

# UMB-UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

## UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

	September-20 GH¢	September-19 GH¢
Interest Income	252,133,362	261,741,293
Interest Expenses	(118,990,076)	(132,840,783)
<b>Net Interest Income</b>	<b>133,143,286</b>	<b>128,900,510</b>
Commission and Fees Income	32,713,552	30,862,566
Fees and Commissions Expense	(2,063,064)	(2,162,650)
<b>Net Fees and Commissions Income</b>	<b>30,650,488</b>	<b>28,699,916</b>
Net Trading Income	17,349,061	15,639,953
Other Operating Income	6,486,173	4,559,919
<b>Net Trading Income and Other Operating Income</b>	<b>23,835,234</b>	<b>20,199,872</b>
<b>Total Revenue</b>	<b>187,629,008</b>	<b>177,800,298</b>
Impairment Expense	(12,188,962)	15,199,373
Personnel Expenses	(66,096,179)	(71,974,168)
Operating Expenses	(78,717,468)	(91,688,840)
Depreciation and Amortization	(14,109,131)	(17,006,068)
<b>Net Operating Profit</b>	<b>16,517,267</b>	<b>12,330,595</b>
Other Income	15,374,125	107,403
<b>Profit Before Tax</b>	<b>31,891,393</b>	<b>12,437,998</b>
Tax Expense	(9,567,418)	(3,731,399)
<b>Profit After Tax</b>	<b>22,323,975</b>	<b>8,706,599</b>
<b>Other Comprehensive Income</b>		
Items that may be reclassified subsequently to Profit and loss account	-	-
Items that will not be reclassified to Profit and loss account	-	-
<b>Total Comprehensive Income</b>	<b>22,323,975</b>	<b>8,706,599</b>
Basic Earnings Per Share	1.98	1.41
Diluted Earnings Per Share	1.98	1.41

## UNAUDITED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

	September-20 GH¢	September-19 GH¢
<b>Reconciliation of loss before taxation to cash generated from operations</b>		
Profit/(Loss) after taxation	22,323,975	8,706,599
Adjustments for:		
Depreciation and Amortization	14,109,131	17,006,068
Impairment on Financial Assets	12,188,962	(15,730,223)
Net Interest Income	(133,143,286)	(128,900,510)
Income Tax Expense	9,567,418	3,731,399
(Profit)/ Loss on Disposal of Fixed Assets	(193,204)	-
<b>Profit/(Loss) before working capital changes</b>	<b>(75,147,004)</b>	<b>(115,186,667)</b>
(Increase)/decrease in Investment securities	(253,373,856)	20,495,752
(Increase)/decrease in advances to banks	(77,728,437)	5,180,925
(Increase)/decrease in loans and advances to Customers	(185,538,868)	(195,502,760)
(Increase)/decrease in Other investments	(2,412,607)	-
(Increase)/decrease in other assets accounts	16,999,042	(15,426,978)
Increase/(decrease) in deposits from customers	333,001,579	(26,795,655)
Increase/(decrease) in borrowings	60,653,573	180,668,981
Increase/(decrease) in other liabilities	34,864,160	(93,979,468)
	<b>(148,682,418)</b>	<b>(240,545,870)</b>
<b>Interest and Taxation</b>		
Interest and Dividend Received	248,597,616	248,070,009
Interest Paid	(118,443,294)	(136,563,674)
Income Tax Paid	(750,791)	(923,417)
<b>Net Cash generated from /(used in) Operations</b>	<b>(19,278,887)</b>	<b>(129,962,952)</b>
<b>Investing activities</b>		
Purchase of property and equipment	(6,004,425)	(2,693,050)
Improvement in Investment Property	(208,140)	-
Purchase of intangible asset	(662,732)	(1,991,743)
Proceeds from sale of assets	253,767	-
<b>Net cash used in investing activities</b>	<b>(6,621,530)</b>	<b>(4,684,793)</b>
<b>Financing activities</b>		
Increase in Stated Capital	-	248,713,977
<b>Net cash used in financing activities</b>	<b>-</b>	<b>248,713,977</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(25,900,417)</b>	<b>114,066,232</b>
Cash and cash equivalents at 31st Dec	456,040,317	437,531,808
Cash and cash equivalents at end of period	430,139,900	551,598,040

## UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30TH SEPTEMBER 2020

	September-20 GH¢	September-19 GH¢
<b>ASSETS</b>		
Cash and Cash Equivalents	430,139,900	551,598,040
Investment Securities	581,580,625	311,593,945
Advances to Banks	558,409,898	481,259,460
Loans and Advances to Customers	1,052,311,222	947,761,602
Other Investments	8,992,222	3,570,979
Other Assets Accounts	370,545,269	398,108,656
Current Taxation	15,891,501	20,515,020
Investment Property	62,582,140	52,229,000
Property and Equipment & Right of Use of Assets	92,874,545	46,681,883
Intangible Assets	11,752,150	16,590,963
<b>Total Assets</b>	<b>3,185,079,472</b>	<b>2,829,909,548</b>
<b>LIABILITIES &amp; SHAREHOLDERS FUNDS</b>		
<b>LIABILITIES</b>		
Deposits from Customers	2,158,539,593	1,693,123,801
Borrowings	368,838,007	519,878,483
Other Liabilities	176,550,889	107,421,497
Current Tax Liability	-	-
Deferred Tax Liability	4,049,812	2,038,512
Employee Benefit Obligations	4,610,081	3,793,920
<b>Total Liabilities</b>	<b>2,712,588,382</b>	<b>2,326,256,213</b>
<b>SHAREHOLDERS' FUNDS</b>		
Ordinary Share Capital	457,513,977	457,513,977
Revaluation Reserve	21,609,359	21,609,359
Credit Risk Reserve	43,103,722	41,931,727
Statutory Reserve	65,246,693	65,246,693
Other Reserves	3,638,644	1,118,804
Income Surplus	(118,621,305)	(83,767,225)
<b>Total Shareholders Fund</b>	<b>472,491,090</b>	<b>503,653,335</b>
<b>Total Liabilities &amp; Shareholders Funds</b>	<b>3,185,079,472</b>	<b>2,829,909,548</b>
Signed Benjamin Amenumey Chief Executive Office	Signed Ras Boateng Board Chairman	

## EXTRACTS OF NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

### 1. Reporting Entity

Universal Merchant Bank Limited is a Bank incorporated in Ghana. The Bank operates with a Universal Banking license and undertakes all banking services. The address of the Bank's registered office is SSNIT Emporium, Liberation Road, Airport City, Accra.

### 2. Significant Accounting Policy

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in a manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930).

### 3. Quantitative Disclosures

	2020	2019
Capital Adequacy Ratio	19.68%	22.72%
Gross Non-Performing Loan Ratio	19.66%	14.20%

### 4. Risk Management

The Bank's activities expose it to a variety of operational and financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Bank's business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance. The most important types of risk include:

- Credit Risk
- Liquidity Risk
- Market Risk (includes currency, interest rate and other price risk)
- Operational Risk

The Bank considers its dominant risks to be increasing predominantly due to the emergence of COVID-19 Pandemic, which resulted in slow down of economic activities.

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 Oversight Committee and a Risk Department to assist in the discharge of this responsibility. The Bank measures its dominant risks through a variety of tools as enshrined in the policy manuals for the various risk types. These are summarised below:

- In determining significant increase in credit risk, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience, credit assessment and including forward-looking information. Key among them are Ageing analysis, Sectorial Analysis, Early warning signals, etc.
- Liquidity risks are measured with reference to statutory liquidity ratios and internal guidelines
- Market risks are measured with respect to fluctuations in the following key market prices; Interest rate, foreign exchange rates, equity prices, credit spreads not relating to obligor's credit standing.
- Operational risks measured mainly by frequency of breach of internal policies, procedures, systems, processes and standards.

### 5. Other Disclosures

	2020	2019
Default in Statutory Liquidity	9 times	15 times
Default in Statutory Liquidity Sanction	Nil	Nil