

Consolidated Bank (Ghana) Limited

Summary Financial Statements for the period 1 August 2018 (date of incorporation) to 31 December 2018

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



SUMMARY STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2018	
Interest income	460,760
Interest expense	(338,793)
Net interest income	121,967
Fee and commission income	10,403
Fee and commission expenses	(1,254)
Net fee and commission income	9,149
Net trading income	7,096
Operating income	138,212
Impairment loss on financial assets	(13,478)
Personnel expenses	(57,504)
Depreciation	(13,634)
Other expenses	(82,001)
Loss before income tax	(28,405)
Income tax credit	5,565
National fiscal stabilisation levy	-
Loss for the period	(22,840)
Other comprehensive income, net of tax	-
Total comprehensive income - (loss)	(22,840)

SUMMARY STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2018	
Loss before income tax	(28,405)
Adjustments for:	
Depreciation	13,634
Impairment loss on financial assets	13,478
Interest income on investment securities	(453,540)
Changes in:	
Loans and advances to customers	(3,546)
Other assets	(13,783)
Deposits from customers	(1,307,774)
Mandatory cash reserve	(551,231)
Due to other banks	(428,021)
Other liabilities	272,849
Cash flow used in operations	(2,486,339)
Tax paid	-
Net cash flow used in operating activities	(2,486,339)
Cash flow from investing activities	
Acquisition of property and equipment	(546)
Purchases of investment securities maturing over 91 days	(11,118,835)
Proceeds from redemption of investment securities	14,463,856
Net cash flow generated from investing activities	3,344,475
Cash flow from financing activities	
Proceeds from issue of share capital	450,000
Net cash flow generated from financing activities	450,000
Net increase in cash and cash equivalents	1,308,136
Balance at 1 August	246,106
Cash and cash equivalents at 31 December	1,554,242
Cash and cash equivalents:	
Cash and bank	1,121,869
Investment securities maturing within 90 days	983,604
Less mandatory deposits	(551,231)
	1,554,242

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018	
ASSETS	
Cash and cash equivalents	1,121,869
Investment securities	6,232,573
Loans and advances to customers	3,546
Property and equipment	123,623
Deferred income tax assets	5,565
Other assets	1,557
Total assets	7,488,733
LIABILITIES	
Deposits from customers	5,512,313
Due to other banks	1,175,808
Other liabilities	373,452
Current income tax liability	-
Total liabilities	7,061,573
EQUITY	
Stated capital	450,000
Income surplus account - (deficit)	(22,840)
Total equity	427,160
Total equity and liabilities	7,488,733

REPORT OF THE DIRECTORS TO THE MEMBERS OF CONSOLIDATED BANK (GHANA) LIMITED

The Directors have the pleasure in presenting their report and the summary financial statements for the period ended 31 December 2018.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Bank's directors are responsible for the preparation of the financial statements that give a true and fair view of Consolidated Bank (Ghana) Limited's financial position at 31 December 2018, and of the profit or loss and cash flows for the period then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with 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).

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

PRINCIPAL ACTIVITIES

The Bank is licensed to carry out universal banking business in Ghana, and there was no change in the nature of the Bank's business during the period.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Bank were approved by the Board of Directors on 27 June, 2019.

SUMMARY STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2018			
	Stated capital	Income surplus account	Total
Balance at 1 August 2018	-	-	-
Loss for the period	-	(22,840)	(22,840)
Other comprehensive income	-	-	-
Transaction with owners:			
Issue of share capital	450,000	-	450,000
Balance at 31 December 2018	450,000	(22,840)	427,160

Consolidated Bank (Ghana) Limited

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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 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The financial statements have been prepared under the historical cost convention.

The summary financial statements in this publication is an extract from the financial statements for the period ended 31 December 2018. The full set of the financial statements are available for inspection at the Bank's Head Office at 1st Floor Manet Tower 3, Airport City, Accra.

3. 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

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.

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.

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.

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 and Cyber Information Security Committee of the Board is responsible for developing and monitoring the Bank's risk management policies over specified areas.

Key risk ratios for the Bank are summarised below :

	December 2018
Non-performing loan ratio (BoG/IFRS)	0.0%
Capital Adequacy Ratio	158%
Default in statutory liquidity (times)	Nil
Default in statutory liquidity sanctions	Nil

4. CONTINGENT LIABILITIES

Clean line facilities for letters of credit	11,274
Letters of guarantee	4,774
	<u>16,048</u>

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


Welbeck Abra-Appiah
 (Chairman)


Daniel Wilson Addo
 (Managing Director)

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF CONSOLIDATED BANK (GHANA) LIMITED

OUR OPINION

In our opinion, the accompanying summary financial statements of Consolidated Bank (Ghana) Limited (the "Bank"), are consistent, in all material respects, with the audited financial statements of the Bank for the period ended 31 December 2018, on the basis described in the notes.

THE SUMMARY FINANCIAL STATEMENTS

The Bank's summary financial statements derived from the audited financial statements for the period ended 31 December 2018 comprise:

- the summary statement of financial position as at 31 December 2018;
- the summary statement of comprehensive income for the period then ended;
- the summary statement of changes in equity for the period then ended;
- the summary statement of cash flows for the period then ended; and
- the related notes to the summary financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The audited financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited financial statements in our report dated 30 July 2019. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited financial statements of the current period.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary financial statements on the basis described in the notes.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary 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 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

The engagement partner on the audit resulting in this independent auditor's report is Michael Asiedu-Antwi (ICAG/P/1138).



PricewaterhouseCoopers (ICAG/F/2019/028)
Chartered Accountants
Accra, Ghana
30 July 2019

