

Stanbic Bank Ghana Limited and its Subsidiary

Audited Summary Separate and Consolidated Financial Statements for the year ended 31 December 2018

Summary statements of comprehensive income for the year ended 31 December 2018

	Group		Bank	
	2018 GHS'000	2017 GHS'000	2018 GHS'000	2017 GHS'000
Net interest income	466,325	395,367	465,834	394,896
Interest income	549,984	488,527	549,493	488,056
Interest expense	(83,659)	(93,160)	(83,659)	(93,160)
Non-interest revenue	331,316	285,804	330,627	285,581
Net fee and commission revenue	193,698	149,078	193,009	148,855
Fee and commission revenue	219,239	170,921	218,550	170,698
Fee and commission expense	(25,541)	(21,843)	(25,541)	(21,843)
Trading revenue	137,715	136,726	137,715	136,726
Other loss	(97)	-	(97)	-
Total income	797,641	681,171	796,461	680,477
Credit impairment charges	(38,680)	(53,696)	(38,678)	(53,696)
Income after credit impairment charges	758,961	627,475	757,783	626,781
Operating expenses	(423,226)	(315,476)	(421,930)	(314,622)
Staff costs	(226,776)	(198,573)	(226,192)	(198,108)
Depreciation and amortisation	(35,131)	(30,776)	(35,131)	(30,775)
Other operating expenses	(161,319)	(86,127)	(160,607)	(85,739)
Net income before indirect taxation	335,735	311,999	335,853	312,159
Indirect taxation	(12,890)	(3,095)	(12,882)	(3,095)
Profit before direct taxation	322,845	308,904	322,971	309,064
Direct taxation	(96,824)	(93,305)	(96,824)	(93,305)
Profit for the year	226,021	215,599	226,147	215,759
Other comprehensive income				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Movement in the available-for-sale revaluation reserve	-	4,391	-	4,391
Net change in fair value of available-for-sale financial assets	-	4,391	-	4,391
<i>Items that may not be reclassified subsequently to profit or loss:</i>				
Defined benefit fund remeasurements	(10,196)	-	(10,196)	-
Total comprehensive income for the year	215,825	219,990	215,951	220,150
Basic / diluted earnings per ordinary share (In Ghana Pesewas)	129	130	129	130

Summary statements of financial position at 31 December 2018

	Group		Bank	
	2018 GHS'000	2017 GHS'000	2018 GHS'000	2017 GHS'000
Assets				
Cash and cash equivalents	1,709,104	1,734,995	1,707,136	1,733,070
Non-pledged trading assets	634,614	566,076	634,614	566,076
Investment securities	685,248	646,316	682,264	645,408
Loans and advances to customers	2,584,735	1,874,757	2,584,735	1,874,757
Current tax assets	54,790	13,713	54,692	13,638
Other assets	375,208	268,832	377,767	270,414
Investment in subsidiary	-	-	2,500	1,000
Intangible assets	73,581	80,369	73,581	80,369
Property and equipment	87,730	78,424	87,729	78,422
Total assets	6,205,010	5,263,482	6,205,018	5,263,154
Equity	1,075,374	917,735	1,075,290	917,521
Stated capital	414,213	108,241	414,213	108,241
Reserves	661,161	809,494	661,077	809,280
Income surplus	223,032	483,440	222,948	483,226
Statutory reserve	317,695	204,621	317,695	204,621
Statutory credit risk reserve	119,761	110,156	119,761	110,156
Available for sale reserve	-	11,183	-	11,183
Other reserve	673	94	673	94
Liabilities	5,129,636	4,345,747	5,129,728	4,345,633
Trading liabilities	127,360	72,103	127,360	72,103
Deposit and current accounts	4,501,166	3,535,783	4,501,390	3,535,783
Deposits from banks	218,855	174,624	218,855	174,624
Deposits from customers	4,282,311	3,361,159	4,282,535	3,361,159
Deferred tax liabilities	110	8,852	110	8,851
Provisions and other liabilities	366,778	604,918	366,646	604,805
Subordinated debt	134,222	124,091	134,222	124,091
Total equity and liabilities	6,205,010	5,263,482	6,205,018	5,263,154

The financial statements were approved by the Board of Directors on 15th March 2019 and signed on its behalf by:

Ernest Aryeetey



Alhassan Andani



Summary statements of cash flows for the year ended 31 December 2018

	Group		Bank	
	2018 GHS'000	2017 GHS'000	2018 GHS'000	2017 GHS'000
Net cash flows from operating activities	64,989	(286,834)	66,446	(287,050)
Cash flows used in operations	(222,038)	(544,371)	(220,114)	(544,231)
Profit before tax	335,735	311,999	335,853	312,159
Adjusted for:	(407,426)	(314,525)	(406,929)	(314,055)
Credit impairment charges on loans and advances	38,680	53,696	38,678	53,696
Depreciation of property and equipment	28,286	23,931	28,286	23,930
Amortisation of intangible asset	6,845	6,845	6,845	6,845
Equity-settled share-based payments	579	43	579	43
Interest expense	83,659	93,160	83,659	93,160
Interest income	(549,984)	(488,527)	(549,493)	(488,056)
Indirect tax - VAT	(12,890)	(3,095)	(12,882)	(3,095)
Fair value adjustment on financial instrument	(2,657)	(478)	(2,657)	(478)
Loss/(gain) on sale of property and equipment	56	(100)	56	(100)
Increase/(decrease) in income-earning assets	(906,340)	(166,393)	(905,238)	(166,770)
Increase/(decrease) in deposits and other liabilities	755,993	(375,452)	756,200	(375,565)
Interest paid	(80,504)	(93,505)	(80,504)	(93,505)
Interest received	499,119	434,909	498,652	434,528
Direct taxation paid	(131,588)	(83,867)	(131,588)	(83,842)
Net cash flows used in investing activities	(37,705)	(29,812)	(39,205)	(29,812)
Capital expenditure on property and equipment	(37,767)	(29,930)	(37,767)	(29,930)
Proceeds from sale of property, equipment, furniture and vehicles	62	118	62	118
Investment in subsidiary	-	-	(1,500)	-
Net cash flows used in financing activities	-	(7,280)	-	(7,280)
Repayment of subordinated debt	-	(7,280)	-	(7,280)
Net increase/ (decrease) in cash and cash equivalents	27,284	(323,926)	27,241	(324,142)
Effect of exchange rate changes on cash and cash equivalents	(53,175)	(10,857)	(53,175)	(10,857)
Cash and cash equivalents at beginning of the year	1,734,995	2,069,778	1,733,070	2,068,069
Cash and cash equivalents at end of the year	1,709,104	1,734,995	1,707,136	1,733,070

Summary statements of changes in equity for the year ended 31 December 2018

Group	Stated capital	Statutory credit risk reserve	Available for Sale reserve	Statutory reserve	Income surplus	Share-based payment reserve	Ordinary shareholders' equity
	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000
Balance at 1 January 2017	108,241	185,931	6,792	177,651	219,005	82	697,702
Total comprehensive income for the year	-	-	4,391	-	215,599	-	219,990
Profit for the year	-	-	-	-	215,599	-	215,599
Other comprehensive income (loss) for the year	-	-	4,391	-	-	-	4,391
Transfer from statutory credit risk reserve	-	(75,775)	-	-	75,775	-	-
Transfer to statutory reserve	-	-	-	26,970	(26,970)	-	-
Transactions with shareholders, recorded directly in equity	-	-	-	-	31	12	43
Increase in share based payment reserve	-	-	-	-	-	43	43
Transfer of vested equity rights	-	-	-	-	31	(31)	-
Balance at 31 December 2017	108,241	110,156	11,183	204,621	483,440	94	917,735
IFRS 9 transition adjustment	-	(42,033)	(11,183)	-	11,322	-	(41,894)
Balance at 1 January 2018 (as restated)	108,241	68,123	-	204,621	494,762	94	875,841
Total comprehensive income for the year	-	-	-	-	215,825	-	215,825
Profit for the year	-	-	-	-	226,021	-	226,021
Other comprehensive income/(loss) for the year	-	-	-	-	(10,196)	-	(10,196)
Transfer to statutory credit risk reserve	-	51,638	-	-	(51,638)	-	-
Transfer to statutory reserve	-	-	-	113,074	(113,074)	-	-
Transactions with shareholders, recorded directly in equity	305,972	-	-	-	(322,843)	579	(16,292)
Equity-settled share-based payment transactions	-	-	-	-	-	579	579
Bonus issue to equity holders	305,972	-	-	-	(305,972)	-	-
Dividend tax on Bonus issue to equity holders	-	-	-	-	(15,341)	-	(15,341)
Stamp duty on Bonus issue to equity holders	-	-	-	-	(1,530)	-	(1,530)
Balance at 31 December 2018	414,213	119,761	-	317,695	222,948	673	1,075,374

