

Standard Chartered Bank Ghana Limited

Audited Condensed Financial Statements
for the year ended 31 December 2018



CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

| | 2018 | 2017 |
|---|------------------|------------------|
| | GHC '000 | GHC '000 |
| Interest income | 612,784 | 587,093 |
| Interest expense | (123,970) | (116,256) |
| Net interest income | 488,814 | 470,837 |
| Fees and commission income | 113,840 | 97,136 |
| Fees and commission expense | (15,251) | (11,920) |
| Net fee and commission income | 98,589 | 85,216 |
| Net trading income | 125,428 | 136,169 |
| Net Income from other financial instruments carried at fair value | 90 | (15,451) |
| Total trading income | 125,518 | 120,718 |
| Operating income | 712,921 | 676,771 |
| Net impairment loss on financial asset | (100,758) | (9,511) |
| Operating income net of impairment charges | 612,163 | 667,260 |
| Personnel expenses | (165,048) | (154,308) |
| Operating lease expenses | (25,219) | (6,594) |
| Depreciation and amortisation | (7,574) | (7,270) |
| Other expenses | (88,451) | (76,810) |
| Total Operating Expenses | (286,292) | (244,982) |
| Profit before income tax | 325,871 | 422,278 |
| Income tax expense | (95,128) | (117,566) |
| National Fiscal Stabilization Levy | (20,089) | (21,114) |
| Profit for the year | 210,654 | 283,598 |
| Basic earnings per share (Ghana Cedi per share) | GHC1.54 | GHC2.09 |
| Diluted earnings per share (Ghana Cedi per share) | GHC1.54 | GHC2.09 |
| Comprehensive income | | |
| Profit for the year | 210,654 | 283,598 |
| Other comprehensive income | | |
| Item that may be reclassified subsequently to profit or loss | | |
| Debit investment at FVOCI | (49,657) | 7,702 |
| Total comprehensive income for the year | 160,997 | 291,300 |

CONDENSED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

| | 2018 | 2017 |
|---|------------------|------------------|
| | GHC '000 | GHC '000 |
| Assets | | |
| Cash and cash equivalents | 2,386,507 | 1,692,694 |
| Derivative assets held for risk management | 2,448 | 543 |
| Trading assets non-pledged | 55,066 | 43,082 |
| Loans to other banks | 144,600 | - |
| Loans and advances to customers | 1,302,095 | 1,385,696 |
| Investment securities | 1,664,912 | 1,256,940 |
| Current tax assets | 60,786 | 21,909 |
| Property, plant and equipment | 64,846 | 31,587 |
| Intangible assets | - | 1,079 |
| Equity investment | 1 | 1 |
| Deferred tax asset | 2,256 | - |
| Other assets | 277,978 | 343,453 |
| Total assets | 5,961,495 | 4,776,984 |
| Liabilities | | |
| Derivative liabilities held for risk management | 3,787 | 543 |
| Deposits from banks | 44,604 | 66,086 |
| Deposits from customers | 4,302,072 | 3,420,164 |
| Borrowings | 265,100 | 88,313 |
| Provisions | 71,275 | 56,079 |
| Deferred tax liabilities | - | 3,571 |
| Other liabilities | 226,838 | 221,472 |
| Total liabilities | 4,913,676 | 3,856,228 |
| Shareholders' funds | | |
| Stated capital | 400,000 | 121,631 |
| Income surplus | 230,215 | 361,859 |
| Reserve fund | 299,658 | 246,994 |
| Credit risk reserve | 126,647 | 148,237 |
| Other reserves | (8,701) | 42,035 |
| Total shareholders' funds | 1,047,819 | 920,756 |
| Total liabilities and shareholders' funds | 5,961,495 | 4,776,984 |
| Net assets value per share (Ghana Cedis Per Share) | 7.71 | 6.77 |

CONDENSED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

| | 2018 | 2017 |
|---|-----------|-----------|
| | GHC '000 | GHC '000 |
| Cash flows from operating activities | | |
| Profit before tax | 325,871 | 422,278 |
| Adjustments for: | | |
| Depreciation and amortisation | 7,574 | 7,270 |
| Impairment on financial assets | 100,758 | 9,511 |
| Net interest income | (488,814) | (470,837) |
| | (54,611) | (31,778) |
| Change in trading assets | (11,984) | 24,468 |
| Change in investment securities | (407,972) | 21,934 |
| Change in derivative assets held for risk management | (1,905) | 3,742 |
| Change in other assets | 65,475 | (83,465) |
| Change in loans to other banks | (144,600) | - |
| Change in loans and advances to customers | (17,157) | (123,060) |
| Change in derivative liabilities held for risk management | 3,244 | 543 |
| Change in deposits from banks | (21,482) | 56,384 |
| Change in deposits from customers | 881,908 | 222,491 |

