



# Financial Condition and Future Prospects of uniBank (Ghana) Limited - Updated

Bank of Ghana

July 2018



**Private and confidential**

The Governor  
Bank of Ghana  
1 Thorpe Road, High Street  
P. O. Box GP 2674  
Accra, Ghana

13 July 2018

Dear Sir,

**Financial Condition and Future Prospects of uniBank (Ghana) Limited – Updated**

This report has been prepared primarily from information and data extracted and verified to the extent possible from the financial records and other relevant information maintained by the Bank, pursuant to the scope of work agreed in our engagement letter dated 20 March 2018. The report has also been prepared from the Bank's documents reviewed by us as well as information obtained from interviews conducted with relevant stakeholders.

Our work was limited to the requirements of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) Section 114 (5) and we have not carried out procedures that would constitute an audit in accordance with International Standards on Auditing.

As stated in our engagement letter, unless otherwise stated in our report, we have not sought to verify information contained herein or performed procedures necessary to enable us to express an audit opinion on any of the financial or non-financial information contained in this report. Accordingly, we cannot and do not express an audit (or similar) opinion on the information contained in this report.

We have not obtained formal confirmations from employees of the Bank that they have made available to us all significant information relevant to our report which they have knowledge of. Accordingly, we are unable to determine the extent to which information and explanations provided to us are complete and accurate and the report should be read in that context.

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Please note that our work does not include a full assessment of matters of legal interpretation and regulatory compliance. We, therefore, recommend that you refer these matters to your legal advisers for more detailed evaluation and advice, if needed.

Under no circumstance will KPMG be held liable for any loss, damage, cost or expense whatsoever and however caused, incurred, sustained or arising in respect of this report and the Bank of Ghana will indemnify and hold harmless KPMG and its personnel against any claims, except where such loss, damage, cost or expense is finally determined to have resulted from wilful misconduct or gross negligence on our part.

Therefore you should not, without our prior written consent, refer to or use our name or the report for any other purpose, refer to our report in any investment memorandum, circular or any other document, or make it available or communicate it to any other party.

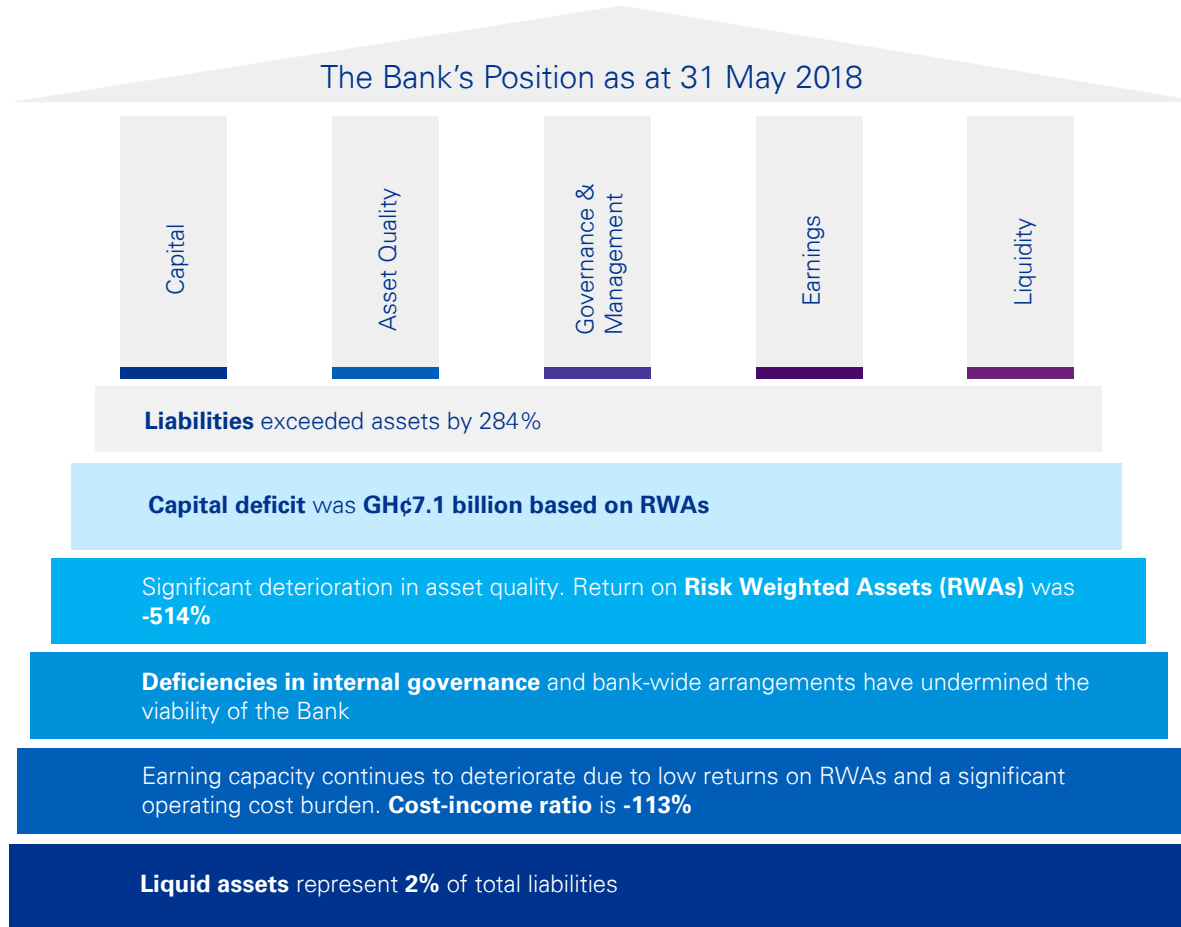
Notwithstanding the above, no obligation or responsibility or duty of care is accepted by us to any other party who may receive a copy or have access to this report.

We thank you for the opportunity to be of service to you.

Yours faithfully,

Nii Amanor Dodoo  
*For KPMG: Official Administrator*

# Key message



The reported solvency position and capital deficit will be impacted by the outcome of:

- 1 Shareholder proposal to repay amounts owed by related entities
- 2 Recovery of loans including Interim Payment Certificates by Government

## Shareholder Proposal

The following proposals have been made by shareholders following demands for repayment of amounts advanced (GH¢3.7 billion) to them:

- Injection of GH¢1 billion not later than mid July 2018
- Injection of GH¢1 billion by end of September 2018
- Assignment of the holding company's (HODA) assets amounting to GH¢4.1 billion to the Bank.

# Impact of shareholders' proposal on capital and solvency of uniBank

**The nature of the shareholders' proposal in response to Official Administrator's demand notice for payment of GH¢5.6 billion (excluding interests) owed by related parties**

The deliverability, credibility and achievability of shareholders' proposal has not been tested



## Impact of Shareholders' proposal on capital and liquidity

- 1 The Bank will have capital deficit of GH¢2.9 billion in the best case scenario
- 2 With the combined impact of all interim payment certificates being paid by Government, the capital deficit of the Bank will improve to GH¢2.2 billion in the best case scenario
- 3 Liquidity of the Bank will improve in the short term with cash injection of GH¢2 billion by September 2018 albeit medium term liquidity challenges will remain

## Solvency Scenarios under shareholder proposals

Three alternative scenarios are presented below based on assumptions that shareholders are able to either partly or fully meet their debts repayment proposals on a non-discounted basis:

### Solvency Scenarios

	May 2018	Scenario 1- Cash impact		Scenario 2-	Scenario 3-	Scenario
	base	Stage 1	Stage 2	50%	25%	4- 0%
	GH¢m	GH¢m	GH¢m	GH¢m	GH¢m	GH¢m
<b>Shareholder Proposal</b>						
Risk weighted asset base (RWA)	1,301	1,159	1,159	1,215	1,215	1,159
Mimumum required capital	130	116	116	122	122	116
Minimum Regulatory Capital	400	400	400	400	400	400
Bank's capital Base	(7,006)	(6,006)	(5,006)	(3,776)	(3,161)	(2,546)
Capital deficit (based on RWA)	(7,136)	(6,122)	(5,122)	(3,897)	(3,282)	(2,662)
Capital deficit (based on minimum required regulatory capital)	<b>(7,406)</b>	<b>(6,406)</b>	<b>(5,406)</b>	<b>(4,176)</b>	<b>(3,561)</b>	<b>(2,946)</b>
<b>Net liabilities</b>	<b>6,781</b>	<b>5,781</b>	<b>4,781</b>	<b>3,551</b>	<b>2,936</b>	<b>2,321</b>
<b>Shareholder Proposal with IPCs and other government related loans</b>						
Capital deficit	<b>(7,136)</b>	<b>(5,654)</b>	<b>(4,654)</b>	<b>(3,429)</b>	<b>(2,814)</b>	<b>(2,194)</b>
<b>Net liabilities</b>	<b>6,781</b>	<b>5,341</b>	<b>4,341</b>	<b>3,111</b>	<b>2,496</b>	<b>1,881</b>

**The Bank's Capital and solvency positions remain deficient under various scenarios of shareholders' proposal and IPCs repayments**

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# Background, objective and scope



## Background

In exercise of its powers under Sections 107 and 108 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) the Bank of Ghana ("BoG"), effective 20 March 2018, appointed KPMG as Official Administrator of uniBank (Ghana) Limited.

The following are the reasons provided by Bank of Ghana for the intervention:

1. uniBank persistently maintained a capital deficit, making it technically insolvent. This contravened the 10% minimum CAR required.
2. uniBank suffered liquidity shortfalls and consistently breached its cash reserve requirement. As a result, uniBank relied extensively on liquidity support of over GH¢2.2 billion from the Bank of Ghana over the past two years to meet its recurring liabilities.
3. uniBank conducted its credit administration in a manner that has jeopardised the interests of depositors and the financial sector as a whole.
4. uniBank failed to comply with a directive of the Bank of Ghana dated 26 October 2017, under section 105 of Act 930, prohibiting the Bank from granting new loans and incurring new capital expenditures.
5. uniBank failed to comply with several other regulatory requirements, including
  - Lending to a number of borrowers in excess of its regulatory lending limit (single obligor limit).
  - Borrowing from the inter-bank market without the written approval of the Bank of Ghana when its CAR was less than the prescribed ten percent (10%), in breach of the BoG regulations.
  - Outsourcing a number of services such as those of tellers, receptionists, and security, to affiliate companies without the prior approval by the Bank of Ghana, contrary to BoG regulations.
  - Refusing to cooperate with the Bank of Ghana in the performance of its supervisory responsibilities, including deliberately concealing some liabilities from its balance sheet, and failing to submit documents and records for supervisory inspection.
  - Engaging in poor corporate governance and risk management practices which rendered the Bank vulnerable to macroeconomic shocks.
  - Generally conducting its affairs in a manner detrimental to the interests of depositors and the financial system as a whole.



## Objective

The objective of the engagement is for KPMG to assume responsibility for the management and direction of the Bank in a manner that ensures stability of the Bank, the safety of depositors' funds and eventually prepare the Bank for recapitalisation.

The Official Administrator's powers in this assignment emanates from the appointing authority and Act 930.



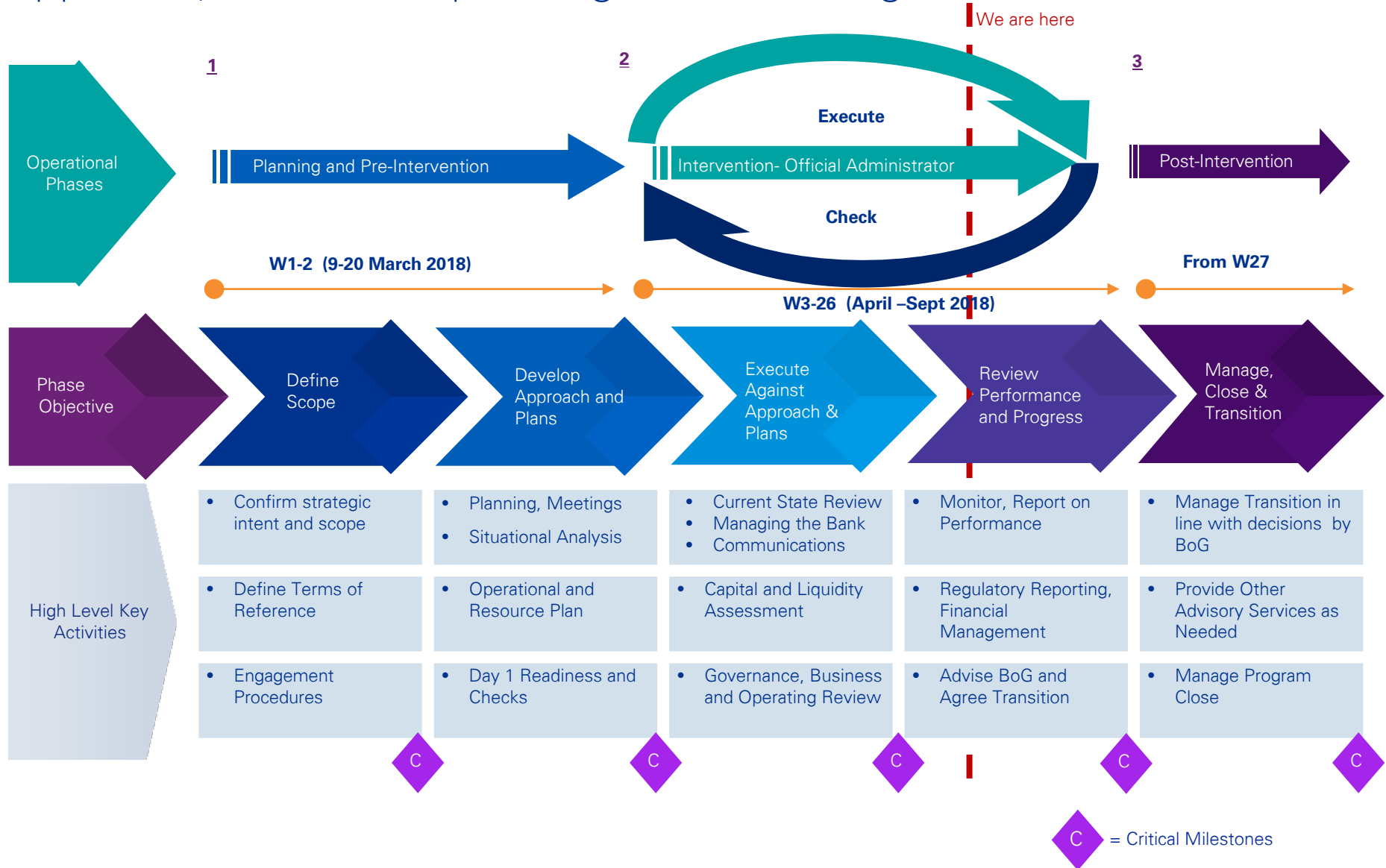
## Scope

The scope of work, which is set out in Section 114 of the Act, will include the following:

1. Perform the functions and responsibilities of the shareholders, directors, and key management personnel of uniBank
2. Manage and operate uniBank in accordance with the relevant sections of BSDI Act and appropriate directives and guidelines of Bank of Ghana as required by law. These include:
  - Carry on the business of uniBank
  - Preserve and safeguard the assets and property of uniBank
  - Implement a plan of action that has been approved by the Bank of Ghana with respect to uniBank
3. Implement a capital structure through a balance sheet restructuring
4. Employ independent attorneys, accountants and relevant consultants to assist KPMG, on such terms as approved by the Bank of Ghana

## Work approach and timelines

# Approach, timelines to planning and executing



## Reporting

# Basis of preparation and presentation

### Terms of reference

This report has been presented in accordance with the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) Section 114 (5). The report contains information about the financial condition of uniBank as at 20 March 2018 and 31 May 2018; and the future prospects of the Bank.

### Report structure

This report has been presented in three main segments:

- **Executive summary** – this summarises the purpose and contents of the report.
- **Main report** – this presents highlights of key observations of the financial condition, current state and future prospects of the Bank as well as the interim resolution options available for consideration.
- **Appendix** – this contains detailed information and schedules supporting the main report.

### Limitations

- Other than where indicated in the report, we have not undertaken any work to establish the reliability of the sources of information made available to us and presented in this report by reference to evidence independent of the Bank or other relevant source.
- The review was based on the Bank's financial information and records as at 20 March 2018 and 31 May 2018 in line with the terms of our engagement letter. We have not carried out procedures on areas not covered in the scope of work agreed with us. The procedures we have performed did not constitute an audit and consequently, no assurance is expressed.
- We cannot confirm the completeness of the Bank's contingent liabilities due to deficiencies in internal record keeping.
- Our work and conclusions drawn are limited by the following:
  - *System implementation* – the Bank completed an upgrade of its core banking application T24 R8 to T24 R15 on 1 July 2016. The Bank noted a lot of issues resulting from this upgrade, some of which remain unresolved. We noted significant differences (GL mismatches) between the detailed listings of balances obtained from the system and the reported balances in the trial balance.

- *Audited accounts for 2017* – the audit of the 2017 financials has not been completed. The auditors pulled out due to unavailability of information.
- The options set out in this report will require further analysis to assess and demonstrate the Bank's sustainability into the future, using practical and realistic assumptions based on decisions that will be reached in consultation with BoG. Once a selection of the desirable option(s) is settled on, additional work will be done using realistic assumptions to provide additional and other relevant information, in sufficient detail, to support the selected option(s).

### Restriction

- This report is provided solely for the benefit of Bank of Ghana (BoG) and should not be copied, quoted or referred to in whole or in part without our prior written consent. We will not accept responsibility to any other party to whom our report may be shown or who may acquire a copy of our report.
- Unless otherwise specifically stated in the engagement letter, any advice or opinion (deliverable) relating to the provision of this Service is provided solely for your use and benefit.
- Should you wish to disclose or refer to such deliverable in any way, including but not limited to any publication on any electronic media, to any third party, you are required to notify such third party of the fact that the said deliverable has been provided to you for your sole use and benefit and is based on specific facts and circumstances provided by uniBank (Ghana) Limited and pursuant to KPMG's Standard Terms and Conditions of Service.
- Such third party may not rely on such deliverable and KPMG to the fullest extent possible, shall accept no responsibility or liability to that third party in connection with our Services.
- During the supply of our Services, we may supply oral, draft or interim advice, reports or presentations but in such circumstances our written advice or final written report shall take precedence. No reliance should be placed by you on any oral, draft or interim advice, reports or presentations. Where you wish to rely on oral advice or an oral presentation, you shall inform us and we will provide documentary confirmation of the advice.
- KPMG shall not be under any obligation in any circumstance to update any advice or report, oral or written, for events occurring after the advice or report has been issued in final form.



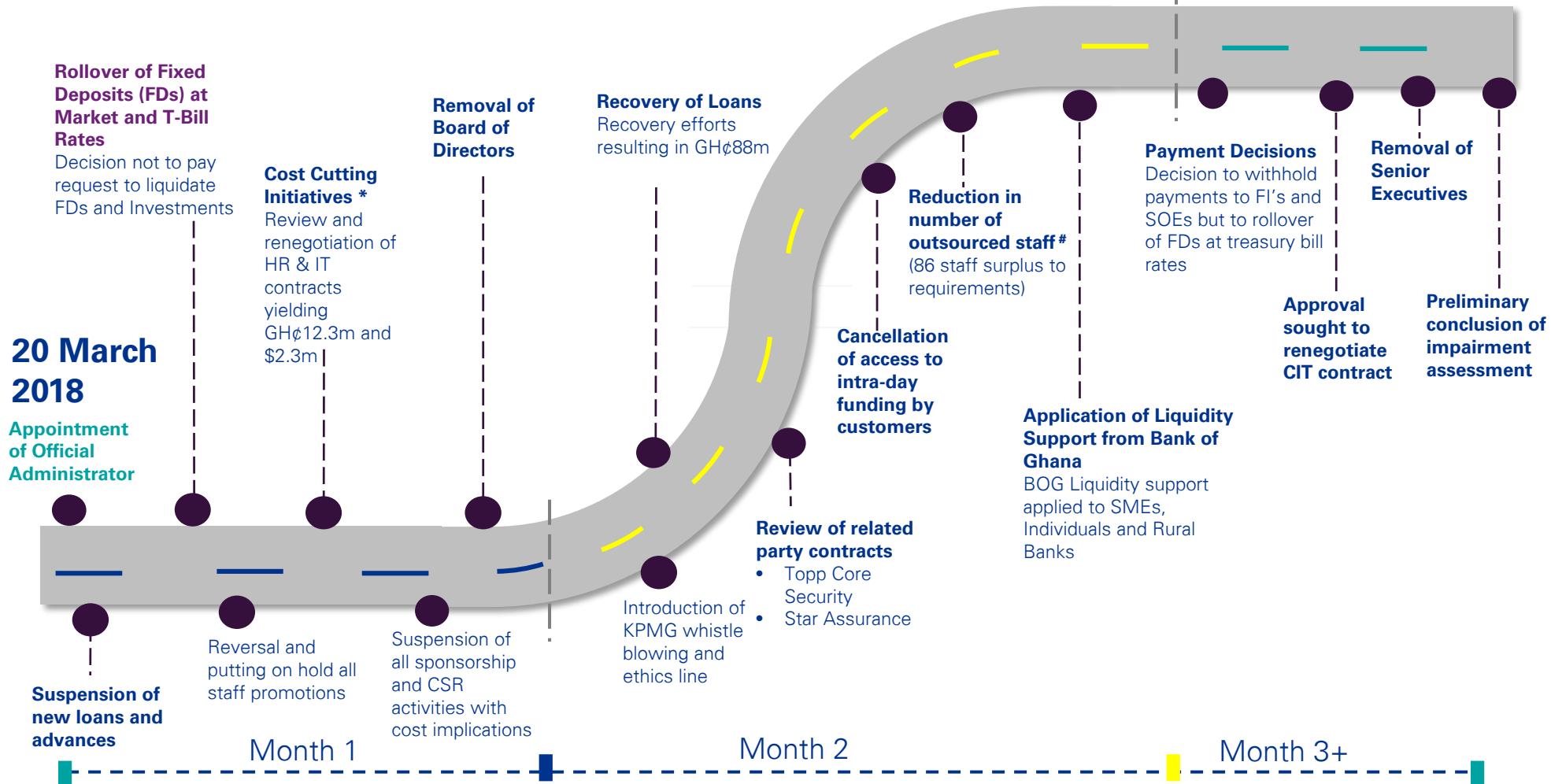


# Executive summary

- Introduction
- Financial condition
- Operational considerations
- Systemic considerations
- Resolution options
- Next steps

# Official Administrator - key decisions and actions

The Official Administrator in consultation with the Bank of Ghana has taken certain key decisions to sustain the operations of the Bank under administration



























\* - Some components of the cost savings are one-off whilst others are annualised. Details of cost savings are set out in Appendix 4.1.8( pages 255 to 258).

# - The 86 staff surplus to requirements were voluntarily withdrawn by the outsourcing company (related party).

## Executive summary: Introduction

# Market overview

Whilst elements of peer benchmarking analysis has its limitations, it appears that the bank has a number of underperforming branches, is overstaffed (when including outsourced staff) and has a materially higher cost base than its peers.

Peer benchmarking			Worst ← → Best						
2017	Branches	Staff*							
	28	802	<b>Staff/branch</b>	 28.6	 23.5	 20.8	 16.3	 13.7	 10.5
	67	1,575	<b>Cost/income ratio</b>	 0.7	 0.6	 0.5	 0.5	 0.5	 0.4
	75	1,027	<b>Non-staff costs % opex</b>	 0.7	 0.6	 0.6	 0.5	 0.4	 0.4
	183	1,915	<b>Peer benchmarking</b>						
	39	811	<ul style="list-style-type: none"> <li>High level peer benchmarking have been undertaken, looking at some of the typical operational KPIs against a selected group of local banks.</li> <li>Elements of the benchmarking do not allow direct comparison due to differing operating models. E.g. uniBank's staff number of 878 is significantly understated and does not include a large number of contractors and outsourced staff numbering 990. Most tellers are outsourced.</li> <li>uniBank's staff per branch of 16.3 appears in line with peer average (when outsourced staff are excluded)</li> <li>uniBank has the highest cost-income ratio among its peers, with a ratio of 0.7 compared to best performance of 0.4.</li> </ul>						
	54	878	*Employed staff						

## Executive summary: Financial condition

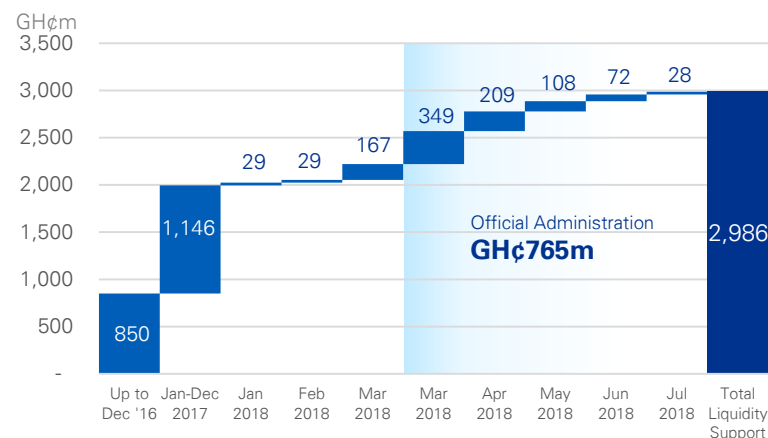
# Balance sheet summary

uniBank had net liabilities, pre impairment, of GH¢82.1m on OA's appointment (20 Mar 2018). This included GH¢3.7bn of advances to shareholders, which was largely funded by GH¢3.9bn of borrowings from banks and other FIs

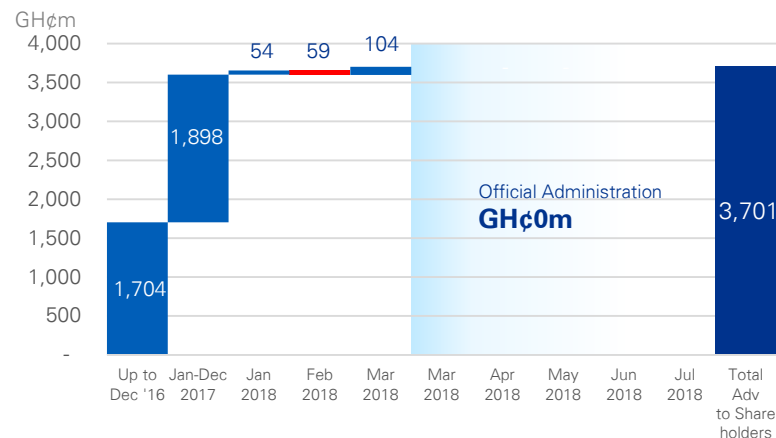
### Balance sheet summary

GH¢'m	31 Dec 16 Audited	31 Dec 17 Mgmt	20 Mar 18 Mgmt	20 Mar 18 Revised	31 May 18 Revised
<b>Assets</b>					
Cash and Bank	604.6	(168.2)	202.0	189.9	117.8
Government Securities	949.7	1,101.8	1,113.4	1,154.3	1,155.7
Due from other Banks and FIs	898.8	376.6	327.8	138.4	149.3
<b>Loans &amp; advances to customers</b>					
Gross loans & advances	3,052.0	3,119.9	3,466.4	4,134.3	4,195.3
Less impairment	(123.7)	(742.0)	(752.0)	(2,959.2)	(3,082.0)
Less interest in suspense	(42.7)	(367.8)	(426.3)	(426.3)	(457.6)
Net loans & advances	2,885.5	2,010.2	2,288.1	748.7	655.7
<b>Advances to shareholders</b>					
Gross advances to shareholders	-	3,967.9	3,698.7	3,730.1	3,701.0
Less impairment	-	-	-	(3,730.1)	(3,701.0)
Net advances to shareholders	-	3,967.9	3,698.7	-	-
Other assets	229.3	449.8	593.2	123.3	136.1
Current tax asset	-	7.9	7.9	7.9	7.9
National Fiscal Stabilisation Levy	-	1.1	1.1	1.1	1.1
PPE	175.2	616.7	608.6	150.2	147.8
Intangible assets	-	-	-	13.2	12.9
<b>Total assets</b>	<b>5,743.2</b>	<b>8,363.8</b>	<b>8,840.8</b>	<b>2,527.0</b>	<b>2,384.3</b>
<b>Liabilities</b>					
Customer deposits	(2,615.9)	(4,283.1)	(4,275.4)	(4,723.2)	(4,049.3)
Due to other Banks and FIs	(2,008.8)	(3,029.7)	(3,602.5)	(3,890.2)	(4,628.1)
Borrowings	(385.3)	(649.6)	(524.7)	(300.2)	(339.4)
Other liabilities	(246.5)	(327.7)	(513.0)	(159.3)	(141.0)
Current tax liability	(1.2)	-	-	-	-
Deferred tax liability	(7.4)	(7.4)	(7.4)	(7.4)	(7.4)
National Fiscal Stabilisation Levy	(0.3)	-	-	-	-
<b>Total liabilities</b>	<b>(5,265.4)</b>	<b>(8,297.6)</b>	<b>(8,923.0)</b>	<b>(9,080.3)</b>	<b>(9,165.2)</b>
<b>Capital &amp; reserves</b>	<b>477.8</b>	<b>66.2</b>	<b>(82.1)</b>	<b>(6,553.2)</b>	<b>(6,780.9)</b>

### Cumulative monthly liquidity support from BoG as at 13 July 2018



### Advances to Shareholders\*

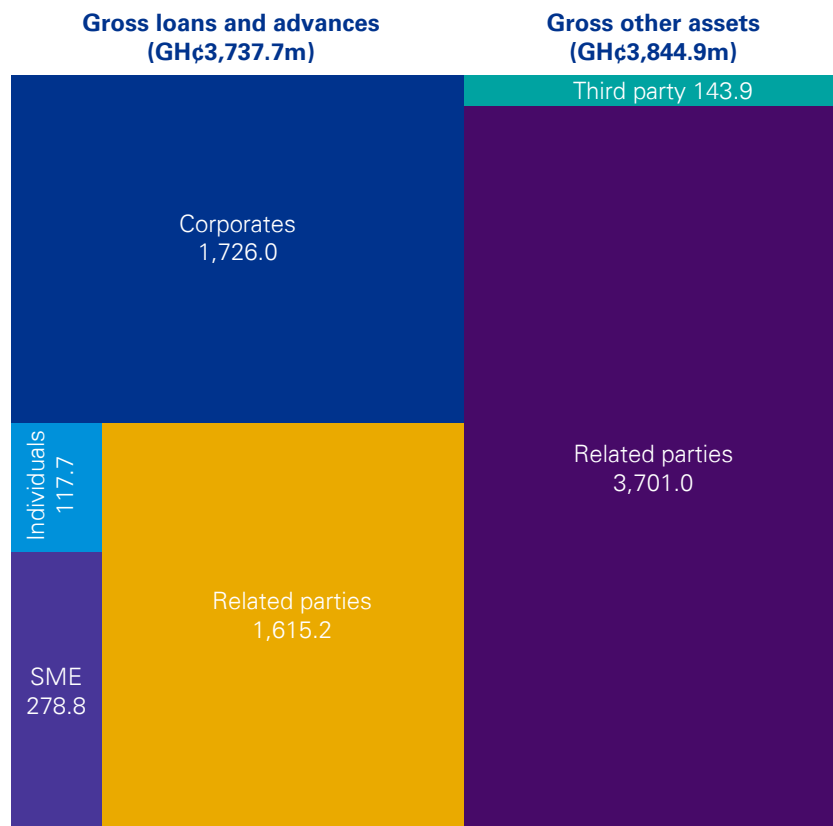


\* Excludes amounts advanced to related and connected entities included in loans and advances of GH¢1,615 million and other amounts totaling GH¢296 million.

## Executive summary: Financial condition (cont.)

# Balance sheet - Loans and advances, and other assets

Gross loans and advances and other assets total GH¢7.6 billion before impairment adjustments, of which GH¢5.3bn (70%) are due from related parties. Post-impairment related parties advances are marked at GH¢117 million.



### Summary of identified related party transactions within loans, advances and other assets

GH¢'m	Gross amount	Related Party		
		Gross Amount	IFRS 9 Impairment	Net Amount
<b>On-balance sheet</b>				
Loans & advances	3,737.7	1,615.2	(1,497.9)	117.3
Other assets	3,844.9	3,701.0	(3,701.0)	-
<b>Sub Total</b>	<b>7,582.6</b>	<b>5,316.2</b>	<b>(5,198.9)</b>	<b>117.3</b>
<b>Off-balance sheet</b>				
Letters of credit & guarantees	491.2	87.0	(1.4)	85.6
<b>Total exposure identified to date</b>	<b>8,073.8</b>	<b>5,403.2</b>	<b>(5,200.3)</b>	<b>202.9</b>

#### 1 Related party loans & advances

GH¢'m	Gross loans
LHS Ghana	199.0
Cassel Energy	188.0
uniPrecision Printing	188.0
POAK Resources	115.0
Numa Logistics	49.0
EIB Network	43.0
Others	833.2
<b>Total</b>	<b>1,615.2</b>
<b>Total net</b>	<b>117.3</b>

#### 2 Related party other assets

GH¢'m	Other assets
Numa Logistics	1,691.0
HODA Holdings	1,480.0
Integrated Properties	123.0
uniPrecision Printing	84.0
LHS Ghana	36.0
Alban Logistics	35.0
Others	252.0
<b>Total</b>	<b>3,701.0</b>
<b>Total net</b>	<b>-</b>

These transactions and loans typically have either incomplete or no loan origination documents, loan documentation mainly approved by the CEO, are suspicious transactions or loans provided to a related party of the shareholder or connected entities.

The loans and transactions have been analysed and the majority of the loans have been adjusted or impaired. Further analysis on related party loans is outlined in the 'Related Party' section.

All numbers as at 31 May 2018

## Executive summary: Financial condition (cont.)

# Balance sheet - overview of third-party loans and advances (TPLs)

**Only GH¢0.4bn of the GH¢2.1bn TPLs are currently classified as performing. This includes c.GH¢52.9m of staff loans (which could become non-performing in the event of uniBank closure or liquidation. 70% of the performing loans mature on or before 31 December 2018**

### Summary of gross loans (under BoG arrears classification)

GH¢'m	Third party	Related party	Total	
<b>Performing</b>				
Current	223.6	-	223.6	
OLEM	134.0	51.9	185.9	
<b>Total performing</b>	<b>357.6</b>	<b>51.9</b>	<b>409.5</b>	<b>16.8%</b>
<b>Non-performing</b>				
Substandard	245.7	67.6	313.3	
Doubtful	190.7	166.8	357.5	
Loss	1,328.6	1,328.8	2,657.4	
<b>Total non-performing</b>	<b>1,765.0</b>	<b>1,563.2</b>	<b>3,328.2</b>	<b>83.2%</b>
<b>Total gross loans</b>	<b>2,122.6</b>	<b>1,615.1</b>	<b>3,737.7</b>	<b>100%</b>

### Summary of third party loans (based on BoG arrears classification)

GH¢'m	Gross loans	Adjustment pre-IFRS 9	Impairment IFRS 9	Net loans	
<b>Performing</b>					
Current	223.6	(5.3)	(2.4)	215.9	
OLEM	134.0	(0.9)	(18.7)	114.4	
<b>Total performing</b>	<b>357.6</b>	<b>(6.2)</b>	<b>(21.1)</b>	<b>330.3</b>	<b>16.8%</b>
<b>Non-performing</b>					
Substandard	245.7	(189.2)	(8.9)	47.6	
Doubtful	190.7	(130.9)	(35.7)	24.1	
Loss	1,328.6	(893.1)	(299.0)	136.5	
<b>Total non-performing</b>	<b>1,765.0</b>	<b>(1,213.2)</b>	<b>(343.6)</b>	<b>208.2</b>	<b>83.2%</b>
<b>Total</b>	<b>2,122.6</b>	<b>(1,219.4)</b>	<b>(364.7)</b>	<b>538.5</b>	

All numbers as at 31 May 2018

### Performing TPLs:

- Third party loans and advances ('TPLs') total GH¢2,122.6m gross of which GH¢357.6m (16.8%) were classified as performing loans. These include c. GH¢52.9m (identified to date) of staff loans which are provided at advantageous rates to market as a staff benefit.

- The net carrying value of TPLs post estimated IFRS9 adjustments is GH¢538.5m, of which GH¢330.3m relates to the loans classified as performing

Analysis of the top 20 performing TPLs (GH¢264.5m, 74% total gross) indicates:

- 35% of borrowers have made repayments, totalling GH¢25m since 1 July '16.
- As at 31 May 2018, 30% of the loans have expired maturity dates, with only one of those loans having made repayments since 1 July '16.
- A further 40% of the loans are due to mature by the end of 2018. Therefore 70% of the loans have either expired or will mature within the next 7 months.
- Naatoa Company Limited has a loan expiry of 29 July 2016. Upon further investigation, it appears the expiry date is incorrect, as this loan relates to an overdraft with recent transactions. As at date of this report the balance of this loan is GH¢(0.2)m.
- uniBank's records did not include contract dates for two loans
- 35% of the loans had perfected collateral totalling GH¢175.9m at MV and GH¢129.7m at FSU.
- Of the loans with perfected collateral, only one has an LTV of below 100%, being Joshob Const Co Ltd, which has a total gross loans of GH¢75.5m.
- Based on the above analysis, the majority of the loans have expired or are scheduled to mature by the end of 2018 with little history of repayments, indicating that the performing loans are of poor quality. Further analysis indicates loans are being refinanced as bullet loans resulting in loans being classified as performing, but may become non-performing in the future

## Executive summary: Financial condition (cont.)

# Balance sheet - overview of third-party loans and advances (TPLs) (cont.)

**Only GH¢0.4bn of the gross loans of GH¢2.1bn TPLs are currently classified as performing. This includes c.GH¢52.9m of staff loans (which could become non-performing in the event of uniBank closure or liquidation). 70% of the performing loans mature on or before 31 December 2018**

### Analysis of non-performing TPLs (based on BoG arrears classification)

GH¢'m	Gross loans	Adjustment pre-IFRS 9	Impairment - IFRS 9	Net loans
<b>Substandard</b>				
Construction	35.5	(7.8)	1.0	28.7
Manufacturing home market	69.1	(62.1)	(1.8)	5.2
Other services	44.9	(40.6)	0.4	4.7
C&F export trade	40.4	(40.2)	(0.2)	0.0
Other sectors	55.8	(38.5)	(8.3)	9.0
<b>Total substandard</b>	<b>245.7</b>	<b>(189.2)</b>	<b>(8.9)</b>	<b>47.6</b>
<b>Doubtful</b>				
Construction	92.5	(52.6)	(21.7)	18.2
Other import activities	43.3	(38.1)	(2.9)	2.3
Other mining activities	17.5	(14.1)	(2.4)	1.0
Other sectors	37.4	(26.1)	(8.7)	2.6
<b>Total doubtful</b>	<b>190.7</b>	<b>(130.9)</b>	<b>(35.7)</b>	<b>24.1</b>
<b>Loss</b>				
Construction	559.1	(300.5)	(190.6)	68.0
Communication	137.4	(88.8)	(18.8)	29.8
Other export items	122.9	(49.6)	(5.1)	68.2
Other import activities	93.1	(43.0)	(44.5)	5.6
Other sectors	416.1	(411.2)	(40.0)	(35.1)
<b>Total loss</b>	<b>1,328.6</b>	<b>(893.1)</b>	<b>(299.0)</b>	<b>136.5</b>
<b>Total</b>	<b>1,765.0</b>	<b>(1,213.2)</b>	<b>(343.6)</b>	<b>208.2</b>

### Non-performing TPLs:

- The portfolio has exposure in a diverse range of sectors and industries. The table opposite provides a summary of non-performing loan exposure by sector.
- Non-performing TPLs accounts for 47.2% of the total gross loans and advances. Further analysis has identified that the bank has a GH¢0.7bn (38.9% of total gross non-performing loans) exposure to the construction and building sector.
- We have analysed the underlying loans in the construction and building sector and identified that a number of borrowers are reliant on government IPCs. The total gross exposure of these loans is c.GH¢0.5bn. The loans have been classified as non-performing (substandard, doubtful and loss, based on BoG classifications) as a result of outstanding receipts from government contracts. The sector issues and outstanding government funding is directly affecting the performance of uniBank's portfolio.
- Our analysis also indicates that borrowers in sectors other than construction are also reliant on receivables from other government institutions. The total quantum of this exposure is c.GH¢0.1bn across various sectors including mining, public institution and business services.
- Based on present value cash flow testing and IFRS 9 impairment testing guidelines, the gross value of the portfolio of GH¢1.8bn has been provisioned by GH¢1.6bn to result in net loans of GH¢0.2bn.

All numbers as at 31 May 2018

## Executive summary: Financial condition (cont.)

# Suspicious transactions review (work ongoing)

**GH¢3.7billion is the current net balance (pre-impairment) in the Other Assets account, it is worth noting that the total debits to this account were GH¢10.8 billion. This represents the value of advances to shareholders under unusual credit terms. There are also GH¢0.6billion additional amounts reclassified to Loans and Advances from Other Assets, under unusual circumstances**

Issue	Comments
<b>Data Capture Transactions</b>	<ul style="list-style-type: none"><li>• Management used the Data Capture (DC) module of the T24 application to sometimes post credits not backed by value to individual accounts. These “credits” were subsequently applied as follows:<ul style="list-style-type: none"><li>• Repayment of loans and advances totalling GH¢473.2 million</li><li>• Transfers to other entities totalling GH¢152.4 million</li><li>• Purchases of fixed deposits in the Bank totalling GH¢89 million</li></ul></li><li>• Examples include transactions (net) in the following accounts: Numa Logistics (GH¢438.5million), HODA Holdings (GH¢168.1million), UNISECURITIES GH LTD-CALL A-CGH¢(GH¢89.7 million), YAW ADDO DEVELOPMENTS LIMITED (GH¢87 million). The bona fide commercial basis for these transactions is yet to be established.</li></ul>
<b>Shares Purchased in ADB</b>	<ul style="list-style-type: none"><li>• Included in the Bank’s BoG cedi accounts were some transfers made to UMB Bank in favour of various entities and individuals between 5 and 6 December 2016 with a total value of GH¢324 million for use by the beneficiaries to purchase shares in Agricultural Development Bank (ADB). These transfers were recorded in the advances to shareholders account as “ADB share purchase”.</li><li>• Funding for this transaction was from a GH¢400 million transfer credited to the Bank’s BoG cedi account by BoG, on the same day the transfer to UMB was made.</li></ul>
<b>Off-balance Sheet Transactions</b>	<ul style="list-style-type: none"><li>• A number of guarantees, which were either solely approved by the CEO of the Bank or jointly with other officials, were omitted from the Bank’s list of guarantees provided by the Risk Department. Most of the beneficiary entities are related or connected parties.</li><li>• The CEO, Dr Kwabena Duffuor II, who is also the Board Chairman of uniPrecision solely approved letters of credit (not collateralised) of \$12 million and \$4.2 million in favour of uniPrecision and Alban Logistics respectively, both related entities.</li></ul>
<b>Sale and lease back arrangements at book values of properties</b>	<ul style="list-style-type: none"><li>• StarLife entered into sale and lease bank arrangements with UniBank for four (4) properties in Kokomlemle, Tema, Techiman and Tamale and paid the Bank the book values of those assets instead of their fair or market values. These properties have been leased to uniBank and rentals at commercial rates are charged and paid.</li></ul>
<b>Diverted AfriExim \$25 million facility meant for LHS and BOST</b>	<ul style="list-style-type: none"><li>• The Bank arranged \$25 million refinancing facility with African Export–Import Bank (AfrExim) for on-lending to LHS and Bulk Oil Storage Transportation (BOST).</li><li>• The Bank utilised the facility arranged for its own purposes and not as indicated in the facility agreement and the balance remains unpaid as at 31 May 2017.</li></ul>
<b>Deferred Expenditure</b>	<ul style="list-style-type: none"><li>• The Bank deferred the recognition of some significant expenses incurred in prior years and are amortising these expenses over a number of years.</li><li>• This was done to enable the Bank present positive financial performance in the periods the expenses were incurred.</li><li>• The total unamortised balance of these expenses as at 20 March 2018 was approximately GH¢165 million.</li></ul>



## Executive summary: Financial condition (cont.)

# Suspicious transactions review (work ongoing)

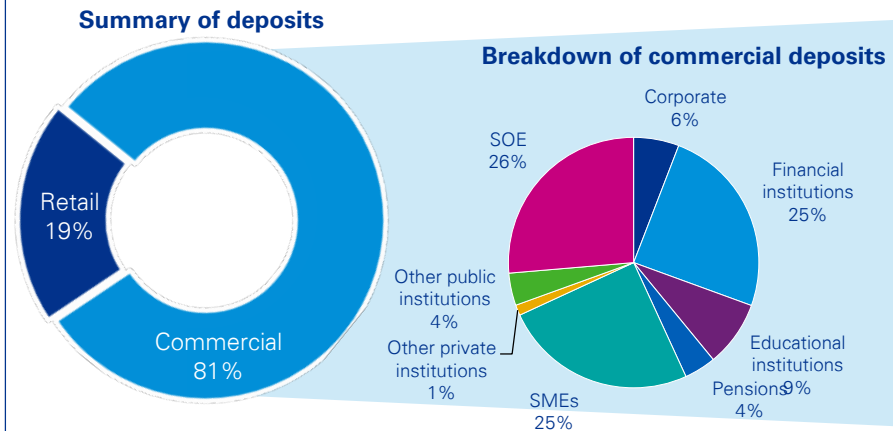
Issue	Finding/Comments
<b>Progress Savings and Loans Limited's Fixed Deposit</b>	<ul style="list-style-type: none"><li>The Bank booked fixed deposit of GH¢12 million in favour of Progress Savings and Loans through the account of Apex Capital Partners Limited. This fixed deposit was not cash-backed and was debited to shareholder advances (Deferred Expenditure-Interest Related) ledger account with associated interest charge.</li><li>Progress Savings &amp; Loans is 100% owned by Apex Capital Partners and Apex Capital Partners is owned principally by Mr Bernard Owusu Twumasi</li></ul>
<b>Assignment of Non-Existent investment of GH¢25 million to Progress Savings and Loans</b>	<ul style="list-style-type: none"><li>uniBank assigned an investment of GH¢25 million purportedly owned by uniSecurities Limited (a related party) to Progress Savings and Loans. Based on this, Progress Savings and Loans gave a loan to uniSecurities. Review of uniBank Fixed deposit listings showed that uniSecurities did not have the investment of GH¢25 million.</li><li>The letter of assignment from uniBank was signed by the Chief Operating Officer, Mr Ekow Dennis and the company secretary Mrs Sylvia Archer. The assignment was renewed and signed by the COO and the Head of Corporate (Mrs Elsie Dansoa Kyereh).</li></ul>
<b>Unsupported Credits of GH¢25 million to Apex Capital Partners Limited Account</b>	<ul style="list-style-type: none"><li>uniBank credited the account (ending with 5131) of Apex Capital Partners with GH¢25 million (GH¢12 million and GH¢13 million) on 31 December 2015 using internal vouchers.</li><li>The account credited was opened on 29 December 2015, two days before the credits. The Relationship Manager, Mr Jerry Afful in an email correspondence described the account as '...a new account for special operations'.</li><li>The total amount of GH¢25 million credited to Apex Capital Partners account was moved to HODA Properties Limited on the same day</li><li>In response to a letter from the Official Administrator seeking information on the deposits, Apex Capital Partners stated in their letter (dated 27 June 2018) that they do not have a bank account with the transaction stated in the request.</li></ul>
<b>Misrepresentations to BoG</b>	<ul style="list-style-type: none"><li>The Bank misrepresented its financial position as at 31 December 2017 in the BSD report submitted to the BoG.<ul style="list-style-type: none"><li>Loans and advances were overstated by approximately GH¢1.3 billion</li><li>Other assets were understated by approximately GH¢3.8 billion</li><li>Customer deposits balance was understated by approximately GH¢2.3 billion</li></ul></li></ul>
<b>Related Party Properties</b>	<ul style="list-style-type: none"><li>Various properties paid for by the Bank and recorded in the Bank's fixed assets register under Capital Work In Progress (CWIP) amounting to GH¢28.2 million were noted as belonging to HODA, Bolton Portfolio Limited, Alban Logistics and StarLife Assurance Company</li><li>For example, the Bank paid GH¢11,812,800 (\$5,136,000) in November 2013 for the acquisition of Meridian House, a property in Accra. This property was later purported to have been sold to StarLife Assurance Company through Kwabena Basoah (a vendor) under a deed of assignment between StarLife Assurance Company and uniBank (Ghana) Limited. StarLife indicated in the deed of assignment that 'the vendor' had requested StarLife to pay \$6.3 million to uniBank for this transaction. StarLife, however, indicated that it paid \$1 million with an offer to transfer two parcels of land to uniBank in exchange for the remaining balance of \$5.3 million. We have not been able to confirm payment of the \$1million to UniBank as the payment sighted was to Dakmak Adel Mustafa.</li></ul>
<b>Payment of facilitation fees</b>	<ul style="list-style-type: none"><li>Facilitation fees (business promotion expenses), calculated as a percentage of some fixed deposits placed with the Bank, were allegedly paid by the Bank to various unnamed officials of the institutions these amounts were collected from. The percentages ranged from 0.35% to 10% on the amounts placed. The total amount paid and recorded between January 2018 and 20 March 2018, which was charged to interest expense, was GH¢20.76 million.</li></ul>

## Executive summary: Financial condition (cont.)

# Balance sheet - key liabilities at 31 May 2018

Funding liabilities include GH¢4bn of deposits, GH¢3.3bn (inc. accrued interest) balances due to bank of Ghana and a further GH¢1.4bn due to other banks. GH¢0.9bn (21%) of deposits were placed by State Owned Entities, with a further GH¢0.8bn (20%) placed by SMEs

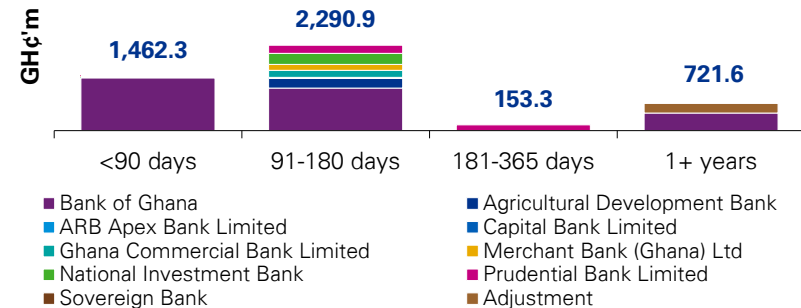
### Analysis of deposits



### Ageing of deposits

GH¢'m	<90 days	91-180 days	181-365 days	1+ years	Total
Individuals	739.2	27.6	21.3	0.1	788.2
SMEs	767.2	21.9	25.0	0.1	814.2
Corporates	180.6	10.0	0.4	0.0	191.1
Financial institutions	661.1	34.6	109.8	-	805.5
Pensions	111.1	6.2	16.3	-	133.6
Education institutions	158.3	106.5	12.4	0.0	277.2
SOEs	841.1	12.4	5.5	-	858.9
Other public institutions	124.8	1.0	10.8	0.0	136.6
Other private institutions	27.1	16.5	0.3	-	43.9
<b>Total</b>	<b>3,610.4</b>	<b>236.6</b>	<b>201.9</b>	<b>0.2</b>	<b>4,049.2</b>

### Ageing of amounts due to banks and FIs



### Amounts due to banks & FIs

GH¢'m	Amount owed
Bank of Ghana	3,254.6
Other banks	1,373.5
<b>Total</b>	<b>4,628.1</b>

## Executive summary: Financial condition (cont.)

# Income statement - overview

Data quality and reporting issues have limited our review of the income statement. uniBank recorded a net operating loss (pre-impairment) of GH¢360m for the five months ended 31 May 2018

### P&L summary

	31 Dec 2016	31 Dec 2017	31 May 2018
GH¢'m	Audited	Mgmt	(Revised)
Interest income	1,347.9	1,405.1	367.2
Interest expense	(1,044.8)	(1,069.7)	(556.7)
<b>Net interest income</b>	<b>303.1</b>	<b>335.5</b>	<b>(189.6)</b>
Fees & commission income	40.3	41.4	10.7
Other operating income	49.5	57.5	10.5
<b>Operating income</b>	<b>392.9</b>	<b>434.4</b>	<b>(168.4)</b>
Operating expenses	(253.0)	(329.6)	(190.9)
<b>Operating profit / (loss)</b>	<b>139.9</b>	<b>104.7</b>	<b>(359.4)</b>
Credit Loss Expense	(80.2)	(618.3)	(6,331.9)
<b>Profit before tax</b>	<b>59.7</b>	<b>(513.5)</b>	<b>(6,691.3)</b>
NFSL	(2.7)	-	-
Income tax expense	(15.2)	-	-
<b>Profit for the year</b>	<b>41.8</b>	<b>(513.5)</b>	<b>(6,691.3)</b>

### Pro forma net interest income (adjusting for excess cost of funds on shareholder advances)

	31 Dec 2016	31 Dec 2017	31 May 2018
GH¢'m	Mgmt	Mgmt	(Revised)
Reported interest income	1,347.9	1,405.1	367.2
Less SPV interest	(27.3)	(73.4)	(33.0)
<b>Adjusted interest income</b>	<b>1,320.5</b>	<b>1,331.8</b>	<b>334.2</b>
Reported interest expense	(1,044.8)	(1,069.7)	(556.7)
Less interest attributable to related party loans	392.1	509.8	318.0
<b>Adjusted interest expense</b>	<b>(652.6)</b>	<b>(559.9)</b>	<b>(238.7)</b>
<b>Adjusted net interest income</b>	<b>667.9</b>	<b>771.9</b>	<b>95.5</b>
<b>Adjusted profit before tax</b>	<b>424.5</b>	<b>(77.1)</b>	<b>(6,406.3)</b>

### Summary

- Net interest income as reported for 2016 and 2017 was over GH¢300 million, leading to a reported net interest income position, however this is misleading since:
  - Interest income being recognised on non-performing loans that should have been considered suspended interest and instead credited in the balance sheet; and
  - SPV interest income on related and connected party loans being recognised, with no associated underlying loan and interest documentation.
- Operating expenses were understated in 2016 and 2017 by GH¢19 million and GH¢43 million respectively owing to non-accrual of certain costs and reversal of transactions on costs previously capitalised in error.
- Credit loss expenses relate to impairments on assets, as follows:
  - GH¢3.7 billion against related and connected party loans; and
  - GH¢2.6 billion against loans now deemed non-performing, including with other financial institutions.
- Significant further work is ongoing to understand and validate P&L balances through this period given the issues found in the reported figures thus far.

### Pro forma net interest income

- Illustrative adjustments have been made to interest income and interest expense to demonstrate an indicative underlying net interest position excluding related and connected party transactions. For the purposes of this analysis 91 day treasury bills rates have been used in the compound interest calculations, the actual rates would likely be much higher.
- Related and connect party loans have been reclassified from other assets and termed SPV loans, with current outstanding capital value of GH¢0.5 billion, the interest being recognised on those loans has been eliminated.
- Interest expense attributable to the funding of related and connected party loans has also been adjusted, again using 91 day treasury bill rates, the indicative impact of this is compound interest expense of c. GH¢1.5 billion in the period since these transactions began in late 2013.

## Executive summary: Financial condition (cont.)

# Income statement - cost base

**2017 run-rate operating expenses were circa GH¢28m per month. To date, circa 21% of the cost base has been identified as incurred with counterparties that are either related or connected to the shareholder**

### Breakdown of operating costs

GH¢'m	31 Dec 16 Audited	31 Dec 17 Mgmt	31 May 18 Mgmt	Related party <sup>1</sup> 2017
<b>Staff costs</b>				
Salaries	43.9	53.5	20.7	3.6
Allowances	9.0	11.4	4.9	-
Other	-	6.8	0.8	-
<b>Total staff costs</b>	<b>52.9</b>	<b>71.7</b>	<b>26.4</b>	<b>3.6</b>
<b>Other op. costs</b>				
Outsourced Services	14.2	26.3	10.5	26.3
Depreciation	16.2	25.6	8.7	-
Fuel and lubricants	19.5	24.4	10.2	0.0
Rent - Offices	14.9	16.0	14.1	0.2
R&M (offices)	11.9	14.2	11.0	11.4
Office utilities	8.4	10.7	4.3	-
Professional Fees	5.6	10.7	3.0	-
CSR	6.9	9.8	2.1	0.5
Promotions	5.2	9.4	1.3	0.0
R&M (vehicles)	5.7	8.8	3.8	-
Local travel	9.1	8.5	1.9	-
Security, CIT	12.6	13.0	7.0	13.0
Social security	5.2	6.4	2.7	-
Clothing & corp image	4.0	5.8	2.0	-
Other costs	60.7	68.2	82.0	9.3
<b>Total other op. costs</b>	<b>200.1</b>	<b>257.9</b>	<b>164.5</b>	<b>60.8</b>
<b>Total operating costs</b>	<b>253.0</b>	<b>329.6</b>	<b>190.9</b>	<b>64.4</b>
<b>Further potential adjustments</b>				
Capitalised and unaccrued costs	19.3	42.9	(62.2)	12.8
<b>Adj. operating costs</b>	<b>272.3</b>	<b>372.5</b>	<b>128.7</b>	<b>77.1</b>

Note 1. Includes related party relationships to date (analysis ongoing)

### Summary

- Operating costs for the year ending 31 Dec 2017 were GH¢373 million, after adding back prior year accruals and incorrectly capitalised expenses of GH¢43 million. This represented a rise of c.50% year on year.
- In the 5 months to end May 2018, operating costs were GH¢129 million, an annualised cost base of c. GH¢310 million, or GH¢26 million per month.

### Level of related and connected party spend

- 21% of the operating cost base is incurred with counterparties that are either related or connected to the existing shareholder.
- Some analysis and assessments have been done to understand the prices being charged by these businesses and compare them to the market, for example:
  - In Outsourced Services costs the contracts with Topp Recruitment, Topp Core Logistics and Topp Core Security use rates that are typically 20-40% higher than market comparators
- Further work is required to provide a detailed analysis of the level and value for money of spend with related and connected parties and to understand the complexity of switching suppliers for these services.

