

Stanbic Bank Ghana Limited – Unaudited 1st Quarter 2020 Report

Statements of comprehensive income for the period ended 31 March 2020

	Group		Bank	
	2020	2019	2020	2019
	GHS'000	GHS'000	GHS'000	GHS'000
Net interest income	152,129	127,508	152,022	127,388
Interest income	197,185	160,509	197,071	160,370
Interest expense	(45,056)	(33,001)	(45,049)	(32,982)
Non-interest revenue	96,801	114,109	96,770	114,076
Net fee and commission revenue	57,065	58,348	57,034	58,315
Fee and commission revenue	68,936	64,931	68,905	64,898
Fee and commission expense	(11,871)	(6,583)	(11,871)	(6,583)
Trading revenue	39,736	55,761	39,736	55,761
Total income	248,930	241,617	248,792	241,464
Credit impairment charges	(6,286)	(5,829)	(6,286)	(5,829)
Income after credit impairment charges	242,644	235,788	242,506	235,635
Operating expenses	(137,637)	(108,393)	(137,354)	(108,133)
Staff costs	(72,839)	(58,880)	(72,655)	(58,712)
Depreciation and amortisation	(19,005)	(18,711)	(18,994)	(18,680)
Other operating expenses	(45,793)	(30,802)	(45,705)	(30,741)
Net income before indirect taxation	105,007	127,395	105,152	127,502
Indirect taxation	(2,867)	(2,708)	(2,867)	(2,708)
Profit before direct taxation	102,140	124,687	102,285	124,794
Direct taxation	(28,778)	(42,088)	(28,795)	(42,088)
Profit for the period	73,362	82,599	73,490	82,706
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	73,362	82,599	73,490	82,706

Statements of financial position at 31 March 2020

	Group		Bank	
	2020	2019	2020	2019
	GHS'000	GHS'000	GHS'000	GHS'000
Assets				
Cash and cash equivalents	2,561,371	2,016,038	2,561,398	2,016,021
Non-pledged trading assets	686,298	1,206,419	686,298	1,206,419
Pledged assets	-	114,918	-	114,918
Investment securities	1,228,716	705,004	1,226,088	702,478
Loans and advances to customers	4,074,752	2,986,710	4,074,752	2,986,710
Current tax assets	-	11,993	-	11,917
Other assets	545,824	299,184	542,722	296,721
Investment in subsidiary	-	-	2,500	2,500
Intangible assets	76,098	71,870	76,098	71,870
Property, equipment and right of use assets	224,655	230,675	224,499	230,625
Total assets	9,397,714	7,642,811	9,394,355	7,640,179
Equity	1,429,005	1,157,973	1,429,692	1,157,996
Stated capital	414,213	414,213	414,213	414,213
Reserves	1,014,792	743,760	1,015,479	743,783
Retained earnings	529,528	340,319	530,215	340,342
Statutory reserve	388,019	317,695	388,019	317,695
Statutory credit risk reserve	96,572	85,073	96,572	85,073
Other reserve	673	673	673	673
Liabilities	7,968,709	6,484,838	7,964,663	6,482,183
Trading liabilities	178,058	433,431	178,058	433,431
Deposits	7,193,647	5,492,433	7,193,738	5,492,433
Deposits from banks	619,167	307,080	619,167	307,080
Deposits from customers	6,574,480	5,185,353	6,574,571	5,185,353
Current tax liability	10,650	1,286	10,765	1,286
Deferred tax liability	406	-	406	-
Provisions and other liabilities	502,302	416,288	498,050	413,633
Subordinated debt	83,646	141,400	83,646	141,400
Total equity and liabilities	9,397,714	7,642,811	9,394,355	7,640,179

1. Basis of preparation

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

	Mar 2020	Mar 2019
i) Gross non- performing loan (NPL) ratio	7.97%	16.59%
ii) Capital Adequacy Ratio	19.47%	16.19%
iii) Common Equity Tier 1 Ratio	17.76%	14.19%
iv) Leverage Ratio	10.25%	11.20%
v) Default in statutory liquidity and other regulatory default (Number of times)	2	Nil
vi) Statutory liquidity and other regulatory default sanction (GHS)	222,901	Nil
vii) Operational loss ratio	-0.03%	0.06%

