

Stanbic Bank Ghana Limited - Unaudited 3rd Quarter 2019 Report

Statements of comprehensive income for the period ended 30 September 2019

	2019		2018	
	Bank GHS'000	Group GHS'000	Bank GHS'000	Group GHS'000
Net interest income	418,317	418,599	341,061	341,417
Interest income	536,229	536,533	397,520	397,876
Interest expense	(117,912)	(117,934)	(56,459)	(56,459)
Non-interest revenue	307,575	307,699	240,795	241,320
Net fee and commission revenue	165,564	165,688	142,951	143,476
Fee and commission revenue	189,778	189,902	159,716	160,241
Fee and commission expense	(24,214)	(24,214)	(16,765)	(16,765)
Trading revenue	142,011	142,011	97,844	97,844
Total income	725,892	726,298	581,856	582,737
Credit impairment charges	(33,786)	(33,786)	(23,591)	(23,591)
Income after credit impairment charges	692,106	692,512	558,265	559,146
Operating expenses	(362,302)	(363,077)	(313,801)	(314,700)
Staff costs	(197,333)	(197,847)	(171,047)	(171,473)
Depreciation and amortisation	(55,790)	(55,826)	(26,115)	(26,116)
Other operating expenses	(109,179)	(109,404)	(116,639)	(117,111)
Net income before indirect taxation	329,804	329,435	244,464	244,446
Indirect taxation	(8,649)	(8,649)	(9,015)	(9,015)
Profit before direct taxation	321,155	320,786	235,449	235,431
Direct taxation	(99,787)	(99,787)	(72,809)	(72,809)
Profit for the period	221,368	220,999	162,640	162,622
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	221,368	220,999	162,640	162,622

Statements of financial position at 30 September 2019

	2019		2018	
	Bank GHS'000	Group GHS'000	Bank GHS'000	Group GHS'000
Assets				
Cash and cash equivalents	3,548,847	3,548,871	3,089,355	3,090,564
Non-pledged trading assets	607,609	607,609	761,367	761,367
Investment securities	791,781	794,469	715,692	717,976
Loans and advances to customers	3,537,597	3,537,597	2,227,951	2,227,951
Current tax assets	-	89	13,189	13,265
Deferred tax assets	104	104	1,775	1,775
Other assets	319,959	319,751	255,864	253,642
Investment in subsidiary	2,500	-	1,000	-
Intangible assets	75,841	75,841	75,235	75,235
Property, equipment and right of use assets	216,941	217,115	87,322	87,323
Total assets	9,101,179	9,101,446	7,228,750	7,229,098
Equity	1,296,658	1,296,373	1,013,363	1,013,555
Stated capital	414,213	414,213	108,241	108,241
Reserves	882,445	882,160	905,122	905,314
Income surplus	502,528	502,243	594,004	594,196
Statutory reserve	317,695	317,695	204,621	204,621
Statutory credit risk reserve	61,549	61,549	106,273	106,273
Other reserve	673	673	224	224
Liabilities	7,804,521	7,805,073	6,215,387	6,215,543
Trading liabilities	138,978	138,978	113,662	113,662
Deposit and current accounts	7,115,357	7,115,357	5,632,945	5,632,945
Deposits from banks	284,902	284,902	232,664	232,664
Deposits from customers	6,830,455	6,830,455	5,400,281	5,400,281
Provisions and other liabilities	469,425	469,977	334,746	334,902
Subordinated debt	80,761	80,761	134,034	134,034
Total equity and liabilities	9,101,179	9,101,446	7,228,750	7,229,098

1. Significant Accounting Policies

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit- Taking Institutions Act, 2016 (Act 930).

2.Quantitative Disclosures

	Sept 2019	Sept 2018
i) Gross non- performing loan (NPL) ratio	7.94%	22.12%
ii) Capital Adequacy Ratio	*15.71%	22.23%
iii) Common Equity Tier 1 Ratio	13.71%	-
iv) Leverage Ratio	8.14%	-
v) Default in statutory liquidity and other regulatory default (Number of times)	3	1
vi) Statutory liquidity and other regulatory default sanction (GHS)	216,000	1 7,490
vii) Operational loss ratio	-0.02%	0.16%

