

Consolidated Bank (Ghana) Limited

Unaudited Summary Financial Statements

(All amounts are in thousands of Ghana cedis unless otherwise stated)



UNAUDITED SUMMARY STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	2021	2020
Interest income	1,098,134	772,223
Interest expense	(641,502)	(412,316)
Net interest income	456,632	359,907
Fee and commission income	63,260	38,892
Fee and commission expense	(7,543)	(1,556)
Net fee and commission income	55,717	37,335
Net trading income	46,305	26,977
Other income	4,382	7,453
Operating income	563,037	431,672
Impairment loss on loans and advances	(14,708)	(8,461)
Impairment loss on other financial assets	(50,427)	(34,524)
Personnel expenses	(243,156)	(185,726)
Depreciation and amortisation	(41,056)	(42,086)
Other expenses	(156,825)	(118,823)
Profit before income tax	56,865	42,052
Income tax charge	(16,540)	(19,850)
National fiscal stabilisation levy	(2,843)	(1,959)
Financial sector recovery levy	(2,145)	-
Profit for the period	35,337	20,243
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Changes in the fair value of debt instruments at fair value through other comprehensive income	16,262	5,874
Deferred income tax relating to other comprehensive income item	(4,065)	(1,468)
Total comprehensive income	47,533	24,648

UNAUDITED SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	2021	2020
ASSETS		
Cash and bank balances	1,042,541	1,352,707
Investment securities	7,637,136	8,829,795
Non-pledged trading assets	49,500	57,230
Loans and advances to customers	1,206,302	658,265
Intangible assets	31,464	22,901
Right-of-use asset	69,603	88,801
Property and equipment	144,328	101,284
Deferred income tax assets	5,470	4,798
Other assets	109,147	99,582
Total assets	10,295,491	11,215,362
LIABILITIES		
Deposits from customers	6,407,240	7,922,658
Borrowed funds	2,383,403	1,439,539
Lease liabilities	81,513	77,419
Other liabilities	812,254	1,257,355
Total liabilities	9,684,410	10,696,971
EQUITY		
Stated capital	450,000	450,000
Retained earnings	52,512	21,805
Fair value reserve	33,216	1,941
Statutory reserve	75,353	44,645
Total equity	611,081	518,391
Total equity and liabilities	10,295,491	11,215,362

UNAUDITED SUMMARY STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	2021	2020
Profit before income tax	56,865	42,052
<i>Adjustments for:</i>		
Depreciation and amortisation	41,056	42,086
Impairment losses on loans and advances	14,708	8,461
Impairment losses on other financial assets	50,427	34,524
Net Interest income	(456,632)	(359,907)
Fair value changes on staff loan recognised in profit or loss	3,500	1,155
Unrealised exchange loss on lease liability	5,355	10,168
Profit/loss on disposal	(99)	177
Fair value gains on trading assets	(1,926)	-
	(286,747)	(221,285)
<i>Changes in:</i>		
Loans and advances to customers	(344,566)	(430,386)
Other assets	78,743	29,759
Investment securities	(576,378)	(3,492,107)
Non-pledged trading assets	789,717	1,710,747
Deposits from customers	(458,878)	2,826,308
Borrowed funds	1,000,694	741,255
Other liabilities	(73,627)	717,330
Mandatory cash reserve	36,710	(226,105)
Cash flow used in operations	452,416	2,102,906
Interest received	314,207	854,539
Interest paid	(231,920)	(469,389)
Income taxes paid	(15,502)	(28,977)
	66,785	356,172
Net cash flow used in operating activities	232,454	2,237,793
Cash flow from investing activities		
Acquisition of property and equipment	(34,955)	(11,748)
Acquisition of intangible assets	(10,581)	(14,659)
	(45,536)	(26,409)
Cash flow from financing activities		
Payment of principal portion of lease liabilities	(22,207)	(31,152)
Net cash flow generated from financing activities	(22,207)	(31,152)
Net increase in cash and cash equivalents	164,711	2,180,232
Balance at 1 January	769,178	399,226
Cash and cash equivalents at 30 September	933,890	2,579,458