### Other identified cost savings

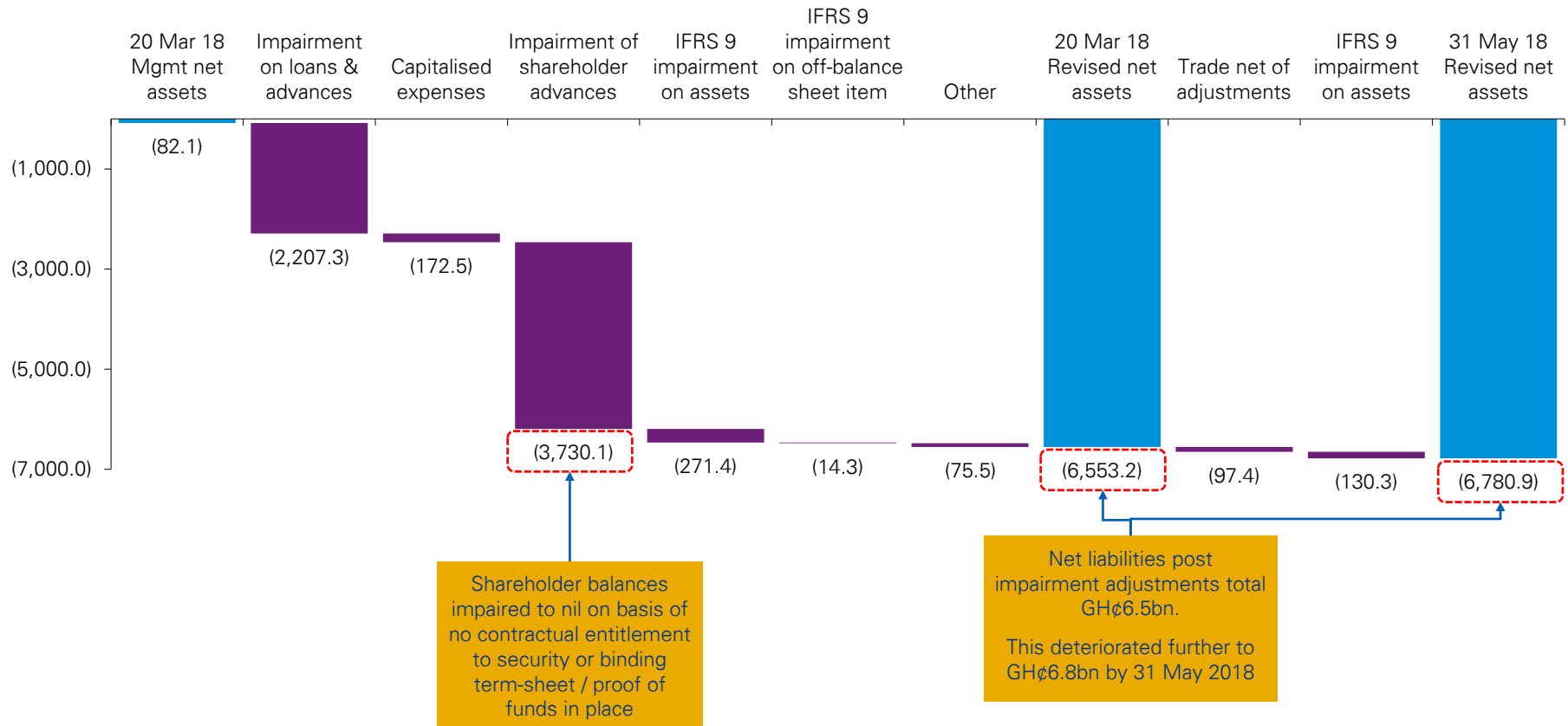
- Since appointment as OA, GH¢14.5 million of annualised cost savings have been executed, largely resulting from reduction of staff and a promotion freeze.
- Further opportunities have been identified for future savings as follows:
  - GH¢4.5 million staff cost recovery from related parties
  - GH¢12.0 million relating to branch rationalisation
  - GH¢2.1 million on vehicle fleet rationalisation
  - GH¢3.0 million on office costs (janitor and office space)
- Again, significant further work is required to fully substantiate the value for money of each cost category and assess further opportunity for cost savings.

## Executive summary: Financial condition (cont.)

# Implications for Bank solvency and liquidity

Based on our work to date, assuming full impairment of shareholder advances within other assets, uniBank is balance sheet insolvent with net liabilities of GH¢6.5bn as at 20 March 2018 (GH¢6.8bn as at 31 May 2018)

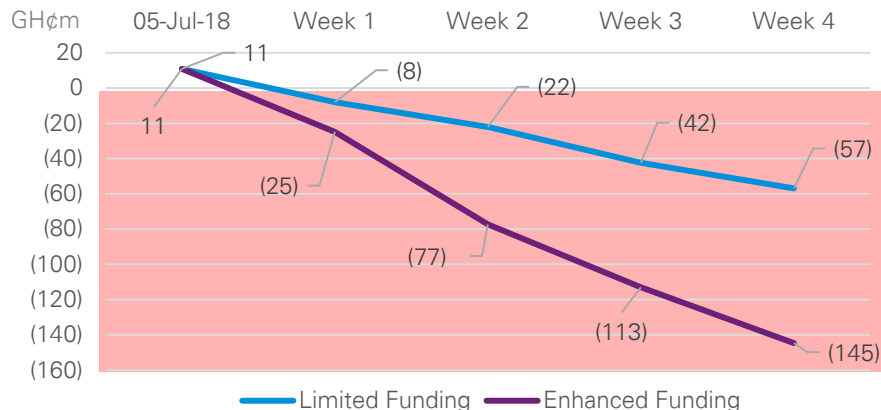
### Bank solvency – adjusted net asset position as at 31 March 2018



# Implications for Bank solvency and liquidity (cont.)

**uniBank is cashflow insolvent absent further BoG support, with minimal current cash balances and building pending obligations of GH¢1.5bn**

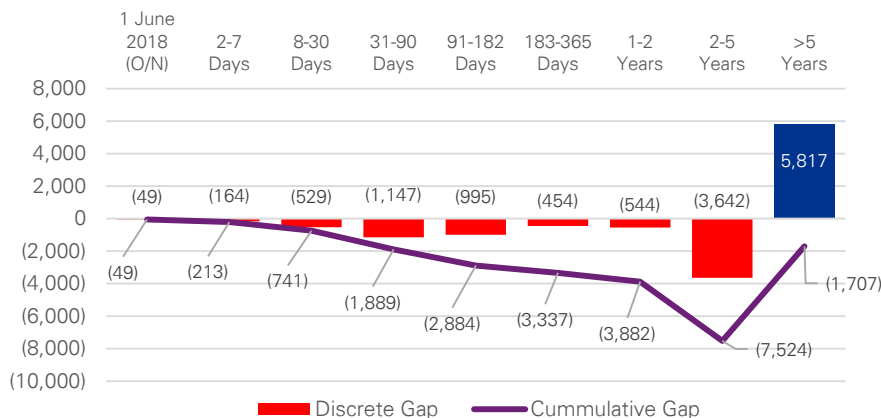
## Net Cash Requirements



## Summary

- The reported amount of GH¢118 million for Cash & Balances with BoG includes Ghana cedi equivalent of foreign currency components amounting to GH¢107 million which is not readily available to meet the Bank’s current local currency liquidity needs. This is due to foreign exchange exposure constraints and rigidities in the clearing, transfer and settlement processes of foreign currency balances held within the jurisdiction. The readily available component is the local currency cash of GH¢11 million.
- The Net Cash Requirements graph opposite depicts two scenarios of estimated cash requirement from BoG over a 30-day period.
- The limited funding scenario relates to meeting only expected withdrawals by individuals, SMEs and Rural Banks per BoG directive. This results in cumulative cash requirement of GH¢57 million over the 30-day period.
- The enhanced funding scenario include all expected withdrawals except interbank and other FIs.
- Pending obligations as at 5 July 2018 increases to GH¢1.5bn, which is detailed in the table below.
- The liquidity gap on a baseline scenario indicates a cumulative requirement of GH¢2.9 billion over the next 6 months.
- The Bank recorded constant breaches of the regulatory 10% cash reserve requirement. The Bank’s cash reserve ratio was 0.1% as at 31 May 2018.
- The increasing cash requirement to meet its pending obligations supports the fact that the Bank is cash flow insolvent.

## Longer term funding requirement – Baseline scenario liquidity gap



## Pending obligations as at 5 July 2018:

Category	Amount GH¢'m	Amount \$'m
Individual	21.9	
Government	535.3	
Non-bank FIs	377.7	0.5
Interbank	437.6	8.5
Foreign Banks -Borrowings	-	1.4
Returned Cheques	92.7	
<b>Total</b>	<b>1,465.2</b>	<b>10.4</b>

# Key management and governance findings

**uniBank's governance and operating framework is broadly fit for purpose but the Board and management have not always adhered to the established framework. The endemic culture of non-compliance has contributed to the continuous deterioration of capital, notably in more recent periods and contributed to the bank's inability to operate a profitable and compliant business**

### Board Operations

The composition and operational policies of the Board did not drive independence and effective oversight of key governance and management activities. The following highlights some key deficiencies:

- **The chairman of the Board served on 5 out of 6 sub-committees** of the Board
- The chairman chaired 3 out of the 5 sub-committees
- **Insufficient numbers of independent non-executive directors** (only 2 out of the 11 directors were identified as independent non-executive)
- 2 members of the Board were directors of 2 other related party regulated/related financial institutions (uniBank and uniSecurities)
- The Board did not follow up on and/or monitor compliance with directives issued to management
- **The Board did not drive ethical compliance across the Bank** (directors and employees did not attest to compliance thereof)

### Credit/Loan Process

The overall credit risk management framework did not function effectively. The low quality of the loan portfolio (related party and non-performing loans) were as result of the following:

- Non-compliance to loan approval limits and responsibilities (**management override**) including making loans after BoG directive to cease in October 2017
- Override of segregation of duties (**single approval of loans**)
- Approval and disbursement of loans to related entities (**unfavourable terms to the bank**)
- Weak collateral management (**lack of collaterals or collaterals not perfected**)
- Weak recovery management process and control, only 43% of top 200 customer balances approved

### Procurement/Expenditure Control

There was no formal risk management framework. Significant noncompliance with governance and operational policies were not identified and/or reported in a timely manner. The following key procurement control breakdowns contributed to the high operational cost:

- The Bank procured and paid approximately GH¢57.6 million to related entities for goods and services from January 2017 to date **without an objective assessment for value for money**
- The Bank incurred Staff cost, excluding medical, training, etc. of approximately GH¢7.4 million for staff that had been seconded to related party companies (HODA and IFS) from January 2017 to date, without it being refunded
- **There was no formal process (IT steering committee) to manage and oversee IT activities** (value for money and alignment with strategy)
- The Board and management did not review significant spend activities in line with the approved budgets
- Inadequate IT controls including access to key systems

### Regulatory Compliance

The activities of the compliance unit did not appropriately mitigate the compliance risks of the Bank. The significant regulatory compliance breaches were as a result of the following:

- The compliance unit did not follow-up with the Board and senior management for directives to respond to significant breaches (**Compliance Reports**)
- The compliance unit did not implement a framework to co-ordinate the accurate and timely issuance of reports to BoG and other institutions
- There was no process to drive a compliance culture across the bank (**no sanctions for compliance breaches and alignment with performance management process**)

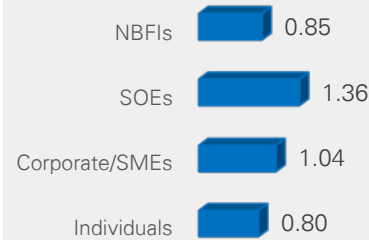
## Executive summary: Systemic considerations

# Systemic considerations and assumed BoG priorities

**uniBank's financial position presents significant systemic risks to Ghana's financial sector stability given the contagion effect it presents. Other financial institutions, pension funds and significant amounts of employees will all be affected**

### Customer Deposits

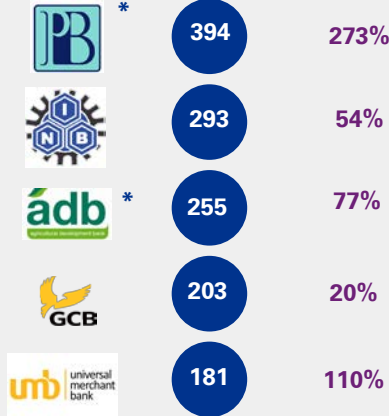
(GH¢'bn)



### GH¢4.1 billion deposits at risk

- Approximately 370,000 individuals could lose their savings, affecting family livelihoods
- Unsecured SOEs will be expected to seek support from the government, these include hospitals, universities and other parastatals
- Of the total deposits of GH¢4.1 billion, GH¢3.5 billion mature within the next 90 days, requiring significant short term funding if guaranteed
- GH¢850 million is owed to pension funds and other non-bank financial institutions

### Gross Exposure (GH¢million)



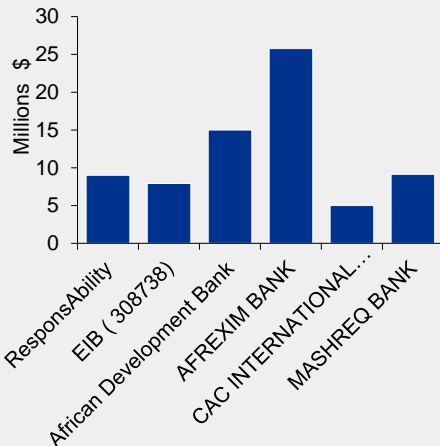
### Shareholder funds %



### Financial institutions impacted

- The implications of uniBank's position may mean that at least four other institutions may be heavily impacted
- There is significant risk of liquidity contagion on these institutions
- Additionally BoG's exposure to uniBank was GH¢3.25 billion at 31 May 2018.

\* Are secured by collaterals of GH¢274 million (Prudential) and GH¢150 million (ADB).



### International exposure

- uniBank owes US\$71.8 million to six international institutions, not paying these balances could significantly erode investor confidence
- Ghana's credit risk rating could be impacted, placing further pressure on the financial sector and wider economy
- Given recent failures of Capital Bank and UT Bank this risk is heightened

### uniBank

Permanent Staff **811**  
 Contract Staff **64**  
 Outsourced Staff **990**  
 National Service **79**

**1,944**  
**uniBank**  
**staff**

### Related Entities

Permanent Staff **1284**  
 Contract Staff **244**  
 Outsourced Staff **200**  
 National Service **20**

**1,748**  
**related**  
**party**  
**employees**

**3,692**  
**employees**  
**impacted**

### Employment and social impact

- In total, an estimated 3,692 employees may be impacted, 1,944 uniBank staff and 1,748 related party employees
- Further individuals affected in other institutions if there is a contagion effect
- 54 branch network covers 9 of the 10 regions in Ghana, including in some remote areas where banking options are limited
- Historically strong CSR impact will be lost, impacting poorer groups and communities



## Executive summary: Resolution options

# Options assessment - context

**To the extent rehabilitation of uniBank is not viable or feasible, options have been considered with respect to both i) facilitating an orderly resolution of uniBank (balancing mitigation of systemic impact vs. cost); and ii) impact on future resolution options for other distressed institutions**

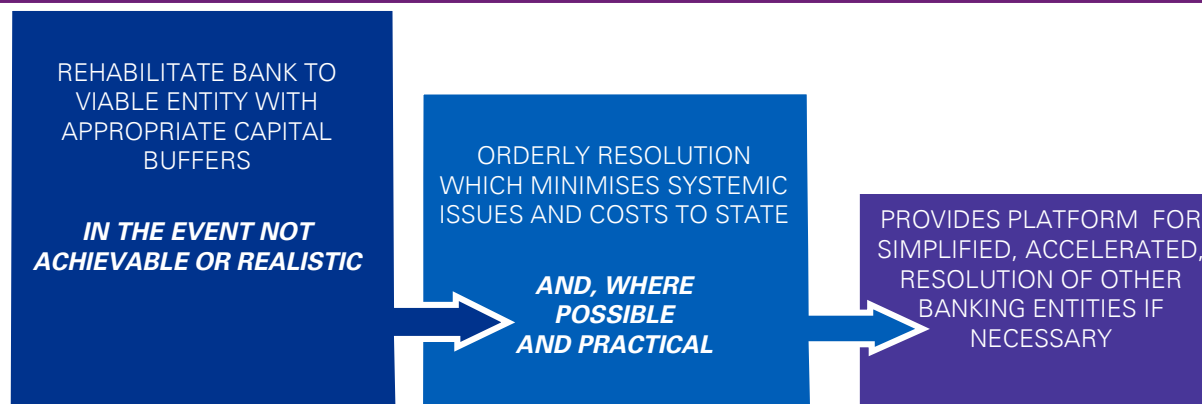
### Macro considerations:

- Ghana has experienced two recent bank failures with Capital Bank and UT Bank placed into Receivership in August 2017. Following revocation of their banking licences, deposits and certain assets were transferred to state-owned GCB Bank (via purchase & assumption out of Receivership) to help protect financial stability.
- We understand a number of banks failed the 2016 Asset Quality Review ('AQR') and remain under supervisory measures, including others which are within the top 10 banks and systemically important.

### uniBank specific considerations:

- Based on our work performed to date, which remain ongoing, uniBank is insolvent on both a cashflow and balance sheet basis:
  - GH¢1.5bn payables overdue as at 5 July 2018. With at least GH¢1.8bn further payables due by 31 December 2018 (reflect deposit maturity profile) with no reasonable prospect of repayment from the largely non-yielding or non-performing loan portfolio and shareholder advance.
  - Net liabilities of GH¢6.8bn following the updated impairment assessment of loans and shareholder advances.
- If uniBank were recapitalised and shareholder advances repaid in short order, there is currently no credible path to medium-term financial viability:
  - Interest income on third party loans and advances is insufficient to cover associated cost of funds on underlying borrowings or contribute to overheads. GH¢0.3bn annual operating cost run-rate under current operating model
  - Small retail deposits platform and weak ability to generate robust, performing corporate or retail loans

### ASSUMED PRIORITIES



# Resolution options - overview

There are six broad resolution options available....

## REHABILITATE BACK TO VIABILITY

### Option A - Shareholder repayment of advances and recapitalisation

- Shareholder delivers on outline offer to repay shareholder advances & recapitalise: GH¢2.0bn cash injection, with further cash injection (value TBD) from refinancing personal assets

### Option B - Third-party recapitalisation

- Third party investor led solution, with change of control delivered through bail-in of existing shareholder or dilution from new investor on new equity raise.
- Viability addressed through operational fix & potential transfer of bad assets to AMC

### Option C - Nationalisation

- Transfer to state delivered through forced debt for equity swap (possibly via bail-in) of Shareholder equity and State balances (deposits from state owned entities and BoG funding)

## ORDERLY RESOLUTION

### Option D – Bridge bank and liquidate residual

- Purchase & Assumption 'good bank' to state owned NewCo (basis for future resolution vehicle)
- Liquidate residual uniBank via Receivership

### Option E – P&A certain assets & liabilities to another bank and liquidate residual

- Purchase & Assumption 'good assets and liabilities' to third-party bank for State dowry (Bond issuance)
- Liquidate residual uniBank via Receivership

### Option F – Full Liquidation (via Receivership)

- Liquidate uniBank via Receivership

## Executive summary: Resolution options (cont.)

# Resolution options - overview

Of the six proposed resolution options, creating a Bridge bank (to assist future bank resolution) is preferable from a systemic perspective. However, the absence of performing assets and inability to originate profitable performing loans to underpin income generation indicates creation of a profitable viable Bridge Bank from uniBank operations could be challenging, and will be further impacted by the chosen structure and features of the capitalisation bond. P&A of certain deposits and loans and uniBank liquidation is more deliverable.

Option	Systemic impact	Cost to State	Sustainability	Complexity	Deliverability	Key issues
<b>A - Shareholder repayment of advances and recapitalisation</b>						<ul style="list-style-type: none"> <li><b>Moral hazard</b> – market signalling considerations</li> <li><b>Timing</b> - additional shareholder engagement required to determine credibility and deliverability of offer</li> <li><b>Liquidity</b> – further ELA required to bridge to receipt of proceeds unless deposits successfully rolled over</li> </ul>
<b>B - Third-party recapitalisation</b>						<ul style="list-style-type: none"> <li><b>Deliverability</b> – limited investor interest given non-credible equity story (operational challenges and financial viability)</li> <li><b>Prolonged Timetable</b> – third party diligence and negotiation necessary to conclude process</li> </ul>
<b>C - Nationalisation</b>						<ul style="list-style-type: none"> <li><b>IFI confidence</b> – perceived as last resort option</li> <li><b>Cost and complexity</b> – no clear route to financially viable entity post nationalisation</li> </ul>
<b>D - Bridge bank and liquidate residual</b>						<ul style="list-style-type: none"> <li><b>Financial viability and sustainability</b> - limited performing assets for transfer (GH¢0.3bn) inhibits income generation to cover funding and fixed costs. Use of floating rate capitalisation bonds would be preferable to avoid introducing MTM-driven solvency and liquidity risk.</li> </ul>
<b>E - P&amp;A certain assets &amp; liabilities to another bank and liquidate residual</b>						<ul style="list-style-type: none"> <li><b>Capacity / willingness of institutions to absorb further net liabilities</b></li> <li><b>Future resolution platform</b> - not provided</li> <li><b>Socio-economic</b> - adverse impact on staffing / job losses</li> </ul>
<b>F - Full Liquidation (via Receivership)</b>						<ul style="list-style-type: none"> <li><b>IFI and depositor confidence</b></li> <li><b>Job losses</b> – c.3,700 direct and indirect staff currently employed</li> </ul>

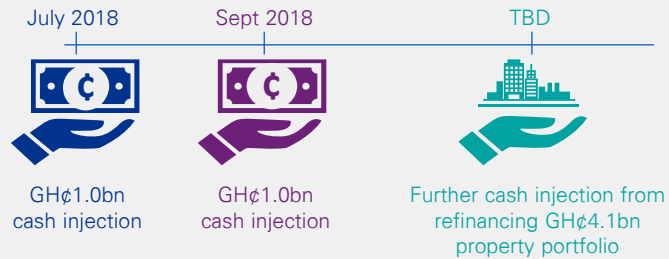
The overall assessment of priority options needs to consider the relative importance of the 5 assessment criteria stated above, which should be considered in your decision-making.

## Executive summary: Resolution options (cont.)

# Option A – Shareholder repayment of advances & recapitalisation

**The shareholder recapitalisation offer is insufficient to restore balance sheet solvency, with a GH¢0.6bn shortfall remaining assuming properties are financed at 100% LTV to OMV (which is unrealistic) and IPC impairments are reversed**

### OVERVIEW – Proposed 3 stage cash injection



	May-18	Jul-18	Sep-18	Full GH¢4.1bn	Scenario A <sup>1</sup>	Scenario B <sup>1</sup>	Scenario C <sup>1</sup>
Shareholder loans <sup>2</sup>	5.6	4.6	3.6	-	1.1	1.8	2.4
Cash	-	1.0	2.0	6.1	4.5	3.8	3.2
Capital shortfall (estimated)	<b>(7.4)</b>	<b>(6.4)</b>	<b>(5.4)</b>	<b>(1.3)</b>	<b>(2.9)</b>	<b>(3.6)</b>	<b>(4.2)</b>

Note 1. Scenarios assume 60% LTV advance and nil, 25% and 50% haircut to property valuations respectively  
 Note 2 – includes shareholder loans in Other Assets, Loans and Advances and other balances

### KEY ISSUES:

- Moral hazard.** BoG to opine on 'fit and proper' criteria and broader market signalling.
- Sufficiency.** The capital deficit at 31 May 2018 is GH¢7.4bn (GH¢7.0bn capital deficit plus GH¢0.4bn minimum capital requirement), before run-rate ongoing losses. The proposal can only deliver maximum proceeds of GH¢6.1bn, even assuming no deterioration in stated property values and 100% LTV advance on financing (which is unrealistic) leaving a GH¢1.3bn shortfall (reduced to GH¢0.6bn shortfall assuming reversal of impairment losses on IPCs)
- Certainty.** Proposal carries material execution risk, particularly in respect of source of funds of GH¢2.0bn cash injection and availability and quantum of financing against the property portfolio (which may be non-yielding and subject to material valuation risk).
- Timing.** Developing existing high level proposal through to a detailed term-sheet with proof of funds (incl. 3<sup>rd</sup> party property finance) would customarily take 3-6 months + and is unlikely executable within the current OA timeframe.

### SYSTEMIC IMPACT

<b>Depositor protection</b>		Deferred but future viability concerns
<b>IFI confidence</b>		Dependent on resolution speed
<b>Financial inclusion</b>		Branch coverage and access retained
<b>Employment</b>		Operations and employment retained

### COST TO STATE

<b>Deposit guarantee</b>		Avoids immediate call on guarantee
<b>Recovery BoG funding</b>		Dependent on resolving future viability and sustainably growing depositor base
<b>Resolution costs</b>		Reduced to additional supervision costs

### COMPLEXITY

Large number of critical factors outside of OA and BoG control, including delivery of property to be refinanced, valuation of property portfolio and timing of refinancing process
Third party bank refinancing of property portfolio customarily requires material diligence

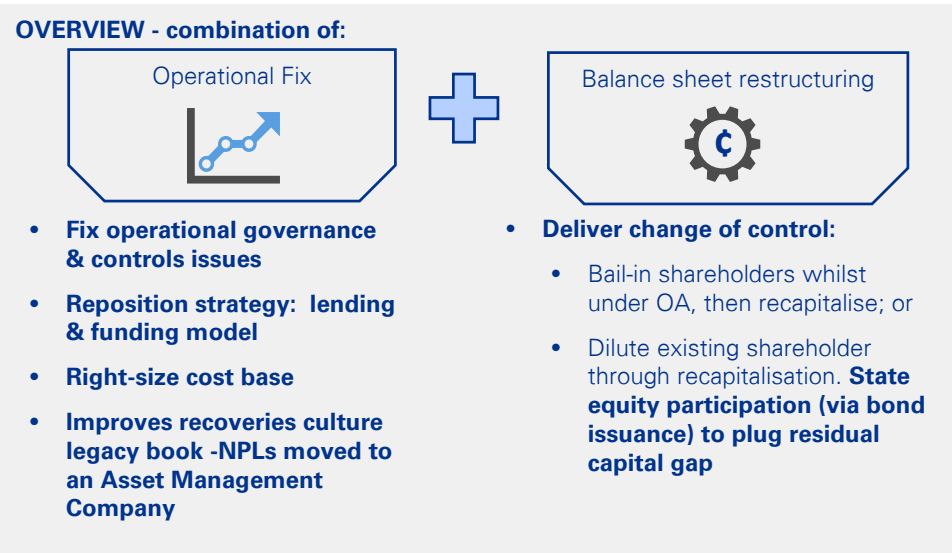
### SUSTAINABILITY

Unviable business model and cost base remains
Further capital shortfalls possible for future NPL risk and operating losses

## Executive summary: Resolution options (cont.)

# Option B – Third-party recapitalisation

Given the Bank's strategic positioning and current financial condition, third-party recapitalisation is not considered a credible option, given the comparatively low investment cost of establishing a new bank.



### KEY ISSUES:

1. **Low investor interest.** Lack of credible equity story (uncompetitive funding base, inability to originate profitable robust lending, high cost base) and cost / complexity of necessary operational fix reduces potential investor appetite.
2. **Timetable.** Accelerated M&A process would require 12+ weeks. Data quality, loan portfolio quality and uncertainty over contingent liabilities would likely adversely impact diligence timetable, potential investor confidence and ultimately pricing.
3. **Liquidity.** Bridging liquidity (through ELA) would be necessary to provide a stable platform through the accelerated M&A process. Public awareness of potential M&A could trigger run on deposits.
4. **Necessity for state participation.** State equity participation (via bond issuance) likely required to support solvency. Equity injection via Bond (rather than cash) leaves residual solvency risk arising future fluctuations in MTM of the Bond.

SYSTEMIC IMPACT	
<b>Depositor protection</b>	<span style="color: green;">●</span> Solvency restored
<b>IFI confidence</b>	<span style="color: green;">●</span> Functional resolution evidenced
<b>Financial inclusion</b>	<span style="color: yellow;">●</span> Branch coverage and access retained
<b>Employment</b>	<span style="color: yellow;">●</span> Operations retained but likely job losses arising from operational fix

COST TO STATE	
<b>Deposit guarantee</b>	<span style="color: green;">●</span> Avoids immediate call on de-facto guarantee
<b>Recovery BoG funding</b>	<span style="color: yellow;">●</span> Dependent on resolving future viability and sustainably growing depositor base
<b>Resolution costs</b>	<span style="color: red;">●</span> State support likely necessary alongside new investor

COMPLEXITY	
<span style="color: red;">●</span> Accelerated M&A and diligence process hampered by data quality and availability issues	
Effective route to deliver change of control to be determined – BoG determination powers currently untested. Robust valuation required to support bail-in	
Potential necessity for state involvement to address residual solvency issues will likely further complicate negotiation process and timetable	

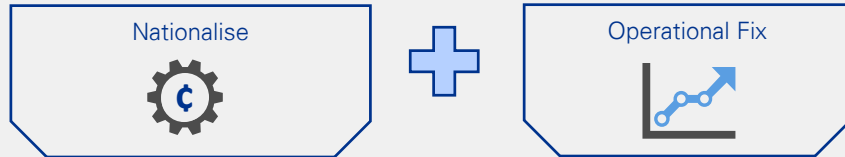
SUSTAINABILITY	
<span style="color: red;">●</span> Retained uniBank entity exposed to legacy litigation and contingent liabilities. Credibility of Business Plan and investor track record undeterminable	

## Executive summary: Resolution options (cont.)

# Option C - Nationalisation

**Nationalisation may adversely impact IFI confidence and, given the material cost implications, could be considered as a last resort to insolvency**

### OVERVIEW - combination of:



#### Delivered through:

- **Assignment of BoG funding & deposits of State Owned Entities** (the 'State Interest') totalling GH¢4.7bn.
- **Debt for equity swap of existing shareholder and State Interest through bail-in**

- **Fix operational governance & controls issues**
- **Reposition strategy: lending & funding model**
- **Right-size cost base**
- **Improves recoveries culture legacy book - NPLs moved to AMC?**

### KEY ISSUES:

1. **Execution complexity.** State related balances would first require assignment from existing State creditors (BoG, State Owned Entities) to one central ministry, capable of holding equity (assumed MoF).
2. **Timetable.** Material execution planning required. Data quality, loan portfolio quality and uncertainty over contingent liabilities hampers production of robust business valuation to support the Bail-in process (to establish creditors respective economic interest and future equity participation).
3. **Liquidity.** Bridging liquidity (through ELA) would be necessary to provide a stable platform through to Nationalisation. Public awareness of potential M&A could trigger run on deposits.
4. **Cost.** Liquidity support required for State Owned Entities subject to deposit bail-in, in addition to covering ongoing liquidity needs of nationalised Bank.

### SYSTEMIC IMPACT

<b>Depositor protection</b>		Solvency improved post capitalisation
<b>IFI confidence</b>		IFI perception resolution tools ineffective
<b>Financial inclusion</b>		Branch coverage and access retained
<b>Employment</b>		Operations retained but likely job losses arising from operational fix

### COST TO STATE

<b>Deposit guarantee</b>		Avoids immediate call on de-facto guarantee
<b>Recovery BoG funding</b>		Dependent on resolving future viability and sustainably growing depositor base
<b>Resolution costs</b>		Ongoing State support necessary through liquidity line

### COMPLEXITY

Effective route to deliver debt for equity swap to be determined – BoG determination powers currently untested. Creditor classes to be capitalised inconsistent with bail-in creditor hierarchy

Robust business valuation and identification of related party deposits required to support bail-in

### SUSTAINABILITY

Retained uniBank entity exposed to legacy litigation and contingent liabilities. Complex operational turnaround necessary to mitigate future losses and provide future exit route through sale / IPO

## Executive summary: Resolution options (cont.)

# Option D – Bridge bank and liquidate residual

Transitioning to Bridge bank is complex, but appears possible with appropriate execution planning. However, the absence of performing assets and inability to originate profitable performing loans to underpin income generation indicates creation of a profitable viable Bridge Bank from uniBank operations could be challenging, and will be further impacted by the chosen structure and features of the capitalisation bond.

### OVERVIEW



### KEY ISSUES:

- Future viability of Bridge bank.** Poor quality asset base available for P&A (third-party corporate loan portfolio), limited ability to successfully originate performing loans, high cost base and uncompetitive funding structure (high-cost deposits) are a material drag-anchor to future profitability and viability of Bridge Bank. Absent strategic repositioning and operational enhancement of the business model, Bridge Bank risks becoming a high-cost run-off vehicle for assumed assets with limited opportunity for future exit. Use of floating rate capitalisation bonds would be preferable to avoid introducing MTM-driven solvency and liquidity risk.
- Cost.** Day-one Bond issuance cost likely in excess of GH¢4.3bn (GH¢3.6bn+ net liabilities assumed, balance to cover running losses until year end and GH¢400m minimum capital).
- Execution complexity.** Whilst our work has not yet identified any material impediments to the P&A of assets, liabilities and operations, material execution planning is required re. establishment of NewCo and execution of the P&A, which is further complicated by the current reliance on related-party service provision contracts (e.g. security)

### SYSTEMIC IMPACT

<b>Depositor protection</b>		Solvency improved post capitalisation
<b>IFI confidence</b>		Functional resolution evidenced
<b>Financial inclusion</b>		Branch coverage reduced to right-size cost-base
<b>Employment</b>		Operations retained but likely job losses arising from operational fix

### COST TO STATE

<b>Deposit guarantee</b>		Avoids immediate call on guarantee
<b>Recovery BoG funding</b>		Dependent on liquidation outcome in uniBank (where BoG funding claim retained) which is critically dependent on quantum of shareholder advance recoveries
<b>Resolution costs</b>		Bond to capitalise Bridge Bank and funding of establishment costs and future losses

### COMPLEXITY

Steps paper and detailed execution planning for establishment of Bridge Bank target operation model and assumption of operations
Identification and valuation of 'good' assets and relevant liabilities to be assumed by Bridge Bank. Approval and execution process for Bond issues

### SUSTAINABILITY

Bridge Bank viability unclear absent strategic repositioning and operational enhancement of the business model
--

## Executive summary: Resolution options (cont.)

# Option D - Bridge bank illustrative six month roll forward

Illustrative scenario analysis highlights that, absence a credible strategic and operational plan to sustainably grow new lending, Bridge Bank will become increasingly unviable. Financial performance and stability will be critically dependent on the coupon of the Capitalisation Bond

### Illustrative Bridge Bank

10 year floating rate bond issued to cover net liabilities to be assumed and minimum capital requirement of GH¢'400m and ongoing operating losses.

Bonds fully liquefied to pay off liabilities and cover costs. Assumed positive margin of 0.5% (19.5% bond yield less 19% repo rate)

	GH¢'m
Net interest income <sup>2</sup>	129
Fee & commission income	21
Operating costs	(156)
<b>Est. 6 month net loss</b>	<b>(6)</b>

GH¢'m	Establish Bridge Bank			Day 1 Balance sheet	Trading		6 months Balance sheet
	1. Bond issue	2. P&A of assets & liabilities	3. Bond repo		6 month P&L	Repay. maturing deposits	
<b>P&amp;L</b>	-	-	-	-	-	-	<b>(6)</b>
<b>Assets</b>							
Bond	5,500	-	-	5,500	-	-	5,500
Loans <sup>1</sup>	-	309	-	309	-	-	309
Fixed assets	-	147	-	147	-	-	147
Cash	-	-	5,500	5,500	-	(5,194)	306
<b>Total assets</b>	<b>5,500</b>	<b>456</b>	<b>5,500</b>	<b>11,456</b>	-	<b>(5,194)</b>	<b>6,262</b>
<b>Liabilities</b>							
Repo	-	-	(5,500)	(5,500)	-	-	(5,500)
IFI loans	-	(1,374)	-	(1,374)	-	1,271	(103)
Deposits	-	(4,050)	-	(4,050)	-	3,923	(127)
<b>Total liabilities</b>		<b>(5,424)</b>	<b>(5,500)</b>	<b>(10,924)</b>	-	<b>(5,194)</b>	<b>(5,730)</b>
<b>Reserves</b>	<b>(5,500)</b>	<b>4,968</b>	-	<b>(532)</b>	<b>6</b>	-	<b>(526)</b>

### Illustrative residual uniBank post P&A certain assets and liabilities to Bridge Bank

GH¢'m	Balance as at 31 May 2018	P&A	Post-P&A
<b>Assets</b>			
Fixed assets	147	147	-
Loans and advances to customers	309	309	-
Remaining assets	1,928	-	1,928
<b>Total assets</b>	<b>2,384</b>	<b>456</b>	<b>1,928</b>
<b>Liabilities</b>			
Customer deposits	(4,050)	(4,050)	-
IFI loans	(1,374)	(1,374)	-
BoG liability	(3,254)	-	(3,254)
Other liabilities	(487)	-	(487)
<b>Total liabilities</b>	<b>(9,165)</b>	<b>(5,424)</b>	<b>(3,741)</b> <sup>3</sup>
Net liabilities	(6,781)	(4,968)	(1,813)

Notes: 1. Being GH¢330m performing loans, net of GH¢21m employee loans

2. Includes interest on short term cash investments

3. Excludes the state's claim on uniBank for the excess liabilities transferred

Figures are for illustrative purposes only. Liabilities have been taken from the May balance sheet and thus will be materially higher due to interest charges: the above figures assumes no compounding; all loans remain performing and do not mature; no change in interest rates; no inflation cost rises; and no benefits to any cost cutting measures. Operating costs assume current run rates are maintained.

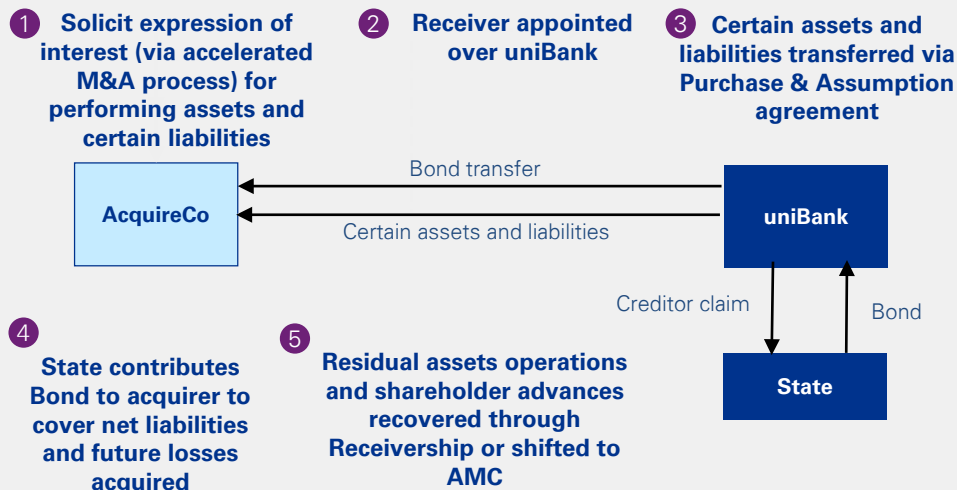


## Executive summary: Resolution options (cont.)

# Option E - P&A certain assets & liabilities to another bank and liquidate residual

The Ghanaian banking system may have insufficient balance sheet capacity or desire to absorb GH¢3.8bn of net liabilities unless the deposits are funded at a net discount (e.g. through offering a positive spread on the State Bond)

### OVERVIEW



### KEY ISSUES:

- Ability & willingness of institutions to absorb GH¢3.8bn net liabilities** (GH¢0.2bn higher than Bridge Bank scenario as no fixed assets transferred). High-cost deposits, poor quality asset base available for P&A, and relative size of net liabilities to be assumed against acquirers existing balance sheet are drag-anchor to future profitability and solvency, reducing potential acquirer interest (unless compensated through purchase price)
- Sustainability.** State support through provision of a Bond, which will be held at mark-to-market value rather than cost, risks destabilising acquirers existing solvency and liquidity position in the event of future interest rate rises and a reduction in Bond value. The net liabilities to be absorbed may need to be spread across several acquiring institutions to partially mitigate the mark-to-market risk on any one particular institution
- Execution complexity.** Data quality issues and deficiencies identified to date in loan securities will both reduce acquirer interest and delay diligence timetable. The inability to provide recourse back to uniBank for future losses on acquired assets may necessitate some form of State guarantee / asset protection

### SYSTEMIC IMPACT

<b>Depositor protection</b>		Solvency improved post capitalisation
<b>IFI confidence</b>		Functional resolution evidenced
<b>Financial inclusion</b>		Loss of regional branch coverage on Receivership of uniBank
<b>Employment</b>		Staff currently employed by uniBank will be lost on Receivership

### COST TO STATE

<b>Deposit guarantee</b>		Avoids immediate call on guarantee
<b>Recovery BoG funding</b>		Dependent on liquidation outcome in uniBank (where BoG funding claim retained) which is critically dependent on quantum of shareholder advance recoveries
<b>Resolution costs</b>		Bond to capitalise Acquirer and State guarantee for future losses

### COMPLEXITY

Identification and valuation of certain assets and relevant liabilities to be assumed by Acquirer

Approval and execution process for issuance of State Bond

### SUSTAINABILITY

Risk of future solvency and liquidity issues in Acquirer heightened due to Variable Bond mark-to-market (impacts equity and eligible BoG borrowing base)

## Executive summary: Resolution options (cont.)

# Option F – Full liquidation via receivership

Due to near-term liquidity constraints it may be necessary to execute other options (such as Bridge Bank or P&A) out of Receivership (with liquidation of the residual entity), rather than out of Official Administration. The estimated outcome on liquidation remains subject to further valuation and scenario modelling



### KEY ISSUES:

#### 1. Uncertainty of returns on liquidation

- The key swing-factor in estimated liquidation returns is potential recoveries against the GH¢3.7bn (plus accrued interest to be determined) unsecured shareholder advances. Further assessment of potential is contingent on the progression of forensic work, to include a suggested global asset search and recovery assessment.
- Cash recoveries against the loan portfolio and fixed assets. Our IFRS9 indicative valuation assessment is based on Bank data (which may be inaccurate or incomplete) and includes a number of assumptions (e.g. in respect of asset recovery timings) which may could change as future facts and circumstances change. Fixed assets and security remain subject to independent valuation.

2. **Creditor waterfall** Asset recoveries (pre any potential recoveries from Shareholders) appear insufficient to cover priority BoG claims, leaving no prospect of recoveries for under Section 135 of Act 930

SYSTEMIC IMPACT	
Depositor protection	Limited prospect of distribution under s135 Act 930
IFI confidence	Negative
Financial inclusion	Full branch closure on wind-down
Employment	Loss of jobs (current direct and indirect employees)

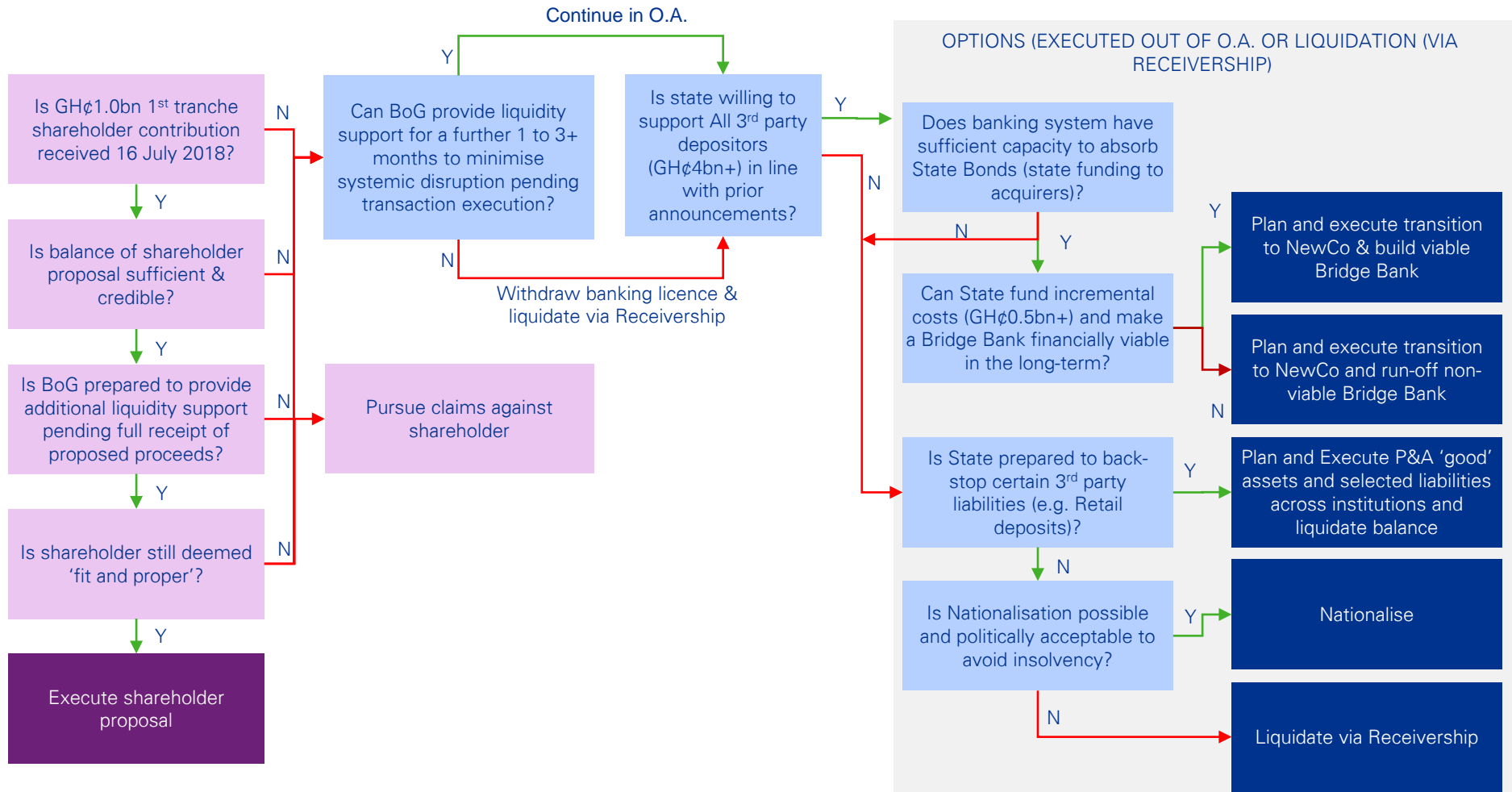
COST TO STATE	
Deposit guarantee	If unsecured depositors are not transferred out under a P&A then, under s135 of Act930 they will rank behind BoG funding with limited prospect of recovery
Recovery BoG funding	Dependent on successful recovery of claims again Shareholder
Resolution costs	High

COMPLEXITY	
Material work expected to unwind / confirm suspect transactions and validate assets and liabilities	

## Executive summary: Resolution options (cont.)

# Narrowing options - simplified decision tree

**Executable options are governed by the availability of further short-term liquidity support and the State's willingness and ability to guarantee depositor losses arising on insolvency. There is limited opportunity for deposit loss mitigation from the migration of performing loans (< GH¢0.4bn) to offset deposits**



# Next steps

### Seek BoG direction on key matters

- Immediate funding availability through either OA or Receivership
- Priority / weighting of options assessment considerations (systemic impact vs cost etc)
- Capacity of other banks to accommodate P&A (Option E)
- Options to possibly reduce cost / improve stability Bridge Bank:
  - Bond issuance at Floating rather than Fixed Rate. Margin spread Bond and Central bank rates. Possibility of releasing Govt. security collateral on BoG loans to transfer to Bridge Bank (reducing net liabilities to be funded)

### Close-out shareholder offer

- BoG response in event of payment / non-payment on 16 July to include possible counter-offer
- Contingency plan in event of non-cooperation by the Shareholder
- Commencement of forensic work-stream, as outlined in our letter dated 28 June 2018 to further assess and clarify our Suspicious Transactions review and establish the basis of possible claims against the Shareholder

### Develop planning for Option E (P&A)

- Granular identification and selection of relevant assets and liabilities for transfer under P&A
- Data aggregation and remediation for proposed assets and liabilities for transfer under P&A
- Accounting and legal steps planning for any State Bond issuance necessary to enable transfer of net assets, rather than net liabilities, under P&A

### Commence top-up planning for Option D (Bridge Bank)

- In addition to the granular asset / liability assessment outlined Option E:
- Target Operating Model & operational resource requirements (staff etc)
  - Legal review of key contracts to confirm ability to assign
  - Basic financial modelling to size Bond
  - Outline drafting of Transitional Service Agreement to 'buy' service provision from uniBank prior to transferring operations & employees

### Outline contingency planning for Option F (Receivership)

- Complete Liquidation analysis and estimated outcome statement
- Prepare high-level Receivership / liquidation plan
- Prepare high-level assessment of potential funding requirement in Receivership

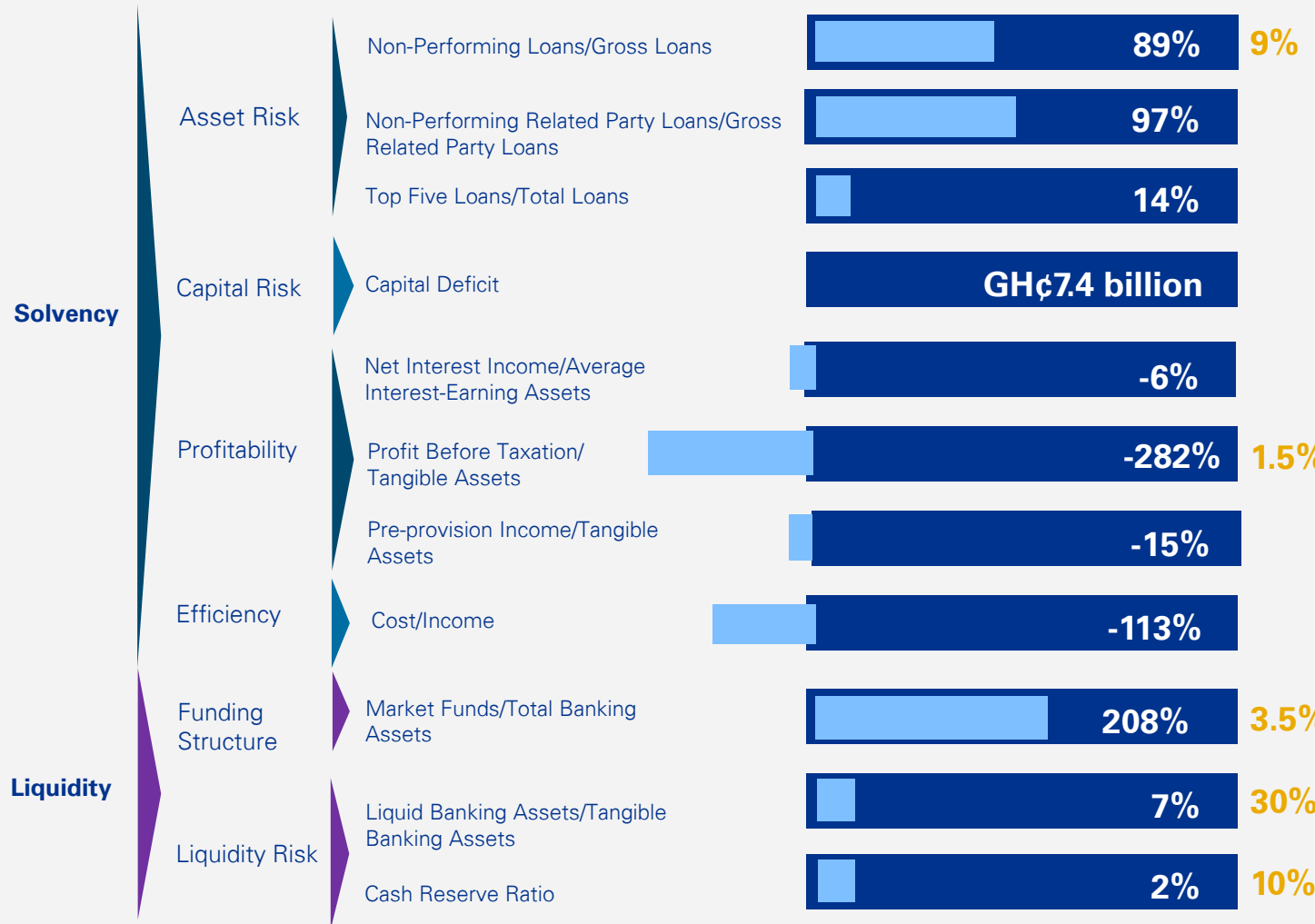


# Financial condition

- Key metrics
- Unaudited statement of financial position as at 20 March 2018
- Unaudited statement of financial position as at 31 May 2018
- Quality of assets as at 31 May 2018
- Composition of liabilities and equity as at 31 May 2018
- Off balance sheet items
- Unaudited financial performance for the 5 month period to 31 May 2018
- Related parties – relationships, transactions and balances
- Related parties - relationships, transactions and balances at 31 May 2018
- Liquidity position and funding
- Liquidity plan
- Taxation

# Key metrics

The indicators below depict liquidity and capital challenges



**Non-Performing Loans** : These are loans classified as either substandard, doubtful or loss in line with BoG’s prudential guidelines.

**Non-Performing Related Party Loans** : This represents the non-performing loan portion of gross related party loans.

**Top five loans** : Highest five exposures of the Bank’s total loan portfolio.

**Capital Deficit** : The bank has a capital deficit of GH¢7.4 billion compared to the regulatory minimum of GH¢400 million.

**Net interest income**: This comprises interest income less interest expenses.

**Cost/Income ratio**: This represents operating costs as a percentage of operating income.

**Net income** used in this analysis is based on profit before tax in the Bank’s unaudited accounts up to 31 May 2018, adjusted for impairment.

**Pre-provision**: this is the profit before tax and impairment in the Bank’s unaudited accounts up to 31 May 2018. This has not been fully validated.

**Market funds** comprise of borrowings and balances due to banks and other financial institutions

**Key:** ■ - uniBank Ratio ■ - Median Percentages (Sourced from Moody’s report on a local bank)

Chart not drawn to scale.

# Key metrics

Asset Risk	Non-Performing Loans/Gross Loans	The high non-performing loans ratio is indicative of the Bank's poor asset quality which is mainly attributable to poor credit administration and concentration of the credit portfolio.
	Non-Performing Related Party Loans/Gross Related Party Loans	The ratio of non-performing related party loans to the gross related party loans was 97%.
	Top five loans/Total loans	The Bank is highly exposed to the top five customers. As a result, the credit quality of these customers significantly influence the Bank's performance.
Capital Risk	Capital Deficit	The bank has a capital deficit of GH¢7.4 billion compared to the regulatory minimum of GH¢400 million.
Profitability	Net Interest Income/Average Interest-Earning Assets	The negative ratio resulted from a deterioration in the asset quality of earning assets and high funding costs.
	Profit before taxation/Tangible Assets	Profit before taxation to tangible assets was -282% mainly because of credit impairment losses of GH¢6.33 billion and net interest expense of GH¢190 million. Operating expenses totalled GH¢191 million.
	Pre-provision Income/Tangible Assets	Profit before impairment to tangible assets of -15%. This was mainly driven by high operating expenses of GH¢191 million and net interest expense of GH¢190 million.
Efficiency	Cost/Income	The negative cost/income ratio is a reflection of the high operational costs and low earnings.
Funding Structure	Market Funds/Total Banking Assets	Total borrowings from local and foreign lenders as a percentage of total assets was 208%, which reflects negatively on the Bank's leverage position. The Bank sourced funding at relatively higher costs.
Liquidity Risk	Liquid Banking Assets/Tangible Banking Assets	The percentage of liquid assets to total tangible assets showed a weak liquidity position. 89% of the liquid assets are not available to the Bank and thus have been excluded from the computation. The Bank has been unable to fully honour all its financial obligations as they fall due. Further details on liquidity has been provided on page 48.
	Cash Reserve Ratio	The Bank's cash reserve was 8%, short of the minimum regulatory threshold of 10% and was mainly the result of liquidity challenges.

## Financial condition

# Unaudited statement of financial position as at 20 March 2018

	<b>Unadjusted Balance 20 March 2018</b>	<b>Reclassifications</b>	<b>Adjustments</b>	<b>90-Day Report Adjusted Balance 20 March 2018</b>	<b>Post 90-Day Report Adjustments</b>	<b>Post 90-Day Report Adjusted Balance 20 March 2018</b>	
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	
<b>Assets</b>							
Cash and Bank	201,994	-	(12,048)	189,946	-	189,946	*;&
Government Securities	1,113,443	41,378	913	1,155,734	(1,449)	1,154,285	*
Due from other Banks and FIs	327,834	19,365	46,096	393,295	(254,902)	138,393	&
Loans and Advances to Customers	2,288,083	251,782	(1,265,242)	1,274,623	(525,877)	748,746	
Other Assets	4,291,914	(275,478)	(148,025)	3,868,411	(3,745,110)	123,301	*;&
Current Tax Asset	7,897	-	-	7,897	-	7,897	*
National Fiscal Stabilisation Levy	1,060	-	-	1,060	-	1,060	*
Property and Equipment	608,621	(53,151)	(405,282)	150,188	-	150,188	*
Intangible Assets	-	13,236	(33)	13,203	-	13,203	*
	<b>8,840,846</b>	<b>(2,868)</b>	<b>(1,783,621)</b>	<b>7,054,357</b>	<b>(4,527,338)</b>	<b>2,527,019</b>	
<b>Liabilities</b>							
Customer Deposits	4,275,362	425,568	22,294	4,723,224	-	4,723,224	
Due to other Banks and FIs	3,602,508	287,546	100	3,890,154	-	3,890,154	*
Borrowings	524,696	(251,861)	27,397	300,232	-	300,232	*
Other Liabilities	513,031	(464,121)	96,012	144,922	14,345	159,267	*;&
Deferred Tax Liability	7,389	-	-	7,389	-	7,389	*
	<b>8,922,986</b>	<b>(2,868)</b>	<b>145,803</b>	<b>9,065,921</b>	<b>14,345</b>	<b>9,080,266</b>	
<b>Capital and Reserves</b>							
Stated Capital	397,130	-	(47,000)	350,130	-	350,130	
Capital Surplus	22,620	-	-	22,620	-	22,620	
Statutory Reserve Funds	88,595	-	-	88,595	-	88,595	
Regulatory Credit Risk Reserve	19,440	-	195,605	215,045	(215,045)	-	
Income Surplus	(609,925)	-	(2,078,029)	(2,687,954)	(4,326,638)	(7,014,592)	
	<b>(82,140)</b>	<b>-</b>	<b>(1,929,424)</b>	<b>(2,011,564)</b>	<b>(4,541,683)</b>	<b>(6,553,247)</b>	
Total Liabilities and Shareholder Funds/(Deficit)	<b>8,840,846</b>	<b>(2,868)</b>	<b>(1,783,621)</b>	<b>7,054,357</b>	<b>(4,527,338)</b>	<b>2,527,019</b>	

Adjustments to the financial position of 20 March 2018, primarily relate to additional credit losses recognised on loans and advances and the write off of expenditure items that had previously been capitalised. The Post 90-Day Report adjustments represent additional impairment allowances, arising mainly from the use of the expected credit loss model, as required under IFRS 9. The overall impact of these adjustments resulted in a reduction of net shareholders funds by GH¢6,471 million.

\*: Some balances are yet to be validated. Any adjustment resulting from work done on balances not yet validated could impact the reported adjusted balances at 20 March 2018.

&: Included in these balances are amounts that have not been validated due to system and data migration issues. The Bank completed an upgrade of its T24 core banking application from version R8 to version R15 on 1 July 2016. A number of issues resulting from this upgrade are yet to be resolved.

