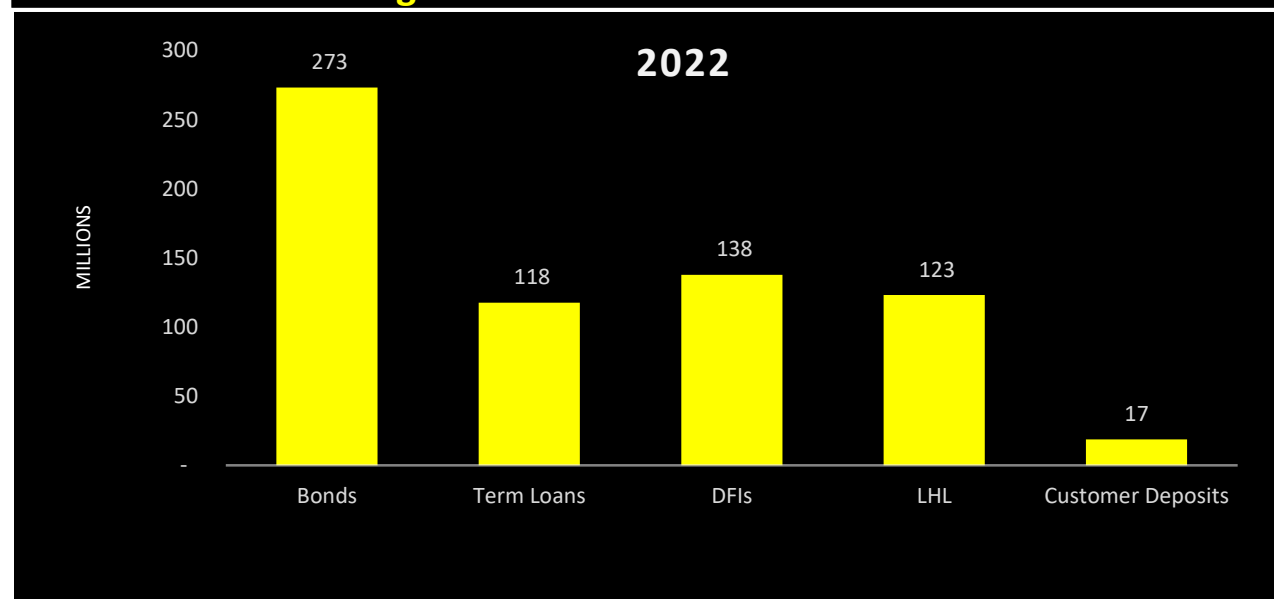
## Dec 2021 External Funding Sources



### Debt Profile 2021

	% Share	
Bonds	39%	302,168,527
Term Loans	13%	105,576,286
DFI	17%	131,665,952
LHL	15%	115,576,286
Customer Deposits	17%	129,855,017
<b>Total</b>	<b>100</b>	<b>784,842,068</b>

## Dec 2022 External Funding Sources



### Debt Profile 2022

	% Share	
Bonds	41%	273,388,241
Term Loans	18%	117,725,315
DFI	21%	137,834,279
LHL	18%	123,227,106
Customer Deposits	2%	16,708,043
<b>Total</b>	<b>100</b>	<b>668,882,984</b>

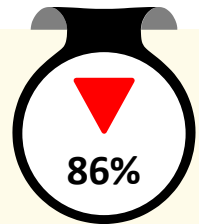
### Credit Rating

- Most recent GCR credit rating of BBB- with negative outlook mainly due to general country macro environment.
- 2022 GCR credit rating was BBB- with Stable Outlook

# Overall Deposits decreased by 86% YOY. Retail deposits grew by 626% YoY

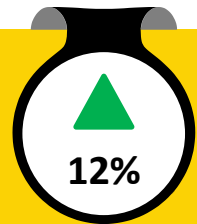


Retail deposits (LetsGo) grew by 626% YoY.



