

### Summary statement of profit or loss and other comprehensive income for the year ended 31 December 2020

|   | 2020<br>GHS        | 2019<br>GHS       |
|---|--------------------|-------------------|
| Interest income                                     | 62,835,870         | 72,321,028        |
| Interest expense                                    | (21,274,468)       | (18,709,132)      |
| <b>Net interest income</b>                          | <b>41,561,402</b>  | <b>53,611,896</b> |
| Impairment charges                                  | (8,716,328)        | (6,312,746)       |
| <b>Net interest income after impairment charges</b> | <b>32,845,074</b>  | <b>47,299,150</b> |
| Fees and commissions income                         | 7,440,213          | 8,480,825         |
| Other operating income                              | 273,755            | 33,855            |
| Personnel expenses                                  | (22,916,691)       | (23,447,194)      |
| Depreciation of property and equipment              | (2,571,985)        | (2,421,376)       |
| Depreciation of right-of-use assets                 | (2,033,169)        | (1,918,197)       |
| Amortisation of intangible assets                   | (98,355)           | (22,376)          |
| Other operating expenses                            | (15,703,045)       | (15,541,195)      |
|   | (35,609,277)       | (34,835,658)      |
| <b>Profit before income tax</b>                     | <b>(2,764,203)</b> | <b>12,463,492</b> |
| National stabilisation levy                         | -                  | (623,174)         |
| Income tax expense                                  | 58,490             | (3,091,043)       |
| <b>Profit for the year</b>                          | <b>(2,705,713)</b> | <b>8,749,275</b>  |
| Other comprehensive income                          | -                  | -                 |
| <b>Total comprehensive income</b>                   | <b>(2,705,713)</b> | <b>8,749,275</b>  |

### Summary statement of financial position as at 31 December 2020

|                                     | 2020<br>GHS        | 2019<br>GHS        |
|-------------------------------------|--------------------|--------------------|
| <b>Assets</b>                       |                    |                    |
| Cash and bank balances              | 6,982,629          | 3,147,265          |
| Due from banks                      | 5,187,312          | 7,206,971          |
| Government securities               | 6,779,057          | 3,722,769          |
| Loans and advances to customers     | 118,915,978        | 136,169,788        |
| Other assets                        | 7,419,880          | 8,416,034          |
| Property and equipment              | 6,869,302          | 8,123,988          |
| Right-of-use assets                 | 8,864,721          | 8,231,282          |
| Intangible assets                   | 258,954            | 188,259            |
| Deferred tax asset                  | 3,386,621          | 3,107,642          |
| <b>Total assets</b>                 | <b>164,664,454</b> | <b>178,313,998</b> |
| <b>Equity and liabilities</b>       |                    |                    |
| <b>Liabilities</b>                  |                    |                    |
| Customer deposits                   | 62,985,767         | 45,885,685         |
| Borrowings                          | 61,038,628         | 86,051,734         |
| Lease liabilities                   | 6,248,507          | 5,837,266          |
| Corporate tax payable               | 549,319            | 2,806,034          |
| Other liabilities                   | 3,981,291          | 5,166,624          |
| <b>Total liabilities</b>            | <b>134,803,512</b> | <b>145,747,343</b> |
| <b>Shareholders' equity</b>         |                    |                    |
| Stated capital                      | 17,291,374         | 17,291,374         |
| Statutory reserve                   | 10,900,645         | 10,900,645         |
| Retained earnings                   | 1,668,923          | 4,374,636          |
| <b>Total shareholders' equity</b>   | <b>29,860,942</b>  | <b>32,566,655</b>  |
| <b>Total equity and liabilities</b> | <b>164,664,454</b> | <b>178,313,998</b> |

