

SOCIETE GENERALE GHANA PLC

2021 AUDITED FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

| | 2021 GH¢ | 2020 GH¢ |
|--|--------------------|--------------------|
| Interest income | 510,992,929 | 519,463,379 |
| Interest expense | (109,990,417) | (114,251,411) |
| Net interest income | 401,002,512 | 405,211,968 |
| Fees & commission income | 77,475,216 | 77,148,106 |
| Fees & commission expense | (27,252,208) | (22,847,209) |
| Net fees and commission income | 50,223,008 | 54,300,897 |
| Net trading revenue | 40,793,352 | 41,660,244 |
| Net income from other financial instruments carried at fair value | 52,835,645 | 52,417,416 |
| Other operating income/(expense) | 91,439,536 | (4,644,872) |
| Total other operating income | 185,068,533 | 89,432,788 |
| Operating income | 636,294,053 | 548,945,653 |
| Net impairment loss on financial assets | (33,407,581) | (33,349,574) |
| Operating income net of impairment charges | 602,886,472 | 515,596,079 |
| Personnel expense | (135,516,867) | (128,691,845) |
| Depreciation and amortization | (34,807,599) | (33,588,164) |
| Other operating expenses | (150,595,307) | (131,686,035) |
| Profit before income tax | 281,966,699 | 221,630,035 |
| Income tax expense | (97,637,066) | (67,421,120) |
| Profit after tax expense | 184,329,633 | 154,208,915 |
| Other comprehensive income | | |
| Items that may be reclassified subsequently to profit or loss | | |
| Debt instruments at fair value through other comprehensive income- | (689,424) | 1,781,205 |
| Less tax | 172,356 | (445,301) |
| Other comprehensive income, net of income tax | (517,069) | 1,335,904 |
| Total comprehensive income for the year | 183,812,564 | 155,544,819 |
| Earnings per share: | | |
| Basic earnings per share (GH¢) | 0.260 | 0.217 |
| Diluted earnings per share (GH¢) | 0.260 | 0.217 |

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

| | 2021 GH¢ | 2020 GH¢ |
|---|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | 963,960,922 | 1,561,983,616 |
| Non-pledged trading assets | 143,156,280 | 67,896,476 |
| Debt instruments at fair value through other comprehensive income | 87,240,744 | 108,961,776 |
| Debt instruments at amortised cost | 1,383,955,004 | 427,587,822 |
| Loans and advances to customers | 2,504,366,677 | 2,562,706,675 |
| Equity investments | 2,923,386 | 12,236,465 |
| Other assets | 54,130,188 | 66,511,519 |
| Property, plant and equipment | 255,268,418 | 290,748,100 |
| Intangible assets | 15,009,794 | 1,264,470 |
| Deferred tax assets | 27,010,706 | 15,309,433 |
| Total assets | 5,437,022,119 | 5,115,206,352 |
| Liabilities | | |
| Deposits from banks | 1,916,501 | 3,945,938 |
| Deposits from customers | 3,391,140,683 | 3,481,343,321 |
| Borrowings | 588,864,628 | 366,266,787 |
| Derivative financial liabilities | 40,509,648 | - |
| Current tax liabilities | 21,325,184 | 25,752,524 |
| Other liabilities | 364,700,138 | 312,302,893 |
| Total liabilities | 4,408,456,782 | 4,189,611,463 |
| Shareholders' fund | | |
| Stated capital | 404,245,427 | 404,245,427 |
| Income surplus | 207,312,183 | 149,907,074 |
| Revaluation reserve | 123,670,260 | 123,670,260 |
| Statutory reserve | 292,518,632 | 246,436,224 |
| Other reserves | 818,835 | 1,335,904 |
| Total shareholders' fund | 1,028,565,337 | 925,594,889 |
| Total liabilities and shareholders' fund | 5,437,022,119 | 5,115,206,352 |

The accompanying notes form an integral part of these financial statements. Approved by the Board and signed on its behalf as follows:


Margaret Boateng Sekyere (Chairperson)
25 February 2022


Hakim Ouzzani (Managing Director)
25 February 2022

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

| | 2021 GH¢ | 2020 GH¢ |
|--|----------------------|----------------------|
| Operating activities | | |
| Operating profit before taxation | 281,966,699 | 221,630,035 |
| Adjustments for: | | |
| Impairment provision | 42,426,979 | (42,706,385) |
| Fair value adjustment on equity investment | 27,729 | 1,038,501 |
| Fair value adjustment on non pledged trading assets | (498,926) | 797,756 |
| Depreciation and amortization | 34,807,599 | 33,588,164 |
| Other non cash adjustments | 253,315 | - |
| Derivative revaluation | 40,509,648 | - |
| Unrealized loss on forex revaluation | 1,320,467 | 5,918,445 |
| Operating profit before working capital changes | 400,813,510 | 220,266,516 |
| Changes in operating and other assets and liabilities | | |
| Change in non-pledged trading assets | (74,760,878) | (11,170,296) |
| Change in loans and advances to customers | 27,865,665 | 123,393,711 |
| Change in other assets | 7,878,603 | (3,997,284) |
| Change in deposit from banks | (2,029,438) | (21,729,452) |
| Change in deposit from customers | (90,202,638) | 311,637,350 |
| Change in other liabilities | 54,684,493 | 79,183,783 |
| | (76,564,193) | 477,317,812 |
| Income tax paid | (113,593,324) | (92,903,430) |
| Net cash flows from operating activities | 210,655,993 | 604,680,898 |
| Cash flow from investing activities | | |
| Purchase of investment securities | (1,032,517,702) | (482,702,414) |
| Matured investment securities | 97,146,284 | 31,039,014 |
| Equity investments | - | (4,412,066) |
| Purchase of property, plant and equipment | (9,976,897) | (32,605,733) |
| Purchase of intangible assets | (3,096,344) | (397,817) |
| Net cash flows used in investing activities | (948,444,659) | (489,079,017) |
| Cash flow from financing activities | | |
| Proceeds from borrowings | 235,912,637 | 202,544,707 |
| Repayment of borrowings | (13,314,795) | (13,973,897) |
| Dividend paid | (80,842,116) | (31,911,361) |
| Net cash flows from financing activities | 141,755,726 | 156,659,449 |
| Change in cash and cash equivalents | (596,032,940) | 272,261,330 |
| Net foreign exchange and revaluation difference | (1,320,467) | (5,918,445) |
| Cash & cash equivalents at 1 January | 1,561,983,616 | 1,295,640,731 |
| Cash and cash equivalents at 31 December | 963,960,922 | 1,561,983,616 |
| Operational cash flows from interest: | | |
| Interest received | 442,305,272 | 516,115,683 |
| Interest paid | (111,201,903) | (111,882,687) |
| Dividend received | - | 133,640 |

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Stated Capital GH¢ | Income surplus GH¢ | Revaluation Reserve GH¢ | Statutory reserve GH¢ | Other reserves GH¢ | Total shareholders' equity GH¢ |
|--|--------------------------|--------------------------|-------------------------------|-----------------------------|--------------------------|---|
| For the year ended 31 December 2021 | | | | | | |
| Balance as at 1 January 2021 | 404,245,427 | 149,907,074 | 123,670,260 | 246,436,224 | 1,335,904 | 925,594,889 |
| Movements during the year: | | | | | | |
| Profit for the year | - | 184,329,633 | - | - | - | 184,329,633 |
| Other movements in equity: | | | | | | |
| Debt Instruments at FVOCI | - | - | - | - | (517,069) | (517,069) |
| Dividend | - | (80,842,116) | - | - | - | (80,842,116) |
| Transfer to statutory reserve | - | (46,082,408) | - | 46,082,408 | - | - |
| Balance as at 31 December 2021 | 404,245,427 | 207,312,183 | 123,670,260 | 292,518,632 | 818,835 | 1,028,565,337 |

| | Stated Capital GH¢ | Income surplus GH¢ | Revaluation Reserve GH¢ | Statutory reserve GH¢ | Other reserves GH¢ | Total shareholders' equity GH¢ |
|--|--------------------------|--------------------------|-------------------------------|-----------------------------|--------------------------|---|
| For the year ended 31 December 2020 | | | | | | |
| Balance as at 1 January 2020 | 404,245,427 | 66,161,749 | 123,670,260 | 207,883,995 | - | 801,961,431 |
| Movements during the year: | | | | | | |
| Profit for the year | - | 154,208,915 | - | - | - | 154,208,915 |
| Other movements in equity: | | | | | | |
| Debt Instruments at FVOCI | - | - | - | - | 1,335,904 | 1,335,904 |
| Dividend | - | (31,911,361) | - | - | - | (31,911,361) |
| Transfer to statutory reserve | - | (38,552,229) | - | 38,552,229 | - | - |
| Balance as at 31 December 2020 | 404,245,427 | 149,907,074 | 123,670,260 | 246,436,224 | 1,335,904 | 925,594,889 |

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing financial statements for each financial period, which give a true and fair view of the state of affairs of the bank at the end of the period and of the profit or loss of the bank for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed subject to any material departures, disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the provision of the Companies Act, 2019 (Act 992) and the Bank and Specialized Deposit Taking Institutions Act, 2016 (Act 930) and International Financial Reporting Standards. They are responsible for safeguarding the assets of the bank and hence for taking steps for the prevention and detection of fraud and other irregularities.

