

UNIVERSAL MERCHANT BANK LIMITED

UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2021

	March-21	March-20
	GHC	GHC
Interest Income	91,260,197	74,590,116
Interest Expense	(38,872,292)	(36,088,641)
Net Interest Income	52,387,905	38,501,475
Fees and Commission Income	14,567,260	9,680,779
Fees and Commission Expense	(1,219,951)	(578,603)
Net Fees and Commission Income	13,347,309	9,102,176
Net Trading Income	5,101,341	3,804,180
Other Operating Income	6,134,832	2,899,559
Net Trading Income and Other Operating Income	11,236,173	6,703,739
Total Revenue	76,971,386	54,307,390
Impairment Expense	(5,436,910)	6,876,528
Personnel Expenses	(27,064,204)	(23,013,482)
Operating Expenses	(28,286,767)	(25,153,582)
Depreciation and Amortization	(4,060,766)	(4,955,333)
Profit Before Tax	12,122,739	8,061,521
Tax Expense	(3,636,822)	(2,418,456)
Profit After Tax	8,485,917	5,643,065
<i>Other Comprehensive Income</i>		
Items that will never be reclassified to Profit or loss		
Bank's Share of Fair Value Gain on associates equity instruments (Net of tax)	-	-
Fair Value Gain on Unlisted Equity Investment (Net of Tax)	-	-
Actuarial Gain on Defined Benefit obligations	-	-
Total Comprehensive Income	8,485,917	5,643,065
Basic Earnings Per Share	0.75	0.50
Diluted Earnings Per Share	0.75	0.50

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	March-21	March-20
	GHC	GHC
ASSETS		
Cash and Cash Equivalents	679,959,263	384,760,173
Investment Securities	478,264,020	318,517,380
Advances to Banks	369,068,369	537,641,940
Investments in Associates	1,497,131	1,399,510
Loans and Advances to Customers	1,248,544,953	889,744,513
Other Equity Investments	4,531,138	5,180,105
Other Assets	410,861,408	404,636,806
Deferred Tax	991,271	-
Current Taxation	11,492,685	22,539,935
Investment Property	62,887,300	62,374,000
Property and Equipment & Right of Use of Assets	81,298,754	95,384,235
Intangible Assets	10,696,230	14,947,688
Total Assets	3,360,092,522	2,737,126,285
LIABILITIES & SHAREHOLDERS FUNDS		
LIABILITIES		
Deposits from Customers	2,447,009,573	1,843,839,971
Borrowings	245,759,315	283,948,825
Other Liabilities	176,609,991	159,867,417
Deferred Tax Liability	-	4,049,812
Employee Benefit Obligations	4,947,063	4,610,081
Total Liabilities	2,874,325,942	2,296,316,106
SHAREHOLDERS' FUNDS		
Stated Capital	457,514,102	457,513,977
Revaluation Reserve	21,609,359	21,609,359
Credit Risk Reserve	39,997,803	8,800,919
Statutory Reserve	78,988,109	65,246,693
Other Reserves	3,517,453	3,638,644
Income Surplus	(115,860,246)	(115,999,413)
Total Shareholders Fund	485,766,580	440,810,179
Total Liabilities & Shareholders Funds	3,360,092,522	2,737,126,285

Nana Dwemoh

Nana Dwemoh Benneh
Chief Executive Officer

29th April 2021

Kofi Mbiah

Dr. Emmanuel Kofi Mbiah
Director

29th April 2021

UNAUDITED CASH FLOW STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2021

	March-21	March-20
	GHC	GHC
Reconciliation of Profit after tax to cash generated from operations		
Profit after taxation	8,485,917	5,643,065
Adjustments for:		
Depreciation and Amortization	4,060,766	4,955,333
Impairment on Financial Assets	5,436,910	(6,876,528)
Net Interest Income	(52,387,905)	(38,501,475)
Income Tax Expense	3,636,822	2,418,456
Profit on Disposal of Fixed Assets	(9,038)	(193,204)
Profit/(Loss) before working capital changes	(30,776,528)	(32,554,353)
(Increase)/decrease in Investment securities	28,068,211	19,412,567
(Increase)/decrease in advances to banks	(47,291,314)	(69,838,342)
(Increase)/decrease in loans and advances to Customers	(47,403,233)	(9,493,009)
(Increase)/decrease in other assets	6,392,825	(16,288,496)
Increase/(decrease) in deposits from customers	179,321,112	20,826,868
Increase/(decrease) in borrowings	(80,000,000)	(22,362,913)
Increase/(decrease) in other liabilities	(7,300,417)	21,418,508
	1,010,656	(88,879,170)
Interest and Taxation		
Interest Received	65,160,800	59,653,725
Interest Paid	(42,720,017)	(39,939,467)
Income Tax Paid	(3,568,512)	(250,264)
Net Cash generated from/(used in) Operations	19,882,927	(69,415,176)
Investing activities		
Purchase of property and equipment	(2,769,770)	(1,564,642)
Purchase of intangible asset	(150,144)	(554,093)
Proceeds from sale of assets	253,767	253,767
Net cash used in investing activities	(2,666,147)	(1,864,968)
Increase/(decrease) in cash and cash equivalents	17,216,780	(71,280,144)
Cash and cash equivalents at 01 January	662,777,046	456,040,317
Effect of Exchange Rate Fluctuation	(34,563)	-
Cash and cash equivalents at end of period	679,959,263	384,760,173

EXTRACTS OF NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2021

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

	2021	2020
Capital Adequacy Ratio	18.02%	20.89%
Gross Non Performing Loan Ratio	13.46%	14.92%

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 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

	2021	2020
Default in Statutory Liquidity	Nil	8 times
Default in Statutory Liquidity Sanction	Nil	Nil