UNITED BANK FOR AFRICA LIBERIA LIMITED

Independent Auditor's Report and Financial Statements
For the Year Ended December 31, 2018

Contents **Page**

CORPORATE INFORMATION

Directors	:	Dr. Eugene Shannon	Chairman
		Abiola Bawuah	Director
		Oliver Alawuba	Director
		Ebele Ogbue	Director
		Cllr. Cyril Jones	Director
		Dr. Wede Brownell	Director
		Majek Folorunsho	Executive Director
		Olalekan Balogun	Chief Executive Officer
Managing Director	:	Olalekan Balogun	
Registered Office	:	United Bank for Africa (Liberia) Limited P. O. Box 4523, Broad & Nelson Streets Monrovia, Liberia	
Auditors	:	Baker Tilly Liberia King Plaza 2nd-4th Floor 80 Broad Street P. O. Box 10-0011 Monrovia, Liberia	
Solicitors	:	Pierre, Tweh & Associates Palm Hotel Building P. O. Box 10-2536 Broad & Randall Streets Monrovia, Liberia	
Bankers	:	United Bank for Africa (PLC) Citi Bank (London, England) United Bank for Africa (New York) Citi Bank (New York) United Bank for Africa (Ghana) Central Bank of Liberia	

CORPORATE GOVERNANCE INFORMATION

BOARD ALCO/STRATEGY/FINANCE & GOVERNANCE COMMITTEE (BASFG)

Mr. Ebele Ogbue	**-**	**Chairman**
Mr. Olalekan Balogun	**-**	**Member**
Mr. Majek Folorunsho	**-**	**Member**

Functions:

At least once a year, the Board is required to review the UBA Liberia's long term plans and the principal issues that UBA Liberia will face in the future. This will be coordinated by the Board ALCO/Strategy/Finance & Governance Committee which may engage an Adviser to facilitate this role.

The Responsibilities and Scope of the BASFG shall be:

- Formulate and shape the strategy of the Bank and make recommendations to the Board accordingly.
- In carrying out its functions, the BASFG may engage an adviser on behalf of the Board to facilitate an annual review of the Bank's long term plans and the principle issues that the bank may face in the future.
- Conduct one (1) Board/Management/Key Shareholders Strategy retreat a year to formulate the strategy.
- Review and approve the budget of the bank within its limit and make recommendations to the Board for approvals above its limit.
- Review and approve within its approved limits the annual Manpower plan for the Bank as part of the Budget approval process. The Manpower plan shall at a minimum include the vacancies, maximum levels, cost implication, etc.
- Monitor performance of the Bank against budget.
- Conduct Quarterly business reviews with management/Board.
- Concur on compensation for Executives.
- Compensation of MD/CEO shall be approved by the Board ALCO, Strategy, Finance & Governance Committee with the concurrence of the Chairman of the Board and Chairman of BASFG.
- Consider and approve expenses (including Donations, Sponsorships and Overseas Training) above the limits of Executive management and its organs as specified in the Expense Empowerment policy.
- Consider and approve significant IT investments and expenditure of UBA Liberia.
- Consider and approve extra budgetary expenditure (including Donations, Sponsorships and Overseas Training) above the limits of Executive management and its organs as specified in the Expense Empowerment policy.
- Consider and approve income Reversals, Refunds of Fraud Losses on customer accounts and concessions on Charges (non-credit related) above the limits of Executive Management and as specified in the Expense Empowerment policy.
- Review the Assets and Liability Committee reports.
- Develop and review a Board information system needed for the Board to carry out its oversight role.
- Approve compensation and incentives policies for ED, DMD, MD/CEO.
- Recommend the entitlements of Directors to the Board for approval.
- The compensation of the Board members shall be evaluated and recommended by the BASFG of the Board to the Board for approval.
- Compensation of ED, MD/CEO and DMD shall be approved by the BASFG with the concurrence of the Board of Director.
- Evaluate and Recommend to the Board for approval the compensation of the Board Committee members.

CORPORATE GOVERNANCE INFORMATION (continued)

- Ensure the remuneration of the Chairman of Board Committees shall be higher than other members of the Board Committee.
- Define the MD/CEO's accountabilities and how performance will be appraised.
- Approve the accountabilities and how performance will be appraised for ED and DMD as defined by the MD/CEO.

BOARD CREDIT COMMITTEE (BCC)

Mrs. Abiola Bawuah	-	**Chairman**
Mr. Olalekan Balogun	-	**Member**
Mr. Majek Folorunsho	-	**Member**

Functions:

The functions of the Committee shall include, but not be limited to the following:

- Reviewing and overseeing the overall lending policy of the banking institution;
- Deliberating on and approving loan applications in excess of the defined limits for management;
- Directing the formulation of, reviewing and monitoring the credit principles and policies of the banking institution;
- Ensuring that there are effective procedures and resources to identify and manage irregular problem credits, minimize credit loss and maximize recoveries;
- Directing, monitoring, reviewing and considering all issues that may materially impact on the present and future quality of the financial institution's credit risk management;
- Delegating and reviewing lending to the various levels of the banking institution;
- To review and recommend to the Board for approval UBA Liberia's credit policies and strategies;
- To make credit decisions on behalf of the Board within its limits defined by the Credit Policy as approved by the Board.
- To approve and advise in writing credit limits of Executives in line with the Board's approved Credit Policy guidelines;
- These approved limits shall be communicated in writing and signed by the Chairman Board Risk Management Committee (BRMC) and the Company Secretary;
- Review and approve UBA Liberia's credit strategy and the credit risk tolerance;
- Review and recommend to the Board for approval the credit and lending policies, frameworks and procedures of UBA Liberia and review delegated credit authorities for compliance;
- Review and approve products that have credit and non- credit elements;
- Determine and set lending limits;
- Determine and set parameters for credit risk and asset concentration and review compliance with such limits;
- Approve credits above the limits of the Executive Credit Committee and subject to limits set by the credit policy and as approved by the Board;
- Only Credits approved by the Executive Credit Committee (ECC) will be referred to BRMC for consideration except as referred to the BRMC by the Chairman of the ECC for adjudication as provided in the approved credit policy;
- Recommend credits above the BCC and BRMC limit to the Board for approval;
- Periodically review the loan portfolio;
- Review the non-performing loans portfolio;
- Review recommendations and approve subject to set limits write offs, loan restructures, loan/interest write offs, concessions and waivers in line with approved policies;

CORPORATE GOVERNANCE INFORMATION (continued)

- Where the deferral is at ECC level, it must be ratified at the next BCC and BRMC meeting;
- Deferrals at BCC and BRMC level must first be ratified at the next Board meeting;
- Waivers for credits approved at the ECC level must go to BCC and BRMC for approval;
- Waivers for credits approved at BRMC must go to the Board for approval;
- Decisions to write off interest should be taken at the next higher level. Interest write offs for loans approved at the ECC level are approved at BRMC. Interest write offs for loans approved at BRMC level are approved by the Board.

BOARD AUDIT COMMITTEE (BAC)

Dr. Wede Brownell	**-**	**Chairman**
Cllr. Cyril Jones	**-**	**Member**
Mr. Edwin Ebele Ogbue	**-**	**Member**

Functions:

The functions of the BAC include, but not limited to the following:

- Review the integrity of the bank's financial reporting and overseeing the independence and objectivity of the external auditor;
- Have access to the external auditors to seek explanations and additional information about the bank without management's participation and/or knowledge;
- Have the authority to review and approve the annual audit plan and make necessary changes to the plan, the adoption of which must be subject to the full Board's approval giving due relevance to the committee's recommendation(s);
- Review the performance of the head of internal audit annually, the overall internal audit function quarterly, as well as approve the remuneration of staff in the internal audit section or department, subject to final approval of the Board;
- Make recommendations to the full board on the appointment, re-appointment and change of the external auditor;
- Approve the remuneration and terms of engagement of the external auditors;
- review carefully the auditor's finding and bring key issues to the attention of the full Board and require management to report periodically on progress in addressing problems raised by the audits so that the board can ensure that the necessary corrective actions are implemented in a timely manner;
- To assist the Board of Directors in fulfilling its oversight responsibilities in regards to audit and control;
- To monitor and assess the overall integrity of the financial statements and disclosures of the financial condition and results of operations of UBA Liberia;
- To monitor management's responsibilities to ensure that an effective system of financial and internal controls are in place;
- To assist the Board in discharging its responsibilities on information technology (IT) as it relates to financial reporting and the status of the company as a going concern;
- To monitor and evaluate on a regular basis the qualifications, independence and performance of the External Auditors and the Internal Audit and Control Department;

The responsibilities and scope of the BAC shall be to:

- Ensure that an effective system of Audit and internal controls are in place to:
    - Safeguard the assets and income of UBA Liberia.
    - Assure the integrity of UBA Liberia's financial statements.

CORPORATE GOVERNANCE INFORMATION (continued)

- Monitor processes designed to ensure compliance by UBA Liberia in all respect with legal and regulatory requirements, including disclosure controls and procedures and the impact (or potential impact) of developments related thereto.