Statements of cash flows for the period ended 31 March 2020

	Group		Bank	
	2020	2019	2020	2019
	GHS'000	GHS'000	GHS'000	GHS'000
Net cash flows from operating activities	(351,074)	318,225	(351,047)	320,176
Cash flows used in operations	(454,038)	196,006	(453,898)	198,021
Profit before direct tax	102,140	124,687	102,285	124,794
Adjusted for:	(126,309)	(99,862)	(126,213)	(99,773)
Credit impairment charges on loans and advances	6,286	5,829	6,286	5,829
Depreciation of property, equipment and right of use assets	16,991	17,000	16,980	16,969
Amortisation of intangible asset	2,014	1,711	2,014	1,711
Interest expense	45,056	33,001	45,049	32,982
Interest income	(197,185)	(160,509)	(197,071)	(160,370)
Fair value adjustment on financial instrument	534	3,115	534	3,115
Gain on sale of property, equipment and right of use assets	(5)	(9)	(5)	(9)
Increase in income-earning assets	(430,257)	(1,185,511)	(426,560)	(1,180,943)
Increase/ (decrease) in deposits and other liabilities	388	1,356,692	(3,410)	1,353,943
Interest paid	(38,664)	(29,973)	(38,657)	(29,954)
Interest received	179,664	152,192	179,544	152,109
Direct taxation paid	(38,036)	-	(38,036)	-
Net cash flows used in investing activities	(6,918)	(5,322)	(6,918)	(5,322)
Capital expenditure on property and equipment	(6,923)	(5,337)	(6,923)	(5,337)
Proceeds from sale of property and equipment	5	15	5	15
Net cash flows used in financing activities	(8,317)	(5,969)	(8,317)	(5,969)
Payment of lease liabilities	(8,317)	(5,969)	(8,317)	(5,969)
Net increase/ (decrease) in cash and cash equivalents	(366,309)	306,934	(366,282)	308,885
Cash and cash equivalents at beginning of the period	2,927,680	1,709,104	2,927,680	1,707,136
Cash and cash equivalents at end of the period	2,561,371	2,016,038	2,561,398	2,016,021

Statements of changes in equity for the period ended 31 March 2020

	Ordinary share capital GHS'000	Statutory credit risk 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 2019	414,213	119,761	317,695	223,032	673	1,075,374
Total comprehensive income for the period	-	-	-	82,599	-	82,599
Profit for the period	-	-	-	82,599	-	82,599
Other comprehensive income	-	-	-	-	-	-
Decrease in statutory credit risk reserve	-	(34,688)	-	34,688	-	-
Balance at 31 March 2019	414,213	85,073	317,695	340,319	673	1,157,973
Balance at 1 January 2020	414,213	73,732	388,019	479,006	673	1,355,643
Total comprehensive income for the period	-	-	-	73,362	-	73,362
Profit for the period	-	-	-	73,362	-	73,362
Other comprehensive income	-	-	-	-	-	-
Increase in statutory credit risk reserve	-	22,840	-	(22,840)	-	-
Balance at 31 March 2020	414,213	96,572	388,019	529,528	673	1,429,005
Bank						
Balance at 1 January 2019	414,213	119,761	317,695	222,948	673	1,075,290
Total comprehensive income for the period	-	-	-	82,706	-	82,706
Profit for the period	-	-	-	82,706	-	82,706
Other comprehensive income	-	-	-	-	-	-
Decrease in statutory credit risk reserve	-	(34,688)	-	34,688	-	-
Balance at 31 March 2019	414,213	85,073	317,695	340,342	673	1,157,996
Balance at 1 January 2020	414,213	73,732	388,019	479,565	673	1,356,202
Total comprehensive income for the period	-	-	-	73,490	-	73,490
Profit for the period	-	-	-	73,490	-	73,490
Other comprehensive income	-	-	-	-	-	-
Increase in statutory credit risk reserve	-	22,840	-	(22,840)	-	-
Balance at 31 March 2020	414,213	96,572	388,019	530,215	673	1,429,692

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
A member of Standard Bank Group