

FIRST ATLANTIC BANK LIMITED

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2020

... refreshingly different!

(UNAUDITED) STATEMENT OF COMPREHENSIVE INCOME

in thousands of GHS

| | JUNE 2020 | JUNE 2019 |
|--|----------------|----------------|
| Interest income | 132,239 | 100,648 |
| Interest expense | (41,136) | (30,687) |
| Net interest income | 91,103 | 69,961 |
| Fee and commission income | 31,824 | 29,954 |
| Net trading income | 25,281 | 23,765 |
| Other income | 562 | 241 |
| Operating income | 148,770 | 123,921 |
| Impairment losses on loans and advances | (16,146) | (12,600) |
| Personnel expenses | (38,378) | (32,104) |
| Depreciation and amortisation | (10,242) | (7,794) |
| Other expenses | (37,118) | (45,317) |
| Finance cost on lease liability | (1,715) | (1,486) |
| Profit before income tax | 45,172 | 24,620 |
| Income tax expense | (11,293) | (6,155) |
| National stabilisation levy | (2,259) | (1,231) |
| Profit for the year after income tax | 31,620 | 17,234 |
| Other comprehensive income, net of income tax | | |
| Unrealised gains/(loss) on fair value changes on available-for-sale securities, net of tax | 3,889 | (10,944) |
| Total comprehensive income for the period | 35,510 | 6,290 |

(UNAUDITED) STATEMENT OF FINANCIAL POSITION

in thousands of GHS

| | JUNE 2020 | JUNE 2019 |
|-------------------------------------|------------------|------------------|
| Assets | | |
| Cash and cash equivalents | 553,668 | 926,929 |
| Trading assets | 1,121,649 | 575,470 |
| Loans and advances to customers | 514,565 | 563,019 |
| Investment in associates | 127 | 18,877 |
| Current tax assets | - | 1,280 |
| Intangible assets | 6,535 | 6,769 |
| Other assets | 410,318 | 266,204 |
| Property and equipment | 154,854 | 99,693 |
| Right-of-Use Assets | 28,038 | 33,228 |
| Total assets | 2,789,753 | 2,491,469 |
| Liabilities | | |
| Deposits from banks | 30,684 | 107,028 |
| Deposits from customers | 2,098,575 | 1,826,402 |
| Current tax liabilities | 5,518 | - |
| Deferred tax liabilities | 18,214 | 16,302 |
| Other liabilities | 50,261 | 2,933 |
| Lease liabilities | 22,885 | 18,255 |
| Total liabilities | 2,226,137 | 1,970,920 |
| Equity | | |
| Stated capital | 403,745 | 399,984 |
| Deposit for shares | - | 9,980 |
| Income surplus account | 27,975 | 1,928 |
| Revaluation reserve | 50,765 | 50,765 |
| Statutory reserve fund | 51,313 | 51,313 |
| Credit risk reserve | 27,187 | 9,683 |
| Other reserves | 2,630 | (3,104) |
| Total equity | 563,616 | 520,549 |
| Total equity and liabilities | 2,789,753 | 2,491,469 |

(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 2020 | 403,745 | 51,313 | 30,221 | 50,765 | 12,072 | (1,259) | 546,856 |
| Profit for the period | | | | | 31,620 | - | 31,620 |
| Other comprehensive income | | | | | | | |
| Net change in fair value of available-for-sale financial assets net of tax | | | | | | 3,889 | 3,889 |
| Total comprehensive income for the year | | | | | 31,620 | 3,889 | 35,510 |
| Transfers from income surplus to reserves and transactions with owners, recorded directly in equity | | | | | | | |
| Transfer to credit risk reserve | | | (3,033) | | 3,033 | | - |
| Write-off of investment in associate | | | | | (18,750) | | (18,750) |
| Total other movements in equity | - | - | (3,033) | - | (15,717) | - | (18,750) |
| Balance at 30 June 2020 | 403,745 | 51,313 | 27,187 | 50,765 | 27,975 | 2,630 | 563,616 |
| Balance at 1 January 2019 | 233,506 | 51,313 | - | 50,765 | (792) | 7,840 | 342,632 |
| Profit for the period | | | | | 17,234 | | 17,234 |
| Other comprehensive income | | | | | | | |
| Revaluation gain on property net of tax | | | | | | (10,944) | (10,944) |
| Total comprehensive income for the year | | | | | 17,234 | (10,944) | 6,290 |
| Transfers from income surplus to reserves and transactions with owners, recorded directly in equity | | | | | | | |
| Transfer to credit risk reserve | | | 9,683 | | (9,683) | | - |
| Capital introduced | 176,458 | | | | | | 176,458 |
| Tax on share issue | | | | | (4,831) | | (4,831) |
| Total other movements in equity | 176,458 | - | 9,683 | - | (14,514) | - | 171,627 |
| Balance at 30 June 2019 | 409,964 | 51,313 | 9,683 | 50,765 | 1,928 | (3,104) | 520,549 |

