

FIRST ATLANTIC BANK LIMITED

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

in thousands of GHS

	2018	2017
Interest income	177,193	200,301
Interest expense	(92,424)	(116,887)
Net interest income	84,769	83,413
Fee and commission income	47,191	33,561
Fee and commission expense	-	-
Net fee and commssion income	47,191	33,561
Net trading income	40,237	24,556
Other operating income	38	395
Operating income	172,235	141,926
Net impairment losses on financial instruments	(11,991)	(5,156)
Personnel expenses	(53,750)	(48,351)
Depreciation and amortisation	(13,978)	(12,681)
Other expenses	(59,198)	(46,774)
Operating profit	33,318	28,965
Loss from associated companies	-	(213)
Profit before income tax	33,318	28,752
Income tax expense	(12,686)	(7,538)
National stabilisation levy	(1,666)	(1,422)
Profit for the year after income tax	18,966	19,793
Other comprehensive income, net of income tax		
Items that may be reclassified subsequently to statement of profit or loss		
Unrealised gain on fair value changes on investment measured at fair value through other comprehensive income (FVOCI)/available-for-sale securities, net of tax	4,443	3,168
Total comprehensive income for the year	23,410	22,960
Earnings per share - (Ghana Pesewas)	8	10

SUMMARY STATEMENT OF FINANCIAL POSITION

in thousands of GHS

	2018	2017
Assets		
Cash and cash equivalents	663,181	595,551
Non-pledged trading assets	123,973	251,648
Pledged trading assets	405,011	137,376
Loans and advances to customers	387,231	249,798
Investment securities	2,800	303,088
Investment in associates	126	127
Current income tax assets	-	1,408
Intangible assets	6,738	6,102
Other assets	124,262	20,012
Property and equipment	132,539	137,532
Total assets	1,845,863	1,702,641
Liabilities		
Deposits from banks	105,573	68,803
Deposits from customers	1,249,472	1,378,961
Current tax liabilities	425	-
Deferred income tax liabilities	22,084	18,481
Other liabilities	125,678	6,163
Total liabilities	1,503,231	1,472,408
Equity		
Stated capital	233,506	96,610
Income surplus account (Deficit)	(792)	30,418
Revaluation reserve	50,765	50,765
Statutory reserve fund	51,313	41,830
Credit risk reserve	-	7,214
Other reserves	7,840	3,396
Total equity	342,632	230,233
Total equity and liabilities	1,845,863	1,702,641

SUMMARY STATEMENT OF CHANGES IN EQUITY

in thousands of GHS

	Stated capital	Statutory reserve	Credit risk reserve	Revaluation Reserve	Income surplus account	Other reserves	Total
Balance at 1 January 2018	96,610	41,830	7,214	50,765	30,418	3,396	230,233
Changes in Initial application of IFRS 9							
Increase in impairment provisioning	-	-	-	-	(3,567)	-	(3,567)
Transfer between reserves	-	-	(301)	-	301	-	-
Restated balance at 1 January 2018	96,610	41,830	6,913	50,765	27,152	3,396	226,666
Profit for the year	-	-	-	-	18,966	-	18,966
Other comprehensive income	-	-	-	-	-	-	-
Net change in fair value of financial assets at FVOCI, net of tax	-	-	-	-	-	4,443	4,443
Total comprehensive income for the year	-	-	-	-	18,966	4,443	23,410
Transactions with owners in their capacity as owners							
Transfer to statutory reserve	-	9,483	-	-	(9,483)	-	-
Transfer to credit risk reserve	-	-	(6,913)	-	6,913	-	-
Proceeds from shares issued	92,556	-	-	-	-	-	92,556
Bonus issue of shares	44,340	-	-	-	(44,340)	-	-
Balance at 31 December 2018	233,506	51,313	-	50,765	(792)	7,840	342,632
Balance at 1 January 2017	96,610	31,933	27,575	50,765	160	229	207,273
Profit for the year	-	-	-	-	19,793	-	19,793
Other comprehensive income	-	-	-	-	-	-	-
Net change in fair value of financial assets at FVOCI, net of tax	-	-	-	-	-	3,168	3,168
Revaluation gain on property net of tax	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	19,793	3,168	22,960
Transactions with owners in their capacity as owners:							
Transfer to statutory reserve	-	9,896	-	-	(9,896)	-	-
Transfer to credit risk reserve	-	-	(20,362)	-	20,362	-	-
Balance at 31 December 2017	96,610	41,830	7,214	50,765	30,418	3,396	230,233