*Capital Adequacy calculation is based on new CRD regulation

Statements of cash flows for the period ended 30 September 2019

	2019		2018	
	Bank GHS'000	Group GHS'000	Bank GHS'000	Group GHS'000
Net cash flows from operating activities	1,910,058	1,908,159	1,392,368	1,391,652
Cash flows used in operations	1,566,663	1,564,457	1,165,518	1,164,451
Profit before tax	329,804	329,435	244,464	244,446
Adjusted for:	(331,844)	(332,090)	(301,835)	(302,190)
Credit impairment charges on loans and advances	33,786	33,786	23,591	23,591
Depreciation of property, equipment and right of use assets	50,443	50,479	20,981	20,982
Amortisation of intangible asset	5,347	5,347	5,134	5,134
Equity-settled share-based payments	1,993	1,993	558	558
Interest expense	117,912	117,934	56,459	56,459
Interest income	(536,229)	(536,533)	(397,520)	(397,876)
Indirect tax - VAT	(8,649)	(8,649)	(9,015)	(9,015)
Fair value adjustment on financial instrument	3,574	3,574	(2,022)	(2,022)
Gain on sale of property, equipment and right of use assets	(21)	(21)	(1)	(1)
Increase in income-earning assets	(1,200,732)	(1,203,014)	(614,686)	(615,419)
Increase in deposits and other liabilities	2,769,435	2,770,126	1,837,575	1,837,614
Interest paid	(114,541)	(114,563)	(53,224)	(53,224)
Interest received	521,735	522,064	348,030	348,381
Direct taxation paid	(63,799)	(63,799)	(67,956)	(67,956)
Net cash flows used in investing activities	(25,907)	(25,907)	(29,880)	(29,880)
Capital expenditure on property, equipment and right of use assets	(25,934)	(25,934)	(29,926)	(29,926)
Proceeds from sale of property, equipment and right of use assets	27	27	46	46
Net cash flows used in financing activities	(42,440)	(42,485)	(6,203)	(6,203)
Net decrease in subordinated debt	-	-	(6,203)	(6,203)
Payment of lease liabilities	(42,440)	(42,485)	-	-
Net increase/ (decrease) in cash and cash equivalents	1,841,711	1,839,767	1,356,285	1,355,569
Cash and cash equivalents at beginning of the period	1,707,136	1,709,104	1,733,070	1,734,995
Cash and cash equivalents at end of the period	3,548,847	3,548,871	3,089,355	3,090,564

Statements of changes in equity for the period ended 30 September 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	68 123	-	204 621	494 762	94	875 841
Total comprehensive income for the period	-	-	-	-	162 622	-	162 622
Profit for the period	-	-	-	-	162 622	-	162 622
Transfer from statutory credit risk reserve	-	38 150	-	-	(38 150)	-	-
Increase in share based payment reserve	-	-	-	-	-	130	130
IFRS 9 transition adjustment	-	-	-	-	(25 038)	-	(25 038)
Balance at 30 September 2018	108 241	106 273	-	204 621	594 196	224	1 013 555
Balance at 1 January 2019	414 213	119 761	-	317 695	223 032	673	1 075 374
Total comprehensive income for the period	-	-	-	-	220 999	-	220 999
Profit for the period	-	-	-	-	220 999	-	220 999
Other comprehensive income	-	-	-	-	-	-	-
Transfer from statutory credit risk reserve	-	(58 212)	-	-	58 212	-	-
Transfer of vested equity rights	-	-	-	-	-	-	-
Balance at 30 September 2019	414 213	61 549	-	317 695	502 243	673	1 296 373
Bank							
Balance at 1 January 2018	108 241	68 123	-	204 621	494 552	94	875 631
Total comprehensive income for the period	-	-	-	-	162 640	-	162 640
Profit for the period	-	-	-	-	162 640	-	162 640
IFRS 9 transition adjustment	-	-	-	-	-	-	-
Transfer from statutory credit risk reserve	-	38 150	-	-	(38 150)	-	-
Increase in share based payment reserve	-	-	-	-	-	130	130
IFRS 9 transition adjustment	-	-	-	-	(25 038)	-	(25 038)
Balance at 30 September 2018	108 241	106 273	-	204 621	594 004	224	1 013 363
Balance at 1 January 2019	414 213	119 761	-	317 695	222 948	673	1 075 290
Total comprehensive income for the period	-	-	-	-	221 368	-	221 368
Profit for the period	-	-	-	-	221 368	-	221 368
Other comprehensive income	-	-	-	-	-	-	-
Transfer from statutory credit risk reserve	-	(58 212)	-	-	58 212	-	-
Balance at 30 September 2019	414 213	61 549	-	317 695	502 528	673	1 296 658

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.