❖ Select and review appointments of Independent External Auditors and recommend to the Board for approval prior to the Board's recommendation to shareholders for ratification.
❖ Evaluate annually the independence and performance of the External and Internal Auditors.
❖ Review with Management and the External Auditors the annual audited financial statements before its submission to the Board.
❖ Review with Management and the External Auditors any correspondence of significance with regulators or government agencies and any employee complaints of significance or analyst's report which raise significant issues regarding UBA Liberia's financial statements or accounting policies. Obtain explanations from management and consider whether such matters indicate the need for further investigation, modification of policies and/or disclosures.
❖ Review with Management and the External Auditors periodically (at least annually), the procedure to identify and understand related parties and significant related parties' transactions, and consider the transparency of the related disclosures.
❖ Obtain assurance from Management. The Head Internal Audit & Control and the External Auditors that they know of no significant instances in which UBA Liberia are in breach of applicable legal and regulatory requirements, including disclosures of insider and related party transaction.
❖ Review with UBA Liberia's Legal Counsel legal matters that may have a significant impact on the financial statements, UBA Liberia's compliance policies and any significant reports or inquiries received from regulators or government agencies.
❖ Evaluate the adequacy of internal audits and internal controls that could significantly affect the UBA Liberia's financial statements and special audit steps adopted in the event of significant control deficiencies, if any, including those reported by Internal Audit.
❖ Review Audit reports relating to UBA Liberia's compliance of major policies including Expense Empowerment, Credit and HR policies.
❖ Review fraud losses and recommend controls that will address these to the Board.
❖ Review Management's Internal Audit and Control Report and recommend controls that will address control lapses to the Board.
❖ Review the program established by Management that monitors compliance with the code of conduct and reviews the record of such compliance.
❖ Review all Whistle Blowing reports.
❖ Review Regulators audit reports and ensure systems are put in place to address any weaknesses.
❖ In collaboration with the BASFG, respond to Regulators on behalf of the Board in respect of their audit comments.
❖ Review and approve the audit policies of UBA Liberia.
❖ Review and approve the Internal Audit charter.
❖ Recommend, in line with best practice, the Head, Internal Audit and Control for appointment by the Board.
❖ The Head Internal Audit & Control will report directly to the Chairman of the Board through the BAC and will be assessed annually by the BAC.
❖ Approve the promotion of Audit Staff for levels of Senior Manager and above in conjunction with BASFG. These promotions must be based on approved promotion eligibility criteria and the approved annual Manpower plan by the BASFG.

CORPORATE GOVERNANCE INFORMATION (continued)

BOARD RISK MANAGEMENT COMMITTEE (BRMC)

Cllr. Cyril Jones	**-**	**Chairman**
Dr. Wede Brownell	**-**	**Member**
Mrs. Abiola Bawuah	**-**	**Member**

The purpose of the BRMC is to:

- Discharge the Board's risk management responsibilities as defined in UBA Liberia Risk policies and in compliance with regulation, law and statute.
- These responsibilities include the governance of risk and determining the risk tolerance, risk appetite, and risk monitoring, risk assurance and risk disclosure for UBA Liberia.
- Discharge the Board's responsibilities for information technology (IT) governance and ensure it aligns with UBA Liberia's objectives, enables the business strategy, delivers value and improves performance.
- Review and assess the integrity and adequacy of the of the overall risk management function of UBA Liberia.
- Review and recommend for approval to the Board UBA Liberia policies relating to risk management.
- Review the adequacy of UBA Liberia's capital (economic, regulatory and escalator) and its allocation to UBA Liberia's business.
- Review risk limits and periodic risk and compliance reports and make recommendations to the Board.
- Recommend risk management decisions to the Board.
- To assist the Board of Directors to discharge the responsibility to exercise due care, diligence and skill to oversee, direct and review the management of the credit portfolio of UBA Liberia.

The Responsibilities and Scope of the BRMC shall be:

- To approve the annual risk management plan for UBA Liberia and oversee its implementation and monitor performance.
- This annual plan should also include a fraud risk plan to consider UBA Liberia's fraud exposure and prevention.
- Ensure that risk assessments are performed on a continual basis and ensure that frameworks and methodologies are in place to increase the probability of anticipating unpredictable risks.
- Monitor, review and assess the integrity and adequacy of the overall risk management framework of UBA Liberia.
- Set UBA Liberia's appetite and tolerance for risk and recommend risk limits within acceptable tolerance for risk levels to the Board for approval.
- Recommend risk approval limits to the Board for approval.
- Review and on a continuous basis update the risk management policies frameworks and procedures of UBA Liberia subject to the approval of the Board.
- Monitor compliance risk and ensure that UBA Liberia operate ethically.
- Review the sensitivity of UBA Liberia's earnings to volatility in equity, credit, treasury and foreign exchange markets and make recommendations to the Board for approval.
- Review UBA Liberia's capital adequacy in relation to credit, market, operational, investment, legal, and compliance and other risks and make recommendations to the Board for approval.
- Advise the Board on any emerging risks that UBA Liberia is or could be exposed to and recommend mitigation actions.
- Risks should include non-financial risks such as staffing and competency, the impact of legislative or regulatory changes on UBA Liberia.

CORPORATE GOVERNANCE INFORMATION (continued)

- Consider IT as a business enabler and strategic asset for UBA Liberia and ensure its related risks and constraints are well governed and controlled.
- Approve the IT governance framework for UBA Liberia and delegate to management the responsibility for the implementation of the IT governance framework.
- Monitor and evaluate significant IT investments and expenditure for UBA Liberia.
- Monitor value delivery and return on investment of IT.
- ensure that the information and intellectual property contained in UBA Liberia's information systems are protected.
- Ensure that a formal information security management system is in place to ensure the confidentiality, integrity and availability of information.
- Require independent assurance over IT governance controls supporting outsourced IT services.
- Ensure good governance principles are in place for the acquisition and disposal of IT goods and services.
- Ensure good project management principles are applied.
- Ensure that IT risk management includes disaster recovery planning, IT Legal risks, compliance to laws, rules, codes and standards.
- Ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to Directors.
- The Board Credit & Risks management committee shall oversee the OCC Remedial process
- Advise the Board of significant control failure and tracking.
- Review and recommend to the Board for approval policies relating to the following:
  - Remedial policies and frameworks
  - Collateral Management policies
  - Charge Offs
  - Recovery policies
  - Appointment of recovery agents
  - Fees payable on recoveries
  - All other relevant credit policies
- Review and approve credit products above the level of Executive Management.
- Principal write offs are4 in line with the approved credit policy.
- Review the methodologies and the adequacies of the provision for loan losses
- Review and approve country risks exposur4 limits; treasury exposure limits
- Review and consider other authority approval policy matters related to credit.

CONTROL ENVIRONMENT

The Board has continued to place emphasis on risk management as an essential tool for achieving the management's objectives. Towards this end, it has ensured that the Management has in place robust risk management policies and mechanisms to ensure identification of risk and effective control.
The Board approves the annual budget for the Management and ensures that a robust budgetary process is operated with adequate authorization levels put in place to regulate capital expenditure.

BOARD COMMITTEES

The Board of UBA Liberia has the following committees, namely, the Board Audit Committee, the Board Credit Committee, the Board Risk Management Committee, the Board Assets, Liabilities, Strategy and Finance Committee and the Board Nominations and Governance Committee.

BOARD AUDIT COMMITTEE

The Board Audit Committee comprises:

1.	Dr. Wede Elliott-Brownell	Chairman
2.	Cllr. Cyril Jones	Member
3.	Mr. Ebele Ogbue	Member

The Board Audit Committee was set up to further strengthen internal controls in the Bank. It assists the Board of Directors in fulfilling its audit responsibilities by ensuring that effective systems of Financial and internal controls are in place within the Bank.
Meetings are held at least once a quarter, with the Country Chief Inspector/Auditor of the Bank in attendance.

S/n	Members	Number of Meetings held	Number of meetings attended by members
1.	Dr. Wede Elliott-Brownell	4	4
2.	Cllr. Cyril Jones	4	4
3.	Mr. Edwin Ebele Ogbue	4	3

BOARD CREDIT COMMITTEE

The Board Credit Committee is made up of three (3) members. One Non-Executive Director and two (2) Executive Directors. The Committee is responsible for approval of credit facilities in the Bank. It reviews all credits granted by the Bank and meets once a quarter.

The Board Credit Committee comprises of the following Directors:

1.	Mr. Oliver Alawuba	Chairman
2.	Mr. Olalekan Balogun	Member
3.	Mr. Majek Folorunsho	Member
4.	Mrs. Abiola Bawuah	Chairman

The Board Credit Committee was set up to assist the Board of Directors to discharge its responsibility to exercise due, diligence, care and the ability to oversee, direct, review and management the credit portfolio of the Bank. Among its terms of reference is the setting up and determination of the parameters for credit risk and assets concentration and reviewing compliance within such limits; determining and setting the lending limits, reviewing and approving the Bank's credits strategy and the credit risk tolerance. The Committee also reviews the loan portfolio of the Bank. It also reviews and approves the Subsidiary risks exposure limits.

S/n	Members	Number of Meetings held	Number of meetings attended by members
1.	Mr. Oliver Alawuba	4	1
2.	Mr. Olalekan Balogun	4	4
3.	Mr. Majek Folorunsho	4	1
4.	Mrs. Abiola Bawuah	4	3

BOARD RISK MANAGEMENT COMMITTEE

The Board Credit Committee comprises of the following Directors:

1.	Cllr. Cyril Jones	Chairman
2.	Dr. Wede Elliott-Brownell	Member
3.	Mr. Oliver Alawuba	Member
4.	Mrs. Abiola Bawuah	Member

The Committee's meetings are held once a quarter. It responsibilities include to review and recommend the risk management strategies, policies and risk tolerance for the Board's approval; to review Management 's period reports on risk exposure, risk portfolio composition and risk management activities; and to consider and examine such other matters as the Board requires, the Committee considers, appropriates, or which are brought to its attention, and make recommendations or reports to the Board accordingly.

S/n	**Members**	**Number of Meetings held**	**Number of meetings attended by members**
1.	Cllr. Cyril Jones	4	4
2.	Dr. Wede Elliott-Brownell	4	4
3.	Mr. Oliver Alawuba	4	1
4.	Mrs. Abiola Bawuah	4	3

BOARD ALCO, STRATEGY AND FINANCE COMMITTEE

The Board ALCO, Strategy and Finance Committee comprises of the following Directors:

1.	Mr. Edwin Ebele Ogbue	Chairman
2.	Mr. Olalekan Balogun	Member
3.	Mr. Majek Folorunsho	Member

The purpose of this Committee is to discharge the Board's responsibilities with regard to strategic direction and budgeting and to provide oversight on financial matters and the performance of the Bank.

S/n	Members	Number of Meetings held	Number of meetings attended by members
1.	Mr. Edwin Ebele Ogbue	4	3
2.	Mr. Olalekan Balogun	4	4
3.	Mr. Majek Folorunsho	4	1

Report of the Directors

The directors have pleasure in submitting their report to the shareholders, together with the financial statements for the year ended December 31, 2018.

Directors' Responsibility Statement

The company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes to the financial statements. These notes include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS), the requirements of the New Financial Institutions Act (FIA) of 1999 and the Prudential Regulations of the Central Bank of Liberia (CBL).