FIRST ATLANTIC BANK LIMITED

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2020

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(UNAUDITED) STATEMENT OF CASH FLOW

in thousands of GHS

| | June 2020 | June 2019 |
|---|------------------|----------------|
| Cash flows from operating activities | | |
| Profit for the period | 45,172 | 24,620 |
| Adjusted for: | | |
| Depreciation and amortisation | 10,242 | 7,794 |
| Impairment on financial assets | 16,146 | 12,600 |
| Net interest income | (91,103) | (69,961) |
| Finance cost on lease liability | 1,715 | 1,486 |
| | (17,828) | (23,461) |
| Changes in trading assets | | |
| Change in trading assets | (73,665) | (55,869) |
| Change in loans and advances to customers | (41,159) | (113,676) |
| Change in other assets | (53,785) | (88,417) |
| Change in deposits from banks | (4,129) | (17,779) |
| Change in deposits from customers | (231,667) | 445,158 |
| Other liabilities | 41,099 | (10,196) |
| | (363,306) | 159,221 |
| Interest received | 123,579 | 96,127 |
| Interest paid | (43,899) | (30,406) |
| Income tax paid | (9,600) | (8,000) |
| Net cash generated from operating activities | (311,055) | 193,481 |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (5,576) | (2,047) |
| Purchase of intangible assets | (1,764) | (1,060) |
| Net cash flows from investing activities | (7,340) | (3,107) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | - | 73,374 |
| Net cash generated from financing activities | - | 73,374 |
| Net increase in cash and cash equivalents | (318,395) | 263,748 |
| Cash and cash equivalents at start of year | 872,063 | 663,181 |
| Cash and cash equivalents at end of year | 553,668 | 926,929 |

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, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The accounting policies adopted in the preparation of these interim financial statements are consistent with those applied in the preparation of the Bank's annual financial statements for the year ended 31 December 2019.

Basis of preparation

The published summary financial statements are in accordance with the Bank of Ghana Guide for Publication for Banks and Bank of Ghana licenced financial institutions."

2. QUANTITATIVE DISCLOSURES

| | JUNE 2020 | JUNE 2019 |
|---------------------------------|--------------|--------------|
| Capital adequacy ratio (CRD) | 30% | 31% |
| Non-performing loan (NPL) ratio | 27% | 22% |
| Liquid ratio | 79% | 78% |

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.

The processes adopted for risk management for the period ended 30 June 2020 are consistent with those adopted for the year ended 31 December 2019.

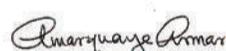
4. DEFAULTS IN PRUDENTIAL REQUIREMENTS AND ACCOMPANYING SANCTIONS

| | June 2020 | June 2019 |
|---|--------------|--------------|
| (1a) Default in statutory liquidity (times) | Nil | Nil |
| (1b) Sanctions (GHS) | Nil | Nil |
| (2a) Default in prudential requirements (times) | Nil | Nil |
| (2b) Sanctions (GHS) | Nil | Nil |

5. COVID-19 AND IMPLICATONS ON PERFORMANCE

The World Health Organization, WHO, declared COVID-19 a pandemic in March 2020. This pandemic has adversely affected economic activities worldwide and Ghana has not been an exception. Economic activities have mainly been affected through the closure of borders, travel restrictions and social distancing requirements. As at June 2020, the pandemic showed no sign of slowing down. The persistence of this disease could negatively impact the businesses of our clients and have a knock-on effect on the Bank in terms of financial performance. As at this reporting date, we are unable to predict the full extent to which our financial results and position as well as cash flows will be affected with certainty. Management has however taken measures to reduce any adverse impact on the Bank to the barest minimum and will continue to review the measures put in place to ensure that the business remains a viable going concern.

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



MR. AMARQUAYE ARMAR
(CHAIRMAN)



ODUN ODUNFA
(MD/CEO)

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