

United Bank for Africa (Ghana) Ltd.

Audited Financial Statements for the year ended 31 December 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	31 Dec 2021	31 Dec 2020
Interest income	506,884,566	530,392,323
Interest expense	(169,547,713)	(218,296,404)
Net interest income	337,336,853	312,095,919
Fees and commission income	72,937,435	59,558,454
Fees and commission expense	(18,737,068)	(11,916,002)
Net fees and commission income	54,200,367	47,642,452
Net trading and revaluation income	56,982,072	46,400,700
Other operating income	931,237	1,382,354
Net trading and other income	57,913,309	47,783,054
Net operating income	449,450,529	407,521,425
Allowance for credit losses on financial assets	(95,265,683)	(61,102,973)
Personnel expenses	(65,856,828)	(61,186,566)
Depreciation and amortization	(11,783,794)	(11,231,646)
Other operating expenses	(57,730,110)	(50,089,442)
Profit before income tax	218,814,114	223,910,798
Income tax expense	(77,049,377)	(61,694,568)
Profit for the year	141,764,737	162,216,230
Other comprehensive income		
<i>Items that will be reclassified to the income statement</i>		
Net change to fair value during the year (net of tax)	(831,924)	(432,471)
Total comprehensive income for the year	140,932,813	161,783,759
Basic and diluted earnings per share	0.02	0.02

STATEMENT OF CASHFLOWS

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

	31 Dec 2021	31 Dec 2020
Cash flows from operating activities		
Profit before income tax	218,814,114	223,910,798
<i>Adjustments for:</i>		
Depreciation and amortisation	11,783,794	11,231,647
Allowance for credit loss on loans to customers	97,238,081	61,375,691
Allowance for credit loss on other assets	-	-
Reversal/allowance for credit loss on contingent liabilities	(68,416)	23,810
Allowance for credit loss on investment securities	(1,400,000)	11,147
Reversal/allowance for credit loss on placements with banks	-	(67,339)
Recoveries on loans written off	(503,982)	-
Finance cost on lease liabilities	1,300,131	2,279,451
Gain on disposal of property and equipment	(18,323)	(62,008)
Write-off of property and equipment	182,619	102,172
Foreign currency exchange difference	(5,734,989)	(1,136,873)
Net interest income	(337,336,853)	(312,095,919)
	(15,743,824)	(14,427,423)
Change in operating assets and liabilities		
Change in mandatory reserve deposits	(128,873,415)	(44,796,420)
Change in loans and advances to customers	(20,797,949)	(221,223,824)
Change in other assets	(346,554,276)	(55,639,864)
Change in deposits from banks	(13,394,765)	(1,165,918,909)
Change in deposits from customers	1,288,734,152	447,964,196
Change in other liabilities	12,129,854	20,751,600
Interest received	506,884,565	530,392,323
Interest paid	(170,847,844)	(220,575,855)
Income tax paid	(83,275,215)	(71,342,587)
Net cash (used in)/from operating activities	1,028,261,283	(794,816,763)
Cash flows from investing activities		
Purchase of investment securities	(4,216,206,737)	(3,458,396,509)
Proceeds from sale/redemption of investment securities	3,215,256,935	4,727,123,484
Purchase of property and equipment	(7,704,335)	(34,326,675)
Proceeds from sale of property and equipment	22,930	64,574
Purchase of intangible assets	(1,273,196)	(675,153)
Net cash from/(used in) investing activities	(1,009,904,403)	1,233,789,721
Cash flows from financing activities		
Payments of principal on lease liabilities	(5,280,032)	(12,071,207)
Net cash used in financing activities	(5,280,032)	(12,071,207)
Net decrease in cash and cash equivalents	13,076,848	426,901,751
Foreign currency exchange difference	5,734,989	1,136,873
Cash and cash equivalents at 1 January	779,308,505	351,269,881
Cash and cash equivalents at 31 December	798,120,342	779,308,505
<i>Cash and cash equivalents for purposes of the statements of cash flows comprises:</i>		
Cash and balances with Bank of Ghana	553,564,039	466,731,403
Due from other banks	486,687,228	484,340,936
	1,040,251,267	951,072,339
Mandatory deposit reserve	(407,549,835)	(278,676,420)
Unrestricted cash and bank balances	632,701,432	672,395,919
Short term treasury bills	165,418,910	106,912,586
	798,120,342	779,308,505

