

# UNITED BANK FOR AFRICA (SIERRA LEONE) LIMITED

## AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### Statement of profit or loss and other comprehensive income for the year ended 31 December

In thousands of Leones	2020	2019
Interest income	151,593,777	98,294,033
Interest expense	(9,677,246)	(11,389,799)
<b>Net interest income</b>	<b>141,916,531</b>	<b>86,904,234</b>
Net fees and commission income	26,200,401	21,152,671
Net trading and foreign exchange income	18,829,471	12,414,298
Other income	256,392	31,406
<b>Net operating income</b>	<b>187,202,795</b>	<b>120,502,609</b>
Allowance for credit losses on financial assets	(169,227)	(353,979)
Personnel expenses	(20,571,568)	(17,041,324)
Depreciation	(4,386,591)	(4,019,762)
Other operating expenses	(38,382,469)	(23,922,086)
<b>Profit before income tax</b>	<b>123,692,940</b>	<b>75,165,458</b>
Income tax expense	(30,859,956)	(23,796,812)
<b>Profit for the year</b>	<b>92,832,984</b>	<b>51,368,646</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Re-measurements of defined benefit liability	72,491	-
Related tax	(18,123)	-
<b>Other comprehensive income net of tax</b>	<b>54,368</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>92,887,352</b>	<b>51,368,646</b>
<b>Basic and diluted earnings per share (Leones)</b>	<b>22,200</b>	<b>24,569</b>

### Statement of financial position as at 31 December

In thousands of Leones	2020	2019
<b>Assets</b>		
Cash and bank balances	389,538,861	179,089,873
Investment securities	829,260,903	475,776,542
Loans and advances to customers	59,471,101	82,271,410
Other assets	4,117,380	5,892,005
Property and equipment	32,561,078	28,464,808
Current tax assets	1,237,157	-
<b>Total assets</b>	<b>1,316,186,480</b>	<b>771,494,638</b>
<b>Liabilities</b>		
Deposit from customers	787,358,799	472,496,968
Deposit from banks	74,547,895	38,782,834
Other liabilities	189,523,324	84,856,309
Current income tax	-	3,768,731
Deferred income tax liability	630,400	351,086
<b>Total liabilities</b>	<b>1,052,060,418</b>	<b>600,255,928</b>
<b>Equity</b>		
Share capital	62,723,712	31,361,856
Contribution towards capital	76,361,856	31,361,856
Revenue reserve	45,852,925	51,763,527
Statutory reserve	79,133,201	55,924,955
Credit risk reserve	-	826,516
Other reserves	54,368	-
<b>Total equity</b>	<b>264,126,062</b>	<b>171,238,710</b>
<b>Total liabilities and equity</b>	<b>1,316,186,480</b>	<b>771,494,638</b>

These financial statements were approved by the Board of Directors on 17 March 2021 and were signed on its behalf by:



Mrs. Blanche-Gooding  
Director



Mr. Usman Isiaka  
Managing Director/CEO



Mr. Abdul S. Kargbo  
Chairman

### Statement of cash flows for the year ended 31 December

In thousands of Leones	2020	2019
<b>Profit before tax</b>	<b>123,692,940</b>	<b>75,165,458</b>
<b>Adjustments for:</b>		
Depreciation expense	4,386,591	4,019,762
Allowance for credit loss (release)/charge on loans and advances	(203,642)	576,390
Allowance for credit loss charge/(release) on placements	323,862	(6,744)
Allowance for credit loss charge on investment securities	9,442	5,216
Allowance for credit loss charge/(release) on contingent liabilities	39,565	(151,158)
Allowance for credit loss (release) on other assets	-	(69,725)
Write-off of loans and advances	176,154	78,122
Write-off of property and equipment	1,290,470	-
Actuarial gain	(72,491)	-
Gain on disposal of property plant and equipment	(16,992)	(31,124)
Finance cost on lease liability	697,055	583,029
Net interest income	(141,916,531)	(86,904,234)
Foreign currency revaluation loss	2,319,132	1,508,780
	<b>(9,274,445)</b>	<b>(5,226,228)</b>
<b>Changes in operating assets and liabilities</b>		
Change in mandatory cash reserve	(28,072,999)	(4,908,296)
Change in loans and advances to customers	22,827,796	(14,993,149)
Change in other assets	(544,505)	634,066
Change in deposits from banks	35,765,061	19,042,834
Change in deposits from customers	314,861,831	79,390,539
Change in other liabilities	103,054,459	49,524,820
Interest received	151,593,777	95,626,800
Interest paid	(8,980,191)	(9,109,476)
Income tax paid	(35,604,653)	(22,172,858)
<b>Net cash flow from operating activities</b>	<b>545,626,131</b>	<b>187,809,052</b>
<b>Cash from investing activities</b>		
Purchase of investment securities	(729,878,503)	(480,027,470)
Proceeds from redemption of investment securities	376,384,700	307,011,428
Acquisition of property and equipment	(9,773,331)	(2,120,157)
Proceeds from disposal of property and equipment	16,992	31,124
<b>Net cash used in investing activities</b>	<b>(363,250,142)</b>	<b>(175,105,075)</b>
<b>Cash flow from financing activities</b>		
	-	-
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>182,375,989</b>	<b>12,703,977</b>
Cash and cash equivalents at 1 January	147,634,776	134,930,799
<b>Cash and cash equivalents at 31 December</b>	<b>330,010,765</b>	<b>147,634,776</b>

### Statement of cash flows for the year ended 31 December (continued)

Cash and cash equivalents for purposes of the statement of cash flows comprises:

In thousands of Leones	2020	2019
Cash and balances with Bank of Sierra Leone	85,814,050	42,636,887
Due from other banks	303,724,811	136,452,986
Cash and bank balances	389,538,861	179,089,873
Mandatory cash reserve	(59,528,096)	(31,455,097)
Treasury bills and other eligible bills	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>330,010,765</b>	<b>147,634,776</b>



### Independent Auditor's report to the Shareholders of United Bank for Africa (SL) Limited

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of United Bank for Africa (SL) Limited, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of Sierra Leone.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sierra Leone, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Responsibilities of Directors and those charged with governance for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of Sierra Leone, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

##### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

##### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Section 108(1) of the Banking Act of Sierra Leone, we report that:

- we were able to obtain all information and explanations required by us for the efficient performance of our duties;
- the Bank's transactions were within its powers; and

The Engagement Partner on the audit resulting in this independent auditor's report is **Dr. Claudius Williams-Tucker.**

Freetown

Chartered Accountants

Date 17 March 2021

