



# FIRST ALLIANCE BANK (Z) LTD

(Registered Commercial Bank)

## AUDITED ANNUAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

Published in accordance with the Banking and Financial Services Act NO. 7 of 2017

These Financial Statements were approved by the Board of Directors in the meeting held on 21st May 2021

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2020

	2020 K '000	2019 K '000
<b>Interest Income</b>		
Loans & Advances	75,109	69,607
Government & other securities	68,955	54,276
Deposits with Banks	807	1,222
	<u>144,871</u>	<u>125,105</u>
<b>Interest Expenses</b>		
On deposits and Inter Bank	(67,878)	(54,563)
<b>Net Interest Income</b>	76,993	70,542
Credit recovery/(loss)	(6,107)	(14,784)
Non interest income	30,348	30,918
Net operating income	101,234	86,676
Operating expenses	(70,774)	(53,587)
<b>Profit before finance costs</b>	30,460	33,089
Interest expenses for leasing arrangement	(2,258)	(1,294)
<b>Profit before tax</b>	28,202	31,795
Income tax	(7,463)	(16,969)
<b>Profit after tax</b>	20,739	14,826
Other Comprehensive Income		
Items that will not be classified to profit or loss		
Tax relating to items that will not be classified to profit or loss	(2,527)	1,467
<b>Other Comprehensive Income net of tax</b>	(2,527)	1,467
<b>Total Comprehensive Income</b>	<u>18,212</u>	<u>16,293</u>

### STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2020

	2020 K '000	2019 K '000
<b>Assets</b>		
Cash and balances with Bank of Zambia	160,271	144,291
Balances with other Banks	75,508	52,539
Investments in securities	453,060	266,886
Other investments	837	837
Loans and Advances	531,454	415,034
Property, plant and equipment	56,954	45,833
Intangible assets	198	1,262
Other Assets	39,973	13,895
	<u>1,318,255</u>	<u>940,577</u>
<b>Shareholders' Funds</b>		
Share capital	84,000	84,000
Revaluation reserves	22,365	25,745
Statutory reserves	55,682	45,312
Credit reserves	46,160	46,160
Retained earnings	44,364	33,142
	<u>252,571</u>	<u>234,359</u>
<b>Liabilities</b>		
Deposits from customers	974,928	657,982
Deposits from other Bank	43,364	22,268
Current income tax	9,838	4,381
Deferred income tax	-	858
Lease liability	21,095	9,403.00
Other liabilities	16,459	11,326
	<u>1,065,684</u>	<u>706,218</u>
	<u>1,318,255</u>	<u>940,577</u>

Managing Director

Company Secretary

### STATEMENT OF CHANGES IN EQUITY AS AT 31ST DECEMBER 2020

	2020 K '000	2019 K '000
<b>Issued Share Capital</b>	84,000	84,000
<b>RESERVES</b>		
<b>Retained earnings</b>		
At 1st January	33,142	24,876
Profit for the year	20,739	14,826
Transfer to Statutory Reserves	(10,370)	(7,413)
Transfer from Revaluation Reserves	853	853
At 31st December	<u>44,364</u>	<u>33,142</u>
<b>Revaluation Reserves</b>		
At 1st January	25,745	25,131
Tax on revaluation gain	(2,527)	1,467
Transfer to Revenue Reserves	(853)	(853)
at 31st December	<u>22,365</u>	<u>25,745</u>
<b>Statutory Reserves</b>		
At 1st January	45,312	37,899
Transfer from revenue reserves	10,370	7,413
at 31st December	<u>55,682</u>	<u>45,312</u>
<b>Credit Reserves</b>		
At 1st January	46,160	46,160
at 31st December	<u>46,160</u>	<u>46,160</u>
Total reserves	<u>168,571</u>	<u>150,359</u>
<b>Total Shareholders' Funds</b>	<u>252,571</u>	<u>234,359</u>

### CAPITAL ADEQUACY COMPUTATION

	2020 K '000	2019 K '000
<b>1. Primary Capital (Tier1)</b>		
Paid up common shares	84,000	84,000
Retained earnings	44,364	33,142
Statutory reserves	55,682	45,312
Credit reserves	46,160	46,160
	<u>230,206</u>	<u>208,614</u>
<b>2. Secondary capital (Tier2)</b>		
40% of revaluation reserves	8,946	10,298
	<u>239,152</u>	<u>218,912</u>
<b>3. Eligible Total Capital (1+2)</b>	239,152	218,912
<b>4. Minimum Total Capital Requirements</b> (10% of Risk Weighted Assets or K104m, which ever is higher)	<u>104,000</u>	<u>104,000</u>
<b>5. Excess (3-4)</b>	<u>135,152</u>	<u>114,912</u>
<b>6. Ratios:</b>		
Tier 1 Capital / Risk Weighted Assets (minimum requirements 5%)	31.29%	38.89%
Total Eligible capital / Risk weighted Assets (minimum requirements 10%)	32.51%	40.81%
<b>7. Risk Weighted Assets</b>	<u>735,654</u>	<u>536,483</u>

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2020

	2020 K '000	2019 K '000
<b>Cash flow from operating activities</b>		
Profit before tax	28,202	31,795
Depreciation charge for the year	6,343	6,935
Amortisation of intangible assets	1,067	1,825
Exchange gain on investments in securities	(12,200)	(3,392)
Interest on lease liability	2,258	1,294
(Increase)/Decrease in other assets	(5,991)	(4,029)
Decrease in other liabilities	5,133	(787)
Increase in customer deposits	316,946	43,876
Decrease/(Increase) in loans and advances	(116,420)	(7,832)
Increase /(decrease) in due to other banks	21,096	(18,971)
Income Tax Paid	(16,526)	(23,883)
<b>Net Cash Flow/(used in) from Operating activities</b>	<u>229,908</u>	<u>26,831</u>
<b>Cash flows from investment activities</b>		
Decrease/(increase) in Treasury Bills	(147,037)	18,899
Purchase of property, plant & equipment	(10,327)	(1,316)
<b>Net Cash Flow/(used in) from Investing activities</b>	<u>(157,364)</u>	<u>17,583</u>
<b>Cash flows from Financing activities</b>		
Lease liability payments	(6,713)	(5,342)
Dividend paid	-	(20,000)
<b>Net Cash Flow/(used in) from Financing activities</b>	<u>(6,713)</u>	<u>(25,342)</u>
<b>Movement in cash and equivalents</b>		
Net Cash Flow for the Year	65,831	19,072
At the beginning of year	252,649	233,577
<b>At the end of the year</b>	<u>318,480</u>	<u>252,649</u>

### EXTRACT FROM THE AUDITOR'S REPORT

#### Opinion:

In our opinion, the financial statements give a true and fair view of the financial position of First Alliance Bank Zambia Limited as of 31st December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Grant Thornton  
Chartered Accountants

Chilala Banda (AUD/F004257)  
Partner signing on behalf of the firm

Lusaka

Date: 21 May 2021

COMMITTED TO YOUR SUCCESS!