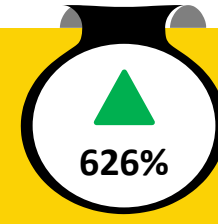
GHS 17m

**Total Deposits**  
FY 2021: GHS 129m



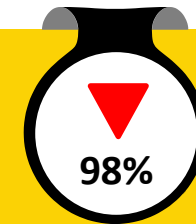
72,241

**Total Customers**  
FY 2021: 64,487



GHS 14.2

**Retail/Individual Segment Growth**  
FY 2021: GHS 1.9 m

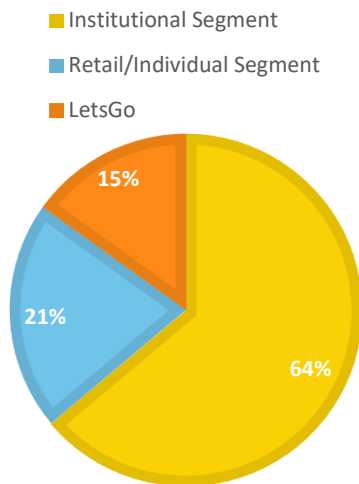


GHS 2.5m

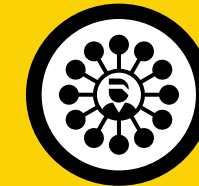
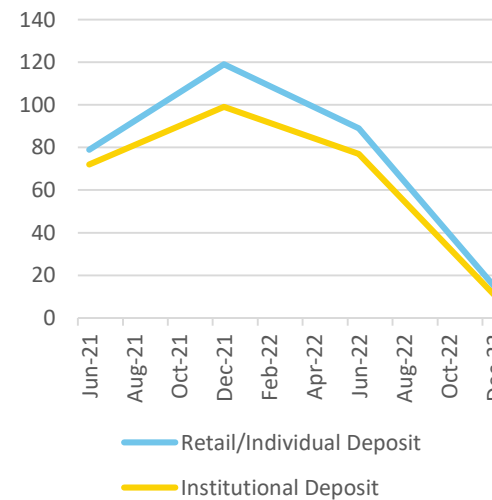
**Institutional Segment Growth**  
FY 2021: GHS 127.9m



