

First National Bank Ghana Limited

Summary Financial Statements for the year ended 31 December 2021



Statement of comprehensive income

(All amounts are in thousands of Ghana Cedis)

For the year ended 31 December

	2021	2020
Interest income	225,032	195,382
Interest expense	(120,840)	(100,184)
Net interest income	104,192	95,198
Fees and commission income	31,159	16,751
Fees and commission expense	(8,260)	(4,960)
Net fees and commission	22,899	11,791
Net trading income	64,279	41,621
Other (expense)/ income	(8,433)	(2,404)
Other income	55,846	39,217
Operating income	182,937	146,206
Net impairment loss on financial assets	(3,471)	(16,709)
Personnel expenses	(106,136)	(72,133)
Operating lease expense	(5,343)	(3,946)
Depreciation and amortisation	(30,652)	(21,699)
Other operating expenses	(44,861)	(31,337)
Profit/(Loss) before income tax	(7,526)	382
Income tax	3,436	278
National fiscal stabilisation levy	-	71
Profit/(Loss) for the period	(4,090)	731
Total comprehensive income for the period	(4,090)	731

Statement of cash flows

(All amounts are in thousands of Ghana Cedis)

For the year ended 31 December

	2021	2020
Cash flows from operating activities		
Profit/(Loss) for the period	(4,090)	731
<i>Adjustments for:</i>		
Depreciation and amortisation	30,652	21,699
Impairment of financial assets	3,471	16,709
Net interest income	(104,192)	(95,198)
Translation (gain)/loss	8,433	10,422
NFSL (credit)/expense	-	(71)
Income tax expense	(3,436)	(278)
Change in non-pledged trading assets	73,648	(157,277)
Change in investment securities	(100,956)	(60,459)
Change in loans and advances	(8,168)	(146,346)
Change in other assets	12,850	(27,055)
Change in deposits from banks	204,358	6,500
Change in deposits from customers	(96,681)	603,568
Change in other liabilities	(12,352)	(10,186)
Change in derivative financial assets	(7,798)	63
Change in derivative financial liabilities	1,924	833
Change in restricted balances with BOG	(78,038)	(37,853)
Interest received	232,372	156,745
Interest paid	(132,870)	(86,468)
Net cash from/(used in) operating activities	19,127	196,079
Cash flows from investing activities		
Purchases of property and equipment	(14,750)	(3,557)
Purchases of intangible assets	-	(10,583)
Outflow of cash to acquire business net of cash acquired	-	(116,515)
Net cash used in investing activities	(14,750)	(130,655)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	15,052	101,945
Proceeds from borrowings	-	69,430
Proceeds from contribution towards capital	-	-
Payment of finance lease liability	(14,964)	(11,183)
Net cash from/(used in) financing activities	88	160,192
Net increase in cash and cash equivalents	4,465	225,616
Cash and cash equivalents at 1 January	420,294	189,404
Effect of exchange rate changes on cash and cash equivalents	11,853	5,274
Cash and cash equivalents at 31 December	436,612	420,294

Cash and cash equivalents in the statement of financial position include restricted cash balance of GHS 212,907(2020:GHS 134,869) with Bank of Ghana. But restricted balances are excluded in the cash and cash equivalents for cash flow purposes.

Statement of financial position

(All amounts are in thousands of Ghana Cedis)

as at 31 December

	2021	2020
Assets		
Cash and cash equivalents	649,519	555,163
Non-pledged trading assets	113,205	186,853
Loans and advances	780,740	753,104
Investment securities	744,727	643,222
Derivative financial assets	9,154	1,356
Intangible assets	74,331	87,157
Other assets	55,131	67,981
Property and equipment	54,126	59,482
Deferred tax asset	797	-
Total assets	2,481,730	2,354,318
Liabilities		
Deposits from banks	212,606	8,248
Deposits from customers	1,106,257	1,189,502
Derivative financial liabilities	2,774	850
Deferred tax liability	-	2,639
Other liabilities	101,894	128,622
Borrowings	511,880	489,100
Total liabilities	1,935,411	1,818,961
Equity		
Stated capital	622,847	607,795
Statutory reserves	1,713	1,713
Retained earnings	(78,241)	(74,151)
Total equity	546,319	535,357
Total liabilities and equity	2,481,730	2,354,318

The financial statements of the bank were approved by the Board of Directors on 25 March 2022 and are signed on their behalf by:


Michael Larbie (Director)


Dominic Adu (Chief Executive Officer)

Proud winner

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Statement of changes in equity for the year ended 31 December 2021

(All amounts are in thousands of Ghana Cedis)