CONDENSED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT'D)

| | 2018 | 2017 |
|--|------------------|------------------|
| | GHC '000 | GHC '000 |
| Change in other liabilities and provisions | 140,589 | (44,771) |
| | 431,505 | 46,488 |
| Interest and dividends received | 551,616 | 540,585 |
| Interest paid | (88,150) | (65,267) |
| Income tax paid | (159,921) | (143,777) |
| Net cash from operating activities | 735,050 | 378,029 |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (39,754) | (8,266) |
| Net cash used in investing activities | (39,754) | (8,266) |
| Net cash used in financing activities | | |
| Dividend paid | (1,483) | (131,611) |
| Net cash from financing activities | (1,483) | (131,611) |
| Net increase in cash and cash equivalents | 693,813 | 238,152 |
| Cash and cash equivalents at 1 January | 1,692,694 | 1,454,542 |
| Cash and cash equivalent at 31 December | 2,386,507 | 1,692,694 |

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

| | Stated capital | Income surplus | Reserve fund | Credit risk reserve | Other reserves | Total shareholders' fund |
|---|----------------|----------------|----------------|---------------------|----------------|--------------------------|
| | GHC'000 | GHC'000 | GHC'000 | GHC'000 | GHC'000 | GHC'000 |
| Balance at 1 January 2017 | 61,631 | 335,122 | 211,544 | 121,408 | 35,511 | 765,216 |
| Comprehensive income | | | | | | |
| Profit for the year | - | 283,598 | - | - | - | 283,598 |
| Other comprehensive income | | | | | | |
| Net fair value gains on financial asset | - | - | - | - | 7,702 | 7,702 |
| Total comprehensive income | - | 283,598 | - | - | 7,702 | 291,300 |
| Transfers | | | | | | |
| Transfer to credit risk reserve | - | (26,829) | - | 26,829 | - | - |
| Transfers to and from reserves | - | 1,178 | - | - | (1,178) | - |
| Transfer to reserve fund | - | (35,450) | 35,450 | - | - | - |
| Transfer to stated capital | 60,000 | (60,000) | - | - | - | - |
| Stamp duty and WHT on capitalisation | - | (4,149) | - | - | - | (4,149) |
| Total transfers | 60,000 | (125,250) | 35,450 | 26,829 | (1,178) | (4,149) |
| Transactions with owners of the bank | | | | | | |
| Dividend paid | - | (131,611) | - | - | - | (131,611) |
| Total transactions with owners of the bank | - | (131,611) | - | - | - | (131,611) |
| Balance at 31 December 2017 | 121,631 | 361,859 | 246,994 | 148,237 | 42,035 | 920,756 |
| Balance at 1 January 2018 | 121,631 | 361,859 | 246,994 | 148,237 | 42,035 | 920,756 |
| Adjustment on initial application of IFRS 9 | - | (12,393) | - | - | - | (12,393) |
| Excess in credit risk reserve per IFRS 9 transferred to retained earnings | - | 12,393 | - | (12,393) | - | - |
| Restated balance at 1 January 2018 | 121,631 | 361,859 | 246,994 | 135,844 | 42,035 | 908,363 |
| Comprehensive income | | | | | | |
| Profit for the year | - | 210,654 | - | - | - | 210,654 |
| Other comprehensive income | | | | | | |
| Net fair value gains on financial asset | - | - | - | - | (49,657) | (49,657) |
| Total Comprehensive income | - | 210,654 | - | - | (49,657) | 160,997 |
| Transfers | | | | | | |
| Transfer to credit risk reserve | - | 9,197 | - | (9,197) | - | - |
| Transfers to and from reserves | - | 1,079 | - | - | (1,079) | - |
| Transfer to reserve fund | - | (52,664) | 52,664 | - | - | - |
| Transfer to stated capital | 278,369 | (278,369) | - | - | - | - |
| Stamp duty and WHT on capitalisation | - | (20,713) | - | - | - | (20,713) |
| Total transfers | 278,369 | (341,470) | 52,664 | (9,197) | (1,079) | (20,713) |
| Transactions with owners of the bank | | | | | | |
| Dividend paid | - | (1,483) | - | - | - | (1,483) |
| Dividend forfeitures | - | 655 | - | - | - | 655 |
| Total transactions with owners of the bank | - | (828) | - | - | - | (828) |
| Balance at 31 December 2018 | 400,000 | 230,215 | 299,658 | 126,647 | (8,701) | 1,047,819 |

The financial statements presented in this publication are extracts from the audited financial statements for the period ended 31 December 2018, which are available for inspection at the Head Office of Standard Chartered Bank Ghana Limited located at 87 Independence Avenue, Accra.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Significant Accounting Policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants, Ghana (ICAG) and are consistent with those applied in the preparation of the annual financial statements.