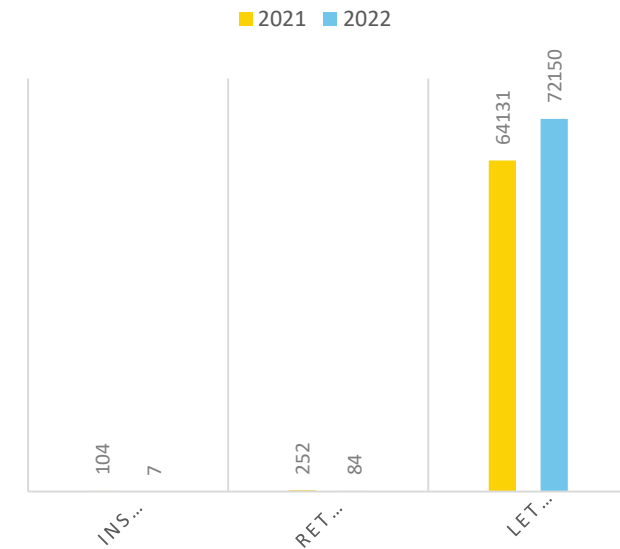
**Deposits by segment**



**Corporate and Retail/Ind. Deposit Growth Trends**  
GHS 'Millions



**Deposit Customers by count**

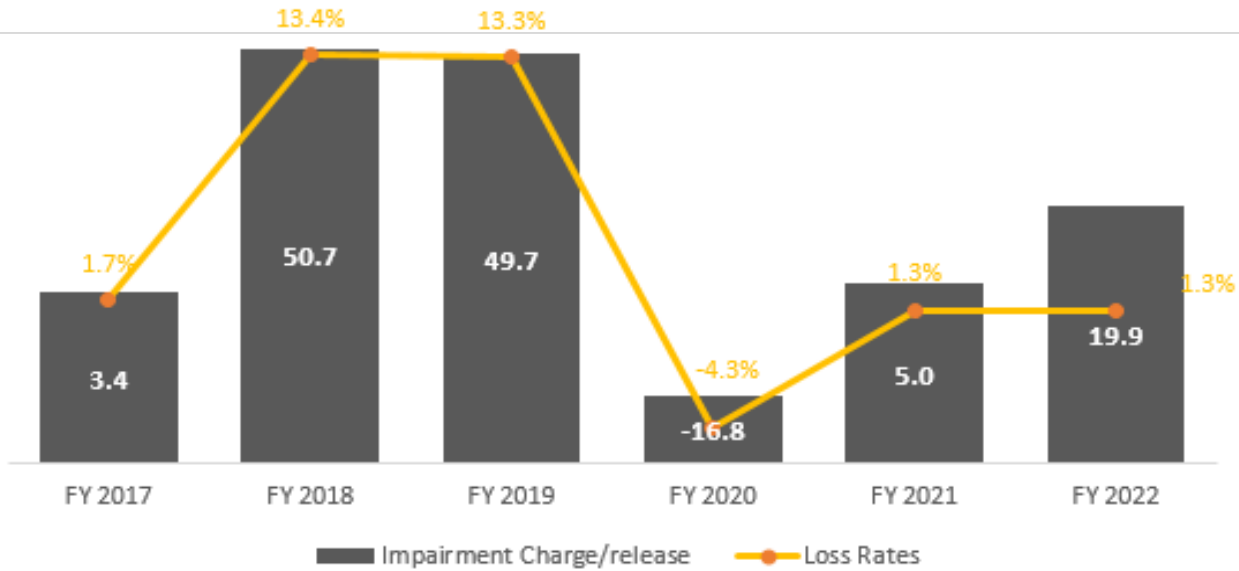


The YoY decline mainly due to the economic downturn

# Net Impairment Charge : Underlying asset quality remains strong



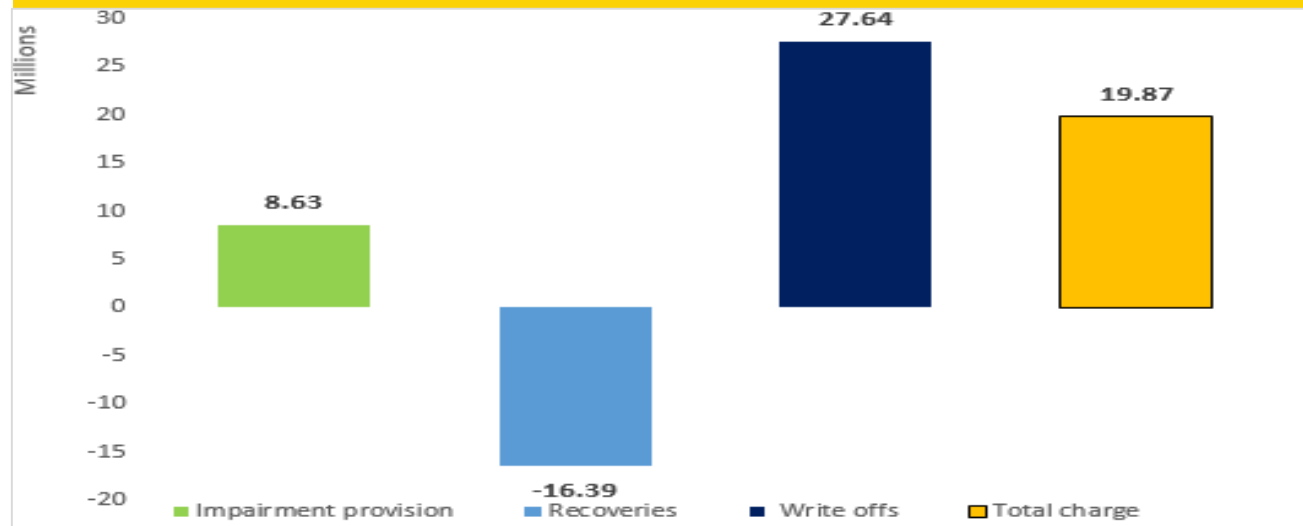
## Impairment Charge trends in Ghs m



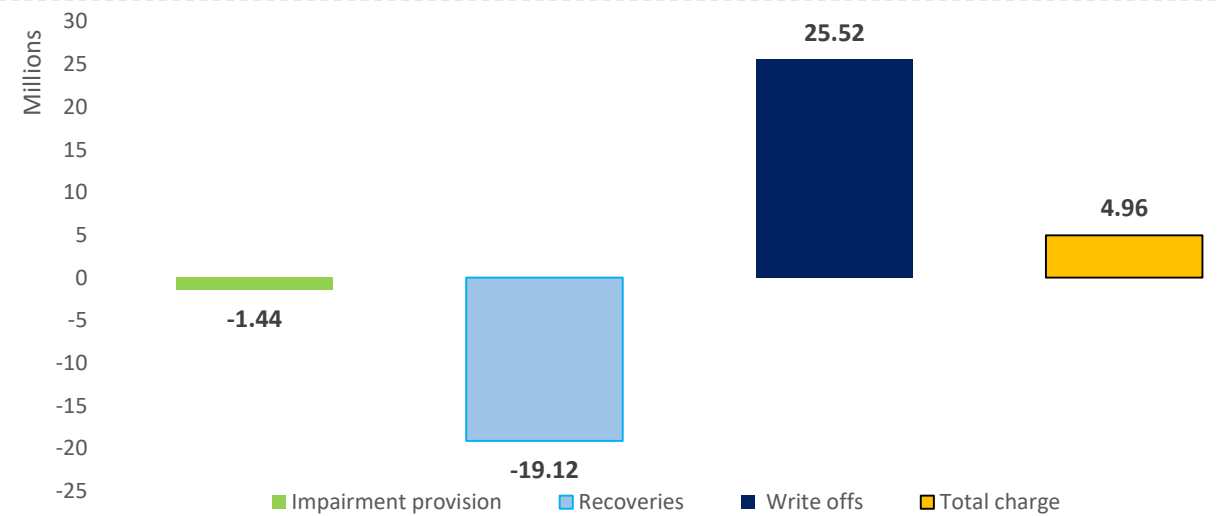
## Drivers of Impairment Charge / Release

- LLR closed off the year at 1.3% and better than historical levels .
- Asset quality impacted heavily by external operation issues mainly impacting DAS portfolio . However underlying asset quality remains inline with market trends . Normalized NPL less than 5%.
- The Mobile Loans portfolio enjoyed stronger performance after scorecard optimization in 2020 ,therefore returning to growth & profitability
- The Mobile Score Card was recalibrated due to improved collection rates at above 100%.