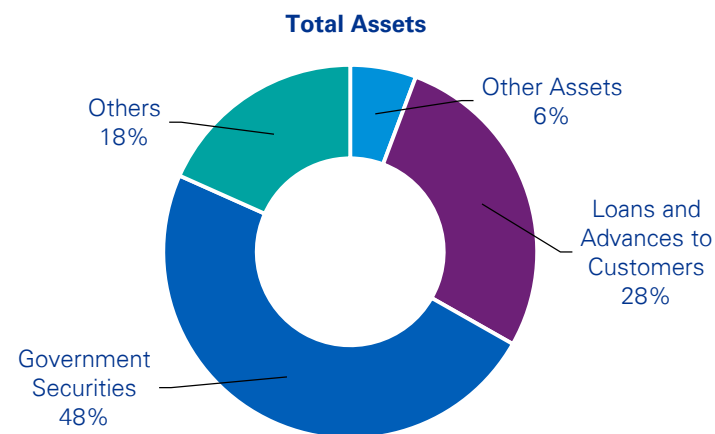
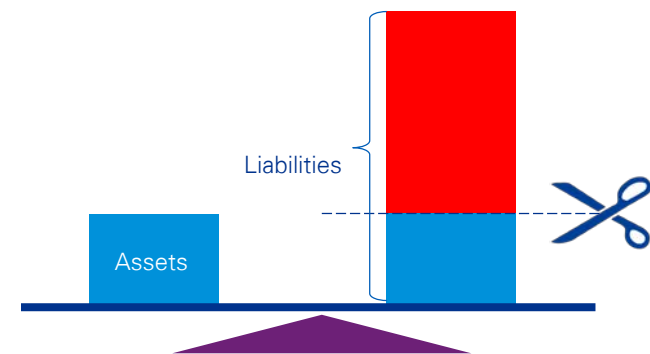


## Financial condition

# Unaudited statement of financial position as at 31 May 2018

	90-Day Report 31 May 2018# GH¢'000	Post 90-Day Report Adjustments	Post 90-Day Report Adjusted Balance 31 May 2018# GH¢'000
<b>Assets</b>			
Cash and Bank	117,794	-	117,794
Government Securities	1,157,004	(1,351)	1,155,653
Due from other Banks and FIs	416,888	(267,542)	149,346
Loans and Advances to Customers	1,335,794	(680,058)	655,736
Other Assets	3,844,918	(3,708,861)	136,057
Current Tax Asset	7,897	-	7,897
National Fiscal Stabilisation Levy	1,060	-	1,060
Property and Equipment	147,840	-	147,840
Intangible Assets	12,917	-	12,917
	<b>7,042,112</b>	<b>(4,657,812)</b>	<b>2,384,300</b>
<b>Liabilities</b>			
Customer Deposits	4,049,279	-	4,049,279
Due to other Banks and FIs	4,628,122	-	4,628,122
Borrowings	339,407	-	339,407
Other Liabilities	126,925	14,121	141,046
Deferred Tax Liability	7,389	-	7,389
	<b>9,151,122</b>	<b>14,121</b>	<b>9,165,243</b>
<b>Capital and Reserves</b>			
Stated Capital	350,130	-	350,130
Capital Surplus	22,620	-	22,620
Statutory Reserve Funds	88,595	-	88,595
Regulatory Credit Risk Reserve	364,163	(364,163)	-
Income Surplus	(2,934,518)	(4,307,770)	(7,242,288)
	<b>(2,109,010)</b>	<b>(4,671,933)</b>	<b>(6,780,943)</b>
Total Liabilities and Shareholder Funds/(Deficit)	<b>7,042,112</b>	<b>(4,657,812)</b>	<b>2,384,300</b>

#: The balances as at 31 May 2018 have not been fully validated.



- Net liabilities as at 31 May 2018 was GH¢6.78 billion.
- Customer deposits and Due to other Banks and FIs represent 44.2% and 50.5% respectively of total liabilities.
- The Post 90-Day Report adjustments represent additional impairment allowances, arising mainly from the use of the expected credit loss model, as required under IFRS 9. The overall impact of these adjustments resulted in a reduction of net shareholders funds by GH¢4,672 million.

# Quality of Assets as at 31 May 2018



## Loans & Advances

- The gross loan portfolio was GH¢3.74 billion, with an impairment allowance of GH¢3.08 billion, resulting in a net loans and advances balance of GH¢0.66 billion.
- 89% of the Bank's gross loans and advances portfolio have been classified as non-performing.
- The top 50 loans totaled GH¢2.19 billion, of which 91% was non-performing.
- 43% of the loan portfolio, amounting to approximately GH¢1.6 billion, was to related parties.



## Other Assets

- The gross amount of Other Assets was GH¢3.84 billion.
- GH¢3.7 billion of this balance represent amounts advanced to shareholders. These advances are unsecured and were not granted under normal credit arrangements. No repayments have been made in 2018. The shareholders have made promises to repay these amounts. As the shareholders are yet to provide reasonable proof in support of their ability to settle these balances, the outstanding amounts have been fully impaired.



## Government Securities

- Investments in Government of Ghana issued securities stood at GH¢1.16 billion
- About 93% of these securities have been pledged in support of borrowings from financial institutions



## Due from other Banks and FIs

- The gross amount of amounts due from other banks and FIs was GH¢417 million, with an impairment allowance of GH¢268 million, resulting in a net balance of GH¢129 million.
- Balances due from correspondent banks represented 14% of the total gross balance. Placements with another FI (Prudential Bank), representing 22% of the total gross balance, has been pledged against borrowings from Prudential Bank.
- The net balance includes items in course of collection of GH¢11 million (20 March: 12 million) which are yet to be fully validated.



## Cash and Bank

- The bank balance with BoG represented 73% of the total cash and bank balance of GH¢118 million.
- A substantial part of cash on hand was held in local currency. About 37.3% of cash balances were held in foreign currencies.
- Clearing and other suspense account balances, which constitute about 2% of the cash and bank balances are yet to be fully validated.



## Property and Equipment

- The Bank's property and equipment balance was GH¢148 million.
- Land and buildings and motor vehicles constituted 51.5% of the total value, whereas capital work-in-progress formed 21.6%.
- The ownership of assets valued at GH¢17.6 million included in the property and equipment has not yet been confirmed due to lack of documentation.

# Composition of liabilities and equity as at 31 May 2018



## Customer Deposits

- Customer deposits was GH¢4.05 billion.
- Time Deposits constitute 55.6% of customer deposits.
- Annual interest rates offered on deposits was up to 31.5%.
- Customer deposits reported to BoG in December 2017 was understated by GH¢2.3 billion



## Borrowings and Amounts due to other Financial Institutions

- The Bank had a total obligation of GH¢4.97 billion to lenders, both local and foreign.
- Out of this amount, GH¢3.25 billion was owed to BoG. An amount of GH¢1.37 billion was due to other local banks and financial institutions. Confirmations from 3 banks are yet to be received. GH¢0.54 billion of the balances are yet to be validated due to ongoing reconciliations.
- Amounts due to foreign lenders constituted 7% of the total amount.



## Other Liabilities

- Other liabilities was GH¢141 million.
- Included in the balance is GH¢47 million due to HODA. This represents deposits by HODA for an increased stake in the bank. BoG's approval for this transaction is yet to be received.

## Capital Adequacy

	31 May 2018	20 March 2018
	GH¢'000	GH¢'000
Risk weighted asset base (RWA)	1,300,636	1,390,157
Minimum required capital (based on RWA)	130,064	139,016
Minimum regulatory capital by 31 December 2018	400,000	400,000
Adjusted capital base	(7,005,820)	(6,856,787)
Capital deficit (based on minimum required capital)	(7,135,884)	(6,995,803)
<b>Capital deficit (based on minimum regulatory capital)</b>	<b>(7,405,820)</b>	<b>(7,256,787)</b>

- The deteriorating capital adequacy position resulted largely from impairment of assets and the Bank's weak operating performance.
- The credit book recorded significant deteriorations due to the irregular and poor manner in which credit was administered, which posed real challenges to the recovery of amounts advanced.
- Total risk-adjusted asset base of the Bank reduced by 6.4% on account of reductions to both risk adjusted on-balance sheet and off-balance sheet assets
- This was further compounded by maturing trade commitments, which resulted in reductions to off-balance sheet assets by GH¢157 million from a position of GH¢648 million at 20 March 2018
- The Bank is currently not generating enough interest income to adequately cover its interest expense. This situation, when considered alongside the high operating costs, has caused the Bank to continue recording losses, which continues to further worsen its overall results.
- Loans and advances denominated in foreign currencies may further increase the capital requirements, should the local currency's value, when compared to major international foreign currencies, depreciate as open positions have not been hedged.
- Restructuring costs have also not been included in this capital analysis as details on these costs are unclear at this time.

## Financial condition

# Off-balance sheet items

### Letters of Credit and Guarantees

The exposures as at 20 March 2018 were in respect of 16 LCs issued in favour of 4 customers with a net exposure of GH¢28 million and 137 guarantees with a net exposure of GH¢620 million. Out of these exposures, ninety five (95) guarantees totalling GH¢530 million had not been recorded in the Bank's books. These were identified from bank confirmations as well as inquiries made of certain key members of staff of the Bank.

Description	No. of facilities	No. of customers	Gross exposure	Cash cover	Net exposure
<i>At 20 March 2018</i>			GH¢'000	GH¢'000	GH¢'000
Letters of Credit	16	4	39,446	11,627	27,819
Guarantees	137	83	624,483	4,500	619,983
<b>Grand total</b>			<b>663,929</b>	<b>16,127</b>	<b>647,802</b>

Out of the 16 LCs and 137 guarantees held by the Bank at 20 March 2018, 7 LCs and 27 guarantees totaling GH¢11.2 million and GH¢147.5 million respectively had expired at 31 May 2018. An additional cash-backed LC, amounting to GH¢1.6 million, was booked in April 2018. Details of the Bank's exposures at 31 May is set out below:

Description	No. of facilities	No. of customers	Gross exposure	Cash cover	Net exposure
<i>At 31 May 2018</i>			GH¢'000	GH¢'000	GH¢'000
Letters of Credit	10	4	29,929	11,250	18,679
Guarantees	110	71	477,008	4,500	472,508
<b>Grand total</b>			<b>506,937</b>	<b>15,750</b>	<b>491,187</b>

The above amounts included exposures amounting to GH¢18 million and GH¢69 million under LC's and Guarantees respectively, issued in favour of related entities.

Sahel Sahara Bank presented 3 guarantees, amounting to GH¢37.1 million, to the Bank on 21 June 2018, which they indicated had crystallised and therefore made a demand for payment. There is no record of these guarantees in the Bank's books and this matter is therefore being investigated. The total amount is not included in the unrecorded exposures at 31 May 2018 shown above. Refer to **Appendix 1.1.1 (Page 85)** for details of these guarantees.

### Potential claims against the Bank

The estimated potential claims from legal cases against the bank as at 20 March 2018 stood at GH¢1.66 million. We are yet to receive responses to enquiries on pending and threatened legal cases against the Bank from the Bank's solicitors

## Financial condition

# Unaudited financial performance for the 5 month period to 31 May 2018

Statement of Comprehensive Income	90-Day Report 31 May 2018	Post 90-Day Report Adjustments	Post 90-Day Report 31 May 2018	5 Months to 31 May 2017
	GHC'000	GHC'000	GHC'000	GHC'000
Interest Income	367,176	-	367,176	724,737
Interest Expense	(556,734)	-	(556,734)	(561,887)
<b>Net Interest Income/Expense</b>	<b>(189,558)</b>	-	<b>(189,558)</b>	<b>162,850</b>
Fees and Commission Income	10,666	-	10,666	15,764
Other Operation Income	10,452	-	10,452	14,247
<b>Operating Income/Expense</b>	<b>(168,440)</b>	-	<b>(168,440)</b>	<b>192,861</b>
Operating Expenses	(190,926)	-	(190,926)	(138,242)
<b>Operating Profit/Loss before Impairment</b>	<b>(359,366)</b>	-	<b>(359,366)</b>	<b>54,619</b>
Impairment Expense	(1,659,963)	(4,671,933)	(6,331,896)	(35,776)
<b>Profit/Loss before Tax</b>	<b>(2,019,329)</b>	<b>(4,671,933)</b>	<b>(6,691,262)</b>	<b>18,843</b>
National Fiscal Stabilisation Levy	-	-	-	(823)
Taxation	-	-	-	(5,906)
<b>Profit/Loss after Tax</b>	<b>(2,019,329)</b>	<b>(4,671,933)</b>	<b>(6,691,262)</b>	<b>12,114</b>

The above account balances have not been fully validated.

- Interest income reduced by 49% when compared to the prior period. The reduction was as a result of a deterioration in asset quality. Non-performing loans and interest in suspense increased by 790% and 365% respectively.
- Fees and commission declined by 32% when compared to the prior period. The decline was due to reduced volumes of transactional activities such as foreign transfers, letters of credit and facility fees.
- The reduction in other income in 2018 was mainly due to a reduction in the gain volumes of forex trading activities.
- Operating expenses increased by 38%. Some of the factors accounting for the increase were as follows:
  - The recognition of a significant number of unrecorded expenses, some of which related to prior periods;
  - An increase in salaries of outsourced staff in November 2017.
  - An increase in internet bandwidth;
  - A new contract with a university which required the issue of a substantial number of MasterCard cards, resulting in additional costs of GH¢5 million;
  - The write-off of expenses relating to unopened branches;
  - The write-off of expenses that had been capitalised;
  - The amortisation of lease rentals that had been recorded under lease improvement; and
  - The amortisation of unamortised prepaid expenses.
- Impairment expense increased by 17,599% mainly due to the deteriorating asset quality and inadequate collateral held by the Bank.

# Related parties - relationship, transactions and balances

### Related Parties

uniBank engaged in a number of transactions with related entities that are restricted under the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). A number of these transactions were also not at arms length.

Included in the Bank's books are various related party balances, with a total gross balance of GH¢5.69 billion and an impairment allowance of GH¢5.46 billion resulting in a net balance of GH¢0.23 billion.

The identified entities, details on the transactions and balances are set out in the next slide.

### Composition of Other Assets

Advances to Shareholders, with gross amount of GH¢3.7 billion, formed the main component of Other Assets. Advances to Shareholders comprised mainly of payments for equity investments for related entities, loans to Special Purpose Vehicles (SPV), funds transferred to and properties purchased for related parties.

### Equity Investment:

An amount of GH¢57.14 million was transferred by uniBank to WAICA Reinsurance for the purchase of shares in WAICA Reinsurance for a number of related entities including uniBank. uniBank's shares (4,113,113 shares) were subsequently transferred to HODA Holdings at a cost of \$1 per share by an Executive of the Bank without board approval. uniBank's interest in WAICA Reinsurance was not recognised in the Bank's books, neither was the consideration receivable in respect of the subsequent transfer of these shares. Further reviews of these transactions are ongoing to determine the completeness and resulting entries arising from these transactions.

### Special Purpose Vehicle (SPV) Loans

A total of GH¢1.13 billion was transferred from Advances to Shareholders and booked as 59 SPV loans in the name of various customers. As at 20 March 2018, 42 of the SPV loans that had been created, had total outstanding principal and accrued interest balances of GH¢652.53 million and GH¢22.89 million respectively. These SPV loans are included in loans and advances to related parties.

### Interest on Amounts due from Shareholders

The amounts disclosed as due from shareholders exclude possible interest charges that ought to be accrued and which have, to date, not been appropriately determined. These amounts will be computed when validation of amounts due from shareholders is completed.

### Nature of relationships and transactions

A listing of identified related parties, the nature of the Bank's relationship and transactions with them is set out in **Appendix 1.1.2 (Page 86)**.

## Financial condition

# Related parties - relationship, transactions and balances at 31 May 2018

### Related Party Balances

#### Other Assets

Entity Name	Gross Amount (GH¢m)	IFRS 9 Impairment (GH¢m)	Net Amount (GH¢m)
Numa Logistics	1,691	1,691	-
HODA Holdings	1,480	1,480	-
Integrated Properties	123	123	-
uniPrecision Printing	84	84	-
LHS Ghana	36	36	-
Alban Logistics	35	35	-
Eurostar Global	26	26	-
Belstar	26	26	-
Premier Portfolio	22	22	-
POAK Resources	21	21	-
Premium Estates	21	21	-
Others	136	136	-
<b>Total</b>	<b>3,701</b>	<b>3,701</b>	<b>-</b>
<b>Percentage of Total Exposure</b>	<b>65%</b>		<b>0%</b>

#### Loans and Advances

Entity Name	Gross Amount (GH¢m)	IFRS 9 Impairment (GH¢m)	Net Amount (GH¢m)
LHS Ghana Ltd	199	91	108
uniPrecision Printing	188	188	-
Cassel Energy	188	188	-
POAK Resources	115	115	-
Numa Logistics	49	49	-
EIB Network	43	43	-
Prompt Supplies	43	43	-
GR Construction	42	42	-
Mid West Delivery	42	42	-
Minch Company	41	41	-
Starmount Development	41	41	-
EuroStar Global	30	30	-
Others	594	585	9
<b>Total</b>	<b>1,615</b>	<b>1,498</b>	<b>117</b>
<b>Percentage of Total Exposure</b>	<b>28%</b>		<b>50%</b>

#### Letters of Credit and Guarantees

Entity Name	Gross Amount (GH¢m)	IFRS 9 Impairment (GH¢m)	Net Amount (GH¢m)
uniSecurities Ghana Limited	46	0.7	45.3
Alban Logistics	18	0.2	17.8
HODA Holdings	16	0.5	15.5
Prime Properties	7	-	7.0
<b>Total</b>	<b>87</b>	<b>1.4</b>	<b>85.6</b>
<b>Percentage of Total Exposure</b>	<b>2%</b>		<b>37%</b>

#### Others

Item Name	Gross Amount (GH¢m)	IFRS 9 Impairment (GH¢m)	Net Amount (GH¢m)
Due from Other Financial Institutions	258	258	-
Property and Equipment	30	-	30
<b>Total</b>	<b>288</b>		<b>30</b>
<b>Percentage of Total Exposure</b>	<b>5%</b>		<b>13%</b>

## Financial condition

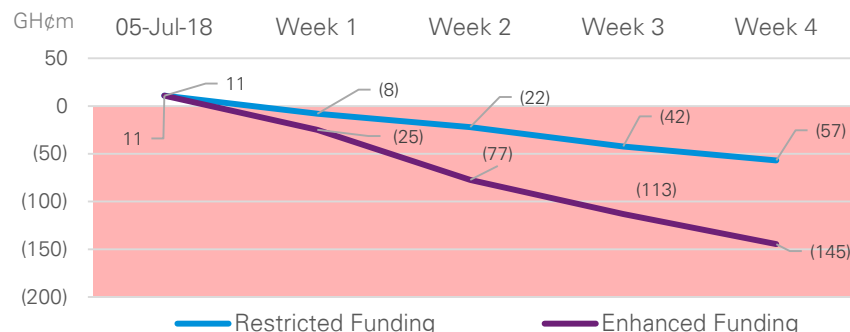
# Liquidity position and funding

The Bank recorded constant breaches of the regulatory 10% cash reserve requirement. The Bank's cash reserve ratio was 0.10% as at 31 May 2018 (0.14% as at 20 March 2018). Prudential liquidity ratios such as loan (including advances to related parties) to deposit ratio was 106% compared to a range of 50 to 70% for leading banks as at 20 March 2018 (16% as at 31 May 2018, post impairment of shareholder advances). The Bank has been unable to meet its 30-day liquidity requirements

Revenue from the core business of the Bank is not sufficient to fund its operations as reflected in the net interest expense of GH¢190 million in the period to 31 May 2018.

### Net Cash Requirements

The estimated domestic cash requirement for the 4 week period ending 5 August 2018, excluding pending obligations of GH¢1.47 billion (arrears), is depicted in the chart below:



Notes:

The reported amount of GH¢118 million for Cash & Balances with BoG includes Ghana cedi equivalent of foreign currency components amounting to GH¢107 million which is not readily available to meet the Bank's current local currency liquidity needs.

This is due to foreign exchange exposure constraints and rigidities in the clearing, transfer and settlement processes of foreign currency balances held within the jurisdiction. The readily available component is the local currency cash of GH¢11 million which represents vault balances across the 54-branch network.

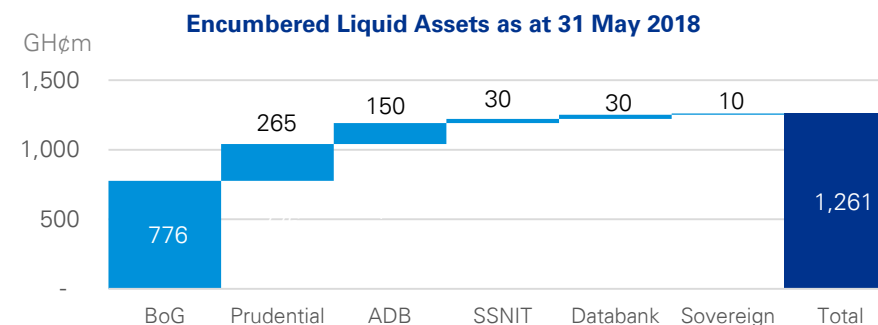
Restricted funding relates to BoG liquidity support to meet withdrawals by individuals, SMEs and Rural Banks only.

Enhanced funding relates to all expected withdrawals except interbank and other FIs.



### Inflows

- Significant deterioration in the quality of risk assets has eroded the Bank's earnings capacity and hence low level of inflows from these assets.
- Significant amounts advanced to related parties have low earning capacity which has had a negative implication on liquidity.
- 89% of the GH¢1.42 billion liquid assets of the Bank are not readily available to meet falling obligations because of encumbrances, credit risk considerations and market factors.



### Outflows

The top 10 and top 50 deposit to total customer deposit ratios were 40% and 62% respectively as at 31 May 2018 (29% and 56% as at 20 March 2018). These were mostly in the form of expensive short term fixed deposits. Accounts with balances exceeding GH¢100,000 form 87% of the total value of customer deposits despite making up only 0.54% of the total number of accounts.

A significant proportion of deposits, as shown in the table below, are due:

### Pending obligations as at 5 July 2018

Category	Amount GH¢'000	Amount \$'000
Individual	21,895	
Government	535,289	
Non-bank FIs	377,692	510
Interbank	437,614	8,500
Foreign Banks -Borrowings	-	1,350
Returned Cheques	92,696	
<b>Total</b>	<b>1,465,186</b>	<b>10,360</b>



## Financial condition

# Liquidity plan

The assessment of liquidity risks over the short and medium term was evaluated considering the following:

- Intra-day liquidity, liquidity buffers and stress liquidity.
- The Bank's liquidity strategy and its tolerance, funding and contingency plan as well as overall governance.
- The estimated cash flows from each line of asset and liabilities and expected changes and adjustment to capital accounts.
- The Bank's inability to access funding from stable sources.
- Recorded off-balance sheet letters of credit and guarantees.

A currency-wise method of liquidity assessment was used.

A bottom-up approach was used for estimation of cash flows for repayment of the loan book, based on an assessment of top 200 items which constituted 94% of the entire loan book.

The Bank's estimated net operating monthly cash outflow of GH¢28 million was incorporated into the assessment.

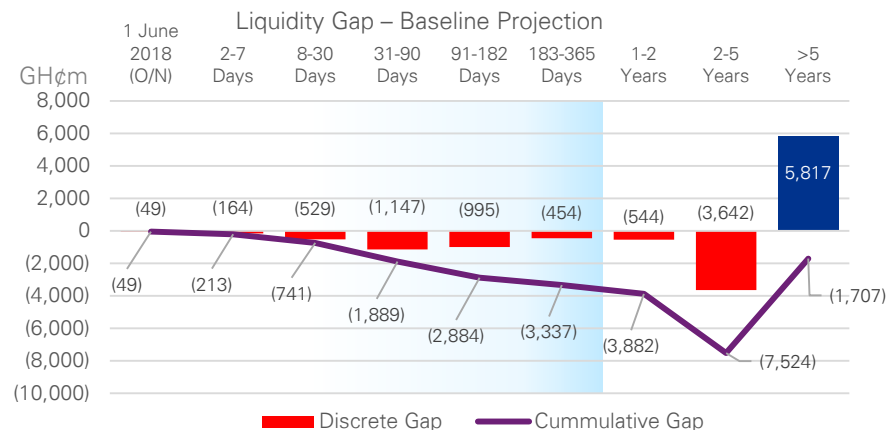
### Key Assumptions

1. No new lending or capital expenditure is expected for the planning horizon.
2. No depositors will lose any money.
3. Balances from banks are to be rolled over for the next 90 days based on directives from BoG.
4. Amount due to BoG have also been profiled in the 2-5 year time band.

### Limitations

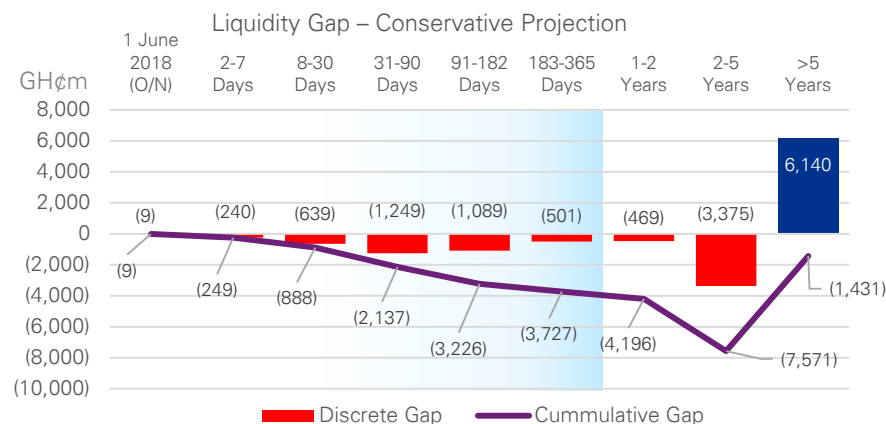
- Not enough historical data points was available to run a regression for the process.
- Poor data integrity did not allow for estimating Net Stable Funding Ratio.
- An accurate number of customers cannot be easily determined as the Bank had some multiple account holders that are not appropriately linked with unique IDs.
- No estimate for restructuring costs have been included in these workings as the business case for restructuring has not yet been carried out.

## Baseline Scenario



## Conservative Scenario

This approach uses a more conservative projection of cash flows from collections and recoveries. Additional assumptions for this scenario include higher attrition rates for structural balances and more conservative loan repayment. The cumulative net short position over the next 6 months is estimated at GH¢3.2 billion, rising to GH¢3.7 billion over a 1 year horizon.



# Taxation

### Direct and Indirect Taxes

The Ghana Revenue Authority (GRA) carried out tax audits covering the 2015 and 2016 years of assessment. Additional tax assessments raised by the GRA amounting to GH¢5.9 million in October 2017 have been settled. The tax exposure from January 2017 to date has not yet been subject to tax audits and for that reason there could be possible tax obligations.

### PAYE and WHT

The Ghana Revenue Authority (GRA) is currently carrying out tax audits on Pay-As-You-Earn (PAYE), Withholding Taxes (WHT) and other taxes, covering the period January 2015 to March 2018. GRA has raised some issues relating to accommodation allowances for executives and fuel and clothing allowances for executives and other staff. The exercise is currently on-going and it is difficult to determine what additional tax exposures may arise at this time.



# Unusual and suspicious transactions

- Financial misreporting
- Related party transactions
- Other irregular transactions and events

## Unusual and suspicious transactions

# Financial misreporting

In the course of KPMG's work as Official Administrator, certain unusual transactions have been identified. A forensic investigation may be required to collect evidence and establish the facts about potential misappropriation of assets and fraud. Details of these unusual transactions have been summarised below:

### Advances to Shareholders

- **GH¢3.7 billion** was paid to shareholders under unusual credit terms
- **GH¢1.13 billion** of the amounts advanced to shareholders was originally recorded under Other Assets and later transferred to loans and advances, under unusual circumstances.

### Data Capture Transactions

- Management used the Data Capture (DC) module of the T24 application to sometimes post credits not backed by value to individual accounts. Some of these "credits" were subsequently applied as follows:
  - Repayment of loans and advances totalling GH¢473.19 million
  - Transfers to other entities totalling GH¢152.37 million
  - Purchases of fixed deposits in the Bank totalling GH¢89 million
- Examples include transactions (net) in the following accounts: Numa Logistics (GH¢438.5million), HODA Holdings (GH¢168.1million), UNISECURITIES GH LTD-CALL A-CGH¢(GH¢89.7 million), YAW ADDO DEVELOPMENTS LIMITED (GH¢87 million). The bona fide commercial basis for these transactions is yet to be established.

### Off-balance Sheet Transactions

- A number of guarantees, which were either solely approved by the CEO of the Bank or jointly with other officials, were omitted from the Bank's list of guarantees provided by the Risk Department. Most of the beneficiary entities are related or connected parties.
- The CEO, Dr Kwabena Duffuor II, who is also the Board Chairman of uniPrecision solely approved letters of credit (not collateralised) of \$12 million to uniPrecision and \$4.2 million to Alban Logistics, both related entities.

### Transfer of Investments in WAICA Reinsurance Corporation plc (WAICA Re)

- The Bank made payments of GH¢57 million to WAICA Re (Sierra Leone) for equity investments in WAICA Re for uniBank, HODA and other related entities.
- The Bank's shares in WAICA Re were later transferred to HODA Holdings in June 2017 without approval by the Board of Directors.
- The Bank did not receive any consideration for the transfer of its equity interest in WAICA Re

### Misrepresentations to BoG

- The Bank misrepresented its financial position as at 31 December 2017 in the BSD report submitted to the BoG.
  - Loans and advances were overstated by approximately GH¢1.3 billion
  - Other assets were understated by approximately GH¢3.8 billion
  - Customer deposits balance was understated by approximately GH¢2.3 billion

### Deferred Expenditure

- The Bank deferred the recognition of some significant expenses incurred in prior years and are amortising some of these expenses over a number of years.
- This was done to enable the Bank present positive operating results in the periods the expenses were incurred.
- The total unamortised balance of these expenses as at 20 March 2018 was approximately GH¢165 million.

## Unusual and suspicious transactions

# Related party transactions

### Related Party Expenses

- uniBank seconded a number of staff to various related entities including uniCredit, uniSecurities, uniPrecision, House of Duffour Assets (HODA), EIB Network, etc. between August 2014 and April 2018. The total benefits accruing to these entities from seconded staff as at April 2018 amounted to GH¢7.2 million, excluding medical, training, etc.
- Fuel costs, security and drivers for HODA and IFS were also borne by the Bank.

### Excess Service Charge

- Topp Core Security, a related entity, charges GH¢110 per cash pick-up even though its competitors, Montran and Agate Mabot have proposed to charge GH¢36 and GH¢47 per pick respectively.
- Topp Core Security charges GH¢82,160 per month i.e. GH¢1,900 per policeman, for providing 36 policemen to the Bank. However, Topp confirmed, in discussions with them, that they only pay for 16 men to the Ghana Police Service resulting in an excess monthly charge of GH¢38,000.

### Social Responsibility (CSR) - IFS

- uniBank transfers GH¢500,000 to the Institute of Fiscal Studies (IFS), a related entity, every year as donation. The Bank also paid for a Toyota Land Cruiser at a cost of GH¢233,135 in 2014, which IFS has indicated was a donation from the Bank to IFS. We have not sighted any approvals either from the Board of Directors or management to confirm this.

### Unrecorded Transfers on behalf of HODA Holdings

- The CEO of the Bank approved a transfer of \$500,000.00 to Linklaters LLP, Dubai on behalf HODA Holdings under circumstances that have not yet been fully clarified.
- The transaction has remained a reconciling item on the Bank's Citibank statement since 17 July 2017.

### Procurement from Related Parties

- The Bank's main outsourcing and procurement arrangements were with related parties despite the uncompetitive nature of the commercial terms.
- Approximately GH¢57.6 million has been paid to related entities for goods and services procured from January 2017 to date.

### Key Management Personnel Holding Positions in Related Entities

- A number of key management personnel also hold various positions and serve on the boards of related entities.
- The CEO of the Bank serves on the boards of various related entities including uniSecurities Ltd., uniPrecision Printing Press, HODA Holdings, uniCredit Savings and Loans Limited, POAK Resources, Star GoldFields, UB Financial Services.
- The Financial Control Manager of the Bank also serves as the Head of Finance of HODA Holdings whilst the Head of Corporate Real Estate of the Bank is also the Head of Properties of HODA Holdings.

### Related Party Rent

- The Bank made rental payments for some buildings that are being occupied by related parties for which no refunds are paid to the Bank. An example is the Citizen Kofi Building at Osu, Accra where the Bank pays over \$45,000 per month for all the four floors in that building but which Topp Holdings, a related company owned by HODA Holdings, occupies part of the 4th floor without any reimbursement to the Bank.

### Related Party Properties

- Various properties paid for by the Bank and recorded in the Bank's fixed assets register under Capital Work In Progress (CWIP) amounting to GH¢28.2 million were noted as belonging to HODA, Bolton Portfolio Limited, Alban Logistics and Starlife Assurance Company, all related entities based on title documents sighted. The Bank's Finance Department indicated that they have no supporting documents (e.g. title deeds) for these properties in the Bank's name but continue to hold these properties in the Bank's fixed assets register under Capital Work In Progress (CWIP) as the Bank paid for them.

## Unusual and suspicious transactions

# Related party transactions

### Meridian House Property

- The Bank paid GH¢11,812,800 (\$5,136,000) in November 2013 for the acquisition of Meridian House, a property in Accra. This property was later purported to have been sold to StarLife Assurance Company through Kwabena Basoah (a vendor) under a deed of assignment between StarLife Assurance Company and uniBank (Ghana) Limited. StarLife indicated in the deed of assignment that 'the vendor' had requested StarLife to pay \$6.3 million to uniBank for this transaction. StarLife, however, indicated that it paid \$1 million with an offer to transfer two parcels of land to uniBank in exchange for the remaining balance of \$5.3 million. We have not been able to confirm payment of the \$1 million to UniBank as the payment sighted was to Dakmak Adel Mustafa.
- No valuation documents have been provided to support the value of the above parcel of land and relevant title deeds have also not been sighted. The deed of assignment, dated 24 December 2013, for the transfer of Meridian House from uniBank to StarLife Assurance was signed by the CEO, Dr Kwabena Duffour II.
- The Bank's Finance Department indicated that they have no knowledge of this arrangement and they continue to hold the Meridian House property in the Bank's fixed assets register under Capital Work In Progress (CWIP).

### Sale and lease back arrangements at book values of properties

- StarLife entered into sale and lease back arrangements with UniBank for 4 properties in Kokomlemle, Tema, Techiman and Tamale and paid the Bank the book values of those assets instead of their fair or market values. These properties have been leased to uniBank and rentals at commercial rates are charged and paid.

## Unusual and suspicious transactions

# Other irregular transactions and events

### Conflict of Interest

- Contrary to BoG guidelines, two (2) members of the Board are also directors of another regulated financial institution (uniSecurities).
- The CEO of uniBank, Dr Kwabena Duffuor II, is the board chairman of uniSecurities, a related party. uniBank paid a number of third parties various sums for maturing obligations of uniSecurities that uniSecurities defaulted on. For instance, payments of GH¢42 million, GH¢2 million, GH¢23 million to Produce Buying Company, Cocoa Marketing Company Ltd and Apex Capital Partners respectively
- Various sums were also paid to uniSecurities to enable them meet some of their maturing obligations. The total amount outstanding in connection with most of such payments, including accrued interest as at 31 May 2018, stood at GH¢256 million and have been recorded in the Bank's books as "Claim on discount houses". These outstandings are not covered by any collateral and uniSecurities has not been servicing the debt. uniSecurities continued to request and have, since 2013, been allowed to rollover this purported "claim on discount houses".
- The amounts have been recorded as "Asset under Management" in the Financial Statements of uniSecurities.
- Six out of the 11 members of the Board are directors of subsidiaries of the group and uniBank's holding company (HODA).

### MV Adobia Transaction

- The Bank advanced \$6 million to African Independent Coastal Services Limited (AIC) to purchase a Motor Vessel (MV Adobia).
- uniBank appointed a ship caretaker to protect its interest when AIC failed to pay back the loan.
- The total outstanding indebtedness of AIC as at 17 April 2018 was \$19,242,200 and GH¢9,576,500 for the US dollar and Ghana cedi advances respectively.
- The Bank pays the caretaker about \$40,000 every month for maintenance of the vessel.
- The caretaker is the husband of a director and shareholder of LHS Ghana Limited, a related entity of the Bank.
- MV Adobia is in a state of disrepair and has been unable to generate any income since March 2015. The last valuation done in 2015 indicated the vessel had a net realisable value of \$1 million.

### Diverted AfriExim \$25 million facility meant for LHS and BOST

- The Bank arranged \$25 million refinancing facility with African Export-Import Bank (AfriExim) for on-lending to LHS and Bulk Oil Storage Transport (BOST).
- The Bank utilised the amount for its own purposes and not as indicated in the facility agreement. The balance due to AfriExim remained unpaid as at 31 May 2018.

### Shares Purchased in ADB

- Included in the Bank's BoG cedi accounts were some transfers made to UMB Bank in favour of various entities and individuals between 5 and 6 December 2016 with a total value of GH¢324 million for use by the beneficiaries to purchase shares in Agricultural Development Bank (ADB). These transfers were recorded in the advances to shareholders account as "ADB share purchase".
- Funding for this transaction was from a GH¢400 million transfer credited to the Bank's BoG cedi account by BoG, on the same day the transfer to UMB was made.

### Progress Savings and Loans Limited's Fixed Deposit

- The Bank booked fixed deposit of GH¢12 million in favour of Progress Savings and Loans through the account of Apex Capital Partners Limited. This fixed deposit was not cash-backed and was debited to shareholder advances (Deferred Expenditure-Interest Related) ledger account with associated interest charge.
- Progress Savings & Loans is 100% owned by Apex Capital Partners and Apex Capital Partners is owned principally by Mr Bernard Owusu Twumasi.

### Executive Allowances and Taxation

- Allowances paid to executives for security, business promotion and others were not taxed in accordance with the provisions of the Income Tax Act (Act 896).
- Some executive committee members were also provided with security men even though they were paid security allowances.
- Some staff allowances such as fuel and car maintenance allowances, etc. were not taxed in accordance with the provisions of Income Tax Act (Act 896).

## Unusual and suspicious transactions

# Other irregular transactions and events

### uniSecurities Limited: Assignment of Non-Existent investment of GH¢25 million to Progress Savings and Loans

- uniBank assigned an investment of GH¢25 million purportedly owned by uniSecurities Limited (a related party) to Progress Savings and Loans. Based on this, Progress Savings and Loans gave a loan to uniSecurities. Review of uniBank Fixed deposit listings showed that uniSecurities did not have the investment of GH¢25 million.
- The letter of assignment from uniBank was signed by the Chief Operating Officer, Ekow Dennis and the company secretary Sylvia Archer. The assignment was renewed and signed by the COO and the Head of Corporate (Elsie Dansoa Kyereh).

### Unsupported Credits to Customer Account

- Several customer accounts were credited using petty cash vouchers generated by the Finance unit and cash pay-in-slips.
- Corresponding entries were posted to the deferred expenditure related party accounts.

### Unsupported Credits of GH¢25 million to Apex Capital Partners Limited Account

- uniBank credited the account (ending with 5131) of Apex Capital Partners with GH¢25 million (GH¢12 million and GH¢13 million) on 31 December 2015 using internal vouchers.
- Cash deposit slips attached bore official uniBank WTC branch received stamp to support the entries. However, no cash was actually paid in by Apex Capital Partners Limited
- The account credited was opened on 29 December 2015, two days before the credits. The relationship manager, Jerry Afful in an email correspondence described the account as ‘...a new account for special operations’.
- The total amount of GH¢25 million credited to Apex Capital Partners account was moved to HODA Properties Limited on the same day
- In response to a letter from the Official Administrator seeking information on the deposits, Apex Capital Partners stated in their letter (dated 27 June 2018) that they do not have a bank account with the transaction stated in the request.

### Payment of facilitation fees

Facilitation fees (business promotion expenses), calculated as a percentage of some fixed deposits placed with the Bank, were allegedly paid by the Bank to various unnamed officials of the institutions these amounts were collected from. The percentages ranged from 0.35% to 10% on the amounts placed. The total amount paid and recorded between January 2018 and 20 March 2018, which was charged to interest expense, was GH¢20.76 million. The top 10 such payments are listed below:

Amount GH¢	Company	Date Received	Approver	Recipient
375,380	Ghana Import and Export Bank	21/02/2018	Ekow Nyarko-Dennis	Genevieve Asomani
321,514	EDC Investment	10/01/2018	Ekow Nyarko-Dennis	Jerry Afful
321,514	EDC Investment	10/01/2018		Jerry Afful
311,150	EDC Investment	19/01/2018	Ekow Nyarko-Dennis	Genevieve Asomani
311,150	EDC Investment	19/01/2018		Genevieve Asomani
220,944	EDC Investment Ltd	21/02/2018	Ekow Nyarko-Dennis	Genevieve Asomani
161,053	Ghana Civil Aviation	05/01/2018	Ekow Nyarko-Dennis and John Collins Arthur	Enock Asare
161,053	Ghana Civil Aviation	05/01/2018		Enock Asare
157,767	Exim Bank	23/01/2018	Ekow Nyarko-Dennis	Genevieve Asomani
157,767	Exim Bank	23/01/2018		Genevieve Asomani

Refer to **Appendix 2 (pages 87 – 128)** for the detailed findings on unusual and suspicious transactions.





# Future prospects and options analysis

- Options assessment – context
- Resolution options - overview
- Option A – Shareholder repayment of advances & recapitalisation
- Option B – Third-party recapitalisation
- Option C – Nationalisation
- Option D – Bridge bank and liquidate residual
- Option D – Bridge bank transition and future viability considerations
- Option D – Bridge bank illustrative six month roll forward
- Option D – Preliminary review of operational issues in creating a bridge bank
- Option E – P&A certain assets & liabilities to another bank and liquidate residual
- Option F – Full liquidation via receivership
- Narrowing options – simplified decision tree

# Options assessment - context

**To the extent rehabilitation of uniBank is not viable or feasible, options have been considered with respect to both i) facilitating an orderly resolution of uniBank (balancing mitigation of systemic impact vs. cost); and ii) impact on future resolution options for other distressed institutions**

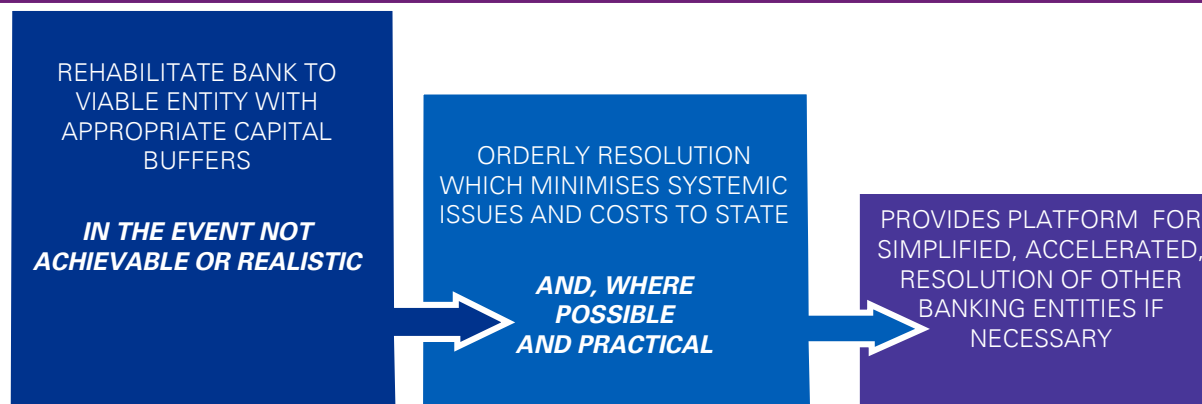
### Macro considerations:

- Ghana has experienced two recent bank failures with Capital Bank and UT Bank placed into Receivership August 2018. Following revocation of their banking licences, deposits and certain of the assets were transferred to state-owned GCB bank (via purchase & assumption out of Receivership) to help protect financial stability.
- We understand a number of banks failed the 2016 Asset Quality Review ('AQR') and remain under supervisory measures, including others which are within the top 10 banks and systemically important.

### uniBank specific considerations:

- Based on our work performed to date, which remain ongoing, uniBank is insolvent on both a cashflow and balance sheet basis:
  - GH¢1.5bn payables overdue as at 5 July 2018. With at least GH¢1.8bn further payables due by 31 December 2018 (reflect deposit maturity profile) with no reasonable prospect of repayment from the largely non-yielding or non-performing loan portfolio and shareholder advance.
  - Net liabilities of GH¢6.8bn following the updated impairment assessment of loans and shareholder advances.
- If uniBank were recapitalised and shareholder advances repaid in short order, there is currently no credible path to medium-term financial viability:
  - Interest income on third party loans and advances is insufficient to cover associated cost of funds on underlying borrowings or contribute to overheads. GH¢0.3bn annual operating cost run-rate under current operating model
  - Small retail deposits platform and weak ability to generate robust, performing corporate or retail loans

### ASSUMED PRIORITIES



# Resolution options - overview

There are six broad resolution options available....

### REHABILITATE BACK TO VIABILITY

#### Option A - Shareholder repayment of advances and recapitalisation

- Shareholder delivers on outline offer to repay shareholder advances & recapitalise: GH¢2.0bn cash injection, with further cash injection (value TBD) from refinancing personal assets

#### Option B - Third-party recapitalisation

- Third party investor led solution, with change of control delivered through bail-in of existing shareholder or dilution from new investor on new equity raise.
- Viability addressed through operational fix & potential transfer of bad assets to AMC

#### Option C - Nationalisation

- Transfer to state delivered through forced debt for equity swap (possibly via bail-in) of Shareholder equity and State balances (deposits from state owned entities and BoG funding)

### ORDERLY RESOLUTION

#### Option D – Bridge bank and liquidate residual

- Purchase & Assumption 'good bank' to state owned NewCo (basis for future resolution vehicle)
- Liquidate residual uniBank via Receivership

#### Option E – P&A certain assets & liabilities to another bank and liquidate residual

- Purchase & Assumption 'good assets and liabilities' to third-party bank for State dowry (Bond issuance)
- Liquidate residual uniBank via Receivership

#### Option F – Full Liquidation (via Receivership)

- Liquidate uniBank via Receivership

## Resolution options

# Resolution options - overview

Of the six proposed resolution options, creating a Bridge bank (to assist future bank resolution) is preferable from a systemic perspective. However, the absence of performing assets and inability to originate profitable performing loans to underpin income generation indicates creation of a profitable viable Bridge Bank from uniBank operations could be challenging, and will be further impacted by the chosen structure and features of the capitalisation bond. P&A of certain deposits and loans and uniBank liquidation is more deliverable.

Option	Systemic impact	Cost to State	Sustainability	Complexity	Deliverability	Key issues
<b>A - Shareholder repayment of advances and recapitalisation</b>						<ul style="list-style-type: none"> <li><b>Moral hazard</b> – market signalling considerations</li> <li><b>Timing</b> - additional shareholder engagement required to determine credibility and deliverability of offer</li> <li><b>Liquidity</b> – further ELA required to bridge to receipt of proceeds unless deposits successfully rolled over</li> </ul>
<b>B - Third-party recapitalisation</b>						<ul style="list-style-type: none"> <li><b>Deliverability</b> – limited investor interest given non-credible equity story (operational challenges and financial viability)</li> <li><b>Prolonged Timetable</b> – third party diligence and negotiation necessary to conclude process</li> </ul>
<b>C - Nationalisation</b>						<ul style="list-style-type: none"> <li><b>IFI confidence</b> – perceived as last resort option</li> <li><b>Cost and complexity</b> – no clear route to financially viable entity post nationalisation</li> </ul>
<b>D - Bridge bank and liquidate residual</b>						<ul style="list-style-type: none"> <li><b>Financial viability and sustainability</b> - limited performing assets for transfer (GH¢0.3bn) inhibits income generation to cover funding and fixed costs. Use of floating rate capitalisation bonds would be preferable to avoid introducing MTM-driven solvency and liquidity risk.</li> </ul>
<b>E - P&amp;A certain assets &amp; liabilities to another bank and liquidate residual</b>						<ul style="list-style-type: none"> <li><b>Capacity / willingness of institutions to absorb further net liabilities</b></li> <li><b>Future resolution platform</b> - not provided</li> <li><b>Socio-economic</b> - adverse impact on staffing / job losses</li> </ul>
<b>F - Full Liquidation (via Receivership)</b>						<ul style="list-style-type: none"> <li><b>IFI and depositor confidence</b></li> <li><b>Job losses</b> – c.3,700 direct and indirect staff currently employed</li> </ul>

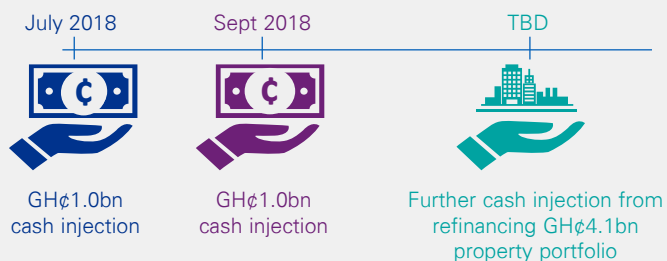
The overall assessment of priority options needs to consider the relative importance of the 5 assessment criteria stated above, which should be considered in your decision-making.

## Resolution options

# Option A – Shareholder repayment of advances & recapitalisation

**The shareholder recapitalisation offer is insufficient to restore balance sheet solvency, with a GH¢0.6bn shortfall remaining assuming properties are financed at 100% LTV to OMV (which is unrealistic) and IPC impairments are reversed**

### OVERVIEW – Proposed 3 stage cash injection



	May-18	Jul-18	Sep-18	Full GH¢4.1bn	Scenario A <sup>1</sup>	Scenario B <sup>1</sup>	Scenario C <sup>1</sup>
Shareholder loans <sup>2</sup>	5.6	4.6	3.6	-	1.1	1.8	2.4
Cash	-	1.0	2.0	6.1	4.5	3.8	3.2
Capital shortfall (estimated)	<b>(7.4)</b>	<b>(6.4)</b>	<b>(5.4)</b>	<b>(1.3)</b>	<b>(2.9)</b>	<b>(3.6)</b>	<b>(4.2)</b>

Note 1. Scenarios assume 60% LTV advance and nil, 25% and 50% haircut to property valuations respectively

Note 2 – includes shareholder loans in Other Assets and also Loans and Advances to Customers

### KEY ISSUES:

- Moral hazard.** BoG to opine on 'fit and proper' criteria and broader market signalling.
- Sufficiency.** The capital deficit at 31 May 2018 is GH¢7.4bn (GH¢7.0bn capital deficit plus GH¢0.4bn minimum capital requirement), before run-rate ongoing losses. The proposal can only deliver maximum proceeds of GH¢6.1bn, even assuming no deterioration in stated property values and 100% LTV advance on financing (which is unrealistic) leaving a GH¢1.3bn shortfall (reduced to GH¢0.6bn shortfall assuming reversal of impairment losses on IPCs)
- Certainty.** Proposal carries material execution risk, particularly in respect of source of funds of GH¢2.0bn cash injection and availability and quantum of financing against the property portfolio (which may be non-yielding and subject to material valuation risk).
- Timing.** Developing existing high level proposal through to a detailed term-sheet with proof of funds (incl. 3<sup>rd</sup> party property finance) would customarily take 3-6 months + and is unlikely executable within the current OA timeframe.

### SYSTEMIC IMPACT

<b>Depositor protection</b>		Deferred but future viability concerns
<b>IFI confidence</b>		Dependent on resolution speed
<b>Financial inclusion</b>		Branch coverage and access retained
<b>Employment</b>		Operations and employment retained

### COST TO STATE

<b>Deposit guarantee</b>		Avoids immediate call on guarantee
<b>Recovery BoG funding</b>		Dependent on resolving future viability and sustainably growing depositor base
<b>Resolution costs</b>		Reduced to additional supervision costs

### COMPLEXITY

Large number of critical factors outside of OA and BoG control, including delivery of property to be refinanced, valuation of property portfolio and timing of refinancing process
Third party bank refinancing of property portfolio customarily requires material diligence

### SUSTAINABILITY

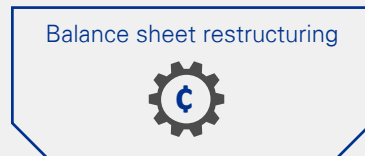
Unviable business model and cost base remains
Further capital shortfalls possible for future NPL risk and operating losses

## Resolution options

# Option B – Third-party recapitalisation

Given the Bank's strategic positioning and current financial condition, third-party recapitalisation is not considered a credible option, given the comparatively low investment cost of establishing a new bank.

### OVERVIEW - combination of:



- **Fix operational governance & controls issues**
  - **Reposition strategy: lending & funding model**
  - **Right-size cost base**
  - **Improves recoveries culture legacy book -NPLs moved to an Asset Management Company**
- **Deliver change of control:**
    - Bail-in shareholders whilst under OA, then recapitalise; or
    - Dilute existing shareholder through recapitalisation. **State equity participation (via bond issuance) to plug residual capital gap**

### KEY ISSUES:

1. **Low investor interest.** Lack of credible equity story (uncompetitive funding base, inability to originate profitable robust lending, high cost base) and cost / complexity of necessary operational fix reduces potential investor appetite.
2. **Timetable.** Accelerated M&A process would require 12+ weeks. Data quality, loan portfolio quality and uncertainty over contingent liabilities would likely adversely impact diligence timetable, potential investor confidence and ultimately pricing.
3. **Liquidity.** Bridging liquidity (through ELA) would be necessary to provide a stable platform through the accelerated M&A process. Public awareness of potential M&A could trigger run on deposits.
4. **Necessity for state participation.** State equity participation (via bond issuance) likely required to support solvency. Equity injection via Bond (rather than cash) leaves residual solvency risk arising future fluctuations in MTM of the Bond.

SYSTEMIC IMPACT		
<b>Depositor protection</b>		Solvency restored
<b>IFI confidence</b>		Functional resolution evidenced
<b>Financial inclusion</b>		Branch coverage and access retained
<b>Employment</b>		Operations retained but likely job losses arising from operational fix

COST TO STATE		
<b>Deposit guarantee</b>		Avoids immediate call on de-facto guarantee
<b>Recovery BoG funding</b>		Dependent on resolving future viability and sustainably growing depositor base
<b>Resolution costs</b>		State support likely necessary alongside new investor

COMPLEXITY		
Accelerated M&A and diligence process hampered by data quality and availability issues		
Effective route to deliver change of control to be determined – BoG determination powers currently untested. Robust valuation required to support bail-in		
Potential necessity for state involvement to address residual solvency issues will likely further complicate negotiation process and timetable		

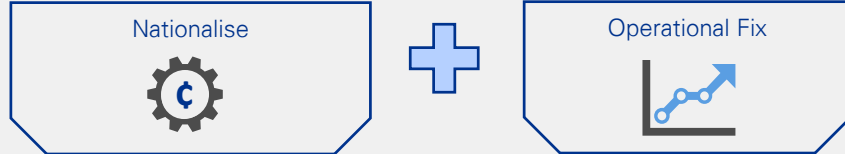
SUSTAINABILITY		
Retained uniBank entity exposed to legacy litigation and contingent liabilities. Credibility of Business Plan and investor track record undeterminable		

## Resolution options

# Option C - Nationalisation

**Nationalisation may adversely impact IFI confidence and, given the material cost implications, could be considered as a last resort to insolvency**

### OVERVIEW - combination of:



#### Delivered through:

- **Assignment of BoG funding & deposits of State Owned Entities** (the 'State Interest') totalling GH¢4.7bn.
- **Debt for equity swap of existing shareholder and State Interest through bail-in**

- **Fix operational governance & controls issues**
- **Reposition strategy: lending & funding model**
- **Right-size cost base**
- **Improves recoveries culture legacy book - NPLs moved to AMC?**

### KEY ISSUES:

1. **Execution complexity.** State related balances would first require assignment from existing State creditors (BoG, State Owned Entities) to one central ministry, capable of holding equity (assumed MoF).
2. **Timetable.** Material execution planning required. Data quality, loan portfolio quality and uncertainty over contingent liabilities hampers production of robust business valuation to support the Bail-in process (to establish creditors respective economic interest and future equity participation).
3. **Liquidity.** Bridging liquidity (through ELA) would be necessary to provide a stable platform through to Nationalisation. Public awareness of potential M&A could trigger run on deposits.
4. **Cost.** Liquidity support required for State Owned Entities subject to deposit bail-in, in addition to covering ongoing liquidity needs of nationalised Bank.

### SYSTEMIC IMPACT

<b>Depositor protection</b>		Solvency improved post capitalisation
<b>IFI confidence</b>		IFI perception resolution tools ineffective
<b>Financial inclusion</b>		Branch coverage and access retained
<b>Employment</b>		Operations retained but likely job losses arising from operational fix

### COST TO STATE

<b>Deposit guarantee</b>		Avoids immediate call on de-facto guarantee
<b>Recovery BoG funding</b>		Dependent on resolving future viability and sustainably growing depositor base
<b>Resolution costs</b>		Ongoing State support necessary through liquidity line

### COMPLEXITY

Effective route to deliver debt for equity swap to be determined – BoG determination powers currently untested. Creditor classes to be capitalised inconsistent with bail-in creditor hierarchy

Robust business valuation and identification of related party deposits required to support bail-in

### SUSTAINABILITY

Retained uniBank entity exposed to legacy litigation and contingent liabilities. Complex operational turnaround necessary to mitigate future losses and provide future exit route through sale / IPO

## Resolution options

# Option D – Bridge bank and liquidate residual

Transitioning to Bridge bank is complex, but appears possible with appropriate execution planning. However, the absence of performing assets and inability to originate profitable performing loans to underpin income generation indicates creation of a profitable viable Bridge Bank from uniBank operations could be challenging, and will be further impacted by the chosen structure and features of the capitalisation bond.

### OVERVIEW



### KEY ISSUES:

- 1. Future viability of Bridge bank.** Poor quality asset base available for P&A (third-party corporate loan portfolio), limited ability to successfully originate performing loans, high cost base and uncompetitive funding structure (high-cost deposits) are a material drag-anchor to future profitability and viability of Bridge Bank. Absent strategic repositioning and operational enhancement of the business model, Bridge Bank risks becoming a high-cost run-off vehicle for assumed assets with limited opportunity for future exit. Use of floating rate capitalisation bonds would be preferable to avoid introducing MTM-driven solvency and liquidity risk.
- 2. Cost.** Day-one Bond issuance cost likely in excess of GH¢4.3bn (GH¢3.6bn+ net liabilities assumed, balance to cover running losses until year end and GH¢400m minimum capital).
- 3. Execution complexity.** Whilst our work has not yet identified any material impediments to the P&A of assets, liabilities and operations, material execution planning is required re. establishment of NewCo and execution of the P&A, which is further complicated by the current reliance on related-party service provision contracts (e.g. security)

### SYSTEMIC IMPACT

<b>Depositor protection</b>		Solvency improved post capitalisation
<b>IFI confidence</b>		Functional resolution evidenced
<b>Financial inclusion</b>		Branch coverage reduced to right-size cost-base
<b>Employment</b>		Operations retained but likely job losses arising from operational fix

### COST TO STATE

<b>Deposit guarantee</b>		Avoids immediate call on guarantee
<b>Recovery BoG funding</b>		Dependent on liquidation outcome in uniBank (where BoG funding claim retained) which is critically dependent on quantum of shareholder advance recoveries
<b>Resolution costs</b>		Bond to capitalise Bridge Bank and funding of establishment costs and future losses

### COMPLEXITY

Steps paper and detailed execution planning for establishment of Bridge Bank target operation model and assumption of operations

Identification and valuation of 'good' assets and relevant liabilities to be assumed by Bridge Bank. Approval and execution process for Bond issues

### SUSTAINABILITY

Bridge Bank viability unclear absent strategic repositioning and operational enhancement of the business model



## Resolution options

# Option D – Bridge bank transition and future viability considerations

Initial view is that the launch of a Bridge Bank appears possible but at a cost and with long term viability challenges

### OVERVIEW – Transition to Bridge Bank



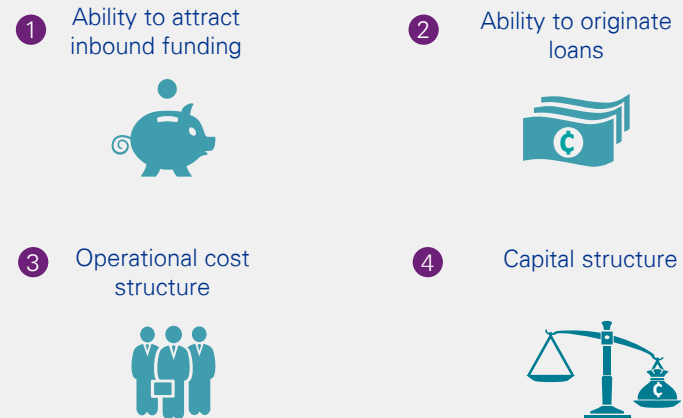
#### Key operational steps:

- Implement Corporate Governance compliant Board & Management ●
- Transition systems ●
- Transfer and downsize service contracts to Bridge Bank (TSA needed) ●
- Inject capital & liquidity ●
- Legal transfer of selected liabilities (Non-related party deposits & wholesale funding), and 'good' assets with security (incl. fixed assets as necessary) ●
- Transfer employees to Bridge Bank (terminate & re-hire) ●
- Transfer contractors to Bridge Bank (consent not unreasonably withheld) ●
- Commence redundancy bank employees (possible 90 day notice) ●
- Embed culture and values ●

**Preliminary View is Likely Implementable with some monetary cost**

#### Evaluation

### ONGOING OPERATIONS AND FINANCIAL VIABILITY



#### Key operational steps:

- Stability of Capital Base when funded with all or partial Government Fixed Rate Bonds (requiring mark-to-market) and likely loss making day 1 ●
- Ability to take competitive deposits near term ●
- Ability to originate and grow loan base into to credit worthy customers ●

**Sustainability of business model appears challenging given the low level of performing loans available for transfer (GH¢0.3bn) and lack of evidence of quality loan origination capability or ability to attract deposits at market rates**

**The proposed capitalisation via fixed-rate Bond introduces material leverage into the capital structure, with highly volatile movements in equity and borrowing base (when using as security to BoG) potentially resulting from interest rate movements as the Bond is MTM.**

#### Evaluation

## Resolution options

# Option D - Bridge bank illustrative six month roll forward

**Illustrative scenario analysis highlights that, absence a credible strategic and operational plan to sustainably grow new lending, Bridge Bank will become increasingly unviable. Financial performance and stability will be critically dependent on the coupon of the Capitalisation Bond**

Illustrative Bridge Bank

10 year floating rate bond issued to cover net liabilities to be assumed and minimum capital requirement of GH¢'400m and ongoing operating losses.

