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FIRST ATLANTIC BANK LIMITED

REPORT & FINANCIAL STATEMENTS 2016

Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2016

(All amounts are expressed in Ghana cedis unless otherwise stated)

	2016	2015
Interest income	183,871,236	140,959,397
Interest expense	(81,710,044)	(68,004,590)
Net interest income	102,161,192	72,954,807
Net fee and commission income	43,369,996	34,181,701
Net trading income	18,802,455	19,465,585
Other Income	265,950	388,731
Operating Income	164,599,593	126,990,824
Impairment losses on loans & advances	(37,805,485)	(30,002,000)
Personnel expenses	(42,053,569)	(29,939,205)
Depreciation and amortisation	(9,442,890)	(6,740,911)
Other expenses	(50,432,554)	(39,895,720)
Loss/ Profit from associated companies	(364,131)	580,816
Profit before income tax	24,500,964	20,993,804
Income tax expense	(7,432,779)	(5,381,914)
National stabilisation levy	(1,194,910)	(1,173,631)
Profit for the year after income tax	15,873,275	14,438,259
Other comprehensive income, net of income tax		
Revaluation of property	46,786,382	-
Unrealised gains/(loss) on fair value changes on available-for-sale securities, net of tax	228,873	(697,083)
Total comprehensive income for the period	62,888,530	13,741,176

Statement of Financial Position

As at 31 December 2016

(All amounts are expressed in Ghana cedis unless otherwise stated)

	2016	2015
Assets		
Cash and cash equivalents	301,168,001	418,543,283
Non-Pledged trading assets	661,823,825	262,610,421
Pledged trading assets	95,600,000	26,510,000
Loans and advances to customers	233,156,314	370,400,176
Investment in associates	339,624	703,755
Current tax assets	1,500,109	-
Deferred tax assets	-	166,114
Intangible asset	5,715,611	6,657,130
Other assets	15,262,346	9,803,773
Property and equipment	127,472,895	40,890,988
Total assets	1,442,038,725	1,136,285,640
Liabilities		
Deposits from banks and other BoG licensed FIs	140,943,916	15,476,403
Deposits from customers	1,042,813,852	869,687,750
Borrowings	13,553,677	86,521,205
Current tax liabilities	-	651,844
Deferred tax liabilities	16,997,194	-
Other liabilities	20,457,389	20,261,354
Total liabilities	1,234,766,028	992,598,556
Equity		
Stated capital	96,610,409	96,610,409
Income surplus account	159,772	(4,877,922)
Revaluation reserve	50,765,205	3,978,823
Statutory reserve fund	31,933,250	23,996,612
Credit risk reserve	27,575,188	24,676,245
Other reserves	228,873	(697,083)
Total equity	207,272,697	143,687,084
Total equity and liabilities	1,442,038,725	1,136,285,640

The financial statements on pages 8 to 66 were approved by the board of directors on 17th February, 2017 and were signed on its behalf by:

Director
Karen Akiwumi Tanoh
(Chairman)

Director
Odun Odunfa
(MD/CEO)

Statement of Cash Flows

For the year ended 31 December 2016

(All amounts are expressed in Ghana cedis unless otherwise stated)

	2016	2015
Cash flows from operating activities		
Profit for the period	24,500,964	20,993,804
Adjusted for:		
Depreciation and amortisation	9,442,890	6,740,911
Impairment on financial assets	37,805,485	30,002,000
Net interest income	(99,947,394)	(72,954,807)
	28,198,055	(15,218,092)
Changes in trading assets		
Change in non-pledged trading assets	(399,213,404)	(23,318,348)
Change in pledged trading assets	(69,090,000)	(26,510,000)
Change in loans and advances to customers	104,156,202	(34,244,169)
Change in other assets	(1,769,464)	(725,351)
Change in investment in associates	364,131	(580,816)
Change in deposits from banks	125,467,513	1,275,374
Change in deposits from customers	166,576,802	372,640,803
Other liabilities	196,035	11,503,046
	(73,312,185)	299,572,548
Interest and dividends received	173,250,503	131,684,200
Interest paid	(73,632,356)	(60,595,120)
Income tax paid	(9,792,215)	(6,451,757)
Net cash generated from operating activities	(11,684,307)	348,991,779
Cash flows from investing activities		
Purchase of property and equipment	(32,430,340)	(14,540,783)
Proceeds from sale of property and equipment	133,486	91,128
Purchase of intangible assets	(426,593)	(2,490,896)
Change in borrowings	(72,967,528)	(194,863,306)
	(105,690,975)	(211,803,857)
Cash flows from financing activities		
Proceeds from issue of shares	-	36,606,104
Net cash generated from financing activities	-	36,606,104
Net increase in cash and cash equivalents	(117,375,282)	173,794,026
Cash and cash equivalents at start of year	418,543,283	244,749,257
Cash and cash equivalents at end of year	301,168,001	418,543,283

Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 31 December 2016, which disclose the state of affairs of the Bank.