## FY 2022



## FY 2021



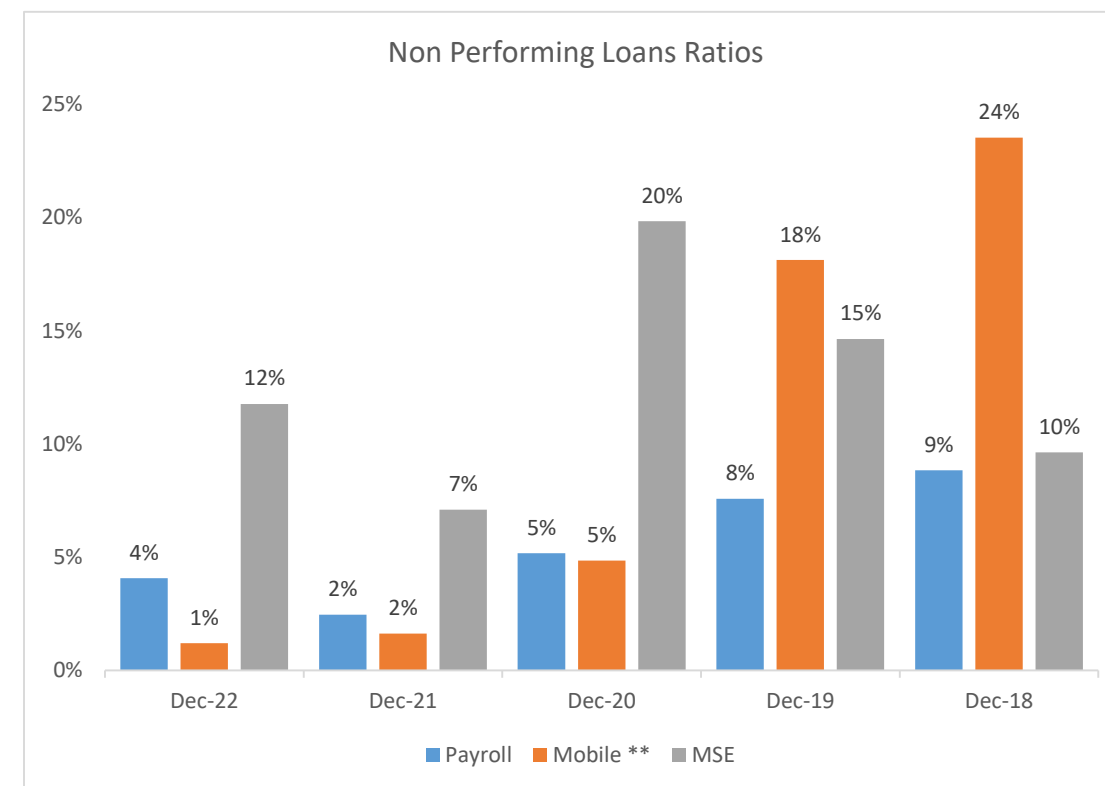


# Underlying asset quality remains strong despite headwinds



## Asset Quality and Provisioning

PORTFOLIO BY PROD	Dec-22	Dec-21	Dec-20	Dec-19	Dec-18
<b>Total Gross Loan Book</b>	880	892	582	477	473
Payroll	573	513	410	294	241
Mobile	303	376	170	182	230
MSE	5	3	3	2	2
<b>Provision for Impairments</b>	(27)	(19)	(30)	(55)	(76)
Payroll	(23)	(13)	(21)	(22)	(21)
Mobile *	(4)	(6)	(8)	(33)	(54)
MSE	(1)	(0)	(1)	(0)	(0)
<b>Net Book Value</b>	853	873	552	422	397
Payroll	549	501	388	271	220
Mobile	299	370	162	149	176
MSE	4	2	2	2	2



- Increase in provisions inline with external operation environment
- Tightening of affordability rules and focus on collections and recoveries expected to remove pressure on NPLs
- Recoveries experience continues to improve as government improves on remittances

# Qwikloan Key Metrics

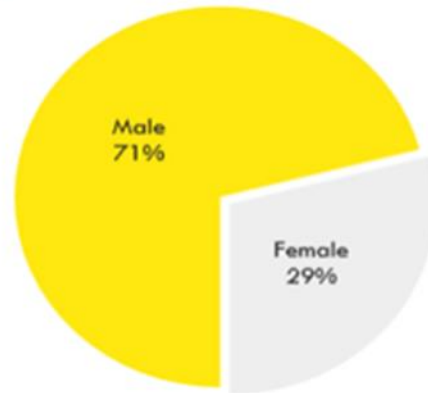
Our customer base



**5M+**  
Qwikloan,  
Customers Served

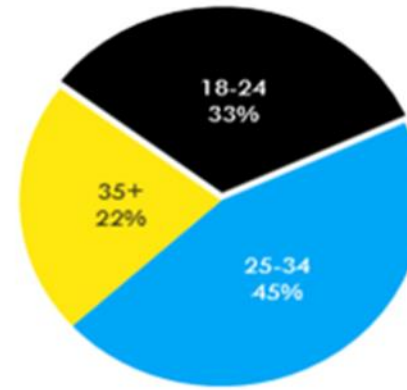


SDG - 5 & 10  
Gender



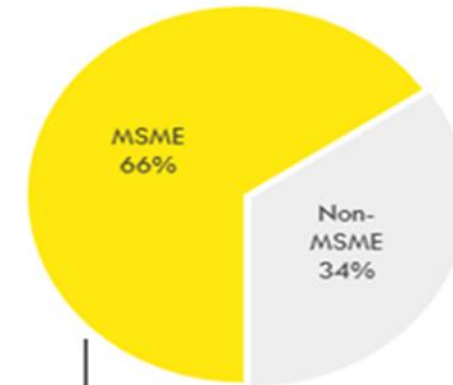
SDGs - Gender equality, Decent work and economic growth, No poverty

