

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

1. REPORTING ENTITY

Opportunity International Savings and Loans LTD (the Company) is a limited liability company incorporated in Ghana. The address of the Company's registered office is No. D765/3 Kwame Nkrumah Avenue, P. O. Box JT 323, Accra. The Company is a subsidiary of Opportunity Transformation Investments, Inc. The principal activities carried out by the Company include the provision of micro finance facilities in the form of loans to the general public, with the emphasis on lending to those in society with limited incomes who would not ordinarily qualify for a loan from a traditional bank. The Company also accepts deposits of various types including current accounts, savings accounts and enters into contracts for fixed deposits.

2. BASIS OF PREPARATION

The summary financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee. Additional information required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) have been included, where appropriate. These financial statements have been prepared under the historical cost convention.

The summary financial statement in publication is an extract from the financial statements for the year ended 31 December 2022. The full set of the financial statements are available for inspection at the Head Office at No. D765/3 Kwame Nkrumah Avenue, P. O. Box JT 323, Accra.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these summary financial statements are consistent with the accounting policies in the audited financial statements of the Company for the year ended 31 December 2022. These policies have been consistently applied to all the years presented, unless otherwise stated.

4. FUNCTIONAL AND PRESENTATION CURRENCY

The summary financial statements are presented in Ghana Cedi, which is the Company's functional and presentation currency.

5. RISK MANAGEMENT

The Company's activities expose the business to risks. These risks are managed professionally and in a targeted manner. Key risks arising from core functions are identified and measured to facilitate managing and determining risk positions and capital allocations. The risk arising from financial instruments to which the Company is exposed are:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's bank balances, due from related party, loans to customers, investment securities and other financial assets. For risk management reporting purposes, the Company considers all elements of credit risk exposure.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that changes in market prices – such as interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor/issuer's credit standing) – will affect the Company's income or the value of its holdings of financial instruments.

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Company's Compliance Unit is responsible for establishing and maintaining an appropriate framework of the Company's compliance policies and procedures.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Risk and Cyber Security Committee of the Board is responsible for developing and monitoring the Company's risk management policies over specified areas.


Key risk ratios for the Company are summarised below:

	2022	2021
Non-performing loan ratio	10.32	7.21
Capital adequacy ratio	18.37%	19.8%
Leverage (Times)	4.42	4.73
Liquidity ratio	7.65%	12.36%
Default in statutory liquidity	NIL	NIL
Default in statutory liquidity sanctions	NIL	NIL

Approval of the financial statements

The financial statements of the Company were approved by the Board of Directors on 27 April, 2023


Mr. Kwame Owusu-Boateng
(Chief Executive Officer)


Mr. Katey Assem
(Board Chairman)

REPORT OF THE DIRECTORS

The directors have the pleasure in presenting their report and the summary financial statements of Opportunity International Savings and Loans LTD (the "Company") for the year ended 31 December 2022.

DIRECTORS' RESPONSIBILITY STATEMENT

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 and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed the requirements of International Financial Reporting Standards (IFRS), the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The directors are responsible for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

Nature of business

The Company is licensed to operate the business of a savings and loans company.

There was no change in the nature of the Company's business during the year.

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF OPPORTUNITY INTERNATIONAL SAVINGS AND LOANS LTD

Our opinion

In our opinion, the accompanying summary financial statements of Opportunity International Savings and Loans LTD (the "Company"), are consistent, in all material respects, with the audited financial statements of the Company for the year ended 31 December 2022, on the basis described in the notes.

The summary financial statements

The Company's summary financial statements derived from the audited financial statements for the year ended 31 December 2022 comprise:

- the summary statement of financial position as at 31 December 2022;
- 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.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Companies Act, 2019 (Act 992) and the Banks and Specialised 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 28 April 2023. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited financial statements of the current period.

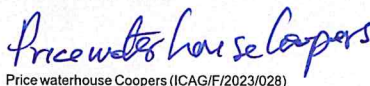
Directors' responsibility for the summary financial statements

The directors are responsible for the preparation of the summary financial statements on the basis described in the notes.

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 Standard on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

The engagement leader on the audit resulting in this independent auditor's report is Destiny Selorm Attatsitsey (ICAG/P/1619).


Price Waterhouse Coopers (ICAG/F/2023/028)
Chartered Accountants
Accra, Ghana
28 April 2023