SUMMARY STATEMENT OF CASH FLOWS

in thousands of GHS

	2018	2017
Cash flows from operating activities		
Profit for the period	33,318	28,752
Adjusted for:		
Depreciation and amortisation	13,978	12,681
Impairment on financial instruments	11,991	5,156
Loan write off	6,456	34,541
Bad debts recovered	(1,001)	(531)
Profit on disposal of property and equipment	(38)	(395)
Share of loss from associate	0	213
Effect of exchange rate fluctuations on cash held	(18,237)	(12,815)
Operating cash flow before investment in working capital	46,466	67,602
Changes in trading assets		
Changes in loans and advances to customers	(158,454)	(68,305)
Changes in other assets	(104,250)	(4,750)
Changes in non-pledged trading asset	(12,430)	210,094
Changes in pledged trading asset	(268,865)	(41,776)
Changes in investment securities	150,068	(235,842)
Changes in deposits from customers	(131,881)	336,147
Changes in deposits from banks	36,769	(72,141)
Changes in other liabilities	122,051	(14,770)
Changes in mandatory reserve deposit	2,392	(33,615)
Cash flows (used in) / generated from operations	(318,133)	142,646
Income tax paid	(12,166)	(7,965)
Net cash flow (used in) / generated from operating activities	(330,299)	134,681
Cash flows from investing activities		
Purchase of property and equipment	(7,101)	(21,361)
Purchase of intangible assets	(2,520)	(1,875)
Proceeds on asset disposal	38	505
Net cash flows used in investing activities	(9,583)	(22,731)
Cash flows from financing activities		
Proceeds from issue of shares	92,556	-
Net cash flows from financing activities	92,556	-
Net (decrease) / increase in cash and cash equivalents	(247,326)	111,950
Cash and cash equivalents at start of year	903,605	778,841
Effects of exchange rate changes on cash and cash equivalents	18,237	12,815
Cash and cash equivalents at end of year	674,517	903,605

NOTES TO THE FINANCIAL STATEMENTS

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 statement 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

	2018	2017
Capital adequacy ratio	24%	23%
Non-performing loan (NPL) ratio	15%	18%

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 and other operational risk. Market risk includes currency risk, interest rate and other price risk.

4. Defaults in statutory liquidity and accompanying sanctions

	2018	2017
(a) Default in statutory liquidity	Nil	Nil
(b) Sanctions	Nil	Nil

5. Other liabilities includes GHS 106m Deposit for Shares as at 31 December 2018.

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 annual report together with the audited financial statements of First Atlantic Bank Limited (the 'Bank') for the year ended 31 December 2018.

Statement of Directors' responsibilities

The directors are responsible for the preparation of financial statements, which gives a true and fair view of the state of affairs of the Bank at the end of the financial year 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), 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 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 revised upwards the minimum paid up capital for existing banks and new entrants from GH4120 million to a new level of GH4400million. The deadline set for this new minimum paid up capital requirements to be complied with was indicated per the Bank of Ghana's notice to Banks and the General Public (Notice No. BG/GOV/SEC/2017/19) as 31 December 2018. To comply with the above requirement, the shareholders of the Bank have approved a capital plan to raise GH4300 million equity capital through a Rights Issue (GH4150 million) and Private Placement to targeted investors (GH4150 million). As at the date of this report the Bank has met the minimum capital requirement.


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.

Auditor

The auditor, PricewaterhouseCoopers, will continue in office in accordance with Section 134(5) of the Companies Act, 1963, (Act 179) and Section 81 of the Banks and Specialised Deposit Taking Institutions Act 2016 (Act 930).

The financial statements were approved by the Board of Directors on 27th March, 2019 and signed on their behalf by:


Karen Akiwumi Tanoh
(Chairman)


Odun Odunfa
(MD/CEO)

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

Our opinion

In our opinion, the accompanying summary financial statements of First Atlantic Bank Limited (the "Bank"), are consistent, in all material respects, with the audited financial statements of the Bank for the year 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 year ended 31 December 2018 comprise:

- the summary statement of financial position as at 31 December 2018;
- the summary statement of profit or loss and other comprehensive income for the year then ended;
- the summary statement of changes in equity for the year then ended;
- the summary statement of cash flows for the year 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 29th March, 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 Oseini Amui ((ICAG/P/1139).

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

Date: 29th March, 2019

