

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

(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.

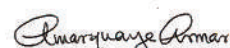
4. DEFAULTS IN PRUDENTIAL REQUIREMENTS AND ACCOMPANYING SANCTIONS

	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 IMPLICATIONS 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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