

# SOCIETE GENERALE GHANA LIMITED

## 2019 AUDITED FINANCIAL STATEMENTS

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 GH¢	2018 GH¢
Interest Income	454,048,757	353,752,858
Interest Expense	(88,235,057)	(75,944,346)
<b>Net Interest Income</b>	<b>365,813,700</b>	<b>277,808,512</b>
Fees & Commission Income	73,196,874	71,556,947
Fees & Commission Expense	(23,154,024)	(18,461,504)
<b>Net Fees and Commission Income</b>	<b>50,042,850</b>	<b>53,095,443</b>
Net Trading Revenue	34,516,774	28,522,781
Net income from other financial instruments carried at fair value	39,746,459	31,636,086
Other Operating Income	18,936,473	10,783,223
<b>Total Other Operating Income</b>	<b>93,199,706</b>	<b>70,942,090</b>
<b>Operating Income</b>	<b>509,056,256</b>	<b>401,846,045</b>
Net impairment loss on financial assets	(54,922,666)	(57,889,365)
Personnel Expense	(123,237,364)	(117,868,602)
Depreciation and Amortization	(33,180,681)	(22,756,223)
Other Expenses	(121,024,195)	(98,119,899)
<b>Profit before Income Tax</b>	<b>176,691,350</b>	<b>105,211,956</b>
Income Tax Expenses	(48,149,164)	(43,239,671)
<b>Profit after Tax Expense</b>	<b>128,542,186</b>	<b>61,972,285</b>
Other comprehensive income, net of income tax	-	-
<b>Total Comprehensive Income for the period</b>	<b>128,542,186</b>	<b>61,972,285</b>
<b>Earnings Per Share:</b>		
Basic earnings per share (GH¢)	0.18	0.11
Diluted earnings per share (GH¢)	0.18	0.11


### STATEMENT OF FINANCIAL POSITION

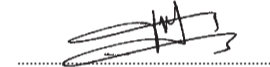
AS AT 31 DECEMBER 2019

	2019 GH¢	2018 GH¢
<b>Assets</b>		
Cash and Cash Equivalents	1,295,640,731	641,836,054
Non-Pledged Trading assets	57,523,936	75,718,494
Investment Securities	83,104,992	691,417,274
Loans and Advances to Customers	2,643,394,001	1,665,284,201
Equity Investments	8,862,900	2,807,042
Derivative Financial Assets	-	5,380,060
Current Tax Assets	-	1,882,766
Other Assets	62,514,235	55,447,404
Property, Plant and Equipment	290,868,619	289,214,114
Intangible Assets	1,728,565	2,368,983
Deferred Tax Assets	271,230	-
<b>Total Assets</b>	<b>4,443,909,209</b>	<b>3,431,356,392</b>
<b>Liabilities</b>		
Deposits from Banks	25,675,390	3,667,371
Deposits from Customers	3,169,705,971	2,161,382,598
Borrowings	177,695,977	349,613,405
Current Tax Liabilities	35,751,330	-
Other Liabilities	233,119,110	180,059,498
Deferred Tax Liabilities	-	34,848,620
<b>Total Liabilities</b>	<b>3,641,947,778</b>	<b>2,729,571,492</b>
<b>Shareholders' Fund</b>		
Stated Capital	404,245,427	404,245,427
Income Surplus	66,161,749	30,256,311
Revaluation Reserve	123,670,260	123,670,260
Statutory Reserve	207,883,995	143,612,902
<b>Total Shareholders' Fund</b>	<b>801,961,431</b>	<b>701,784,900</b>
<b>Total Liabilities and Shareholders' Fund</b>	<b>4,443,909,209</b>	<b>3,431,356,392</b>

The accompanying notes form an integral part of these financial statements.

Approved by the Board on 19th February 2020 and signed on its behalf as follows:

  
Kofi Ampim (Chairman)  
5th March, 2020

  
Hakim Ouzzani (Managing Director)  
5th March, 2020

### STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 GH¢	2018 GH¢
<b>Cash flow from Operating Activities</b>		
Operating Profit before Taxation	176,691,350	105,211,956
Adjustments for:		
Depreciation and Amortization	33,180,681	22,756,223
Unrealized Gain on forex and revaluations	(16,534,922)	(7,036,905)
Profit on Sales of Property, Plant and Equipment	(623,961)	26,748
<b>Operating Profit before Working Capital Changes</b>	<b>192,713,148</b>	<b>120,958,022</b>
<b>Changes in Operating and Other Assets and Liabilities</b>		
Change in Non-Pledged Trading assets	18,194,558	(1,584,630)
Change in Loans and Advances to Customers	(992,777,583)	(292,712,985)
Change in Other Assets	(5,830,901)	(24,339,268)
Change in Derivative Financial Assets	5,380,060	(5,380,060)
Change in Deposit from Banks	22,008,019	(1,929,192)
Change in Deposit from Customers	1,008,323,373	173,083,853
Change in Other Liabilities	54,709,124	47,081,778
<b>Income Tax Paid</b>	<b>(45,634,918)</b>	<b>(49,611,957)</b>
<b>Net Cash Generated from / (used in) Operating Activities</b>	<b>257,084,880</b>	<b>(34,434,439)</b>
<b>Cash flow from Investing Activities</b>		
Change in Investment securities	608,312,282	(459,359,549)
Equity Investments	(5,320,622)	(287,897)
Purchase of Property, Plant and Equipment	(22,115,558)	(31,433,371)
Purchase of Intangible Assets	(432,411)	(1,821,634)
Proceeds from Sale of Property, Plant and Equipment	762,100	77,254
<b>Net Cash generated / (used in) from Investing Activities</b>	<b>581,205,791</b>	<b>(492,825,197)</b>
<b>Cash flow from Financing Activities</b>		
Repayment of Borrowings	(171,917,428)	-
Proceeds from Borrowings	-	245,428,851
Dividend Paid	(28,365,655)	-
Bonus Issue - Withholding tax and expenses	-	(6,838,589)
Rights Issue	-	168,942,502
Rights Issue Expenses	-	(2,683,358)
<b>Net Cash (used in) / generated from Financing Activities</b>	<b>(200,283,083)</b>	<b>404,849,406</b>
Change in Cash and Cash Equivalents	638,007,588	(122,410,229)
Net Foreign Exchange Difference	15,797,088	6,494,685
Cash & Cash Equivalents as at 1 January	641,836,055	757,751,599
<b>Cash and Cash Equivalents as at 31 December 2019</b>	<b>1,295,640,731</b>	<b>641,836,055</b>
<b>Operational Cash Flows from Interest:</b>		
Interest Received	437,858,960	253,759,365
Interest Paid	85,814,071	72,513,129

### STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Stated Capital GH¢	Income surplus GH¢	Revaluation Reserve GH¢	Statutory reserve GH¢	Other reserves GH¢	Total shareholders' funds GH¢
<b>For the year ended 31 December 2019</b>						
Balance as at 1 January 2019	404,245,427	30,256,311	123,670,260	143,612,902	-	701,784,900
Movements during the Year:						
Profit for the period	-	128,542,186	-	-	-	128,542,186
Other Movements in Equity						
Dividend	-	(28,365,655)	-	-	-	(28,365,655)
Transfer to Statutory Reserve	-	(64,271,093)	-	64,271,093	-	-
Transfer to General Regulatory Credit Reserve	-	-	-	-	-	-
<b>Balance as at 31 December 2019</b>	<b>404,245,427</b>	<b>66,161,749</b>	<b>123,670,260</b>	<b>207,883,995</b>	<b>-</b>	<b>801,961,431</b>

	Stated Capital GH¢	Income surplus GH¢	Revaluation Reserve GH¢	Statutory reserve GH¢	Other reserves GH¢	Total shareholders' funds GH¢
<b>For the year ended 31 December 2018</b>						
Balance as at 1 January 2018	138,302,925	142,772,417	123,670,260	112,626,759	1,480,662	518,853,023
Less: IFRS 9 First Time Application Impact	-	(36,980,301)	-	-	(1,480,662)	(38,460,963)
Balance After IFRS 9 First Time Application Impact	138,302,925	105,792,116	123,670,260	112,626,759	-	480,392,060
Movements during the Year:						
Profit for the period	-	61,972,285	-	-	-	61,972,285
Other Movements in Equity						
Bonus Issue	97,000,000	(97,000,000)	-	-	-	-
Expenses on Bonus Issue	-	(6,838,589)	-	-	-	(6,838,589)
Rights Issue	168,942,502	-	-	-	-	168,942,502
Expenses on Right Issue	-	(2,683,358)	-	-	-	(2,683,358)
Write Off	-	-	-	-	-	-
Transfer to Statutory Reserve	-	(30,986,143)	-	30,986,143	-	-
Transfer to General Regulatory Credit Reserve	-	-	-	-	-	-
<b>Balance as at 31 December 2018</b>	<b>404,245,427</b>	<b>30,256,311</b>	<b>123,670,260</b>	<b>143,612,902</b>	<b>-</b>	<b>701,784,900</b>

## 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

## NOTES TO THE SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### Reporting Entity

Societe Generale Ghana Limited (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 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 requirements 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.

### Accounting policies

The accounting policies adapted by the bank are consistent with those of the previous financial year except for leases which were previously treated under IAS 17 but are now reported per IFRS 16. As a result, an amount of GHS 11,784,937 was reclassified from Prepayments (under other assets) to Right Of Use Assets (under Property, plant and Equipment). Also an amount of GHS 184,159,794 was transferred at cost from Land & Buildings (under Property, plant and Equipment) to Right of Use Asset at a net book value GHS179,141,921.

### 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

	2019	2018
Capital adequacy Ratio (CRD)	15.06%	16.79%
Common Equity Tier 1 Ratio	13.06%	14.79%
Leverage Ratio	9.30%	10.36%
Loan Loss Provision Ratio	8.63%	12.69%
Liquidity Ratio	64.57%	89.69%
Gross Non-performing Loan Ratio	8.83%	14.80%
Off-Balance Sheet Exposures (GHS M)	766.49	1,192.99

### 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 risk faced by the bank as generally stable over a three year period

### Defaults In Statutory Liquidity

	2019	2018
Number of Defaults in Statutory Liquidity	Nil	Nil
Sanctions	Nil	Nil

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

### Opinion

The summary financial statements, which comprise the statement of financial position as at 31 December 2019, statement of comprehensive income, statement cash flows for the year then ended, and related notes, are derived from the audited financial statements of Societe Generale Ghana Limited for the year ended 31 December 2019.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the basis of preparation the notes to the summary financial statements.

### 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 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 5th March 2020. That report also includes the communication of other key 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.

### Management's responsibility for the summary financial statements

Management is 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 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.



Signed by Pamela Des Bordes (ICAG/P/1329)  
For and on behalf of Ernst & Young (ICAG/F/2020/126)  
Chartered Accountants  
Accra, Ghana

Date: 5th March, 2020

