

Stanbic Bank Ghana Limited – Unaudited 3rd Quarter 2020 Report

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

	Group		Bank	
	2020	2019	2020	2019
	GHS'000	GHS'000	GHS'000	GHS'000
Net interest income	488,853	418,599	488,540	418,317
Interest income	625,778	536,533	625,446	536,229
Interest expense	(136,925)	(117,934)	(136,906)	(117,912)
Non-interest revenue	304,734	307,699	304,644	307,575
Net fee and commission revenue	154,782	165,688	154,692	165,564
Fee and commission revenue	185,407	189,902	185,317	189,778
Fee and commission expense	(30,625)	(24,214)	(30,625)	(24,214)
Trading revenue	149,952	142,011	149,952	142,011
Total income	793,587	726,298	793,184	725,892
Credit impairment charges	(33,288)	(33,786)	(33,288)	(33,786)
Income after credit impairment charges	760,299	692,512	759,896	692,106
Operating expenses	(422,540)	(363,077)	(421,666)	(362,302)
Staff costs	(226,773)	(197,847)	(226,196)	(197,333)
Depreciation and amortisation	(56,218)	(55,826)	(56,186)	(55,790)
Other operating expenses	(139,549)	(109,404)	(139,284)	(109,179)
Net income before indirect taxation	337,759	329,435	338,230	329,804
Indirect taxation	(7,896)	(8,649)	(7,896)	(8,649)
Profit before direct taxation	329,863	320,786	330,334	321,155
Direct taxation	(87,127)	(99,787)	(87,134)	(99,787)
Profit for the period	242,736	220,999	243,200	221,368
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	242,736	220,999	243,200	221,368

Unaudited summary statements of financial position at 30 September 2020

	Group		Bank	
	2020	2019	2020	2019
	GHS'000	GHS'000	GHS'000	GHS'000
Assets				
Cash and cash equivalents	4,003,521	3,548,871	4,003,521	3,548,847
Non-pledged trading assets	1,309,379	607,609	1,309,379	607,609
Investment securities	1,186,811	794,469	1,184,054	791,781
Loans and advances to customers	4,077,171	3,537,597	4,077,171	3,537,597
Current tax assets	26,344	89	26,248	-
Deferred tax assets	2,325	104	2,325	104
Other assets	216,400	319,751	217,755	319,959
Investment in subsidiary	-	-	2,500	2,500
Intangible assets	72,070	75,841	72,070	75,841
Property, equipment and right of use assets	208,719	217,115	208,585	216,941
Total assets	11,102,740	9,101,446	11,103,608	9,101,179
Equity	1,598,379	1,296,373	1,599,402	1,296,658
Stated capital	414,213	414,213	414,213	414,213
Reserves	1,184,166	882,160	1,185,189	882,445
Retained earnings	715,455	502,243	716,478	502,528
Statutory reserve	388,019	317,695	388,019	317,695
Statutory credit risk reserve	80,019	61,549	80,019	61,549
Other reserve	673	673	673	673
Liabilities	9,504,361	7,805,073	9,504,206	7,804,521
Trading liabilities	170,354	138,978	170,354	138,978
Deposits	8,666,693	7,115,357	8,666,753	7,115,357
Deposits from banks	357,585	284,902	357,585	284,902
Deposits from customers	8,309,108	6,830,455	8,309,168	6,830,455
Provisions and other liabilities	581,314	469,977	581,099	469,425
Subordinated debt	86,000	80,761	86,000	80,761
Total equity and liabilities	11,102,740	9,101,446	11,103,608	9,101,179

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

	Sept 2020	Sept 2019
i) Gross non-performing loan (NPL) ratio	9.15%	7.94%
ii) Capital Adequacy Ratio	18.08%	15.71%
iii) Common Equity Tier 1 Ratio	16.08%	13.71%
iv) Leverage Ratio	8.28%	8.14%
v) Liquidity Ratio	78.75%	73.25%
vi) Default in statutory liquidity and other regulatory default (Number of times)	3	3
vii) Statutory liquidity and other regulatory default sanction (GHS)	328,261	216,000
viii) Operational loss ratio	0.04%	0.02%

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

	Group		Bank	
	2020	2019	2020	2019
	GHS'000	GHS'000	GHS'000	GHS'000
Net cash flows from operating activities	1,122,064	1,908,159	1,122,019	1,910,058
Net cash flows used in operations	730,475	1,564,457	730,743	1,566,663
Profit before direct tax	329,863	320,786	330,334	321,155
Adjusted for:	(399,728)	(323,441)	(399,447)	(323,195)
Credit impairment charges on loans and advances	33,288	33,786	33,288	33,786
Depreciation of property, equipment and right of use assets	50,175	50,479	50,143	50,443
Amortisation of intangible asset	6,043	5,347	6,043	5,347
Equity-settled share-based payments	-	1,993	-	1,993
Interest expense	136,925	117,934	136,906	117,912
Interest income	(625,778)	(536,533)	(625,446)	(536,229)
Fair value adjustment on financial instrument	(275)	3,574	(275)	3,574
Gain on sale of property and equipment	(106)	(21)	(106)	(21)
Increase in income-earning assets	(755,173)	(1,203,014)	(755,820)	(1,200,732)
Increase in deposits, trading and other liabilities	1,555,513	2,770,126	1,555,676	2,769,435
Interest paid	(130,969)	(114,563)	(130,950)	(114,541)
Interest received	618,817	522,064	618,485	521,735
Direct taxation paid	(96,259)	(63,799)	(96,259)	(63,799)
Net cash flows used in investing activities	(21,190)	(25,907)	(21,190)	(25,907)
Capital expenditure on property, equipment and right of use assets	(21,296)	(25,934)	(21,296)	(25,934)
Proceeds from sale of property and equipment	106	27	106	27
Net cash flows used in financing activities	(25,033)	(42,485)	(24,988)	(42,440)
Payment of lease liabilities	(25,033)	(42,485)	(24,988)	(42,440)
Net increase in cash and cash equivalents	1,075,841	1,839,767	1,075,841	1,841,711
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	4,003,521	3,548,871	4,003,521	3,548,847

Unaudited summary statements of changes in equity for the period ended 30 September 2020

Group	Ordinary share capital	Statutory credit risk reserve	Statutory reserve	Retained earnings	Share based payment reserve	Ordinary shareholders' equity
	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000
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
Decrease in statutory credit risk reserve	-	(58,212)	-	58,212	-	-
Balance at 30 September 2019	414,213	61,549	317,695	502,243	673	1,296,373
Balance at 1 January 2020	414,213	73,732	388,019	479,006	673	1,355,643
Total comprehensive income for the period	-	-	-	242,736	-	242,736
Profit for the period	-	-	-	242,736	-	242,736
Increase in statutory credit risk reserve	-	6,287	-	(6,287)	-	-
Balance at 30 September 2020	414,213	80,019	388,019	715,455	673	1,598,379
Bank						
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
Decrease in 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
Balance at 1 January 2020	414,213	73,732	388,019	479,565	673	1,356,202
Total comprehensive income for the period	-	-	-	243,200	-	243,200
Profit for the period	-	-	-	243,200	-	243,200
Increase in statutory credit risk reserve	-	6,287	-	(6,287)	-	-
Balance at 30 September 2020	414,213	80,019	388,019	716,478	673	1,599,402

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