

Stanbic Bank Ghana Limited - Unaudited 3rd Quarter 2018 Report

Statements of comprehensive income for the period ended 30 September 2018

	Group		Bank	
	2018 GHS '000	2017 GHS '000	2018 GHS '000	2017 GHS '000
Net interest income	341 417	287 258	341 061	286 900
Interest income	397 876	359 046	397 520	358 688
Interest expense	56 459	71 788	56 459	71 788
Non-interest revenue	241 320	200 358	240 795	200 189
Net fee and commission revenue	143 476	110 174	142 951	110 005
Fee and commission revenue	160 241	126 005	159 716	125 836
Fee and commission expense	16 765	15 831	16 765	15 831
Trading revenue	97 844	90 184	97 844	90 184
Total income	582 737	487 616	581 856	487 089
Credit impairment charges	23 591	23 163	23 591	23 163
Income after credit impairment charges	559 146	464 453	558 265	463 926
Operating expenses	314 700	280 657	313 801	280 005
Staff costs	171 473	143 076	171 047	142 716
Depreciation and amortisation	26 116	22 500	26 115	22 499
Other operating expenses	117 111	115 081	116 639	114 790
Net income before indirect taxation	244 446	183 796	244 464	183 921
Indirect taxation	9 015	8 741	9 015	8 741
Profit before direct taxation	235 431	175 055	235 449	175 180
Direct taxation	72 809	53 235	72 809	53 235
Profit for the period	162 622	121 820	162 640	121 945
Net change in fair value of available-for-sale financial assets	-	4 971	-	4 971
Total comprehensive income for the period	162 622	126 791	162 640	126 916

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

Statement of financial position at 30 September 2018

	Group		Bank	
	2018 GHS '000	2017 GHS '000	2018 GHS '000	2017 GHS '000
Assets				
Cash and cash equivalents	3 090 564	1 492 096	3 089 355	1 490 271
Pledged assets	-	129 851	-	129 851
Non-pledged Trading assets	761 367	407 943	761 367	407 943
Investments securities	717 976	543 822	715 692	542 951
Loans and advances to customers	2 227 951	1 935 160	2 227 951	1 935 160
Current tax assets	13 265	11 360	13 189	11 278
Deferred tax assets	1 775	5 299	1 775	5 299
Other assets	253 642	537 483	255 864	538 907
Investment (other than securities)	-	-	1 000	1 000
Intangible assets	75 235	82 080	75 235	82 080
Property, plant and equipment	87 323	75 600	87 322	75 598
Total assets	7 229 098	5 220 694	7 228 750	5 220 338
Equity and liabilities				
Equity	1 044 266	825 355	1 044 070	825 033
Ordinary share capital	108 241	108 241	108 241	108 241
Reserves	936 025	717 114	935 829	716 792
Income surplus	624 907	339 949	624 711	339 629
Statutory reserve	204 621	177 651	204 621	177 651
Statutory credit risk reserve	106 273	186 878	106 273	186 878
Available for sale reserve	-	11 763	-	11 763
Other reserve	224	873	224	871
Liabilities	6 184 832	4 395 339	6 184 680	4 395 305
Trading liabilities	113 662	312 324	113 662	312 324
Deposit and current accounts	5 632 945	3 682 880	5 632 945	3 682 880
Deposits from banks	232 664	149 435	232 664	149 435
Deposits from customers	5 400 281	3 533 445	5 400 281	3 533 445
Provisions and other liabilities	304 191	277 247	304 039	277 213
Borrowings	134 034	122 888	134 034	122 888
Total equity and liabilities	7 229 098	5 220 694	7 228 750	5 220 338

