

Stanbic Bank Ghana Limited - Unaudited Half Year Report 2019

Unaudited Summary Statements of comprehensive income for the period ended 30 June 2019

	Group		Bank	
	2019 GHS'000	2018 GHS'000	2019 GHS'000	2018 GHS'000
Net interest income	269,061	208,803	268,914	208,568
Interest income	346,307	241,336	346,097	241,101
Interest expense	(77,246)	(32,533)	(77,183)	(32,533)
Non-interest revenue	206,528	153,358	206,438	153,056
Net fee and commission revenue	106,929	96,972	106,839	96,670
Fee and commission revenue	121,643	108,228	121,553	107,926
Fee and commission expense	(14,714)	(11,256)	(14,714)	(11,256)
Trading revenue	99,599	56,386	99,599	56,386
Total income	475,589	362,161	475,352	361,624
Credit impairment charges	(22,582)	(9,827)	(22,582)	(9,827)
Income after credit impairment charges	453,007	352,334	452,770	351,797
Operating expenses	(233,370)	(201,214)	(232,801)	(200,654)
Staff costs	(126,654)	(110,021)	(126,317)	(109,740)
Depreciation and amortisation	(37,356)	(17,173)	(37,266)	(17,173)
Other operating expenses	(69,360)	(74,020)	(69,218)	(73,741)
Net income before indirect taxation	219,637	151,120	219,969	151,143
Indirect taxation	(5,736)	(5,553)	(5,736)	(5,553)
Profit before direct taxation	213,901	145,567	214,233	145,590
Direct taxation	(64,539)	(45,032)	(64,539)	(45,032)
Profit for the period	149,362	100,535	149,694	100,558
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	149,362	100,535	149,694	100,558

Unaudited Summary Statements of financial position at 30 June 2019

	Group		Bank	
	2019 GHS'000	2018 GHS'000	2019 GHS'000	2018 GHS'000
Assets				
Cash and cash equivalents	2,169,362	2,159,820	2,169,338	2,158,010
Non-pledged trading assets	1,098,049	547,125	1,098,049	547,125
Investment securities	862,957	518,568	860,363	517,190
Loans and advances to customers	3,244,193	2,269,340	3,244,193	2,269,340
Current tax assets	16,675	16,534	16,586	16,534
Deferred tax assets	3,493	3,632	3,493	3,556
Other assets	278,565	234,563	278,647	236,575
Investment in subsidiary	-	-	2,500	1,000
Intangible assets	70,159	76,947	70,159	76,947
Property, equipment and right of use assets	234,672	73,985	233,881	73,984
Total assets	7,978,125	5,900,514	7,977,209	5,900,261
Equity	1,224,734	978,449	1,224,982	978,258
Stated capital	414,213	108,241	414,213	108,241
Reserves	810,521	870,208	810,769	870,017
Income surplus	416,050	572,618	416,298	572,427
Statutory reserve	317,693	204,621	317,693	204,621
Statutory credit risk reserve	76,105	92,585	76,105	92,585
Other reserve	673	384	673	384
Liabilities	6,753,391	4,922,065	6,752,227	4,922,003
Trading liabilities	302,369	114,982	302,369	114,982
Deposit and current accounts	5,998,639	4,388,258	5,998,639	4,388,258
Deposits from banks	137,039	332,477	137,039	332,477
Deposits from customers	5,861,600	4,055,781	5,861,600	4,055,781
Provisions and other liabilities	306,645	291,954	305,481	291,892
Subordinated debt	145,738	126,871	145,738	126,871
Total equity and liabilities	7,978,125	5,900,514	7,977,209	5,900,261