The directors' responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the bank will not be a going concern in the year ahead.

Approval of the financial statements

The financial statements of the Bank were approved by the Board of Directors on the 29th of March, 2019

Share capital

Details of the Bank's share capital are given in Note 22 to the financial statements.

Directors

The names of the present directors are detailed on page 1.

Auditors

The auditors, Messrs. Baker Tilly Liberia, have indicated their willingness to continue in office.

By Order of the Board

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Director	**Director**
……………………………………	………………………………..
Director	**Director**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of United Bank for Africa Liberia Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of United Bank for Africa Liberia Limited (UBALL or "the Bank"), which comprise the statement of financial position as at December 31, 2018, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Bank as at December 31, 2018, and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in a manner required by the Business Corporation Act (2002) of Liberia.

Basis for Qualified Opinion

The Bank's loans and advances are carried in the statement of financial position at LRD $4,075 million. Although the Bank adopted IFRS in 2013, management has not implemented IFRS 9 - Financial Instruments in the classification and measurement of loans and advances as at December 31, 2018. IFRS 9 became effective and is mandatory for all annual periods beginning on or after January 1, 2018. IFRS 9 - Financial Instruments replaced IAS 39 - Financial Instruments: Recognition and Measurement.

IFRS 9 introduces a new expected credit loss model to replace the incurred loss model used in IAS 39. The new model uses a dual measurement approach under which the loss allowance is measured as either a twelve-month expected credit loss or a life-time expected loss. The Bank has not transitioned to the new standard and the impairment allowance on loans and advances shown in the financial statements is based on the extant IAS 39. This constitutes a departure from IFRS.

As further discussed in Note 27, the Central Bank of Liberia has mandated commercial banks to conduct an impact assessment on their capital position, of the implementation of IFRS 9 – Financial Instruments. Commercial banks are permitted by the Central Bank of Liberia to report their results for the year ended December 31, 2018 using the extant IAS 39.

Baker Tilly Liberia Limited trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Given the above, we were unable to determine reliably, the impact on the financial statements of using the expected credit loss model outlined in IFRS 9. Consequently, we are unable to conclude that the carrying amount of LRD$ 4,075 for loans and advances to customers included in the statement of financial position is not misstated.

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 the Republic of Liberia, 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 qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter(s)	How matter was addressed in our audit
Revenue recognition	
The amount of revenue recognized from interest income and fee and commission income is dependent on the appropriate assessment/classification of loan assets and an appropriate fee amortization schedule. As the classification of overdraft facilities is complex, significant judgment is applied by management in determining the asset class of these facilities. The determination of loan asset class informs the appropriateness of accounting treatment of related income.	We performed tests on the operating effectiveness of controls relating to loan asset classification by testing the classification of a sample of high value loans assets from the banking application to underlying supporting documents obtained from the credit department. (Credit report, credit recommendation on classification and loan portfolio). We performed substantive test of detail on fee and commission income by assessing the amortization schedule with information held from prior periods, testing loan asset period in the amortization schedule to underlying supporting information (customer credit files) and performing recomputation of fee and commission income.
In our view, revenue recognition is significant to our audit as the Bank might inappropriately recognize interest income on loan and overdraft facilities or employ the use of aggressive methods of fee and commission income amortization; this could usually result into revenue and profit being recognized too early.	We performed substantive analytical procedures on the various income streams, assessing month on month movements with observed movements in prior periods, corroborating with other supporting information and obtaining management's comments where outcome exceeds our established expectation.
Management determination of interest income relies extensively on the Bank's computer information system. Since a relatively new banking application have been commission, a malfunctioning of the banking application, inappropriate input of data and/or lack of timely update of data could lead to extensive and long running misstatement of revenue. See Note 3b and 3c to the financial statements for further information.	We performed procedures to assess the group auditor's audit of the entity's banking application and related computer information system. We performed substantive analytical procedures by benchmarking the Bank's revenue to loan asset ratio to the industry average on an annual basis, noting exceptions and obtaining relevant corroborations from management.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the requirements of the New Financial Institutions Act (FIA) of 1999 and the Prudential Regulations of the Central Bank of Liberia (CBL) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement s, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

The Business Corporation Act (2002) of Liberia requires that in carrying out our audit we consider and report on the following matters. We confirm that:

I. We have obtained all the information and explanations which to the best of our knowledge and belief were required for the purposes of our audit; and
II. The company's statement of financial position is properly drawn up so as to exhibit a true and fair view of the state of the Bank's affairs according to the best of the information and the explanations given to us and as shown by the books of the Bank.

In addition, in accordance with Section 15-2 of the Central Bank of Liberia's Regulation No CBL/RSD/008/2017, we are required to report separately on the Banks' compliance with the New Financial Institution Act of 1999. We report that:

- Nothing significant came to our attention to cause us to believe that the Bank has not, in all material respects, complied with the provisions of the New Financial Institutions Act of 1999, and other regulations and guidelines as issued by the Central Bank of Liberia

Baker Tilly Liberia
(Certified Public Accountants)
Monrovia
March 29, 2019

UBA United Bank for Africa

Statement of Profit or Loss and Other Comprehensive Income

In Thousands of Liberian Dollars

	Note	2018	2017
Interest income and commission on loans and advances	5	**553,277**	502,511
Interest expense	5	**(87,342)**	(35,265)
Net interest income and commission on loans and advances		**465,935**	467,246
Fees and commission income	6	**633,281**	337,345
		1,099,216	804,591
Net Foreign Exchange and Trade Gain	7	**5,322**	4,319
Other operating income	8	**48,244**	36,651
Operating income		**1,152,782**	845,561
Loan impairment charges	15	**(17,542)**	(13,371)
Personnel expenses	9	**(376,803)**	(298,512)
Depreciation and amortization	19	**(56,866)**	(31,596)
Other operating expenses	10	**(521,737)**	(249,952)
		(972,948)	(593,431)
Profit before income tax		**179,833**	252,130
Income tax (expense)/credit	11	**(118,265)**	(129,780)
Profit after income tax		**61,568**	122,350
Other comprehensive income			
Exchange differences arising on Translation		**278,863**	125,311
Total comprehensive income for the year		**340,431**	247,661
Earnings per share			
(Expressed in thousands of Liberian Dollar per share)			
Basic earnings per share	13	**0.055**	0.108
Diluted earnings per share	13	**0.055**	0.108

The notes on pages 19 to 60 are an integral part of these financial statements

UBA United Bank for Africa

Statement of Financial Position

As at December 31, 2018

In Thousands of Liberian Dollars

Assets	Notes	**2018**	2017
Cash and cash equivalents	14	**7,090,163**	5,104,916
Loans and advances to customers	15	**4,075,943**	2,450,045
Investment securities	16	**3,109,988**	1,120,457
Intangible assets	17	**6,026**	6,249
Property, plant and equipment	19	**186,925**	174,444
Deferred tax assets	11c	**-**	48,911
Current tax asset		**17,984**	-
Other assets	18	**592,079**	545,165
Total assets		**15,079,108**	9,450,187
Liabilities			
Deposits from customers	20	**11,949,621**	7,309,646
Other liabilities	21	**955,751**	333,031
Current Tax	11b	**47,558**	43,559
Deferred tax liability		**21,796**	-
Total liabilities		**12,974,726**	7,686,236
Equity			
Stated capital	22	**1,128,769**	1,128,769
Cumulative translation differences reserve		**668,443**	389,580
Statutory reserve		**120,208**	104,815
Retained earnings		**186,962**	140,786
Total equity		**2,104,382**	1,763,951
Total equity and liabilities		**15,079,108**	9,450,187

These financial statements were approved by the Board of Directors on .... and signed on their behalf by:

Dr. Eugene Shannon
Chairman

Olalekan Balogun
Managing Director/Chief Executive Officer

The notes on pages 19 to 60 are an integral part of these financial statements

Statement of Changes in Equity

In Thousands of Liberian Dollars

As at December 31, 2018	Share Capital	Translation Reserve	Retained Earnings	Statutory Reserves	TOTAL
As at January 01, 2017	**1,128,769**	**264,269**	**49,023**	**74,228**	**1,516,289**
Profit for the period			**91,763**	**30,587**	**122,350**
Foreign currency translation		**125,311**			**125,311**
As at December 31, 2017	**1,128,769**	**389,580**	**140,786**	**104,815**	**1,763,951**
As at January 01, 2018	**1,128,769**	**389,580**	**140,786**	**104,815**	**1,763,951**
Profit for the period			**46,176**	**15,392**	**61,568**
Foreign currency translation		**278,863**			**278,863**
As at December 31, 2018	**1,128,769**	**668,443**	**186,962**	**120,208**	**2,104,382**

As at December 31, 2017	Share Capital	Translation Reserve	Retained Earnings	Statutory Reserves	TOTAL
As at January 01, 2016	1,128,769	106,337	2,535	58,732	1,296,373
Profit for the period			46,488	15,496	61,984
Foreign currency translation		157,932			157,932
As at December 31, 2016	1,128,769	264,269	49,023	74,228	1,516,289
As at January 01, 2017	1,128,769	264,269	49,023	74,228	1,516,289
Profit for the period			91,763	30,587	122,350
Foreign currency translation		125,311			125,311
As at December 31, 2017	1,128,769	389,580	140,786	104,815	1,763,950

The notes on pages 19 to 60 are an integral part of these financial statements

Statement of Cash Flows

In Thousands of Liberian Dollars

	2018	2017
Cash flows from operating activities		
Profit after tax	**61,568**	122,350
Depreciation and amortization	**56,866**	31,596
Impairment losses on loans and advances	**17,542**	13,371
Net Interest income	**(465,935)**	(467,246)
(Increase)/Decrease in Deferred Tax	**70,707**	67,505
	(259,252)	(232,424)
Changes in operating assets and liabilities		
(Increase) in Loans and advances	**(1,643,440)**	(514,796)
(Increase) in Other assets	**(46,915)**	(213,518)
(Decrease) in Deposits from Customers	**4,639,974**	1,736,271
Increase in Other liabilities	**622,722**	156,143
(Increase)/decrease in current tax	**(13,985)**	42,087
	3,299,104	973,763
Interest received	**553,277**	502,511
Interest paid	**(87,342)**	(35,265)
Net cash generated from operating activities	**3,765,039**	1,441,009
Cash flows from investing activities		
Purchase of property, plant and equipment	**(66,189)**	(74,419)
Intangible assets	**(2,936)**	(5,387)
Increase in Investment Securities	**(1,989,530)**	(63,457)
Net cash used in investing activities	**(2,058,655)**	(143,263)
Net cash from financing activities		
Net increase in cash and cash equivalents	**1,706,384**	1,297,746
Translation Difference	**278,863**	125,311
Cash and cash equivalents at 1 January	**5,104,916**	3,681,859
Cash and cash equivalents at 31 December	**7,090,163**	5,104,916

The notes on pages 19 to 60 are an integral part of these financial statements

Notes to the financial statements

1. Reporting entity

United Bank for Africa (UBA) Liberia Limited ("the Bank") is a company domiciled in Liberia. The address of the Bank's registered office is P. O. Box 4523, Broad & Nelson Streets, Monrovia. The financial statements of the Bank as at and for the period ended 31 December 2018 comprise the Head Office and its branches. The Bank primarily is involved in retail, consumer banking, financial services and corporate banking services.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) Functional and presentation currency

These financial statements are reported in Liberian dollars, which is the Bank's presentation currency. The Bank's functional currency is the United States dollar. The presentational in Liberian Dollars is in line with Central Bank of Liberia's Act.

