

Stanbic Bank Ghana Limited – Unaudited 2nd Quarter 2020 Report

Unaudited summary statements of comprehensive income for the period ended 30 June 2020

	Group		Bank	
	2020	2019	2020	2019
	GHS'000	GHS'000	GHS'000	GHS'000
Net interest income	312,647	269,061	312,438	268,914
Interest income	400,101	346,307	399,879	346,097
Interest expense	(87,454)	(77,246)	(87,441)	(77,183)
Non-interest revenue	203,765	206,528	203,723	206,438
Net fee and commission revenue	102,653	106,929	102,611	106,839
Fee and commission revenue	123,496	121,643	123,454	121,553
Fee and commission expense	(20,843)	(14,714)	(20,843)	(14,714)
Trading revenue	101,032	99,599	101,032	99,599
Other income	80	-	80	-
Total income	516,412	475,589	516,161	475,352
Credit impairment charges	(21,079)	(22,582)	(21,079)	(22,582)
Income after credit impairment charges	495,333	453,007	495,082	452,770
Operating expenses	(269,967)	(233,370)	(269,383)	(232,801)
Staff costs	(147,513)	(126,654)	(147,134)	(126,317)
Depreciation and amortisation	(37,722)	(37,356)	(37,701)	(37,266)
Other operating expenses	(84,732)	(69,360)	(84,548)	(69,218)
Net income before indirect taxation	225,366	219,637	225,699	219,969
Indirect taxation	(5,579)	(5,736)	(5,579)	(5,736)
Profit before direct taxation	219,787	213,901	220,120	214,233
Direct taxation	(63,063)	(64,539)	(63,086)	(64,539)
Profit for the period	156,724	149,362	157,034	149,694
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	156,724	149,362	157,034	149,694

Unaudited summary statements of financial position at 30 June 2020

	Group		Bank	
	2020	2019	2020	2019
	GHS'000	GHS'000	GHS'000	GHS'000
Assets				
Cash and cash equivalents	3,227,527	2,169,338	3,227,527	2,169,338
Non-pledged trading assets	844,681	1,098,049	844,681	1,098,049
Investment securities	1,793,137	862,957	1,790,470	860,363
Loans and advances to customers	3,942,998	3,244,193	3,942,998	3,244,193
Current tax assets	41,500	16,675	41,388	16,586
Deferred tax assets	3,046	3,493	3,046	3,493
Other assets	347,744	278,565	348,663	278,647
Investment in subsidiary	-	-	2,500	2,500
Intangible assets	74,084	70,159	74,084	70,159
Property, equipment and right of use assets	214,441	234,672	214,296	233,881
Total assets	10,489,158	7,978,101	10,489,653	7,977,209
Equity	1,512,367	1,224,734	1,513,236	1,224,982
Stated capital	414,213	414,213	414,213	414,213
Reserves	1,098,154	810,521	1,099,023	810,769
Retained earnings	601,233	416,050	602,102	416,298
Statutory reserve	388,019	317,693	388,019	317,693
Statutory credit risk reserve	108,229	76,105	108,229	76,105
Other reserve	673	673	673	673
Liabilities	8,976,791	6,753,367	8,976,417	6,752,227
Trading liabilities	160,972	302,369	160,972	302,369
Deposits	8,344,752	5,998,615	8,344,760	5,998,639
Deposits from banks	382,395	137,039	382,395	137,039
Deposits from customers	7,962,357	5,861,576	7,962,365	5,861,600
Provisions and other liabilities	385,600	306,645	385,218	305,481
Subordinated debt	85,467	145,738	85,467	145,738
Total equity and liabilities	10,489,158	7,978,101	10,489,653	7,977,209

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

	June 2020	June 2019
i) Gross non- performing loan (NPL) ratio	8.96%	9.41%
ii) Capital Adequacy Ratio	19.27%	16.67%
iii) Common Equity Tier 1 Ratio	17.27%	14.67%
iv) Leverage Ratio	9.13%	8.97%
v) Liquidity Ratio	81.60%	61.17%
vi) Default in statutory liquidity and other regulatory default (Number of times)	2	2
vii) Statutory liquidity and other regulatory default sanction (GHS)	222,901	210,000
viii) Operational loss ratio	-0.02%	0.03%

Unaudited summary statements of cashflows for the period ended 30 June 2020

	Group		Bank	
	2020	2019	2020	2019
	GHS'000	GHS'000	GHS'000	GHS'000
Net cash flows from operating activities	342,702	503,107	342,672	505,075
Net cash flows used in operations	141,791	285,232	141,970	287,364
Profit before direct tax	219,787	213,901	220,120	214,233
Adjusted for:	(255,313)	(204,698)	(255,125)	(204,641)
Credit impairment charges on loans and advances	21,079	22,582	21,079	22,582
Depreciation of property, equipment and right of use assets	33,693	33,934	33,672	33,844
Amortisation of intangible asset	4,029	3,422	4,029	3,422
Equity-settled share-based payments	-	579	-	579
Interest expense	87,454	77,246	87,441	77,183
Interest income	(400,101)	(346,307)	(399,879)	(346,097)
Fair value adjustment on financial instrument	(1,439)	3,855	(1,439)	3,855
Gain on sale of property, equipment and right of use assets	(28)	(9)	(28)	(9)
Increase in income-earning assets	(854,900)	(1,305,214)	(855,201)	(1,302,075)
Increase in deposits, trading and other liabilities	1,032,217	1,581,243	1,032,176	1,579,847
Interest paid	(83,795)	(72,707)	(83,782)	(72,644)
Interest received	372,377	322,481	372,155	322,254
Direct taxation paid	(87,671)	(31,899)	(87,671)	(31,899)
Net cash flows used in investing activities	(26,711)	(18,693)	(26,711)	(18,693)
Capital expenditure on property and equipment	(26,739)	(18,708)	(26,739)	(18,708)
Proceeds from sale of property and equipment	28	15	28	15
Net cash flows used in financing activities	(16,144)	(24,180)	(16,114)	(24,180)
Payment of lease liabilities	(16,144)	(24,180)	(16,114)	(24,180)
Net increase in cash and cash equivalents	299,847	460,234	299,847	462,202
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	3,227,527	2,169,338	3,227,527	2,169,338

Unaudited summary statements of changes in equity for the period ended 30 June 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	317,693	223,032	673	1,075,372
Total comprehensive income for the period	-	-	-	149,362	-	149,362
Profit for the period	-	-	-	149,362	-	149,362
Decrease in 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
Balance at 1 January 2020	414,213	73,732	388,019	479,006	673	1,355,643
Total comprehensive income for the period	-	-	-	156,724	-	156,724
Profit for the period	-	-	-	156,724	-	156,724
Increase in statutory credit risk reserve	-	34,497	-	(34,497)	-	-
Balance at 30 June 2020	414,213	108,229	388,019	601,233	673	1,512,367
Bank						
Balance at 1 January 2019	414,213	119,761	317,693	222,948	673	1,075,288
Total comprehensive income for the period	-	-	-	149,694	-	149,694
Profit for the period	-	-	-	149,694	-	149,694
Decrease in 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
Balance at 1 January 2020	414,213	73,732	388,019	479,565	673	1,356,202
Total comprehensive income for the period	-	-	-	157,034	-	157,034
Profit for the period	-	-	-	157,034	-	157,034
Increase in statutory credit risk reserve	-	34,497	-	(34,497)	-	-
Balance at 30 June 2020	414,213	108,229	388,019	602,102	673	1,513,236

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