Bank	Stated capital	Statutory credit risk reserve	Available for Sale reserve	Statutory reserve	Income surplus	Share-based payment reserve	Ordinary shareholders' equity
	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000
Balance at 1 January 2017	108,241	185,931	6,792	177,651	219,005	82	697,328
Total comprehensive income for the year	-	-	4,391	-	215,759	-	220,150
Profit for the year	-	-	-	-	215,759	-	215,759
Other comprehensive income for the year	-	-	4,391	-	-	-	4,391
Transfer from statutory credit risk reserve	-	(75,775)	-	-	75,775	-	-
Transfer to statutory reserve	-	-	-	26,970	(26,970)	-	-
Transactions with shareholders, recorded directly in equity	-	-	-	-	31	12	43
Increase in share based payment reserve	-	-	-	-	-	43	43
Transfer of vested equity rights	-	-	-	-	31	(31)	-
Balance at 31 December 2017	108,241	110,156	11,183	204,621	483,226	94	917,521
IFRS 9 transition adjustment	-	(42,033)	(11,183)	-	11,322	-	(41,894)
Balance at 1 January 2018 (as restated)	108,241	68,123	-	204,621	494,552	94	875,631
Total comprehensive income for the year	-	-	-	-	215,951	-	215,951
Profit for the year	-	-	-	-	226,147	-	226,147
Other comprehensive income/(loss) for the year	-	-	-	-	(10,196)	-	(10,196)
Transfer to statutory credit risk reserve	-	51,638	-	-	(51,638)	-	-
Transfer to statutory reserve	-	-	-	113,074	(113,074)	-	-
Transactions with shareholders, recorded directly in equity	305,972	-	-	-	(322,843)	579	(16,292)
Equity-settled share-based payment transactions	-	-	-	-	-	579	579
Bonus issue to equity holders	305,972	-	-	-	(305,972)	-	-
Dividend tax on Bonus issue to equity holders	-	-	-	-	(15,341)	-	(15,341)
Stamp duty on Bonus issue to equity holders	-	-	-	-	(1,530)	-	(1,530)
Balance at 31 December 2018	414,213	119,761	-	317,695	222,948	673	1,075,290



Stanbic Bank Ghana Limited and its Subsidiary

Audited Summary Separate and Consolidated Financial Statements for the year ended 31 December 2018 (cont'd)

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF STANBIC BANK GHANA LIMITED

Our opinion

In our opinion, the accompanying summary financial statements of Stanbic Bank Ghana Limited "the Bank" and its subsidiary (together the "Group"), are consistent, in all material respects, with the audited financial statements of the Bank standing alone and the Group for the year ended 31 December 2018, on the basis described in the notes.

The summary financial statements

The summary financial statements derived from the audited financial statements for the year ended 31 December 2018 comprise:

- the summary separate and consolidated statements of financial position as at 31 December 2018;
- the summary separate and consolidated statements of comprehensive income for the year then ended;
- the summary separate and consolidated statements of changes in equity for the year then ended;
- the summary statements of cash flows for the year then ended; and
- the related notes to the summary separate and consolidated financial statements.

The summary separate and consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). Reading the summary separate and consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited separate and consolidated 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 separate and consolidated financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited separate and consolidated financial statements in our report dated 27 March 2019. That report also include 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 separate and consolidated financial statements of the current period.

Directors' responsibility for the summary financial statements

The directors are responsible for the preparation of the summary separate and consolidated 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 partner on the audit resulting in this independent auditor's report is Oseini Amui (ICAG/P/1139).



PricewaterhouseCoopers (ICAG/F/2019/028)

Chartered Accountants

Accra, Ghana

27th March 2019



Notes to the financial statements for the year ended 31 December 2018

1. Significant Accounting Policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act, 1963 (Act 179), the Banks and Specialised Deposit-Taking Institutions Act, 2016, (Act 930). The principal accounting policies applied in the preparation of these financial statements are consistent with those applied in the preparation of the annual consolidated financial statements.

2. Quantitative Disclosures

	2018	2017
i) Gross non-performing loan (NPL) ratio	18.32%	19.94%
ii) Capital Adequacy Ratio	20.5%	23.8%
iii) Contingencies and commitments (GHS)	2,135M	880.7M
iv) Social Responsibility Obligations (GHS)	2.28M	1.68M
v) Default in statutory liquidity (Number of times)	2	Nil
vi) Statutory liquidity default sanction (GHS)	23,490	Nil
vii) Loan loss Ratio	1.28%	2.47%

3. Qualitative Disclosures

The principal risks that the Bank is exposed to are credit, liquidity, market and operational risk.

Objectives, policies and processes for managing risks

Credit risk

Credit risk of the bank is managed in accordance with a comprehensive risk management control framework. Credit quality of financial assets is managed by the Bank using internal credit ratings for individual counterparties and ratios for portfolios among others.

Liquidity risk

The Bank's liquidity management framework is designed to measure and manage liquidity positions such that increasing funding requirements and payment obligations can be met at all times under both normal and considerably stressed conditions. Liquidity risk standards are monitored in line with regulatory requirement.

Operational risk

The Bank recognises the significance of operational risk in all aspects of its business. The tools for achieving the objective of minimal losses resulting from operational risk include operational loss reports, Risk Control Self-Assessment (RCSA) process and use of Key Risk Indicators (KRI).

Market risk

The Assets and Liability Committee (ALCO) of the Bank sets limits on the minimum proportion of maturity funds available to meet such calls and the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand. The techniques used to measure and control market risk include variable rates quotations on loans and advances, swap arrangements, value at risk measurement and stress testing. Sensitivity analyses are carried out for interest rate and currency risks under various scenarios for the banking book.



**Stanbic
Bank**

A Member of Standard Bank Group