Assets and liabilities were translated into Liberian Dollars using the closing rate at the December 31, 2018 Statement of Financial Position date. Income, expenses and cash flows recognized in the period were translated at the average Liberian Dollar exchange rate for the period.

Resulting exchange differences were reflected as currency translation adjustments and included in the cumulative currency translation reserve. Equity and share capital items were translated using the historic closing rate applicable on 1 January 2012 and were not retranslated at each subsequent balance sheet date.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Notes to the financial statements (Continued)

Basis of Preparation

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Bank

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Bank at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reported date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising as retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.
The closing rate used to consolidate the statement of Financial Position was L$157.56 to US$1.00 as at December 31, 2018 and Statement of Comprehensive Income was L$144.06 to US$1.00 (2017: L$125.50 to US$1 and L$112.64 respectively).

(b) Interest income and interest expense

Interest income and expenses are recognized in the income statement for all interest-bearing instruments on an accrual basis using the effective interest rate method.

The recognition of interest ceases when the payment of interest or principals is in doubt. Interest is included in income thereafter, only when it is received.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, which appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and interest paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expenses presented in the income statement include interest on financial assets and liabilities at amortized cost on an effective interest rate basis.

Notes to the financial statements (Continued)

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other charges in the fair value of trading assets and liabilities in net trading income.

(c) Fees and commissions

Fees and commissions income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognized as the related services are performed.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

(d) Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities and includes all realized fair value changes, interest, and foreign exchange differences.

(e) Lease payments made

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(f) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to the payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Notes to the financial statements (Continued)

Income tax expense (continued)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(g) Financial assets and liabilities

(i) *Recognition*

The Bank initially recognizes loans and advances and deposits on the date that they are originated. All other financial assets and liabilities including assets and liabilities designated at fair value through profit or loss are initially recognized on the trade date at which the Bank becomes a party to the contractual provisions in the instrument.

(ii) De*recognition*

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognized as a separate asset or liability.

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Bank enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all risk or rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the balance sheet. Transfers of assets with retentions of all or substantially all risks and rewards include, for example securities lending and repurchase transaction.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions. In transactions where the Bank neither retains nor transfers substantially all the risks, and rewards of ownership of a financial asset it derecognizes the assets if control over the asset is lost.

The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain circumstances the Bank retains rights to service a transferred financial asset for a fee. The transferred asset is derecognized in its entirety if it meets the derecognition criteria. An asset or liability is recognized for the servicing rights, depending on whether the servicing fee is more than adequate to cover servicing expenses (asset) or is less than adequate for 2performing the servicing (liability).

Notes to the financial statements (Continued)

Significant accounting policies (continued)

(iii) Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(iv) Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any differences between the initial amount recognized and the maturity amount minus any reduction for impairment.

(v) Fair value measurement

The determination of fair value of financial assets and financial liabilities is based on quoted market prices or dealer price quotation for financial instruments traded in active markets. For all other financial instruments, fair value is determined by using valuation techniques. Valuation techniques include the net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models. The Bank uses widely recognized valuation models for determining the fair value of common and simpler financial instrument like interest rate and currency swaps. For these financial instruments, inputs into models are market observable.

For more complex instruments, the Bank uses probability models which usually are developed from recognized valuation models. Some or all of the inputs to these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions.

When entering into a transaction, the financial instrument is recognized initially at the transaction price which is the best indication of fair value, although the value obtained from the valuation model may differ from the transaction price. This initial difference usually an increase, in the fair value indicated by valuation techniques is recognized in income depending upon the individual facts and circumstances of each transaction and not later than when the market data becomes observable.

The value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction.

Valuation adjustments are recorded to allow for model risks, bid risk spreads, liquidity prices, as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the balance sheet.

(vi) Identification and measurement of impairment

At each balance sheet date the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition

Notes to the financial statements (Continued)

Significant Accounting Policies

Financial assets and liabilities (continued)

of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Bank considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortized cost) with similar risk characteristics.

Impairment losses on assets carried at amortized cost are recognized in profit and loss and reflected in an allowance account against loans and advances. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

However, any significant recovery in the fair value of an impaired available-for-sale equity security is recognized directly in equity. Changes in impairment provision attributable to the value are reflected as a component of interest income.

(h) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances with other banks, unrestricted balance held with the Central Bank of Liberia and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their value and are used by the Bank in the management of its short-term commitments.

(i) Property, Plant and equipment

(a) Recognition and Measurement

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(b) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(c) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS *5 Non-current Assets Held for Sale and Discontinued Operations*.

Notes to the financial statements *(continued)*

Significant accounting policies (continued)

The estimated useful lives for the current and corresponding periods are as follows:

Leasehold Improvement	Leased terms on a straight line basis
Motor Vehicles	20%
Equipment and Furniture	20%

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

(d) De-recognition

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Intangible Assets

Software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life not exceeding five years, from the date that it is available for use. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

(j) Leased assets – Lessee

Leases in terms of which the Bank assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and they are not recognized on the Bank's balance sheet.

Notes to the financial statements *(continued)*

Significant accounting policies *(continued)*

(k) Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) Deposits

Deposits are initially measured at fair value, with fair value plus transaction costs, and subsequently measured at their amortized cost using the effective interest method.

(m) Provisions

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognized when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Bank from are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognizes any impairment loss on the assets associated with that contract.

(n) Financial guarantees

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Notes to the financial statements *(continued)*

Significant accounting policies *(continued)*

Financial guarantees *(continued)*

All financial guarantee liabilities are disclosed by way of notes in the financial statements and are only included in other liabilities if the liability has crystallized or becomes probable that it will crystallize.

(a) Employee benefits

(i) Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services provided.

A provision is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Bank has a present legal and constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be reliably estimated.

(ii) Defined contribution plans

The Bank pays contributions to the National Social Security and Welfare Corporation on a mandatory basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

(iv) Provident fund

The Bank also operates a provident fund scheme (Staff Investment Fund Account – SIFA), which by its nature is a defined contribution scheme to which it contributes 2% of employees basic salary in addition to the 2% contribution made by the employee themselves. The provident fund is administered by the Trustees to the fund under the rule of the fund. Employees receive their contributed benefits plus a portion or all of Management's contribution (based on the length of time they stay with the Bank) when they leave the services of the Bank.

(b) Share capital and reserves

Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Notes to the financial statements *(continued)*

Significant accounting policies (continued)

(c) Earnings per share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(d) Changes in accounting policies and disclosures

New and amended standards not yet adopted by the Bank

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective.
These include the following Standards and Interpretations that may have an impact on future financial statements.

Standard/Interpretation		Effective date
IFRS 9	Financial Instruments	1 January 2018
Annual Improvements 2015-2017 Cycle	Annual Improvements	31 December 2017
IFRS 15	Revenue from contract with customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contract	1 January 2021

IFRS 9 (2014) Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

New and amended standards not yet adopted by the Bank

Annual Improvements to IFRS Standards 2015 – 2017 Cycle

The International Accounting Standards Board issued 'Annual Improvements to IFRS Standards 2015 – 2017 Cycle' in December 2017. These are minor amendments affecting IFRS 3, 'Business combinations', IFRS 11, 'Joint arrangements', IAS 12, 'Income taxes', and IAS 23, 'Borrowing costs'.

Notes to the financial statements *(continued)*

Significant accounting policies (continued)

Amended Standard	The amendments clarify that:
FRS 3 *Business Combinations*	A company re-measures its previously held interest in a joint operation when it obtains control of the business.
FRS 11 *Joint Arrangements*	Company does not re-measure its previously held interest in a joint operation when it obtains joint control of the business.
IAS 12 *Income Taxes*	A company accounts for all income tax consequences of dividend payments in the same way.
IAS 23 *Borrowing Costs*	A company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The amendments are effective from 1 January 2019, with early application permitted.

Clarifying measurement of previously held interest in obtaining control over a joint operation under IFRS 3.

The amendments clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at of the acquisition date. The amendments are effective for business combinations with acquisition date on or after the beginning of annual periods beginning on or after 1 January 2019. Earlier application is permitted.

Clarifying measurement of previously held interest in obtaining joint control over a joint operation under IFRS 11

The amendments clarified that the party obtaining joint control of a business that is a joint operation should not re-measure its previously held interest in the joint operation. The amendments are effective for transactions resulting in obtaining joint control on or after the beginning of annual periods beginning on or after 1 January 2019 and is not expected to have a significant impact on the Bank.

Income tax consequences under IAS 12 of payments on financial instruments classified as equity

The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits were recognized. These requirements apply to all income tax consequences of dividends.

Previously, it was unclear whether the income tax consequences of dividends should be recognized in profit or loss, or in equity, and the scope of the existing guidance was ambiguous. The IASB Board noted that the amendments do not suggest that an entity recognises in profit or loss the income tax consequences of all payments on financial instruments classified as equity. Rather, the tax consequences are recognized in profit or loss only when an entity determines payments on such instruments are distributions of profits (that is, dividends). An entity may need to apply judgement in making this determination. These amendments should be applied for annual periods beginning on or after 1 January 2019 to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period are not expected to have a significant impact on the Bank.