Unaudited Summary Statements of cashflows for the period ended 30 June 2019

	Group		Bank	
	2019 GHS'000	2018 GHS'000	2019 GHS'000	2018 GHS'000
Net cash flows from operating activities	503,131	438,133	505,075	438,248
Cash flows used in operations	285,256	287,907	287,364	288,257
Profit before tax	219,637	151,120	219,969	151,143
Adjusted for:	(210,434)	(192,263)	(210,377)	(192,028)
Credit impairment charges on loans and advances	22,582	9,827	22,582	9,827
Depreciation of property, equipment and right of use assets	33,934	13,751	33,844	13,751
Amortisation of intangible asset	3,422	3,422	3,422	3,422
Equity-settled share-based payments	579	439	579	439
Interest expense	77,246	32,533	77,183	32,533
Interest income	(346,307)	(241,336)	(346,097)	(241,101)
Indirect tax - VAT	(5,736)	(5,553)	(5,736)	(5,553)
Fair value adjustment on financial instrument	3,855	(5,345)	3,855	(5,345)
Gain on sale of property, equipment and right of use assets	(9)	(1)	(9)	(1)
Increase in income-earning assets	(1,305,214)	(247,123)	(1,302,075)	(247,083)
Increase in deposits and other liabilities	1,581,267	576,173	1,579,847	576,225
Interest paid	(72,707)	(23,537)	(72,644)	(23,537)
Interest received	322,481	219,067	322,254	218,832
Direct taxation paid	(31,899)	(45,304)	(31,899)	(45,304)
Net cash flows used in investing activities	(18,693)	(9,312)	(18,693)	(9,312)
Capital expenditure on property, equipment and right of use assets	(18,708)	(9,358)	(18,708)	(9,358)
Proceeds from sale of property, equipment and right of use assets	15	46	15	46
Net cash flows used in financing activities	(24,180)	(3,996)	(24,180)	(3,996)
Net decrease in subordinated debt	-	(3,996)	-	(3,996)
Payment of lease liabilities	(24,180)	-	(24,180)	-
Net increase/ (decrease) in cash and cash equivalents	460,258	424,825	462,202	424,940
Cash and cash equivalents at beginning of the period	1,709,104	1,734,995	1,707,136	1,733,070
Cash and cash equivalents at end of the period	2,169,362	2,159,820	2,169,338	2,158,010

Unaudited Summary Statements of changes in equity for the period ended 30 June 2019

	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 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	-	-
Transfer from statutory credit risk reserve	-	(17 571)	-	-	17 571	-	-
Increase in share based payment reserve	-	-	-	-	-	290	290
IFRS 9 transition adjustment	-	-	-	-	(40 111)	-	(40 111)
Balance at 30 June 2018	108 241	92 585	-	204 621	572 618	384	978 449
Balance at 1 January 2019	414 213	119 761	-	317 695	223 032	673	1 075 374
Total comprehensive income for the period	-	-	-	-	149 362	-	149 362
Profit for the period	-	-	-	-	149 362	-	149 362
Other comprehensive income	-	-	-	-	-	-	-
Transfer from statutory credit risk reserve	-	(43 656)	-	-	43 656	-	-
Balance at 30 June 2019	414 213	76 105	-	317 693	416 050	673	1 224 734
Bank							
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	-	-
Transfer from statutory credit risk reserve	-	(17 571)	-	-	17 571	-	-
Increase in share based payment reserve	-	-	-	-	-	290	290
IFRS 9 transition adjustment	-	-	-	-	(40 111)	-	(40 111)
Balance at 30 June 2018	108 241	92 585	-	204 621	572 427	384	978 258
Balance at 1 January 2019	414 213	119 761	-	317 695	222 948	673	1 075 290
Total comprehensive income for the period	-	-	-	-	149 694	-	149 694
Profit for the period	-	-	-	-	149 694	-	149 694
Other comprehensive income	-	-	-	-	-	-	-
Transfer from statutory credit risk reserve	-	(43 656)	-	-	43 656	-	-
Balance at 30 June 2019	414 213	76 105	-	317 693	416 298	673	1 224 982

1. Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit- Taking Institutions Act, 2016 (Act 930).

2.Quantitative Disclosures

	June 2019	June 2018
i) Gross non- performing loan (NPL) ratio	9.41%	21.10%
ii) Capital Adequacy Ratio	16.67%	22.44%
iii) Common Equity Tier 1 Ratio	14.67%	-
iv) Leverage Ratio	8.97%	-
v) Default in statutory liquidity and other regulatory default (Number of times)	2	1
vi) Statutory liquidity and other regulatory default sanction (GHS)	210,000	17,490
vii) Operational loss ratio	0.03%	-0.17%

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 SelfAssessment (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