Bonds fully liquefied to pay off liabilities and cover costs. Assumed positive margin of 0.5% (19.5% bond yield less 19% repo rate)

	GH¢'m
Net interest income <sup>2</sup>	129
Fee & commission income	21
Operating costs	(156)
<b>Est. 6 month net loss</b>	<b>(6)</b>

GH¢'m	Establish Bridge Bank			Day 1 Balance sheet	Trading		6 months Balance sheet
	1. Bond issue	2. P&A of assets & liabilities	3. Bond repo		6 month P&L	Repay. maturing deposits	
<b>P&amp;L</b>	-	-	-	-	(6)	-	(6)
<b>Assets</b>							
Bond	5,500	-	-	5,500	-	-	5,500
Loans <sup>1</sup>	-	309	-	309	-	-	309
Fixed assets	-	147	-	147	-	-	147
Cash	-	-	5,500	5,500	-	(5,194)	306
<b>Total assets</b>	<b>5,500</b>	<b>456</b>	<b>5,500</b>	<b>11,456</b>	-	<b>(5,194)</b>	<b>6,262</b>
<b>Liabilities</b>							
Repo	-	-	(5,500)	(5,500)	-	-	(5,500)
IFI loans	-	(1,374)	-	(1,374)	-	1,271	(103)
Deposits	-	(4,050)	-	(4,050)	-	3,923	(127)
<b>Total liabilities</b>		<b>(5,424)</b>	<b>(5,500)</b>	<b>(10,924)</b>	-	<b>(5,194)</b>	<b>(5,730)</b>
<b>Reserves</b>	<b>(5,500)</b>	<b>4,968</b>	-	<b>(532)</b>	<b>6</b>	-	<b>(526)</b>

Illustrative residual uniBank post P&A certain assets and liabilities to Bridge Bank

GH¢'m	Balance as at 31 May 2018	P&A	Post-P&A
<b>Assets</b>			
Fixed assets	147	147	-
Loans and advances to customers	309	309	-
Remaining assets	1,928	-	1,928
<b>Total assets</b>	<b>2,384</b>	<b>456</b>	<b>1,928</b>
<b>Liabilities</b>			
Customer deposits	(4,050)	(4,050)	-
IFI loans	(1,374)	(1,374)	-
BoG liability	(3,254)	-	(3,254)
Other liabilities	(487)	-	(487)
<b>Total liabilities</b>	<b>(9,165)</b>	<b>(5,424)</b>	<b>(3,741)</b> <sup>3</sup>
Net liabilities	(6,781)	(4,968)	(1,813)

Notes: 1. Being GH¢330m performing loans, net of GH¢21m employee loans

2. Includes interest on short term cash investments

3. Excludes the state's claim on uniBank for the excess liabilities transferred

Figures are for illustrative purposes only. Liabilities have been taken from the May balance sheet and thus will be materially higher due to interest charges: the above figures assumes no compounding; all loans remain performing and do not mature; no change in interest rates; no inflation cost rises; and no benefits to any cost cutting measures. Operating costs assume current run rates are maintained.

## Resolution options

# Option D – Preliminary review of operational issues in creating a bridge bank

Transfer of assets and liabilities and implementation of corporate governance	
Issue	Considerations
<p><b>Bridge Bank transfer:</b> The ‘good assets’ and the majority of liabilities excluding those with the shareholder, other related and connected parties or from entities with suspicious transactions will be transferred to the Bridge Bank.</p> <p>Does the existing legislation allow the transfer of assets (including security) and liabilities to a new Bridge Bank? <b>Yes</b></p> <p>Steps:</p> <ol style="list-style-type: none"> <li>1. Parliamentary approval likely required prior to bond issuance</li> <li>2. Receivership</li> <li>3. Capitalise and license Bridge Bank</li> <li>4. Transfer Bridge Bank identified assets and liabilities</li> <li>5. Rebrand and immediately relaunch Bridge Bank</li> </ol>	<p><b>Assets</b></p> <p>Does the existing legislation allow the transfer of assets (including security) to a new bank? <b>Yes</b></p> <ul style="list-style-type: none"> <li>• <b>There is a right to transfer assets under the act</b> and precedent has been set under previous purchase and assumption (P&amp;A) agreements. It is likely BoG will act after taking the bank over in receivership unless an agreement with the shareholder is reached.</li> <li>• Security: does security transfer with the loans under the P&amp;A agreement to an existing bank or a Bridge Bank and while this has not been tested in the case of Receivership or the OA function it has been tested on ordinary bank assignments.</li> <li>• Do all loans of a borrower cross collateralise and, if so, do all loans need to be transferred for collateral to be enforceable across loans? No - all loans to a borrower do not automatically cross collateralise so if to same borrower can be separated from each other in Bridge Bank and legacy uniBank.</li> </ul> <p><b>Feasibility: High, but at some cost.</b></p> <p><b>Liabilities</b></p> <p>Do the existing powers under the act allow the transfer of selected liabilities without consent?</p> <ul style="list-style-type: none"> <li>• Right to transfer under the act? <b>Yes</b> and precedent set under P&amp;A agreements in the past. It is likely BoG will act after taking the bank over in administration unless an agreement with the shareholder is reached.</li> <li>• Unless bail-in type mechanics are used prior to restructure uniBank’s capital structure the contractual terms of the transferred liabilities will remain in place within the new Bridge Bank.</li> </ul> <p><b>Feasibility: High, but high cost deposits likely to remain until they mature, the vast majority of deposits mature in the coming months.</b></p>
<p><b>Corporate Governance:</b> Can a day one governance structure be put in place in Bridge Bank that will comply with needs and material portions of comparable corporate governance codes?</p> <p>Steps:</p> <ol style="list-style-type: none"> <li>1. Identify board and executive management</li> <li>2. Receive approvals as required by BoG</li> </ol>	<p><b>Executive management structure</b></p> <p><b>Executive management</b></p> <ul style="list-style-type: none"> <li>• CEO, e.g. HR, compliance (dotted line), internal audit (outsourced dotted line), treasury.</li> <li>• CRO e.g. credit, market, liquidity and operational risk management.</li> <li>• CFO, e.g. finance, regulatory reporting, planning and controlling.</li> <li>• COO, e.g. IT, operations and facilities.</li> </ul> <p>Predominantly all other staff outsourced day one from Topp Recruitment or uniBank.</p> <p><b>Feasibility: High</b></p> <p><b>Board structure</b></p> <ul style="list-style-type: none"> <li>• Non executive and a sufficient number of independent directors, but also provide representation to the Ministry of Finance for its shareholding.</li> <li>• Executive Directors: the CEO, non independent director representing the Ministry of Finance; three independent non-executive directors. The chairman should be elected from the independent non-executives.</li> </ul> <p><b>Feasibility: High</b></p>

# Option D – Preliminary review of operational issues in creating a bridge bank

Transition and systems, people and culture	
Issue	Considerations
<p><b>Transition and systems:</b> Interim process would involve the use of existing systems and premises</p>	<p><b><u>IT systems</u></b></p> <ul style="list-style-type: none"> <li>• Is there legislation to compel use of bad bank systems (at a cost) for ‘good bank’? No</li> <li>• Is it possible to transition to a system quickly in order to launch Bridge Bank quickly and not impact significantly existing customers? <ul style="list-style-type: none"> <li>- T24 is the core system and typical in the market.</li> <li>- IT has indicated licences can be purchased from uniBank and used by Bridge Bank at amortised costs (neutral cost impact).</li> <li>- Running parallel applications should not be needed and data at transition will be archived.</li> <li>- Since uniBank will only retain the ‘bad’ assets, liabilities and related party transactions and Bridge Bank will acquire all other assets and liabilities including the deposits of uniBank. uniBank will therefore not require the existing applications in the future but a simpler solution.</li> <li>- No mobile banking product is available at uniBank, which is not unusual, due to the lack of mobile internet infrastructure. UniBank’s SMS banking and online banking are typical and generally in line with competitors.</li> </ul> </li> </ul> <p><b>Feasibility: Medium to high, but at some cost and full validation of thesis is required.</b></p>
<p><b>HR:</b> Bank employees to transfer to Bridge Bank</p> <p>Potential Steps:</p> <ol style="list-style-type: none"> <li>1. Operate as contractors from uniBank to Bridge Bank on the day of announcement</li> <li>2. Arrange permanent transfer through a redundancy and rehire process.</li> </ol>	<p><b><u>Bank employee transfer to Bridge Bank</u></b></p> <ul style="list-style-type: none"> <li>• Right to transfer employees under the act? <b>No</b></li> <li>• Ability to use uniBank employees on an interim basis for Bridge Bank? <b>Yes</b>, as ability to amend job function to provide service to Bridge Bank from uniBank. Although a transition Service Agreement would be needed. <b>Feasible</b></li> <li>• Ability to transfer under the law outside the act: <b>No</b>, but can terminate and ‘re-hire’ <ul style="list-style-type: none"> <li>- Employees costs: redundancy terms defined by precedent of February 2018</li> <li>- Preliminary cost estimate for redundancy of all 811 employees is GH¢61.6m of which GH¢23.2m is already in Provident Funds. An additional GH¢10.2m cost will be incurred through the forgiveness of 20% of all outstanding employee loans.</li> <li>- No other obstacles noted: e.g. no unions, state pension benefit transfers seamlessly.</li> <li>- Potential unintended consequences such as the loss of portions of pension benefits to employees or the inability of employees to pay back employee loans</li> </ul> </li> </ul> <p><b>Feasibility: High, but at some cost.</b></p> <p><b><u>Bank employee redundancy</u></b></p> <ul style="list-style-type: none"> <li>• Right to terminate under the act? <b>No</b></li> <li>• Ability to terminate pre transfer? <b>Yes</b>, but potential new 90 day notice period required.</li> <li>• Right to terminate under the law outside the act? <b>Yes</b>, with redundancy terms defined by precedent set in February 2018. <ul style="list-style-type: none"> <li>— Per employee cost: redundancy terms defined by precedent of February 2018.</li> <li>— Preliminary range of redundancy cost: as above which would also be incurred during liquidation but redundancy costs are subordinated to the existing BoG claims</li> <li>— No other obstacles noted: e.g. no unions.</li> </ul> </li> </ul> <p><b>Feasibility: High, but at some cost, which would likely be incurred during the liquidation process. Redundancy claims likely subordinate to the BoG claims.</b></p>

## Resolution options

# Option D – Preliminary review of operational issues in creating a bridge bank

Transition and systems, people and culture (cont.)	
Issue	Considerations
<p><b>HR:</b> Topp Recruitment (third party employees)</p> <p>Potential Steps:</p> <ol style="list-style-type: none"> <li>Downsize including branch reduction at uniBank.</li> <li>Assign Topp Recruitment contract to Bridge Bank on the day of announcement.</li> </ol>	<p><b><u>Contractors move to Bridge Bank</u></b></p> <ul style="list-style-type: none"> <li>Right to transfer under the Act? <b>No</b></li> <li>Ability to use on an interim basis for Bridge Bank? <b>No</b>, there is no unilateral right to change scope</li> <li>Ability to assign contract under the law outside the act? <b>Likely</b> <ul style="list-style-type: none"> <li>Clause 13.8 states assignment of contract must not be unreasonably withheld.</li> <li>Clause 14 (iii) obligation to mitigate costs, if closing.</li> <li>No other obstacles noted: e.g. no unions, redundancy or benefit requirements to contractors.</li> </ul> </li> </ul> <p><b>Feasibility: High</b></p> <p><b><u>Topp employees services to be partially terminated (downsized)</u></b></p> <ul style="list-style-type: none"> <li>Right to terminate under the act? <b>No</b></li> <li>Ability to reduce contractors pre transfer? <b>Yes</b>, but two months notice to company. Two months pay in lieu of notice per contractor</li> <li>Right to reduce contractors under the law outside the act? <b>Yes</b> <ul style="list-style-type: none"> <li>Two months notice to the company or the bank must pay two months in lieu of notice per contractor.</li> <li>Mutual right of termination of the contract on 6 months notice.</li> <li>Preliminary cost estimate 2 months of contractor payments which would also be incurred during liquidation but are likely subordinated to BoG claim</li> </ul> </li> </ul> <p><b>Feasibility: High, but at some cost, which would likely be incurred during the liquidation process and is likely subordinate to the BoG claims.</b></p>
<p><b>People and culture</b></p> <p>Potential Steps:</p> <ol style="list-style-type: none"> <li>Before or immediately after launch of Bridge Bank employee training is required</li> </ol>	<p><b><u>Does the bank have sufficiently robust culture and values to ensure proper running of the bank?</u></b></p> <p>Given the lack of employees willing to speak up when previous related party transactions occurred while senior management acted outside their delegation approvals significant ‘whistle blower’ training and embedding of values is required before the launch of a Bridge Bank.</p> <p><b>Feasibility: Medium to high, but training required.</b></p>

# Option D – Preliminary review of operational issues in creating a bridge bank

Capitalisation, liquidity and sustainable business model	
Issue	Considerations
Day one - capitalisation and liquidity	<p><b><u>Can the Ministry issue GH¢4.395m of bonds and place them in the market and use the proceeds to effectively capitalise the Bridge Bank?</u></b></p> <ul style="list-style-type: none"> <li>Parliamentary approval for the overall transaction may be required before the Ministry of Finance can complete the transaction. This may need to be done by a special session to coincide with the receivership of uniBank and the launch of the Bridge Bank in order to ensure Bridge Bank is solvent and capitalised when it takes on the 'good assets and liabilities'.</li> <li>If the Ministry of Finance cannot issue bonds into the market it may be possible to provide bonds free to uniBank to fill the asset to liability gap (i.e. as equity). These bonds would need to yield substantially higher than the rate at which the Bridge Bank could repo them to the BoG on a short term rolling basis.</li> <li>If these bonds are of a long maturity the Bridge Bank will run a material risk:             <ul style="list-style-type: none"> <li>If bond yields rise this will negatively impact equity and also lower the amount of funds the bonds can be repo'd, impacting liquidity.</li> <li>Rises in short term rates will reduce the spread or potentially turn the spread negative between bond yield and the daily repo rate, thus increasing daily losses and raising the amount of aid needed to stabilise the bank during its transition to a sustainable business model.</li> </ul> </li> </ul> <p><b>Feasibility: moderate for issuance, more difficult for market placement</b></p>
	<p><b><u>Can the bank be sustainable on an ongoing basis in the future, if capital is funded with bonds?</u></b></p> <ul style="list-style-type: none"> <li>Market rates for Government of Ghana bonds is roughly 19.5% for 10 years (ref: ESLA 10yr)</li> <li>Assuming the bank is solvent when capitalised with bonds it should be able to borrow funds from the central bank short term vs the bond as collateral at 19% (policy rate + 2.0%)</li> <li>Assuming no change in short term or long term interest rates a positive margin of, on average, 0.5% could be achieved adding roughly GH¢22m* per annum to net interest income.</li> </ul> <p><b>Feasibility: Moderate assuming fixed rate bonds are transferred to Bridge Bank, substantial volatility in short and long term rates could create additional capital needs</b></p> <p><i>*Actual additional interest income achieved could be lower than suggested, due to compounding of interest rates and haircuts on the bonds repo'd.</i></p>

## Resolution options

# Option D – Preliminary review of operational issues in creating a bridge bank

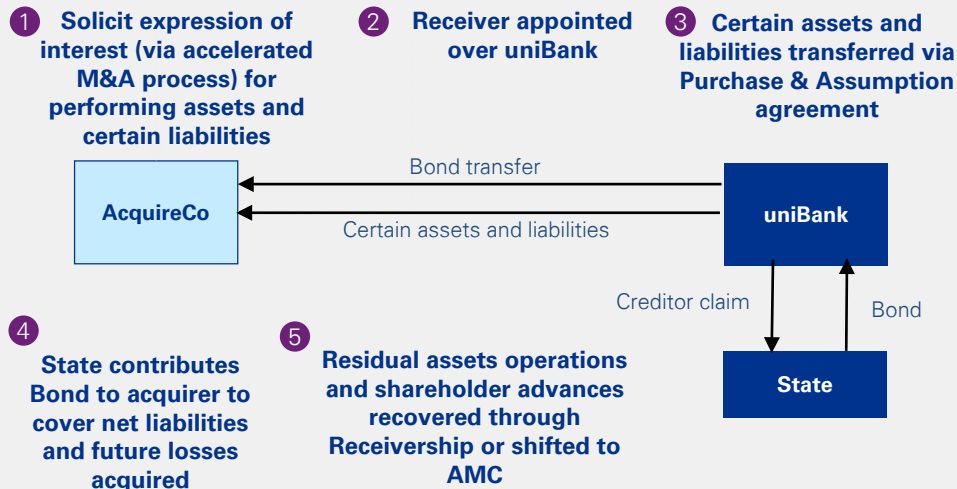
Capitalisation, liquidity and sustainable business model (cont.)	
Issue	Considerations
<p><b>Can the bank derive a sustainable business model</b> where it can cover its long term cost of capital? i.e. Target operating model</p>	<p><b><u>Can the Bridge Bank, using its existing uniBank capabilities, attract deposits at market rates once capitalised?</u> - Difficult</b></p> <p>uniBank has a high cost deposit base due to its financial position. With re-branding the bank would need to attract customers and deposits at market rates rather than competing on price.</p> <ul style="list-style-type: none"> <li>Although the bank seems to have an existing online and SMS banking platform for retail and a substantial number of SME and Retail clients it is not clear the bank has a strategy to execute a drive to competitive deposit taking</li> </ul> <p><b>Feasibility: Medium</b></p> <p><b><u>Can the Bridge Bank using its existing uniBank capabilities attract loan customers on a competitive basis with its peers in sufficient amounts to achieve the required return?</u> - Difficult</b></p> <ul style="list-style-type: none"> <li>The bank currently has little, if any, core lending franchise. In addition they have stopped originating new loans. It is unclear how the Bridge Bank could return to the lending market in a timely and profitable way.</li> </ul> <p><b>Feasibility: Low, given so few performing assets are available to generate income. The bank will be very dependent on loan growth. Even the banks non-related party loans show very significant impairment history.</b></p>

## Resolution options

# Option E - P&A certain assets & liabilities to another bank and liquidate residual

The Ghanaian banking system may have insufficient balance sheet capacity or desire to absorb GH¢3.8bn of net liabilities unless the deposits are funded at a net discount (e.g. through offering a positive spread on the State Bond)

### OVERVIEW



### KEY ISSUES:

- Ability & willingness of institutions to absorb GH¢3.8bn net liabilities** (GH¢0.2bn higher than Bridge Bank scenario as no fixed assets transferred). High-cost deposits, poor quality asset base available for P&A, and relative size of net liabilities to be assumed against acquirers existing balance sheet are drag-anchor to future profitability and solvency, reducing potential acquirer interest (unless compensated through purchase price)
- Sustainability.** State support through provision of a Bond, which will be held at mark-to-market value rather than cost, risks destabilising acquirers existing solvency and liquidity position in the event of future interest rate rises and a reduction in Bond value. The net liabilities to be absorbed may need to be spread across several acquiring institutions to partially mitigate the mark-to-market risk on any one particular institution
- Execution complexity.** Data quality issues and deficiencies identified to date in loan securities will both reduce acquirer interest and delay diligence timetable. The inability to provide recourse back to uniBank for future losses on acquired assets may necessitate some form of State guarantee / asset protection

SYSTEMIC IMPACT	
<b>Depositor protection</b>	Solvency improved post capitalisation
<b>IFI confidence</b>	Functional resolution evidenced
<b>Financial inclusion</b>	Loss of regional branch coverage on Receivership of uniBank
<b>Employment</b>	Staff currently employed by uniBank will be lost on Receivership

COST TO STATE	
<b>Deposit guarantee</b>	Avoids immediate call on guarantee
<b>Recovery BoG funding</b>	Dependent on liquidation outcome in uniBank (where BoG funding claim retained) which is critically dependent on quantum of shareholder advance recoveries
<b>Resolution costs</b>	Bond to capitalise Acquirer and State guarantee for future losses

COMPLEXITY	
Identification and valuation of certain assets and relevant liabilities to be assumed by Acquirer	
Approval and execution process for issuance of State Bond	

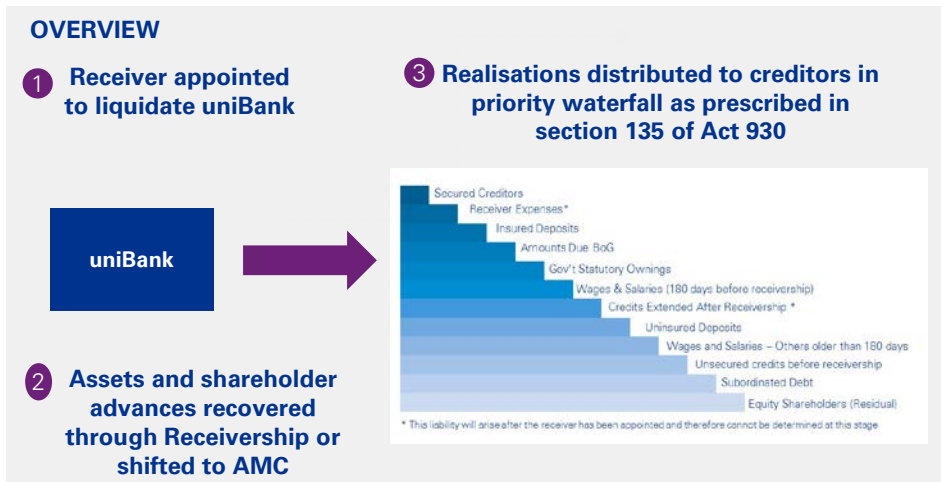
SUSTAINABILITY	
Risk of future solvency and liquidity issues in Acquirer heightened due to Variable Bond mark-to-market (impacts equity and eligible BoG borrowing base)	



## Resolution options

# Option F – Full liquidation via receivership

Due to near-term liquidity constraints it may be necessary to execute other options (such as Bridge Bank or P&A) out of Receivership (with liquidation of the residual entity), rather than out of Official Administration. The estimated outcome on liquidation remains subject to further valuation and scenario modelling



### KEY ISSUES:

#### 1. Uncertainty of returns on liquidation

- The key swing-factor in estimated liquidation returns is potential recoveries against the GH¢3.7bn (plus accrued interest to be determined) unsecured shareholder advances. Further assessment of potential is contingent on the progression of forensic work, to include a suggested global asset search and recovery assessment.
- Cash recoveries against the loan portfolio and fixed assets. Our IFRS9 indicative valuation assessment is based on Bank data (which may be inaccurate or incomplete) and includes a number of assumptions (e.g. in respect of asset recovery timings) which may could change as future facts and circumstances change. Fixed assets and security remain subject to independent valuation.

- Creditor waterfall** Asset recoveries (pre any potential recoveries from Shareholders) appear insufficient to cover priority BoG claims, leaving no prospect of recoveries for under Section 135 of Act 930

SYSTEMIC IMPACT	
<b>Depositor protection</b>	Limited prospect of distribution under s135 Act 930
<b>IFI confidence</b>	Negative
<b>Financial inclusion</b>	Full branch closure on wind-down
<b>Employment</b>	Loss of jobs (current direct and indirect employees)

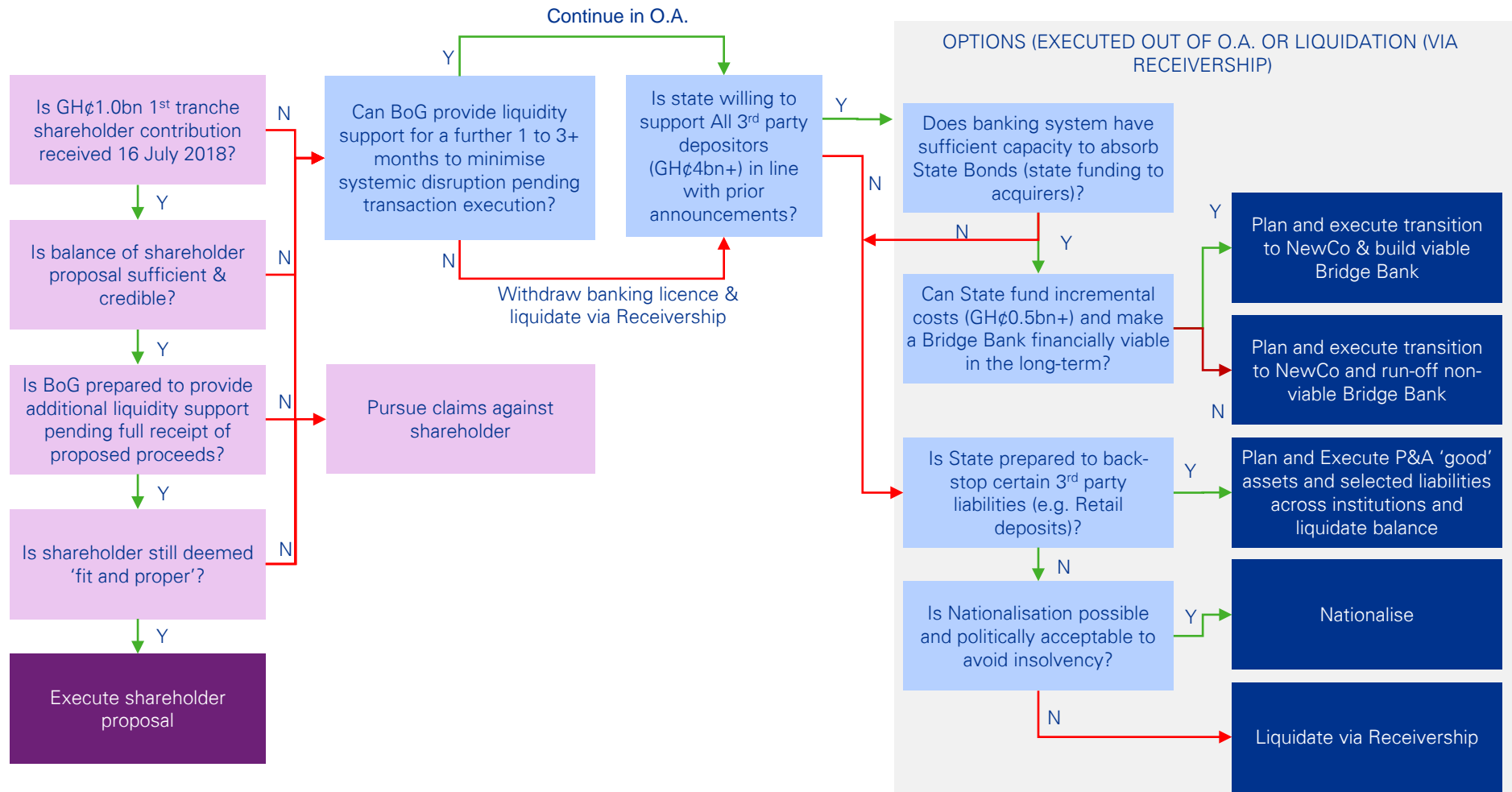
COST TO STATE	
<b>Deposit guarantee</b>	If unsecured depositors are not transferred out under a P&A then, under s135 of Act930 they will rank behind BoG funding with limited prospect of recovery
<b>Recovery BoG funding</b>	Dependent on successful recovery of claims again Shareholder
<b>Resolution costs</b>	High

COMPLEXITY	
Material work expected to unwind / confirm suspect transactions and validate assets and liabilities	

## Resolution options

# Narrowing options - simplified decision tree

**Executable options are governed by the availability of further short-term liquidity support and the State's willingness and ability to guarantee depositor losses arising on insolvency. There is limited opportunity for deposit loss mitigation from the migration of performing loans (< GH¢0.4bn) to offset deposits**





# Governance, risk and compliance

# Governance, risk and compliance

Governance, risk and compliance activities of the Bank were assessed for the period of 2016 to March 2018 to identify their adequacy prior to the appointment of the OA. The assessment was based on the regulatory requirements of BoG, other key regulators and the peculiarities of uniBank to achieve a consistent and holistic vision towards building a sustainable business.

## Governance

- The following gaps were identified from a review of board operations contrary to BoG Corporate Governance directive:
  - The chairman of the board serves on 5 out of 6 sub-committees of the board and chairman of 3 of these sub-committees.
  - Only 2 out of the 11 directors are independent non-executive directors.
  - 2 members of the Board are directors of 2 other regulated financial institutions (uniBank and uniSecurities).
  - 5 out of the 11 members of the Board are directors of subsidiaries of the group including the holding company.
- The Management Credit Committee was responsible for oversight of risk management activities. However, their terms of reference has not been updated to reflect their oversight role of risk management.

## Risk Management

- There was no formal process to identify, rank, analyse key risks and to consolidate and report key risk information.
- There was no formal assessment of executive management's risk management responsibility
- The Board Risk Committee has not approved a risk appetite statement and an enterprise risk management policy.
- There were breaches of the following credit policies:
  - Annual credit assessment of existing facilities
  - Proper collateral documentation
  - Approval limits

## Procurement

- uniBank does not have a procurement committee to oversee its procurement function and activities, contrary to the requirements of this policy.
- Procurement of high valued assets was managed by heads of departments instead of the procurement function.
- uniBank procured a significant number of its goods and services through single sourcing, contrary to its policy.

## Compliance and Regulatory Breaches

- The Board did not issue directives in response to compliance breaches identified by the compliance unit. There were 4 and 7 breaches in 2017 and 2018 respectively.
- The compliance unit did not follow up to correct compliance breaches identified.
- Reports to BoG and other regulatory bodies were not submitted timely.
- There were breaches of regulatory thresholds (CAR, liquidity, NOPs).
- There were breaches to BoG's directive to uniBank to stop granting facilities after 26 October 2017.
- Returns submitted to the Banking Supervision Department (BSD) for December 2017 were significantly misreported. The following misstatements were noted:
  - Loans and advances overstated by GH¢1.3 billion
  - Customer deposits understated by GH¢2.3 billion
  - Other assets understated by GH¢3.8 billion

## Internal Audit

- Risk assessments were not performed regularly to identify key auditable areas in line with the risk profile of the Bank.
- Internal audit, in execution of their activities, did not reflect adequate engagement supervision. They did not also maintain information on sources and analysis of information in support of their findings.
- The internal audit function did not perform governance reviews to assess the adequacy and effectiveness of key board and governance activities
- The internal audit function has not been reviewed by an external entity to assess its level of compliance with IIA standards

# Governance, risk and compliance

## Credit risk management

The following significant breaches were also identified in credit administration:

- Some executives approved facilities in excess of their limits set out in the bank's credit policy. For example, an unsecured facility of GH¢32,917,629 approved by the CEO in excess of his approval limit of GH¢120,000.
- Some loans did not bear any evidence of formal approvals in the form of offer letters, board resolutions etc.
- Instances of inadequate or no collateral documents were sighted for some facilities granted. In other instances, the bank had not registered its interest (perfected) in the collateral.
- Annual assessments were not conducted for the 60 facilities reviewed
- A high level review of the approval status of the top 200 customers exposures (about 389 facilities) highlighted the following:

Approval status	Number of facilities	Amount (GH¢million)	% of top 200 loans
Formally approved	224	1,324	43%
Approved outside defined policies	43	404	13%
Not approved	122	1,385	44%
<b>Total</b>	<b>389</b>	<b>3,113</b>	<b>100%</b>

- Out of the 389 facilities reviewed, 24 attributable to related parties were either not approved or approved outside the bank's defined policies. These loans amounted to GH¢474 million.

## Information Technology

- The IT strategy does not include a budget and specific measurable timelines for most of the 2018 IT initiatives.
- SLAs are not maintained with certain third party vendors (e.g. Inlaks and WestTuk Automation)
- There are no guidelines for the creation, modification and revocation of user access to applications, databases and operating systems
- Staff that have resigned were still active on the network and core banking application. In addition, staff who were transferred/ switched roles were not assigned to appropriate groups in T24 which reflect their current roles.
- Certain password security settings on critical systems were not adequate
- Data centre CCTV footage can only be played back up to 7 days which is a violation of Bank of Ghana's requirement of 90-day playback.
- The DR site does not have an automated humidity sensor to monitor temperature changes at the site and alert appropriate staff when there are extreme temperature changes.
- Observations from the vulnerability assessment and penetration test include the following:
  - Inadequate Network Access Control configuration
  - Use of weak and easy-to-guess administrator passwords
  - Inadequate network segmentation
  - Unauthenticated access to SMB network shares
  - Inadequate patch and vulnerability management
  - Use of vulnerable and unsupported operating systems
  - Unrestricted access to the Jboss JMX Console
  - Multiple vulnerabilities from unsupported versions of PHP
  - Use of default community names on SNMP

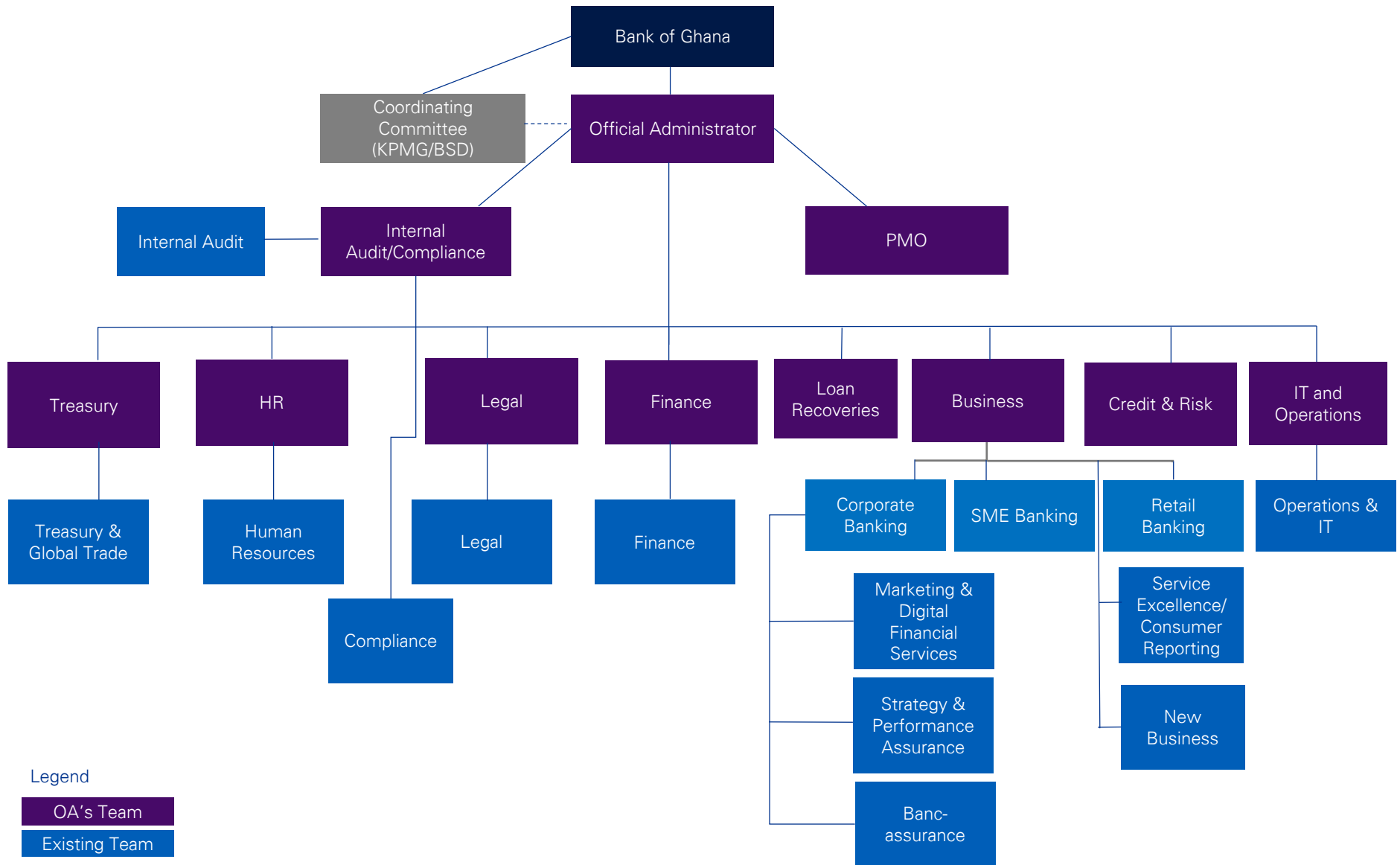
Refer to **Appendix 3 (pages 129 – 245)** for the detailed findings on the governance and controls environment of uniBank.



# Operations and Management

- Official Administrator (OA) governance
- OA management team and BoG oversight
- Review of business and management approach

# Official Administrator (OA) governance structure



## Operations and management

# OA management team and BoG oversight

The Official Administrator has assembled a team of experienced professionals and banking experts in administering the affairs of uniBank (Ghana) Limited.

### Key members of the management team include the following:

Nii Amanor Dodoo Official Administrator on behalf of KPMG in Ghana	Andrew Akoto Engagement Partner
Simon Dornoo Executive Representative of Official Administrator	Paa Kwesi Morrison Legal Adviser to OA
Joyce Adu-Ntim Finance Lead of OA	George Baah-Danquah Treasury Lead (OA)
Laureen Lokko Human Resources Lead (OA)	Kwame S. Barnieh Internal Audit/Compliance (OA)
Raphael Osei-Boafo Credit and Loan Recoveries (OA)	Olufemi Olofinlua IT Lead of OA

### Key members of project management office (PMO) include:

Robert Dzato PMO-Communications/ Business (OA)	Samuel Aluko PMO/Operations/IT(OA)
Caroline Anokye PMO/ Finance (OA)	Frank Abbey PMO/ Analytics (OA)

The Bank of Ghana oversight over Official Administrator is mainly exercised through request for meetings and updates. Below are key meetings and updates to BoG:

Pre-Intervention Stage	
<b>Operational Planning</b>	Presentation on Operational Plan for intervention and Management of uniBank (Ghana) Limited
<b>Meeting to update BoG</b>	Briefing the Governors on Operational Readiness of OA
<b>Final pre-intervention Meeting</b>	Final Readiness Check with Banking Supervision Department
Intervention Stage	
<b>30 Day Report</b>	Presentation on the 30 Day report (Inventory of Assets and Liabilities) submitted to BoG by the OA.
<b>Bi-weekly meetings with BSD</b>	Update on key operational matters including follow up on approval letters, liquidity requests, customer related matters
<b>Liquidity request and customer obligations</b>	Discussion on conditions and application of GH¢68m BoG liquidity support for uniBank (SME, Individual and Rural Banks)
<b>Status Report to BoG</b>	Presentation on the current state of the bank, key findings and how OA is managing the bank



# Review of business and management approach

### Brief overview of uniBank's Business Model

- uniBank (Ghana) Limited has three defined customer segments; retail, SMEs and Corporates. The Bank has 54 branches in nine 9 regions across Ghana serving the banking needs of 414,370 retail customers.
- In total, uniBank offers fifty different solutions to its customers across the various segments. The Bank is positioned as an SME bank and thus offers a suit of products to retail and SME customers.
- Seven out of the fifty-four branches showed profitability, as at April 2018. It is proposed that a number of branches be considered for rationalisation to sustain the retail business

### Branch Rationalisation

- Branches were assessed based on a number of critical factors. These factors included branch efficiency (measured by cost/income ratio), branch productivity (measured by income/staff per branch), customer base and branch locations. Based on the assessment, fourteen worst performing branches have been identified. The impact of transfer pricing on branch performance has not been assessed.
- An estimated cost release of GH¢21 million (relating to staff costs, marketing and other cost elements) is expected to be realised from branch rationalisation. However, about 253 employees will be impacted in the process. Initial redundancy costs, which will be subject to negotiations, is estimated at GH¢11.67million.
- The Bank will have to migrate over 48,000 accounts to other branches in order to secure about GH¢230 million of customer deposits that may be lost if identified branches were closed down. Branch density and locations have been considered.

### Observation of Business Model

- High funding cost resulting from expensive deposits
- 48% of total assets are non-interest earning and locked up in Other Assets (Advances to shareholders of GH¢3.7 billion)
- Facilities advanced under poor credit administration, including bullet payment options
- Aggressive expansion of branches, some 47 are loss-making
- High rental expenses including unopened branches
- Key suppliers included a significant number of related and connected entities

### Cost Saving Opportunities for the Bank

OA cost optimisation has saved about GH¢12.3 million and \$2.3 million so far

<b>Actual Cost saves</b>		<b>Implications</b>	
<b>#</b>	<b>Detail</b>	<b>GH¢</b>	<b>\$</b>
1	HR rationalisation	11,881,214	56,888
2	IT Licences and agreement	456,617	2,275,157
<b>Total</b>		<b>12,337,831</b>	<b>2,332,045</b>

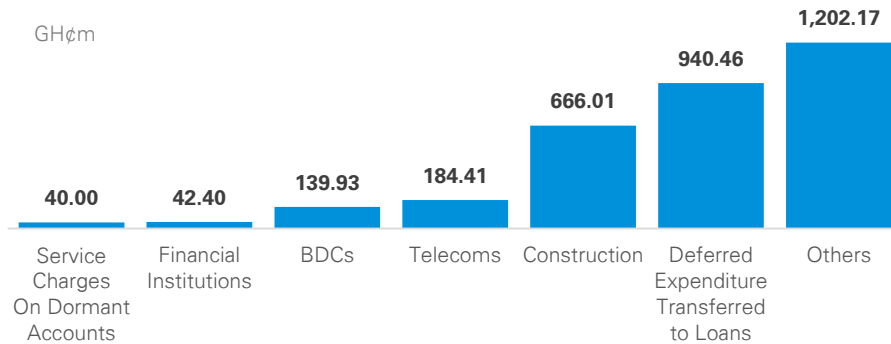
<b>Other Initiatives with Potential Cost savings</b>		<b>GH¢</b>
1	Further HR cost savings	11,688,571
2	Payroll recovery from Related parties	7,996,161
3	Branch rationalisation	8,813,790
4	Space rationalisation	5,450,900
5	Fleet of vehicles and janitorial service	1,464,057
6	Change of vendor – cash in transit	292,869
7	Saturday Banking	81,494
<b>Total</b>		<b>35,787,842</b>

# Review of business and management approach

## Loan Recovery

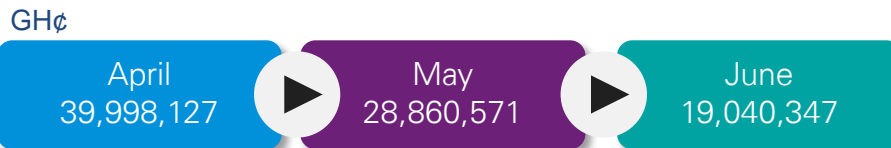
A total of GH¢3.3 billion was recognised as the total non-performing loans. The profile of these loans according to sectors are summarised below. Amounts totaling GH¢735m are due from Government and Government related entities to customers of uniBank that have been advanced various sums to execute related Government works. These amounts are long over due and are currently classified as non-performing. We are in the process of engaging Ministry of Finance to understand how repayment to these customers will be made and timelines for the recovery of these amounts.

Share of Non-Performing Loans by Sectors



## Recovery efforts

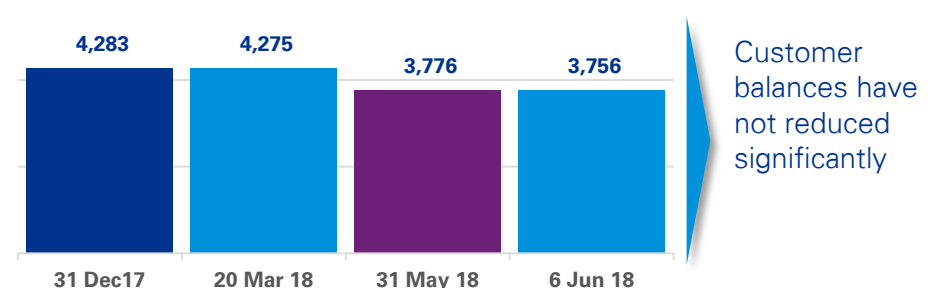
The efforts by the OA and credit recovery team of uniBank has been able to recover a total of GH¢87,899,044.38 between April and June 2018.



## Managing Customer Expectations

- The OA and BoG Officials on Day 2 of Intervention visited all 54 uniBank branches across the country
- The OA held meetings with the top hundred (100) customers by deposits. These customers were classified into Institutional and Individual customers. Meetings were held with other customers on a need basis. The objectives of the visits were to:
  - ✓ Clarify the role of the OA
  - ✓ Allay customers' fears on the safety of their deposits

Deposit values (GH¢'million)



The Official Administrator has continued to engage other relevant stakeholders of the bank to keep them adequately informed during the intervention period



Refer to **Appendix 4 (pages 246 – 274)** for the detailed findings on the operations and management of uniBank.



# Appendices

- 1 – Financial condition
- 2 – Unusual and suspicious transactions
- 3 – Governance, risk and compliance (GRC)
- 4 – Operations and management



# Appendix

## 1. Financial Condition

- 1.1 Related Parties – Transactions, Balances & Disclosures (Advances to Shareholders)

# Omissions in off-balance sheet transactions

Sahel Sahara Bank presented 3 guarantees, amounting to GH¢37.1 million, to the Bank on 21 June 2018, which they indicated had crystallised and therefore made a demand for payment. There is no record of these guarantees in the Bank's books and this matter is therefore being investigated. The total amount is not included in the unrecorded exposures at 31 May 2018 shown above. The details is as follows:

Counterparty	Type of Instrument	CCY	Amount in original currency	Amount (GH¢)
uniSecurities	Guarantees	GH¢	20,000,000.00	20,000,000.00
Prompt Supplies Solution (Gh) Ltd	Guarantees	GH¢	6,379,696.34	6,379,696.34
GR Construction Services (Gh) Ltd	Guarantees	GH¢	10,762,497.64	10,762,497.64
<b>Total</b>				<b>37,142,193.98</b>

# Financial condition - related parties (relationship and transactions)

Company	Nature of Relationship	Nature of Transactions
HODA Holdings	Parent company	Provision of funds by the bank for property acquisition, equity investments, etc.; Bank guarantees and other banking services
EIB Network Ghana Limited	Common control with uniBank	Advertisement services to the Bank; loans & advances to EIB
uniPrecision Printing And Packaging Company Limited	Common control with uniBank	Letters of credit, loans & advances to uniPrecision. Provision of stationery printing services to the Bank
TOPP Core Securities Limited	Common control with uniBank	Provision of security and escort services to the Bank. Banking services to TOPP
TELELMEDIA Communications	Common control with uniBank	Provision of branding and advertising services to the Bank
StarLife Assurance Co Ltd	Common control with uniBank	Banking services, loans & advances
LHS Ghana Limited	Common control with uniBank	Banking services, lines of credit, loans and advances to LHS
TOPP Recruitment Limited	Common control with uniBank	Provision of tellers and sales representatives to the Bank. Banking services, loans and advances to TOPP
uniSecurities Limited	Common control with uniBank	Placements, advances and guarantees to uniSecurities
Star Assurance Co Limited	Common control with uniBank	Provision of insurance services to the Bank. Banking services to Star
uniCredit Ghana Limited	Common control with uniBank	Loans & advances to uniCredit and other banking services
UB Financials Services	Common control with uniBank	Advances to UB Financial Services and other banking services
Star Goldfields Limited	Common control with uniBank	Loans & advances to Star Goldfields and other banking services
NUMA Logistics Limited	Common control with uniBank	Loans and advances to NUMA and other banking services
Star Micro Insurance Services	Common control with uniBank	Loans & advances to Star Micro and other banking services
POAK Resources Limited	Common control with uniBank	Loans & advances to POAK and other banking services.
Cassel Energy Limited	Common control with uniBank	Loans & advances and other banking services
Bolton Portfolio Limited	Common control with uniBank	Loans & advances and other banking services
Alban Logistics Limited	Common control with uniBank	Letters of credit, loans & advances and other banking services. Supply of stationery, furniture and vehicle leasing services to the Bank
Premier Portfolio Limited	Common control with uniBank	Loans & advances to Premier Portfolio and other banking services
Avenue Investments	Common control with uniBank	Loans & advances to Avenue Investments
Prime Properties Limited	Common control with uniBank	Loans & advances to Prime Properties; bank guarantee and other banking services
Integrated Properties Limited	Common Control with uniBank	Loans, advances and other banking services to IPL. Refurbishment of branches, estate and rental services to uniBank
Minch Company Limited	Common Control with uniBank	Loans & advances and other banking services to Minch Company
Crompton Logistics Limited	Common Control with uniBank	Loans & advances to Crompton
HODA Properties Limited	Common Control with uniBank	Advances to HODA Properties.
EuroStar Global Limousine	Relationship indicated by key management staff	Loans and advances
Premium Estates Limited	Relationship indicated by key management staff	Loans and advances
GLEDHOW Logistics	Relationship indicated by key management staff	Loans & advances



# Appendix

## 2. Unusual and suspicious transactions

- 2.1 Unusual and suspicious transactions

# Unusual and suspicious transactions

In the course of KPMG's work as Official Administrators, certain unusual transactions have been identified. Details of these unusual transactions have been summarised below. A forensic investigation is required to collect evidence and establish if there has been actual misappropriation of assets and fraud.

No.	Issue	Findings	Estimated Amount Involved																																																																		
1.	WAICA Re Investments by related parties	<ul style="list-style-type: none"> <li>The Bank made payments of GH¢57 million to WAICA Re (Sierra Leone) for equity investments in WAICA Re for uniBank, HODA and some other related entities.</li> </ul> <p>uniBank's shares (4,113,113 shares) in WAICA Re were later transferred to HODA Holdings in June 2017 at a cost of US\$1 per share by an executive of the Bank without board approval. These transactions remain unrecorded in the books of uniBank and the Bank has not received any form of consideration for this sale.</p> <p>The table below provides details of payments made by the Bank on behalf of its related entities:</p>	<b>GH¢57.1m / one-off</b>																																																																		
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# Unusual and suspicious transactions

No.	Issue	Findings	Estimated Amount Involved
2	Omissions in off-balance sheet transactions	<ul style="list-style-type: none"> <li>The CEO, Dr Kwabena Duffuor II, who is also the Board Chairman of uniPrecision solely approved letters of credit (not collateralised) of \$12.5 million and \$4.2 million in favour of uniPrecision and Alban Logistics respectively, both related entities.</li> <li>A number of guarantees were issued by the CEO and COO of the Bank which were omitted in the Bank's list of guarantees provide by the Risk Department. These were noted from confirmation responses from Beige Bank and Sovereign Bank and a claim from NTHC. The completeness of these guarantees cannot be confirmed. The guarantees issued to Beige Bank was mainly for related parties (uniSecurities and Prime Properties).</li> </ul>	<b>US\$16.2m / one-off</b>

The table below captures related party off-balance sheet transactions as at 31 May 2018:

Counterparty	Type of Instrument	Currency	Amount in original currency	Amount (GH¢)
uniSecurities	Guarantees	GH¢	30,000,000	30,000,000
uniSecurities	Guarantees	GH¢	16,000,000	16,000,000
Alban Logistics	LCs	US\$	4,162,488	18,382,796
Prime Properties	Guarantees	GH¢	7,000,000	7,000,000
HODA Holdings	Guarantees	GH¢	16,120,000	16,120,000
<b>Total</b>				<b>87,502,796</b>

# Unusual and suspicious transactions

No.	Issue	Findings	Estimated Amount Involved
3	MV Adobia Transaction	<ul style="list-style-type: none"> <li>uniBank, in February 2013, availed a facility of US\$6million to African Independent Coastal Services Limited (AIC) for the purchase and operation of the Motor Vessel Adobia (MV Adobia). The purpose of the facility was to help the borrower run a feeder service along the West African coastline.</li> </ul> <p>AIC was unable to repay the loan. MV Adobia was not properly maintained. To protect the Bank's interest in the MV Adobia, a ship caretaker (Capt. Benny Whalley<sup>1</sup> of Bluefone Marine) was appointed by the Bank in March 2015 to oversee all matters necessary to the revival and efficient management and operation of MV Adobia.</p> <p>The Bank on 11 November 2015, filed a suit against AIC to recover the facility. AIC filed a defence alleging that the Bank had converted MV Adobia and further filed a counter-claim for damages. The suit has been lying fallow since 24 April 2017. The total indebtedness of AIC to the Bank as at 17 April 2018 stands at US\$19.2 million and GH¢9.6 million being the outstanding balances of the restructured loan owed to uniBank.</p> <p>The Bank has since March 2015 been paying the caretaker approximately US\$40,000 every month for the maintenance of MV Adobia. The ship is in a state of disrepair and has been unable to generate any income since March 2015. The ship was valued at \$1 million in 2015.</p> <p>The total outstanding indebtedness of AIC as at 17 April 2018 was \$19,242,200 and GH¢9,576,500 for the US dollar and Ghana cedi advances respectively.</p> <p><sup>1</sup> – The caretaker's wife (Mrs. Ivy Bruku Whalley) is a director and shareholder of LHS Ghana, a related party</p>	<p><b>US\$19.2million / one-off</b></p> <p><b>US\$40,000 / per month</b></p>
4	Social Responsibility (CSR) -IFS	<ul style="list-style-type: none"> <li>uniBank paid five hundred thousand Ghana cedis (GH¢500,000) to the Institute of Fiscal Studies (IFS), a related entity in March 2018. This is a yearly payment the Bank makes to IFS. The Bank also paid for a Toyota Land Cruiser at a cost of GH¢233,135 in 2014, which IFS has indicated was a donation from the Bank to IFS. We have not sighted any approvals either from the Board of Directors or management to confirm this.</li> </ul>	<b>GH¢500,000 / per year</b>

# Unusual and suspicious transactions

No.	Issue	Findings	Estimated Amount Involved																					
5	Vehicles given to related parties	<ul style="list-style-type: none"> <li>uniBank leases vehicles under operating leases from a related party Alban Logistics. The Bank also purchased and provided vehicles to the following related parties at no charge. The table below provides details of vehicles uniBank has provided to its related parties.</li> </ul> <table border="1"> <thead> <tr> <th>Related Party</th> <th>Details of Vehicle</th> <th>Cost (GH¢)</th> </tr> </thead> <tbody> <tr> <td>Institute of Fiscal Studies (IFS)</td> <td>Land Cruiser Prado<sup>1</sup></td> <td>233,135</td> </tr> <tr> <td>StarLife Assurance</td> <td>Toyota Land Cruiser (Executive Travel) ER 2002 11</td> <td>175,652</td> </tr> <tr> <td>Alban Logistics</td> <td>Honda Saloon Car GR 9493 09</td> <td>35,566</td> </tr> <tr> <td>Dr Kwabena Duffour II</td> <td>Audi 8 (registered in his personal name in addition to his official vehicles)</td> <td>515,234</td> </tr> <tr> <td>uniPrecision, Head of Finance</td> <td>Toyota Prado, Diesel GE 6452-15</td> <td>282,900</td> </tr> <tr> <td colspan="2"><b>Total</b></td> <td><b>1,242,487</b></td> </tr> </tbody> </table>	Related Party	Details of Vehicle	Cost (GH¢)	Institute of Fiscal Studies (IFS)	Land Cruiser Prado <sup>1</sup>	233,135	StarLife Assurance	Toyota Land Cruiser (Executive Travel) ER 2002 11	175,652	Alban Logistics	Honda Saloon Car GR 9493 09	35,566	Dr Kwabena Duffour II	Audi 8 (registered in his personal name in addition to his official vehicles)	515,234	uniPrecision, Head of Finance	Toyota Prado, Diesel GE 6452-15	282,900	<b>Total</b>		<b>1,242,487</b>	<b>GH¢1.2million /one-off</b>
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uniPrecision, Head of Finance	Toyota Prado, Diesel GE 6452-15	282,900																						
<b>Total</b>		<b>1,242,487</b>																						
6	Seconded staff to related parties	<ul style="list-style-type: none"> <li>uniBank seconded a number of staff to various related parties including uniCredit, uniSecurities, uniPrecision, House of Duffour Assets (HODA), EIB Network, etc. between August 2014 and April 2018.</li> </ul> <p>uniBank however, continued to bear the cost of salaries and benefits paid to these seconded staff. The total benefits of the seconded staff is estimated at GH¢7.2million excluding medical, training, etc.</p> <p>Staff seconded to related parties whose salaries and benefits were paid by the Bank include the CEO of uniCredit Ghana Limited from August 2014 to March 2018 and the Head of Finance of uniPrecision Packaging Limited seconded from October 2016 to March 2018.</p> <p>Effective May 2018, some of the staff have returned to uniBank while others have been absorbed by the related parties.</p>	<b>GH¢7.2million /one-off</b>																					

<sup>1</sup> The Official Administrator has subsequently received written correspondence from IFS stating that the vehicle was a donation from the Bank. No documents were provided to confirm this assertion.