Borrowing costs eligible for capitalization under IAS 23

The amendments clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. These amendments should be applied prospectively for borrowing costs incurred on or after the beginning of annual periods beginning on or after 1 January 2019 is not expected to have a significant impact on the Bank.

- As the costs of retrospective application might outweigh the benefits, the changes are applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

Notes to the financial statements *(continued)*

Significant accounting policies (continued)

IFRS 15 Revenue from contracts with customers

In May 2014, the IASB issued *IFRS 15 Revenue from Contracts with Customers*, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases).

Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers.

The Bank is currently evaluating its impact.

IFRS 16- Leases

The IASB issued the new standard for accounting for leases – IFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However, it requires lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise "short-term" leases and leases of "low-value" assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach.

The Bank does not anticipate early adopting IFRS 16 and is currently evaluating its impact.

Summary of Other Changes to IFRS

The following new or amended standards are not expected to have a significant impact of the Bank's financial statements.

- *Classification and Measurement of Share-based Payment Transactions* (Amendments to IFRS 2 *Share-Based Payment*) (effective for annual periods beginning on or after 1 January 2018)
- *Annual Improvements to IFRS Standards 2015-2015 Cycle* (effective for annual periods beginning on or after 1January 2018) See above.
- IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Considerations* (effective for annual periods beginning on or after 1 January 2018)
- IFRS 17 *Insurance contracts* (effective for annual periods beginning on or after 1 January 2021)
- IAS 40 (Amendments) *Transfers of Investment Property* (effective for annual periods beginning on or after 1 January 2018)

Notes to the financial statements *(continued)*

Significant accounting policies (*continued*)

4. Financial risk management

(a) Introduction and overview

The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks
- Operational risks

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework.

The Board of Directors is responsible for articulating the risk management policies of the Bank to enable informed decision making and approval, and establish/maintain an appropriate environment for risk management in the Bank. All UBA employees involved in the creation and management of risk exposures are required to comply at all times with the risk management policies, and procedures as approved. Compliance is monitored on an ongoing basis by the Bank's Internal Audit Unit.

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions, products and services offered.

The Board of Directors is also responsible for monitoring the adequacy of the accounting and other records and internal control systems. Its functions include:

- examining how management ensures and monitors the adequacy, quality and objectivity of the financial records including external reports to shareholders and regulators;

- reviewing statutory accounts and published financial statements.

- reviewing the accounting policies of the Bank.

(b) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and investment securities. For risk management reporting purposes, the Bank considers and consolidated all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

The Board of Directors has delegated responsibility for the management of credit risk to its Board Credit Committee and Management Credit Committee.

Significant accounting policies (continued)

Notes to the financial statements *(continued)*

(b) Credit Risk (continued)

Key ratios on loans and advances

The total loans loss provision made by the bank constitutes 1.2% (2017: 2%) of the gross loans.
UBA NPL (non-performing loans) Ratio: 6.3% (2017: 8.5%)

Management of credit risk

The Board Credit committee under delegated authority is responsible for the following:

- Facilitate the effective management of credit risk by the Bank;
- approve credit risk management policies, underwriting guidelines and standard proposals on the recommendation of the Management Credit Committee (MCC);
- approve definition of risk and return preferences and target risk portfolio;
- approve the Bank's credit rating methodology and ensure its proper implementation;
- approve credit appetite and portfolio strategy;
- approve lending decisions and limit setting;
- approve new credit products and processes;
- approve assignment of credit approval authority on the recommendation of the Management Credit Committee (MCC);
- approve credit facility requests and proposals within limits defined by UBA Bank Plc's credit authorities;
- recommend credit facility requests above stipulated limit to the Board;
- review credit risk reports on a periodic basis;
- approve credit exceptions in line with Board approval; and
- make recommendations to the Board on credit policy and strategy where appropriate.

The Management Credit Committee shall be responsible for managing credit risks in the Bank. The members of the committee shall include all group heads and Head of Credit Risk. This Committee is responsible for the following:

- review Credit Policy recommendations for Board approval;
- approve individual credit exposure in line with its approval limits;
- agree on portfolio plan/strategy for the Bank;
- review monthly credit risk reports and remedial action plan; and
- coordinate the Bank's response to material events that may have an impact on the credit portfolio.

The Bank is required to implement credit policies and procedures, with credit approval authorities delegated from the Board Credit Committee.

Notes to the financial statements *(continued)*

Financial risk management (continued)

Impairment assessment

For accounting purposes, the Bank uses an incurred loss model for the recognition of losses on impaired financial assets. This means that losses can only be recognized when objective evidence of a specific loss event has been observed. Triggering events include the following:

- a breach of contract such as a default of payment;
- where the Bank grants the customer a concession due to the customer experiencing financial difficulty;
- it becomes probable that the customer will enter bankruptcy or other financial reorganization; and
- other observable data that suggests that there is a decrease in the estimated future cash flows from the loans.

This approach differs from the prudential guideline method stipulated by the Central Bank of Liberia.

Individually assessed allowances

The Bank determines the allowances appropriate for each individually significant loan or advance on an individual basis, taking into account any overdue payments of interests, credit rating downgrades, or infringement of the original terms of the contract. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance if it is in a financial difficulty, projected receipts and the expected payout should bankruptcy ensue, the availability of other financial support, the realizable value of collateral and the timing of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Collectively assessed allowances

Allowances are assessed collectively for losses on loans and advances and for held-to-maturity debt investments that are not individually significant (including credit cards, residential mortgages, government debt and unsecured consumer lending) and for individually significant loans and advances that have been assessed individually and found not to be impaired.

The Bank generally bases its analyses on historical experience. However, when there are significant market developments, regional and/or global, such as the market turmoil in 2007/2008, the Bank would include macroeconomic factors within its assessments. These factors include, depending on the characteristics of the individual or collective assessment: unemployment rates, current levels of bad debt, changes in the law, changes in regulation, bankruptcy trends, and other consumer data. The Bank may use the aforementioned factors as appropriate to adjust the impairment allowances.

Allowances are evaluated separately at each reporting date with each portfolio. The collective assessment is made for groups of assets with similar risk characteristics, in order to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in the individual loans assessments.

Notes to the financial statements *(continued)*

Financial risk management (continued)

The collective assessment takes account of data from the loan portfolio (such as historical losses on the portfolio, levels of arrears, credit utilization, loan to collateral ratios and expected receipts and recoveries once impaired) or economic data (such as current economic conditions, unemployment levels and local or industry–specific problems). The approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance is also taken into consideration. Local management is responsible for deciding the length of this period, which can extend for as long as one year. The impairment allowance is then reviewed by credit management to ensure alignment with the Bank's overall policy.

Impaired loans

Impaired loans are those for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement(s). These loans are graded OLEM to loss in the Bank's internal credit risk grading system.

Past due but not impaired loans

Loans where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Bank.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Allowances for impairment

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy

The Bank writes off a loan balance (and any related allowances for impairment losses) when the Board Credit Committee determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, charge off decisions generally are based on a product specific past due status.

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to Banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held at 31 December 31, 2017.

Notes to the financial statements *(continued)*

Financial risk management (continued)

Credit risk (continued)

Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a company to honor its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions the Bank mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval/limit monitoring process described earlier.

Country analysis

The following note incorporates the Banks' credit risk exposures, geographical concentrations of assets, liabilities and off balance sheet items disclosures and its secondary segments.

31-Dec-18 *In thousands of Liberian Dollars*	**2018** **In Liberia**	 **Outside Liberia**	2017 In Liberia	 Outside Liberia
Assets				
Cash and cash equivalents	**4,714,982**	2,375,181	3,268,222	**1,836,694**
Other asset accounts	**592,080**	**-**	545,165	-
Loans and advances	**4,075,943**	**-**	2,450,045	-
Tax receivable	**17,984**	**-**	-	-
Property and equipment	**186,925**	**-**	174,444	-
Intangible asset	**6,026**	**-**	6,249	-
Deferred tax assets	**-**	**-**	48,911	-
Investment securities	**3,109,988**	**-**	1,120,457	-
	12,703,926	**2,375,181**	7,613,493	1,836,694
Liabilities				
Due to customers	**11,949,621**	-	7,309,646	-
Other liabilities	**1,025,105**	**-**	376,592	-
	12,974,726	**-**	7,686,238	-
Operating income	**1,152,782**	**-**	845,561	-

Cash and cash

The Bank is managed locally, and they operate in Liberia only. The Bank's exposure to credit risk is therefore concentrated in these areas.

Notes to the financial statements *(continued)*

(c) Liquidity Risk

Liquidity risk is the risk that the bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial asset.

Management of liquidity risk

The bank's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the bank's reputation. Cash Management Center (CMC) receives information from the various branches regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. CMC then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the bank as a whole. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and severe market conditions. All liquidity policies and procedures are subjected to review and approval by ALCO. The bank relies on deposits from customers and other banks, and issue loans and advances as its primary sources of funding.