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

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

	31 Dec 2021	31 Dec 2020
Assets		
Cash and bank balances	1,040,251,267	951,072,339
Investment securities:		
- At amortised cost	2,717,849,080	1,249,506,992
- At fair value through other comprehensive income	64,191,145	472,509,032
Loans and advances to customers	1,032,519,321	1,108,455,471
Other assets	431,298,690	85,021,723
Property and equipment	63,388,093	67,328,683
Intangible assets	1,656,104	709,003
Income tax asset	8,594,131	12,497,649
Deferred tax asset	13,452,036	3,045,372
Total assets	5,373,199,867	3,950,146,264
Liabilities		
Deposits from customers	4,075,498,353	2,786,764,201
Deposits from banks	59,049,587	72,444,352
Other liabilities	105,970,684	99,189,281
Total liabilities	4,240,518,624	2,958,397,834
Equity		
Stated capital	400,000,000	400,000,000
Income surplus	395,669,959	289,346,406
Fair value reserve	13,612	845,536
Credit risk reserve	-	-
Statutory reserve	336,997,672	301,556,488
Total equity	1,132,681,243	991,748,430
Total liabilities and equity	5,373,199,867	3,950,146,264

STATEMENT OF CHANGES IN EQUITY

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

For the year ended 31 December 2021

	Stated capital	Income surplus	Statutory reserve	Credit risk reserve	Fair value reserve	Total
At 1 January 2021	400,000,000	289,346,406	301,556,488	-	845,536	991,748,430
Profit for the year	-	141,764,737	-	-	-	141,764,737
Net change to fair value during the year (net of tax)	-	-	-	-	(831,924)	(831,924)
Total comprehensive income for the year	-	141,764,737	-	-	(831,924)	140,932,813
Transfer between reserves						
Transfer to statutory reserve	-	35,441,184	35,441,184	-	-	-
Total transfer between reserves	-	(35,441,184)	35,441,184	-	-	-
Transactions with owners						
Total transactions with owners	-	-	-	-	-	-
At 31 December 2021	400,000,000	395,669,959	336,997,672	-	13,612	1,132,681,243
At 1 January 2020	400,000,000	159,303,031	261,002,431	8,381,202	1,278,007	829,964,671
Profit for the year	-	162,216,230	-	-	-	162,216,230
Net charge in fair value during the year (net of tax)	-	-	-	-	(432,471)	(432,471)
Total comprehensive income for the year	-	162,216,230	-	-	(432,471)	161,783,759
Transfer between reserves						
Transfer to statutory reserve	-	(40,554,057)	40,554,057	-	-	-
Transfer to/from credit risk reserve	-	8,381,202	-	(8,381,202)	-	-
Total transfer between reserves	-	(32,172,855)	40,554,057	(8,381,202)	-	-
At 31 December 2020	400,000,000	289,346,406	301,556,488	-	845,536	991,748,430

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The summary financial information presented in this publication is an extract from the annual report for the year ended 31 December 2021. The annual report is available for inspection at the Bank's Head Office at Heritage Towers, Ambassadorial Enclave, Accra.

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. The financial statements for the year ended 31 December 2021 were approved and authorised for issue by the Board of Directors on 23 March 2022.

2. Summary of Significant Accounting Policies

The detailed accounting policies are part of the annual report which is available for inspection at the Bank's Head Office at Heritage Towers, Ambassadorial Enclave, Accra. These policies have been consistently applied to all the years presented, unless otherwise stated.

