

First National Bank Ghana Limited

Unaudited Financial Statements for the quarter ended 31 March 2017

(All amounts are expressed in thousands of Ghana cedis)

STATEMENT OF COMPREHENSIVE INCOME

for the quarter ended 31 March 2017

| | Quarter ended 31 March 2017 | Quarter ended 31 March 2016 |
|---|-----------------------------------|-----------------------------------|
| Interest income | 7,769 | 8,104 |
| Interest expense | <u>(1,154)</u> | <u>(147)</u> |
| Net interest income | 6,615 | 7,957 |
| Fees and commission expense | 136 | (418) |
| Other operating income | <u>1,237</u> | <u>(399)</u> |
| Total operating income | 7,988 | 7,140 |
| Impairment charge on financial assets | (18) | (11) |
| Personnel expenses | (7,370) | (5,170) |
| Operating lease expense | (2,017) | (1,693) |
| Depreciation and amortisation | (1,279) | (459) |
| Other operating expenses | <u>(2,755)</u> | <u>(2,153)</u> |
| (Loss) / profit before income tax | (5,451) | (2,346) |
| Income tax expense | <u>95</u> | <u>780</u> |
| Profit after income tax | <u>(5,356)</u> | <u>(1,566)</u> |
| Other comprehensive income | | |
| Other comprehensive income to be reclassified to profit or loss | | |
| Gains/(loss) on available-for-sale financial assets | 1,478 | (57) |
| Income tax effect relating to OCI | <u>93</u> | <u>23</u> |
| Other comprehensive income net of tax | 1,571 | (34) |
| Total comprehensive loss for the year | (3,785) | (1,600) |

STATEMENT OF CASH FLOWS

for the quarter ended 31 March 2017

| | Quarter ended 31 March 2017 | Quarter ended 31 March 2016 |
|---|-----------------------------------|-----------------------------------|
| Cash flows from operating activities | | |
| (Loss)/profit before tax | (5,451) | (2,346) |
| Adjustments for: | | |
| Depreciation of PPE | 1,092 | 459 |
| Amortisation of intangibles | 187 | - |
| Impairment on loans and advances | 18 | 11 |
| Change in loans and advances | (1,594) | (493) |
| Change in non-pledged trading assets | (5,988) | (8,293) |
| Change in government securities | (29,597) | (12,160) |
| Change in other assets | (1,214) | (2,881) |
| Change in deposits from customers | (102,355) | 2,412 |
| Change in other liabilities | <u>3,789</u> | <u>1,438</u> |
| Net cash (used in)/generated from operating activities | <u>(141,113)</u> | <u>(21,853)</u> |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (1,135) | (3,065) |
| Net cash used in investing activities | <u>(1,135)</u> | <u>(3,065)</u> |
| Net (decrease)/increase in cash and cash equivalents | <u>(142,248)</u> | <u>(24,918)</u> |
| Cash and cash equivalents at 1 January | 174,501 | 34,990 |
| Cash and cash equivalents at period end | <u>32,253</u> | <u>10,072</u> |

STATEMENT OF FINANCIAL POSITION

for the quarter ended 31 March 2017

| | As at 31 March 2017 | As at 31 March 2016 |
|-------------------------------------|---------------------------|---------------------------|
| Assets | | |
| Cash and bank balances | 32,253 | 10,072 |
| Non-pledged trading assets | 22,434 | 8,293 |
| Government securities | 91,657 | 107,961 |
| Loans and advances | 4,883 | 1,858 |
| Property and equipment | 21,309 | 12,867 |
| Intangible assets | 932 | - |
| Deferred tax asset | - | 803 |
| Other assets | <u>7,902</u> | <u>7,965</u> |
| Total assets | <u>181,370</u> | <u>149,819</u> |
| Liabilities | | |
| Deposits from customers | 33,043 | 3,876 |
| Deferred tax liability | 1,208 | - |
| Other liabilities | <u>15,044</u> | <u>15,310</u> |
| Total liabilities | <u>49,295</u> | <u>19,186</u> |
| Equity | | |
| Stated capital | 144,644 | 136,758 |
| Other reserves | 5,470 | (34) |
| Income surplus (deficit) | <u>(18,039)</u> | <u>(6,091)</u> |
| Total | <u>132,075</u> | <u>130,633</u> |
| Total liabilities and equity | <u>181,370</u> | <u>149,819</u> |

Notes to the unaudited financial statements for the period ended 31 March 2017

1. Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants, Ghana (ICAG).

2. Quantitative disclosures

| | March 2017 | March 2016 |
|-------------------------------------|---------------|---------------|
| a) Capital Adequacy Ratio (CAR) | 136.88% | 241.44% |
| b) Non-Performing Loans (NPL) Ratio | n/a | n/a |

3. Qualitative disclosures

First National Bank Ghana Limited is exposed to:

- Credit Risk
- Liquidity Risk
- Market Risks
- Operational 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 limit 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 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 monthly basis.

The Board of Directors has delegated responsibility for the management of credit risk to a Management Credit 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.