### Summary statement of changes in equity for the year ended 31 December 2020

| Year ended 31 December 2020     | Stated Capital<br>GHS | Income Surplus<br>GHS | Statutory Reserve<br>GHS | Total<br>GHS      |
|---------------------------------|-----------------------|-----------------------|--------------------------|-------------------|
| At 1 January 2020               | 17,291,374            | 4,374,636             | 10,900,645               | 32,566,655        |
| Loss for the period             | -                     | (2,705,713)           | -                        | (2,705,713)       |
| Dividend paid during the period | -                     | -                     | -                        | -                 |
| Transfer to statutory reserve   | -                     | -                     | -                        | -                 |
| <b>At 31 December 2020</b>      | <b>17,291,374</b>     | <b>1,668,923</b>      | <b>10,900,645</b>        | <b>29,860,942</b> |

| Year ended 31 December 2019     | Stated Capital<br>GHS | Income Surplus<br>GHS | Statutory Reserve<br>GHS | Total<br>GHS      |
|---------------------------------|-----------------------|-----------------------|--------------------------|-------------------|
| At 1 January 2019               | 17,291,374            | 1,452,604             | 6,526,009                | 25,269,987        |
| Profit for the period           | -                     | 8,749,275             | -                        | 8,749,275         |
| Dividend paid during the period | -                     | (1,452,604)           | -                        | (1,452,604)       |
| Transfer to statutory reserve   | -                     | (4,374,638)           | 4,374,638                | -                 |
| <b>At 31 December 2019</b>      | <b>17,291,374</b>     | <b>4,374,636</b>      | <b>10,900,645</b>        | <b>32,566,655</b> |

### Summary statement of cashflows for the year ended 31 December 2020

|   | 2020<br>GHS         | 2019<br>GHS        |
|---|---------------------|--------------------|
| <b>Cash flows from operating activities</b>                   |                     |                    |
| Profit before taxation  | (2,764,203)         | 12,463,492         |
| Adjustments for:  |                     |                    |
| Depreciation  | 2,571,985           | 2,421,376          |
| Amortization  | 98,355              | 22,376             |
| (Profit) on the sale of property, plant & equipment           | (28,305)            | (10,095)           |
| <b>Working capital changes:</b>                               |                     |                    |
| Change in loans & advances                                    | 17,253,810          | (23,050,327)       |
| Change in other assets  | 362,716             | (9,264,808)        |
| Change customer deposits                                      | 17,100,083          | 8,712,593          |
| Change in other liabilities                                   | (774,094)           | 7,405,898          |
| Cash generated from operations                                | 33,820,347          | (1,299,495)        |
| Income taxes paid   | (2,477,204)         | (4,275,201)        |
| <b>Net cash generated from/(used in) operating activities</b> | <b>31,343,143</b>   | <b>(5,574,696)</b> |
| <b>Cash flows from investing activities</b>                   |                     |                    |
| Purchase of property, plant and equipment                     | (1,327,936)         | (3,306,620)        |
| Additions to intangible assets                                | (169,051)           | -                  |
| Proceeds from sale of property, plant and equipment           | 38,942              | 10,811             |
| <b>Net cash used in investing activities</b>                  | <b>(1,458,045)</b>  | <b>(3,295,809)</b> |
| <b>Cash flows from financing activities</b>                   |                     |                    |
| Dividend paid   | -                   | (1,452,604)        |
| Net change in borrowings                                      | (25,013,105)        | 12,735,212         |
| <b>Net cash (used in)/generated from financing activities</b> | <b>(25,013,105)</b> | <b>11,282,608</b>  |
| Net change in cash and cash equivalents                       | 4,871,993           | 2,412,103          |
| Cash and cash equivalents at 1 January                        | 14,077,005          | 11,664,902         |
| Cash and cash equivalents at end of period                    | 18,948,998          | 14,077,005         |
| <b>Analysis of cash and cash equivalents:</b>                 |                     |                    |
| Cash & bank balances  | 6,982,629           | 3,147,265          |
| Due from banks  | 5,187,312           | 7,206,971          |
| Government securities   | 6,779,057           | 3,722,769          |
|   | 18,948,998          | 14,077,005         |

### Summary notes to the financial statements for the year ended 31 December 2020

#### 1. Reporting Entity

The Company is incorporated in Ghana under the Companies Act, 2019 (Act 992) as a limited liability company and is domiciled in Ghana. The Company's principal activity is to transact business as a savings and loans company.

#### 2. Basis of Preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992) Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The financial statements have been prepared on a historical cost basis, as modified by the revaluation of certain financial assets and liabilities.