# Unusual and suspicious transactions

No.	Issue	Findings	Estimated Amount Involved														
7	Expenses deferred in the balance sheet	<ul style="list-style-type: none"> <li>Certain significant expenses incurred in prior years have been deferred and included in the balance sheet instead of being expensed in the period they occurred. Management opted to defer these expenses to improve the Bank's operating results. These expenses are being amortised over a number of years. The balances as at 20 March 2018 on these accounts are detailed below:</li> </ul> <table border="1"> <thead> <tr> <th>Expense Description</th> <th>Amount (GH¢'million)</th> </tr> </thead> <tbody> <tr> <td>Business promotion – These are amounts which were paid to facilitators of institutional deposits and accounts</td> <td>105.4</td> </tr> <tr> <td>Interest on BoG liquidity support for August 2016 and losses on forex trading in February 2017</td> <td>25.2</td> </tr> <tr> <td>Loss on VRA haircut</td> <td>16.6</td> </tr> <tr> <td>Loss on sale of ESLA bond</td> <td>12.5</td> </tr> <tr> <td>BOG penalty for April 2017</td> <td>5.3</td> </tr> <tr> <td><b>Total</b></td> <td><b>165</b></td> </tr> </tbody> </table>	Expense Description	Amount (GH¢'million)	Business promotion – These are amounts which were paid to facilitators of institutional deposits and accounts	105.4	Interest on BoG liquidity support for August 2016 and losses on forex trading in February 2017	25.2	Loss on VRA haircut	16.6	Loss on sale of ESLA bond	12.5	BOG penalty for April 2017	5.3	<b>Total</b>	<b>165</b>	<b>GH¢165million / one-off</b>
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<b>Total</b>	<b>165</b>																
8	Unrecorded transfers by HODA Holdings	<ul style="list-style-type: none"> <li>The CEO, Dr Kwabena Duffuor II, on 14 July 2017 approved a request by Kwadwo Opoku Okoh (Head of Finance, HODA Holdings) to transfer US\$500,000 to Linklaters LLP, Dubai on behalf of HODA Holdings. The money was transferred via SWIFT on 17 July 2017 through Citibank under circumstances that have not yet been fully clarified.</li> <li>The amount of \$500,000 paid has remained as a reconciling item on Citibank statements since 17 July 2017 and is yet to be recorded as expense in the books of Bank.</li> </ul> <p>The table below captures details of the transaction:</p> <table border="1"> <thead> <tr> <th>Related Entity</th> <th>Date</th> <th>Amount (US\$)</th> <th>Exchange Rate</th> <th>Amount (GH¢'million)</th> </tr> </thead> <tbody> <tr> <td>HODA Holdings</td> <td>17 July 2018</td> <td>500,000</td> <td>4.4183</td> <td>2.2</td> </tr> </tbody> </table>	Related Entity	Date	Amount (US\$)	Exchange Rate	Amount (GH¢'million)	HODA Holdings	17 July 2018	500,000	4.4183	2.2	<b>GH¢2.2million / one-off</b>				
Related Entity	Date	Amount (US\$)	Exchange Rate	Amount (GH¢'million)													
HODA Holdings	17 July 2018	500,000	4.4183	2.2													

# Unusual and suspicious transactions

No.	Issue	Findings	Estimated Amount Involved																											
9	Purchases from related parties at excessive prices	<ul style="list-style-type: none"> <li>The Bank's main outsourcing and procurement arrangements were with related parties despite the uncompetitive nature of the commercial terms.</li> <li>Approximately GH¢57.6 million has been paid to related entities for goods and services procured from January 2017 to date, as shown in the table below:</li> </ul>	<b>57.6GH¢million / 15 months</b>																											
		<table border="1"> <thead> <tr> <th>Counterparty</th> <th>Services Provided</th> <th>Amount (GH¢)</th> </tr> </thead> <tbody> <tr> <td>Alban Logistics</td> <td>Supply of stationary and furniture</td> <td>4,435,935</td> </tr> <tr> <td>uniPrecision</td> <td>Printing of stationary</td> <td>873,624</td> </tr> <tr> <td>Telemedia</td> <td>Branding and advertising</td> <td>2,181,720</td> </tr> <tr> <td>Topp Core Logistics</td> <td>Provision of drivers and dispatch services</td> <td>3,709,856</td> </tr> <tr> <td>Topp Core Security</td> <td>Provision of security services and escort services</td> <td>8,520,276</td> </tr> <tr> <td>Topp Recruitment</td> <td>Provision of tellers and sales representatives</td> <td>9,379,821</td> </tr> <tr> <td>Integrated Properties</td> <td>Refurbishment of branches</td> <td>28,507,561</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td><b>57,608,793</b></td> </tr> </tbody> </table>	Counterparty	Services Provided	Amount (GH¢)	Alban Logistics	Supply of stationary and furniture	4,435,935	uniPrecision	Printing of stationary	873,624	Telemedia	Branding and advertising	2,181,720	Topp Core Logistics	Provision of drivers and dispatch services	3,709,856	Topp Core Security	Provision of security services and escort services	8,520,276	Topp Recruitment	Provision of tellers and sales representatives	9,379,821	Integrated Properties	Refurbishment of branches	28,507,561	<b>Total</b>		<b>57,608,793</b>	
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A number of local purchase orders (LPOs) for orders from related parties that were raised after 20 March 2018 and had quotations that were significantly higher than other vendors are set out on the next page. These LPOs were subsequently cancelled after reviews for confirmation by the OA team.

# Unusual and suspicious transactions

The table below provides details of a sample of over-quoted LPOs from related parties:

S/N	LPO Date	LPO No	Nature of items	Name of competitor	Amount quoted GH¢	Name of related party	Amount quoted GH¢	Difference GH¢
1	27/03/2018	ub0097	Entry passed pad	MMG Printing Services	811	uniPrecision	2,483	1,673
2	27/03/2018	ub0093	Toners	Alexfos Enterprise	51,290	Alban Logistics	69,593	18,303
3	27/03/2018	ub0120	Internal Transfer form	MMG Printing Services	1,692	uniPrecision	7,226	5,534
4	27/03/2018	ub0096	Police Hospital Receipt	MMG Printing Services	4,230	uniPrecision	8,813	4,583
5	27/03/2018	ub0095	Toner CAT Yield	Docutech Limited	6,229	Alban Logistics	6,403	173
6	27/03/2018	ub0093	Toners	Alexfos Enterprise	51,290	Alban Logistics	69,593	18,303
7	27/03/2018	ub0097	Entry passed pad	MMG Printing Services	811	uniPrecision	2,483	1,673
8	27/03/2018	ub0098	Cash Deposit Slip	MMG Printing Services	13,513	uniPrecision	45,120	31,608
9	09/04/2018	ub0101	Sika Collect Register	Unicare Graphics	2,500	uniPrecision	4,994	2,494
10	27/04/2018	ub0124	MasterCard Debit form	R-ox Limited	5,875	uniPrecision	5,993	118
11	27/04/2018	ub0118	Toners	Nabed Poly Blocks	42,539	Alban Logistics	45,272	2,733
12	23/05/2018	ub0137	Toners	Alexfos Enterprise	34,545	Alban Logistics	35,904	1,359
13	21/05/2018	ub0134	Cash Deposit Slip	Men M Ventures	22,480	uniPrecision	35,250	12,770
14	21/05/2018	ub0136	Statement Request Form	Men M Ventures	1,545	uniPrecision	3,525	1,980
15	27/03/2018	ub0098	Cash Deposit Slip	MMG Printing Services	13,513	uniPrecision	45,120	31,608
16	09/04/2018	ub0101	Sika Collect Register	Unicare Graphics	2,500	uniPrecision	4,994	2,494
17	27/04/2018	ub0124	MasterCard Debit form	R-ox Limited	5,875	uniPrecision	5,993	118
18	27/04/2018	ub0118	Toners	Nabed Poly Blocks	42,539	Alban Logistics	45,272	2,733
19	23/05/2018	ub0137	Toners	Alexfos Enterprise	34,545	Alban Logistics	35,904	1,359
20	21/05/2018	ub0135	NLA Fast Credit Slip	Men M Ventures	5,495	uniPrecision	16,897	11,402
21	11/06/2018	ub0148	Entry passed pad	MMG Printing Services	784	uniPrecision	2,483	1,699
22	12/06/2018	ub0153	Staple Pins	Xanthosoma Enterprise	515	Alban Logistics	528	13
23	07/06/2018	ub0140	80A Toner	Nabed Poly Blocks	28,325	Alban Logistics	31,625	3,300
24	16/05/2018	ub0131	Directional Signs	Rock Publicity Limited	2,609	Telemedia Communications	3,973	1,364

# Unusual and suspicious transactions

No.	Issue	Findings	Estimated Amount Involved
10	Misreported Financial Information to Bank of Ghana	<ul style="list-style-type: none"> <li>A comparison of the Bank's ledger as at 31 December 2017 with BSD reports (MBK100, SBK 200, SBK 201 and SBK 202) submitted to Bank of Ghana revealed the following significant misreporting:               <ul style="list-style-type: none"> <li>- Overstatement of loans and advances by GH¢1.3 billion</li> <li>- Understatement of other assets (possible misappropriation) by GH¢3.8 billion.</li> <li>- Understatement of customer deposits (possible suppression of deposits) by GH¢2.8 billion</li> </ul> </li> </ul>	<b>GH¢2.3billion / net difference</b>
11	Misleading budget presented to and approved by the Board	<ul style="list-style-type: none"> <li>Actual opening balances that were used as a basis to develop the 2018 budget for presentation to the Board of Directors for approval did not include GH¢3.5 billion of amounts that had been advanced in prior periods to shareholders. This may reflect an intention to mislead the Board on the true state of affairs of the Bank.</li> </ul>	<b>GH¢3.5billion</b>
12	Diverted AfriExim US\$25 million facility meant for LHS and BOST	<ul style="list-style-type: none"> <li>The Bank arranged \$25 million refinancing facility with African Export-Import Bank (AfriExim) for on-lending to LHS and Bulk Oil Storage Transport (BOST). Even though the facility was received on 15th December, 2017, the amounts were not lent to LHS and BOST which were presented as sub-borrowers to AfriExim. The facility was utilised by the Bank for its own purposes and remain unpaid.</li> </ul>	<b>US\$25million / one-off</b>

# Unusual and suspicious transactions

No.	Issue	Findings	Estimated Amount Involved																								
13	Expenses of Related Parties borne by uniBank (Ghana) Limited	<ul style="list-style-type: none"> <li>A number of expenses for related parties were borne by the Bank. These included the following:               <ul style="list-style-type: none"> <li>Drivers and security men for HODA Holdings and Institute of Fiscal Studies (IFS)</li> <li>Costs of fuel for generator sets for HODA Holdings, IFS, Dr Kwabena Duffuor and other non-executive directors</li> <li>Costs of cleaning services for IFS.</li> </ul> </li> </ul> <p>The table below provides details of expenses of related parties borne by uniBank from 1 January 2017 to 20 March 2018:</p> <table border="1"> <thead> <tr> <th>Counterparty</th> <th>Type of Expense</th> <th>Amount (GH¢)</th> </tr> </thead> <tbody> <tr> <td>HODA Holdings</td> <td>Drivers and Security</td> <td>125,921</td> </tr> <tr> <td>IFS Residences</td> <td>Drivers and Security</td> <td>96,964</td> </tr> <tr> <td>(Dr. Duffuor, Non- Executive directors</td> <td>Fuel</td> <td>40,318</td> </tr> <tr> <td>IFS</td> <td>Fuel</td> <td>21,446</td> </tr> <tr> <td>HODA Holdings</td> <td>Fuel</td> <td>12,868</td> </tr> <tr> <td>Institute of Fiscal Studies</td> <td>Cleaning Services</td> <td>62,160</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td><b>359,677</b></td> </tr> </tbody> </table>	Counterparty	Type of Expense	Amount (GH¢)	HODA Holdings	Drivers and Security	125,921	IFS Residences	Drivers and Security	96,964	(Dr. Duffuor, Non- Executive directors	Fuel	40,318	IFS	Fuel	21,446	HODA Holdings	Fuel	12,868	Institute of Fiscal Studies	Cleaning Services	62,160	<b>Total</b>		<b>359,677</b>	<b>GH¢359,677 / 15 months</b>
Counterparty	Type of Expense	Amount (GH¢)																									
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<b>Total</b>		<b>359,677</b>																									
14	Unsupported credit to customer accounts using petty cash vouchers and cash Pay-in-Slip	<ul style="list-style-type: none"> <li>Several customer accounts were credited using petty cash vouchers and cash pay-in-slips generated by the Finance unit without any value being received by the Bank.</li> <li>Corresponding entries were posted to the deferred expenditure related party accounts. The following pages <b>(97 and 98)</b> detail samples of unsupported credit entries made to customer accounts.</li> </ul>	<b>GH¢193 million</b>																								



# Unusual and suspicious transactions

The table below provides details of a sample of unsupported credit entries to customer accounts:

## Unsupported credits to customer accounts

Customer Name	Petty Cash Voucher No.	Date	Currency	Amount in original currency	Amount in GH¢	Purpose	Deposit Account No on Cash Pay-in-Slip
HODA Holdings Ltd	042110	21/04/2016	GH¢	56,295,000.00	56,295,000.00	Payment to HODA Holdings IRO uniSecurities Borrowing	0210105289628
APEX Capital	123110	31/12/2015	GH¢	25,000,000.00	25,000,000.00	Payment to Apex Capital	1310106345131
Integrated Properties Ltd	061005	10/06/2016	GH¢	8,200,000.00	8,200,000.00	Loan repayment for IPL	0210110056014
Hardwick Ltd	061515	15/06/2016	GH¢	7,000,000.00	7,000,000.00		0210124379916
Integrated Properties Ltd	021019	10/02/2016	GH¢	5,839,094.50	5,839,094.50	Payment to IPL for HODA Village	0210110056073
Integrated Properties Ltd	020917	09/02/2016	GH¢	5,529,738.50	5,529,738.50	Payment to IPL for Kumawu project	0210110056065
HODA Holdings Ltd	042520	25/04/2016	GH¢	4,500,000.00	4,500,000.00	Payment to HODA Holdings	0210105289628
Bolton Portfolio Ltd	031410	14/03/2016	GH¢	4,010,000.00	4,010,000.00	Payment to Bolton Portfolio	0210109947827
Tropical Minerals Co Ltd	061725	17/06/2016	GH¢	4,000,000.00	4,000,000.00	Payment to Tropical Minerals	2110127416211
TOPP Recruitment Gh Ltd	012110	21/01/2016	GH¢	4,000,000.00	4,000,000.00	Payment for TOPP Recruitment Ltd	0270104476117
HODA Holdings Ltd	050426	04/05/2016	GH¢	4,000,000.00	4,000,000.00	Payment to HODA Holdings	0210105289628
Premier Portfolio Limited	030916	09/03/2016	GH¢	3,900,000.00	3,900,000.00	Payment to Premier Portfolio	0210107761718
NUMA Logistics Ltd	030914	09/03/2016	GH¢	3,861,400.00	3,861,400.00	Payment to NUMA Logistics	0210107838516
Bolton Portfolio Ltd	030913	09/03/2016	GH¢	3,859,400.00	3,859,400.00	Payment to Bolton Portfolio	0210109947819
GOLDFORT Limited	030915	09/03/2016	GH¢	3,857,400.00	3,857,400.00	Payment to GOLDFORT Ltd	2110123466315
HODA Properties Ltd	061721	17/06/2016	GH¢	2,745,000.00	2,745,000.00	Loan repayment for HODA Properties	2110123715311
HODA Properties Ltd	081610	16/08/2016	GH¢	2,710,000.00	2,710,000.00	Loan repayment for HODA Properties	2110123715311
HODA Properties Ltd	051713	17/05/2016	GH¢	2,700,000.00	2,700,000.00	Loan repayment for HODA Properties	2110123715311
HODA Properties Ltd	071418	14/07/2016	GH¢	2,663,500.00	2,663,500.00	Loan repayment for HODA Properties	2110123715311
Integrated Properties Ltd	081112	11/08/2016	GH¢	2,587,000.00	2,587,000.00	Payment for IPL project	0210110056057
Yaw Agyei Boateng	012911	29/01/2016	GH¢	2,298,630.00	2,298,630.00	Payment to Yaw Agyei IRO StarGold Fields	2110214516018
HODA Properties Ltd	011810	18/01/2016	GH¢	2,297,000.00	2,297,000.00	Payment to HODA Properties	2110123715311
Integrated Properties Ltd	031721	17/03/2016	GH¢	2,150,400.00	2,150,400.00	Payment to Integrated Properties Ltd	0210110056073
Bolton Portfolio	081520	15/08/2016	GH¢	2,100,000.00	2,100,000.00	Payment to Bolton Portfolio	0210109947827
HODA Properties Ltd	021610	16/02/2016	GH¢	2,073,891.40	2,073,891.40	Payment to HODA Properties	2110123715312
Yaw Addo Development Ltd	031521	15/03/2016	GH¢	1,992,150.00	1,992,150.00	Payment to Yaw Addo Development	2110123250416

# Unusual and suspicious transactions

## Unsupported credits to customer accounts cont'd

Customer Name	Petty Cash Voucher No.	Date	Currency	Amount in original currency	Amount in GH¢	Purpose	Deposit Account No on Cash Pay-in-Slip
LawPoint Solicitors	012221	22/01/2016	GH¢	1,907,400.00	1,907,400.00	Payment to LawPoint Solicitors	0320224496618
Integrated Properties Ltd	012510	25/01/2016	GH¢	1,825,200.00	1,825,200.00	Payment assets purchased from FA Masters - IPL	0210110056065
GOLDDUST LLC Ltd	081120	11/08/2016	GH¢	1,297,624.00	1,297,624.00	Payment to GOLDDUST LLC	0021300472283
Yaw Addo Development Ltd	083011	30/08/2016	GH¢	1,100,000.00	1,100,000.00	Payment to Yaw Addo Development	2110123250416
Legal Ink Ltd	021814	18/02/2016	US\$	1,000,000.00	3,886,000.00	Payment to Legal Ink	0320217147411
Integrated Properties Ltd	012819	28/01/2016	GH¢	1,000,000.00	1,000,000.00	Payment to IPL	0210110056014
Yaw Addo Development Ltd	031820	18/03/2016	GH¢	961,750.00	961,750.00	Payment to Yaw Addo Development	2110123250416
YAW Addo Richard	102221	22/10/2015	US\$	900,000.00	3,419,460.00	Payment to Richard Yaw Addo	0320242295913
NUMA Logistics Ltd	050420	04/05/2016	GH¢	822,000.00	822,000.00	Payment to NUMA Logistics	0210107838516
Jacob Addotey Annang	011316	13/01/2016	GH¢	742,996.80	742,996.80	Rent payment for IPL	1010113958517
HODA Holdings Ltd	071113	11/07/2016	GH¢	520,000.00	520,000.00	Tax payment for HODA Holdings	0210105289612
Oscar Yao Doe	061722	17/06/2016	GH¢	500,000.00	500,000.00	-	2110120536513
Integrated Properties Ltd	021018	10/02/2016	US\$	500,000.00	1,933,475.00	Payment to IPL for HODA Village	0320210056038
Integrated Properties Ltd	020916	09/02/2016	US\$	400,000.00	1,546,780.00	Payment to IPL for Kumawu project	0320210056027
Integrated Properties Ltd	031722	17/03/2016	GH¢	310,800.00	310,800.00	Payment to Integrated Properties Ltd	0210110056057
Modula Grup	012612	26/01/2015	GH¢	200,000.00	200,000.00	Payment to Modula Grup	0210110598011
Shmulel Edry	071417	14/07/2016	US\$	94,250.00	376,528.75	Consultancy fee paid for uniPrecision	0320222824812
Avraham Ben Dahan	071417	14/07/2016	US\$	94,250.00	376,528.75	Consultancy fee paid for uniPrecision	0320222824518
WACHILD CO LTD	031113	11/03/2016	US\$	69,000.00	265,701.75	Pmt for HODA Properties Land at Haatso	0320210545713
WACHILD CO LTD	051610	16/05/2016	US\$	46,000.00	175,329.00	20% payment for land	0320210545713
LEAD Business Enterprise	022530	25/02/2016	GH¢	40,100.00	40,100.00	Payment to LEAD Business Enterprise	2110125602115
SCANPLUS Enterprise	022531	25/02/2016	GH¢	37,000.00	37,000.00	Payment to SCANPLUS Enterprise	2110125606315
Value Delivery Services	022631	26/02/2016	GH¢	35,000.00	35,000.00	Payment to Value Delivery Services	2110125605017
MAXIMIL Logistics	022630	26/02/2016	GH¢	28,000.00	28,000.00	Payment to MAXIMAIL Enterprise	2110125603316
<b>Total</b>					<b>193,477,278.45</b>		

# Unusual and suspicious transactions

No	Issue	Findings	Estimated Amount Involved
15	Funds transferred for the acquisition of ADB shares	<ul style="list-style-type: none"> <li>• Included in the Bank's BoG cedi accounts were some transfers made to UMB Bank in favour of various entities and individuals between 5 and 6 December 2016 with a total value of GH¢324 million for use by the beneficiaries to purchase shares in Agricultural Development Bank (ADB).</li> <li>• Funding for this transaction was from a GH¢400 million transfer credited to the Bank's BoG cedi account by BoG, on the same day the transfer to UMB was made. Total credits to uniBank's BoG's account on that day of GH¢785 million comprised of GH¢345 million from interbank counterparties, GH¢400 million overnight funding from the Bank of Ghana and other credits totalling GH¢40 million.</li> <li>• Details of the transfers on 5 and 6 December 2016 are shown on the next page.</li> <li>• The GH¢400 million credited to uniBank's BoG account was an overnight facility from BoG, which has subsequently been refinanced by borrowings from BoG and the interbank market.</li> <li>• These transfers were subsequently recorded in the deferred expenditure-interest ledger and described as advances to shareholders as "ADB share purchase".</li> <li>• Even though these transactions were described as "ADB share purchase" in the ledgers, the Bank's financial statements bore no record of any equity investment in ADB.</li> <li>• We are yet to engage the parties to this transaction to fully understand its nature.</li> <li>• Meanwhile the published financial statements of ADB confirmed the key parties, listed below (four out of six), that these payments were made to as shareholders of ADB. <ul style="list-style-type: none"> <li>– EDC Capital – 6%</li> <li>– SIC Financial Services Limited – 10%</li> <li>– Starmount Dev. Co. Ltd – 11%</li> <li>– Belstar Capital Ltd – 24%</li> </ul> </li> </ul>	<b>GH¢324million</b>

# Unusual and suspicious transactions

No	Issue	Findings					Estimated Amount Involved		
15	Funds transferred for the acquisition of ADB Shares	Details of the transfer are shown below:					<b>GH¢324million</b>		
			Value Date	Transaction Reference	Trans Type	Participants	Additional information	Amount (GH¢'000)	
			2016-12-05	202	BELSTAR/0512	MBGGHGHAC	MBGGHGHAC BNF/ FUNDS TRANSFER IFO ADB ESCROW A/C NO 0251332328018 IFO BELSTAR CAPITAL LTD	146,867	
			2016-12-05	202	STARMOUN T/0512	MBGGHGHAC	MBGGHGHAC BNF/FUNDS TRANSFER IFO ADB ESCROW A/C NO 0251332328018 IFO STARMOUNT DEVELOPMENT CO. LTD	67,314	
			2016-12-05	202	SIC-FIN/0512	MBGGHGHAC	MBGGHGHAC BNF/TRANSFER IFO ADB ESCROW A/C NO 0251332328018 IFO SIC-FINANCIAL SERVICES LTD	61,195	
			2016-12-05	202	EDC-0512	MBGGHGHAC	MBGGHGHAC BNF/TRANSFER IFO ADB ESCROW A/C NO 0251332328018 IFO EDC CAPITAL	36,717	
			2016-12-05	202	BLEWUNYO /012	MBGGHGHAC	MBGGHGHAC BNF/TRANSFER IFO ADB ESCROW A/C NO 0251332328018 IFO MARK BLEWUNYO COFIE	4,131	
			2016-12-05	202	YA0/0512	MBGGHGHAC	MBGGHGHAC BNF/TRANSFER IFO ADB ESCROW A/C NO 0251332328018 IFO OSCAR YAO DOE	5,049	
			2016-12-06	103	UB/COFIE/61216	MBGGHGHAC	UBGGHGHAC 0251332328018 ADB ESCROW	1,589	
			2016-12-06	103	UB/OSCAR/61216	MBGGHGHAC	UBGGHGHAC 0251332328018 ADB ESCROW BNF	1,942	
			<b>Total</b>						<b>324,804</b>

## Unusual and suspicious transactions

No.	Issue	Findings	Estimated Amount Involved					
16	Facilitation Fee Payments		<b>GH¢ 20.76million</b>					
		Amount GH¢	Rate	Company	Date Received	Recipient	Requestor	Approver
		375,380.00	6	Ghana Import and Export Bank	21/02/2018	Genevieve Asomani	Jerry Afful ,Yvonne Kettoe and Kwabena Owusu	Ekow
		321,514.00	2	EDC Investment	10/01/2018	Jerry Afful	Yvonne Kettoe ,E Kyereh , Jerry Afful	
		321,514.00	2	EDC Investment	10/01/2018	Jerry Afful	Yvonne Kettoe ,E Kyereh , Jerry Afful	Ekow Nyarko-Dennis
		311,150.00	2	EDC Investment	19/01/2018	Genevieve Asomani	Yvonne Kettoe ,E Kyereh , Jerry Afful	
		311,150.00	2	EDC Investment	19/01/2018	Genevieve Asomani	Yvonne Kettoe ,E Kyereh , Jerry Afful	Ekow Nyarko-Dennis
		220,944.00	2	EDC Investment Ltd	21/02/2018	Genevieve Asomani	Jerry Afful,Yvonne Kettoe and Kwabena Owusu	Ekow
		161,053.00	3	Ghana Civil Aviation	05/01/2018	Enock Asare	Vida D Marfo	
		161,053.00	3	Ghana Civil Aviation	05/01/2018	Enock Asare	Vida D Marfo	Ekow Nyarko-Dennis and John Collins Arthur
		157,767.00	6	Exim Bank	23/01/2018	Genevieve Asomani	Yvonne Kettoe ,E Kegareh , Jerry Allu	
		157,767.00	6	Exim Bank	23/01/2018	Genevieve Asomani	Yvonne Kettoe ,E Kegareh , Jerry Allu	Ekow Nyarko-Dennis
		150,000.00	No rate	Custodial Services	12/01/2018	Bernard Kojo Anumel	Bernard Kojo Anumel	
		150,000.00	No rate	Custodial Services	12/01/2018	Bernard Kojo Anumel	Bernard Kojo Anumel	Ekow Nyarko-Dennis and John Collins Arthur
		149,263.00	6	Ghana Export Import Bank	23/02/2018	Genevieve Asomani	Jerry Afful,Yvonne Kettoe and E.kyereh	Ekow
		143,550.00	No rate	Ghana Health Service				

## Unusual and suspicious transactions

No.	Issue	Findings	Estimated Amount Involved					
16	Facilitation Fee Payments		<b>GH¢ 20.76million</b>					
		Amount GH¢	Rate	Company	Date Received	Recipient	Requestor	Approver
		140,313.00	1	KNUST Investment	06/02/2018	Enock Asare	Rosebella Mensah -Okantey	Ekow
		92,791.00	4	SSNIT	11/01/2018	Genevieve Asomani	Genevieve Asomani, Yvonne Kittoe and E. Kyereh	
		92,791.00	4	SSNIT	11/01/2018	Genevieve Asomani	Genevieve Asomani, Yvonne Kittoe and E. Kyereh	Ekow Nyarko-Dennis
		75,083.00	0	ECG Collections	01/03/2018	Rexford Kissi Adu	Rexford Konadu, Mark Nyantakyi and Kwabena Owusu	Ekow
		74,332.00	1	Price Stabilization and Recovery	08/02/2018	Simone Dan-Morton	Rexford Konadu, Mark Nyantakyi and Kwabena Owusu	Ekow
		73,864.00	10	ESLA	19/01/2018	Rm Rexford Kissi Adu	Eric Odei, Rexford Kissi Adu	
		73,864.00	10	ESLA	19/01/2018	Rm Rexford Kissi Adu	Eric Odei, Rexford Kissi Adu	Ekow Nyarko-Dennis
		58,869.00	0	ECG	02/01/2017	Rexford Kissi Adu	Rexford Kissi Adu E. Kyereh	
		58,869.00	0	ECG	02/01/2017	Rexford Kissi Adu	Rexford Kissi Adu E. Kyereh	Ekow Nyarko-Dennis
		57,095.00	6	Kwapa Kokoo	02/02/2018	Simone Dan-Morton	Simone Dan Morton, Mark K. Nyantakyi, Kwabena Owusu	
		57,095.00	6	Kwapa Kokoo	02/02/2018	Simone Dan-Morton	Simone Dan Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
		49,863.00	1	KNUST	03/01/2018	Enock Asare	Vida Marfo	
		49,863.00	2	Teachers Fund	04/01/2018	Henry Manyo	Henry Manyo and Makafui Damalie	

## Unusual and suspicious transactions

No.	Issue	Findings	Estimated Amount Involved					
16	Facilitation Fee Payments		<b>GH¢ 20.76million</b>					
		Amount GH¢	Rate	Company	Date Received	Recipient	Requestor	Approver
		49,863.00	1	SSNIT	19/01/2018	Genevieve Asumaning	Yvonne Kittoe and E.Kyreh	
		49,863.00	1	SSNIT	16/02/2018	Genevieve Asumani	Genevieve Asumani, Yvonne Kittoe and Kwabena Owusu	Ekow Nyarko-Dennis
		49,863.00	1	KNUST	03/01/2018	Enock Asare	Vida Marfo	Ekow Nyarko-Dennis
		49,863.00	2	Teachers Fund	04/01/2018	Henry Manyo	Henry Manyo and Makafui Damalie	Rosbella Mensah-Odartey and Ekow Nyarko-Dennis
		49,863.00	1	SSNIT	19/01/2018	Genevieve Asumaning	Yvonne Kittoe and E.Kyreh	Ekow Nyarko-Dennis
		49,860.00	2	Ghana National	01/02/2018	Rexford Kissi Adu	Rexford Kissi Adu M Nyantakyi ,Kwabena Owusu	
		49,860.00	2	Ghana National Gas company	01/02/2018	Rexford Kissi Adu	Rexford Kissi Adu, M Nyantakyi ,Kwabena Owusu	Ekow Nyarko-Dennis
		49,197.00	2	Accra Polytechnic	10/01/2018	Addai Dora	jerry Afful, Yvonne Kittoe, E.Kyreh	
		49,197.00	2	Accra Polytechnic	10/01/2018	Addai Dora	jerry Afful, Yvonne Kittoe, E.Kyreh	Ekow Nyarko-Dennis
		48,630.00	3	Bost	03/01/2018	Simone Dan-Morton	Rexford Kissi Adu M Nyantakyi ,Kwabena Owusu	
		48,630.00	3	Bost	03/01/2018	Simone Dan-Morton	Rexford Kissi Adu ,M Nyantakyi ,Kwabena Owusu	Ekow Nyarko-Dennis
		45,547.00	2	David Oyedepo	26/01/2018	Jerry Afful	Jerry Afful, Yvonne Kittoe, E.Kyreh	
		45,547.00	2	David Oyedepo	26/01/2018	Jerry Afful	Jerry Afful, Yvonne Kittoe, E.Kyreh	Ekow Nyarko-Dennis
		41,210.00	3	COCOBOD	28/02/2018	Mark Nyantakyi	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
		35,392.00	2	COCOBOD	16/02/2018	Rexford Kissi Adu	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis

# Unusual and suspicious transactions

No.	Issue	Findings						Estimated Amount Involved
16	Facilitation Fee Payments							<b>GH¢ 20.76million</b>
		Amount GH¢	Rate	Company	Date Received	Recipient	Requestor	Approver
		32,108.00	4	PBC	02/02/2018	Simone Dan -Morton	Simone Dan-Morton ,Kwabena Owusu, Mark K.Nyantakyi	
		32,108.00	4	PBC Limited	02/02/2018	Simone Dan -Morton	Simone Dan-Morton ,Kwabena Owusu, Mark K.Nyantakyi	Ekow Nyarko-Dennis
		31,264.00	3	Merban Investment	08/02/2018	Genevieve Asumai	Jerry Afful,Yvonne Kittoe,Kwabena Owusu	Ekow Nyarko-Dennis
		30,000.00	1	Progress Savings and Loans	08/02/2018	Genevieve Asumani	Jerry Afful,Yvonne Kittoe,Kwabena Owusu	Ekow Nyarko-Dennis
		28,378.00	6	Kuapa Kokoo	03/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	
		28,378.00	6	Kuapa Kokoo	03/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
		28,080.00	2	Accra Polytechnic	08/02/2018	Genevieve Asumani	Jerry Afful,Yvonne Kittoe,Kwabena Owusu	Ekow Nyarko-Dennis
		27,963.00	6	Cocoa March	02/02/2018	Simone Dan-Morton	Simone Dan Morton, Mark K. Nyantakyi, Kwabena Owusu	
		27,963.00	6	Cocoa Merchants	02/02/2018	Simone Dan-Morton	Simone Dan Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
		26,053.00	4	Federated Commodities	03/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	
		26,053.00	4	Federated Commodities	03/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
		24,931.00	1	SSNIT	23/02/2018	Genevieve Asumani	Genevieve Asumani,Yvonne Kittoe and Kwabena Owusu	Ekow Nyarko-Dennis
		24,931.00	3	Merban Investment	09/03/2018	Genevieve Asumani	Jerry Afful, Yvonne Kittoe,Kwabena Ow	Ekow Nyarko-Dennis
		24,664.00	2	Accra Polytechnic	16/02/2018	Genevieve Asumani	Genevieve Asumani,Yvonne Kittoe and Kwabena Owusu	Ekow Nyarko-Dennis
		22,454.00	4	BOST	08/02/2018	Simone Dan-Morton	Rexford Kissi Adu,Mark Nyantakyi and Kwabena Owusu	Ekow Nyarko-Dennis



## Unusual and suspicious transactions

No.	Issue	Findings					Estimated Amount Involved
16	Facilitation Fee Payments						<b>GH¢ 20.76million</b>
		Amount GH¢	Rate	Company	Date Received	Requestor	Approver
		20,957.00	6	Cocoa Merchants	03/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu
		20,957.00	6	Cocoa Merchants	03/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu Ekow Nyarko-Dennis
		20,443.00	1	Methodist University	19/01/2018	Evans Yaw Amponsah	Evans Yaw Amponsah
		20,443.00	1	Methodist University	19/01/2018	Evans Yaw Amponsah	Evans Yaw Amponsah John Collins Arthur and Ekow Nyarko Dennis
		18,698.00	3	Merban Investment	14/03/2018	Genevieve Asumani	Jerry Afful, Yvonne Kittoe, E. Kyereh Ekow Nyarko-Dennis
		18,653.00	4	PBC	05/03/2018	Eric Odei	Sesi Nyarko, Mark Nyantakyi and Kwabena Owusu Ekow Nyarko-Dennis
		18,245.00	3	Cocobod	26/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu
		18,245.00	3	Cocobod	26/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu Ekow Nyarko-Dennis
		16,786.00	1	Broll Ghana	23/01/2018	No Receptient	Vida Marfo John Collins Arthur and Ekow Nyarko Dennis
		16,000.00	No rate	SSNIT	08/02/2018	Genevieve Asumani	Genevieve Asumani, Yvonne Kittoe and Kwabena Owusu Ekow Nyarko-Dennis
		15,956.00	4	Ridge Hospital	16/03/2018	Simone Dan-Morton	Jerry Afful, Yvonne Kittoe, E. Kyereh Ekow Nyarko-Dennis
		15,000.00	No rate	Newmont Ghana (Business Relationship)	15/03/2018	Frederick K Doh	Frederick Kwasi Doh John Collins Arthur and Ekow Nyarko-Dennis
		14,958.00	3		20/03/2018	Simdone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu
		14,958.00	1	Eagle Petroleum(FD)	28/02/2018	Mark Nyantakyi	Christopher Nettey, Kwabena Owusu and Rexford Kissi-Adu Ekow Nyarko-Dennis

## Unusual and suspicious transactions

No.	Issue	Findings					Estimated Amount Involved	
16	Facilitation Fee Payments						<b>GH¢ 20.76million</b>	
		Amount GH¢	Rate	Company	Date Received	Recipient	Requestor	Approver
		14,473.00	5	GIMPA	09/03/2018	Genevieve Asumani	Genevieve Asomani, Yvonne Kittoe and Kwabena Ocran	
		13,606.00	2	University of Ghana	15/01/2018	Addai Dora	Genevieve Asomani, Yvonne Kittoe and E. Kyereh	Ekow Nyarko-Dennis
		13,606.00	2	University of Ghana	17/01/2018	Jerry Afful	Genevieve Asomani, Yvonne Kittoe and E. Kyereh	Ekow Nyarko-Dennis
		13,606.00	2	University of Ghana	15/01/2018	Addai Dora	Genevieve Asomani, Yvonne Kittoe and E. Kyereh	Ekow Nyarko-Dennis
		13,606.00	2	University of Ghana	17/01/2018	Jerry Afful	Genevieve Asomani, Yvonne Kittoe and E. Kyereh	Ekow Nyarko-Dennis
		13,518.00	4	Kuapa Kokoo	05/03/2018	Eric Odei	Sesi Nyarko, Mark Nyantakyi and Kwabena Owusu	Ekow Nyarko-Dennis
		13,306.00		Forestry Commission	08/01/2018	Roland Adom	Roland Adom	Rosbella Mensah-Odartey
		12,465.00	2	UMB Capital	17/01/2018	Jerry Afful	Jerry Afful, Yvonne Kittoe, E. Kyereh	Ekow Nyarko-Dennis
		12,465.00	2	UMB Capital	17/01/2018	Jerry Afful	Jerry Afful, Yvonne Kittoe, E. Kyereh	Ekow Nyarko-Dennis
		12,427.00	2	Cocoa Research Institute Ghana	26/01/2018	Addai Dora	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
		12,427.00	2	Cocoa Research Institute Ghana	26/01/2018	Addai Dora	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
		12,241.00	4	TRANSROYAL	02/02/2018	Simone Dan -Morton	Simone Dan-Morton, Kwabena Owusu, Mark K. Nyantakyi	
		12,241.00	4	TRANSROYAL (GH) Ltd	02/02/2018	Simone Dan -Morton	Simone Dan-Morton, Kwabena Owusu, Mark K. Nyantakyi	Ekow Nyarko-Dennis
		11,954.00	2	Cocoa Research Institute Ghana	27/02/2018	Bless Buka	Simone Dan-Morton Rexford Kissi-Adu, Kwabena Owusu	Ekow Nyarko-Dennis
		11,343.00	1	Mainstream Reinsurance Company	16/03/2018	Amos Dei	Amos Dei	Makafui Kwesi Damalie

# Unusual and suspicious transactions

No.	Issue	Findings					Estimated Amount Involved	
16	Facilitation Fee Payments						<b>GH¢ 20.76million</b>	
		Amount GH¢	Rate	Company	Date Received	Recipient	Requestor	Approver
		11,078.00	1	KNUST Investment	23/02/2018	Enock Asare	John Collins Arthur	John Collins Arthur and Ekow Nyarko-Dennis
		11,073.00	4	KUMANKO	03/02/2018	Simone Dan -Morton	Simone Dan-Morton ,Kwabena Owusu, Mark K.Nyantakyi	
		11,073.00	4	KUMANKO	03/02/2018	Simone Dan -Morton	Simone Dan-Morton ,Kwabena Owusu, Mark K.Nyantakyi	Ekow Nyarko-Dennis
		11,046.00	4	SEED PROD	02/02/2018	Simone Dan -Morton	Simone Dan-Morton ,Kwabena Owusu, Mark K.Nyantakyi	
		11,046.00	4	SEED PROD. Unit	02/02/2018	Simone Dan -Morton	Simone Dan-Morton ,Kwabena Owusu, Mark K.Nyantakyi	Ekow Nyarko-Dennis
		10,500.00	No rate	STC Collections	12/02/2018	Genevieve Asumani	Genevieve Asomani, Yvonne Kittoe, Kwabena Owusu	Ekow Nyarko-Dennis
		9,972.00	2	UMB Capital	11/01/2018	Genevieve Asumani	Jerry Afful, Yvonne Kittoe, E.Kyereh	Ekow Nyarko-Dennis
		9,972.00	2	COCOBOD	16/02/2018	Rexford Kissi Adu	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
		9,972.00	2	UMB Capital	11/01/2018	Genevieve Asumani	Jerry Afful, Yvonne Kittoe, E.Kyereh	Ekow Nyarko-Dennis
		9,862.00	1	Newmont Liberty Asset Management	08/02/2018	Bernard Kojo Anumel	Bernard Kojo Anumel	Ekow
		9,574.00	4	PBC Limited	03/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
		9,574.00	4	PBC Limited	03/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
		9,276.00	4	Seed Production	05/03/2018	Eric Odei	Sesi Nyarko, Mark Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
		8,971.00	4	Transroyal	04/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	
		8,971.00	4	Transroyal	04/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis

## Unusual and suspicious transactions

No.	Issue	Findings					Estimated Amount Involved	
16	Facilitation Fee Payments						<b>GH¢ 20.76million</b>	
		Amount GH¢	Rate	Company	Date Received	Recipient	Requestor	Approver
		8,450.00	25	Newmont Pension Scheme	20/03/2018	Frederick K Doh	Frederick Kwasi Doh	John Collins Arthur and Ekow Nyarko-Dennis
		8,397.00	1	KNUST	19/01/2018	Enock Asare	Vida D.Marfo	John Collins Arthur
		8,397.00	1	KNUSTMain Investment Account and College of Science Investment	19/01/2018	Enock Asare	Vida D.Marfo	John Collins Arthur
		8,221.00	No rate	Newmont Ghana Pension Scheme	23/02/2018	Bernard Kojo Anumel	Frederick Kwasi Doh	John Collins Arthur and Ekow Nyarko-Dennis
		8,130.00	2	HFC Investment	03/01/2018	Kpormorne Kwame Sepenu	Kpormorne Kwame Sepenu	John Collins Arthur
		8,130.00	2	HFC Investment	03/01/2018	Kpormorne Kwame Sepenu	Kpormorne Kwame Sepenu	John Collins Arthur
		8,084.00		Newman Pension Funds	17/01/2018	Bernard Kojo Anumel	Bernard Kojo Anumel	Ekow Nyarko-Dennis
		8,084.00	0	Newman Pension Funds	17/01/2018	Bernard Kojo Anumel	Bernard Kojo Anumel	Ekow Nyarko-Dennis
		7,864.00	No rate	None	03/01/2017	No Receptient	Balchisu Karim	John Collins Arthur and Ekow Nyarko-Dennis
		7,864.00	No rate	Ghana Health Service	03/01/2017	No Receptient	Balchisu Karim	John Collins Arthur and Ekow Nyarko-Dennis
		7,598.00	1	KNUST (Term Deposit)	13/03/2018	Enock Asare	Stella Addo-Quaye	John Collins Arthur and Ekow Nyarko-Dennis
		7,539.00	1	Forestry Commission	24/01/2018	Roland Adom	Roland Adom	Rosbella Mensah-Odartey
		7,252.00	1	KNUST	25/01/2018	Enock Asare	Vida Marfo	
		7,252.00	1	KNUST	25/01/2018	Enock Asare	Vida Marfo	John Collins Arthur

## Unusual and suspicious transactions

No.	Issue	Findings					Estimated Amount Involved
16	Facilitation Fee Payments						<b>GH¢ 20.76million</b>
	Amount GH¢	Rate	Company	Date Received	Recipient	Requestor	Approver
	7,041.00	4	Transroyal Ghana Ltd	05/03/2018	Eric Odei	Sesi Nyarko, Mark Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
	6,435.00	4	Kumankoma	04/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	
	6,435.00	4	Kumankoma	04/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
	5,787.00	1	Ghana Free Zones Board	26/01/2018	Jerry Afful and E.Kyereh	Jerry Afful, Yvonne Kittoe, E.Kyereh	
	5,787.00	1	Ghana Free Zones Board	26/01/2018	Jerry Afful and E.Kyereh	Jerry Afful, Yvonne Kittoe, E.Kyereh	Ekow Nyarko-Dennis
	5,746.00	1	Cocobod	No Date	Enock Asare	Vida Marfo	
	5,746.00	1	Cocobod	No Date	Enock Asare	Vida Marfo	John Collins Arthur and Ekow Nyarko-Dennis
	4,500.00		Nimed Capital	14/03/2018	Richmond Arthur	Richmond Arthur	John Collins Arthur
	4,043.00	5	GIMPA Account	07/02/2018	Yvonne Kittoe	Genevieve Asomani, Yvonne Kittoe and E. Kyereh	Ekow Nyarko-Dennis
	3,739.00	2	Merban Investment	16/02/2018	Genevieve Asumani	Jerry Afful, Yvonne Kittoe, E.Kyereh	Ekow Nyarko-Dennis
	3,166.00	1	Public Health	11/01/2018	Nicholas Nartey	Nicholas Nartey and Victoroa Amagblah	Rosbella Mensah-Odartey
	2,689.00	1	Cocobod	29/12/2017	Enock Asare	Vida D. Marfo	Rosbella Mensah-Odartey and Ekow Nyarko-Dennis
	2,601.00	1	KNUST	10/01/2018	Enock Asare	Vida D. Marfo	John Collins Arthur
	2,601.00	1	KNUST	10/01/2018	Enock Asare	Vida D. Marfo	John Collins Arthur
	2,520.00	1	Nimed Capital	19/01/2018	Richmond Arthur	Richmond Arthur	John Collins Arthur

## Unusual and suspicious transactions

No.	Issue	Findings					Estimated Amount Involved	
16	Facilitation Fee Payments						<b>GH¢ 20.76million</b>	
		Amount GH¢	Rate	Company	Date Received	Recipient	Requestor	Approver
		2,520.00	1	Nimed Captal	19/01/2018	Richmond Arthur	Richmond Arthur	John Collins Arthur
		2,500.00	1	Liberty Asset Management(FD)	23/02/2017	Bernard Kojo Anumel	Bernard Kojo Anumel	John Collins Arthur
		2,381.00	4	Cocoa Merchants	05/03/2018	Eric Odei	Sesi Nyarko,Mark Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
		2,168.00	2	PBC Limited	29/12/2017	Christopher Balimto	Vida D. Marfo	Rosbella Mensah-Odartey and Ekow Nyarko-Dennis
		2,121.00	5	Gimpa	No Date	No Receptient	Genevieve Asomani,Yvonne Kittoe and E. Kyereh	Ekow Nyarko-Dennis
		2,121.00	5	Gimpa	No Date	No Receptient	Genevieve Asomani,Yvonne Kittoe and E. Kyereh	Ekow Nyarko-Dennis
		2,085.00	4	Royal Commodities	04/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	
		2,085.00	4	Royal Commodities	04/01/2018	Simone Dan-Morton	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
		1,950.00	4	Royal Comm	02/02/2018	Simone Dan-Morton	Simone Dan Morton, Mark K. Nyantakyi, Kwabena Owusu	
		1,950.00	4	Royal Commodities	02/02/2018	Simone Dan-Morton	Simone Dan Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
		1,909.00	1	Forestry Commission Investment	09/03/2017	Roland Adom	Roland Adom and James Quaye	John Collins Arthur and Ekow Nyarko-Dennis
		1,894.00	1	Cocoa Clinic	28/02/2018	Mark Nyantakyi	Simone Dan-Morton, Mark K. Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis
		1,864.00	1	Cocobod	08/11/2018	Enock Asare	Vida D. Marfo	John Collins Arthur
		1,864.00	1	Cocobod	08/11/2018	Enock Asare	Vida D. Marfo	John Collins Arthur
		1,721.00	4	Kumankoma Ltd	05/03/2018	Eric Odei	Sesi Nyarko,Mark Nyantakyi, Kwabena Owusu	Ekow Nyarko-Dennis

# Unusual and suspicious transactions

No.	Issue	Findings	Estimated Amount Involved																											
17	Fixed Deposits recorded using Data Capture module	<ul style="list-style-type: none"> <li>uniBank has over 5000 fixed deposit customers classified as Business Banking, Commodities, Construction, Energy Banking, Institutional, Telecom and Projects, Retail, SMEs and Esteem Banking Fixed Deposits. uniBank's fixed deposits span a tenure of a minimum of one (1) month to a maximum of one (1) year. Customers are offered the option of either rolling over their principal plus interest or just the principal when their investment reaches maturity.</li> <li>A review of the top 100 Fixed Deposit Customers which represents 78% of the entire population of GH¢2,412,633,171 as at 20th March 2018 showed that the source of funds for a total of GH¢61,000,000 and GH¢7,000,000, representing current fixed deposits from The Construction Bank Ghana Limited and Progress Savings and Loans respectively, were recorded using the data capture (DC) module. There was no evidence of cash inflows for these transactions.</li> </ul> <p>See pages <b>113 – 128</b> for further details on how DC transactions were used in creating unusual and suspicious transactions in uniBank.</p>	<b>GH¢68,000,000/ top 100 fixed deposit customers</b>																											
18	Key management staff of uniBank on boards and positions of related parties	<table border="1"> <thead> <tr> <th>Name</th> <th>Position in uniBank</th> <th>Related entity board member/Position</th> </tr> </thead> <tbody> <tr> <td>KWABENA DUFFUOR II</td> <td>CEO</td> <td>UNISECURITIES- BOARD CHAIRMAN UNIPRECISION- BOARD CHAIRMAN HODA HOLDINGS LTD HODA PROPERTIES LTD UNICREDIT SL LTD POAK RESOURCES STAR GOLDFIELDS UB FINANCIAL SERVICES (REGISTERED IN UK) ALBAN LOGISTICS-SHAREHOLDER UNICREDIT SL LTD</td> </tr> <tr> <td>BENJAMIN OFORI</td> <td>Executive Head, Credit Risk Management</td> <td>EIB -NETWORK</td> </tr> <tr> <td>CLIFFORD METTLE</td> <td>Executive Director (Mktg., Digital &amp; Fin. Serv.)</td> <td>UNISECURITIES</td> </tr> <tr> <td>MICHAEL ANOKYE</td> <td>Head, Legal Department</td> <td>UNISECURITIES</td> </tr> <tr> <td>JOHN COLLINS ARTHUR</td> <td>Executive Head, Treasury and Global Trade</td> <td>COMPANY SECRETARY OF UNISECURITIES</td> </tr> <tr> <td>SYLVIA ARCHER</td> <td>Company Secretary</td> <td>HEAD OF PROPERTIES, HODA HOLDINGS</td> </tr> <tr> <td>MICHAEL ANSON</td> <td>Head of Corporate Real Estate.</td> <td>HEAD OF FINANCE, HODA HOLDINGS</td> </tr> <tr> <td>KWADWO OPOKU OKOH</td> <td>Financial Control Manager</td> <td></td> </tr> </tbody> </table>	Name	Position in uniBank	Related entity board member/Position	KWABENA DUFFUOR II	CEO	UNISECURITIES- BOARD CHAIRMAN UNIPRECISION- BOARD CHAIRMAN HODA HOLDINGS LTD HODA PROPERTIES LTD UNICREDIT SL LTD POAK RESOURCES STAR GOLDFIELDS UB FINANCIAL SERVICES (REGISTERED IN UK) ALBAN LOGISTICS-SHAREHOLDER UNICREDIT SL LTD	BENJAMIN OFORI	Executive Head, Credit Risk Management	EIB -NETWORK	CLIFFORD METTLE	Executive Director (Mktg., Digital & Fin. Serv.)	UNISECURITIES	MICHAEL ANOKYE	Head, Legal Department	UNISECURITIES	JOHN COLLINS ARTHUR	Executive Head, Treasury and Global Trade	COMPANY SECRETARY OF UNISECURITIES	SYLVIA ARCHER	Company Secretary	HEAD OF PROPERTIES, HODA HOLDINGS	MICHAEL ANSON	Head of Corporate Real Estate.	HEAD OF FINANCE, HODA HOLDINGS	KWADWO OPOKU OKOH	Financial Control Manager		
Name	Position in uniBank	Related entity board member/Position																												
KWABENA DUFFUOR II	CEO	UNISECURITIES- BOARD CHAIRMAN UNIPRECISION- BOARD CHAIRMAN HODA HOLDINGS LTD HODA PROPERTIES LTD UNICREDIT SL LTD POAK RESOURCES STAR GOLDFIELDS UB FINANCIAL SERVICES (REGISTERED IN UK) ALBAN LOGISTICS-SHAREHOLDER UNICREDIT SL LTD																												
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SYLVIA ARCHER	Company Secretary	HEAD OF PROPERTIES, HODA HOLDINGS																												
MICHAEL ANSON	Head of Corporate Real Estate.	HEAD OF FINANCE, HODA HOLDINGS																												
KWADWO OPOKU OKOH	Financial Control Manager																													

# Unusual and suspicious transactions

No.	Issue	Findings						
19	Sale and lease back arrangements at book values of properties	Deed assignment for the following properties dated 22 May 2015.						
		Type	Location	Detail	Cost GH¢	Acc Dep GH¢	NBV GH¢	Proceeds GH¢
		Freehold	ACCRA	House No. C563/4 or No. 2 Royalt Castle Road, Kokomlemle	7,471,576.00	274,402.66	7,197,173.34	7,197,173.34
		Leasehold	TEMA	Commerical Plot No. TC/MKT/A/126, Tema	7,150,044.00	260,042.55	6,890,001.45	6,890,001.45
		Leasehold	TECHIMAN	Plot No. 268 Block B Sector 4S, Techiman	3,668,987.00	152,874.46	3,516,112.54	3,516,112.54
		Leasehold	TAMALE	Plot No. 415A, Ward 'E' Extension, Hospital Road, Tamale	4,371,882.00	173,881.87	4,198,000.13	4,198,000.33
					<b>22,662,489.00</b>	<b>861,201.54</b>	<b>21,801,287.46</b>	<b>21,801,287.66</b>





# Appendix

## 2. Unusual and Suspicious Transactions

- 2.2 Review of Data Capture Transactions

# Review of data capture transactions

## Background

An initial review of customer accounts (especially of known related entities) and internal accounts, revealed certain deposits and/or withdrawals which did not appear to have a bona fide commercial basis. These transactions were done in the Data Capture (DC) module of the Bank's T24 core banking application. This led to further analysis of DC transactions recorded from 1 July 2016 to 20 March 2018.

## Overview of Data Capture Module

T24 is configured to use several modules for recording transactions, including Funds Transfer (FT), Arrangement Architecture (AA), Teller Transaction (TT) and Data Capture (DC). The DC module allows banking personnel to pass debit and credit transactions to all customer accounts, internal accounts and profit and loss accounts maintained within T24. It is typically used to make ad hoc entries for which a transaction processing system is not needed or for which an automated system is not yet available.

Unlike in other modules in T24 where a single transaction may create multiple accounting entries, DC creates each accounting entry as a single transaction. A combination of DC transactions posted at the same session is referred to as a batch. A typical batch could consist of single/multiple debits with corresponding single/multiple credits to varying accounts. Hence DC is one of the most flexible of the T24 modules for recording transactions and this discretionary nature allowed it to be used for recording transactions for which the commercial basis is unclear.

## Approach

The following activities were performed:

- Obtained all DC transactions recorded from 1 July 2016 to 20 March 2018
- Identified accounts (internal and customer) in which these transactions were recorded
- Summarised the transactions by account and ranked the accounts based on the absolute net value of entries
- Selected the top 50 such accounts and analysed the DC transactions therein to understand their nature and commercial basis (if possible).

## Additional Work Required

Further work will be needed to establish the commercial basis of the noted transactions for which conclusions have not been reached. A comprehensive forensic review of these transactions may be required to establish a legal basis for recovering funds found to be fraudulently disbursed.

## Nature of Transactions

### *CASA withdrawals to "Other Assets"*

The AA module is typically used to record the initial entries for a loan, i.e. the customer's loan account is debited and the customer's CASA account is credited. When the customer draws down the loan (transfer or cash withdrawal), the customer's CASA will be debited using either the TT or FT module and the corresponding credit entry will go to either a cash GL (cash withdrawal) or another CASA (for transfers).

The DC module, however, in some cases is used to transfer the disbursed amount to "Deferred Expenditure Interest" (account number GH¢1265000210001). In the management accounts this account is described as "Advances to Shareholders" and classified as "Other Assets". It is unclear whether the loans recorded in this manner are valid and the subsequent transfers are actual loan draw downs.

Of the top 50 accounts analysed, 3 loans were "drawn down" in this manner. Total draw down for these loans was GH¢91.89 million out of GH¢92.39 million disbursed.

Also, debits from customer accounts totaling GH¢257.12 million had corresponding credits recorded in the Deferred Expenditure Interest account. The commercial basis for these entries is unclear.

### *Deposit Creation*

Ordinarily, a customer deposit should be cash-backed and will result in a debit to either a CASA account or the cash GL and a corresponding credit to the CASA account. However, in some cases "customer deposits" were recorded by debiting the Deferred Expenditure Interest Account and crediting the CASA account. Hence it is not clear whether there was actual cash involved in these transactions.

These "customer deposits" were subsequently used for the following:

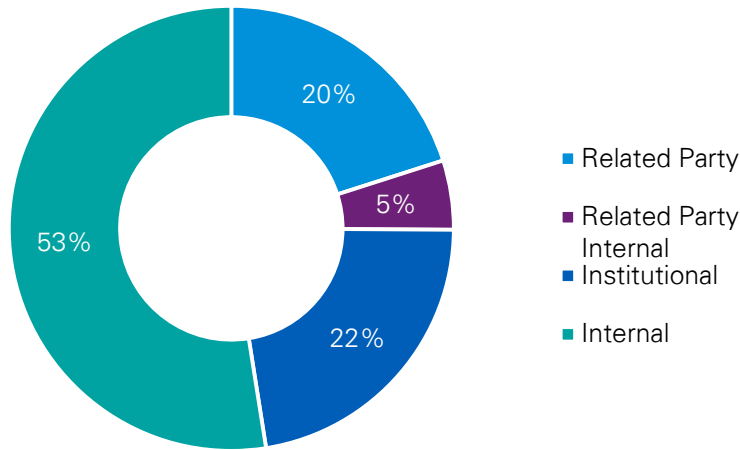
- I. Repayment of loans and advances totaling GH¢473.19 million
- II. Transfers to other entities totaling GH¢152.37 million
- III. Purchases of fixed deposits in the bank totaling GH¢89 million.

# Statistics of data capture transactions

## Composition

The DC transactions in the top 50 accounts went to four categories of accounts: related party, related party internal, institutional and internal accounts. The relative sizes of these categories are shown in the diagram below:

Categories of Accounts with DC Transactions



Internal accounts were used the most in DC transactions, representing 53% of the top 50. Deferred Expenditure Interest Account had the highest value of DC transactions of all the internal accounts. Institutions and related accounts both represented 22% and 20% respectively.

## Category Definitions

**Related Parties:** Accounts held in the names of entities related to the Bank, as per IAS 24 “related party”.

**Related Party Internal Account:** Internal accounts (receivable/payable accounts) created for recording transactions with related entities.

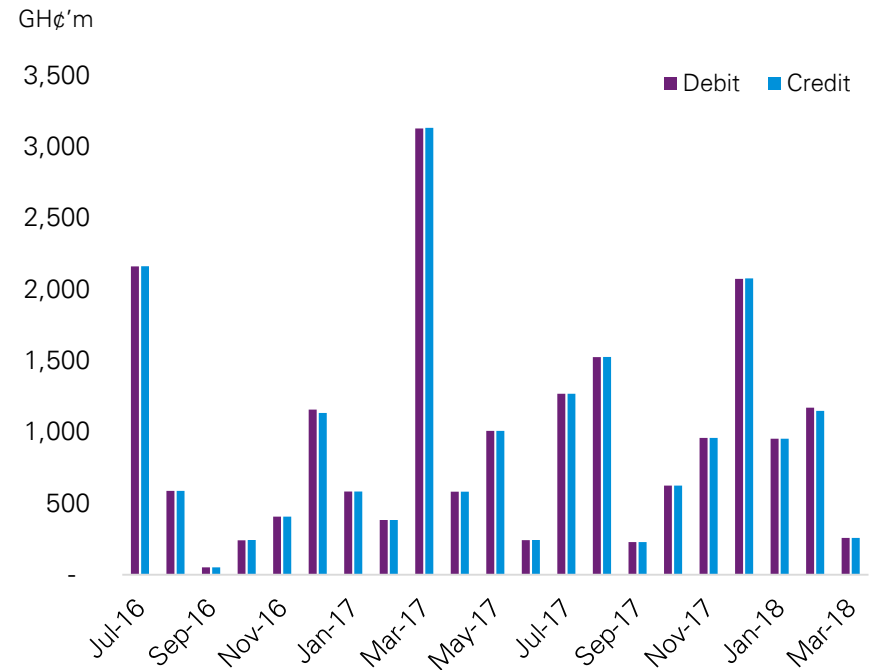
**Institutional:** The operational or other accounts of other institutions held with the Bank

**Internal:** Accounts internal to the operations of the Banks used to record transactions.

## Value over time

The value of DC transactions in the top 50 DC accounts over the period of our review are as shown in the diagram below:

Value Over Time of DC Transactions































Mar 2017 recorded the most DC transactions in terms of value. This can be attributed to transactions recorded in NUMA Logistics and Deferred Expenditure Interest Accounts.

