

First National Bank Ghana Limited

Summary Financial Statements for the year ended 31 December 2020



Summary statement of comprehensive income

(All amounts are in thousands of Ghana Cedis)

	For the year ended 31 December	
	2020	2019
Interest income	195,382	96,507
Interest expense	(100,184)	(26,689)
Net interest income	95,198	69,818
Fee and commission income	16,751	10,556
Fee and commission expense	(4,960)	(4,586)
Net fees and commission	11,791	5,970
Net trading income	41,621	22,509
Other operating income	(2,404)	(6,732)
Operating income	146,206	91,565
Impairment allowance	(16,709)	(7,116)
Personnel expenses	(72,133)	(50,280)
Operating lease expense	(3,946)	(1,798)
Depreciation and amortisation	(21,699)	(13,022)
Other operating expenses	(31,337)	(15,831)
Profit before tax	382	3,518
National fiscal stabilisation levy	71	(266)
Income tax	278	(559)
Profit for the year	731	2,693
Total comprehensive income for the year	731	2,693

Summary statement of cash flows

(All amounts are in thousands of Ghana Cedis)

	For the year ended 31 December	
	2020	2019
Cash flows from operating activities		
Profit for the period	731	2,693
<i>Adjustments for:</i>		
Depreciation and amortisation	21,699	13,022
Impairment allowance	16,709	7,116
Exchange difference on borrowings	6,597	-
Exchange difference on lease liability	3,825	4,484
Net interest income	(95,198)	(69,818)
NFSL (credit)/expense	(71)	266
Income tax (credit)/expense	(278)	559
Change in non-pledged trading assets	(157,277)	18,582
Change in loans and advances	(146,346)	(27,502)
Change in investment securities	(60,459)	(243,150)
Change in other assets	(27,055)	(17,682)
Change in deposits from banks	6,500	459
Change in deposits from customers	603,568	304,723
Change in other liabilities	(10,186)	11,235
Change in derivative financial assets	63	2
Change in derivative financial liabilities	833	(450)
Change in restricted balances with Bank of Ghana	(37,853)	(67,342)
Interest received	162,019	91,228
Interest paid	(86,468)	(22,815)
Tax paid (NFSL)	-	(266)
Net cash generated from operating activities	201,353	5,344
Cash flows from investing activities		
Purchases of property and equipment	(3,557)	(1,432)
Purchase of intangible assets	(10,583)	-
Outflow of cash to acquire business net of cash acquired	(116,515)	-
Net cash used in investing activities	(130,655)	(1,432)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	101,945	-
Proceeds from borrowings	69,430	-
Payment of lease liability	(11,183)	(10,039)
Net cash generated from/(used in) financing activities	160,192	(10,039)
Net increase/(decrease) in cash and cash equivalents	230,890	(6,127)
Cash and cash equivalents at 1 January	189,404	195,531
Cash and cash equivalents at 31 December	420,294	189,404

Summary statement of financial position

(All amounts are in thousands of Ghana Cedis)

	As at 31 December	
	2020	2019
Assets		
Cash and cash equivalents	555,163	286,420
Non-pledged trading assets	186,853	29,576
Loans and advances	753,104	105,670
Investment securities	643,222	491,036
Derivative financial assets	1,356	1,419
Intangible assets	87,157	-
Deferred tax assets	-	2,674
Other assets	67,981	30,503
Property and equipment and right-of-use assets	59,482	38,991
Total assets	2,354,318	986,289
Liabilities		
Deposits from banks	8,248	1,748
Deposits from customers	1,189,502	487,549
Derivative financial liability	850	17
Borrowings	489,100	-
Deferred tax liability	2,639	-
Other liabilities	128,622	64,294
Total liabilities	1,818,961	553,608
Equity		
Stated capital	607,795	505,850
Retained earnings	(74,151)	(74,516)
Statutory reserve	1,713	1,347
Credit risk reserve	-	-
Total equity	535,357	432,681
Total liabilities and equity	2,354,318	986,289

The financial statements of the bank were approved by the Board of Directors on 30 March 2021 and are signed on their behalf by:


Michael Larbie (Director)


Dominic Adu (Chief Executive Officer)

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Summary statement of changes in equity

(All amounts are in thousands of Ghana Cedis)