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 September 2018

	Group		Bank	
	2018 GHS '000	2017 GHS '000	2018 GHS '000	2017 GHS '000
Net cash from operating activities	1 391 652	(550 040)	1 392 368	(550 156)
Cash flows from operations	1 164 451	(739 772)	1 165 518	(739 812)
Profit before indirect and direct taxation	244 446	183 867	244 464	183 921
Adjusted for:	(302 748)	(249 395)	(302 393)	(249 038)
Amortisation of intangible assets	5 134	5 134	5 134	5 134
Credit impairment charges on loans and advances	23 591	23 163	23 591	23 163
Depreciation of property and equipment	20 982	17 366	20 981	17 365
Equity-linked transactions	-	434	-	434
Interest expense	56 459	71 788	56 459	71 788
Interest income	(397 876)	(359 046)	(397 520)	(358 688)
Indirect tax - VAT	(9 015)	(8 741)	(9 015)	(8 741)
Fair value adjustment on financial instruments	(2 022)	436	(2 022)	436
(Gain)/loss on sale of property and equipment	(1)	71	(1)	71
Increase in income-earning assets	(614 861)	(355 887)	(614 128)	(356 304)
Increase/ (Decrease) in deposits, provisions and other liabilities	1 837 614	(318 357)	1 837 575	(318 391)
Interest paid	(53 224)	(69 708)	(53 224)	(69 708)
Interest received	348 381	315 208	348 030	315 112
Direct taxation paid	(67 956)	(55 768)	(67 956)	(55 748)
Net cash used in investing activities	(29 880)	(20 362)	(29 880)	(20 362)
Capital expenditure on property and equipment	(29 926)	(20 478)	(29 926)	(20 478)
Proceeds from sale of property and equipment	46	116	46	116
Net cash from financing activities	(6 203)	(7 280)	(6 203)	(7 280)
Net decrease in borrowings	(6 203)	(7 280)	(6 203)	(7 280)
Net increase in cash and cash equivalents	1 355 569	(577 682)	1 356 285	(577 798)
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	3 090 564	1 492 096	3 089 355	1 490 271

Statement of changes in equity for the period ended 30 September 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	-	-	4 971	-	121 891	-	126 862
Profit for the period	-	-	-	-	121 891	-	121 891
Other comprehensive income	-	-	4 971	-	-	-	4 971
Increase in statutory credit risk reserve	-	947	-	-	(947)	-	-
Other movement	-	-	-	-	-	791	791
Balance at 30 September 2017	108 241	186 878	11 763	177 651	339 949	873	825 355
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)	-	162 622	-	151 439
Profit for the period	-	-	-	-	162 622	-	162 622
Other comprehensive income	-	-	(11 183)	-	-	-	(11 183)
Decrease in statutory credit risk reserve	-	(3 883)	-	-	3 883	-	-
IFRS 9 Transition movement	-	-	-	-	(25 038)	130	(24 908)
Balance at 30 September 2018	108 241	106 273	-	204 621	624 907	224	1 044 266
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	-	-	4 971	-	121 945	-	126 916
Profit for the period	-	-	-	-	121 945	-	121 945
Other comprehensive income	-	-	4 971	-	-	-	4 971
Increase in statutory credit risk reserve	-	947	-	-	(947)	-	-
Decrease in share based payment reserve	-	-	-	-	-	789	789
Balance at 30 September 2017	108 241	186 878	11 763	177 651	339 629	871	825 033
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)	-	162 640	-	151 457
Profit for the period	-	-	-	-	162 640	-	162 640
Other comprehensive income	-	-	(11 183)	-	-	-	(11 183)
Decrease in statutory credit risk reserve	-	(3 883)	-	-	3 883	-	-
Increase in share based payment reserve	-	-	-	-	-	130	130
IFRS 9 Transition movement	-	-	-	-	(25 038)	-	(25 038)
Balance at 30 September 2018	108 241	106 273	-	204 621	624 711	224	1 044 070

¹ Group has minority shareholding of 0.46%. All balances are stated net of applicable tax.

2.Quantitative Disclosures

	September 2018	September 2017	September 2016
i) Non- performing loan (NPL) ratio	12.38%	13.82%	21.50%
ii) Capital Adequacy Ratio	22.23%	18.89%	14.71%
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	0.16%	0.06%	0.26%

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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