July 2016 and December 2017 had the second highest DC transactions in terms of value. For July 2016, the DC module was used to record “Take On” Balances from T24 migration. December 2017 DCs can be attributed to transactions recorded in FT Take On, Freehold Land and Building and Deferred Expenditure Interest Accounts.










# Accounts with unusual data capture transactions




The table below shows the nature of unusual transactions as noted in the top 50 accounts with DC transactions. Accounts in which, for the time being, did not reveal any unusual transactions have been excluded.

No	Account	Type of Account	Net Amount Dr/(Cr)	No of DC Transactions	Nature of Transactions
1	DEFERRED EXPENDITURE-INTEREST	Internal Account	1,829,932,195.71	311	    
2	NUMA LOGISTICS LTD	Institution	(415,512,666.02)	17	 
3	HODA HOLDINGS LIMITED	Related Party	(168,841,240.95)	84	  
4	GOIL GHANA LIMITED/BELSTAR CAPITAL	Institution	167,118,786.57	1	
5	EIB NETWORK	Related Party Internal Account	(109,497,906.31)	13	
6	POAK RESOURCES LIMITED	Institution	(109,039,142.12)	2	
7	CASSEL ENERGY LIMITED	Institution	(100,519,801.16)	15	
8	UNISECURITIES GH LTD-CALL A-CGH¢	Related Party	89,693,891.97	20	
9	YAW ADDO DEVELOPMEENTS LIMITED	Institution	(87,000,000.00)	13	
10	MARIPOMA ENTERPISE LIMITED	Institution	(74,000,000.00)	2	
11	UNIPRECISION PROJECT ACCOUNT	Related Party	(63,316,036.80)	10	 
12	INTEGRATED PROPERTIES LTD	Related Party	(42,419,947.55)	24	
13	PRIME PROPERTIES LIMITED	Institution	(38,782,842.73)	15	
14	EIB NETWORK -OPERATIONAL	Related Party	(37,324,662.71)	1	
15	BOLTON PORTFOLIO LIMITED	Institution	(35,921,309.11)	18	
16	LHS GHANA LIMITED	Related Party	(35,256,987.08)	1	

 Loan Draw Down
  Repayment of Advances
  Transfers to other entities
  Purchases of fixed deposits
  Other withdrawals from CASA to Other Assets

# Accounts with unusual data capture transactions

No	Account	Type of Account	Net Amount Dr/(Cr)	No of DC Transactions	Nature of Transactions
17	IPL PROJECT ACCOUNT	Related Party	(28,955,693.63)	8	
18	AVENUE INVESTMENTS LIMITED	Institution	(28,734,209.50)	10	
19	MAX ESTATE LIMITED	Institution	(25,896,857.00)	21	
20	IPL PROJECT ACCOUNT 2-CEDIS	Related Party	(25,689,426.29)	4	
21	PROMPT SUPPLIES SOLUTION GH. LTD	Institution	25,530,604.68	5	 
22	GR CONSTRUCTION AND SERVICES LTD	Institution	25,215,493.72	6	 
23	PREMIER PORTFOLIO LTD	Institution	(24,632,791.84)	2	
24	MID WEST DELIVERY SERVICES LIMITED	Institution	24,536,986.00	8	

 Loan Draw Down
  Repayment of Advances
  Transfers to other entities
  Purchases of fixed deposits
  Other withdrawals from CASA to Other Assets

# DC – CASA withdrawals to other assets

## Loan Draw Down

To illustrate the typical process of using DC transactions for loan draw downs, Prompt Supplies Solution GH has been selected as a test case.

An account was opened in the name of Prompt Supplies Solution on 25 November 2016. On 30 November 2016, 2 loans totaling GH¢32,237,500 were recorded using the AA module. The 2 loan accounts were debited and Prompt's CASA account was credited. No loan file, however, has been sighted to support the request and approval of the loan facility.

The entries passed are illustrated below.

Debit			Prompt Loan Account		Credit
Date	Details	Amount	Date	Details	Amount
30-Nov-2016	Prompt CASA	19,237,500			
30-Nov-2016	Prompt CASA	13,000,000			

Debit			Prompt CASA Account		Credit
Date	Details	Amount	Date	Details	Amount
			30-Nov-2016	Prompt CASA	19,237,500
			30-Nov-2016	Prompt CASA	13,000,000

On 14 December 2016, 2 weeks after the loans were recorded, 3 transactions totaling GH¢32,049,605 were debited to Prompt's CASA account and transferred to Deferred Expenditure Interest account using the DC module. As at 20 March 2018, the outstanding balance on the loans were GH¢16,489,285 and 10,214,285.

The entries passed are illustrated below.

Debit			Prompt CASA Account		Credit
Date	Details	Amount	Date	Details	Amount
14-Dec-2016	Deferred Expenditure Interest	5,450,000			
14-Dec-2016	Deferred Expenditure Interest	22,000,000			
14-Dec-2016	Deferred Expenditure Interest	4,599,605			

Debit			Deferred Expenditure Interest		Credit
Date	Details	Amount	Date	Details	Amount
			14-Dec-2016	Prompt CASA	32,049,605

# DC – CASA withdrawals to other assets

## Loan Draw Down (cont'd)

The table below provides details of loans created and subsequently drawn down to the deferred expenditure account using the DC module.

Customer Name	Loan Account	Currency	Disbursed Amount	Loan Balances As At 31/05/2018	Transfer To Deferred Expenditure	Comment	Funding Account
NUMA Logistics	0001000024202	GH¢	11,500,000	11,681,344.52	28,879,319		Deferred Expenditure Interest
	0001000024208	GH¢	17,500,000	24,626,575.27			
PROMPT Supplies	0001000024222	GH¢	19,237,500	26,770,212.47	32,049,605		Deferred Expenditure Interest
	0001000024223	GH¢	13,000,000	13,147,833.65			
GR Construction and Services Limited	0001000024225	GH¢	8,150,000	12,724,717.81	30,968,494		Deferred Expenditure Interest
	0001000024227	GH¢	10,350,000	9,781,685.75			
	0001000024236	GH¢	12,650,000	17,830,762.21			
<b>TOTAL</b>		<b>GH¢</b>	<b>92,387,500</b>				

# DC – CASA withdrawals to other assets

## Other withdrawals

A review of uniSecurities and GOIL/BELSTAR accounts, revealed that an amount of GH¢257,118,786.57 was debited to the customer's account and the deferred expenditure interest account was credited. Refer to the table below for more details:

Book Date	Reference	Descript	Value Date	Debit	Credit	Authoriser	Corresponding Entry
16-Mar-18	DC180752000029001\BNK	Payment- uniSecurities	16-Mar-18	90,000,000.00		EBENSON	CR. Deferred Expenditure Interest
24-Aug-16	DC162372000002001\BNK	Payment- GOIL/BELSTAR	24-Aug-16	167,118,786.57		LAWERTEH	CR. Deferred Expenditure Interest

The authorisers of above debit transaction reports that they were done on the instruction of the Chief Operating Officer. Commercial reasons for these transactions are yet to be established.



# DC – deposit creation

## Repayment of advances

To illustrate the typical process of repayment of advances from deposits created with DC transactions Prompt Supplies Solution GH has again been selected as a test case.

In the months of August and November 2017, Prompt Supplies' CASA account was credited with 2 deposits of GH¢2,770,000 and GH¢4,442,000 with the corresponding debit recorded in the Deferred Expenditure Interest Account.

The entries passed are illustrated below – Deposit creation.

Debit			Deferred Expenditure Interest			Credit
Date	Details	Amount	Date	Details	Amount	
31-Aug-2107	Prompt CASA Account	4,442,000				
29-Nov-2017	Prompt CASA Account	2,077,000				

Debit			Prompt CASA Account			Credit
Date	Details	Amount	Date	Details	Amount	
			31-Aug-2017	Deferred Expenditure Interest	4,442,000	
			29-Nov-2017	Deferred Expenditure Interest	2,077,000	

The CASA account was subsequently debited and the loan account was credited as loan repayment.

The entries passed are illustrated below – Loan repayment.

Debit			Prompt CASA Account			Credit
Date	Details	Amount	Date	Details	Amount	
31-Aug-2017	Loan Account	4,442,000	31-Aug-2017	Deferred Expenditure Interest	4,442,000	
29-Nov-2017	Loan Account	2,072,381	29-Nov-2017	Deferred Expenditure Interest	2,077,000	

Debit			Prompt Loan Account			Credit
Date	Details	Amount	Date	Details	Amount	
30-Nov-2016	Prompt CASA	19,237,500	31-Aug-2017	Prompt CASA	4,442,000	
30-Nov-2016	Prompt CASA	13,000,000	29-Nov-2017	Prompt CASA	2,072,381	

Refer to **Page 122 to 124** for other advances repayments made from deposits created with DC transactions.

## DC – deposit creation

**Repayment of advances (cont'd)**

The table below provides examples of data capture entries used for loan repayments:

Customer Name	Loan Account	Currency	Disbursed Amount	Loan Balances As At 31/05/2018	Deposits Created To Fund Repayments	Comment	Funding Account
	0001000006250	GH¢	19,980,000	16,840,489.72			
Max Estate Limited	0001000006244	GH¢	6,660,000	5,620,725.77	25,896,857		Deferred Expenditure Interest & FT Take-on
	0001000006247	GH¢	7,400,000	-			
LHS Ghana Limited	0001000025960	US\$	4,068,209		4,287,000	No loan files were sighted for these facilities	Deferred Expenditure Interest
Cassel Energy Limited	0001000001999	GH¢	18,500,000		24,908,322	No loan files were sighted for these facilities	Deferred Expenditure Interest , FT Take-on & LEAD Business Enterprise
NUMA Logistics	0001000024202	GH¢	11,500,000	11,681,344.52	5,805,000	No loan files were sighted for these facilities	Deferred Expenditure Interest , FT Take-on
	0001000024208	GH¢	17,500,000	24,626,575.27			
PROMPT Supplies	0001000024222	GH¢	19,237,500	24,626,575.27	6,519,000	No loan files were sighted for these facilities	Deferred Expenditure Interest & FT Take-on
	0001000024223	GH¢	13,000,000	13,147,833.65			

## DC - deposit creation cont'd

**Repayment of advances (cont'd)**

Customer Name	Loan Account	Currency	Disbursed Amount	Loan Balances As At 31/05/2018	Deposits Created To Fund Repayments	Comment	Funding Account
Avenue Investments Limited	0001000002559	GH¢	8,000,000		9,895,399		Deferred Expenditure Interest
	0001000002557	GH¢	7,000,000				
	0001000024225	GH¢	8,150,000	12,724,717.81			
GR Construction and Services Limited	0001000024227	GH¢	10,350,000	9,781,685.75	5,753,000	No loan files were sighted for these facilities	Deferred Expenditure Interest & FT Take-on
	0001000024236	GH¢	12,650,000	17,830,762.21			
Prime Properties Limited	0001000003475	GH¢	29,600,000		38,782,843	No loan files were sighted for these facilities	Deferred Expenditure Interest & FT Take-on
Bolton Portfolio	0001000004566	GH¢	19,425,000				Deferred Expenditure Interest, FT Take-on & Takeover Internal Account
	0001000004430	GH¢	2,717,027	105,852.36	40,089,980		
Mauritius Commercial Bank	0019000007601	US\$			46,306,561	This is a loan taken by the Bank and not a customer loan	
<b>TOTAL</b>					<b>208,243,962</b>		

## DC – deposit creation cont'd

**Repayment of advances (cont'd)**

The table below provides examples of data capture entries used for overdraft repayments:

<b>Customer Name</b>	<b>Currency</b>	<b>Overdraft Balance</b>	<b>Deposits Created To Fund Repayments</b>	<b>Funding Account</b>
	GH¢	28,070,086		
Maripoma Enterprise Limited	GH¢	29,805,045	74,000,000	Deferred Expenditure Interest
	GH¢	12,965,712		
LHS Ghana Limited	US\$	3,108,525	3,108,525	Deferred Expenditure Interest
	GH¢	19,237,500		
PROMPT Supplies	GH¢	13,000,000	32,049,605	Deferred Expenditure Interest
	GH¢	8,150,000		
GR Construction and Services Limited	GH¢	10,350,000	30,968,494	Deferred Expenditure Interest
	GH¢	12,650,000		
Cassel Energy Limited	GH¢	123,555	123,555.19	Deferred Expenditure Interest
POAK Resources	GH¢		100,069,572	FT Take-on
<b>TOTAL</b>			<b>240,319,751</b>	

# DC - deposit creation

## Transfers to other entities

Deposits totaling GH¢152,371,463 were created by debiting the Deferred Expenditure Interest Account and crediting the CASA accounts. Subsequently, the deposits created were transferred to other entities by debiting the CASA accounts and crediting the other entities. The commercial basis for the creation of these deposits is unclear. Refer to the table below for more details:

Book Date	Account Name	Account Number	Reference	Value Date	Debit	Credit	Corresponding Entry	Inputter	Authoriser	Beneficiary
24-Nov-16	Bolton Portfolio		DC163292000 012002\BNK	24-Nov-16		2,395,760	Dr. Deferred Expenditure Interest	EBENSON	LAWERTEH	Alban Logistics
13-Dec-16	Integrated Properties	0021301005604	DC163482000 035002\BNK	13-Dec-16		552,300	Dr. Deferred Expenditure Interest	EBENSON	LSACKKEY	I. KobbyNak Ventures II. Michael Nyarko
13-Dec-16	Integrated Properties	0021301005606	DC163482000 035005\BNK	13-Dec-16		8,800,000	Dr - Deferred Expenditure Interest	EBENSON	LSACKKEY	I. KOBBYNAK Ventures II. ALBAN Logistics III. AFARITA Limited IV. Kwaku Apau Co. Ltd. V. PEKAY Interior &Logistics VI. IPL (Cash withdrawal)
10-Apr-17	Integrated Properties	0021301005601	DC171002000 039003\BNK	10-Apr-17		900,000	Dr - Deferred Expenditure Interest	EBENSON	LSACKKEY	

## DC - deposit creation

*Transfers to other entities (cont'd)*

Book Date	Account Name	Account Number	Reference	Value Date	Debit	Credit	Corresponding Entry	Inputter	Authoriser	Beneficiary
09-Sep-16			DC16253200 0008002\BNK	09-Sep-16		3,326,400	Dr. Deferred Expenditure Interest	EBENSON	LAWERTEH	BRICK Wall Engineering
22-Nov-16	INTEGRATED PROPERTIES		DC16327200 0010002\BNK	22-Nov-16		3,913,316	Dr. Deferred Expenditure Interest	EBENSON	LAWERTEH	GEOXPRT Limited
13-Dec-16	PROJECT 2 CEDI ACCOUNT		DC16348200 0035004\BNK	13-Dec-16		8,800,000	Dr. Deferred Expenditure Interest	EBENSON	LSACKEY	IPL (cash withdrawal)
29-Dec-17			DC17363200 0107010\BNK	29-Dec-17		9,649,710	DR - FT Take-on	FGLOVER	DABOATENG	Aklpomey Electrical Works
			DC16287200 0002006\BNK			8,900,000		EBENSON	L_AWERTEH	
13/10/2016	HODA HOLDINGS	0021400528962	DC16287200 0002007\BNK	13-Nov-16		5,433,976	DR - EIB Network GH¢1210000020001	EBENSON	L_AWERTEH	BAHAMUS
			DC16287200 0002005\BNK			9,700,000		EBENSON	L_AWERTEH	
			DC18003200 0028005\BNK			13,600,000		FGLOVER	DA_BOATENG	
03/01/2018	HODA HOLDINGS	0021400528961	DC18003200 0028002\BNK	03-Jan-18		19,400,000	Dr. Deferred Expenditure Interest	FGLOVER	DA_BOATENG	Star Assurance Co Ltd
			DC18003200 0028004\BNK			30,700,000	(90,000,000)	FGLOVER	DA_BOATENG	
			DC18003200 0028003\BNK			26,300,000		FGLOVER	DA_BOATENG	
						<b>152,371,463</b>				

The authorisers of above transactions report that they were done on the instructions of the Chief Executive Officer and the Chief Operating Officer. . Commercial reasons for these transactions are yet to be established.

# DC – deposit creation

## Purchase of Fixed Deposits

To illustrate the typical process of fixed deposit placement from customer deposits created with DC transactions, Yaw Addo Development Ltd and The Construction Bank have been selected as test cases.

A review of Yaw Addo Development Ltd.'s account, revealed that between the period of October 2016 to March 2017, deposits totaling GH¢87 million were credited to Yaw Addo Development Account. There was no evidence of cash backing for these transactions.

On 1 Nov 2016, Yaw Addo Development Ltd. placed GH¢70 million in fixed deposits with the bank for a period of 6 months. On maturity of this term deposit, a request was placed to roll over. On October 20, 2017, an amount of GH¢61 million was transferred to The Construction Bank account. The balance on Yaw Addo Development Account as at 20 March 2018 was an overdraft of GH¢8,289,360.56. Refer to the table below:

Book Date	Ref	Description	Value Date	Amount	Inputter	Authoriser	Corresponding Entry
13-Oct-16	DC162872000001002\BNK	Payment	13-Oct-16	1,350,000	EBENSON	LAWERTEH	Deferred Expenditure Interest Account
31-Oct-16	DC163052000011004\BNK	Payment	31-Oct-16	3,150,000	EBENSON	LAWERTEH	Deferred Expenditure Interest Account
31-Oct-16	DC163052000011005\BNK	Payment	31-Oct-16	1,800,000	EBENSON	LAWERTEH	Deferred Expenditure Interest Account
31-Oct-16	DC163052000019002\BNK	Payment	31-Oct-16	8,000,000	EBENSON	LAWERTEH	Deferred Expenditure Interest Account
31-Oct-16	DC163052000019003\BNK	Payment	31-Oct-16	15,400,000	EBENSON	LAWERTEH	Deferred Expenditure Interest Account
31-Oct-16	DC163052000019005\BNK	Payment	31-Oct-16	18,500,000	EBENSON	LAWERTEH	Deferred Expenditure Interest Account
31-Oct-16	DC163052000011006\BNK	Payment	31-Oct-16	2,200,000	EBENSON	LAWERTEH	Deferred Expenditure Interest Account
31-Oct-16	DC163052000019004\BNK	Payment	31-Oct-16	13,240,000	EBENSON	LAWERTEH	Deferred Expenditure Interest Account
31-Oct-16	DC163052000019006\BNK	Payment	31-Oct-16	14,860,000	EBENSON	LAWERTEH	Deferred Expenditure Interest Account
12-Dec-16	DC163472000018002\BNK	Payment	12-Dec-16	7,500,000	EBENSON	LSACKKEY	Deferred Expenditure Interest Account
27-Mar-17	DC170862000004006\BNK	Payment	27-Mar-17	1,000,000	EBENSON	LAWERTEH	Deferred Expenditure Interest Account
				<b>87,000,000</b>			

Further examples of fixed deposit placements from customer deposits created with DC transactions are detailed on the next page (**page 128**).

## DC – deposit creation

**Purchase of Fixed Deposits (cont'd)**

	DC and FT Deposits				Balances on Fixed Deposits and CASA Account		DC and FT Transfers out of current account		
Name	Date/Period	Amount	Transaction Reference	Corresponding Account	Current FD Balance	Current CASA Balance	Date	Amount	Nature of Transaction
Progress Savings and Loans	20/10/2015	12,000,000	DC15293170000 3002	GH¢1280000001 002	-		08/12/2016	15,840,000	This amount was transferred by debiting the current account and crediting Deferred Expenditure account with 12,438,246.6 and the PL50000 (Interest Expense account with 3,401,753.42 .
	08/12/2016	7,000,000	DC16343200001 8005BNK	0211402329621	7,000,000	371,069.93	13/12/2017	7,000,000	The current balance on the FD is GH¢7,000,000
Yaw Addo Development Ltd	1/10/2016- 1/05/2017	70,000,000	Multiple DC transactions	GH¢1280000001 002	-	(7,984,210.59)	20/10/2017	61,000,000	This amount was transferred to The Construction Bank Gh. Ltd which was subsequently used to purchase fixed deposit of GH¢61,000,000. The current balance of the fixed deposit is GH¢61,000,000.00
		<b>89,000,000</b>							





# Appendix

## 3. Governance, risk and compliance (GRC)

- 3.1 Governance

# GRC (Governance) - objective, scope and approach

## Objective

The objective of the governance review was to identify gaps and breaches in the working governance framework noting relevant legal and legislative requirements and requirements under the regulations of Bank of Ghana (BoG).

## Scope of Work

The scope of the review included the following elements of the governance framework for the period 2015 to 2017:

- Board structure and operations (Board composition, structure and processes – charter, committees and terms of reference, agendas for various meetings, minutes of meetings, induction and training programs and Board responsibilities)
- Governance policies (delegation of authority matrix, code of conduct and ethics, director succession planning, whistle blowing programme, remuneration policies, policies on conflict and declaration of interest)
- Executive management – (roles and responsibilities, management committees and terms of reference)
- Internal audit – (independence, audit plans)
- Assurance functions oversight – (risk management and compliance – roles and responsibilities)

## Approach

The following activities were performed:

- Reviewed relevant documentation (Board charter, committees terms of reference, Board meeting minutes, terms of reference of management committees, minutes of management committee meetings, whistleblowing policy etc.)
- Identified and interviewed key stakeholders (Company Secretary and senior management)
- Defined criteria for our assessment of the governance framework of uniBank based on Bank of Ghana's Corporate Governance Directive 2018, leading governance practices within the context of the financial services industry (Core Principles for Effective Banking Supervision - Basel Committee on Banking Supervision) and leading corporate governance codes (King IV Report on Corporate Governance -South Africa and UK Corporate Governance Code – 2016)
- Benchmarked the existing governance framework with the defined criteria to identify gaps

# GRC (Governance) - shareholding structure

The shareholding structure of uniBank as at 31 October 2017 was as follows:

Ordinary shares	Number of shares	Total value (GH¢)	% Shareholding
Hoda Holdings Limited	104,166,667	250,000,000	65.0
Integrated Properties Limited	21,710,770	41,757,635	13.5
Telemedia Company Limited	18,656,111	35,565,062	12.0
Dr. Kwabena Duffuor I	14,600,491	26,715,538	9.0
Crown Insurance Brokers	854,428	1,071,064	0.5
Aaron M. Ocquaye	9,045	11,339	0.0
Seth Adom-Asomaning	7,378	9,249	0.0
<b>Total</b>	<b>160,004,890</b>	<b>355,129,887</b>	<b>100</b>

Preference Shares	Number of Shares	Total Value (GH¢)	% Shareholding
Dr. Kwabena Duffuor I	1,150	11,500,000	
Crown Insurance Brokers	350	3,500,000	
<b>Total</b>	<b>1,500</b>	<b>15,000,000</b>	<b>100%</b>

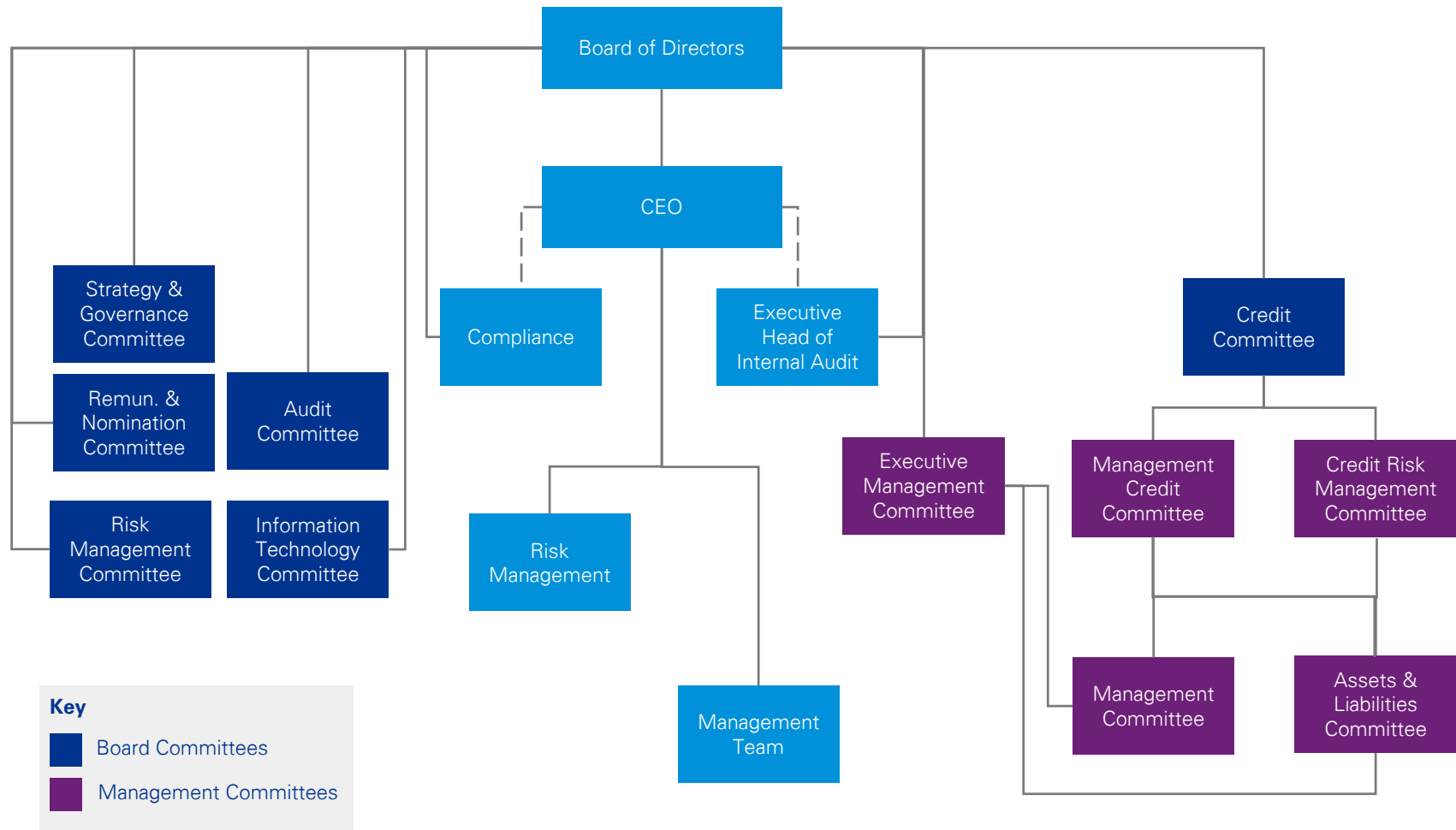
  

<b>Total Stated Capital</b>	<b>370,129,887</b>
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Source - Company Secretary of uniBank, 15 May 2018

# GRC (Governance) framework

The diagram below depicts the governance framework of uniBank prior to the appointment of the OA:



**Key**

- Board Committees
- Management Committees

# GRC (Governance) framework

Based on information obtained and work performed (review of information and interviews conducted), the governance structure prior to the appointment of the Official Administrator (OA) included the following key elements:

## Board of Directors

uniBank was directed and controlled by a Board of Directors (Board) comprising eleven (11) directors. Two (2) of the directors were appointed on 5 September 2017. The Bank of Ghana (BoG) is yet to complete the approval process for the last two appointments.

The Board had six (6) sub-committees that assisted in its oversight responsibilities, namely the Information Technology, Strategy and Governance, Credit, Remuneration and Nomination, Risk Management and Audit Committees. The Board and its committees activities were guided by a charter, which sets out the terms of reference of each committee.

## Governance Policies

The Board had developed and approved a Whistleblowing policy, which is yet to be implemented. Guidelines on conflicts of interests and a code of conduct are covered in the Board charter.

## Executive Team

uniBank's 16 member executive team comprised the Chief Executive Officer (CEO), Chief Operations Officer (COO), 1 Technical Advisor, 2 Executive Directors, 1 Director and 10 Executive Heads. The CEO was the head of the Executive Team and was responsible for the day to day operations as delegated by the Board. There were five (5) management committees (Executive Management Committee, Management Committee, Credit Risk Management Committee, Management Credit Committee and Assets and Liability Committee) whose membership were drawn from the executive team, middle management and department heads.

## Internal Audit

uniBank has an Internal Audit Department led by the Executive Head of Internal Audit who reported functionally to the Board Audit Committee and administratively to the CEO. The primary responsibility of the Internal Audit Department is to provide independent assurance on the effectiveness of uniBank's risk management, governance and internal control processes.

## Assurance Functions - Risk Management

The main objective of the Risk Management Department is to identify and manage significant risks relating to the execution of uniBank's strategy and operations. The Risk Management Department is led by an Executive Head who reported to the CEO. The Risk Management Department is made up of (6) units (credit risk, operational risk, information security, E-risk & E-compliance, operational rigour, market risk and physical security). The unit heads report to the Executive Head of Risk Management.

## Assurance Functions - Compliance

The Compliance Department is responsible for the oversight of uniBank's adherence to regulatory requirements and BoG directives, including the coordination of the Bank's risk/AML-CFT compliance programme. The Head of Compliance reported functionally to the Board and administratively to the CEO.

Details of the activities and gaps in the assurance functions are covered in subsequent pages of this report.

# GRC (Governance) – board of directors

The Board was composed of four executive directors, five non-executive directors and two independent non-executive directors. The chairman of the Board was a non-executive director.

The Board had six working Sub-Committees (Information Technology, Strategy and Governance, Credit, Remuneration and Nomination, Risk Management and Audit Committees) whose membership were composed from existing members of the Board.

The Board's working arrangements were guided by a board charter that sets out its authority, composition, role, function and responsibilities. The board is required to meet a minimum of four times a year.

The Board composition, dates of appointment and directorship held with the holding company/related parties of uniBank were as follows:

- Mr. Opoku-Gyamfi Boateng – Non-Executive Director and Board Chairman (Director of HODA Holdings) - Appointed February 2002
- Dr Kwabena Duffuor II – Executive Director (CEO) – Appointed 1 January 2012
- Mr. Alex Gaddiel Buabeng - Non-Executive Director (Chairman of Star Assurance) - Appointed February 2001
- Prof Newman Kwadwo Kusi- Non-Executive Director (Executive Director of Institute for Fiscal Studies) – Appointed 26 March 2014
- Mr. Owusu Ansah – Awere - Executive Director (Operations and Information Technology) – Appointed 18 January 2012
- Mr. Ekow Nyarko Dennis – Executive Director (COO) – Appointed 1 June 2015
- Mr. Clifford Duke Mettle – Executive Director (Marketing & Digital Financial Services) - Appointed 5 September 2017
- Mrs. Kakra Duffuor -Nyarko – Non-Executive Director (Director of Star Assurance and HODA Holdings, UniSecurities) - Appointed 26 February 2013
- Mr. Kofi Kyereh- Darkwah – Non-Executive Director (Director at Crown Insurance Brokers) – Appointed March 2005
- Nana Boakye Asafu-Adjaye – Independent Non-Executive Director – Appointed 26 March 2014
- Andrew Wambari Kairu – Independent Non-Executive Director - Appointed 5 September 2017

The Bank of Ghana (BoG) is yet to complete the approval process for the appointments of Mr. Clifford Duke Mettle and Andrew Wambari Kairu.

Membership of the Sub-Committees was as follows:

## Information Technology Committee

- Mr. Opoku-Gyamfi Boateng – Non-Executive Director
- Nana Boakye Asafu Adjaye – Independent Non-Executive Director
- Mr. Kofi Kyereh-Darkwah - Non-Executive Director

## Strategy And Governance Committee

- Mr. Opoku-Gyamfi Boateng - Non-Executive Director
- Professor Newman Kusi - Non-Executive Director
- Nana Boakye Asafu-Adjaye - Independent Non-Executive Director

## Board Credit Committee

- Mr. Opoku-Gyamfi Boateng - Non-Executive Director
- Mr. Kofi Kyereh-Darkwah - Non-Executive Director
- Mrs. Kakra Duffuor-Nyarko - Non-Executive Director

## Board Remuneration And Nomination Committee

- Mr. Alexander Buabeng - Non-Executive Director
- Mrs. Kakra Duffuor-Nyarko - Non-Executive Director
- Professor. Newman Kusi - Non-Executive Director
- Mr. Kofi Kyereh-Darkwah - Non-Executive Director

## Board Risk Management Committee

- Mr. Kofi Kyereh-Darkwah - Non-Executive Director
- Mr. Opoku-Gyamfi Boateng - Non-Executive Director
- Mrs. Kakra Duffuor-Nyarko - Non-Executive Director

## Board Audit Committee

- Mr. Kofi Kyereh-Darkwah - Non-Executive Director
- Mr. Opoku-Gyamfi Boateng - Non-Executive Director

# GRC (Governance) - board of directors

## Board Responsibilities and Activities

The Board was responsible for creating and delivering sustainable shareholder value through the management of uniBank's businesses. The main responsibilities of the Board as defined by the terms of reference and review of the Board meeting minutes are summarised below:

- Establish the Bank's business objectives and the strategy for achieving those objectives;
- Establish the Bank's risk management strategy;
- Ensure that the Board has effective oversight over management of the Bank, including periodically reviewing and overseeing the Bank's overall business strategy and corporate values, and its risk management strategy;
- Set, approve and periodically review significant strategies, policies, procedures and controls of the Bank;
- Ensure that the Bank complies with its legal, regulatory and Anti-Money Laundering/ Combating Financing of Terrorism (AML/CFT) obligations;
- Monitor and ensure the financial soundness of the Bank;
- Approve and monitor budgets, major capital commitments, capital management acquisitions and divestitures;
- Review and approve the Bank's financial statements and other reporting.

### *Board Chairman*

The chairman of the Board was a non-executive director. The chairman's role involved facilitating effective contribution from directors to promote constructive and respectful relations between Board members. The role and responsibilities of the chairman included the following:

- Lead the Board, setting its agenda and ensuring that it is an effective working group at the head of the company;
- Ensure effective communication between the Board and shareholders;
- Ensure that directors receive accurate, timely and clear information to enable them to discharge their duties;
- Promote constructive and respectful relations between directors and between the Board and management;
- Review and sign minutes of the Board.

### *Company Secretary*

The Board was supported by a Company Secretary who was appointed by the Board. The primary responsibility of the Company Secretary was to advise the Board on matters of corporate governance and where necessary be a confidential advisor to the chairman and individual directors on such matters.

The roles and responsibilities of the Company Secretary included the following:

- Ensure good information flow between members of the Board, Board Committees, and between executive directors and non-executive directors;
- Facilitate the induction of new directors;
- Ensure Board policies are followed;
- Ensure notices of meetings, agendas and Board papers are prepared and sent within the appropriate time frames;
- Board and committee meeting agendas are structured to fulfil the obligations of the Board and committees as set out in their terms of reference;
- Oversee compliance with the Companies Act of Ghana 1963, (Act 179) and other applicable regulatory requirements;
- Ensure Annual General Meetings, Board and committee meetings are held in accordance with the Board charter/terms of reference of the committees and the Companies Act of Ghana 1963, (Act 179).

## Board Sub-Committees

The Board established six (6) sub-committees to assist with their oversight role. The activities, responsibilities and composition of the committees are set out in their terms of reference. Committees of the Board are supposed to meet not less than two (2) times and not more than four (4) times in a year except in emergency cases.

The responsibilities and composition of the Board Sub-Committees as defined by their terms of reference and review of meeting minutes are as follows:

### *Information Technology Committee*

The Information Technology Committee should be composed of at least two (2) non-executive directors and two (2) executive directors. A non-executive director should be the chairman of the committee. The Information Technology Committee was, however, composed of two (2) non-executive directors and an independent non-executive director.

# GRC (Governance) - board of directors

The roles and responsibilities of the Information Technology Committee included the following:

- Consider and advise the Board on matters regarding information technology, including budgeting, policy matters, strategic opportunities regarding investment in and deployment of information technology;
- Review and make recommendations concerning information technology related budgets, requests and opportunities;
- Advise and make recommendation to the Board towards alignment between information technology acquisition and deployment and corporate strategy;
- Oversee the work of and receive reports from the management information technology steering committee.

## *Strategy and Governance Committee*

The terms of reference of the Strategy and Governance Committee required membership to comprise at least two (2) non-executive directors and all the executive directors. The chairman of the committee should be a non-executive director. The Strategy and Governance Committee was, however, composed of two (2) non-executive directors and an independent non-executive director.

The mandate of the Strategy and Governance Committee was to oversee the development and implementation of corporate governance policies/frameworks across the Bank. Its roles and responsibilities included the following:

- Develop and implement the Bank's policy on corporate governance issues;
- Consider and recommend to the Board terms of references and mandates for the Board and management committees;
- Recommend and review the Bank's strategic plan and annual budgets.

## *Credit Committee*

The terms of reference of the Credit Committee required that the committee should be composed of at least two (2) non-executive directors, and two (2) executive directors. The chairman of the committee should be a non-executive director. The Credit Committee was, however, composed of three (3) non-executive directors.

The Credit Committee's primary responsibility was to oversee the credit risk management processes of the Bank.

A summary of their roles and responsibilities included the following

- Consideration and approval of credit and risk management policies of the Bank;
- Approval of credit facilities requests and proposals within limits defined by the credit policy;
- Approval of loan write-offs within limits as approved by the Board;
- Approval of product programs and individual/business credit lines within credit approval authority;
- Approval of the risk rating framework;
- Approval of all amendments and exceptions to policies.

## *Remuneration and Nomination Committee*

The Board established a Remuneration and Nomination Committee which is required to comprise of at least two (2) non-executive directors. At least one of the non-executive directors should be independent. However, the Remuneration and Nomination Committee was composed of four (4) non-executive directors.

The roles and responsibilities of the Remuneration and Nomination Committee included the following:

- Propose to the Board the nomination of directors and appointment of the CEO and Executive Management;
- Carry out preparatory work for examination by the Board of Directors of corporate governance issues;
- Propose to the Board the criteria for determining the compensation of the Bank's CEO as well as the amount of this compensation including benefits in kind, welfare benefits or retirement benefits;
- Conduct annual evaluations of the performance of the Board;
- Recommend candidates to the Board for Board membership, after carrying out all the due diligence;
- Provide oversight of remuneration of executive management and other key personnel and ensuring that compensation is consistent with the Bank's culture, objectives, and strategy and control environment, as reflected in the formulation of compensation policy.



# GRC (Governance) - board of directors

## *Risk Management Committee*

The terms of reference of the Risk Management Committee requires the committee to comprise of at least two (2) non-executive directors and two (2) executive directors. At least one of the non-executive directors should be independent. The chairman of the committee should be a non-executive director. The Risk Management Committee was, however, composed of three (3) non-executive directors.

The Risk Management Committee oversees the development, implementation and maintenance of risk management across the Bank. The roles and responsibilities of the committee included the following:

- Proposes risk appetite, governance structure and the risk management framework and also ensuring that the risk policy is in alignment with the overall business strategy;
- Proposes the methodology by which risk management is reviewed and obtain assurance on the effectiveness and compliance with set risk management policies;
- Monitor compliance with risk management policies, the adequacy of controls and the overall risk profile against appetite;
- Report/escalate issues to the Board.

## *Audit Committee*

The terms of reference of the Audit Committee requires the committee to comprise of a minimum of two non-executive directors. At least one of the non-executive directors should be independent and have a firm understanding of the Bank's risk management and governance. The Audit Committee was, however, composed of two (2) non-executive directors.

The terms of reference of the committee also states that the committee should as a whole have recent and relevant experience and should possess a collective balance of skills and expert knowledge in financial reporting, accounting or auditing.

The Audit Committee is primarily responsible for overseeing the financial reporting process and systems of internal controls which management and the Board have established.

The roles and responsibilities of the committee included the following:

- Provide oversight of the Bank's internal and external auditors;
- Approve or recommend to the Board or shareholders for their approval, the appointment, compensation and dismissal of external auditors;
- Establish appropriate accounting procedures and accounting controls for the Bank and supervise compliance with these procedures;
- Review and approve the audit scope and frequency;
- Examine the Bank's internal audit program and annual reports on internal controls drawn up in accordance with banking regulations, and formulate an opinion on the organisation and functioning of the internal control department;
- Review Bank of Ghana's examination reports and comments on draft responses to these reports;
- Receive audit reports; and ensure that management is taking appropriate corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by internal and external auditors.

# GRC (Governance) - board of directors

## Board Structure and Processes (board meetings and minutes, evaluation, agenda, induction, training)

The Board met quarterly whilst the Sub-Committees of the Board met at least twice a year.

However, the Credit Committee met as and when that was required. The Board met nineteen (19) times between 2015 and 2017. The table below depicts the number of times that the Board and the Sub Committees met between 2015 and 2017:

	2015	2016	2017	Total
Board	5	7	7	19
Information Technology Committee	4	1	1	6
Strategy and Governance Committee	2	0	1	3
Credit Committee	8	3	4	15
Remuneration and Nomination Committee	1	1	1	3
Risk Management Committee	2	2	4	8
Audit Committee	8	5	3	16

Minutes of Board meetings were taken by the Company Secretary. The minutes of the Credit Committee meetings were taken by the Head of Legal whiles minutes of the other sub-committees were taken by the Company Secretary. The directors received Board papers at least five (5) days before meetings. The agenda for Board meetings was developed by the Board Chairman, CEO and Company Secretary with inputs from the directors, when required.

There was no formal training programme for directors. Newly appointed directors were not formally inducted by uniBank. Training for directors are held on an ad-hoc basis.

The Board performed a self assessment of the directors and the Board's performance in 2013 and 2016. The Company Secretary indicated that the results of the assessment was discussed by the Board.

# GRC (Governance) - review of board meeting minutes

## Review of Board Meeting Minutes

Significant issues discussed by the Board between 2015 and 2017, as reflected in the minutes of meetings, have been categorised under regulatory, risk management, financial reporting, strategy and capital and liquidity management.

## Regulatory Compliance

### 27 July 2017

The Executive Director in charge of finance, Mr. Ekow Nyarko Dadzie-Dennis reported that the June 2017 financial results showed encouraging growth in total assets, and growth in non-performing loans caused by breaches in regulatory capital ratios.

### 18 May 2017

The CEO reported that the Bank was able to meet the primary reserve requirements for 5 weeks out of the 13 trading weeks in the first quarter of 2017.

### 17 November 2016

The CEO reported that the Bank complied with the Central Bank's primary reserve requirement for the third quarter of 2016 by maintaining an average weekly reserve ratio of 10.12%, which was above the statutory ratio of 10%.

## Strategy

### 15 December 2016

An Extraordinary General Meeting was convened to consider and approve the Bank's strategic initiatives and Budget for 2017. Management presented highlights of the Strategic Initiatives that had been developed around five (5) strategic objectives and derived from the five (5) 'Cs' - Company, Customer, Control, Colleague and Community. A summary of the key strategic objectives for 2017 and the initiatives to achieve them as submitted by Management are outlined below:

- a. Prudent asset and liability management;
- b. Enhancing service experience through process improvement;
- c. Strengthening key risk control functions and processes;
- d. Improving staff training and discipline;
- e. Staying Relevant to the Community Through Corporate Social Interventions.

Management tabled the draft 2017 budget for consideration and approval by the Board.

The CEO informed the Board that the 2017 budget was aimed at consolidating gains made over the years by redirecting the Bank's focus on the customer. This required streamlining the Bank's processes to deliver excellent service quality to our chosen segments. Risk assets were planned to grow alongside risk-free instruments such as Government bills. However, the Bank's credit administration process required strengthening to improve quality and efficiency so as to return value to our shareholders. After deliberations on the budget, the Board approved the budget.

### 17 December 2015

An Extraordinary General Meeting was convened to consider and approve the Bank's strategic initiatives and Budget for 2016. The CEO took members through the Strategic initiatives for 2016. The highlights of the broad strategic initiatives as identified by Management were as follows:

### Strategic Objectives for 2016

Management informed the Board that efficient resource allocation and utilisation would be the pivot around which the Bank's initiatives would revolve in 2016. Management reported that there would be constant reviews of the structure of the Bank's balance sheet to make it more liquid. Management also reported that it was working towards lowering the Bank's cost of funds and cost-to-income ratios in line with industry trends.

Management reported that the key strategic pillars for 2016 included the following:

- a. Improving Business Performance;
- b. Ensuring significant improvement in service delivery;
- c. Improvement in staff efficiency;
- d. Strengthening the Bank's risk management function;
- e. Enhancement of its corporate image.

### Budget for 2016

After extensive deliberation on the 2016 Budget, the Board approved same. The Board however directed that the Budget be reviewed on quarterly basis by Management.

# GRC (Governance) - review of board meeting minutes

## Capital and Liquidity Management

### 27 July 2017

The CEO made specific reference to Government Exposures, amounting to GH¢973 million, out of which certificates and invoices in the pipeline for payment amounted to GH¢625 million. The construction portfolio held GH¢442m in unpaid Interim Payment Certificates (IPCs).

The CEO updated the Board on the anticipated implementation of the Treasury Single Account (TSA), in line with the Public Financial Management Act, 2016 (Act 1921) in Q3, its potential impact on the Bank's liquidity and set out modifications that may be required to be made to the team's business development focus on public institutions.

### 16 February 2017

The Board noted that the Bank complied with the Central Bank's primary reserve requirement for the fourth quarter of 2016 and maintained an average weekly reserve ratio of 10.63% for the fourth quarter which was above the statutory ratio of 10%.

### 17 November 2016

The CEO submitted the Credit Portfolio performance for the period to the Board, which showed a decrease of 7% for Q3 from GH¢2,401 million in June 2016 to GH¢2,247 million as at 30 September, 2016, owing to a reclassification of VRA's exposure. He further informed the Board that the top 50 exposures constituted 73% of the Corporate Banking department's loan portfolio. The construction portfolio stood at GH¢603m as at 30 September 2016, out of which 62% was attributable to road construction projects, with commercial and residential real estate projects making up the difference.

The team was targeting major repayments from the construction portfolio to the tune of a minimum of GH¢150 million out of GH¢350 million in Interim Payment Certificates raised. Concerning deposits, the CEO reported that the Bank had achieved 74% of its budget and presented the details.

### 28 July 2016

The CEO reported that the Bank complied with the Central Bank's primary reserve requirement for the second quarter of 2016. The Treasury department also maintained an average weekly reserve ratio of 10.07%; this was above the statutory ratio of 10%. The CEO also reported that as at the end of June 2016, the Bank was running a short position of about GH¢1,348 million with available security of GH¢217 million. That resulted mainly from negative net clearing positions as well as maturing fixed deposit investments from cocoa funds that were redeemed. The position was partly closed with a facility of GH¢1,100 million from the Central Bank.

### 5 May 2016

The CEO reported that the Bank complied with the Central Bank's primary reserve requirement for the first quarter of 2016. The CEO reported that the Bank maintained an average weekly reserve ratio of 10.05%, which was above the statutory ratio of 10%. The CEO reported that as at the end of March, the Bank was running a short position of about GH¢470 million with available security of GH¢217 million. This resulted mainly from negative net clearing positions as well as maturing Fixed Deposit Investments from Cocoa funds that were redeemed. The CEO reported that the position was partly closed with a facility of GH¢382.5 million from the Central Bank.

### 28 January 2016

The CEO updated the Board on the indebtedness of Volta River Authority (VRA). The CEO reported that follow-ups at VRA revealed that an amount of \$20 million had been allocated to the Bank out of the total amount of \$150 million facility which was expected before the close of the year 2015. The Board directed Management to ensure that any discussion between the Bank and VRA in respect of the latter's indebtedness should be confirmed in writing. Further, Management was directed to officially write to VRA demanding an explanation for non-receipt of the allocated amount of \$20 million.

# GRC (Governance) - review of board meeting minutes

## Capital and Liquidity Management

### 28 January 2016 (cont'd)

The CEO reported that a meeting had been held with Akuafu Adamfo Limited and their solicitors and Management was awaiting their repayment proposal. The CEO further reported that a forensic audit on the Finatrade Group commissioned by affected Banks through the Ghana Association of Bankers had commenced with data collection by Messrs. KPMG Limited.

The CEO reported that the Bank complied with the Central Bank's primary reserve requirements in the year 2015. The CEO also reported that the Bank maintained an average weekly reserve ratio of about 10.05%, which was above the statutory ratio of 10%. The CEO also reported that the Bank was running a short position of about GH¢530 million with available security of GH¢369 million as at the end of December 2015.

This resulted mainly from negative net clearing positions as well as maturing fixed deposit investments from cocoa funds that were redeemed. The CEO reported that the net position was partly closed with a facility of GH¢200 million from the Central Bank.

### 29 October 2015

The CEO reported that the Bank complied with the Central Bank's primary reserve requirement from the beginning of the year to September ending. The CEO also reported that the Bank maintained an average weekly reserve ratio of about 10.05%, which was above the statutory ratio of 10%. The CEO reported that as at the end of September, the Bank was running a short position of about GH¢200 million. That resulted mainly from negative net clearing positions as well as maturing Fixed Deposit Investments from Cocoa funds that were redeemed. The Bank also had running facilities of up to GH¢200 million with the Central Bank due to mature in October and November 2015.

## Risk Management

### 27 July 2017

On Collections and Recoveries, the CEO reported that a total of GH¢8.4 million was recovered in the period under review. The CEO further emphasised that most of the recoveries made were from the loss category of the Bank's non-performing assets. A breakdown of the categories was given. The Board also approved negotiated settlements and write offs on some accounts. Details were given in the minutes.

### 16 February 2016

The major highlights in the Credit Risk Management report for the month ending 31 December 2016 were as follows:

- a. Funded assets went up substantially by 63.3% from GH¢1.9 million as at the end of December 2016 to GH¢3 million as at the end of December 2016.
- b. Non-performing assets also went up by 217.43% from GH¢272 million (representing 14.5% of total portfolio) as at 31 December 2015 to GH¢863 million (representing 28% of total portfolio) as at 31st December 2016.

### 17 November 2016

Management reported that funded assets went down by 8% from GH¢2,840 million as at 30 June 2016 to GH¢2,605 million as at the end of September 2016. Non-performing assets increased by 12% from GH¢928 million (representing 33% of total portfolio) as at 30 June 2016 to GH¢1,040 million (representing 40% of total portfolio) as at 30 September 2016. Overdue assets also increased from GH¢989 million as at 30 June 2016 to GH¢1,209 million in the period under review representing a growth of 22%.

# GRC (Governance) - review of board meeting minutes

## 17 November 2016 (cont'd)

The 50 largest exposures in the non-monetary sector decreased slightly from GH¢1,862 million as at 30 June 2016 to GH¢1,562 million as at 30 September 2016 representing a decrease of 16%. The ratio of the 50 largest exposures to the total portfolio also decreased from 66% as at 31st August 2016 to 60% as at 30th September 2016.

The CEO also reported that overall recoveries made from January to September 2016 was GH¢20 million. The list was submitted to the Board and approved.

On Compliance, the CEO reported that a total of eight (8) suspicious activity reports were filed with the Financial Intelligence Centre over the period. He further indicated that, in compliance with the 2016 AML/CFT training schedule 492 staff at various units of the Bank were trained on AML/fraud awareness programmes relating to their areas of operations during the third quarter of the year 2016

## 28 July 2016

The CEO reported that funded assets moved up by 8% from GH¢2,634 million as at 31 March 2016 to GH¢2,840 million as at the end of June 2016. The CEO reported that non-performing assets also went up significantly by 120% from GH¢421 million (representing 33% of total portfolio) as at 31 March 2016 to GH¢929 million (representing 33% of total portfolio) as at 30 June 2016. The CEO reported that major accounts contributing to this trend included rLG communications Limited (GH¢77 million), Ghana Libya Arab Holding Company Limited (GH¢61 million) and Akafo Adamfo Marketing Company Limited (GH¢51 million). The CEO reported that overdue assets increased from GH¢654 million as at 31st March 2016 to GH¢989 million in the period under review representing a growth of 51%. The CEO also reported that overall recoveries made from January to June 2016 amounted to GH¢11 million.

## 5 May 2016

On the Risk Management report submitted, the CEO reported that funded assets moved up slightly by 4% from GH¢2,539 million as at 31 December 2015 to GH¢2,634 million as at the end of March 2016. The CEO reported that non-performing assets also increased by 55% from GH¢272 million as at 31 December 2015 to GH¢421 million as at 31 March 2016. The CEO reported that overdue assets increased drastically from GH¢426 million as at 31st December 2015 to GH¢654 million in the period under review representing a growth of 54%.

The CEO reported that the 50 largest exposures in the non-monetary sector increased from GH¢1,376 million as at 31 December 2015 to GH¢1,690 million as at 31 March 2016 representing an increase of 23%. The ratio of the 50 largest exposures to the total portfolio also increased from 73.62% as at 31st December 2015 to 74.18% as at 31 March 2016. The CEO also reported that overall recoveries made from January to March 2016 amounted to GH¢5.5 million.

## 28 January 2016

On the Risk Management Report submitted, the CEO reported that funded assets increased by 72.42% from GH¢1,084 million as at 31 December 2014 to GH¢1,869 million as at 31 December 2015 due to an increase in the net loan availed within the period. The CEO also reported that non-funded risk assets decreased by 13.41% from GH¢157 million as at 31 December 2014 to GH¢136 million as at 31 December 2015. Non-performing assets increased by 10.57% from GH¢246 million as at 31 December 2014 (23% of total portfolio) to GH¢272 million as at 31 December 2015 (15% of total portfolio).

# GRC (Governance) - review of board meeting minutes

## Financial Reporting

### 18 May 2017

The CEO reported that the March 2017 financial results were quite encouraging. A 27% year on year (YOY) growth was recorded in total assets mainly driven by growth in government securities and advances. He reported that year to date profits before tax of GH¢11.6 million was recorded.

### 16 February 2017

The CEO presented the financial statements for the period ending 31 December 2016. The Board expressed its dissatisfaction with the fall in fees and commission income. Management attributed that to the fact that the loan book had been reduced strategically. Further, in order to remain competitive in the industry, some fees such as Commission on Turn-Over (COT) had been waived. The Board noted that interest expense was too high and directed Management to put in place a strategy to reduce interest expense.

### 28 July 2016

The CEO presented the financial statements for the period ending 30 June 2016. The Board noted that interest income had increased significantly during the period and directed Management to work at reducing interest income. The Board after due deliberations, approved the financial statements.

### 5 May 2016

The CEO presented the Financial Statements for the period ending 31 March 2016. The Board after due deliberations, approved the financial statements for the period ending 31 March 2016.

### 17 March 2016

*Financial Statements for the year 2015*

Representatives from Deloitte and Touche read highlights of the Bank's activities for the year 2015. After due deliberations, the Board approved and adopted the Financial Statements for the year ended 31 December 2015.

The Board also decided that the Bank's Annual General Meeting be held on 7 April 2016 at the Registered Office and directed Management to take requisite steps to ensure publication of the Accounts in the newspapers in accordance with statutory requirements. The Board resolved that Mr. Opoku-Gyamfi Boateng and Mr. Felix Nyarko-Pong be authorised to sign the accounts. The External Auditors were thanked for their support and services and were excused from the meeting.

### 28 January 2016

The CEO presented the Financial Statements for the period ending 31 December 2015. The Board directed Management to engage the services of a Tax Consultant to review taxes being paid.

# GRC (Governance) - executive management

The sixteen (16) man Executive Team was headed by CEO who was responsible for the day to day management and operations of the Bank and reported to the Board. The Executive Team included the COO, Executive Technical Advisor, 2 Executive Directors, 1 Director and 10 Executive Heads. The Executive Team was responsible for ensuring that the Bank carried out the approved policy directives and strategic initiatives towards attainment of the overall objectives of the Bank.

There are five (5) functional management committees. The apex management committee was the Executive Committee (EXCO) which was chaired by the CEO. The EXCO was responsible for implementing the Bank's long-term strategic priorities, achieving annual goals, and addressing critical business issues and opportunities. The other management committees are: Management Committee (MANCOM), Credit Risk Management Committee, Management Credit Committee, and Assets and Liability Committee (ALCO). Membership is drawn from the Executive team, middle managers and departmental heads. Activities of the management committees are guided by terms of reference which set out their scope, composition and responsibilities.

## Executive Management Committee

The activities of EXCO was guided by a terms of reference which stated their membership, responsibilities/duties and meeting modalities (frequency and minutes of meetings). EXCO was composed of ten (10) members of the Executive Team namely; CEO, COO, Executive Technical Advisor, Executive Director, Operations & Information Technology, Executive Director, Marketing & Digital Financial Services, Director, Business Development, Executive Head, Innovation & Business Execution, Executive Head, Company Secretary, Executive Head, Human Resources and Executive Head, Finance. The other six (6) members of the executive team attended EXCO meetings on invitation. EXCO meeting were held monthly or as and when required and meetings were chaired by the CEO. In the absence of the CEO, the COO chairs meetings. The Company Secretary or her representative is the secretary for EXCO. The committee held nine (9) meetings in 2017, fifteen (15) meetings in 2016 and eighteen (18) meetings in 2015.

The duties of EXCO included the following:

- Develop policies, processes and operational procedures for approval by the Board towards the smooth running of the Bank;
- Formulate and recommend strategies for consideration of the Board for running the Bank;
- Supervise the preparation of annual budgets and plans for approval by the Board;
- Establish various management committees in the Bank and ensure their effective supervision towards ensuring efficient management of the Bank's business;
- Review various executive reports submitted by members. The period, format and timing of these reports shall be determined by the CEO as the case may be;
- Review and approve decisions taken at meetings of management committees of the Bank and provide directions for their implementation or otherwise;
- Review the performance of the Bank and provide directions to ensure the best performance of all functional areas.

## Management Committee (MANCOM)

The Management Committee (MANCOM) is accountable to EXCO. The activities of MANCOM is guided by a terms of reference which states their membership, responsibilities/duties and meeting modalities (frequency and minutes of meetings), MANCOM executes operational directives from EXCO and functions as the bridge between EXCO and the general staff body, relaying critical executive decisions to staff and bringing key operational issues to the attention of the executive for discussion and decisions thereon. MANCOM is composed of the COO and twenty (20) other executives, middle management and heads of departments. The COO chairs all MANCOM meetings and in the absence of the COO, the most senior member of EXCO present chairs meetings.

MANCOM meets fortnightly or as deemed necessary. A member of MANCOM acts as the Secretary and is responsible for developing agendas for every meeting, recording proceedings and circulating minutes.



# GRC (Governance) - executive management

MANCOM held forty-two (42) meetings in 2015, twenty (20) meetings in 2016 and thirty three (33) meetings in 2017.

The duties/responsibilities of MANCOM included the following;

- Discuss and take decisions on all operational issues brought to its attention;
- Review reports submitted by members on their departments' activities and take such decisions that may be necessary to enhance performance;
- Discuss and recommend strategies and plans for the adoption of EXCO towards maintaining a healthy and profitable organisation;
- Review business performance – deposits; risk assets; profitability; etc.;
- Review special presentations from department heads, vendors, and service providers on specific projects and business initiatives and take appropriate decisions for executive approval;
- Review any operational, staffing and administrative matters that could have an impact on the performance of the Bank and take such decisions as required to ensure the smooth running of the organisation.

## Risk Management Committee

The Risk Management Committee was accountable to the Board Credit Committee. The activities of the Risk Management Committee is guided by a terms of reference which states their membership and responsibilities/duties. The Risk Management Committee was composed of the CEO, COO, Executive Head of Risk Management, Executive Directors of Treasury, Credit Risk Management and Corporate departments, Director of Finance and strategy, Head of Internal Audit, and the Heads of Legal, Recovery and Retail Banking.

The Risk Management Committee held five (5) meetings in 2017, ten (10) meetings in 2016 and six (6) meetings in 2015. The duties/responsibilities of the Risk Management Committee included the following:

- Implementation of the credit risk policy/strategy approved by the Board.
- Monitor credit risk on a bank-wide basis and ensure compliance with limits approved by the Board.

