



# FIRST ATLANTIC BANK LIMITED

## SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

...refreshingly different.

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of GHS	2017	2016
Interest income	200,301	183,871
Interest expense	(116,887)	(81,710)
<b>Net interest income</b>	<b>83,414</b>	<b>102,161</b>
Fee and commission income	33,561	43,370
Net trading income	24,556	18,803
Other income	395	86
<b>Operating income</b>	<b>141,926</b>	<b>164,420</b>
Impairment losses on loans and advances	(5,156)	(37,626)
Personnel expenses	(48,351)	(42,896)
Depreciation and amortisation	(12,681)	(9,443)
Other expenses	(46,773)	(49,590)
Loss from associated companies	(213)	(364)
<b>Profit before income tax</b>	<b>28,752</b>	<b>24,501</b>
Income tax expense	(7,537)	(7,433)
National stabilisation levy	(1,422)	(1,195)
<b>Profit for the year after income tax</b>	<b>19,793</b>	<b>15,873</b>
<b>Other comprehensive income, net of income tax</b>		
Unrealised gains/(loss) on fair value changes on available-for-sale securities,net of tax	3,167	926
Revaluation of property	-	46,787
<b>Total comprehensive income for the period</b>	<b>22,960</b>	<b>63,586</b>
Earnings per share (GHS)	0.10	0.08

### STATEMENT OF FINANCIAL POSITION

In thousands of GHS	2017	2016
<b>Assets</b>		
Cash and cash equivalents	595,550	301,168
Trading assets	554,736	661,824
Pledged trading assets	137,376	95,600
Loans and advances to customers	249,798	233,156
Investment in associates	127	340
Current tax assets	1,408	1,500
Intangible assets	6,102	5,716
Other assets	20,012	15,262
Property and equipment	137,532	127,473
<b>Total assets</b>	<b>1,702,641</b>	<b>1,442,039</b>
<b>Liabilities</b>		
Deposits from banks	68,803	140,944
Deposits from customers	1,378,961	1,042,814
Borrowings	-	13,554
Deferred tax liabilities	18,481	16,997
Other liabilities	6,163	20,457
<b>Total liabilities</b>	<b>1,472,408</b>	<b>1,234,766</b>
<b>Equity</b>		
Stated capital	96,610	96,610
Income surplus account	30,418	161
Revaluation reserve	50,765	50,765
Statutory reserve fund	41,830	31,933
Credit risk reserve	7,214	27,575
Other reserves	3,396	229
<b>Total equity</b>	<b>230,233</b>	<b>207,273</b>
<b>Total equity and liabilities</b>	<b>1,702,641</b>	<b>1,442,039</b>

### STATEMENT OF CASH FLOWS

In thousands of GHS	2017	2016
<b>Cash flows from operating activities</b>		
Profit for the period Adjusted for:	28,752	24,501
Depreciation and amortisation	12,681	9,443
Impairment on financial assets	5,156	37,626
Bad debt recovered	531	180
Profit on disposal of assets	(395)	(86)
Net interest income	(83,414)	(99,948)
	(36,689)	(28,284)
<b>Changes in trading assets</b>		
Change in trading assets	111,311	(399,213)
Change in pledged trading assets	(41,776)	(69,090)
Change in loans and advances to customers	(24,294)	104,156
Change in other assets	(4,988)	(1,683)
Change in investment in associates	213	364
Change in deposits from banks	(72,141)	125,467
Change in deposits from customers	316,043	166,577
Change in borrowings	(13,554)	(72,968)
Change in other liabilities	(14,531)	196
	256,283	(146,194)
Interest received	202,267	173,251
Interest paid	(96,783)	(73,633)
Income tax paid	(7,965)	(9,792)
<b>Net cash generated from operating activities</b>	<b>317,113</b>	<b>(84,652)</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(21,361)	(32,430)
Proceeds from sale of property and equipment	505	134
Purchase of intangible assets	(1,875)	(427)
<b>Net cash outflow from investing activities</b>	<b>(22,731)</b>	<b>(32,723)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	-
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>294,382</b>	<b>(117,375)</b>
Cash and cash equivalents at start of year	301,168	418,543
<b>Cash and cash equivalents at end of year</b>	<b>595,550</b>	<b>301,168</b>