SUMMARY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Stated Capital	Retained earnings	Statutory reserve	Fair value reserve	Total
Balance at 1 January 2021	450,000	34,844	57,684	21,020	563,548
Profit for the period	-	35,337	-	-	35,337
Fair value adjustment on investment securities	-	-	-	12,196	12,196
Total comprehensive income for the year	-	35,337	-	12,196	47,533
Regulatory and other reserve transfers					
Transfer to statutory reserve	-	(17,668)	17,668	-	-
Net transfer to reserves	-	(17,668)	17,668	-	-
Balance at 30 September 2021	450,000	52,512	75,353	33,216	611,081
Balance at 1 January 2020	450,000	11,684	34,524	(2,464)	493,743
Profit for the period	-	20,243	-	-	20,243
Fair value adjustment on investment securities	-	-	-	4,406	4,406
Total comprehensive income for the period	-	20,243	-	4,406	24,648
Regulatory and other reserve transfers					
Transfer to statutory reserve	-	(10,121)	10,121	-	-
Net transfer to reserves	-	(10,121)	10,121	-	-
Balance at 30 September 2020	450,000	21,805	44,645	1,941	518,391

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NOTES TO THE SUMMARY FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Consolidated Bank (Ghana) Limited, (the Bank) is a limited liability company incorporated and domiciled in Ghana. The registered office is 1st Floor Manet Tower 3, Airport City, Accra. The Bank commenced universal banking operations in August 2018 and operates under the Bank and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

2. BASIS OF PREPARATION

The Bank's financial statements have been prepared on a historical cost basis and in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these summary financial statements are consistent with the accounting policies applied in the audited financial statements of the Bank for the year ended 31 December, 2020. These policies have been consistently applied to all the years presented, unless otherwise stated.

4. FUNCTIONAL AND PRESENTATION CURRENCY

These summary financial statements are presented in Ghana Cedis, which is the Bank's functional currency.

5. BASIS OF MEASUREMENT

These summary financial statements have been prepared on a historical cost basis except for the following items:

- Non-derivative financial instruments at fair value through profit or loss.
- Non-pledged trading assets

which are measured at fair value.

6. RISK MANAGEMENT

The Bank's activities expose the business to risks. These risks are managed in a targeted manner. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The risks arising from financial instruments to which the Bank is exposed are:

- credit risk
- liquidity risk
- market risk
- operational risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from commercial and consumer loans and advances and loan commitments arising from such lending activities, but can also arise from credit enhancements, financial guarantees, letters of credit, endorsements and acceptances.

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset when they fall due.

Market risk is the risk that changes in market prices – such as interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Bank's income or the value of its holdings of financial instruments. The Bank separates exposures to market risk into either trading or non-trading portfolios.

Operational risk is the risk of direct or indirect loss that the Bank will suffer due to an event or action resulting from the failure of its internal processes, people and systems, or from external events.

The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice. The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Risk committee and the Technology, Cyber & Information Security committee of the Board are responsible for developing and monitoring the Bank's risk management policies over specified areas.

Key risk ratios for the Bank are summarised below:

	September 2021	September 2020
Non-performing loan ratio	0.18%	0.06%
Capital adequacy Ratio	18.78%	19.80%
Common equity tier 1 ratio	17.03%	19.35%
Leverage ratio	4.52%	3.80%
Liquidity ratio	79.88%	112.00%
Default in statutory liquidity (times)	1	Nil
Default in statutory liquidity sanctions (GHS'000)	42.76	-

7. CONTINGENT LIABILITIES

	September 2021	September 2020
Letters of credit	369,551	128,216
Letters of guarantee	299,331	87,484
Undrawn commitments	94,376	39,778
	763,258	255,478

Welbeck Abra-Appiah
(Chairman)

Daniel Wilson Addo
(Managing Director)