	Stated capital	Contribution towards capital	Credit risk reserve	Statutory reserve	Retained earnings	Total equity
Balance at 1 January 2021	607,795	-	-	1,713	(74,151)	535,357
Loss for the period	-	-	-	-	(4,090)	(4,090)
Total comprehensive income	-	-	-	-	(4,090)	(4,090)
Transactions with owners						
Issue of ordinary shares	15,052	-	-	-	-	15,052
Total transactions with owners	15,052	-	-	-	-	15,052
Balance at 31 December 2021	622,847	-	-	1,713	(78,241)	546,319

Statement of changes in equity for the year ended 31 December 2020

(All amounts are in thousands of Ghana Cedis)

	Stated capital	Contribution 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 period	-	-	-	-	731	731
Total comprehensive income	-	-	-	-	731	731
Transactions with owners						
Issue of ordinary shares	101,945	-	-	-	-	101,945
Transfer to statutory reserve	-	-	-	366	(366)	-
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 2021)

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 Proprietary 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 2021.

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 2021, 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 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, 2021. 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 all 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 2021	December 2020
Loan classification by status		
Gross loans	806,349	773,161
Performing loans	778,240	746,186
Non-performing loans	28,109	26,975
NPL(%)	3.49%	3.50%
Capital Adequacy Ratio (CAR)	36.62%	37.16%
Breach of statutory limits		
Minimum liquidity reserves	Nil	Nil
Penalty for breach limits	Nil	Nil
Sanctions (GHS 000)	Nil	63

First National Bank Ghana Limited

Summary Financial Statements for the year ended 31 December 2021 (continued)



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 risk.

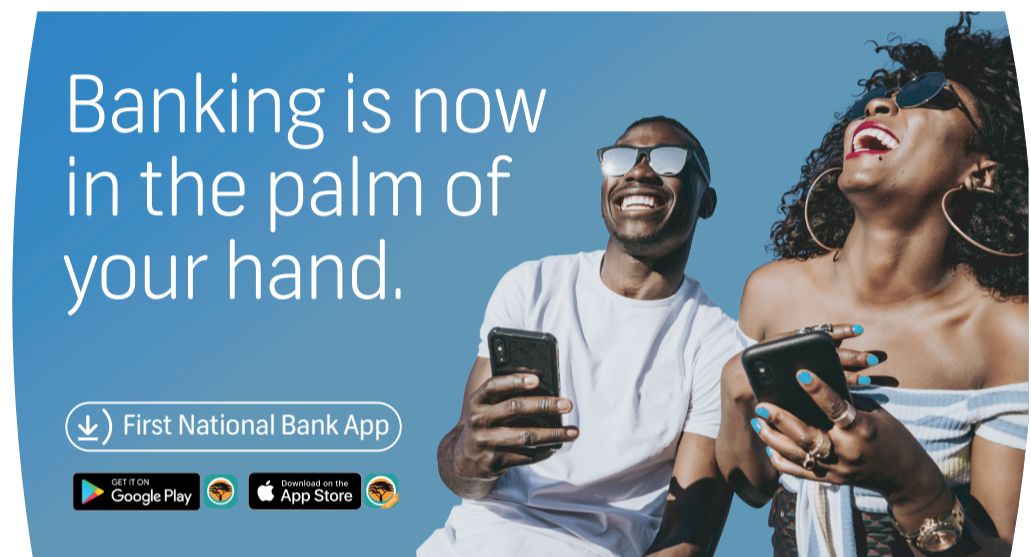
The Board of Directors has overall responsibility for the establishment and oversight of the bank's risk management framework. The Board has established the bank's Asset, Liability and Capital Committee (ALCCO), the Risk Committee (RISCO) and the Executive Committee (EXCO) which are responsible for developing 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 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.

7. Others

There are no other disclosures that are necessary to the understanding of the summary financial statements



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

Opinion

The summary financial statements of First National Bank Ghana Limited, which comprise the summary statement of financial position as at 31 December 2021, the summary statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of First National Bank Ghana Limited for the year ended 31 December 2021.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements of First National Bank Ghana Limited, in accordance with the requirements of the Bank of Ghana Guide for Financial Publication for Banks and BOG Licensed Financial Institutions.

The summary financial statements

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) as applicable to annual financial statements. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements of First National Bank Ghana Limited and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effect 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 30 March 2022. That report also includes the communication of other key audit matters as reported in the auditor's report of the audited financial statements. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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 in accordance with the requirements of the Bank of Ghana Guide for Financial Publication for Banks and BOG Licensed Financial Institutions.

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 (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Report on other legal and regulatory requirements

In accordance with our full audit report, we confirm that:

- The Bank generally complied with the provisions of the Companies Act, 2019 (Act 992).
- The Bank generally complied with the provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The engagement partner on the audit resulting in this independent auditor's report is **Emmanuel Martey (ICAG/P/1476)**.

Deloitte & Touche

For and on behalf of Deloitte & Touche (ICAG/F/2022/129)
Chartered Accountants
The Deloitte Place, Plot No. 71
Off George Walker Bush Highway
Accra - Ghana

30th March 2022