

UNIVERSAL MERCHANT BANK LIMITED

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30TH JUNE 2021

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30TH JUNE 2021

	June-2021	June-2020
	GHC	GHC
Interest Income	190,958,327	158,049,477
Interest Expense	(82,115,509)	(75,208,869)
Net Interest Income	108,842,818	82,840,608
Fees and Commission Income	27,257,983	20,356,867
Fees and Commission Expense	(1,777,102)	(1,408,571)
Net Fees and Commission Income	25,480,881	18,948,296
Net Trading Income	10,996,541	11,267,133
Other Operating Income	17,938,340	18,061,029
Net Trading Income and Other Operating Income	28,934,881	29,328,162
Total Revenue	163,258,580	131,117,066
Impairment Expense	(10,982,100)	(7,861,503)
Personnel Expenses	(55,740,327)	(43,760,617)
Operating Expenses	(62,626,294)	(49,241,605)
Depreciation and Amortization	(7,951,471)	(9,561,163)
Profit Before Tax	25,958,388	20,692,178
Tax Expense	(9,085,436)	(4,655,740)
Profit After Tax	16,872,952	16,036,438
<i>Other Comprehensive Income</i>		
<i>Items that will never be reclassified to Profit or loss</i>		
Bank's Share of Fair Value Gain on associates equity instruments (Net of tax)	-	-
Total Comprehensive Income	16,872,952	16,036,438
<i>Basic Earnings Per Share</i>	1.50	1.42
<i>Diluted Earnings Per Share</i>	1.50	1.42

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	June-2021	June-2020
	GHC	GHC
ASSETS		
Cash and Cash Equivalents	732,635,984	603,527,315
Investment Securities	516,918,391	582,677,077
Advances to Banks	388,607,951	478,267,690
Investments in Associates	1,497,131	1,399,510
Loans and Advances to Customers	1,236,912,188	947,268,011
Other Equity Investments	4,531,138	5,180,105
Other Assets Accounts	413,916,108	466,862,283
Deferred Tax	2,543,565	-
Current Taxation	20,347,291	20,552,915
Investment Property	62,887,300	62,374,000
Property and Equipment & Right of Use of Assets	80,521,528	94,079,436
Intangible Assets	9,468,307	13,311,453
Total Assets	3,470,786,882	3,275,499,795
LIABILITIES & SHAREHOLDERS FUNDS		
LIABILITIES		
Deposits from Customers	2,609,679,341	2,224,446,069
Borrowings	195,538,767	405,848,277
Other Liabilities	170,814,518	170,342,004
Deferred Tax Liability	-	4,049,812
Employee Benefit Obligations	4,947,063	4,610,081
Total Liabilities	2,980,979,689	2,809,296,243
SHAREHOLDERS' FUNDS		
Stated Capital	457,514,102	457,513,977
Revaluation Reserve	21,609,359	21,609,359
Credit Risk Reserve	53,909,038	35,820,067
Statutory Reserve	76,814,898	65,246,693
Other Reserves	3,517,453	3,638,644
Income Surplus	(123,557,657)	(117,625,188)
Total Shareholders Fund	489,807,193	466,203,552
Total Liabilities & Shareholders Funds	3,470,786,882	3,275,499,795

Nana Dwemoh

Nana Dwemoh Benneh
Chief Executive Officer

Kofi Mbiah

Dr. Emmanuel Kofi Mbiah
Director

UNAUDITED CASH FLOW STATEMENTS FOR THE HALF YEAR ENDED 30TH JUNE 2021

	June-2021	June-2020
	GHC	GHC
Reconciliation of Profit after tax to cash generated from operations		
Profit After Taxation	16,872,952	16,036,438
Adjustments for:		
Depreciation and Amortization	7,951,471	9,561,163
Impairment on Financial Assets	10,982,100	7,861,503
Net Interest Income	(108,842,818)	(82,840,608)
Income Tax Expense	9,085,436	4,655,740
Profit on Disposal of Fixed Assets	(41,038)	(193,204)
Profit/(Loss) before working capital changes	(63,991,897)	(44,918,968)
(Increase)/decrease in Investment Securities	(18,038,177)	(265,185,064)
(Increase)/decrease in Advances to Banks	(62,999,511)	(695,444)
(Increase)/decrease in Loans and Advances to Customers	(51,784,636)	(76,828,067)
(Increase)/decrease in Other Investments	-	(77,623,031)
(Increase)/decrease in Other Assets Accounts	4,309,732	(2,392,865)
Increase/(decrease) in Deposits from Customers	342,178,396	399,707,028
Increase/(decrease) in Borrowings	(130,000,000)	97,863,469
Increase/(decrease) in Other Liabilities	(12,940,087)	28,603,057
	6,733,820	58,530,115
Interest and Taxation		
Interest and Dividend Received	169,943,278	168,647,861
Interest Paid	(86,371,298)	(75,660,686)
Income Tax Paid	(17,561,273)	(500,527)
Net Cash Generated from Operations	72,744,527	151,016,763
Investing Activities		
Purchase of Property and Equipment	(2,786,534)	(3,190,493)
Purchase of Intangible Assets	(150,144)	(593,039)
Proceeds from Sale of Assets	51,089	253,767
Net cash used in investing Activities	(2,885,589)	(3,529,765)
Financing Activities		
Net cash used in Financing Activities	-	-
Increase in Cash and Cash Equivalents	69,858,938	147,486,998
Cash and Cash Equivalents at 1 January	662,777,046	456,040,317
Cash and Cash Equivalents at End of Period	732,635,984	603,527,315

Extracts of Notes to the Unaudited Financial Statements for the Half Year Ended 30th June 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

	June-2021	June-2020
Capital Adequacy Ratio	18.24%	20.40%
Gross Non Performing Loan Ratio	15.20%	18.81%

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

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