### STATEMENT OF CHANGES IN EQUITY

In thousands of GHS	Stated capital	Statutory reserve	Credit risk reserve	Other reserve	Retained earnings	Total
Balance at 1 January 2016	96,610	23,997	24,676	3,282	(4,878)	143,687
Profit for the year	-	-	-	-	15,873	15,873
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets net of tax	-	-	-	926	-	926
Revaluation gain on property net of tax	-	-	-	46,786	-	46,786
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,712</b>	<b>15,873</b>	<b>63,586</b>
<b>Transfers from income surplus to reserves &amp; transactions with owners,recorded directly in equity</b>						
Transfer to statutory reserve	-	7,937	-	-	(7,937)	-
Transfer to credit risk reserve	-	-	2,899	-	(2,899)	-
<b>Total other movements in equity</b>	<b>-</b>	<b>7,937</b>	<b>2,899</b>	<b>-</b>	<b>(10,836)</b>	<b>-</b>
Balance at 31 December 2016	96,610	31,933	27,575	50,994	160	207,273
Balance at 1 January 2017	96,610	31,933	27,575	50,994	160	207,273
Profit for the year	-	-	-	-	19,793	19,793
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets net of tax	-	-	-	3,168	-	3,168
Revaluation gain on property net of tax	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,793</b>	<b>22,960</b>
<b>Transfers from income surplus to reserves &amp; transactions with owners, recorded directly in equity</b>						
Transfer to statutory reserve	-	9,896	-	-	(9,896)	-
Transfer to credit risk reserve	-	-	(20,362)	-	20,362	-
<b>Total other movements in equity</b>	<b>-</b>	<b>9,896</b>	<b>(20,362)</b>	<b>-</b>	<b>10,465</b>	<b>-</b>
<b>Balance at 31 December 2017</b>	<b>96,610</b>	<b>41,830</b>	<b>7,214</b>	<b>54,162</b>	<b>30,418</b>	<b>230,233</b>

#### 1. Significant accounting policies

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).

#### Basis of preparation

The published summary financial statement have been extracted from the audited financial statements of the Bank in accordance with the Bank of Ghana Guide for Publication for Banks and Bank of Ghana licenced financial institutions.\*

#### 2. Quantitative disclosures

	2017	2016
Capital adequacy ratio	23%	26%
Non-performing loan (NPL) ratio	18%	41%

#### 3. Qualitative disclosures

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Bank's business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance. Risk management is carried out by the Risk Management Department under policies approved by the Board of Directors. Risk Management Department identifies, evaluates and manages financial risks in close cooperation with the operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and use of non-derivative financial instruments. The most important types of risk are credit risk, liquidity risk, market risk (currency risk, interest rate and other price risk) and other operational risk.

#### 4. Defaults in statutory liquidity & accompanying sanctions

	2017	2016
(a) Default in statutory liquidity	Nil	Nil
(b) Sanctions	Nil	Nil

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

### REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 31 December 2017, 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 income statement and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgments 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 Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

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.

#### Minimum capital

The Bank of Ghana has revised upwards the minimum paid up capital for existing banks and new entrants from GH¢120 million to a new level of GH¢400 million. The deadline set for this new minimum paid up capital requirements to be complied with as indicated per the Bank of Ghana's notice to Banks and the General Public (Notice No. BG/GOV/SEC/2017/19) is 31 December 2018. To comply with the above requirement, the shareholders of the bank have approved a capital plan to raise GH¢300 million equity capital through a Rights Issue (GH¢150 million) and Private Placement to targeted investors (GH¢150 million). As at the date of this report the bank had received additional equity investment of GH¢47.3 million.

#### Going concern

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

#### Auditor

The auditor, Deloitte & Touche, will not continue in office in accordance with Section 81(4) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) with effect from the date of the Annual General Meeting.

The financial statements were approved by the board of directors on 5th March 2018 and were signed on its behalf by:



Director  
Karen Akiwumi Tanoh  
(Chairman)



Director  
Odun Odunfa  
(MD/CEO)

### INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF FIRST ATLANTIC BANK LIMITED

#### Opinion

The summary financial statements of First Atlantic Bank Limited, which comprise the summary statement of financial position as at 31 December 2017, the summary 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 related notes, are derived from the audited financial statements of First Atlantic Bank Limited for the year ended 31 December 2017. In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the International Financial Reporting Standards, the requirements of the Companies Act, 1963 (Act 179), and the Banks and Specialised Deposit-Taking Institutions Act 2016, (Act 930).

#### Summary Financial Statements

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards, the requirements of the Companies Act, 1963 (Act 179), and the Banks and Specialised Deposit-Taking Institutions Act 2016, (Act 930) as applicable to financial statements. 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 our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 22 March 2018. 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 summarised financial statements for the current period.
- A "Report on Other Legal and Regulatory Requirements" which comprise reports on:
  - i. Compliance with the provisions of Companies Act, 1963 (Act 179);
  - ii. Compliance with the provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930); and
  - iii. Compliance with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), the Anti-Terrorism Act, 2008 (Act 762) and Regulations under these enactments."

#### Directors' Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of the summary financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 1963 (Act 179), and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), and for such internal control as the directors determine is necessary to enable the preparation of the summary 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 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 Daniel Kwadwo Owusu (ICAG/P/1327).

Signed: Deloitte & Touche  
For and on behalf Deloitte & Touche (ICAG/F/2018/129)  
Chartered Accountants  
The Deloitte Place, Plot No. 71  
Off George Walker Bush Highway  
North Dzorwulu, Accra Ghana

22nd March 2018

