

FIRST ATLANTIC BANK LIMITED

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH, 2019

(UNAUDITED) STATEMENT OF COMPREHENSIVE INCOME

in thousands of GHS

| | March 2019 | March 2018 |
|--|---------------|---------------|
| Interest income | 48,631 | 50,274 |
| Interest expense | (15,642) | (29,088) |
| Net interest income | 32,989 | 21,186 |
| Fee and commission income | 14,288 | 10,903 |
| Net trading income | 11,583 | 10,480 |
| Other income | 82 | 380 |
| Operating income | 58,941 | 42,949 |
| Impairment losses on loans and advances | (6,000) | (5,016) |
| Personnel expenses | (14,862) | (13,624) |
| Depreciation and amortisation | (4,060) | (3,759) |
| Other expenses | (18,430) | (14,751) |
| Merger related cost | (5,370) | - |
| Profit before income tax | 10,219 | 5,799 |
| Income tax expense | (1,455) | (1,450) |
| National stabilisation levy | (511) | (290) |
| Profit for the year after income tax | 8,254 | 4,059 |
| Other comprehensive income, net of income tax | | |
| Unrealised gains/(loss) on fair value changes on available-for-sale securities, net of tax | (1,388) | - |
| Total comprehensive income for the period | 6,865 | 4,059 |

(UNAUDITED) STATEMENT OF FINANCIAL POSITION

in thousands of GHS

| | March 2019 | March 2018 |
|-------------------------------------|------------------|------------------|
| Assets | | |
| Cash and cash equivalents | 729,661 | 578,975 |
| Trading assets | 518,408 | 543,838 |
| Loans and advances to customers | 546,565 | 346,242 |
| Investment in associates | 18,877 | 127 |
| Current tax assets | 4,677 | 3,988 |
| Intangible assets | 6,564 | 8,912 |
| Other assets | 215,095 | 29,698 |
| Property and equipment | 134,109 | 143,499 |
| Total assets | 2,173,957 | 1,655,279 |
| Liabilities | | |
| Deposits from banks | 37,418 | 34,540 |
| Deposits from customers | 1,570,347 | 1,316,267 |
| Deferred tax liabilities | 19,510 | 17,300 |
| Other liabilities | 20,951 | 10,501 |
| Total liabilities | 1,648,226 | 1,378,609 |
| Equity | | |
| Stated capital | 233,506 | 142,555 |
| Deposits for shares | 176,234 | - |
| Income surplus account | 7,462 | 31,211 |
| Revaluation reserve | 50,765 | 50,765 |
| Statutory reserve fund | 51,313 | 41,830 |
| Credit risk reserve | - | 6,913 |
| Other reserves | 6,452 | 3,396 |
| Total equity | 525,731 | 276,670 |
| Total equity and liabilities | 2,173,957 | 1,655,279 |

(UNAUDITED) 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 2019 | 233,506 | 51,313 | - | 50,765 | (792) | 7,840 | 342,632 |
| Profit for the period | - | - | - | - | 8,254 | - | 8,254 |
| Other comprehensive income | | | | | | | |
| Net change in fair value of available-for-sale financial assets net of tax | - | - | - | - | - | (1,388) | (1,388) |
| Total comprehensive income for the year | - | - | - | - | 8,254 | (1,388) | 6,865 |
| Transfers from income surplus to reserves and transactions with owners, recorded directly in equity | - | - | - | - | - | - | - |
| Total other movements in equity | - | - | - | - | - | - | - |
| Balance at 31 March 2019 | 233,506 | 51,313 | - | 50,765 | 7,462 | 6,452 | 349,497 |
| 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 | | | | | (3,567) | (3567) | |
| Increase in impairment provisioning | | | | | 301 | - | |
| Transfer between reserve | | | | | | - | |
| Restated balance as at January 1 2018 | 96,610 | 41,830 | 6,913 | 50,765 | 27,152 | 3,396 | 226,666 |
| Profit for the period | - | - | - | - | 4,059 | - | 4,059 |
| Other comprehensive income | | | | | - | - | |
| Total comprehensive income for the year | - | - | - | - | 4,059 | - | 4,059 |
| Transfers from income surplus to reserves and transactions with owners, recorded directly in equity | - | - | - | - | - | - | - |
| Capital introduced | 45,945 | - | - | - | - | - | 45,945 |
| Total other movements in equity | 45,945 | - | - | - | - | - | 45,945 |
| Balance at 31 March 2018 | 142,555 | 41,830 | 6,913 | 50,765 | 31,211 | 3,396 | 276,670 |

(UNAUDITED) STATEMENT OF CASH FLOWS

in thousands of GHS

| | March 2019 | March 2018 |
|---|----------------|-----------------|
| Cash flows from operating activities | | |
| Profit for the period | 10,219 | 5,799 |
| Adjusted for: | | |
| Depreciation and amortisation | 4,060 | 3,759 |
| Impairment on financial assets | 6,000 | 5,016 |
| Net interest income | (32,989) | (21,186) |
| | ----- | ----- |
| | (12,710) | (6,612) |
| Changes in trading assets | | |
| Change in trading assets | 14,878 | 159,095 |
| Change in loans and advances to customers | (110,179) | (104,729) |
| Change in other assets | (77,000) | (9,686) |
| Change in deposits from banks | (68,161) | (34,264) |
| Change in deposits from customers | 206,313 | (49,158) |
| Other liabilities | 81,114 | 4,338 |
| | ----- | ----- |
| | 46,965 | (34,404) |
| Interest received | 39,980 | 37,974 |
| Interest paid | (15,361) | (42,623) |
| Income tax paid | (3,000) | (4,320) |
| | ----- | ----- |
| Net cash generated from operating activities | 55,874 | (49,985) |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (577) | (9,271) |
| Purchase of intangible assets | (152) | (3,265) |
| Change in investment in associates | (0) | - |
| | ----- | ----- |
| Net cash flows from investing activities | (730) | (12,536) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | - | 45,945 |
| Net cash generated from financing activities | - | 45,945 |
| | ----- | ----- |
| Net increase in cash and cash equivalents | 55,144 | (16,576) |
| Cash and cash equivalents at start of year | 674,517 | 595,551 |
| Cash and cash equivalents at end of year | 729,662 | 578,975 |

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."

During the period, the Bank merged with Energy Commercial Bank through a share swap agreement approved by the Bank of Ghana. The results of the first quarter of 2019 reflects the financial position, profits and cash flow of the combined entity.

2. Quantitative disclosures

March 2019 March 2018

Capital adequacy ratio 30% 26%

Non-performing loan (NPL) ratio 24% 12%

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

March 2019 March 2018

(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.



Karen Akiwumi Tanoh
(Chairman)



Odun Odunfa
(MD/CEO)