

Stanbic Bank Ghana Limited - Unaudited Half Year Report 2018

Statements of comprehensive income for the period ended 30 June 2018

	Group		Bank	
	2018	2017	2018	2017
	GHS '000	GHS '000	GHS '000	GHS '000
Net interest income	208 803	190 641	208 568	190 404
Interest income	241 336	246 028	241 101	245 791
Interest expense	32 533	55 387	32 533	55 387
Non-interest revenue	153 358	134 726	153 056	134 591
Net fee and commission revenue	96 972	71 958	96 670	71 823
Fee and commission revenue	108 228	82 443	107 926	82 308
Fee and commission expense	11 256	10 485	11 256	10 485
Trading revenue	56 386	62 768	56 386	62 768
Total income	362 161	325 367	361 624	324 995
Credit impairment charges	9 827	5 293	9 827	5 293
Income after credit impairment charges	352 334	320 074	351 797	319 702
Operating expenses	201 214	181 136	200 654	180 700
Staff costs	110 021	92 651	109 740	92 417
Depreciation and amortisation	17 173	14 821	17 173	14 835
Other operating expenses	74 020	73 664	73 741	73 448
Net income before indirect taxation	151 120	138 938	151 143	139 002
Indirect taxation	5 553	5 609	5 553	5 609
Profit before direct taxation	145 567	133 329	145 590	133 393
Direct taxation	45 032	40 536	45 032	40 518
Profit for the period	100 535	92 793	100 558	92 875
Net change in fair value of available-for-sale financial assets	-	9 846	-	9 846
Total comprehensive income for the period	100 535	102 639	100 558	102 721

Financial Investments previously classified as Fair value through other comprehensive income now classified at Amortised cost

Statement of financial position at 30 June 2018

	Group		Bank	
	2018	2017	2018	2017
	GHS '000	GHS '000	GHS '000	GHS '000
Assets				
Cash and cash equivalents	2 159 820	1 237 176	2 158 010	1 235 426
Non-pledged Trading assets	547 125	756 360	547 125	756 360
Investments securities	518 568	530 391	517 190	529 529
Loans and advances to customers	2 269 340	1 925 884	2 269 340	1 925 884
Current tax assets	16 534	4 495	16 534	4 438
Deferred tax assets	3 632	4 642	3 556	4 642
Other assets	234 563	382 265	236 575	383 549
Investment (other than securities)	-	-	1 000	1 000
Intangible assets	76 947	83 863	76 947	83 849
Property, plant and equipment	73 985	74 181	73 984	74 178
Total assets	5 900 514	4 999 257	5 900 261	4 998 855
Equity and liabilities				
Equity	978 449	800 987	978 258	800 694
Ordinary share capital	108 241	108 241	108 241	108 241
Reserves	870 208	692 746	870 017	692 453
Income surplus	572 618	315 645	572 427	315 353
Statutory reserve	204 621	177 651	204 621	177 651
Statutory credit risk reserve	92 585	182 084	92 585	182 084
Available for sale reserve	-	16 638	-	16 638
Other reserve	384	728	384	727
Liabilities	4 922 065	4 198 270	4 922 003	4 198 161
Trading liabilities	114 982	199 897	114 982	199 897
Deposit and current accounts	4 388 258	3 609 198	4 388 258	3 609 198
Deposits from banks	332 477	238 697	332 477	238 697
Deposits from customers	4 055 781	3 370 501	4 055 781	3 370 501
Provisions and other liabilities	291 954	267 306	291 892	267 197
Borrowings	126 871	121 869	126 871	121 869
Total equity and liabilities	5 900 514	4 999 257	5 900 261	4 998 855

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 adopted by the Institute of Chartered Accountants, Ghana (ICAG) and in the manner required by 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.

