

United Bank for Africa (Ghana) Limited

Unaudited Financial Statements for the Nine Months Ended 30 September 2018



UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

(All amounts are expressed in Ghana cedis unless otherwise stated)

	2018	2017
Interest income	380,697,928	434,973,462
Interest expense	(119,517,405)	(109,076,781)
Net interest income	261,180,523	325,896,681
Fee and commission income	37,683,834	24,101,240
Fee and commission expense	(3,957,291)	(5,401,089)
Net fee and commission income	33,726,543	18,700,151
Net trading income	31,941,729	18,245,476
Other operating income	289,720	1,210
Net trading and other income	32,231,449	18,246,686
Operating income	327,138,515	362,843,518
Allowance for credit losses on financial assets	(67,241,547)	(14,276,723)
Personnel expenses	(37,025,006)	(39,737,723)
Depreciation and amortisation	(2,796,824)	(2,718,092)
Other expenses	(48,009,590)	(80,486,982)
Profit before tax	172,065,548	225,623,998
Income tax expense	(44,306,244)	(66,015,375)
Profit after tax	127,759,304	159,608,623
Other comprehensive income		
Fair value changes in assets classified as FVOCI	-	-
Total comprehensive income for the period	127,759,304	159,608,623

UNAUDITED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

(All amounts are expressed in Ghana cedis unless otherwise stated)

	2018	2017
Cash flows from operating activities		
Profit before tax	172,065,548	225,623,998
<i>Adjustments for:</i>		
Depreciation and amortisation	2,796,824	2,718,092
Allowance for credit loss on loans to customers	67,155,855	-
Allowance for credit loss on other assets	104,631	-
Impairment charge on loans to customers	-	14,276,723
Gain on disposal of property and equipment	(262,669)	-
Write-off of property and equipment	35,571	-
Foreign currency exchange difference	8,986,250	-
Net interest income	(261,180,523)	(325,896,681)
	(10,298,513)	(83,277,868)
Change in operating assets and liabilities		
Change in mandatory reserve deposits	1,090,009	108,876,954
Change in loans and advances to customers	406,100,096	617,479,807
Change in other assets	(32,784,275)	(36,201,608)
Change in deposits from banks	327,461,999	(78,733,849)
Change in deposits from customers	(10,900,086)	(1,088,769,545)
Change in other liabilities	38,372,401	11,482,971
Interest received	380,697,928	434,973,462
Interest paid	(116,346,958)	(109,076,781)
Income tax paid	(57,028,627)	(66,015,375)
Net cash from operating activities	926,363,974	(289,261,832)
Cash flows from investing activities		
Purchase of investment securities	(1,533,224,060)	(115,056,827)
Proceeds from sale of investment securities	33,353,648	46,866,988
Purchase of property and equipment	(1,524,764)	(3,617,995)
Proceeds from sale of property and equipment	262,669	-
Purchase of intangible assets	(11,760)	(503,856)
Net cash from investing activities	(1,501,144,267)	(72,311,690)
Cash flows from financing activities		
Proceeds from borrowings	110,453,750	-
Interest paid on borrowings	(3,170,447)	-
Dividends paid	-	(79,556,000)
Net cash from financing activities	107,283,303	(79,556,000)
Net decrease in cash and cash equivalents	(467,496,990)	(441,129,522)
Cash and cash equivalents at 1 January	1,309,467,868	1,381,162,529
Cash and cash equivalents at 30 September	841,970,878	940,033,007
<i>Cash and cash equivalents for purposes of the statements of cash flows</i>		
Cash and balances with Bank of Ghana	274,018,280	160,041,014
Due from other banks	617,399,667	508,952,172
	891,417,947	668,993,186
Mandatory deposit reserves	(206,277,173)	(188,484,221)
	685,140,774	480,508,965
Short term treasury bills	156,830,104	459,524,042
Cash and cash equivalents at 30 September	841,970,878	940,033,007

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

(All amounts are expressed in Ghana cedis unless otherwise stated)

	2018	2017
Assets		
Cash and cash equivalents	891,417,947	668,993,186
Investment securities	1,936,016,443	685,821,406
Loans and advances to customers	604,487,600	1,213,889,042
Other assets	64,068,974	74,269,141
Property and equipment	27,949,941	15,351,058
Intangible assets	740,086	1,228,716
Income tax asset	5,458,786	5,058,589
Deferred tax asset	2,096,777	1,507,658
Total assets	3,532,236,554	2,666,118,796
Liabilities		
Deposits from customers	2,062,771,735	1,884,842,211
Deposits from banks	583,061,381	207,325,760
Borrowings	121,964,006	-
Other liabilities	116,806,574	84,859,977
Deferred tax liability	1,200,346	-
Total liabilities	2,885,804,042	2,177,027,948
Equity		
Stated capital	74,659,061	74,659,061
Income surplus	361,205,001	194,286,891
Fair value reserve	(393,839)	-
Regulatory credit risk reserve	-	52,648,517
Statutory reserve	210,962,289	167,496,379
Total equity	646,432,512	489,090,848
Total liabilities and equity	3,532,236,554	2,666,118,796

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

1. Significant accounting policies

The condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants, Ghana (ICAG). Except as indicated below, the condensed financial statements have been prepared using the same accounting policies and methods used in preparation of the annual financial statements for 2017. Significant accounting policies and future changes in accounting policies and disclosures that are not yet effective are disclosed in Note 2 of the annual financial statements for 2017.

These financial statements are presented in Ghana Cedi which is the Bank's functional currency.

Changes in accounting policies

On 1 January 2018, the Bank adopted IFRS 9 Financial Instruments (IFRS 9) and as a result, we changed our accounting policies with regards to the classification and measurement of financial assets, and allowance for impairment loss on financial assets. These new policies were applicable from 1 January 2018. As permitted by the transition provisions on IFRS 9, we elected not to restate comparative period results; accordingly, all comparative period information are presented in accordance with our previous accounting policies, as described in our annual financial statements for 2017. Adjustments to carrying amounts of financial assets and liabilities at the date of initial application (1 January 2018) were recognized in opening retained earnings. The total impact of the adoption of IFRS 9 on the opening balance of the Bank's equity on 1 January 2018 was GHS 30,383,158.

2. Quantitative disclosures

	2018	2017
Capital Adequacy Ratio	29.61%	25.43%
Non-Performing Loan Ratio	73.70%	23.59%

3. Qualitative disclosures

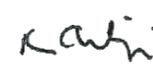
The Bank's activities expose it to a variety of risks such as credit risk, liquidity risk, operational risks and market risks.

The Board of Directors has the overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established a Risk Management Committee in support of their risk oversight objectives and responsibilities. There is also a Risk Management Department which has responsibility for the implementation of the Bank's risk control principles, frameworks and processes across the entire risk spectrum.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

4. Default in prudential requirements and accompanying sanctions

	2018	2017
Default in statutory liquidity (times)	Nil	Nil
Sanctions (GHS)	Nil	Nil



Kenneth Orji
 Director



Abiola Bawuah
 MD/CEO