SDG 4, 8 & 10  
Reported age



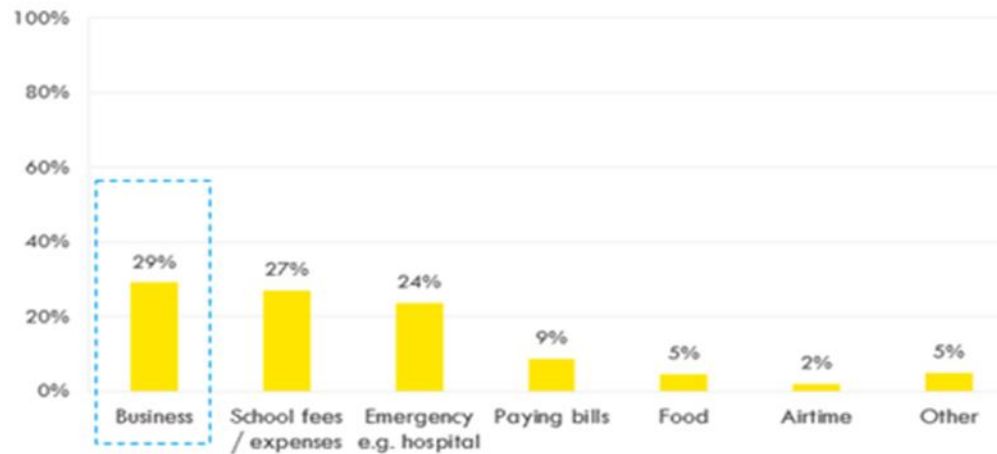
SDGs - Reduced inequality; No poverty; Quality education

SDG - 1, 4, 5, 8 & 10  
Individual source of Income



SDGs - Industry, innovation, and infrastructure; Decent work and economic growth; No poverty

Most recent | QwikLoan use



Part or all of income from business (MSME)	
Business only	32%
Business and other income sources	20%
Agriculture	14%

# Qwikloan Key Metrics *(cont.)*

Overview of Qwikloans Product ecosystem performance from 2017 -2023

**QWIKLOAN**



**GHS 420 Million disbursed monthly**

**GHS 13.6 Billion Disbursed All-Time**




**5.6 Million Customers Served All -Time**

**1.56 Million (28.5%) Active Base**

**Average Daily Transactions - 194,000**

**Letshego QWIKLOAN**

Year	Period	Average Monthly Disbursements	Average CoR	Average Collections
2017	Mar - Dec	GHS 7.4 Million	3.7%	96.28%
2018	Jan - Dec	GHS 101 Million	4.8%	95.23%
2019	Jan - Dec	GHS 191 Million	6.6%	93.38%
2020	Jan - Dec	GHS 126 Million	4.8%	95.23%
2021	Jan - Dec	GHS 256 Million	4.9%	95.10%
2022	Jan - Dec	GHS 282 Million	4.1%	95.91%
2023	Jan - Jun	GHS 292 Million	4.0%	96.01%

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	<b>Outlook</b>	Chief Executive Officer, <b>Nii Amankra Tetteh</b>

# Our 6-2-5 Plan: 'Return to growth'

## Creating a world class Retail Financial services organisation

Short term: Leverage on our strengths to deepen impact

Medium /Long term: Customer; Talent, Innovation and technology

### STRENGTHEN our core business

- Diversify DAS portfolio, with other large employers.
- Develop new fit-for-markets deposit products and digitalize deposit experience.
- Develop compelling value propositions through tailored campaigns and strategic partnerships.

### INVEST in world class talent, innovation and tech

- Expand product offering to become a full-scale retail financial services provider.
- Grow, Upskill and Build a cohort of agile colleagues, ready and competent for the new world of work.
- Be Customer led, leverage transformative technologies, deliver the future with speed.
- Digitalize customer journeys, to reduce TAT and heighten convenience (Complaints, Refunds, Settlement, On-boarding).

### LEVERAGE digital capabilities for future growth

- Become a fully digitalized financial institution with E2E digital product offering.
- Relentless Innovation culture
- Ecosystem thinking

PRODUCTIVITY OF SOLUTIONS



TRANSFORMATIVE TECHNOLOGIES



PLATFORM THINKING



# Business fundamentals on track at H1 2023



KEY METRICS				
Key metrics	H1 2022	H1 2023	% Var	FY 2022
Net interest income	28,369	47,189	66%	68,446
Cost to income ratio	81%	69%	12%	90%
Profit before tax	15,702	18,335	17%	7,521
Loans and advances	807,312	807,698	-	852,877
Total assets	1,304,382	1,156,374	(11%)	1,124,561
Customer deposits	92,758	68,935	(26%)	16,949

*\*Note that there was no additional impairment on USD bonds provided for. Based on H1 2023 review the 15% hair-cut provided for is sufficient. This will continue to be reviewed into H2 where the restructure is expected to be finalised.*

# Thank you

You can contact us via [ghana@letshego.com](mailto:ghana@letshego.com)