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose liquid assets are considered as including cash and cash equivalents including investment securities for which there is an active and liquid market. Details of the reported Bank percentage of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

	2018	2017
	%	%
At 31 December	85	87
Average for the period	87	87
Maximum for the period	95	95
Minimum for the period	79	79

Notes to the financial statements *(continued)*

Financial Risk Management (continued)

Liquidity Risk *(continued)*

Residual contractual maturities of financial liabilities

31-Dec-18	**Gross Nominal Inflow/ (outflow)**	0 to 3 Months	3 to 6 months	6 to 12 months	Over 12 Months
Cash and cash equivalents	**7,090,163**	7,090,163	-	-	-
Other assets	**592,080**	500,914	25,440	12,446	53,280
Loans and advances	**4,075,943**	1,937,352	574,240	433,465	1,130,886
Investment securities	**3,109,988**	-	-	-	3,109,988
	14,868,173	**9,528,428**	**599,680**	**445,911**	**4,294,153**
Non-derivative liabilities					
Deposits from customers	**11,949,621**	11,373,771	-	575,850	-
	11,949,621	11,373,771	-	575,850	-
	2,918,552	**(1,845,343)**	**599,680**	**(129,939)**	**4,294,153**

31-Dec-17	Gross Nominal Inflow/ (outflow)	0 to 3 Months	3 to 6 months	6 to 12 months	Over 12 Months
Cash and cash equivalents	5,104,916	5,104,916	-	-	-
Trade and other receivables	545,165	447,776	4,620	19,038	73,731
Loans and advances	2,450,045	884,809	538,009	-	1,027,227
	1,120,457	-	-	-	1,120,457
Non-derivative liabilities	9,220,583	6,437,501	542,629	19,038	2,221,415
Deposits from customers	7,309,646	7,023,678	-	285,968	-
	7,309,646	7,023,678	-	285,968	-
	1,910,937	(586,177)	542,629	(266,930)	2,221,415

Notes to the financial statements *(continued)*

Financial Risk Management (continued)

Liquidity Risk *(continued)*

Residual contractual maturities of financial liabilities

The previous table shows the undiscounted cash flows on the Bank's financial liabilities and possible contractual maturity. The Bank's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance.

The Gross nominal inflow/ (outflow) disclosed in the previous table is the contractual, undiscounted cash flow on the financial liability or commitment.

The carrying amount is equal to the gross nominal amount as the carrying amount has not been discounted due to the short period of maturity of the deposits.

Contingent Liabilities

The tables that follow highlight those financial commitments not presented on the consolidated statement of financial position but are treated as off balance sheets items. These transactions represent third party obligations that can crystallize in future and are generally not directly dependent on the customers' credit worthiness.

These transactions include Performance Bonds and Guarantees, Letters of Credit, and Bankers' Acceptances. As stated earlier, these instruments are contingent in nature and carry the same credit risk as loans and advances. The Group ensures that off-balance sheet exposures are subjected to detailed credit analysis.

Notes to the financial statements *(continued)*

Financial Risk Management (continued)

Liquidity Risk *(continued)*

Contingent Liabilities

31-Dec-18	Gross Nominal Inflow/ (outflow)	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 12 Months
Performance bonds & Guarantees	**614,095**	**9,479**	**79,996**	**24,712**	**237,709**	**262,199**
Letters of credits	**988,658**	**230,585**	**447,654**	**310,419**	**-**	**-**
	1,602,753	**240,064**	**527,650**	**335,131**	**237,709**	**262,199**
31-Dec-17						
Performance bonds & Guarantees	1,082,042	2,630	1,823	97,078	43,027	937,484
Letters of credits	566,271	189,726	-	125,515	251,030	-
	1,648,313	192,356	1,823	222,593	294,057	937,484

Notes to the financial statements *(continued)*

Financial Risk Management *(continued)*

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/ issuer's credit standing) will affect the bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

In thousands of Liberian Dollar	Total	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years
31-Dec-18					
Cash and cash equivalents	**7,090,163**	**7,090,163**	**-**	**-**	**-**
Loans and advances	**4,075,943**	1,937,352	574,240	433,465	1,130,886
Investment securities	**3,109,988**	-	-	-	3,109,988
Total financial assets	**14,276,094**	**9,027,515**	**574,240**	**433,465**	**4,240,874**
Deposits from customers	**11,949,621**	11,373,771	-	575,850	-
Total financial liabilities	**11,949,621**	11,373,771	-	575,850	-
	2,326,473	**(2,346,256)**	**574,240**	**(142,385)**	**4,240,874**

	Total	Less than 3 months	3 to 6 months	6 to 12 Months	1 to 5 years
31-Dec-17					
Cash and cash equivalents	5,104,916	5,104,916	-	-	-
Loans and advances	2,450,045	884,809	538,009	-	1,027,227
Investment securities	1,120,457	-	-	-	1,120,457
Total financial assets	8,675,418	5,989,725	538,009	-	2,147,684
Deposits from customers	7,309,646	7,023,678	-	285,968	-
Total financial liabilities	7,309,646	7,023,678	-	285,968	-
	1,365,772	(1,033,953)	538,009	(285,968)	2,147,684

Notes to the financial statements *(continued)*

Financial Risk Management *(continued)*

Market risk *(continued)*

Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities and advances to customers to manage the overall position arising from the Bank's non-trading activities.

Exposure to other market risk – non-trading portfolios

Credit spread risk not relating to changes in the obligor/issuer's Credit Standing on debt securities held by treasury and equity price risk is subject to regular monitoring by credit risk, but is not currently significant in relation in the overall results and financial position of the Bank.

(c) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Bank. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions; requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements; and
- documentation of controls and procedures;

Notes to the financial statements *(continued)*

Financial Risk Management *(continued)*

Operational Risk *(continued*

- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risk identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with Bank standards is supported by a programme of periodic reviews undertaken by internal audit and the results of the internal audit reviews are discussed with the management of the Bank.

f. Capital management

Regulatory capital

The Bank's lead regulator, Central Bank of Liberia sets and monitors capital requirements for the Bank as a whole

In implementing current capital requirements, Central Bank of Liberia requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Bank's regulatory capital is analyzed into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, statutory reserves and other distributable and legal reserve.
- Tier 2 capital, includes the fair value reserve relating to unrealized gains on equity instruments classified as available-for-sale.

Banking operations are categorized as either trading book or Banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank has complied with all external imposed capital requirements throughout the period and there have been no material changes in the Bank's management of capital during the period.

Notes to the financial statements *(continued)*

Financial Risk Management *(continued)*

Capital Management *(continued)*

f1. Capital adequacy ratio

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with section 15 of the New Financial Institutions Act (FIA) 1999 the Bank must maintain a minimum ratio of 10%.

In thousands of Liberian Dollars	**2018**	2017
Capital base:		
1. Tier 1 capital		
Issued capital	1,128,769	1,128,769
Translation reserve	668,443	389,580
Retained profit and reserves	307,170	245,602
	2,104,382	1,763,951
2. Tier 2 capital		
Financial instrument with equity option	-	-
	-	-
	2,104,382	1,763,951

Risk weighted asset base

	2018 Amount	**%**	**Weight Amount**	2017 Amount	%	Weight amount
Foreign cash balances	**2,375,181**	20%	**475,036**	1,836,694	20%	367,339
Other assets	**803,015**	100%	**803,015**	545,165	100%	545,165
Loans and advances	**4,075,943**	100%	**4,075,943**	2,450,045	100%	2,450,045
Off-balance items	**1,602,753**	100%	**1,602,753**	1,648,314	100%	1,648,314
	8,856,891		**6,956,746**	6,480,218		5,010,883

Capital adequacy ratio	**30%**	35%

Although maximization of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer term strategic objectives. The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

UBA United Bank for Africa

Notes to the financial statements *(continued)*

f2. Central Bank of Liberia disclosure requirement on Capital Adequacy

Dec 31, 2018

On and off Balance sheet exposure items	Value of exposure (L$' 000)	Risk weighted value (L$' 000)	Risk weighted value without CRM (L$' 000)	Effect of CRM (L$' 000)
Total aggregate On-Balance sheet exposures	**7,254,138**	**3,938,980**	**5,353,994**	**1,415,014**
Total aggregate Off-Balance sheet exposures	**1,602,753**	**1,602,753**	**1,602,753**	**-**
Total aggregate On and Off Balance sheet exposures	**8,856,891**	**5,541,733**	**6,956,746**	**1,415,014**

Dec 31, 2017

On and off Balance sheet exposure items	Value of exposure (L$' 000)	Risk weighted value (L$' 000)	Risk weighted value without CRM (L$' 000)	Effect of CRM (L$' 000)
Total aggregate On-Balance sheet exposures	4,831,904	2,772,641	3,362,549	589,908
Total aggregate Off-Balance sheet exposures	1,648,314	1,648,314	1,648,314	-
Total aggregate On and Off Balance sheet exposures	6,840,218	4,420,955	5,010,863	589,908

Notes to the financial statements *(continued)*

In thousands of Liberia Dollar

5. Interest income

	2018	2017
Cash and cash equivalents	**130,714**	100,665
Loans and advances to customers	**341,933**	236,339
Investment Securities	**80,630**	165,507
Total interest income	**553,277**	502,511
Interest expenses		
Deposits from customers	**(84,826)**	(33,057)
Other interest expenses	**(2,516)**	(2,208)
Total interest expense	**(87,342)**	(35,265)

6. Fee and Commission income

Trade finance and other fees	**52,285**	60,392
Account Service fee	**52,740**	36,620
Fees and Commission	**528,256**	240,333
Net fee and commission income	**633,281**	337,345

Trade finance and other fees relate to income on import and export finance transactions, and other similar transactions. Credit related fees and commission relate to establishment fees earned on loans and advances other than interest income

Account servicing fees relate to fees earned on current account services and related services. Commission on remittances relates to fees earned on activities of the Bank relating to outward and inward remittance service charges on current accounts, and other earnings on similar commission related transactions.

Credit related fees and commission relate to establishment fees earned on loans and advances other than interest income. Other commission and fees relate to income on import and export finance transactions, issue of letters of credit, guarantees and other transactions not included in the other categories.

Notes to the financial statements *(continued)*

7. Net Foreign exchange and trade gains/(loss)

In thousands of Liberia Dollars

	2018	2017
Foreign exchange gain		
Foreign exchange gain	**5,322**	4,319
	5,322	4,319

The foreign exchange net trading loss includes gains and losses from spot transactions and translated foreign currency assets and liabilities.

8. Other operating income

Loan recovery	**-**	-
Other income	**48,244**	36,651
	48,244	36,651

9. Personnel expenses

Basic Salaries	**311,414**	242,869
Pension scheme	**18,587**	13,543
Allowance	**42,533**	29,379
Staff training	**4,269**	12,721
	376,803	278,297

10. Other operating expenses

Occupancy cost	**63,654**	43,808
Repair and maintenance	**27,476**	19,123
Audit fees	**6,426**	3,981
Legal and professional expenses	**4,532**	7,031
Licenses, Subscription & registration	**11,416**	4,660
Ink expenses and computer expenses	**32,017**	29,505
Travel	**50,999**	30,116
Stationery and publication	**2,873**	12,680
Business promotion, advertising and marketing	**11,742**	6,637
Fuel, gas and water	**3,282**	10,630
Director's expense	**29,487**	7,582
Insurance	**6,240**	6,842
Bank charges	**2,111**	1,297
Others	**269,480**	66,060
	521,737	274,470

Fines and penalties paid by the Bank during the period ended December 31, 2018 was nil (2017: nil).