Statement of directors' responsibilities

The directors are responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the Bank and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS), the requirements of the Companies Act, 1963 (Act 179) and the Banking Act 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

The directors are responsible for ensuring that the Bank keeps proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Bank. The directors are also responsible for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The principal activity of the Bank is universal banking. The main activities are Retail banking, Commercial banking, Corporate banking, Private banking and Investment banking.

Financial results

The results of the Bank are set out on page 8. The Bank recorded a net profit after tax of GH¢15.9 million as against a net profit of GH¢14.4 million in 2015.

The balance sheet recorded a growth from GH¢1,136 million in 2015 to GH¢1,442 million primarily due to an increase in customer deposits.

Going concern

No issues have come to the attention of the directors to indicate that the Bank will not remain a going concern for at least the next twelve (12) months from the date of this statement.

By order of the Board

Director
Karen Akiwumi Tanoh
(Chairman)

Director
Odun Odunfa
(MD/CEO)



FIRST ATLANTIC BANK LIMITED

REPORT & FINANCIAL STATEMENTS 2016

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Notes to the Financial Statements

For the the year ended 31 December 2016

1. Reporting entity

First Atlantic Bank Limited (the "Bank") is a private limited liability company incorporated under the Company's Act 1963 (Act 179) and domiciled in Ghana. The Bank primarily is involved in retail, commercial, corporate, private and investment banking. The address of the Bank's registered office is: Atlantic Place, No. 1 Seventh Avenue, Ridge West, Accra, Ghana.

2. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and in the manner required by the Companies Act, 1963 (Act 179) and the Banking Act 2004 (Act 673) as amended by the Banking (Amendment) Act 2007, (Act 738). The financial statements were approved by the Board of Directors on 17 February 2017.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Fees and commissions

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

3.2 Net trading income

Income arises from the margins which are achieved through market-marking and customer business and from changes in market value caused by movements in interest and exchange rates, equity prices and other market variables. Trading positions are held at fair value and the resulting gains and losses are included in the income statement, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

3.3 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost or fair values in the statement of financial position depending on the business model for managing the asset or the cash flow characteristics of the asset.

3.4 Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs taken directly to profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

3.5 Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the bank does not intend to sell immediately or in the near term.

When the bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the financial asset is recognised within loans and advances.

When the bank purchases a financial asset under a commitment to sell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the financial asset is accounted for as a loan, and the underlying asset is not recognised in the bank financial statements.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except when the bank chooses to carry the loans and advances at fair value through profit or loss as described in accounting policy.

Report of Independent Auditor

To the members of First Atlantic Bank Limited

We have audited the accompanying financial statements of First Atlantic Bank Limited ("the Bank") as set out on pages 8 to 66 which comprise the statement of financial position as at 31 December 2016, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Bank are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of the company as at 31 December 2016 and of its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

Report on other legal and regulatory requirements

The Companies Code, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following matters. We confirm that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - in our opinion proper books of account have been kept by the Bank, so far as appears from our examination of those books; and
 - the statement of financial position and statement of comprehensive income of the Bank are in agreement with the books of account.
- The Banking Act 2004 (Act 673) section 78 (2) requires that we state certain matters in our report. We hereby state that:
- The accounts give a true and fair view of the state of affairs of the Bank and their results for the year under review;
 - We were able to obtain all the information and explanations required for the efficient performance of our duties as auditors;
 - The Bank transactions were within its powers; and
 - The Bank has generally complied with the provisions in the Banking Act 2004 (Act 673) and the Banking (Amendment) Act 2007 (Act 738).

Daniel Kwadwo Owusu (ICAG/P/1327)
Deloitte & Touche (ICAG/F/2017/129)
Chartered Accountants
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