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	2022 GH¢	2021 GH¢
Assets		
Cash and bank balances	19,391,624	30,234,244
Investments at amortised cost	119,686,850	103,990,841
Investments at fair value through profit or loss	10,355,968	11,413,041
Due from related party	1,073,460	2,106,398
Loans and advances to customers	180,237,776	177,180,541
Current tax assets	2,344,987	2,609,765
Property and equipment	15,166,024	8,357,407
Right-of-use assets	14,678,033	15,531,380
Intangible assets	4,789,533	5,842,275
Deferred tax assets	4,553,573	3,442,151
Other assets	13,437,936	7,308,349
Total assets	385,715,764	368,016,392
Liabilities		
Customer deposits	263,672,874	246,522,028
Borrowings	25,371,645	24,759,599
Grants	767,283	1,226,542
Lease liabilities	19,610,996	16,247,719
Other liabilities	7,232,372	15,001,134
Total liabilities	316,655,170	303,757,022
Equity		
Stated capital	24,219,047	24,219,047
Statutory reserve	20,456,570	19,126,336
Credit risk reserve	7,460,143	3,384,028
Other reserves	809,360	1,329,070
Retained earnings	16,115,474	16,200,889
Total equity	69,060,594	64,259,370
Total equity and liabilities	385,715,764	368,016,392

SUMMARY OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	2022 GH¢	2021 GH¢
Interest income	103,840,434	92,952,805
Interest expense	(15,446,665)	(14,677,439)
Net interest income	88,393,769	78,275,366
Fees and commission income	10,104,085	9,938,033
Other income	4,450,569	14,100,240
Operating income	102,948,423	102,313,639
Impairment loss on financial assets	(3,347,731)	(2,553,122)
Depreciation and amortisation	(7,542,152)	(6,897,811)
Personnel expenses	(42,377,096)	(38,559,513)
Other expenses	(42,152,262)	(29,386,475)
Profit before income tax	7,529,182	24,916,718
Income tax expense	(2,208,248)	(7,652,134)
Profit after tax	5,320,934	17,264,584
Other comprehensive income	-	-
Total comprehensive income	5,320,934	17,264,584

SUMMARY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022	Stated Capital GH¢	Other Reserve GH¢	Statutory Reserve GH¢	Credit risk Reserve GH¢	Retained earnings GH¢	Total GH¢
At 1 January 2022	24,219,047	1,329,070	19,126,336	3,384,028	16,200,889	64,259,370
Profit for the year	-	-	-	-	5,320,934	5,320,934
Total comprehensive income	-	-	-	-	5,320,934	5,320,934
Regulatory and other reserves transfers						
Transfer to statutory reserve	-	-	1,330,234	-	(1,330,234)	-
Transfer to credit risk reserve	-	-	1,330,234	4,076,115	(4,076,115)	-
Transactions with owners of the Company						
Fair value measurement of related party borrowings	-	(519,710)	-	-	-	(519,710)
At 31 December 2022	24,219,047	809,360	20,456,570	7,460,143	16,115,474	69,060,594
Year ended 31 December 2021						
At 1 January 2021	24,219,047	373,274	14,810,190	3,302,677	3,333,802	46,038,990
Profit for the year	-	-	-	-	17,264,584	17,264,584
Total comprehensive income	-	-	-	-	17,264,584	17,264,584
Regulatory and other reserves transfers						
Transfer to statutory reserve	-	-	4,316,146	-	(4,316,146)	-
Transfer to credit risk reserve	-	-	4,316,146	81,351	(81,351)	-
Transactions with owners of the Company						
Fair value measurement of related party borrowings	-	955,796	-	-	-	955,796
At 31 December 2021	24,219,047	1,329,070	19,126,336	3,384,028	16,200,889	64,259,370

SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

	2022 GH¢	2021 GH¢
Profit before tax	7,529,182	24,916,718
Adjustments for:		
Depreciation and amortisation	7,542,152	6,897,811
Profit on disposal of property equipment	(167,087)	(171,917)
Deferred grants released to income	(1,289,072)	(1,359,647)
Exchange loss on lease liabilities	3,207,670	297,640
Interest accrued on borrowings and lease liabilities	5,433,839	3,876,433
Operating cash flow before investment in working capital	22,256,684	34,457,038
Changes in:		
Loans to customers	(3,057,235)	(24,823,617)
Other assets	(6,129,587)	2,299,348
Customer deposits	17,150,846	18,553,759
Other liabilities	(7,780,953)	1,131,427
Investments securities maturing over 91 days	39,884,347	(29,039,079)
Mandatory reserve	(1,615,084)	(1,855,376)
Income tax paid	(3,054,892)	(7,896,599)
Net cash flow used in operating activities	57,654,126	(7,173,099)
Cash flow from investing activities		
Acquisition of property and equipment	(10,845,565)	(3,540,552)
Proceeds from disposal of property and equipment	167,087	197,701
Proceeds from investment securities at fair value	1,057,073	-
Acquisition of intangible assets	(1,099,699)	(1,575,844)
Net cash flow used in investing activities	(10,721,104)	(4,918,695)
Financing activities		
Proceeds from borrowings	2,950,366	17,689,619
Repayments of borrowings (less set off)	(4,393,565)	(2,512,345)
Finance lease payments	(3,196,984)	(1,889,632)
Grants received	829,813	1,749,213
Net cash flow (used in) / generated from financing activities	(3,810,370)	15,036,855
Net increase in cash and cash equivalents	43,122,652	2,945,061
Balance at 1 January	10,085,855	7,140,794
Cash and cash equivalents at 31 December	53,208,507	10,085,855