Notes to the financial statements *(continued)*

11. Income tax expense

Recognized in the income statement

(a) Current tax expense:

In thousands of Liberian Dollar

Current year	2018	2017
Current year	**47,558**	62,275
Tax impact of temporary difference:		
Non-deductible expenses	**(2,128)**	16,115
Tax incentives	**72,835**	51,390
Total tax expense	**118,265**	129,780

Reconciliation of effective tax rate

Profit before income tax	**179,833**	252,151
Income tax on loss/profit before tax	**47,558**	62,275
Tax impact of temporary difference:		
Non-deductible expenses	**(2,128)**	16,115
Tax incentives	**72,835**	51,390
Total income tax expense in Income statement	**118,265**	129,780

(b) Current tax account

Balance at 1 January	**43,559**	1,472
Tax charge for the year	**47,558**	62,275
Income tax paid	**(43,559)**	(20,188)
Balance at 31 December	**47,558**	43,559

(c) Deferred tax account

Balance at 1 January	**(48,911)**	(116,416)
Charge for the period	**70,707**	67,505
Balance at 31 December	**21,796**	(48,911)

Notes to the financial statements *(continued)*

(d) Deferred tax asset and liabilities
Recognized deferred tax asset and liabilities

In thousands of Liberian Dollar

Deferred tax assets and liabilities are attributable to the following:

	2018			2017		
	Asset	**Liability**	**Net**	Asset	Liability	Net
Property, plant and equipment	**(1,806)**	**23,602**	**21,796**	(1,334)	25,730	24,396
Deferred income	**-**	**-**	**-**	-	-	-
Tax loss carried forward	**-**	**-**	**-**	(73,307)	-	(73,307)
	(1,806)	**23,602**	**21,796**	(74,641)	25,730	(48,911)

Movement in temporary differences during the year 2018

	Opening balance	Recognized in P/L	Closing balance
Property, plant and equipment	**24,396**	**(2,600)**	**21,796**
Deferred income	**-**	**-**	**-**
Tax loss carried forward	**(73,307)**	**73,307**	**-**
	(48,911)	**70,707**	**21,796**

Movement in temporary differences during the year 2017

	Opening balance	Recognized in P/L	Closing balance
Property, plant and equipment	8,281	16,115	24,396
Deferred income	-	-	-
Tax loss carried forward	(124,697)	51,390	(73,307)
	(116,416)	67,505	(48,911)

12. Dividends

The directors have not recommended dividend payment for the period ended 31 December 2018.

Notes to the financial statements *(continued)*

13. Earnings per share

Basic

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of shares in issue during the period.

In thousands of Liberia Dollars

	2018	2017
Profit attributable to equity holders of the Bank	**61,568**	122,350
Weighted average number of ordinary shares in issue	**1,128,796**	1,128,796
Basic earnings per share(expressed in L$ per share	**0.055**	0.108

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Bank had no category of dilutive potential ordinary shares as at 31 December 2018.

14. Cash and cash equivalents

In Thousand Liberian Dollars

	2018	2017
Cash in hand	**469,117**	314,711
Balances with the Central Bank of Liberia	**4,225,387**	2,946,151
Cash & balances with other banks	**2,395,659**	1,844,054
	7,090,163	5,104,916

The above balances are available for use by the Bank as there are no withdrawal restrictions on them.

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.

Notes to the financial statements *(continued)*

In thousands of Liberia Dollars

	2018	2017
Cash and cash balances with banks	**7,090,157**	5,104,916
Treasury bills and other eligible bills (Note 16)	**3,109,988**	1,120,457
	10,200,145	6,225,373

15. Loans and advances to customers

In thousands of Liberia Dollars	2018	2017
15.1 Analysis by sector		
Individual and private loans	**868,855**	2,232,836
Staff loans	**28,805**	8,187
Public enterprises	**3,249,970**	272,319
Gross loans and advances	**4,147,630**	2,513,342
Less: allowances for impairment	**(50,920)**	(155,822)
Write off	**-**	122,444
Deferred facility fee	**(5,839)**	(5,812)
Interest in Suspense	**(14,928)**	(24,107)
	(71,687)	(63,297)
	4,075,943	2,450,045
15.2 Type of advance		
Loans	**2,645,136**	1,619,427
Overdrafts	**1,502,494**	893,915
	4,147,630	2,513,342
Gross loans and advances		
Less: allowances for impairment	**(50,920)**	(155,822)
Write off	**-**	122,444
Deferred facility fee	**(5,839)**	(5,812)
Interest in Suspense	**(14,928)**	(24,107)
	(71,687)	(63,297)
	4,075,943	2,450,045

Notes to the financial statements *(continued)*

15.3 Allowances for impairment
In thousands of Liberia Dollars

	2018	2017
Specific allowance for impairment		
Impairment losses for the period:		
At 1 January	**13,489**	24,949
Write off	**-**	(18,367)
Charge for the period	**(2,236)**	6,907
Balance at 31 December	**11,253**	13,489
Collective allowances for impairment		
Impairment losses for the period		
At 1 January	**19,889**	117,502
Write off	**-**	(104,077)
Charge/ Recoveries	**19,778**	6,464
Balance at 31 December	**39,667**	19,889
Total	**50,920**	33,378
Impairment Charge for the year		
Specific allowance for impairment	**(8,636)**	6,907
Collective allowances for impairment	**26,178**	6,464
	17,542	13,371

15.4 Central Bank of Liberia prudential regulation on asset quality
In thousands of Liberian dollars

2018

STATUS	Total count	% Total count	Loan Value (Gross) '000	% Total value	Provision amount (Gross) '000	% Total provision
CURRENT	3,604	95.85%	3,885,092	93.67%	38,851	36%
Total Current	3,604	95.85%	3,885,092	93.67%	38,851	36%
Total Performing	3,604	**95.85%**	**3,885,092**	**93.67%**	**38,851**	**36%**
SUB-STANDARD	28	0.74%	230,181	5.55%	46,036	43%
DOUBTFUL	27	0.72%	20,936	0.50%	10,468	10%
LOSS	101	2.69%	11,421	0.28%	11,421	11%
Total NPL	**156**	**4.15%**	**262,538**	**6.33%**	**67,925**	**64%**
Total Performing & NPL	3,760	100.00%	4,147,630	100.00%	106,776	100.0%

2017

STATUS	Total count	% Total count	Loan Value (Gross) '000	% Total value	Provision amount (Gross) '000	% Total provision
CURRENT	3,647	95.75%	2,299,719	91.50%	22,997	29%
Total Current	3,647	95.75%	2,299,719	91.50%	22,997	29%
Total Performing	**3,647**	**95.75%**	**2,299,719**	**91.50%**	**22,997**	**29%**
SUB-STANDARD	28	0.74%	186,164	7.41%	37,233	47%
DOUBTFUL	31	0.81%	17,382	0.69%	8,691	11%
LOSS	103	2.7%	10,076	0.40%	10,076	13%
Total NPL	**162**	**4.25%**	**296,228**	**8.5%**	**56,000**	**71%**
Total Performing & NPL	3,809	100.00%	2,513,342	100.00%	78,997	100.0%

15.5 Sensitivity Analysis of impairment using CBL prudential guidelines on provisioning.
2018

	IAS 39 Provision LR$ '000	CBL Provision LR$ '000	Difference (Credit Risk Reserve) LR$ '000
Loan & Advances: Specific impairment (SoCI)	26,178	11,925	14,255
Loan & Advances: Collective impairment (SoCI)	(8,636)	15,854	(24,490)
Total (SoCI)	17,542	27,779	(10,237)

2017

	IFRS Provision LR$ '000	CBL Provision LR$ '000	Difference(Credit Risk Reserve) LR$ '000
Loan & Advances: Specific impairment (SoCI)	6,907	4,393	2,514
Loan & Advances: Collective impairment (SoCI)	6,464	4,777	1,687
Total (SoCI)	13,371	9,170	4,201

15.5a Impact on Statement of Comprehensive Income

In thousands of Liberian dollars

	2018	2017
Profit/ (Loss) before Tax	**179,833**	252,131
Additional credit risk (provision)/credit	**(10,237)**	4,201
Adjusted Profit/loss Before Tax	**169,596**	256,332

15.5b Impact on Statement of Financial Position

In thousands of Liberian dollars

	2018	2017
Loans	**2,645,136**	1,619,427
Overdrafts	**1,502,494**	893,915
	4,147,630	2,513,342
Gross loans and advances		
Less: allowances for impairment	**(106,776)**	(78,997)
Deferred facility fee	**(5,839)**	(5,812)
Interest in Suspense	**(14,928)**	(24,107)
	(127,543)	(108,916)
Carrying value	**4,020,087**	2,404,426

15.5c Impact on Statement of changes in equity

In thousands of Liberian dollars

2018

Provision based on **CBL** Guidelines	**IFRS** provision recognized in the statement of comprehensive income	Difference between **CBL** & **IFRS**	Total Equity attributable to the Owners of the Bank	New Total Equity attributable to the Owners using CBL provision
27,770	**17,542**	**10,237**	**2,104,382**	**2,094,145**

2017

Provision based on **CBL** Guidelines	**IFRS** provision recognized in the statement of comprehensive income	Difference between **CBL** & **IFRS**	Total Equity attributable to the Owners of the Bank	New Total Equity attributable to the Owners using CBL provision
9,170	**13,371**	**4,201**	**1,763,951**	**1,768,152**

UBA United Bank for Africa

Notes to the financial statements *(continued)*

16. Investment securities

Treasury bills	**3,109,988**	**1,120,457**
CBL bills	**-**	**-**
	3,109,988	**1,120,457**

Treasury bills are debt securities issued by the Government of Liberia through the Central Bank of Liberia. CBL bills are issued by the Central Bank of Liberia. Both bills are held to maturity.

