

Stanbic Bank Ghana Limited

Unaudited Quarterly Report 2017

Income statement for the period ended 31 March 2017

	Group		Bank	
	2017 GHS '000	2016 GHS '000	2017 GHS '000	2016 GHS '000
Net interest income	100 418	98 860	100 286	98 717
Interest income	127 816	125 042	127 684	124 899
Interest expense	27 398	26 182	27 398	26 182
Non-interest revenue	65 564	49 468	65 553	49 439
Net fee and commission revenue	37 164	26 075	37 153	26 046
Fee and commission revenue	42 463	30 566	42 452	30 537
Fee and commission expense	5 299	4 491	5 299	4 491
Trading revenue	28 506	23 262	28 506	23 262
Other (loss)/ revenue	(106)	131	(106)	131
Total income	165 982	148 328	165 839	148 156
Credit impairment charges	10 789	12 684	10 789	12 684
Income after credit impairment charges	155 193	135 644	155 050	135 472
Operating expenses	88 637	70 321	88 431	70 110
Staff costs	43 474	37 026	43 365	36 900
Depreciation and amortisation	7 350	4 353	7 342	4 345
Other operating expenses	37 813	28 942	37 724	28 865
Net income before indirect taxation	66 556	65 323	66 619	65 362
Indirect taxation	2 446	1 058	2 446	1 058
Profit before direct taxation	64 110	64 265	64 173	64 304
Direct taxation	19 105	23 257	19 105	23 256
Profit for the year	45 005	41 008	45 068	41 048
Basic/diluted earnings per ordinary share (Pesewas)	27.06	24.66	27.10	24.68

Statement of cash flows for the period ended 31 March 2017

	Group		Bank	
	2017 GHS '000	2016 GHS '000	2017 GHS '000	2016 GHS '000
Net cash from operating activities	(10 397)	(285 844)	(10 329)	(285 949)
Cash flows from operations	(76 162)	(333 124)	(75 944)	(333 137)
Profit before indirect and direct taxation	66 529	65 323	66 619	65 362
Adjusted for:	(84 404)	(83 741)	(84 280)	(83 606)
Amortisation of intangible assets	1 718	7	1 711	-
Credit impairment charges on loans and advances	10 789	12 684	10 789	12 684
Depreciation of property and equipment	5 632	4 346	5 631	4 345
Equity-linked transactions	503	875	503	875
Interest expense	27 398	26 182	27 398	26 182
Interest income	(127 816)	(125 042)	(127 684)	(124 899)
Indirect tax - VAT	(2 446)	(1 058)	(2 446)	(1 058)
Fair value adjustment on financial instruments	(92)	(1 735)	(92)	(1 735)
(Gain)/loss on sale of property and equipment	(90)	-	(90)	-
Increase in income-earning assets	166 824	5 827	166 906	6 607
Increase in deposits, provisions and other liabilities	(225 111)	(320 533)	(225 189)	(321 500)
Interest paid	(28 330)	(33 181)	(28 330)	(33 181)
Interest received	112 689	107 437	112 528	107 345
Direct taxation paid	(18 594)	(26 976)	(18 583)	(26 976)
Net cash used in investing activities	(8 548)	(6 837)	(8 548)	(6 837)
Capital expenditure on - property, equipment, furniture and vehicles	(8 664)	(6 945)	(8 664)	(6 945)
Proceeds from sale of property, equipment, furniture and vehicles	116	108	116	108
Net cash from financing activities	-	-	-	-
Net increase in borrowings	-	-	-	-
Net dividends paid	-	-	-	-
Net increase in cash and cash equivalents	(18 945)	(292 681)	(18 877)	(292 786)
Effect of exchange rate changes on cash and cash equivalents	(34)	1	(34)	1
Cash and cash equivalents at the beginning of the period	2 069 778	1 521 544	2 068 069	1 519 552
Cash and cash equivalents at the end of the period	2 050 799	1 228 864	2 049 158	1 226 767

Statement of other comprehensive income for the period ended 31 March 2017

	Group	Bank
	GHS '000	GHS '000
2017		
Profit for the period	45 005	45 068
Other comprehensive income after tax for the period	1 150	1 150
Items that may be reclassified subsequently to profit or loss		
Net change in fair value of available-for-sale financial assets	1 150	1 150
Total comprehensive income for the period	46 155	46 218
2016		
Profit for the period	41 008	41 048
Other comprehensive income after tax for the period	172	172
Items that may be reclassified subsequently to profit or loss		
Net change in fair value of available-for-sale financial assets	172	172
Total comprehensive income for the period	41 180	41 220