Quantitative Disclosures

| | 2018 | 2017 |
|---|-------|-------|
| i. Capital adequacy ratio (%) | 29.59 | 26.00 |
| ii. Non-performing loan (NPL) ratio (%) - Gross basis | 25.16 | 35.00 |
| iii. Non-performing loan (NPL ratio less loss category) (%) | 6.30 | 7.50 |
| iv. Liquid ratio (%) | 84.79 | 76.06 |

Qualitative Disclosures

i. The Bank's dominant risks are: credit risk, liquidity risk, market risk, and operational risk.

ii. The Bank's risk management framework, defines the approach to risk management and the framework within which risks are managed and risk-return tradeoffs made. The risk management framework establishes common principles & standards for the management and control of all risks, provides a shared framework and language to improve awareness of risk management processes and provides clear accountability and responsibility for risk management. The core components of the risk management framework include our risk classifications, risk principles and standards, definitions of roles and responsibilities and governance structure.

The processes followed in risk measurement and their management for the year ended 31 December 2018 are consistent with those followed for the year ended 31 December 2017.

| | 2018 | 2017 |
|---|------|---------|
| i. Default in statutory liquidity (times) | Nil | Nil |
| ii. Sanctions (GHC) | 100 | 157,144 |

Standard Chartered Bank Ghana Limited

Audited Condensed Financial Statements
for the year ended 31 December 2018 (Cont'd)



REPORT OF THE DIRECTORS TO THE MEMBERS OF STANDARD CHARTERED BANK GHANA LIMITED

The Directors have pleasure in submitting their report and the financial statements of the Bank for the year ended 31 December 2018. The financial statements have been drawn and presented in accordance with reliance upon the Companies Act, 1963, (Act 179), the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and the International Financial Reporting Standards issued by the International Accounting Standard Board (IASB), and in a manner required by the Companies Act, 1963, (Act 179), the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), and Securities and Exchange Commission Regulations (LI 1728); and for such internal control as the directors determine is necessary to enable the preparation of the financial statement that are free from material misstatements, whether due to fraud or error.

Nature of business

The Bank is licensed to carry out Universal Banking business in Ghana. There was no change in the nature of the Bank's business during the year. The financial statements and the notes thereon as shown from page 15 to 96 provide the business performance and position for the year ended 31 December 2018.

Holding company

The Bank is a subsidiary of Standard Chartered Holdings (Africa) B.V., a company incorporated in The Netherlands.

Subsidiary

The Bank maintains a special purpose legal entity, Standard Chartered Ghana Nominee Limited, to warehouse assets held in trust on behalf of custody clients in the conduct of its fiduciary activities. The assets and income due to such clients arising thereon are not the bonafide property of the Bank and therefore not consolidated with these financial statements.

"The financial statements do not contain untrue statements, misleading facts or omit material facts to the best of our knowledge"

Approval of the Financial Statements

The financial statements of the Bank were approved by the Board of Directors and authorized for issue on 21 February 2019 and were signed on its behalf by;

Signed

Mansa Nettey
Director

Signed

Kweku Nimfah-Essuman
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STANDARD CHARTERED BANK GHANA LIMITED

Opinion

The condensed financial statements, which comprise the condensed statement of financial position at 31 December 2018, and the condensed statements of comprehensive income, changes in equity and cash flows for the year ended and related notes, are derived from the audited financial statements of Standard Chartered Bank Ghana Limited for the year ended 31 December 2018.

In our opinion, the accompanying condensed financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the basis described in the notes.

Condensed Financial Statements

The condensed financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Companies Act 1963, (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) applied in the preparation of the audited financial statements of Standard Chartered Bank Ghana Limited. Reading the condensed financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 27 February 2019. That report also includes the communication of key audit market. Key audit markets are those markets in our professional judgement were of most significant in our audit of the financial statement for the current period.

Directors' Responsibility for the Condensed Financial Statements

The directors are responsible for the preparation of the condensed financial statements in accordance with the basis described in the notes.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the condensed financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

The engagement partner on the audit resulting in this independent auditor's report is **Frederick Nyan Dennis (ICAG/P/1426)**.

KPMG

For and on behalf of:
KPMG: (ICAG/F/2019/038)
CHARTERED ACCOUNTANTS
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ACCRA
27 February 2019