

UNIVERSAL MERCHANT BANK LIMITED

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE 3RD QUARTER ENDED 30 SEP. 2021

	30 SEP. 2021 GH¢	30 SEP. 2020 GH¢
Interest Income	300,604,048	252,133,362
Interest Expenses	(127,837,572)	(118,990,076)
Net Interest Income	172,766,476	133,143,286
Fees and Commission Income	44,767,960	32,713,552
Fees and Commission Expense	(2,693,226)	(2,063,064)
Net Fees and Commission Income	42,074,734	30,650,488
Net Trading Income	23,187,768	17,349,061
Other Income	23,881,584	21,860,298
Net Trading and Other Income	47,069,352	39,209,359
Total Operating Income	261,910,562	203,003,133
Impairment Expense	(32,193,493)	(12,188,962)
Personnel Expenses	(85,432,491)	(66,096,179)
Operating Expenses	(96,380,864)	(78,717,468)
Depreciation and Amortisation	(11,910,921)	(14,109,131)
Profit Before Income Tax	35,992,793	31,891,393
Income Tax Expense	(12,597,478)	(9,567,418)
Profit After Tax	23,395,315	22,323,975
Other Comprehensive Income		
Other Comprehensive Income Net of Income Tax	-	-
Total Comprehensive Income for the Period	23,395,315	22,323,975
Basic Earnings Per Share	2.08	1.98
Diluted Earnings Per Share	2.08	1.98

UNAUDITED STATEMENT OF CASHFLOWS FOR THE 3RD QUARTER ENDED 30 SEP. 2021

	30 SEP. 2021 GH¢	30 SEP. 2020 GH¢
Operating Activities		
Profit After Tax	23,395,315	22,323,976
Adjustments for:		
Depreciation and Amortisation	11,910,921	14,109,131
Impairment on Financial Assets	32,193,493	12,188,962
Net Interest Income	(172,766,476)	(133,143,288)
Income Tax Expense	12,597,478	9,567,418
Profit on Disposal of Fixed Assets	(41,038)	(193,204)
	92,710,307	(75,147,005)
(Increase)/Decrease in Investment Securities	(234,269,957)	(253,373,856)
(Increase)/Decrease in Advances to Banks	46,034,669	(77,728,437)
(Increase)/Decrease in Loans and Advances to Customers	(225,193,090)	(185,538,868)
(Increase)/Decrease in Other Investments	-	(2,412,607)
(Increase)/Decrease in Other Assets	(54,825,005)	16,999,042
Increase/(Decrease) in Deposits from Customers	589,234,778	333,001,579
Increase/(Decrease) in Borrowings	35,000,096	60,653,573
Increase/(Decrease) in Other Liabilities	24,546,056	34,864,160
	87,817,240	(148,682,419)
Interest and Dividend Received	264,425,027	248,597,616
Interest Paid	(128,873,158)	(118,443,294)
Income Tax Paid	(21,778,819)	(750,790)
Net Cash From/(Used in) Operating Activities	201,590,290	(19,278,887)
Investing Activities		
Purchase of Property and Equipment	(15,256,258)	(6,212,565)
Purchase of Intangible Asset	(269,746)	(662,732)
Proceeds from Sale of Assets	51,089	253,767
Net Cash Used in Investing Activities	(15,474,915)	(6,621,530)
Financing Activities		
Net Cash Used in Financing Activities	-	-
Increase/(Decrease) in Cash and Cash Equivalents	186,115,375	(25,900,417)
Cash and Cash Equivalents at 01 January	662,777,046	456,040,317
Effect of Exchange Rate Fluctuations	273,684	-
Cash and Cash Equivalents at 30 September	849,166,105	430,139,900

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEP. 2021

	30 SEP. 2021 GH¢	30 SEP. 2020 GH¢
Assets		
Cash and Cash Equivalents	849,166,105	430,139,900
Investment Securities	749,372,670	581,580,625
Advances to Banks	274,952,699	558,409,898
Investments in Associates	1,497,131	1,399,510
Loans and Advances to Customers	1,393,056,782	1,052,311,222
Other Equity Investments	4,531,138	7,592,712
Other Assets	472,777,160	370,545,269
Deferred Tax	2,543,565	-
Current Taxation	21,052,795	15,891,501
Investment Property	62,887,300	62,582,140
Property, Equipment and Right of Use of Assets	90,234,806	92,874,545
Intangible Assets	8,384,906	11,752,150
Total Assets	3,930,457,057	3,185,079,472
Liabilities and Shareholders' Funds		
Liabilities		
Deposits from Customers	2,859,508,505	2,158,539,593
Borrowings	360,986,282	368,838,007
Other Liabilities	208,685,650	176,550,889
Deferred Tax Liability	-	4,049,812
Employee Benefit Obligations	4,947,063	4,610,081
Total Liabilities	3,434,127,500	2,712,588,382
Shareholders' Funds		
Stated Capital	457,514,102	457,513,977
Revaluation Reserve	21,609,359	21,609,359
Credit Risk Reserve	52,174,339	43,103,722
Statutory Reserve	76,814,898	65,246,693
Other Reserves	3,517,453	3,638,644
Income Surplus	(115,300,594)	(118,621,305)
Total Shareholders' Fund	496,329,557	472,491,090
Total Liabilities & Shareholders' Funds	3,930,457,057	3,185,079,472

Signed

Nana Dwemoh Benneh
Chief Executive Officer

Signed

Dr. Barfour Osei
Chairman

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED 30 SEP. 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 Policies

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

3. Use of Judgements and Estimates

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

4. Quantitative Disclosures

	2021	2020
Capital Adequacy Ratio	17.18%	19.68%
Gross Non-Performing Loans Ratio	14.56%	19.66%

5. 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
- Market Risk (includes currency, interest rate and other price risk)
- Liquidity Risk
- Operational Risk

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

- 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 are measured mainly by frequency of breach of internal policies, procedures, systems, processes and standards.

6. Other Disclosures

	2021	2020
Default in statutory liquidity (no. of times)	1	9
Sanctions (GH¢'m)	0.2	Nil