- Recommend to the Board for its approval, clear policies on standard for presentation of credit proposals, financial covenants, rating standards and benchmarks.
- Recommend delegation of credit approving powers, prudential limits on large exposures, standards for collateral, portfolio management, loan review mechanism, risk concentration, risk monitoring and evaluation, pricing of loans, provisioning, regulatory/legal compliance, etc.
- Take decisions in terms of capital allocation and defining limits in line with the risk strategy

## Credit Risk Committee

The Management Credit Committee approves credit facilities and other contingent liabilities within limits delegated by the Board and refers requests for facilities in excess of its delegated limit to the Board Credit Committee. The activities of the Management Credit Committee is guided by a terms of reference which states their membership and responsibilities/duties. The Management Credit Committee was composed of the CEO, COO, Executive Head of Risk, Executive Directors of Treasury, Credit Risk Management and Corporate departments, Director of Finance and Strategy, and the Heads of Legal and Retail Banking. The duties/responsibilities of the Management Credit Committee included the following:

- Consider and recommend credit portfolio plans for the Bank;
- Approval of credit beyond the authority limits of individuals but within the limits of the committee as approved by the Board;
- Approve credit officers and specific signing powers for each officer;
- Consider and recommend the following to the Board Credit Committee
  - ✓ Credit risk management policies, product program and rating framework
  - ✓ Credit facility request and proposals above approved authority limits of the management credit committee.
  - ✓ Loan write-offs beyond the approval authority of the management credit committee.
- Other matters, which in the opinion of the committee are necessary for the effective supervision of the credit management process.

# GRC (Governance) - executive management

## Assets and Liability Committee (ALCO)

The Asset Liability Committee (ALCO) is responsible for recommending to the Board of Directors prudent asset/liability management policies and procedures that will enable the Bank achieve its goals while operating in full compliance with all relevant laws and regulations. The activities of the ALCO is guided by a terms of reference which details their membership, meeting modalities (notice, frequency, quorum and minutes of meeting) and responsibilities/duties.

The duties/responsibilities of ALCO included the following:

- Endorse funding and liquidity plans;
- Approve and ensure the implementation of ALM policies for the Bank;
- Approve contingency funding plans prepared by the Bank's Treasurer;
- Establish targets for liquidity ratios. Review ratios against their targets on a monthly basis. Approve a course of action for rectifying any breach of the targets;
- Endorse market triggers; address 'trip' of Market Triggers, including documentation of decisions and actions;
- Establish significant funding source thresholds; review exposure reports;
- Assist in the quality control process by reviewing reports for reasonableness, consistency and completeness;
- Perform independent reviews (using internal audit staff) for validation and reasonableness of inputs, assumptions, and outputs of the Asset/Liability Management Models and procedures;
- Abreast itself with the overall financial performance of the Bank and significant changes/trends in financial results.

# GRC (Governance) policies

uniBank has developed the following governance policies:

## Whistle blowing Policy

uniBank has developed a Whistle Blowing Policy that has been approved by the Board. The custodian of whistleblowing is the Compliance Department.

The Whistle Blowing Policy covers the following areas:

- Introduction and objectives;
- Individuals covered;
- Reportable incidents;
- Protection for whistle blowers;
- Procedures for whistle blowing;
- Standard of proof;
- Process of investigation.

## Conflicts of Interest Policy

There is a section on conflict of interest for directors in the Board charter. This covers the following areas:

- Use of uniBank property or any confidential information or special knowledge obtained by the member in his capacity as director;
- Interests directly or indirectly, in any business which competes with that of the Bank;
- Personal interest, directly and indirectly, in any contract or transaction entered into by the Bank unless such a director is acting in his professional capacity whether acting in person or through a firm except as an auditor;
- Interests, circumstances or business connections should not affect inappropriately the decisions for which the Board is responsible;
- Taking up any directorship that is in conflict with the Bank's business.

## Code of Conduct and Ethics

The Board charter of uniBank has a section on the code of conduct for the Board. This covers the following areas:

- Duties are performed with utmost good faith;
- Act in the best interest of the Bank at all times;
- Honesty and the exercise of independence in judgment and actions when taking decisions;
- Confidentiality of Board deliberations unless required by law to disclose;
- Non - Executive Members shall not participate in the day-to-day administration of the Company;
- Adequate preparation for meetings and relevant bank activities;
- Not delegate to a committee any decision which by law should be taken by a Board;
- Not engage in any act that is likely to bring the Bank into disrepute;
- Shall not without the approval of an ordinary resolution of the Company exceed the powers conferred on them by the Company's Act, 1963 (Act 179) or the Company's Regulations.

# GRC (Governance) - review of policies and process

Name of Policy	Version	Last updated	Due for review
Marketing Policy	1.2	2017	Yes
Bancassurance Business and Operational Models		June 2017	Yes
Customer Service Charter		June 2017	N/A
E-Business Policy manual		August 2017	Yes
Accounting manual		August 2016	Yes
Business Continuity Plan	2	June 2016	Yes
Cash Management Policy	2	September 2016	Yes
Cash Management Procedures manual	2	September 2016	Yes
Corporate Banking Procedures manual		October 2016	
Compliant Management Policy		August 2016	
Disaster Recovery Plan Information Technology	1	June 2016	Yes
International Trade Manual		August 2016	Yes
Information and Communication Technology Policy		May 2015	Yes
Mobile Device Acceptable Use Policy		2017	Yes
Operating Procedures For Branch Expansion	1	August 2016	Yes
Standard Operating Procedures Manual for the Strategy	1	August 2016	Yes
Treasury Asset & Liability Management Policy	3	August 2016	Yes
Treasury & Trade Operations Policy Manual	1	September 2016	Yes
Treasury Operational Policy Manual		2016	Yes
Employee Policy manual		September 2016	Yes
Records Management Policy Manual	3	October 2016	Yes
Operational Risk Policy and Procedures manual		July 2016	Yes
Legal Policy and Procedure Manual		September 2016	Yes
Customer Static Data Amendments			N/A

## Recommendation

Management should ensure that each department that has to update its policy is rallying to do it.

# GRC (Governance) - review of policies and process

Name of Policy	Version	Last updated	Due for review
Anti- Money Laundering Policy for Inward Remittances	1.1	May 2016	Yes
KYC Policy & Procedural Manual	3.1	April 2018	N/A
Anti Money Laundering Policy		January 2018	N/A
Watchlist Management & Sanctions Compliance Policy	1	August 2016	Yes
Fraud Policy	1	September 2016	Yes
Internal Audit manual	3	December 2016	Yes
Compliance Procedural Manual		June 2017	Yes
Anti-Bribery and Corruption Policy	1	September 2016	Yes
Compliance Framework		No date	
Credit Risk Management policy	4	2017	Yes
Credit Risk Management Department Process Manual		2017	Yes
AML Risk Assessment Framework		2017	Yes
Know Your Customer (KYC) Procedural Manual		August 2016	Yes
Whistle Blower Policy	1	September 2016	Yes
Anti- Money Laundering Operating Procedure & Guidelines	4	July 2016	Yes
Operational Rigour Policy manual			
Market Risk Policy manual		March 2017	Yes

# GRC (Governance) - key developmental areas

Observation	Risk
<p><b>Board Charter</b></p> <p>The Board charter sets out the role, functions and responsibilities of the Board. The charter is used to set the Board's work plan, the criteria against which the Board measures its performance and serves as the basis for disclosures on the roles and responsibilities of the Board.</p> <p>The following gaps and/or inconsistencies were noted:</p> <ol style="list-style-type: none"> <li>The BoG Corporate Governance Directive and other leading guidance (King IV and UK Corporate Governance Code) requires the Board chairperson to be an independent non-executive director. The charter does not reflect the requirement for the Board Chairperson to be an independent non-executive director.</li> <li>The Board charter does not include a section that sets out disclosure requirements under the corporate governance section in the Annual report such as number of Board meetings held, director attendance, an evaluation of the performance of the Board, etc.</li> <li>Procedures (formalities) for members to make specific contributions to meeting agendas is not set out in the Board charter</li> </ol>	<p>The Board chairman may not always act in the best interest of uniBank as he may not be required to be free of any business or other relationships that may interfere with or reasonably be perceived to materially interfere with the exercise of his independent judgement.</p> <p>The Board may not perform its oversight role effectively as certain matters that may provide guidance to aid its effective functioning have not been adequately addressed in its Charter.</p>
<p><b>Board Chairman</b></p> <p>The Bank of Ghana Corporate Governance Directive 2018 requires chairpersons of any Board of a Bank not to serve as a chairperson of any sub-committee of the Board and can only serve on one sub-committee of the Board as a member.</p> <p>The chairman of the Board is a member of five (5) out of the six (6) sub-committees of the Board, namely Information Technology, Strategy and Governance, Credit, Risk Management and Audit Committees. He serves as the chairman on three (3) out of the five (5) committees (Information Technology, Strategy and Governance and Credit Committees).</p>	<p>The composition of membership of sub committees of the Board and the election of its chairpersons was not in conformity with the requirements of BoG's directives.</p> <p>Constructive debate may be stifled at sub-committee levels if the chairman of the Board is the chairman of a sub-committee. Checks and balances in the governance structure of the Bank may be compromised.</p>

# GRC (Governance) - key developmental areas

Observation	Risk
<p><b>Board Composition</b></p> <p>The Board should collectively be comprised of individuals who together have the knowledge, skills, experience, diversity and independence to make it effective.</p> <p>The following were noted from a review of the composition of the Board:</p> <ol style="list-style-type: none"> <li>The BoG Corporate Governance Directive and other leading guidance (King IV and UK Corporate Governance Code) require Boards to be composed of a majority of non-executive directors, most of whom should be independent. The Board charter of uniBank required that at least one third of the Board shall be composed of independent non-executive directors. Two (2) out of the eleven directors are independent non-executive directors, however, the BoG has not completed the approval process for the appointment of one of the independent non-executive directors;</li> <li>Leading guidance (King IV and UK Corporate Governance Code) requires the Board to promote diversity in its membership across a variety of attributes including gender. The composition of the Board does not reflect diversity in terms of gender balance. The Board is comprised of eleven (11) directors, made up of a female and 10 (ten) males;</li> <li>Six (6) out of the eleven (11) members of the Board are directors of subsidiaries of the group including the holding company. Two (2) members of the Board are directors of two regulated financial institutions (uniBank and uniSecurities) in contravention of the requirements of the BoG Corporate Governance Directive which restricts a Board member of a financial institution from being on the Board of any other financial institution;</li> <li>Financial reporting is a critical aspect of the Board's mandate, however the composition of the Board does not include a financial expert .</li> </ol>	<p>Directors may not act in the best interests of uniBank as they may not be free of business relationships with related entities.</p> <p>Directors may not be able to perform their oversight role over financial reporting effectively as they may not benefit from a financial expert whose knowledge may be required to enable the Board fully understand the technical requirements of financial reporting matters, including International Financial Reporting Standards (IFRS)</p>

# GRC (Governance) - key developmental areas

Observation	Risk
<p data-bbox="111 268 509 292"><b>Independence Policy for Directors</b></p> <p data-bbox="111 315 1023 396">uniBank's independence criteria for non-executive directors does not include the following critical elements that define the independence of a director in line with the BoG Corporate Governance Directives:</p> <ul style="list-style-type: none"> <li data-bbox="111 419 969 472">a. have more than 5% (five percent) equity interest directly or indirectly in the regulated financial institution or in its related companies;</li> <li data-bbox="111 495 1006 548">b. be employed in an executive position in the regulated financial institution or its related company at least two (2) years prior to his appointment date;</li> <li data-bbox="111 569 1027 622">c. have relatives employed by the regulated financial institution or any of its related companies as key management personnel in the last two (2) years;</li> <li data-bbox="111 645 1038 726">d. have engaged in any transaction within the last two (2) years with the regulated financial institution on terms that are not less favourable to the regulated financial institution than those normally offered to other persons; or</li> <li data-bbox="111 749 1058 831">e. have served as a director in the regulated financial institution continuously for more than two (2) terms unless the director can affirm that his/her independence is not impaired;</li> <li data-bbox="111 853 975 935">f. be related to persons with significant shareholding in the regulated financial institution or have any business or employment connections to a significant shareholder;</li> <li data-bbox="111 958 1017 1001">g. hold cross directorship position(s) with another director(s) on the Board of other institutions.</li> </ul>	<p data-bbox="1110 268 1877 382">Without clearly defining qualifying criteria for the appointment of independent directors, critical considerations may be missed and appointments may be made in violation of regulatory directives and best practice.</p>



# GRC (Governance) - key developmental areas

Observation	Risk
<p><b>Director Induction</b></p> <p>Formal induction programmes enable new directors make meaningful inputs as they are fully briefed on the organisations business and their roles and responsibilities. The Board charter of uniBank requires the Board Chairman to ensure that new directors receive full, formal and tailored inductions on joining the Board.</p> <p>uniBank has not formally inducted any of the directors of the Board. uniBank has not documented and formalised a process for inducting newly appointed directors.</p>	<p>Newly appointed directors may not be able to effectively discharge their duties and responsibilities as they may lack the requisite knowledge and understanding of the Bank’s activities and its business.</p>
<p><b>Board Evaluation</b></p> <p>The Board and its directors should be conscious of their culture, strength, weaknesses and the possibilities for constructive change. This can be achieved by an assessment of the performance of the Board, its committees and individual directors internally (in-house) each year and externally (independent consultant) every two years.</p> <p>uniBank has not performed an external assessment of the Boards performance during the last three years.</p> <p>There was also no evidence that the only internal assessments performed in 2016, over a three year period between 2015 and 2017, was discussed by the Board to enable gaps noted to be addressed.</p> <p>The Board did not include a report on the evaluation of the Board, committees and individual directors in the Corporate Governance section of the Annual Report.</p>	<p>The performance of the Board and individual directors may not be measured to identify and address key developmental areas to enhance long term shareholder value.</p>

# GRC (Governance) - key developmental areas

Observation	Risk						
<p><b>Board Training</b></p> <p>The Bank of Ghana Corporate Governance Directive and leading guidance (King IV) requires that a programme of professional development and regular briefings on legal, corporate governance developments, risks and changes in the external environment of the organisation, should be provided to members of the Board.</p> <p>There was no evidence that members of the Board attended specialised training relating to the Bank's operations between 2015 and 2017.</p> <p>uniBank has not formalised a programme of professional development for the Board.</p>	<p>Directors may not be aware of emerging trends in the banking industry, corporate governance, information technology risks and changes in the external environment and may therefore be unable to proffer credible alternatives on key issues and constructively challenge management submissions on various operational matters.</p>						
<p><b>Board Committees</b></p> <p>The terms of reference for the Board committees does not address the following critical elements of the committees activities:</p> <ol style="list-style-type: none"> <li>Scope of work and delegated authority for decision making;</li> <li>Procedures (formalities) for members to make specific contributions to meeting agendas;</li> <li>Meeting frequency, quorum for the meetings and management of minutes;</li> <li>When and how the committee should report to the Board;</li> <li>Chairman eligibility and terms of appointment.</li> </ol> <p>The terms of reference of the Board charter requires committees of the Board to meet at least two times a year. However, the following committees did not meet that requirement:</p>	<p>The committees may not function as intended and therefore some anticipated goals may not be achieved.</p>						
<table border="1"> <thead> <tr> <th data-bbox="285 1051 493 1072">Board Committee</th> <th data-bbox="540 1051 768 1072">Meeting Frequency</th> </tr> </thead> <tbody> <tr> <td data-bbox="285 1108 416 1158">Information Technology</td> <td data-bbox="540 1108 634 1158">2017 – 1 2016 – 1</td> </tr> <tr> <td data-bbox="285 1208 484 1286">Remuneration and Nomination Committee</td> <td data-bbox="540 1208 634 1286">2015 – 1 2016 – 1 2017 – 1</td> </tr> </tbody> </table>	Board Committee	Meeting Frequency	Information Technology	2017 – 1 2016 – 1	Remuneration and Nomination Committee	2015 – 1 2016 – 1 2017 – 1	
Board Committee	Meeting Frequency						
Information Technology	2017 – 1 2016 – 1						
Remuneration and Nomination Committee	2015 – 1 2016 – 1 2017 – 1						

# GRC (Governance) - key developmental areas

Observation	Risk
<p><b>Board Committees –</b></p> <p><b>Information Technology Committee;</b></p> <p><b>Strategy and Governance Committee.</b></p> <p>Delegation to a committee by the Board should be recorded by means of a formal terms of reference that should be approved and reviewed annually by the Board. The nature and extent of the responsibilities delegated, decision-making authority, the duration of the delegation, and the committees' reporting responsibilities should be set out clearly.</p> <p>The following were noted from a review of the terms of reference:</p> <ol style="list-style-type: none"> <li>a. The terms of reference of the Information Technology Committees states that the committees should comprise of at least two (2) non-executive directors and two (2) executive directors. However, we noted that the Information Technology Committee is composed of two (2) non-executive directors and an independent non-executive director</li> <li>b. The composition and size of the Strategy and Governance Committee is not reflected in their terms of reference. The terms of reference of the Strategy and Governance Committee states that the membership should comprise at least two (2) non-executive directors and all the executive directors. However, we noted that the committee was composed of two (2) non-executive directors and an independent non-executive director</li> </ol>	<p>A balanced distribution of power in respect of membership across committees may not be achieved leading to individuals dominating decision making or undue reliance being placed on them.</p>

# GRC (Governance) - key developmental areas

Observation	Risk
<p><b>Management Committees</b></p> <p>Management committees have been established by uniBank to assist management effectively carry out its daily responsibilities as delegated to by the Board. The activities of the management committees should be guided by a terms of reference which details their purpose, roles and responsibilities, composition, meetings and procedures, committee evaluation, reporting and review of terms of reference.</p> <p>The following were noted from a review of the terms of reference of the five (5) management committees of uniBank:</p> <ol style="list-style-type: none"> <li>a. The Management Credit Committee scope was expanded to include the functions of risk management and renamed the Risk Management Committee, however, the terms of reference has not been updated to reflect their expanded scope.</li> <li>b. The terms of reference for EXCO, MANCOM, ALCO, Credit Risk Management Committee and Risk Management Committee does not cover the following critical activities of these committees:             <ol style="list-style-type: none"> <li>I. Procedures (modalities and timelines) for contributions to the agenda by directors</li> <li>II. Committee evaluations</li> <li>III. Reporting protocols</li> <li>IV. Periodic reviews of the terms of reference</li> </ol> </li> <li>c. The terms of reference for EXCO, MANCOM, Credit Risk Management Committee and Risk Management Committee does not detail the quorum and notice for meetings;</li> <li>d. There was no evidence of approval for the terms of reference of EXCO, MANCOM and ALCO.</li> </ol>	<p>Management committees may not strategically support unit heads in discussions affecting the scope and operations of the business.</p> <p>Management decisions may not be robust and representative of all the key areas, which may lead to ineffective oversight at strategic and policy levels.</p>

# GRC (Governance) - key developmental areas

Observation	Risk
<p><b>Governance Policies – Whistleblowing Policy</b></p> <p>The Board should ensure that employees are able to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable practices. This shall be facilitated through a well communicated policy and adequate procedures and processes, consistent with national law, which allow employees to communicate material and bona fide concerns and observations of any violations in a confidential manner.</p> <p>The following were noted based on interviews and a review of the Whistle Blowing Policy:</p> <ol style="list-style-type: none"> <li>a. The whistleblowing policy is yet to be implemented;</li> <li>b. The whistleblowing policy of uniBank does not cover the following critical elements:             <ol style="list-style-type: none"> <li>I. Communication and training</li> <li>II. Review of whistleblowing policy</li> <li>III. Staff declaration</li> <li>IV. External whistleblowing procedures</li> </ol> </li> <li>c. Suggestion boxes have not been provided at designated locations at the Head Office.</li> </ol>	<p>Employees may not report incidents as the programme has not yet been implemented. As a result no avenue will exist to encourage employees report unethical behaviour, illegal and questionable practices.</p>

# GRC (Governance) - key developmental areas

Observation	Risk
<p><b>Governance Policies – Code of Conduct and Ethics</b></p> <p>A code of conduct and ethics articulates the Boards direction on organisational ethics. The code of conduct and ethics should be approved by the Board and made available to employees and directors of uniBank.</p> <p>The following were noted from a review of the Code of Conduct in the Staff Handbook and Board charter respectively:</p> <ol style="list-style-type: none"> <li>The Code of Conduct, in its current state, does not apply to external stakeholders and key ethical risks have not satisfactorily been explained.</li> <li>Employees and directors are not required to attest that they have read and understood the Code of Conduct annually</li> </ol>	<p>External stakeholders may not be compelled to comply with the requirements of uniBank’s code of conduct.</p> <p>It may be difficult to address breaches and non-performance by employees and directors</p>
<p><b>Governance Policies – Board Remuneration Policy</b></p> <p>The Board has not documented and formalised a process for the remuneration of non-executive directors (NEDs).</p> <p>The Board should document and formalise a remuneration policy for compensating Non-Executive Directors. The procedure/policy for fixing the remuneration packages of individual directors should be formal and transparent.</p>	<p>The Board may not attract, retain, and motivate appointees who possess the necessary leadership qualities, skills and experience to enable uniBank achieve its strategic objectives.</p>
<p><b>Governance Policies – Succession Plan for Directors</b></p> <p>Board succession planning challenges Boards to anticipate and plan for their future needs. Director succession should be a continuous process that is regularly considered so that changes in the Board composition can be anticipated and planned for in advance.</p> <p>uniBank has not documented and formalised a succession plan for the Board (chairperson and directors).</p>	<p>The process for the identification and selection of directors may not be fair, transparent, competency based, inclusive and applied consistently.</p> <p>Director succession may not be consistent with the focus on evaluating the balance of skills, knowledge, experience, independence and diversity of the Board.</p>



# Appendix

## 3. Governance, risk and compliance (GRC)

- 3.2 Compliance and regulatory review

# GRC (Compliance and regulatory review) - background and objectives

## Background

The Compliance and Anti Money Laundering (CAML) function is a key element of the corporate governance framework of uniBank. The CAML function is responsible for the oversight of uniBank's adherence to BoG directives and other regulatory requirements including the coordination of the Bank's risk/AML-CFT compliance programme.

The responsibilities of the CAML function includes the following:

- Develop and implement practices and processes to ensure compliance with uniBank regulatory obligations;
- Monitor uniBank's compliance with the object of meeting BoG directives and other regulatory obligations;
- Maintain and raise the level of awareness of uniBank's regulatory obligations for effective compliance management. Educate employees and offer specialist advice on regulatory matters/updates;
- Take appropriate corrective action with a view to preventing recurrence of incidents of noncompliance, violations or breaches.

- Review the CAML function's activities;
- Assess uniBank's compliance with BoG requirements.

## Objective

The objective of the assignment was to assess the activities of the CAML function noting the requirements of the Bank of Ghana (BoG) and leading guidance and confirm whether the CAML function was effective in the discharge of its duties.

## Scope of work

The scope of our review covered the period 2016 to 2017:

- Review the adequacy of CAML's structure;

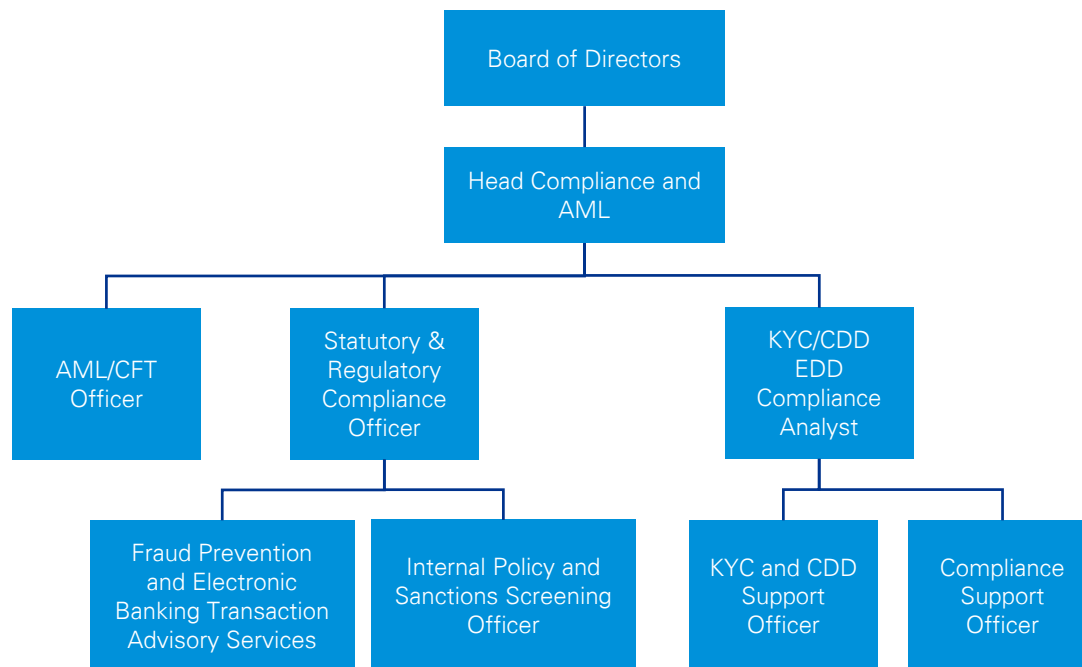


# GRC (Compliance and regulatory review) - governance structure

The Head of the CAML function reported functionally to the Board of Directors (Board) and administratively to the Chief Executive Officer (CEO). The CAML function comprised of six (6) staff including the Head of CAML.

There are two (2) officers/managers who report to the Head of CAML. Each officer has two subordinates that report directly to them.

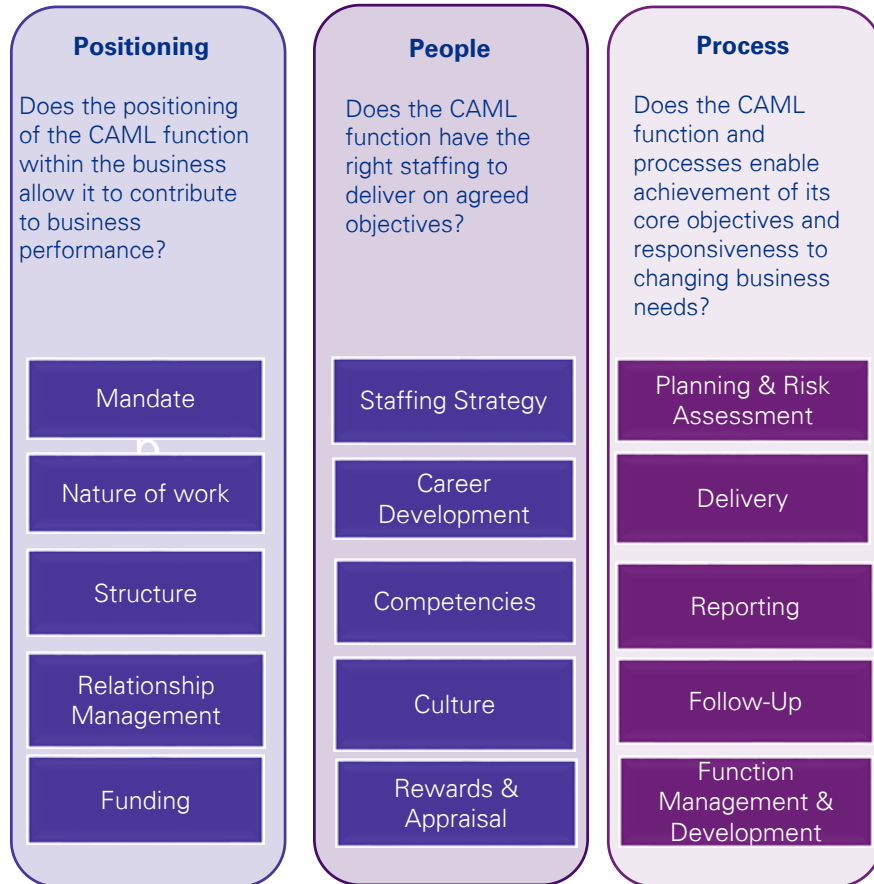
## Governance Structure Compliance and AML



# GRC (Compliance and regulatory review) - approach and methodology

The approach to this assignment was based on KPMG’s proprietary methodology that focuses on three key aspects of a CAML function. The diagram below has details of the approach.

## K’Sprint Methodology



## Approach

The following activities were performed:

1. Reviewed CAML’s policies and procedures, guidelines, tools and information that governs uniBank’s compliance functions.
2. Interviewed relevant stakeholders (Head of CAML function, compliance regulatory manager and selected staff) to obtain an understanding of the working processes, staff skills/competences, training program for staff etc.
3. Performed walkthrough to corroborate our understanding of the working process
4. Assessed the compliance function’s role within the Bank and the adequacy and nature of its scope of work
5. Reviewed the adequacy of the working processes
6. Assessed the adequacy of CAML staffing strategy including the current skills and expertise of the CAML staff
7. Reviewed the career development plans of selected staff to understand the appraisal process
8. Ascertained procedures followed to identify the training needs of staff
9. Identified gaps by comparing existing work practices with BoG requirements and leading practices

# GRC (Compliance and regulatory review) – positioning and people

## Observation

### **Reporting Structure**

The Head of CAML reported functionally to the Board and administratively to the CEO.

Through the performance of its activities, the CAML function at uniBank served as a critical resource for the Board in meeting stakeholder compliance requirements.

The CAML department issued eight (8) reports on compliance and anti money laundering activities to the Board between January 2016 and December 2017. There was no evidence to support that the CAML department followed up the reports sent to the Board. Neither was there any evidence that the Board issued directives to the CAML department.

The CAML department issued six (6) reports to the CEO between January 2016 and December 2017.

Details of the reports are as follows:

1. February 2017 Compliance Report – Details compliance related activities for 2016
2. February 2018 Compliance Report - Details compliance related activities for 2017
3. Four (4) additional reports on Anti Money Laundering and Combatting the Financing of Terrorism (AML/CFT) activities were issued to the CEO.

The CEO did not receive regular compliance reports.

Periodic updates to the CEO on compliance related matters would have assisted the CEO and other senior executives in deploying measures to safeguard the business.

## Risk

- Critical CAML breaches may not be identified and reported to the Board and CEO in a timely manner.

### **Training Strategy**

Staff of the CAML function attended periodic trainings on regulatory, compliance updates and emerging trends to assist them perform their functions.

However, there was no formal process to identify trainings for personnel in the CAML department. Consequently, there was no formal alignment of trainings attended with actual competency gaps.

- Staff may select and attend training programmes that are not relevant for achieving the objectives of the CAML department

# GRC (Compliance and regulatory review) - processes

Observation	Risk
<p><b>Monitoring of Reports</b></p> <p>The CAML function coordinated the timely preparation and submission of a number of reports to BoG and other relevant institutions such as Money Transfer Organisations (MTO), FATCA, Financial Intelligence Centre, EOCO, etc. This process was monitored via a dashboard designed by the CAML function.</p> <p>uniBank was unable to submit some reports in a timely fashion due to the following reasons:</p> <ul style="list-style-type: none"> <li>• Lack of coordination between the CAML function and other departments responsible for generating such reports</li> <li>• The dashboard tracker was not configured to alert relevant departments and stakeholders on submission dates</li> <li>• There was no process to sanction individuals for failure to generate and submit reports in a timely manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Some regulatory reports may not be submitted in a timely manner which could lead to uniBank being fined by BoG.</li> <li>• uniBank may be classified as a high risk institution by relevant institutions if reports required to be submitted are unduly delayed.</li> </ul>
<p><b>Breaches and infractions to regulatory authorities</b></p> <p>As part of their functions, CAML was to facilitate the review of controls to detect, prevent and monitor key compliance and regulatory obligations particularly with external stakeholders.</p> <p>The following breaches were identified from our review:</p> <ul style="list-style-type: none"> <li>• Violations of reporting timelines</li> <li>• Non submission of returns</li> <li>• Other infractions to BoG and other institutions.</li> </ul> <p>Our reviews were based on reports made available to us by the CAML and Finance functions.</p> <p>The following were identified from a review of the reports:</p> <ul style="list-style-type: none"> <li>• Seven (7) breaches in 2018</li> <li>• Four (4) breaches in 2017</li> <li>• Four (4) breaches in 2016</li> </ul> <p>uniBank operated as a primary dealer in securities without a license from the regulator, Securities and Exchange Commission (SEC). uniBank was fined by SEC for this infraction and had to pay a fine of GH¢54,000 in 2017 for trading in an unlicensed business.</p> <p>uniBank opened and operated fourteen (14) branches across the country in January 2016 without approval from the BoG. There was no evidence that BoG approved the expansion of branches.</p> <p>Reports/returns issued to the Banking Supervision Department (BSD) of BoG for September 2017 were inaccurate. uniBank submitted a letter to BoG explaining the cause as a system challenge in migrating to a new core banking software R15.</p> <p>There was no evidence of a response from BoG to the letter explaining the differences.</p> <p>The following pages (165 – 167) provides details of breaches to BoG and other regulators as well as additional irregularities noted during our review.</p>	<ul style="list-style-type: none"> <li>• Breaches to BoG regulations may result in uniBank losing its license.</li> <li>• Payment of fines to BoG and other relevant institutions may result in reputational challenges to the Bank.</li> </ul>

# GRC (Compliance and regulatory review)- processes (breaches)

The table below shows seven(7) violations extracted from compliance reports identified in the year 2018.

## 2018 - Breaches

No	Report Name	Institution	Frequency of Submission	Amount Involved	Duration of non Submission	Comments
1	BSD 1 & Foreign Open Positions (BOG) – weekly reports	Bank of Ghana	Weekly	N/A	From 19 March 2018 to 15 May 2018	N/A
2	BSD reports (BoG) Monthly reports	Bank of Ghana	Monthly often on 10 <sup>th</sup> of each month	N/A	January to April 2018	N/A
3	Loan Data to Credit Reference Bureau (CRBs)	Credit Reference Bureau	Monthly often on 15 <sup>th</sup> of each month	N/A	March and April 2018	N/A
4	Data Capture Report -AML Risk Assessment Sheet (Financial Stability Dept. (FSD-BOG)	Bank of Ghana	Quarterly (15 <sup>th</sup> of the subsequent month after the quarter)	N/A	1st Quarter 2018	N/A
5	Bank's Audited Financial Statements	Bank of Ghana	3 months after the end of the financial year – December 2017	N/A	As at 31 March 2018	N/A
6	Bank's Audited Financial Statements	Ghana Revenue Authority	4 months after the end of the financial year	N/A	As at 31 April 2018	N/A
7	Non-Adherence to AML procedures by Sub-agent FLAs in paying money remittances	Money Transfer Organisations	February 2108	N/A		N/A

# GRC (Compliance and regulatory review) - processes (breaches)

The table below shows four(4) violations extracted from compliance reports identified in the year 2017.

## 2017 - Breaches

No	Report Name	Institution	Frequency of submission	Amount involved	Duration of Non Submission	Comments
1	Credit Reference Bureaus	Bank of Ghana	Monthly	N/A	October 2017 to January 2018	N/A
2	BSD reports (BoG) Monthly reports	Bank of Ghana	Monthly often on 10 <sup>th</sup> of each month	N/A	December 2017 to date	N/A
3	Request for information on clients account	Bank of Ghana	As and when required	N/A	19 June 2017 to 22 June 2017	Accounts record request for DAVID IDDI ASOKIWINE which deadline fell on 19 June 2017 was submitted to FIC on 22 June 2017
4	Regulatory fine from Securities and Exchange Commission (SEC) for operating as a primary dealer in securities without obtaining a licence from the Regulator	Securities and Exchange Commission	One off	Fined uniBank with a penalty of  GH¢54,000	N/A	The fine occurred on January 4, 2017

# GRC (Compliance and regulatory review) – processes (breaches)

The table below analyses four (4) violations identified in the year 2016.

## 2016 - Breaches

No	Report Name	Institution	Description	Duration of non-Submission	Comments
1	Foreign Account Tax Compliance Act (FATCA) data submission	IRS - USA	Deadline has been breached – Branches are unable to reach most of the clients to provide the needed data	N/A	The issue occurred on 4 February 2016
2	No Written Approval from BoG for fourteen (14) Business Offices opened in the year 2016 yet to be obtained.	Bank of Ghana	Fourteen (14) business offices that were opened in the year 2016 do not have written Bank of Ghana's approvals in accordance with regulatory directives on branch openings	N/A	The incidence happened on 7 February 2016
3	Active operation of Foreign-Owned Entity accounts without evidence of GIPC Certification	Ghana Investment Promotion Centre	Wholly owned foreign entities, without GIPC certification, have been found to be actively operating their company accounts at our branches contrary to the regulatory guidelines on Foreign Owned Entities Investment in Ghana.  Foreigners who are signatories to such accounts neither have resident nor work permit to operate the accounts.	N/A	The issue occurred on 15 June 2016
4	AML & Regulatory Request (FIC) request for information	Financial Intelligence Centre	Two (2) Request for Information and documents to FIC are still pending although their request due date have expired.  The accounts domiciled branch (Accra Main) and the Records Centre have not been able to locate the account files in question since the dates of the request.	N/A	The incidence occurred on 17 August 2016



# Appendix

## 3. Governance, risk and compliance (GRC)

- 3.3 Credit risk management



# GRC (Credit risk management) - overview

## Background

The strategic objective of the credit risk management department is to ensure that the Bank maintains a high quality and diversified loan portfolio that generates profit commensurate with the Bank’s risk appetite and target for return on investments. The key components of the control environment set for the Credit Risk Management Department comprised of a governance structure, policies and processes.

## Objective & Scope

To review the adequacy and adherence to policies of the credit risk management processes to determine key control breaches over the period of 2017 & 2018.

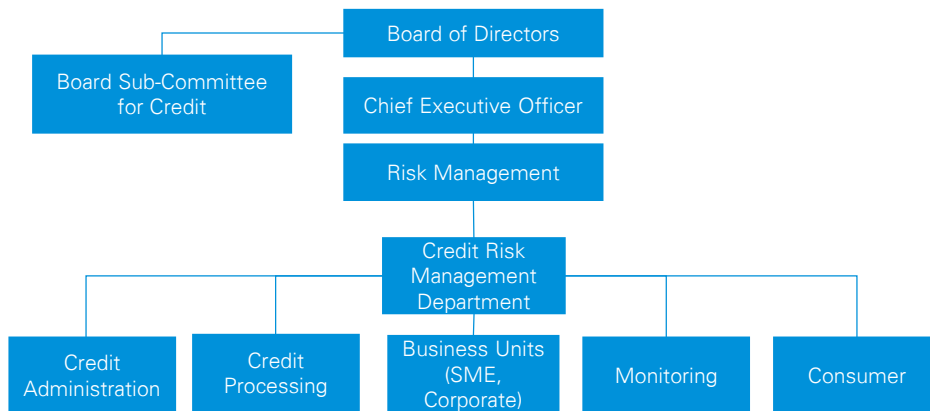
## Approach

The following activities were carried out:

- Reviewed credit policies and sections of the Operational Manual that pertains to credit risk management.
- Interviewed relevant staff within the credit risk and credit operations units to obtain an understanding of the processes and activities.
- Performed walkthrough tests of the process to corroborate our understanding of the credit risk management process.
- Selected 60 transactions to test adherence to the credit policies and processes.

## Governance Structure

The governance structure of uniBank is depicted in the diagram below:



### Board of Directors

The Board of Directors is responsible for setting out the bank’s overall risk appetite/tolerance levels in relation to credit risk and ensuring that the overall credit exposure is maintained at prudent levels and consistent with available capital. However, there is no evidence of the Board defining the risk appetite of the bank for the period under review.

### Board Committee for Credit

The Board Credit Committee is empowered to approve facilities at levels set by the Board.

### Credit Risk Management Department

The department has been assigned the responsibility of maintaining credit discipline of the Bank. Some of its key responsibilities are to ensure the following:

- business units comply with risk parameters and prudential limits established by the Board and Credit Risk Management Committee.
- all security documentation comply with the terms of approval and are enforceable.
- facilities are disbursed only after all terms and conditions of approval have been met, and all security documentation is in place.

However, there were several cases where these responsibilities were not discharged appropriately.

# GRC (Credit risk management) - policy breaches

uniBank drafted a credit policy document which highlights the risk management framework, policies and processes of the department. The Credit Policy document was updated and reviewed in 2017 by the Executive Head of Credit and the Director of Risk Management and Compliance respectively. The policy has the following key sections:

- Introduction and Definitions
- Governance Framework
- Credit Risk Management Strategy
- Credit Risk Management Processes

From reviews of 60 transactions, the following deviations were noted from the credit policies:

## Breaches to Sectorial Exposure

In order to balance the Bank's portfolio and manage its overall risks, the Bank defined and set thresholds for sectoral distribution of its portfolio.

The table below highlights deviations as at 20 March 2018 from the thresholds set:

Sector	Expected	Actual	Variation
Commerce and Finance	20%	23%	-3%
Manufacturing	2%	8%	-6%
Construction	28%	31%	-3%

Most of these facilities are overdue and outstanding.

## Annual Credit Assessment

According to section 3.11.1 of the credit policy, "Credit and risk assessment should be conducted for all existing facilities at least on an annual basis for identification and probable mitigation of risks". However, contrary to the policy, no annual assessment was conducted for the 60 facilities reviewed.

## Poor collateral documentation

Assets that are offered as security are required to have proper legal documentation and also register all collaterals to make them capable of realisation in case of enforcement. However, out of the 60 facilities reviewed, the Bank had not perfected the collateral for 16 facilities with an approved amount of GH¢145,693,411.95 and 6 other facilities with an approved amount of \$16,628,338.14 respectively. See **pages 171 to 172** for facilities for which collaterals are not perfected.

## Breaches to Approval Limits

The following are limits that have been set for approving authorities in the credit process:

#	Approving Authority	GH¢		Facility Type
		Secured	Unsecured	Fully Cash
1	Board of Directors	Unlimited	Unlimited	Unlimited
2	Board Credit Committee	4,000,000	300,000	Unlimited
3	Management Credit Committee	1,000,000	150,000	4,000,000
4	Chief Executive Officer	400,000	120,000	1,500,000
5	Executive Director	250,000	100,000	1,000,000
6	Director of Risk Management / Executive Head of Credit Risk	100,000	50,000	400,000
7	Sanctioner	50,000		200,000

The Board may delegate limits in excess of the above amounts but this must in all cases be in writing and acknowledged by recipients, and records of all such delegations retained by the credit risk management department.

The following approving authorities approved facilities in excess of their approval limits:

#	Approving Authority	No. of Facilities	Total Value of Facilities
1	Chief Executive Officer	13	GH¢119,339,142.04 US\$8,400,000.00

Refer to **pages 173 to 174** for facilities approved by the CEO

## GRC (Credit risk management) - collaterals not perfected

Owner	Facility Type	Approved Loan	Interest Rate	Expiry
Fueltrade Ltd – Gas	Loan	GH¢27,834,074.17	18.50% per annum on Bond as and when received	27/06/2018
Fueltrade Ltd – Gas	Loan	GH¢28,968,281.42	Nil Residual Loan-28,968.281.42. 10% upfront payment by client. Principal component - 14,854,961.57. Interest component- 11,216,491.70. Proposed Haircut on residual loan - 30%	27/06/2020
Fueltrade Ltd – Gas	Loan	GH¢5,386,328.00	18.50% per annum on Bond as and when received	17/10/2018
Fueltrade Ltd – Gas	Restructured Loan	GH¢28,968,281.42	Nil Residual Loan-28,968.281.42 10% upfront payment by client Principal component - 14,854,961.57. Interest component - 11,216,491.70. Proposed Haircut on residual loan - 30%	17/10/2019
Eurostar Global Limousine Ltd	Loan	US\$5,618,371.79	11% p.a	30/07/2018
FirstBanc Financial Services Ltd	Overdraft	GH¢6,000,000	35% p.a	31/01/2016
Precious Minerals Marketing Co Ltd	Loan	GH¢6,600,000	35% p.a extension fee 0.5%	30/07/2020
Precious Minerals Marketing Co Ltd	Loan	GH¢7,000,000	35% p.a extension fee 0.5%	30/07/2020
First Allied Savings & Loans Co Ltd	Loan	GH¢13,913,052.26	38% p.a (base rate of 35%+3.00%)	31/05/2019
Fidev Company Ltd	Loan	GH¢3,945,000.00	32.74% p.a (base rate + 2.85%)	30/09/2014
Ghana Leasing Company Ltd	Loan	GH¢1,363,636.00		31/12/2013
Star Microinsurance Serv. ltd	Loan	GH¢810,770.86	Interest rate: 33% per annum APR: 33.98%	31/12/2022
Star Microinsurance Serv. ltd	Loan	GH¢1,250,000	Interest rate: 33% per annum APR: 33.98%	31/12/2022

## GRC (Credit risk management) - collaterals not perfected

Owner	Facility Type	Approved Loan	Interest Rate	Expiry
LHS Company Limited	Loan	US\$2,505,755.35	13.00% p.a (uniBank base rate of 11.00% + 2.00%)	31/10/2017
21st Century Construction	Loan	GH¢5,233,908.44	33.00% p.a (uniBank base rate of 32.00% + 1.00%) Restructuring fee-1.00%	31/12/2015
Imperial Homes	Loan	US\$2,104,211.00	12% P.A (base rate of 11,00% + 1.00%) APR-14.05%	30/09/2020
Genesis	Overdraft	US\$400,000.00	13.00% (base rate of 11.00% + 2.00%) 16.43%	31/05/2016
Greenlands	Overdraft	US\$5,000,000.00	12.00% p.a (base rate of 11.00% + 1.00%)	31/07/2018
Accuid Biometrics	Loan	GH¢5,463,234.38	37.00% p.a (base rate of 35.00%+ 2.00%)	30/09/2017
Nataco Beach Resort	Loan	GH¢320,000.00	34.00% p.a (base rate of 33.00% + 1.00%)	31/10/2016

## GRC (Credit risk management) - loans approved by CEO

Owner	Facility Type	Approved Loan	Interest Rate	Expiry
Fueltrade Ltd - Gas	Loan ( Validated claims from Government of Ghana under the Chamber of Bulk Oil Distributors repayment arrangement)	GH¢27,834,074.17	18.50% per annum on Bond as and when received	27/06/2018
Fueltrade Ltd - Gas	Loan ( Outstanding Validated claims from Government of Ghana under the Chamber of Bulk Oil Distributors repayment arrangement	GH¢28,968,281.42	Nil Residual Loan-28,968.281.42 10% upfront payment by client Principal component -14,854,961.57 Interest component- 11,216,491.70 Proposed Haircut on residual loan - 30%	27/06/2020
Fueltrade Ltd - Gas	Loan (Residual debts net of attribution , penal interest and refinancing charges, 10% upfront payment by client and further 30% Haircut)	GH¢5,386,328.00	18.50% per annum on Bond as and when received	17/10/2018
Fueltrade Ltd - Gas	Restructured Loan	GH¢28,968,281.42	Nil Residual Loan-28,968.281.42 10% upfront payment by client Principal component -14,854,961.57 Interest component- 11,216,491.70 Proposed Haircut on residual loan - 30%	17/10/2019
EIB Network -Kasapa Fm	Overdraft	GH¢2,300,000.00	34% p.a (base rate of 33.00% +1.00%)	30/04/2017
Nana Nkansah Boadu Ayebofo	Overdraft	GH¢8,000,000.00	36% p.a (base rate of 35.00% + 1.00%)	31/05/2018

# GRC (Credit risk management) - loans approved by CEO

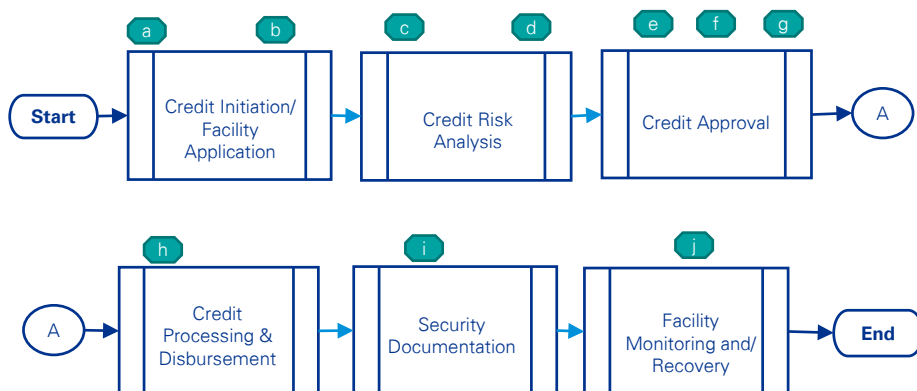
<b>Owner</b>	<b>Facility Type</b>	<b>Approved Loan</b>	<b>Interest Rate</b>	<b>Expiry</b>
Fresh Bites Gourmet Foods	Loan	GH¢762,113.84	34% (base + 1)	31/03/2018
U-Comm Ltd	Loan	GH¢5,980,509.63	37.00% p.a (uniBank base rate of 35.00% + 2.00%) APR- 37.69%	30/09/2019
Genesis	Overdraft	US\$400,000.00	13.00% (base rate of 11.00% + 2.00%) 16.43%	31/05/2016
FirstBanc Financial Services Ltd	Overdraft	GH¢6,000,000	35% p.a	31/01/2016
Prime Properties	Loan	US\$8,000,000.00	34% p.a (base rate of 33.00% + 1.00%)	31/12/2021
Comida Limited	Loan	GH¢2,639,553.56		
uniCredit	Overdraft	GH¢2,500,000.00	33.00% p.a	31/01/2016

# GRC (Credit risk management) - process and controls

## Credit Process and Controls

The credit policy and operation manual defined the processes required to be followed for executing a credit activity or transaction.

Below are the sub-processes in the credit processes and the key control point/activity embedded in each of the sub-process



Controls	No. of Breaches
a. Clients make a request in writing to uniBank applying for a loan or overdraft facility (letter or Board resolution to borrow)	14
b. RMs in the respective business unit review clients' application and document a business case for each facility	5
c. Credit Risk unit performs credit analysis on clients who apply for facilities and recommend either approval or rejection	5
d. The risk analysis sheet is reviewed and signed off by the Credit Risk unit head	5
e. Personnel with appropriate authority (approval limits as defined in the Policy) shall at all times approve a facility. The aggregate exposure shall be the basis to determine the approval authority required to approve a facility	21
f. An offer made to the customer after approval by authorised persons must be accepted within two weeks	5
g. Facility contracts are required to be signed at all times by two persons.	14
h. All pre-disbursement conditions must be fulfilled before funds are disbursed except in the case where such conditions are waived	27
i. uniBank shall validate documentation presented in respect of collateral and perfect its interest in the security provided	25
j. Timely escalation of bad/ delinquent facilities to appropriate authority.	18

The subsequent pages (176 to 191) provides examples of facilities with credit policy breaches.

## GRC (Credit risk management) - control breaches

## No Evidence of Requests From Applicants (60 Samples)

Owner	Facility Type	Approved Loan	Interest Rate	Expiry
		GH¢47,181,226.24		
Logistic Support Ser-uniBank Ghana	Loan		36%	31/12/2018
Logistic Support Ser-uniBank Ghana	Overdraft	GH¢15,000,000.00	36%	31/12/2017
Prime Properties	Loan	\$8,000,000.00 GH¢19,980,000.00 (\$6,000,000.00)	34% p.a (base rate of 33.00% + 1.00%) 34% per annum (uniBank base of 33% + 1.00%) APR- 34.87%	31/12/2021
Max Estate Limited	Term Loan			31/12/2020
		GH¢6,660,000.00 (\$2,000,000)	34% per annum (uniBank base of 33% + 1.00%) APR- 34.87%	
Max Estate Limited	Term Loan			31/12/2020
		GH¢6,660,000.00 (\$2,000,000)	34% per annum (uniBank base of 33% + 1.00%) APR- 34.87%	
Max Estate Limited	Term Loan			31/12/2020
Star Microinsurance Serv Ltd	Loan	GH¢810,770.86	Interest rate: 33% per annum APR: 33.98%	31/12/2022
Star Microinsurance Serv Ltd	Loan	GH¢1,250,000	Interest rate: 33% per annum APR: 33.98%	31/12/2022
Nana Nkansah Boadu Ayebofo	Overdraft	GH¢8,000,000.00	36% p.a (base rate of 35.00% + 1.00%)	31/05/2018
Paloma Hotel Ghana Ltd	Loan	GH¢2636845.00	34.5% p.a (base rate of 33.00% + 1.50%)	29/02/2020
21st Century Construction	Loan	GH¢5,233,908.44	33.00% p.a (uniBank base rate of 32.00% + 1.00%) Restructuring fee-1.00%	31/12/2015
Anointed Electricals	Overdraft	GH¢500,000.00	34.00% (base rate of 33.00% + 1.00%)	30/06/2016
Maximil Logistics	Loan	GH¢15,450,000.00	36.00% p.a (base rate of 35.00% + 1.00%)	31/12/2017
Accuid Biometrics	Loan	GH¢5,463,234.38	37.00% p.a (base rate of 35.00% + 2.00%)	30/09/2017



# GRC (Credit risk management) - control breaches

## No Evidence of Requests From Applicants (60 Samples)

Owner`	Facility Type	Approved Loan	Interest Rate	Expiry
EIB Network	Overdraft	GH¢2,300,000.00	34% p.a (base rate of 33.00% +1.00%)	30/04/2017
U-comm Ltd	Loan	GH¢5,980,509.63	37.00% p.a (uniBank base rate of 35.00% + 2.00%) APR- 37.69%	30/09/2019
Safo Nyame	Loan	GH¢2,077,718.62	36.00% p.a (base rate of 35.00% + 1.00%)	30/06/2022
Safo Nyame	Overdraft	GH¢500,000.00	36.00% p.a (base rate of 35.00% + 1.00%)	01/07/2018
Nataco Beach Resort	Loan	GH¢320,000.00	34.00% p.a (base rate of 33.00% + 1.00%)	31/10/2016

# GRC (Credit risk management) - control breaches

## Lack of Documentation of Risk Analysis Performed (60 Samples)

Owner	Facility Type	Approved Loan	Interest Rate	Expiry
Precious Minerals Marketing Co Ltd	Loan	GH¢6,600,000	35% p.a extension fee 0.5%	30/07/2020
Precious Minerals Marketing Co Ltd	Loan	GH¢7,000,000	35% p.a extension fee 0.5%	30/07/2020
Asona Gold Mines Limited	Loan	US\$1,000,000	13.00% (uniBank \$rate + 2.50%) APR 16.22%	31/08/2011
Maximil Logistics	Loan	GH¢15,450,000	36.00% p.a (base rate of 35.00% + 1.00%)	31/12/2017
Abe Classics Enterprise	Loan	GH¢2,013,960	34.00% p.a (base rate of 33.00% + 1.00%)	31/06/2019

# GRC (Credit risk management) - control breaches

No Evidence of Review of Risk Analysis by Credit Risk Head (60 Samples)

Owner	Facility Type	Approved Loan	Interest Rate	Expiry
Precious Minerals Marketing Co Ltd	Loan	GH¢6,600,000	35% p.a extension fee 0.5%	30/07/2020
Precious Minerals Marketing Co Ltd	Loan	GH¢7,000,000	35% p.a extension fee 0.5%	30/07/2020
Asona Gold Mines Limited	Loan	US\$1,000,000	13.00% (uniBank \$rate + 2.50%) APR 16.22%	31/08/2011
Maximil Logistics	Loan	GH¢15,450,000	36.00% p.a (base rate of 35.00% + 1.00%)	31/12/2017
Abe Classics Enterprise	Loan	GH¢2,013,960	34.00% p.a (base rate of 33.00% + 1.00%)	10/06/2019

# GRC (Credit risk management) - control breaches

## Lack of Appropriate Approval of Facility (60 Samples)

Owner	Facility Type	Approved Loan	Interest Rate	Expiry
Akuafo Adamfo Marketing Co Ltd	Loan	GH¢40,000,000		04/06/2016
Logistic Support Ser-uniBank Ghana	Loan	GH¢47,181,226.24	36%	31/12/2018
Logistic Support Ser-uniBank Ghana	Overdraft	GH¢15,000,000.00	36%	31/12/2017
Fueltrade Ltd - Gas	Loan ( Validated claims from Government of Ghana under the Chamber of Bulk Oil Distributors repayment arrangement)	GH¢27,834,074.17	18.50% per annum on Bond as and when received	27/06/2018
Fueltrade Ltd - Gas	Loan ( Outstanding Validated claims from Government of Ghana under the Chamber of Bulk Oil Distributors repayment arrangement	GH¢28,968,281.42	Nil. Residual Loan-28,968.281.42 . 10% upfront payment by client.Principal component -14,854,961.57 Interest component- 11,216,491.70. Proposed Haircut on residual loan - 30%	27/06/2020
Fueltrade Ltd - Gas	Loan (Residual debts net of attribution , penal interest and refinancing charges, 10% upfront payment by client and further 30% Haircut)	GH¢5,386,328.00	18.50% per annum on Bond as and when received	17/10/2018
Fueltrade Ltd - Gas	Restructured Loan	GH¢28,968,281.42	Nil. Residual Loan-28,968.281.42 10% upfront payment by client Principal component -14,854,961.57 Interest component- 11,216,491.70. Proposed Haircut on residual loan - 30%	17/10/2019
Prime Properties	Loan	US\$8,000,000.00	34% p.a (base rate of 33.00% +1.00%)	31/12/2021
FirstBanc Financial Services Ltd	Overdraft	GH¢6,000,000	35% p.a	31/01/2016
Precious Minerals Marketing Co Ltd	Loan	GH¢6600000	35% p.a extension fee 0.5%	30/07/2020
Precious Minerals Marketing Co Ltd	Loan	GH¢7000000	35% p.a extension fee 0.5%	30/07/2020
EIB Network -Kasapa Fm	Overdraft	GH¢2,300,000.00	34% p.a (base rate of 33.00% +1.00%)	30/04/2017

# GRC (Credit risk management) - control breaches

## Lack of Appropriate Approval of Facility (60 Samples)

Owner	Facility Type	Approved Loan	Interest Rate	Expiry
Nana Nkansah Boadu Ayebofo	Overdraft	GH¢8,000,000.00	36% p.a (base rate of 35.00% + 1.00%)	31/05/2018
Fresh Bites Gourmet Foods	Loan	GH¢762113.84	34% (base + 1)	31/03/2018
K-Net	Loan	US\$13,500,000.00	12.50% p.a (uniBank base rate of 11.00% + 1.00%) APR- 15.35%	30/04/2017
U-Comm Ltd	Loan	GH¢5,980,509.63	37.00% p.a (uniBank base rate of 35.00% + 2.00%) APR- 37.69%	30/09/2019
uniCredit	Overdraft	GH¢2,500,000.00	33.00% p.a	31/01/2016
Genesis	Overdraft	US\$400,000.00	13.00% (base rate of 11.00% + 2.00%) 16.43%	31/05/2016
Comida Limited	Loan	GH¢2,639,553.56		
Maximil Logistics	Loan	GH¢15,450,000.00	36.00% p.a (base rate of 35.00% + 1.00%)	31/12/2017
Abe Classics Enterprise	Loan	GH¢2,013,960.00	34.00% p.a (base rate of 33.00% + 1.00%)	10/06/2019

# GRC (Credit risk management) - control breaches

Absence of offer letter (60 Samples)

Owner	Facility Type	Approved Loan	Interest Rate	Expiry
Ghana Leasing Company Limited	Loan	GH¢1,363,636.00		31/12/2013
Fresh Bites Gourmet Foods	Loan	GH¢762113.84	34% (base + 1)	31/03/2018
Ba-iseng	Loan	GH¢10,903,637.8		
Imperial Homes	Loan	US\$2,104,211.00	12% P.A (base rate of 11,00% + 1.00% APR-14.05%	30/09/2020
Comida Limited	Loan	GH¢2,639,553.56		