The above statement should be read in conjunction with the statement of the auditors' responsibilities, which is made with a view to distinguishing, for shareholders, the respective responsibilities of the Directors and the Auditors in relation to the financial statements.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

REPORTING ENTITY

Societe Generale Ghana PLC (the Bank) is a limited liability company incorporated in Ghana under the Companies Act, 2019 (Act 992). The Bank is domiciled in Ghana with its registered office at 2nd Crescent, Royalt Castle Road, Ring Road Central, Accra. The Bank is authorized and licensed to carry out the business of banking and provides retail banking, corporate banking, investment banking and other financial intermediation activities and specialized financing activities such as leasing and consumer credits through its network of branches and outlets including divisions across Ghana.

The principal activities of the Bank are described in the Directors' Report. Societe Generale (Group), a bank incorporated in France, is the ultimate parent of the Bank.

The Bank is listed on the Ghana Stock Exchange (GSE). This has enabled the equity shares of the Bank to be traded publicly on the Ghana Stock Exchange (GSE).

STATEMENT OF COMPLIANCE

These financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and accounting requirement as dictated by the guide for financial publication 2017 issued by the Bank of Ghana. Except as otherwise specified by the guide for financial publication, the financial statements were prepared in accordance with IFRS and other related laws in Ghana.

ACCOUNTING POLICIES

The accounting policies adapted by the Bank are consistent with those of the previous financial year.

BASIS OF PREPARATION

The financial statements of the Bank have been prepared on a historical cost basis, except for Financial assets and liabilities held-for-trading, Derivative financial instruments and Equity investments which are at fair value. Land and buildings are also carried under the revaluation model.

QUANTITATIVE DISCLOSURES

| | 2021 | 2020 |
|-------------------------------------|----------|--------|
| Capital Adequacy Ratio | 22.38% | 20.79% |
| Common Equity Tier 1 / RWA | 20.79% | 19.15% |
| Leverage Ratio | 12.57% | 12.59% |
| Loan Loss Provision Ratio | 8.35% | 7.43% |
| Liquidity Ratio | 108.78% | 88.26% |
| Gross Non-performing Loan Ratio | 7.58% | 6.72% |
| Off-Balance Sheet Exposures (GH¢'M) | 1,079.86 | 665.07 |

QUALITATIVE DISCLOSURES RISK MANAGEMENT

1. The Bank is exposed to the following risks: credit, liquidity, interest rate, market and other operational risks.

2. The risks inherent in the Bank's activities are managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities.
3. The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. In addition, there are Risk Committees that have the overall responsibility for the development of risk strategy and implementing principles, frameworks, policies and limits.
4. Over the year under review, the Board of Directors have assessed the dominant risks faced by the bank as generally stable over a three year period.

DEFAULTS IN STATUTORY LIQUIDITY

| | 2021 | 2020 |
|---|------|------|
| Number of Defaults in Statutory Liquidity | Nil | Nil |
| Sanctions | Nil | Nil |

REGULATORY BREACHES

The Bank was fined an amount of GH¢2,259,178 by the Bank of Ghana (BoG) in respect of regulatory breaches in relation to the breach of single obligor limit and late submission of returns.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SOCIETE GENERALE GHANA PLC

Opinion

We have audited the financial statements of Societe Generale Ghana PLC (the Bank) which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the provisions of the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit -Taking Institutions Act, 2016 (Act 930).

Summary financial statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS), the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 25 February 2022. That report also includes the communication of other key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

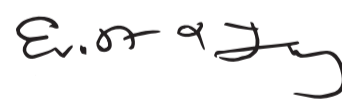
Directors' responsibility for the summary financial statements

The Directors are responsible for the preparation of the summary financial statements in accordance with the Bank of Ghana guide for financial publication for banks and Bank of Ghana (BOG) licensed financial Institutions.

Auditor's responsibility

Our responsibility is to express an independent opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), Engagement to Report on Summary Financial Statements.

The Engagement Partner on the audit resulting in this independent auditor's report is Pamela Des Bordes (ICAG/P/1329).



Ernst & Young (ICAG/F/2022/126)
Chartered Accountants, Accra, Ghana

25 February 2022