3. Basis of Preparation

The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, except for financial assets measured at fair value through other comprehensive income. Additional information required under the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) have been included, where appropriate.

The same accounting policies and methods of computation were followed in preparation of these financial statements as compared with the Bank's most recent annual financial statements. Details of the Bank's significant accounting policies are disclosed in note 3 of the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

4. Quantitative Disclosures

	31 Dec 2021	31 Dec 2020
Capital adequacy ratio	22.8%	24.4%
Common equity tier 1 ratio	22.8%	24.4%
Leverage ratio	13.1%	15.4%
Liquidity ratio	86.9%	74.3%
Gross non-performing loans ratio	29.4%	44.3%

5. 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 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.

6. Defaults in prudential requirements and accompanying sanctions

	2021	2020
Default in statutory liquidity		
Sanctions (GHS)	Nil	Nil
Defaults in other requirements (times)	-	-
Sanctions (GHS)	Nil	1
	-	53,480

7. Value Added Statement

	31 Dec 2021	31 Dec 2020
Interest and other operating income	579,822,001	589,950,777
Direct cost of services	(242,621,443)	(277,635,285)
Value added by banking services	337,200,558	312,315,492
Non-banking income	57,913,309	47,783,054
Impairments	(95,265,683)	(61,102,973)
Value added	299,848,184	298,995,573
Distributed as follows:		
To employees:		
Directors (without executives)	3,393,448	2,666,563
Executive directors	1,664,061	1,380,879
Other employees	64,192,767	59,805,686
	69,250,276	63,853,128
To government:		
Income taxes	77,049,377	61,694,568
To providers of capital:		
To expansion and growth		
Depreciation	11,457,698	11,033,410
Amortisation	326,096	198,237
	141,764,737	162,216,230

SUMMARY REPORT OF THE DIRECTORS

In accordance with the requirements of Section 136 of the Companies Act 2019 (Act 992) we, the Board of United Bank for Africa (Ghana) Limited submit herewith the annual report on the state of affairs of the Bank for the year ended 31 December 2021.

Statement of directors' responsibilities

The Companies Act 2019 (Act 992) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Bank as at the end of the financial year and of the operating results of the Bank for that year.

It also requires the directors to ensure that the Bank keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with 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). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of Companies Act 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Bank will not remain a going concern for at least the next twelve months from the date of this financial statements.

Holding Company

The Bank is a subsidiary of United Bank for Africa Plc, a company incorporated in the Federal Republic of Nigeria and licensed to undertake all banking and related services.

Nature of business

The Bank is licensed to carry out universal banking business in Ghana. There was no change in the nature of the bank's business during the year.

Directors and their interests

None of the Bank's directors has any direct or indirect interest in the issued share capital of the Bank.

No director had a material interest, at any time during the year, in any contract, other than a service contract with the Bank. All contracts with related parties during the year were conducted at arm's length

Dividend

The directors do not recommend the payment of a dividend (2020: nil).

Auditors

Messrs Deloitte & Touche have indicated their willingness to continue in office as auditors in accordance with the Companies Act 2019, (Act 992) and in line with the provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

On behalf of the Board

Kweku Awotwi
 Board Chairman
 23 March 2022

Chris Ofikulu
 MD/CEO
 23 March 2022

Deloitte.

INDEPENDENT AUDITOR'S REPORT ON SUMMARY FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF UNITED BANK FOR AFRICA (GHANA) LIMITED

Our opinion

The summary financial statements of United Bank for Africa (Ghana) Ltd, which comprise the summary statement of financial position as at 31 December 2021, the summary statements 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 United Bank for Africa (Ghana) Ltd 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 United Bank for Africa (Ghana) Ltd, in accordance with the requirements of the Bank of Ghana Guide for Financial Publication for Banks and BOG Licensed Financial Institutions.

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 United Bank for Africa (Ghana) Ltd 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 judgements, 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 **Daniel Kwadwo Owusu (ICAG/P/1327)**

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

30 March 2022