Statement of financial position at 31 March 2017

	Group		Bank	
	2017 GHS '000	2016 GHS '000	2017 GHS '000	2016 GHS '000
Assets				
Cash and cash equivalents	2 050 799	1 228 864	2 049 158	1 226 767
Non-pledged Trading assets	176 763	638 561	176 763	638 561
Investments securities	641 535	237 039	640 711	236 868
Loans and advances to customers	1 853 606	1 667 019	1 853 606	1 667 019
Current tax assets	1 562	3 639	1 499	3 591
Deferred tax assets	13 310	26 186	13 310	26 186
Other assets	332 471	123 557	333 564	124 428
Investment (other than securities)	-	-	1 000	1 000
Intangible assets	85 560	24	85 560	-
Property, plant and equipment	75 449	64 821	75 448	64 818
Total assets	5 231 055	3 989 710	5 230 619	3 989 238
Equity and liabilities				
Equity	744 331	580 484	744 048	580 114
Ordinary share capital	108 241	108 241	108 241	108 241
Reserves	636 090	472 243	635 807	471 873
Income surplus	290 543	163 737	290 232	162 862
Statutory reserve	177 651	158 718	177 651	158 718
Statutory credit risk reserve	159 398	149 344	159 398	149 344
Available for sale reserve	7 942	(724)	7 942	(724)
Other reserve	556	1 168	584	1 673
Liabilities	4 486 724	3 409 226	4 486 571	3 409 124
Trading liabilities	208 870	19 293	208 870	19 293
Deposit and current accounts	3 889 005	3 119 381	3 889 005	3 119 381
Deposits from banks	376 574	124 715	376 574	124 715
Deposits from customers	3 512 431	2 994 666	3 512 431	2 994 666
Deferred tax liabilities	-	8	-	-
Provisions and other liabilities	267 657	213 752	267 504	213 658
Borrowings	121 192	56 792	121 192	56 792
Total equity and liabilities	5 231 055	3 989 710	5 230 619	3 989 238



**Stanbic
Bank**

A Member of Standard Bank Group

Stanbic Bank Ghana Limited

Unaudited Quarterly Report 2017 (con'd)

Notes to the financial statements for the period ended 31 March 2017

1. Reporting Entity

Stanbic Bank Ghana Limited (the Bank) and its wholly owned subsidiary (together, the Group) is a financial services provider engaged in Corporate and Investment Banking, Personal and Business Banking, Wealth and Brokerage Services. The address of its registered office is Stanbic Heights, 215 South Liberation Link, Airport City, Accra.

2. Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act, 1963 (Act 179), and the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act, 2007 (Act 738).

3. Significant Accounting Policies

The detailed accounting policies which form part of the annual financial statements and have been consistently applied are presented in the financial statements of the Bank.

4. Quantitative Disclosures

	Mar 2017	Mar 2016
i) Non- performing loan (NPL) ratio	13.60%	22.06%
ii) Capital Adequacy Ratio	18.92%	14.92%
iii) Contingencies and commitments (GHS)	1,005.81M	1,081.0M
iv) Social Responsibility Obligations (GHS)	1.65M	0.82M
v) Default in statutory liquidity (Number of times)	Nil	Nil
vi) Statutory liquidity default sanction (GHS)	Nil	Nil
vii) Loan loss Ratio	3.33%	3.80%

Risk management disclosures

Overview

Risk Management is at the core of the operating structures of the Bank. 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.

The Bank's Assets and Liability Committee (ALCO) under a delegated authority from the Board of Directors sets and monitor liquidity risk standards in accordance with regulatory requirements.

The table below shows the Bank's unencumbered surplus liquidity

	31 Mar 2017	31 Mar 2016	31 Mar 2015
Marketable assets (GHS'M)	814.9	870.8	773.1
Short-term foreign currency placements (GHS'M)	1,403.8	568.2	530.3
Other readily accessible liquidity (GHS'M)	330.1	364.3	345.3
Total unencumbered surplus liquidity (GHS'M)	2,548.8	1,803.3	1,648.7

No default has been recorded in the maintenance of statutory liquidity.

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).

The Key matrix for operational risk is the Bank's operational loss as a percentage of gross income. The ratio has remained within tolerable limits over the period of 0.75% over the last 3 years.

	31 Mar 2017	31 Mar 2016	31 Mar 2015
Income after credit impairment charges (GHS'M)	155.2	135.6	125.2
Operational Loss (GHS'M)	(0.01)	(0.93)	0.32
Operational Loss%	(0.01%)	(0.69%)	0.26%

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.



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