Statement of cash flows for the period ended 30 June 2018

	Group		Bank	
	2018	2017	2018	2017
	GHS '000	GHS '000	GHS '000	GHS '000
Net cash from operating activities	438 133	(812 191)	438 248	(812 232)
Cash flows from operations	287 907	(962 040)	288 257	(960 889)
Profit before indirect and direct taxation	151 120	138 939	151 143	139 002
Adjusted for:	(192 702)	(173 846)	(192 467)	(173 595)
Amortisation of intangible assets	3 422	3 408	3 422	3 422
Credit impairment charges on loans and advances	9 827	5 293	9 827	5 293
Depreciation of property and equipment	13 751	11 413	13 751	11 413
Equity-linked transactions	-	647	-	647
Interest expense	32 533	55 387	32 533	55 387
Interest income	(241 336)	(246 028)	(241 101)	(245 791)
Indirect tax - VAT	(5 553)	(5 609)	(5 553)	(5 609)
Fair value adjustment on financial instruments	(5 345)	1 612	(5 345)	1 612
(Gain)/loss on sale of property and equipment	(1)	31	(1)	31
Increase in income-earning assets	(246 684)	(419 817)	(246 644)	-419,977
Increase in deposits, provisions and other liabilities	576 173	(507 316)	576 225	(506 319)
Interest paid	(23 537)	(55 330)	(23 537)	(56 319)
Interest received	219 067	242 369	218 832	242 141
Direct taxation paid	(45 304)	(37 190)	(45 304)	(37 165)
Net cash used in investing activities	(9 312)	(13 131)	(9 312)	(13 131)
Capital expenditure on property and equipment	(9 358)	(13 182)	(9 358)	(13 182)
Proceeds from sale of property and equipment	46	51	46	51
Net cash from financing activities	(3 996)	(7 280)	(3 996)	(7 280)
Net (decrease)/increase in borrowings	(3 996)	(7 280)	(3 996)	(7 280)
Net increase in cash and cash equivalents	424 825	(832 602)	424 940	(832 643)
Cash and cash equivalents at the beginning of the year	1 734 995	2 069 778	1 733 070	2 068 069
Cash and cash equivalents at the end of the period	2 159 820	1 237 176	2 158 010	1 235 426

Statement of changes in equity for the period ended 30 June 2018

	Ordinary share capital GHS'000	Statutory credit risk reserve GHS'000	Available-for-sale reserve GHS'000	Statutory reserve GHS'000	Retained earnings GHS'000	Share based payment reserve GHS'000	Ordinary shareholders' equity' GHS'000
Group							
Balance at 1 January 2017	108 241	185 931	6 792	177 651	219 005	82	697 702
Total comprehensive income for the period	-	-	9 846	-	92 793	-	102 639
Profit for the period	-	-	-	-	92 793	-	92 793
Other comprehensive income	-	-	9 846	-	-	-	9 846
Increase in statutory credit risk reserve	-	(3 847)	-	-	3 847	-	-
Other movement	-	-	-	-	-	646	646
Balance at 30 June 2017	108 241	182 084	16 638	177 651	315 645	728	800 987
Balance at 1 January 2018	108 241	110 156	11 183	204 621	483 440	94	917 735
Total comprehensive income for the period	-	-	(11 183)	-	111 718	-	100 535
Profit for the period	-	-	-	-	100 535	-	100 535
Other comprehensive income	-	-	(11 183)	-	11 183	-	-
Decrease in statutory credit risk reserve	-	(17 571)	-	-	17 571	-	-
IFRS 9 Transition movement	-	-	-	-	(40 111)	290	(39 821)
Balance at 30 June 2018	108 241	92 585	-	204 621	572 618	384	978 449
Bank							
Balance at 1 January 2017	108 241	185 931	6 792	177 651	218 631	82	697 328
Total comprehensive income for the period	-	-	9 846	-	92 875	-	102 721
Profit for the period	-	-	-	-	92 875	-	92 875
Other comprehensive income	-	-	9 846	-	-	-	9 846
Increase in statutory credit risk reserve	-	(3 847)	-	-	3 847	-	-
Decrease in share based payment reserve	-	-	-	-	-	645	645
Balance at 30 June 2017	108 241	182 084	16 638	177 651	315 353	727	800 694
Balance at 1 January 2018	108 241	110 156	11 183	204 621	483 226	94	917 521
Total comprehensive income for the period	-	-	(11 183)	-	111 741	-	100 558
Profit for the period	-	-	-	-	100 558	-	100 558
Other comprehensive income	-	-	(11 183)	-	11 183	-	-
Decrease in statutory credit risk reserve	-	(17 571)	-	-	17 571	-	-
Increase in share based payment reserve	-	-	-	-	-	290	290
IFRS 9 Transition movement	-	-	-	-	(40 111)	-	(40 111)
Balance at 30 June 2018	108 241	92 585	-	204 621	572 427	384	978 258

* Group has minority shareholding of 0.46%. All balances are stated net of applicable tax.

2.Quantitative Disclosures

	June 2018	June 2017	June 2016
i) Non- performing loan (NPL) ratio	12.04%	14.04%	24.46%
ii) Capital Adequacy Ratio	22.44%	19.41%	12.18%
iii) Default in statutory liquidity (Number of times)	1	Nil	Nil
iv) Statutory liquidity default sanction (GHS)	17,490	Nil	Nil
v) Operational loss ratio	-0.17%	-0.18%	0.05%

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 recognizes 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
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