Year ended 31 December 2019	Stated capital	Contributions towards capital	Credit risk reserve	Statutory reserve	Retained earnings	Total equity
Balance at 1 January 2019	505,850	-	3,189	-	(79,051)	429,988
Profit for the year	-	-	-	-	2,693	2,693
Total comprehensive income	-	-	-	-	2,693	2,693
Transactions with owners						
Transfer to credit risk reserve	-	-	-	1,347	(1,347)	-
Transfer to credit risk reserve	-	-	(3,189)	-	3,189	-
Total transactions with owners	-	-	(3,189)	1,347	1,842	-
Balance at 31 December 2019	505,850	-	-	1,347	(74,516)	432,681
Year ended 31 December 2020	Stated capital	Contributions towards capital	Credit risk reserve	Statutory reserve	Retained earnings	Total equity
Balance at 1 January 2020	505,850	-	-	1,347	(74,516)	432,681
Profit for the year	-	-	-	-	731	731
Total comprehensive income	-	-	-	-	731	731
Transactions with owners						
Issue of ordinary shares	101,945	-	-	-	-	101,945
Transfer to statutory reserve	-	-	-	366	(366)	-
Transfer from credit risk reserve	-	-	-	-	-	-
Total transactions with owners	101,945	-	-	366	(366)	101,945
Balance at 31 December 2020	607,795	-	-	1,713	(74,151)	535,357

Notes to the summary financial statements for the year ended 31 December 2020

1. Reporting entity

First National Bank Ghana Limited ('the bank') is a private limited liability company incorporated and domiciled in Ghana licensed to carry out universal banking activities. The bank is wholly owned by FirstRand EMA Holdings Limited, and the ultimate holding company is FirstRand Limited. The holding and ultimate holding companies are all incorporated in the Republic of South Africa. The address of the bank's registered office is 6th Floor Accra Financial Centre, Corner of Independence Avenue and Liberia Road, Accra.

2. Summary Report of the Directors

The directors submit their annual report together with the summarised financial statements of First National Bank Ghana Limited ('the bank') for the year ended 31 December 2020.

Directors' responsibility statement

The directors are responsible for the preparation of the bank's financial statements for each financial year, which gives a true and fair view of the bank's financial position as at 31 December 2020, and of the profit or loss and cash flows for the period then ended in accordance with International Financial Reporting Standards 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 directors have considered of the bank's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these summary financial statements are consistent with the accounting policies applied in the audited financial statements of the bank for the year ended 31 December, 2020. These policies have been consistently applied to all the years presented, unless otherwise stated.

4. Basis of measurement

These summary financial statements have been prepared under the historical cost convention except for the following items:

- Non-derivative financial instruments at fair value through profit or loss
- Non-pledged trading assets
- Derivative financial assets and liabilities

which are measured at fair value.

Functional and presentation currency

These summary financial statements are presented in Ghana cedis, which is the bank's functional currency.

5. Quantitative disclosures

	December 2020	December 2019
Loan classification by status		
Gross loans	773,161	110,399
Performing loans	746,186	109,743
Non-performing loans	26,975	656
NPL(%)	3.50%	0.59%
Capital Adequacy Ratio (CAR)	37.16%	100.74%
Breach of statutory limits		
Minimum liquidity reserves	Nil	Nil
Penalty for breach limits	Nil	Nil
Sanctions	63	24



6. Qualitative disclosures

First National Bank Ghana Limited is generally exposed to:



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 and interest rate.

The Board of Directors has overall responsibility for the establishment and oversight of the bank's risk management framework. The Board has established the bank's Asset, Liability and Capital Committee (ALCCO), the Risk Committee (RISCO) and the Executive Committee (EXCO) which are responsible for developing and monitoring risk management policies in their specified areas. The bank maintains liquidity limits imposed by its local regulator, Bank of Ghana and the overall liquidity has always been within the regulatory limit of Bank of Ghana. Treasury department monitors compliance of all branches to ensure that the bank maintains optimum liquid assets.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Asset, Liability and Capital Management Committee (ALCCO). Daily reports on the liquidity position of the bank are submitted to senior management and summary report, including any exceptions and remedial action taken, is submitted regularly to ALCCO on a quarterly basis.

The Board of Directors has delegated responsibility for the management of credit risk to its Credit Risk Management Committee. The Committee is responsible for the independent monitoring and oversight of the credit risk management process within First National Bank Ghana as well as the approval of risk procedures, frameworks, policies and methodologies applied in the management of the bank's credit exposures.

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

Our opinion

In our opinion, the accompanying summary financial statements of First National Bank Ghana Limited (the "bank"), are consistent, in all material respects, with the audited financial statements of the bank for the year ended 31 December 2020, 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 2020 comprise:

- The summary statement of financial position as at 31 December 2020;
- The summary statement of 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, 2019, (Act 992) 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 31 March 2021. 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 Michael Asiedu-Antwi (ICAG/P/1138).

Michael Asiedu-Antwi

PricewaterhouseCoopers (ICAG/F/2021/028)
Chartered Accountants
Accra, Ghana
31 March 2021