17. Intangible assets

In thousands of Liberia Dollars

Cost	
Balance as at Jan 1, 2017	**14,196**
Addition	5,387
Balance as at December 31, 2017	**19,583**
Balance as at Jan 1, 2018	**19,583**
Addition	2,936
Balance as at December 31, 2018	**22,519**
Amortization	
Balance as at Jan 1, 2017	**9,026**
Current charge	4,308
Balance as at December 31, 2017	**13,334**
Balance as at Jan 1, 2018	**13,334**
Current charge	3,159
Balance as at December 31, 2018	**16,493**
Net book value:	
As at December 31, 2017	**6,249**
As at December 31, 2018	**6,026**

18. Other Assets

	2018	2017
Prepaid expenses	**139,018**	67,260
Sundry receivable	**261,988**	255,036
Others	**191,073**	222,869
	592,079	545,165

Notes to the financial statements *(continued)*

19. Property, plant and equipment

	Leasehold Improvement	Motor vehicles	Equipment & Furniture	Total
Cost:				
Balance as at January 1	113,085	57,804	196,566	367,455
Additions	42,021	119	32,279	74,419
Disposal	-	(4,331)	-	(4,331)
Balance as at December 31, 2017	**155,106**	**53,592**	**228,845**	**437,543**
Cost:				
Balance as at January 1	155,106	53,592	228,,845	457,542
Additions	18,024	-	48,165	66,189
Reclassification	-	19,680	(19,680)	-
Balance as at December 31, 2018	**173,130**	**73,272**	**257,329**	**503,731**
Depreciation				
Balance as at January 1	55,489	39,151	145,502	240,142
Current Charge	(8,460)	11,824	23,924	27,288
Disposal	-	(4,331)	-	(4,331)
Balance as at December 31,2017	**47,029**	**46,644**	**169,426**	**263,099**
Depreciation				
Balance as at January 1	47,029	46,644	169,426	263,099
Current Charge	11,454	11,236	31,017	53,707
Disposal	-	1,680	(1,680)	-
Balance as at December 31,2018	**58,483**	**59,560**	**198,763**	**316,806**
Net book value:				
At -Dec 31, 2017	108,077	6,948	59,419	174,444
At -Dec 31, 2018	**114,684**	**13,712**	**58,566**	**186,925**

Notes to the financial statements *(continued)*

	Leasehold Improvement	Motor vehicles	Equipment & Furniture	Total
Cost:				
Balance as at January 1	106,139	56,026	187,417	349,582
Additions	6,946	17,420	9,149	33,515
Disposal	-	(15,642)	-	(15,642)
Balance as at December 31, 2016	**113,085**	**57,804**	**196,566**	**367,455**
Cost:				
Balance as at January 1	113,085	57,804	196,566	367,455
Additions	42,021	119	32,279	74,419
Disposal	-	(4,331)	-	(4,331)
Balance as at December 31, 2017	**155,106**	**53,592**	**228,845**	**437,543**
Depreciation				
Balance as at January 1	50,502	45,052	128,073	223,627
Current Charge	4,987	9,741	17,429	32,157
Disposal	-	(15,642)	-	(15,642))
Balance as at December 31,2016	**55,489**	**39,151**	**145,502**	**240,142**
Depreciation				
Balance as at January 1	55,489	39,151	145,502	240,142
Current Charge	(8,460)	11,824	23,924	27,288
Disposal	-	(4,331)	-	(4,331)
Balance as at December 31,2017	**47,029**	**46,644**	**169,426**	**263,099**
Net book value:				
At -Dec 31, 2016	57,596	18,653	51,064	127,313
At -Dec 31, 2017	**108,077**	**6,948**	**59,419**	**174,444**

Notes to the financial statements *(continued)*

19. Depreciation and amortisation

In Thousand Liberian Dollars

	2018	2017
Property and equipment	**53,707**	27,288
Intangible assets (Note 17)	**3,159**	4,308
	56,866	31,596

20. Deposits from customers

Demand Accounts	**8,340,068**	4,892,314
Savings Accounts	**3,033,703**	2,131,365
Term Deposits	**575,850**	285,967
	11,949,621	7,309,646

21. Other liabilities

Account payables	**181,224**	111,771
Managers cheque	**94,908**	62,312
Accruals	**30,717**	135,824
Sundry liabilities	**648,902**	23,124
	955,751	333,031

22. Share Capital

Authorized share capital	**2018 No. of shares**	**Proceeds**	No. of shares	2017 Proceeds
20,000,000 of US$ 1 each	**20,000,000**	**20,000,000**	20,000,000	20,000,000
Balance at 31 December	**20,000,000**	**20,000,000**	20,000,000	20,000,000

Issued share capital				
Ordinary shares of US$1 each				
Paid up share capital	**1,128,769**	**1,128,769**	1,128,769	1,128,769

Notes to the financial statements *(continued)*

Reserves:

Retained earnings:

Retained earnings are the carried forward recognized income net of expenses plus current period profit attributable to shareholders.

Cumulative Translation Adjustment:

Cumulative Translation Reserve comprises all foreign exchange differences arising from the translation of the financial statements from the functional currency, which is United States Dollars to the presentational currency (Liberian dollars).

Credit Reserve:

The credit reserve warehouses the difference between the impairment on loans and advances determined using the Central Bank of Liberia prudential guidelines, compared with the incurred loss model used in determining the impairment loss under IFRSs.

Where the loan loss impairment determined using the Central Bank of Liberia prudential guidelines is higher than the loan loss impairment determined using the incurred loss model under IFRSs, the difference is transferred to regulatory credit reserve and it is non-distributable to owners of the Bank.

23. Contingency

Contingent liabilities in respect of off balance sheet items sums up to LR$ **1,602,753,000** as at December 31, 2018 (2017: 1,648,314,000)

24. Acceptances and guarantees

There were no outstanding commitments as at the end of December 31, 2018 (2017: nil).

25. Capital commitment

Commitment for capital expenditure at December 31, 2018 amounted to nil. (2017: nil)

26. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both.

Identity of related parties

The Bank has a related party relationship with its parent body in the group. The parent body owns 100% of the total shareholding of the Bank..

A number of business transactions are entered into with the Group. These include the maintenance of the various accounts on which interests are earned and the payment of certain operating and capital expenditure on behalf of the Bank.

Payments due to the Group as at December 31, 2018 is **L$ 14,903,919** (2017: L$ 104,784,206). Remittance to the Group as at December 31, 2018 is **49,217,959** (2017: nil)

UBA United Bank for Africa

Notes to the financial statements *(continued)*

Executive Directors and Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of United Bank of Africa (Liberia) Limited (directly or indirectly) and comprise the Directors and Senior Management of the Bank.
Remuneration and benefits of Executive Directors and Key Management Personnel are as follows:

	2018	2017
Short-term employee benefits	**L$ 95,743,088**	L$ 83,672,585

27. Events after the post financial position date

Events subsequent to the statement of financial position date are reflected only to the extent that they are material.

On March 25, 2019, the Central Bank of Liberia, at the request of the Liberia Banker's Association, directed commercial banks to conduct an impact assessment on their capital position, of the adoption of IFRS 9 – Financial Instruments. The results of the assessment are due for submission to the CBL no later than June 30, 2019. The impact assessment(s) will be used by the CBL to determine the impact, if any, on the current statutory capital requirements with which each commercial bank must comply. Pending the outcome of the CBL's review, commercial banks may elect to include loan impairment allowances in their financial statements for December 31, 2018, based on the now extant, IFRS 39.

UBA Liberia has opted to estimate the loan impairment allowances in its financial statements for the year ended December 31, 2018, based on the extant IAS 39 standard. The consolidated financial statements of the UBA Group as at December 31, 2018 have been issued under IFRS 9.

There were no other such events as at the date the financial statements were signed.

BRANCHES / CASH CENTERS WITH CONTACT DETAILS		
Name of Branches / Cash Centres	**Location**	**Contacts**
Broad Street	Broad & Nelson Streets, Monrovia, Liberia, Liberia	Mobile: +231-777-909-246 Mobile: +231-884-280-210
Bushrod Branch	Freeport, Bushrod Island, Monrovia, Liberia	Mobile: +231-886-956-194
Paynesville Branch	Red light, Paynesville, Monrovia,, Liberia	Mobile: +231-886-300-323
Congo Town	Tubman Boulevard, Congo Town, Liberia.	Mobile: +231-886-102-314
Ganta	Ganta City, Nimba County, Monrovia, Liberia, Liberia.	Mobile: +231-886-492-476
UNMIL / PAP	United Nations Mission in Liberia Pine African Plaza, Sinkor, Monrovia, Liberia	Mobile: +231-886-422-463
UNMIL / Star Base	United Nations Mission in Liberia, Starbase, Bushrod Island	Mobile: +231-886-543-338
United Methodist University	Ashmum Street, Monrovia, Liberia	Mobile: +231-886-270-165
Royal Hotel	Royal Hotel, 15th Street, Sinkor, Monrovia, Liberia	DL: +231-777-909-246
CUC Cash Centre	Cuttington University Main Campus, Gbarnga, Bong County, Liberia	Mobile: +231-886-102-314

ATM LOCATIONS

S/N	ADDRESSES
1	UBA Paynesville branch - Red light, Paynesville, Monrovia, Liberia
2	LCCBC - Coca-Cola , Plaza Paynesville
3	UBA Congo Town branch - Tubman Boulevard, Congo Town, Liberia
4	Royal Hotel - Royal Hotel, 15th Street, Sinkor, Monrovia, Liberia
5	Murex Plaza, 10th Street, Sinkor, Monrovia, Liberia
6	Orange Plaza, Capital Bye-Pass, Monrovia
7	UMU, Ashmun Street, Monrovia, Liberia
8	UBA Broad Street branch - Broad & Nelson Streets, Monrovia, Liberia, Liberia
9	UBA Bushrod branch – Free port, Bushrod Island, Monrovia, Liberia
10	UN PAP, Sinkor, Monrovia, Liberia
11	UN Starbase, Bushrod Island Monrovia
12	UBA Ganta branch - Ganta City, Nimba County, Monrovia, Liberia, Liberia
13	UBA CUC – Cuttington University Main Campus, Gbarnga, Bong County, Liberia