# ADVANS GHANA SAVINGS AND LOANS LIMITED

## SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 31 DECEMBER 2020

### 3. Use of Judgement and Estimates

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the consolidated income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed.

### 4. Risk Management

As a financial institution, risk is at the core of our operations. To manage it, we have designed a risk management framework that aims to comprehensively cover the following risks: Credit Risk, Liquidity Risk, Operational Risk, and Market Risk.

- Credit Risk is managed by using internal credit ratings for all credits, and a strong credit appraisal and control regime adopted by the Advans Group.
- The Assets and Liabilities Committee (ALCO) under delegated authority from the Board of Director's sets and monitors Liquidity Risk and Market Risk standards in accordance with regulatory and the Advans SA Group requirements. Over the period, no default has been recorded in the maintenance of statutory liquidity.

### 5. Regulatory Disclosures

|                                   | 2020   | 2019   |
|-----------------------------------|--------|--------|
| Capital Adequacy Ratio (%)        | 12.81% | 13.53% |
| Non-performing Loans Ratio (%)    | 7.34%  | 7.30%  |
| Regulatory Breaches               | Nil    | Nil    |
| Sanctions for Regulatory Breaches | Nil    | Nil    |

### Directors Report

The directors present their report together with the audited financial statements for the year ended 31 December 2020 in accordance with the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) which discloses the state of the affairs of the Company.

### Principal Activities

Advans Ghana Savings and Loans Limited is authorised to transact business as a savings and loans company.

### Incorporation

Advans Ghana Savings and Loans Limited was incorporated on 20 November 2007 as a Limited Liability Company under the Companies Act 1963, (Act 179), now replaced by The Companies Act 2019 (Act 992). The Company is a subsidiary of Advans SA SICAR, a company incorporated in Luxembourg, which holds 60% of the issued ordinary shares of the Company.

### Statement of Directors' Responsibilities

The directors are responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for the year. In preparing these financial statements, the directors have:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that are reasonable and prudent.
- Prepared the financial statements on the going concern basis, and
- Followed International Financial Reporting Standards and complied with the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930)

The directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

### Going Concern

The financial statements have been prepared on the going concern basis with the Company expected to continue in operation for the foreseeable future and will be able to realise assets and discharge liabilities in the normal course of operations.

### Financial Results

The loss for the year of **GHS 2,705,713** (2019: profit of GHS 8,749,275) has been transferred to retained earnings.

### Dividend


The Board of Directors do not recommend the payment of dividend (2019: Nil).


### Auditor

Deloitte and Touche has expressed willingness to continue in office as auditor of the Company in accordance with Section 139(5) of the Companies Act, 2019 (Act 992).

### Approval of the Financial Statements

The Board of Directors approved the financial statements on 23 March, 2021 and were signed on their behalf by:

  
 Director **Oliver BAFILY-BEKHET**  
 Date: 07/04/2021

  
 Director **Ben BERKO**  
 Date: 07/04/2021

## Deloitte.

### Independent Auditor's report on the summary financial statements to the shareholders of Advans Ghana Savings and Loans Limited

#### Our opinion

In our opinion, the accompanying summary financial statements of Advans Ghana Savings and Loans Limited (the "Company"), are consistent, in all material respects, with the audited financial statements of the Company for the year ended 31 December 2020, on the basis described in the notes.

The Company's summary financial statements derived from the audited financial statements for the year ended 31 December 2020 comprise:

- the summary statement of financial position as at 31 December 2020;
- the summary statement of comprehensive income for the year then ended;
- the summary statement of changes in equity for the year then ended;
- the summary statement of cash flows for the year then ended; and
- the related 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 the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

#### The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 9 April 2021. 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.

#### Directors' responsibilities for the summary financial statements

The Company's Directors are responsible for the preparation of the summary financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit – Taking Institutions Act 2016, (Act 930); and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibilities for the summary financial statements

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 Statement.

The engagement partner on the audit resulting in this independent auditor's report is **Emmanuel Martey (ICAG/P/1476)**.



For and on behalf Deloitte & Touche (ICAG/F/2020/129)

Chartered Accountants

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Off George Walker Bush Highway

Accra – Ghana

9 April 2021