

United Bank for Africa (Ghana) Limited

Unaudited Condensed Financial Statements for the Three Months Ended 31 March 2019

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019

1. Reporting Entity

United Bank for Africa (Ghana) Limited ("the Bank") is a limited liability company and is incorporated and domiciled in Ghana. The registered office is Heritage Towers, Ambassadorial Enclave, Accra. The Bank operates under the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The Bank is a subsidiary of United Bank for Africa Plc of Nigeria and provides retail, corporate banking and investment banking services.

2. Basis of Preparation and Significant Accounting Policies

The condensed financial statements have been prepared in accordance with IAS 34 (Interim Financial Reporting) as issued by the International Accounting Standards Board (IASB). Additional information required under the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) have been included where appropriate.

The accounting policies adopted in the preparation of these condensed financial statements are consistent with those applied in the preparation of the Bank's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective 1 January 2019. The Bank applied for the first time, IFRS 16, *Leases* which required restatement of the financial statements. The nature and effect of the changes are disclosed below. Several other amendments and interpretations apply for the first time in 2019 but do not have any impact of the financial statements of the Bank. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

Changes in accounting policies

IFRS 16, 'Leases'

On 1 January 2019, the Bank adopted IFRS 16, *Leases*. The standard replaces IAS 17, *Leases* and sets out the principles for the recognition, measurement, presentation and disclosure of leases. While lessor accounting under IFRS 16 is substantially unchanged from IAS 17, lessees are now required to account for most leases under a single on-balance sheet model. As permitted by the standard, the Bank elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less (short term leases) and lease contracts for which the underlying asset is of low value (low value assets).

As permitted by the transitional provisions, the Bank elected to adopt IFRS 16 using the modified retrospective approach. As such, the Bank's comparative figures were not restated and the cumulative effect of initially applying the standard was recognised as an adjustment to the opening balance of retained earnings at the date of initial application. The total impact of the adoption of IFRS 16 on the opening balance of the Bank's equity on 1 January 2019 was a reduction of GHS 829,786. Total assets and total liabilities also increased by GHS 22,287,334 and GHS 23,117,121 respectively.

3. Quantitative Disclosures

	March 2019	March 2018
Capital adequacy ratio	26.3%	27.9%
Capital adequacy ratio per Capital Requirements Directive (CRD)	15.2%	-
Gross non-performing loans ratio	71.2%	52.6%

4. Qualitative Disclosure

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 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.

5. Defaults in prudential requirements and accompanying sanctions

	March 2019	March 2018
Default in statutory liquidity	Nil	Nil
Sanctions (GHS)	-	-
Default in prudential requirement (times)	Nil	Nil
Sanctions (GHS)	-	-



Honourable Kwamena Bartels
Director



Isong Udom
MD/CEO