# GRC (Credit risk management) - control breaches

## Absence of Dual approval of Facility (60 Samples)

Owner	Facility Type	Approved Loan	Interest Rate	Expiry
Logistic Support Ser-uniBank Ghana	Loan	GH¢47,181,226.24	36%	31/12/2018
Logistic Support Ser-uniBank Ghana	Overdraft	GH¢15,000,000.00	36%	31/12/2017
Fueltrade Ltd - Gas	Loan	GH¢27,834,074.17	18.50% per annum on Bond as and when received	27/06/2018
Fueltrade Ltd - Gas	Loan	GH¢28,968,281.42	Nil. Residual Loan-28,968,281.42. 10% upfront payment by client. Principal component -14,854,961.57. Interest component- 11,216,491.70. Proposed Haircut on residual loan - 30%	27/06/2020
Fueltrade Ltd-gas	Loan	GH¢5,386,328.00	18.50% per annum on Bond as and when received	17/10/2018
Fueltrade Ltd - Gas	Restructured Loan	GH¢28,968,281.42	Nil. Residual Loan-28,968,281.42 10% upfront payment by client. Principal component -14,854,961.57. Interest component- 11,216,491.70. Proposed Haircut on residual loan - 30%	17/10/2019
Prime Properties	Loan	US\$8,000,000.00	34% p.a (base rate of 33.00% +1.00%)	31/12/2021
FirstBanc Financial Services Ltd	Overdraft	GH¢6,000,000	35% p.a	31/01/2016
Precious Minerals Marketing Co Ltd	Loan	GH¢6600000	35% p.a extension fee 0.5%	30/07/2020

# GRC (Credit risk management) - control breaches

## Pre-Disbursement Conditions Not Fulfilled (60 Samples)

Owner	Facility Type	Approved Loan	Interest Rate	Expiry
Logistic Support Ser-uniBank Ghana	Overdraft	GH¢15,000,000.00	36%	31/12/2017
Eurostar Global Limousine Ltd	Loan	US\$5,618,371.79	11% p.a	30/07/2018
Prime Properties	Loan	US\$8,000,000.00	34% p.a (base rate of 33.00% +1.00%)	31/12/2021
FirstBanc Financial Services Ltd	Overdraft	GH¢6,000,000	35% p.a	31/01/2016
Precious Minerals Marketing Co Ltd	Loan	GH¢7000000	35% p.a extension fee 0.5%	30/07/2020
Asona Gold Mines Limited	Loan	US\$1,000,000.00	13.00% (uniBank \$rate + 2.50%) APR 16.22%	31/08/2011
EIB Network -Kasapa Fm	Overdraft	GH¢2,300,000.00	34% p.a (base rate of 33.00% +1.00%)	30/04/2017
Fountain Gate Chapel - Ofankor Branch	Loan	GH¢3,200,000.00	32.41% p.a (base rate of 31.56% + 0.85%)	31/03/2019
Star Microinsurance Serv Ltd	Loan	GH¢810,770.86	Interest rate: 33% per annum APR: 33.98%	31/12/2022
NN Electrical& Mechanical Int Ltd	Loan	GH¢1,000,000.00	35% p.a	31/07/2016
Paloma Hotel Ghana Ltd	Loan	GH¢2636845.00	34.5% p.a (base rate of 33.00% + 1.50%)	29/02/2020
Fresh Bites Gourmet Foods	Loan	GH¢762113.84	34% (base + 1)	31/03/2018
Astobaf Enterprise	Overdraft	GH¢100,000.00	30.45% p.a (base rate + 5.50%)	31/03/2012



# GRC (Credit risk management) - control breaches

No evidence of Monitoring and Recovery (60 Samples)

Owner	Facility Type	Approved Loan	Interest Rate	Expiry
Joshob Construction	Loan	GH¢11,945,415.32	32% p.a (base rate of 26.93% p.a + 5.07%)	30/11/2014
FirstBanc Financial Services Ltd	Overdraft	GH¢6,000,000	35% p.a	31/01/2016
EIB Network -Kasapa Fm	Overdraft	GH¢2,300,000.00	34% p.a (base rate of 33.00% +1.00%)	30/04/2017
Nana Nkansah Boadu Ayebofo	Overdraft	GH¢8,000,000.00	36% p.a (base rate of 35.00% + 1.00%)	31/05/2018
Fresh Bites Gourmet Foods	Loan	GH¢762113.84	34% (base + 1)	31/03/2018
Astobaf Enterprise	Overdraft	GH¢100,000.00	30.45% p.a (base rate + 5.50%)	31/03/2012
Maripoma Enterprise Ltd	Loan	GH¢16,892,237.08	37.00% p.a (uniBank base rate of 35.00% + 2.00%)	30/04/2018
21st Century Construction	Loan	GH¢5,233,908.44	33.00% p.a (uniBank base rate of 32.00% + 1.00%) Restructuring fee-1.00%	31/12/2015
uniCredit	Overdraft	GH¢2,500,000.00	33.00% p.a	31/01/2016

# GRC (Credit risk management) - control breaches

No evidence of Monitoring and Recovery (60 Samples)

Owner	Facility Type	Approved Loan	Interest Rate	Expiry
Ba-Iseng	Loan	GH¢10,903,637.8		
Genesis	Overdraft	US\$400,000.00	13.00% (base rate of 11.00% + 2.00%) 16.43%	31/05/2016
Greenlands	Overdraft	US\$5,000,000.00	12.00% p.a (base rate of 11.00% + 1.00%)	31/07/2018
Igit Co Limited	Loan	€6,651,500.00	36.00% (base rate of 35.00% + 1.00%)	31/12/2021
Anointed Electricals	Overdraft	GH¢500,000.00	34.00% (base rate of 33.00% + 1.00%)	30/06/2016
Alban Logistics	Loan	GH¢12,201,852.59	35.00% p.a	31/07/2022
Maximil Logistics	Loan	GH¢15,450,000.00	36.00% p.a (base rate of 35.00% + 1.00%)	31/12/2017
Nataco Beach Resort	Loan	GH¢320,000.00	34.00% p.a (base rate of 33.00% + 1.00%)	31/10/2016
Abe Classics Enterprise	Loan	GH¢2,013,960.00	34.00% p.a (base rate of 33.00% + 1.00%)	10/06/2019

# GRC (Credit risk management) - control breaches

## Not properly approved (Top 200 Customers exposures)

A review of loan files for the top 200 customer exposures revealed that some credit facilities were not properly approved. Details of exposures not properly approved are captured in the subsequent slides:

<b>Owner</b>	<b>Approved Loan (GH₵)</b>	<b>Approved by</b>
ATTACHY CONSTRUCTION LIMITED	32,917,629.76	CEO
ATTACHY CONSTRUCTION LIMITED	11,666,666.68	CEO
SMAGOW RESOURCES (GH) LTD	22,080,422.78	CEO
K-NET LIMITED	41,730,466.54	CEO
SPRINGFIELD ENERGY LIMITED	13,037,449.86	CEO
SPRINGFIELD ENERGY LIMITED	28,522,832.23	CEO
CYMAIN GHANA LIMITED	8,690,580.26	CEO
CYMAIN GHANA LIMITED	2,315,814.27	CEO
FUELTRADE LTD - GAS	14,613,765.19	CEO
FUELTRADE LTD - GAS	18,250,017.30	CEO
A MINERALS LIMITED	27,485,309.78	CEO
NATIONWIDE INT PROCUREMENT GH LTD	25,410,305.96	CEO
WESTERN DUTIES LIMITED	16,000,000.00	CEO
WESTERN DUTIES LIMITED	8,453,132.83	CEO
FIRSTBANC FINANCIAL SERVICES LTD	18,284,940.04	CEO
UNICREDIT GHANA LIMITED	3,641,758.09	CEO
CONTINENTAL VILLA LTD	1,997,450	CEO
KWAKU ADADE TAKYI	730,000	CEO
KWAKU ADADE TAKYI	650,000	CEO
WAYOE ENGINEERING& CONST LIMITED	1,122,981	CEO
KODSON PLUS COMPANY LTD A/C.1	1,999,018	CEO
NANA NKANSAH BOADU AYEBOAFO	1,657,553	CEO
STEVEN NANA YAW OFORI-ATTA	1,165,903	CEO
GREENLANDS COMMODITIES LTD	14,006,097	Head, Credit

# GRC (Credit risk management) - control breaches

## Loans not properly approved (Top 200 customer exposures)

Owner	Approved Loan (GH¢)	Approved by
SWIFT COMMODITIES LIMITED	5,853,477	CEO
SWIFT COMMODITIES LIMITED	17,140	CEO
QUALITY LINKS & SUPPLY LIMITED(RESTRUCTURED)	1,055,040	Executive Head, Corporate Banking
QUALITY LINKS & SUPPLY LIMITED(RESTRUCTURED)	1,130,980	Executive Head, Corporate Banking
QUALITY LINKS & SUPPLY LIMITED(RESTRUCTURED)	3,166,868	Executive Head, Corporate Banking
QUALITY LINKS & SUPPLY LIMITED(RESTRUCTURED)	197,444	Executive Head, Corporate Banking
QUALITY LINKS & SUPPLY LIMITED(RESTRUCTURED)	5,518,580	Executive Head, Corporate Banking
JOLITHANKS ENTERPRISES LIMITED	1,052	Executive Head, Corporate Banking
JOLITHANKS ENTERPRISES LIMITED	12,222,175	Executive Head, Corporate Banking
ABE CLASSICS ENTERPRISE	3,632,178	Head Credit Risk Management
SAFO NYAME COLD STORES LIMITED	2,480,814	CEO
MAXIMIL LOGISTICS ENTERPRISE	15,556,544	Head, Corporate Banking
ALEXIDOR ENTERPRISE	15,000,000	CEO
ANOINTED ELECTRICAL ENGINESERVICES L	488,938	CEO
ANOINTED ELECTRICAL ENGINESERVICES LIMITED	499,992	CEO
SAGE PETROLEUM LTD	15,160,928	CEO
OSEKWADWO ENTERPRISE	1,105,320	CEO
SEV GHANA LTD	2,839,306	CEO
GENESIS OIL& GAS SERVICES LIMITED	2,079,501	CEO

# GRC (Credit risk management) - control breaches

## Loans not properly approved (Top 200 customer exposures)

A review of loan files for the top 200 customer exposures revealed that some credit facilities were not approved. Details of the exposures with exceptions noted are captured in the subsequent slides:

No	Owner	Amount (GH¢)	No	Owner	Amount (GH¢)
1	LHS GHANA LIMITED	24,169,092.93	21	AKUAFO ADAMFO MARKETING CO LTD	31,234,993.26
2	LHS GHANA LIMITED	17,207,864.44	22	FUZAK COMPANY LIMITED	13,517,060.36
3	LHS GHANA LIMITED	9,368,698.41	23	FUZAK COMPANY LIMITED	127,100.09
4	LHS GHANA LIMITED	18,777,429.43	24	FUZAK COMPANY LIMITED	1,702,000.00
5	LHS GHANA LIMITED	116,923,300.00	25	FUZAK COMPANY LIMITED	47,683,503.38
6	ATTACHY CONSTRUCTION LIMITED	1,111,311.54	26	FUZAK COMPANY LIMITED	11,666,666.66
7	ATTACHY CONSTRUCTION LIMITED	978.04	27	LOGISTICS SUPPORT SERVICES	17,893,203.37
8	UNIPRECISION PROJECT ACCOUNT	22,813,833.94	28	LOGISTICS SUPPORT SERVICES	47,181,226.24
9	UNIPRECISION PROJECT ACCOUNT	13,466,137.00	29	VOLTA IMPEX LIMITED	42,713,469.37
10	UNIPRECISION PRINTING PRESS CO LTD	15,599,773.16	30	MYTURN LIMITED	2,420.62
11	UNIPRECISION PROJECT ACCOUNT	68,389,100.00	31	JOSHOB CONST CO LTD	3,582.70
12	RLG COMMUNICATIONS LIMITED	115,237,672.35	32	JOSHOB CONST CO LTD	52,957.20
13	RLG COMMUNICATIONS LIMITED	3,258,407.01	33	JOSHOB CONST CO LTD	48,075.42
14	RLG COMMUNICATIONS LIMITED	59,050.21	34	JOSHOB CONST CO LTD	72,754.41
15	CASSEL ENERGY LIMITED	457,150.86	35	BLU TELECOMMUNICATIONS LIMITED	3,671,390.14
16	CASSEL ENERGY LIMITED	15,252,165.37	36	BLU TELECOMMUNICATIONS LIMITED	2,683,524.11
17	CASSEL ENERGY LIMITED	67,506,660.00	37	BLU TELECOMMUNICATIONS LIMITED	39,492.82
18	SMAGOW RESOURCES (GH) LTD	429,296.23	38	BLU TELECOMMUNICATIONS LIMITED	30,495,507.12
19	AFRICAN INDEPENDENT COASTAL SER LTD	5,702,503.98	39	BLU TELECOMMUNICATIONS LIMITED	8,572,627.05
20	AFRICAN INDEPENDENT COASTAL SER LTD	478,468.46	40	BLU TELECOMMUNICATIONS LIMITED	944,453.24
21	AFRICAN INDEPENDENT COASTAL SER LTD	400,076.15	41	NUMA LOGISTICS LTD	9,543,534.51
22	AFRICAN INDEPENDENT COASTAL SER LTD	82,590,288.77	42	NUMA LOGISTICS LTD	90,426.57
23	GHANA LIBYAN ARAB HOLDING CO LTD	78,307,568.60	43	NUMA LOGISTICS LTD	24,335,068.49
24	AKUAFO ADAMFO MARKETING CO LTD	46,781,369.86	44	NUMA LOGISTICS LTD	10,778,794.52

# GRC (Credit risk management) - control breaches

Loans not properly approved (Top 200 customer exposures) cont'd

No	Owner	Amount (GH¢)	No	Owner	Amount (GH¢)
41	PROMPT SUPPLIES SOLUTION GH. LTD	308,150.73	65	EUROSTAR GLOBAL LIMOUSINE LTD	73,221.29
42	GR CONSTRUCTION AND SERVICES LTD	11,333,189.04	66	EUROSTAR GLOBAL LIMOUSINE LTD	45,622.50
43	GR CONSTRUCTION AND SERVICES LTD	108,442.59	67	EUROSTAR GLOBAL LIMOUSINE LTD	2,083.34
44	GR CONSTRUCTION AND SERVICES LTD	17,590,778.08	68	MARIPOMA ENTERPISE LIMITED	367.38
45	GR CONSTRUCTION AND SERVICES LTD	9,014,991.78	69	MARIPOMA ENTERPISE LIMITED	282.13
46	BELSTAR CAPITAL LIMITED	36,738,249.07	70	MARIPOMA ENTERPISE LIMITED	1,584.09
47	MOBILE ZONE LTD	6,476.71	71	SCANPLUS ENTERPRISE	80,794.24
48	MOBILE ZONE LTD	18,029.41	72	AFRIWAVE TELECOM GHANA LIMITED	41,429.65
49	MOBILE ZONE LTD	230,420.40	73	AFRIWAVE TELECOM GHANA LIMITED	3,506,585.15
50	MOVELLE COMPANY LIMITED	74,900.31	74	UNIVERSAL CRYSTAL PRINT GHANA LTD	17,903.45
51	MOVELLE COMPANY LIMITED	6,051,048.21	75	UNIC SOLUTIONS LIMITED	800,033.51
52	MOVELLE COMPANY LIMITED	56.68	76	UNIC SOLUTIONS LIMITED	17,818,185.79
53	MOVELLE COMPANY LIMITED	6,762,000.59	77	FIRSTBANC FINANCIAL SERVICES LTD	57,731.88
54	MOVELLE COMPANY LIMITED	22,230,884.76	78	HARDWICK LIMITED	17,861,186.84
55	GOLD COAST PIONEER CONSTRUCTION LTD	8,731.87	79	OILCHANNEL LIMITED	10,189,249.68
56	STARMOUNT DEVELOPMENT CO. LTD	20,250,000.00	80	OILCHANNEL LIMITED	7,666,760.16
57	STARMOUNT DEVELOPMENT CO. LTD	10,500,000.00	81	SEC-PRINT GHANA LIMITED	5,082,859.93
58	A A MINERALS LIMITED	21,655.75	82	VALUE DELIVERY SERVICES	9,000,000.00
59	APEX POLLUTION CONTROL CO LTD	25,102,840.79	83	VALUE DELIVERY SERVICES	8,000,000.00
60	APEX POLLUTION CONTROL CO LTD	1,658,717.93	84	HON KLENAM GIFTY	924,512.63
61	APEX POLLUTION CONTROL CO LTD	736,469.98	85	PARKWAY DEVELOPERS LIMITED	8,709,854.62
62	CONSTRUCTION LOGISTICS LIMITED	27,287,826.29	86	GRACCO MERCHANTS LIMITED	409,449.19
63	NATIONWIDE INT PROCUREMENT GH LTD	212,615.24	87	GRACCO MERCHANTS LIMITED	1,358,249.59
64	IGIT COMPANY LIMITED	61,643.29	88	GRACCO MERCHANTS LIMITED	47,703.81

# GRC (Credit risk management) - control breaches

Loans not properly approved (Top 200 customer exposures) cont'd

No	Owner	Amount (GH¢)
89	LESITA COMPANY LIMITED	1,086,752.09
90	PRODUCTION PLUS GH LTD	815,092.18
91	PRODUCTION PLUS GH LTD	45,552.73
92	OQUAYE MIKE PROF	967,008.44
93	EURO EASI ENTERPRISE	948,157.64
94	BELKON PHARMACY LIMITED	3,067,083.62
95	TIZACO CONSTRUCTION LIMITED	50.04
96	TIZACO CONSTRUCTION LIMITED	3,200.99
97	TIZACO CONSTRUCTION LIMITED	2,183,132.33
98	MACBELLS COMPANY LIMITED	1,738,409.81
99	MACBELLS COMPANY LIMITED	4,436.34
100	OCEAN WINE ENTERPRISE	244,393.22
101	OCEAN WINE ENTERPRISE	14,929.90
102	OCEAN WINE ENTERPRISE	760,894.38
103	KT VICHCHRIS CO LTD	246,193.78
104	KT VICHCHRIS CO LTD	701,963.86
105	CALLENS SOLUTIONS LIMITED	703,894.66
106	CALLENS SOLUTIONS LIMITED	12,000,000.00
107	CALLENS SOLUTIONS LIMITED	3,658,092.06
108	YAW ADDO DEVELOPEMENTS LIMITED	7,984,210.59
109	YAW ADDO DEVELOPEMENTS LIMITED	1,500,710.19
110	CROMPTON LOGISTICS LIMITED	8,868,960.31
111	TG FINANCE & LEASING GHANA LIMITED	8,868,960.31
112	INTEGRATED PROPERTIES LTD	6,115,077.44
113	SAVANNA PRIDE LIMITED	3,263,731.32
114	STAR GOLDFIELD LTD	2,381,905.17



# Appendix

## 3. Governance, risk and compliance (GRC)

- 3.4 Internal audit function review



# GRC (Internal audit function review) – background and objectives

## Background

Internal Audit (IA) served as the third line of defence of the governance framework at uniBank. The IA function provided assurance to the Board through the Board Audit Committee (BAC) regarding the adequacy and effectiveness of controls, risk management and governance processes.

The IA Charter defined the purpose, authority and mandate of the IA function. The charter was consistent with the requirements of the International Professional Practice Framework (IPPF).

## Objective

The objective of this review was to assess the activities of the IA function and determine whether the IA function was effective in the discharge of its duties during the period (2016 and 2017) and consistency with the requirement of the IPPF.

## Scope

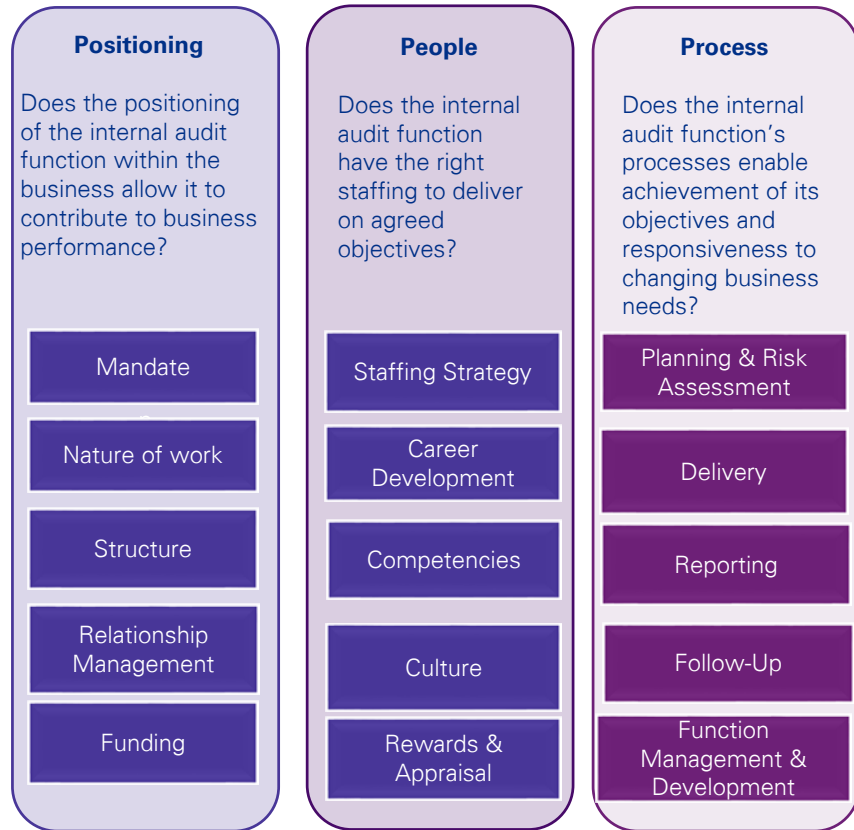
The scope of work included the following:

- The activities of the IA function for 2016 and 2017
- The structure of the IA function

# GRC (Internal audit function review) – approach and methodology

The approach to the work was aligned with KPMG’s proprietary methodology that focuses on three key aspects of an effective IA function’s performance, shown in the diagram below:

## K’Sprint Methodology



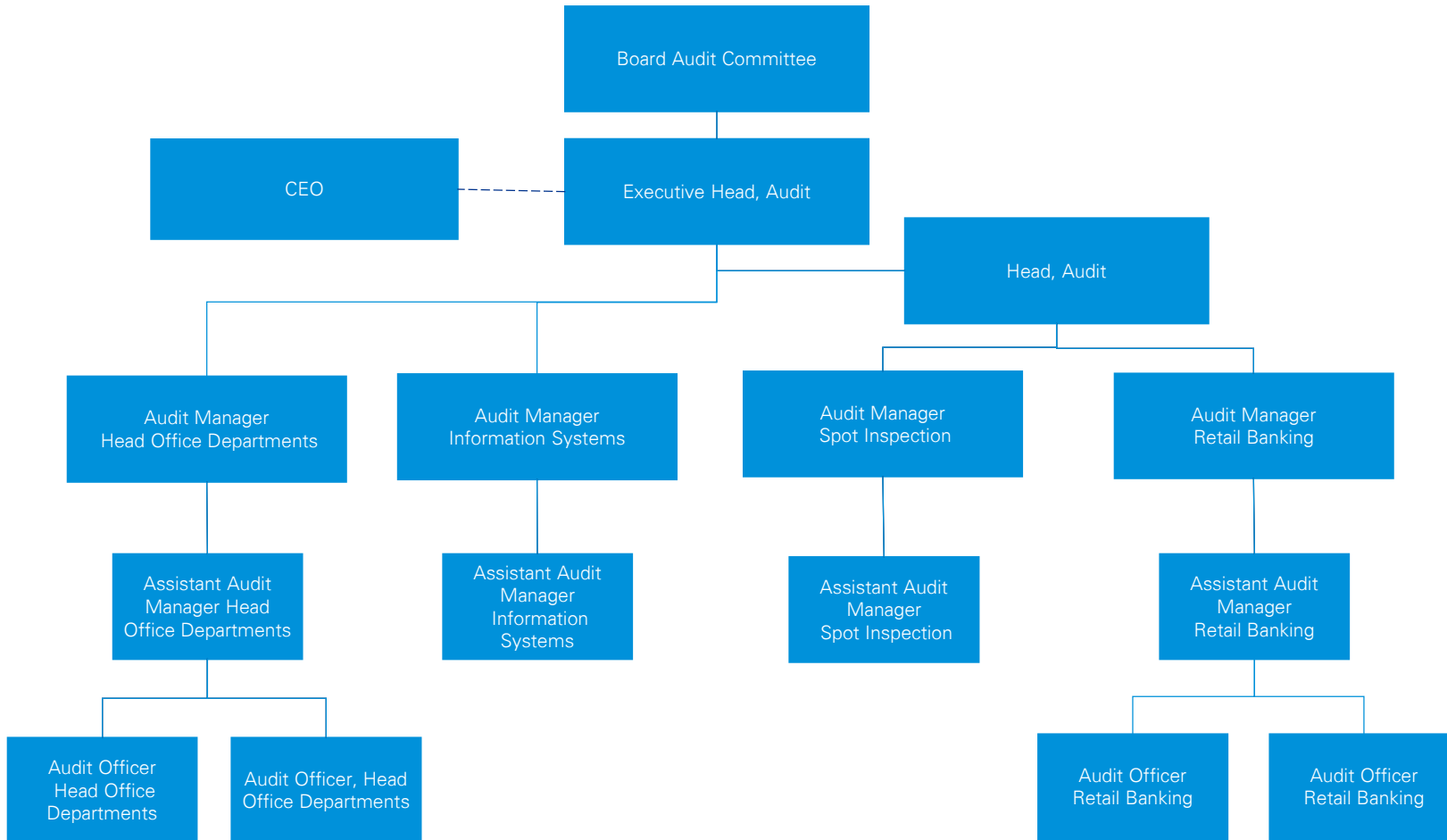
## Approach

Our approach to the work involved a combination of document review and interviews as summarised below:

1. Review of IA function’s policies and procedures, charter, risk based audit plan to understand the guidance, mandate, tools and information that governs the Bank’s IA function.
2. Interview with the Executive Head of the IA function, audit managers and selected IA staff to understand the planning processes, IA staff skills/competences, training offered etc.
3. Perform walkthrough to corroborate our understanding
4. Assess the adequacy of Internal Audit staffing strategy including the current skills and expertise of the Internal Audit staff
5. Verify reporting relationships between the IA function and the Board as well as senior management to assess the independence of the IA function
6. Review of the risks assessment processes leading to the development of the risk based IA plan to understand how auditable areas in the Bank are determined.
7. Assess the adequacy of audit planning, execution and reporting processes; including the use of technology to drive efficiency in the audit cycle.
8. Review a sample audit reports and work papers to assess the level of compliance with IIA Standards and leading practices.
9. Review of the career development plan of selected IA staff to understand how they are appraised and how skills needs are assessed and supported
10. Verify the adequacy of procedures to follow up audit findings
11. Identify gaps by comparing existing work practices with leading practices/IIA Standards.
12. Benchmark the position/level, reporting relationship and appraiser of the Executive Head of the IA function with Banks of the same tier (tier 1) in Ghana.

# GRC (Internal audit function review) – structure of IA function

The IA function had a team size of fourteen (14) people and supervised by an Executive Head located at the Kokomlemlé Branch. The reporting relationship of the IA function is depicted in the diagram below:



# GRC (Internal audit function review) – positioning

Observations	Leading Practice	Recommendations
<p><b><i>Involvement in Governance Reviews</i></b></p> <p>An effective IA function provides an independent assurance to the Board and senior management on the quality and effectiveness of internal controls, risk management and governance systems and processes.</p> <p>The IA function did not perform governance reviews to assess the adequacy and effectiveness of key Board and governance activities.</p> <p>Find below significant gaps in the governance processes at the Bank which the IA function could have identified:</p> <ul style="list-style-type: none"> <li>• The Board did not perform an external evaluation of its performance as required by leading practice</li> <li>• No induction for newly appointed directors</li> <li>• No formalised training programme for the Board</li> <li>• Directors were not required to attest that they have read and understood the code of conduct annually as required by leading practice</li> </ul>	<p><b><i>Performance Standards 2110 - Governance</i></b></p> <p>The IA activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:</p> <ul style="list-style-type: none"> <li>• Promoting appropriate ethics and values within the organisation;</li> <li>• Ensuring effective organisational performance management and accountability;</li> <li>• Communicating risk and control information to appropriate areas of the organisation; and</li> <li>• Coordinating the activities of and communicating information among the Board, external and internal auditors, and management.</li> </ul>	<p>The BAC should communicate to the Board the need for the IA function to review Board processes, in line with relevant guidelines and corporate governance codes, and proffer recommendations where necessary.</p> <p>Enhanced corporate governance practices will improve public confidence in the Board and the Bank.</p>

# GRC (Internal audit function review) – processes

Observations	Leading practice	Recommendations
<p><b>Internal Audit Planning</b></p> <p>uniBank developed a risk-based annual audit plan.</p> <p>uniBank has defined its audit universe with the appropriate details (impact and likelihood of occurrence). The Bank also assessed the effectiveness of control measures to manage the risk and consequently determined its residual risks to determine auditable areas.</p> <p>However, the risk assessment was performed every four years. There was no formal process to monitor and adjust the audit plan in response to changes in the Bank’s risk profile.</p> <p>The following gaps were noted in the Bank’s processes which the IA function could have identified:</p> <ul style="list-style-type: none"> <li>• Non-Performing loans</li> <li>• Management override in credit approval processes</li> <li>• Regulatory breaches</li> <li>• Inaccurate financial reports</li> <li>• Related party transactions</li> </ul>	<p><b>Performance Standards 2010:- Planning</b></p> <p>The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation’s goals.</p>	<p>The BAC should strengthen their oversight by continuously monitoring the risk assessment process to stay abreast with changing risk profile of the Bank and update accordingly.</p> <p>In order to be effective, risk management must be a continual process that will reflect real time challenges facing the business and thus support strategic decisions</p>

# GRC (Internal audit function review) – processes

Observations	Leading practice	Recommendations
<p><b>External Quality Assessment</b></p> <p>The activities of an effective IA function should be reviewed by a qualified external entity once in every five years.</p> <p>The IA function has not been reviewed by an external entity to assess its level of compliance with the IIA Standards.</p> <p>The following gaps in the Bank’s processes could have been identified by the IA function:</p> <ul style="list-style-type: none"> <li>• Risk assessment processes was not robust enough to consider changes in risk profile of the Bank</li> <li>• Inefficient processes in audit execution</li> <li>• No clear criteria to sample data for testing</li> <li>• Audit reports did not identify the root causes to issues identified</li> <li>• IA function did not perform effective follow-ups</li> </ul>	<p><b>Performance Standards 1312:</b></p> <p>External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.</p> <p>The chief audit executive must discuss with the Board:</p> <ul style="list-style-type: none"> <li>• The form and frequency of external assessment; and</li> <li>• The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.</li> </ul>	<p>The BAC must establish a quality assurance improvement programme, which must include both internal and external assessments.</p> <p>The internal assessment must include ongoing performance of the internal audit activity and periodic self assessment.</p> <p>The external assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.</p> <p>In addition, the Executive Head of Audit, must discuss with the Board the form and frequency of the external assessment and the credentials and independence of the external assessor, including any potential conflict of interest.</p>

# GRC (Internal audit function review) – processes

Observations	Leading practice	Recommendations												
<p><b>Lack of data analytics tools in the audit processes</b></p> <p>Workflow tools are foundational elements of a timely and efficient IA function in a banking environment. Data analytics tools are in many ways including the following:</p> <ul style="list-style-type: none"> <li>– support drill-down approach to risk assessment to drive development of specific audit programs</li> <li>– test the operating efficiency and effectiveness of controls that were created by management to mitigate risks and thus align their audit efforts appropriately</li> <li>– Enhanced the time required to cycle through an audit</li> </ul> <p>The IA function that it did not deploy data analytics in its audit approach.</p> <p>Lack of data analytics limited the IA function’s ability to extract and analyse process information in detail. Sampling was applied to executed audit activities. There is a risk that samples tested may not be representative of the population.</p> <p>Additionally, the IA function did not re-compute key income and expense lines</p> <p>The following were noted concerning the number of planned and executed audit in 2016 and 2017:</p> <table border="1" data-bbox="153 991 710 1130"> <thead> <tr> <th>#</th> <th>Year</th> <th>Planned</th> <th>Executed</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2016</td> <td>40</td> <td>32</td> </tr> <tr> <td>2</td> <td>2017</td> <td>43</td> <td>24</td> </tr> </tbody> </table> <p>This indicated that the function did provide adequate coverage in the planned scope of activities, which could have been improved if an efficient analytic tool had been used in the process.</p>	#	Year	Planned	Executed	1	2016	40	32	2	2017	43	24	<p><b>Attributes of World Class Internal Audit Function:</b></p> <p>It is critical that the IA function be supported and empowered by robust and formal processes enabled by technology and aligned with corporate strategy.</p>	<p>The BAC should invest in training all IA staff on the effective use of ACL or alternative data analytic tool.</p> <p>The IA function should harness technology throughout its audit processes to drive efficiency.</p>
#	Year	Planned	Executed											
1	2016	40	32											
2	2017	43	24											

# GRC (Internal audit function review) – processes

Observations	Leading practice	Recommendations
<p><b>Audit Execution</b></p> <p>IA did not maintain the following key information for audits conducted:</p> <ul style="list-style-type: none"> <li>– Source of information/data</li> <li>– Analysis of information</li> <li>– Engagement supervision</li> </ul> <p>There was no clear guidance on how to sample transactions for testing. Appropriate sampling guidance is essential to ensure samples are representative of the overall population.</p> <p>In addition, the audit reports did not address root causes. As such, the recommendations to the issues raised may focus on corrective rather than preventive.</p>	<p><b>Performance Standards 2300</b></p> <p>When performing engagements, Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement’s objectives.</p> <p>“IA produces reports (for individual audits and for governance bodies) which identify both root causes and consequences of issues and which are delivered on a timely basis with clarity and impact. “(KPMG Attributes of World-Class Internal Audit Functions)”</p>	<p>The leadership of the IA function should update the internal audit policies/manual with a formal process for selecting a representative group from a population under review.</p> <p>The guidance should consider the frequency of transactions as well as the associated risks to determine sample sizes.</p>



# GRC (Internal audit function review) – processes

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## Observations

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### ***No evidence of combined assurance plan***

There were four key assurance functions at uniBank (Internal Audit, Risk Management, Operational Rigour and Compliance).

Each of these assurance providers issued reports separately to senior management and /or the Board but collectively worked to ensure that risk facing the Bank were identified and managed to acceptable levels.

However, there was no evidence of a combined assurance plan to provide a coordinated approach to assurance activities.

Lack of a coordinated approach to assurance may lead to assurance fatigue. This may result in auditee's losing interest in the strategic intent of assurance and thus may be less cooperative.

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# GRC (Internal audit function review) – people

Observations	Leading practice	Recommendations
<p><b>Staffing Strategy</b></p> <p>The IA function at the Bank performed various activities including branch audits, spot audits, investigations and IT audits.</p> <p>Each of these audits required unique skills sets.</p> <p>There was no documented competency matrix showing the strengths/competences of IA staff to establish the basis for assigning people to audit engagements.</p> <p>Adequate understanding of the skill sets of IA staff will support the timely identification and rectification of gaps in the skill sets of audit staff.</p> <p>A robust competency matrix will also support an accurate deployment of resources. .</p>	<p>“The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.” (Standard 2030, IIA 2017)</p>	<p>The Head of the IA function must develop and implement a resourcing plan for all audit engagements.</p> <p>Management must assess the nature and complexity of every audit engagement and align it with the resource requirements appropriately.</p> <p>The plan should consider the knowledge, skills and other competences to identify and deploy resources as appropriate.</p>

# GRC (Internal audit function review) – oversight of the IA function

Observations	Leading practice	Recommendations
<p><b>Appraisal of the Executive Head of Audit</b></p> <p>BAC oversees the activities of the IA function.</p> <p>The Executive Head of Audit at uniBank reported functionally to the BAC and administratively to the CEO.</p> <p>The CEO appraised the Executive Head of the IA function every quarter, based on agreed goals in alignment with the Bank’s strategic direction.</p> <p>There is no evidence to support BAC reviewing and/or discussing the performance of the Executive Head of IA function for the period of 2016 – 2017.</p>	<p>“Audit Committee has the responsibility to review the work of the Chief Internal Auditor.”- (Section 16.2(e) of the BOG Banking and Financial Laws of Ghana)</p> <p>“The chief audit executive must report to a level within the organisation that allows the internal audit activity to fulfill its responsibilities. Functional reporting to the Board also includes Approving decisions regarding the appointment and removal of the chief audit executive.”- (Framework of the Internal Institute of Auditors (IIA))</p>	<p>The Board through the BAC should provide input into the annual evaluation of the Head of Audit.</p> <p>The KPIs for the IA function should be defined by the BAC with input from management and this should be reviewed with changes in business practice.</p>



# Appendix

## 3. Governance, risk and compliance (GRC)

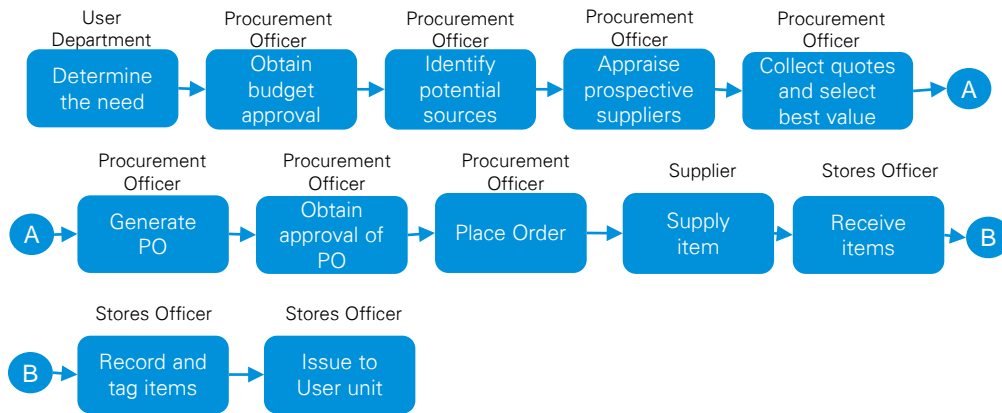
- 3.5 Procurement process

# GRC (Procurement process) - review of procurement function

## Functional Structure

The procurement unit is a function under the Finance Department of the Bank. The unit is staffed by two personnel – a procurement officer and procurement manager (who was employed in 2018). This number is inadequate considering the volume of transactions that the unit processes.

The diagram below depicts the general overview of the procurement process of the Bank.



## Scope of work

Although the Bank has a procurement unit, the unit does not have a full purview over the procurement activities as some of these activities reside and are controlled by other departments, including Human Resources, Estates and Transport.

Contrary to the procurement policy which states that “All procurement must be executed via Procurement unit” the activities of the unit only covers procurement of office furniture and fittings, computers and software, and office stationery items. Procurement of services, works, and high valued fixed assets (including vehicles, land, buildings and other properties) are controlled and executed by heads of department to which they relate to and other senior management staff.

## Procurement Policy

The unit has a procurement manual that defines, among other things, the procurement scope, policies, and procedures of its activities. The document which was last reviewed in 2017, is yet to be approved by the appropriate authority.

The document does not cover the following key areas of the procurement process:

- Dealing with related parties and conflict of interest: Given the volume and value of transactions with related entities, uniBank needs to have a policy on dealing with these related parties.
- Contract Compliance and Vendor Assessment

uniBank does not have a procurement committee to oversee procurement activities, contrary to the bank’s procurement policy.

## Software and System

The Bank did not have any system or software for processing its procurement transactions. The unit processed procurement transactions, including the generation of purchase orders, manually. This exposed the transactions to errors and manipulations. There were instances where the amount on the purchase order reviewed differed from what was captured in the procurement report and database.

# GRC (Procurement process) – review of procurement function

## Sourcing

The procurement policy requires the procurement manager to request pro-forma invoices from at least three prospective suppliers in support of a transaction. However 48 transactions out of our sample population of 77 were processed without requesting for pro-forma invoices from other entities. Many of these transactions were in favour of related entities of uniBank. The Bank may have lost value for the procurement activities as other options were not considered.

Details of sampled transactions executed through single sourcing are provided on subsequent pages (207 and 208).

## Vendor Selection

As per practice and policy, the procurement unit ought to appraise and approve prospective vendors to undertake procurement activities of the bank. Although the policy is specific on the criteria for selecting and approving vendors, the procurement unit does not formally appraise and document the assessment and selection of its vendors.

## Receiving Goods

The procurement unit is required to inform the stores unit about all procurements. Items purchased are either sent to the stores for stocking or sent directly to the user department for use. However, the following exceptions were noted from our review:

- The stores unit does not have a computerised system to process the activities of the unit
- It was difficult to trace procurement activities in the records of stores unit as procurement unit and stores unit use different codes for the same transaction.
- Some items procured by the Bank were sent directly to the user department without the knowledge of stores and hence these items are not in the records of stores unit.

## Contract Management

The procurement committee of the Bank is the only authority with the power to negotiate and sign procurement contracts". Nonetheless, there was no evidence of the existence of the committee. Contracts are signed by the user units, sometimes without the knowledge of the procurement unit, and finally approved by the top management.

## Performance Management

According to best practices and the policy of the Bank "The performance of Bank's Preferred Suppliers must be re-evaluated at least every twelve months in order to ensure that the preferred suppliers are providing the optimum level of quality, service and value for money to uniBank Ghana Limited". Nonetheless, we noted that for our scope period, the Procurement Unit has not conducted appraisal of its vendors.

## GRC (Procurement process) - single sourcing procurement

LPO No.	LPO Date	Approval Date	Supplier	Amount	Currency
114	07/03/2017	08/03/2017	NCR GHANA LIMITED	72,709.00	\$
362	04/09/2017	08/09/2017	NCR GHANA LIMITED	66950.00	\$
40	26/01/2017	26/01/2017	QUALITY LINKS AND SUPPLY	65,360.00	\$
262	22/06/2017	27/06/2017	NGINX INTERNATIONAL LIMITED	52657.50	\$
96	22/02/2017	15/03/2017	CFG COMPUTER FORENSICS INC	51,120.00	\$
342	18/08/2017	24/08/2017	NCR GHANA LIMITED	69,950.00	\$
324	07/08/2017	10/08/2017	CALLENS SOLUTIONS	46,500.63	€
184	21/04/2017	24/04/2017	KANTANKA AUTOMOBILE	280,000.00	GH¢
348	22/08/2017	22/08/2017	TOYOTA GHANA COMPANY LIMITED	174,427.00	GH¢
466	29/11/2017	30/11/2017	ALBAN LOGISTICS	162,740.00	GH¢
145	23/03/2017	24/03/2017	SAKPRADZA PRODUCTION	141,000.00	GH¢
108	01/03/2017	07/04/2017	TELEMEDIA	130,174.01	GH¢
8	04/01/2018	08/01/2018	ALBAN LOGISTICS	126,193.12	GH¢
54	15/02/2018	02/03/2018	BRAND 68	126,143.75	GH¢
51	31/01/2017	01/02/2017	UNIPRECISION	105,750.00	GH¢
332	11/08/2017	14/08/2017	ALBAN LOGISTICS	99,129.58	GH¢
19	11/01/2018	15/01/2018	ALBAN LOGISTICS	87,660.41	GH¢
59	20/02/2018	21/02/2018	ALBAN LOGISTICS	82,136.91	GH¢
425	19/10/2017	23/10/2017	ALBAN LOGISTICS	78,838.26	GH¢
364	05/09/2017	05/09/2017	ALBAN LOGISTICS	78,350.17	GH¢
136	20/03/2017	20/03/2017	DOCUTECH	67170.18	GH¢
339	17/08/2017	21/08/2017	CHARTER HOUSE PRODUCTIONS	62,812.68	GH¢
350	24/08/2017	24/08/2017	RONFORIA	61,800.00	GH¢
29	23/01/2017	24/01/2017	QUALITY LINKS AND SUPPLY	60,150.00	GH¢
37	25/01/2018	29/01/2018	ALBAN LOGISTICS	59,667.90	GH¢
133B	16/03/2017	21/03/2017	DSV ENTERPRISE	58,750.00	GH¢

## GRC (Procurement process) - single sourcing procurement

LPO No.F	LPO Date	Approval Date	Supplier	Amount	Currency
268	27/06/2017	27/06/2017	COMPUPRINT	58,750	GH¢
111	02/03/2017	15/03/2017	TELEMEDIA	55,189.75	GH¢
469	08/12/2017	11/12/2017	ALBAN LOGISTICS	53,587.4	GH¢
338	17/08/2017	21/08/2017	SAKI PUBLICITY LIMITED	53,170.51	GH¢
25	18/01/2017	20/01/2017	EXPLOTECH GHANA LTD	52,875	GH¢
394	22/09/2017	04/10/2017	ALBAN LOGISTICS	51,550.86	GH¢
16	11/01/2018	15/01/2018	CHARISOFT	50,000.00	GH¢
219	22/05/2017	23/05/2017	DOCUTECH	46,447.02	GH¢
33	25/01/2018	29/01/2018	UNIPRECISION	45,120.00	GH¢
218	22/05/2017	06/06/2017	UNIPRECISION	42,887.50	GH¢
158	30/03/2017	06/04/2017	EXTREME POWER NET	39,820.75	GH¢
212	18/05/2017	23/05/2017	QUALITY LINKS AND SUPPLY	39,800.00	GH¢
663	22/12/2016	05/01/2017	LINTELL BUSINESS SYSTEMS	39,000.00	GH¢
319	02/08/2017	04/08/2017	BRAND 68	37,801.53	GH¢
174	11/04/2017	13/04/2017	H2 SOLUTION AFRICA	37,329.28	GH¢
274	05/07/2017	07/07/2017	UNIPRECISION	35,720.00	GH¢
20	12/01/2018	15/01/2018	GENAU GHANA LIMITED	35,020.00	GH¢
183	21/04/2017	24/04/2017	GENAU GHANA LIMITED	34,000.00	GH¢
45	26/01/2017	26/01/2017	DOCUTECH	32,221.67	GH¢
411	09/10/2017	11/10/2017	BRAND 68	26,945.69	GH¢
661	22/12/2016	04/01/2017	VISION AND VICTORY SOLUTION	20,000.00	GH¢
87	16/02/2017	17/02/2017	BARIMPEX	15,050.00	GH¢





# Appendix

## 3. Governance, risk and compliance (GRC)

- 3.6 Risk management

# GRC (Risk management) – objectives, scope and approach

## Objective and Scope

The objective of this risk management review was to identify gaps in the risk management framework and activities of uniBank over the period of January 2017 to March 2018, relative to BoG's regulations and other relevant leading standards.

Specifically, we considered the following key elements of the risk management activities:

- Risk Governance
- Risk Strategy and Appetite
- Risk Assessment and Measurement
- Risk Reporting
- Other Risk Management Activities

## Approach

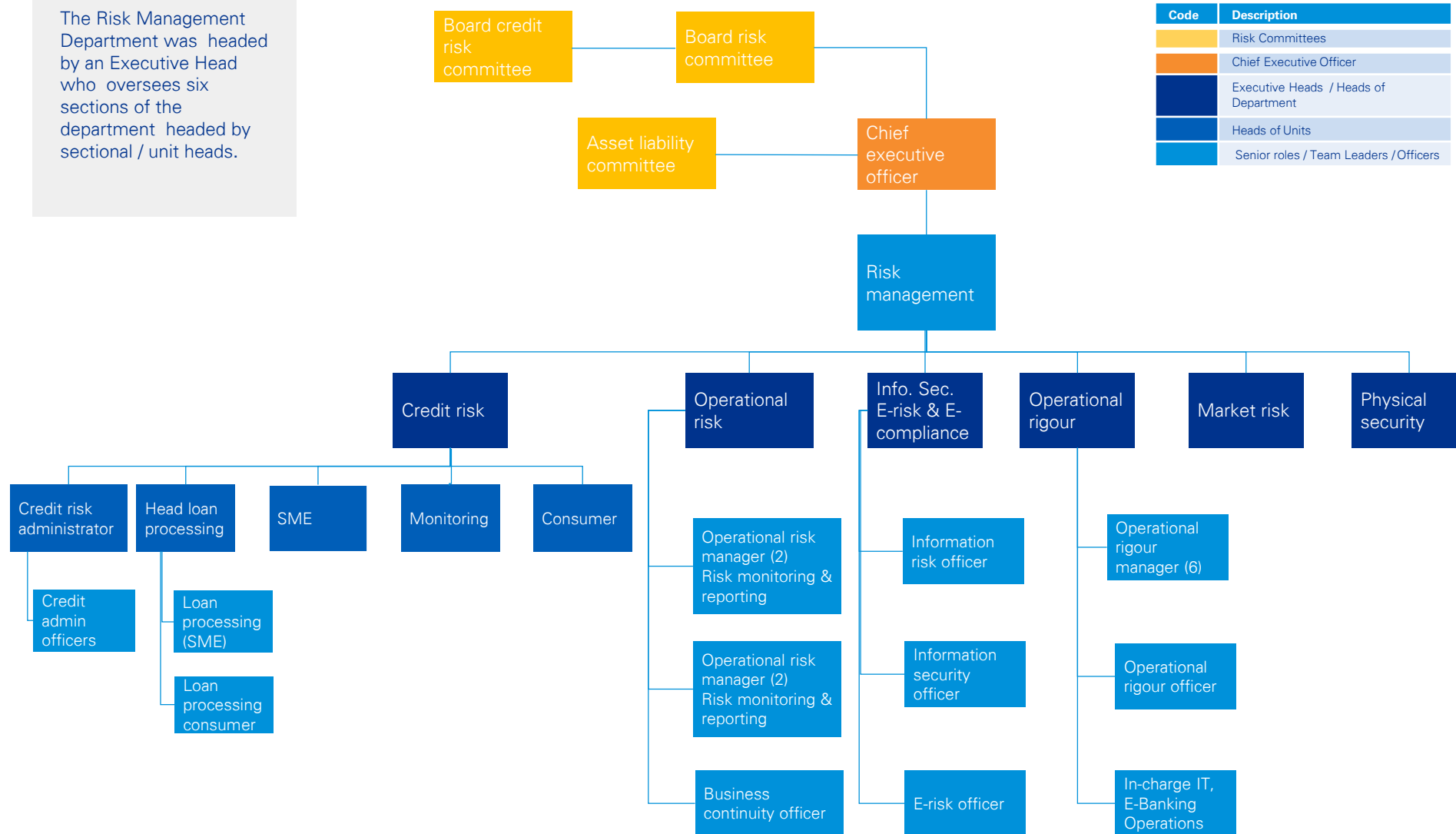
Based on our review of the risk management structure and activities of uniBank, risk management activities were conducted through the lenses of credit risk, operational risk, operational rigour, market risk, physical security, information security and electronic compliance.

In the course of executing the scope, we performed the following:

- Interviewed relevant stakeholders, including members of the risk committee, business unit leaders and members of executive management
- Reviewed existing documentation, including current policies and procedures and documentation prepared in support of risk management
- Evaluated and benchmarked the effectiveness of uniBank's current Risk Management's programme against KPMG's Global Risk Management Maturity Framework and industry-specific leading practices

# GRC (Risk management) - governance structure

The Risk Management Department was headed by an Executive Head who oversees six sections of the department headed by sectional / unit heads.



Code	Description
Yellow	Risk Committees
Orange	Chief Executive Officer
Dark Blue	Executive Heads / Heads of Department
Medium Blue	Heads of Units
Light Blue	Senior roles / Team Leaders / Officers

# GRC (Risk management) – board risk committee

## Role

The Board Risk Committee was responsible for advising the Board on the overall current and future risk tolerance/appetite of the bank and the strategy to oversee its implementation.

## Responsibility

- i. Propose risk appetite, governance structure and the risk management framework and also ensure that the risk policy is in alignment with overall business strategy.
- ii. Propose the methodology to review risk management activities and obtain assurance on risk management effectiveness & compliance.
- iii. Monitor compliance with risk management policies and adequacy of controls.
- iv. Report / escalate issues to the Board of Directors.

## Membership

Membership should comprise at least two (2) Non-Executive Directors and two (2) Executive Directors. At least one should be independent. The Chairman should be chosen from among the two (2) Non-Executive Directors. Any other Non-Executive Director of the Board should have the right to attend and take part in any meeting of the Risk Management Committee.

## Observations

- The Board Risk Committee had more Executive Directors than Non-Executive Directors.
- The Committee did not have the Charter which should have spelt out its terms of reference and membership composition.
- uniBank had no Risk Appetite Statement, to define the amount and type of risk that the Bank is willing to take in order to meet its strategic objectives.
- uniBank did not have a policy document on Enterprise Risk Management Framework.
- Evidence of the committee's review of high level oversight and critique of the design and execution of the scenario analysis and stress-testing of the Bank was not sighted.
- Evidence of the Risk Committee formally escalating risk issues and violation of regulation and compliance to the Board of Directors were not sighted.

# GRC (Risk management) – board credit risk committee

## Role

This committee was responsible to oversee the credit risk management processes at the Bank.

## Responsibility

- I. Consideration and approval of credit risk policies of the bank
- II. Approval of product programmes and individual/business credit lines within credit approval authority
- III. Approval of the risk rating framework
- IV. Approval of credit requests and proposals within limits defined by the credit policy
- V. Approval of loan write-offs within limits as approved by the Board of Directors
- VI. Approval of all amendments and exceptions to policies

## Membership

Membership should comprise at least two (2) Non-Executive Directors, and two (2) Executive Directors. The Chairman should be chosen from among the Non-Executive Directors.

## Observations

The Credit Risk Committee had continuously and consistently approved loan facilities without reference to scenario analysis and stress-testing of the Bank. These are required by the Basel II / III guidelines and Capital Requirements Directive of BOG.

## Unusual Credit Transactions

Loans and advances with outstanding balances sampled and totalling GH¢980.9 million were disbursed without adequate consideration of the Bank's credit policy. In some cases, there were no loan files to provide documentary proof of the existence of the loan. In other instances where files were provided, there was no evidence on file to confirm how the facilities were approved. These facilities lacked clarity on processes followed and further work will be required to establish whether these loans were properly procured.

Details of such loans and advances are provided in the subsequent pages (**Pages 214 and 215**)

# GRC (Risk management) - unusual credit transactions

Customer name	Start date	Maturity date	Contract amount (GH¢)	Outstanding principal balance as at	
				31 May 2018	(GH¢)
LHS GHANA LIMITED	20/11/2017	30/11/2018	116,923,300	116,923,300.00	
ATTACHY CONSTRUCTION LIMITED	30/12/2016	30/06/2018	86,830,570	75,895,921.70	
CASSEL ENERGY LIMITED	20/11/2017	30/11/2019	67,506,660	67,506,660.00	
FUZAK COMPANY LIMITED	30/12/2016	30/06/2018	47,683,503	47,683,503.38	
NATIONWIDE INT PROCUREMENT GH LTD	01/07/2016	31/12/2021	32,917,630	40,973,730.68	
ATTACHY CONSTRUCTION LIMITED	29/12/2017	30/06/2018	31,000,000	32,917,629.70	
CONSTRUCTION LOGISTICS LIMITED	30/11/2016	30/11/2020	29,931,750	29,573,504.82	
MID WEST DELIVERY SERVICES LIMITED	30/11/2016	31/12/2021	29,250,000	28,190,928.38	
IGIT COMPANY LIMITED	30/11/2016	30/11/2021	24,500,000	27,180,591.81	
PROMPT SUPPLIES SOLUTION GH. LTD	30/11/2016	31/12/2020	23,000,000	26,770,212.47	
NUMA LOGISTICS LTD	30/11/2016	31/12/2021	22,000,000	24,626,575.27	
UNIC SOLUTIONS LIMITED	01/07/2016	31/12/2021	20,736,000	22,154,882.82	
STARMOUNT DEVELOPMENT CO. LTD	30/11/2016	31/12/2021	20,350,000	20,250,000.00	
AQUARIUS RESOURCES INT&L LIMITED	27/11/2017	31/12/2019	20,250,000	19,866,780.81	
SCANPLUS ENTERPRISE	30/11/2016	30/11/2021	20,000,000	19,149,277.75	
UNIVERSAL CRYSTAL PRINT GHANA LTD	30/11/2016	31/12/2020	20,000,000	18,946,688.84	
SUMPTER INVESTMENTS LTD	01/07/2016	31/12/2020	19,980,000	18,837,174.62	
GR CONSTRUCTION AND SERVICES LTD	30/11/2016	31/12/2021	19,237,500	17,830,762.21	
SOTON DUTIES LIMITED	30/11/2016	31/12/2021	18,250,000	17,777,777.70	
VOLTA IMPEX LIMITED	30/11/2016	30/11/2020	18,000,000	17,753,283.16	
MAXIMIL LOGISTICS ENTERPRISE	30/11/2016	30/11/2020	18,000,000	16,841,135.03	
MAX ESTATE LIMITED	01/07/2016	31/12/2020	17,500,000	16,840,489.72	
WESTERN DUTIES LIMITED	30/11/2016	31/12/2021	17,500,000	16,000,000.00	
ALEXIDOR ENTERPRISE	27/11/2017	31/12/2021	16,650,000	15,000,000.00	
LIMERICA GHANA LIMITED	27/11/2017	31/12/2021	15,000,000	15,000,000.00	
ATTACHY CONSTRUCTION LIMITED	01/07/2016	31/12/2020	15,000,000	14,631,502.54	
U-COMM LIMITED	27/11/2017	31/12/2020	15,000,000	14,570,730.59	
LEAD BUSINESS ENTERPRISE	30/11/2016	30/11/2018	15,000,000	13,942,742.78	
CENTRAL ALLIANCE SERVICES LIMITED	30/11/2016	31/12/2021	15,000,000	13,333,333.30	
PROMPT SUPPLIES SOLUTION GH. LTD	30/11/2016	30/11/2020	14,212,121	13,147,833.65	

# GRC (Risk management) - unusual credit transactions

Customer name	Start date	Maturity date	Contract amount (GH¢)	Outstanding principal balance as at	
				31 May 2018	(GH¢)
FUZAK COMPANY LIMITED	01/07/2016	31/12/2021	14,000,000	13,087,029.19	
FUZAK COMPANY LIMITED	30/11/2016	30/11/2021	13,000,000	12,714,904.97	
SEC-PRINT GHANA LIMITED	30/11/2016	31/12/2019	12,650,000	12,051,408.06	
CALLENS SOLUTIONS LIMITED	27/11/2017	31/12/2020	12,600,000	12,000,000.00	
NUMA LOGISTICS LTD	30/11/2016	30/11/2020	12,000,000	11,681,344.52	
VALUE DELIVERY SERVICES	20/11/2017	31/12/2019	12,000,000	11,050,410.96	
LHS GHANA LIMITED	29/12/2017	31/12/2019	12,000,000	11,041,921.12	
MID WEST DELIVERY SERVICES LIMITED	30/11/2016	30/11/2021	11,550,000	11,006,180.75	
CENTRAL ALLIANCE SERVICES LIMITED	30/11/2016	30/11/2020	11,000,000	10,714,285.70	
DEO GRATIAS COMPANY LIMITED	27/11/2017	31/12/2020	10,350,000	10,000,000.00	
STARMOUNT DEVELOPMENT CO. LTD	30/11/2016	30/11/2021	10,000,000	9,800,000.00	
GR CONSTRUCTION AND SERVICES LTD	30/11/2016	30/11/2019	10,000,000	9,781,685.75	
JOE MARA PLANT POOL LTD	27/11/2017	31/12/2020	9,000,000	9,286,986.30	
WESTERN DUTIES LIMITED	30/11/2016	30/11/2019	8,000,000	9,215,188.68	
VALUE DELIVERY SERVICES	20/11/2017	31/12/2019	7,200,000	9,000,000.00	
DEO GRATIAS COMPANY LIMITED	27/11/2017	31/12/2019	7,000,000	8,207,260.28	
JOE MARA PLANT POOL LTD	29/12/2017	31/12/2019	6,660,000	7,200,000.00	
SOTON DUTIES LIMITED	30/11/2016	30/11/2019	6,000,000	7,010,350.55	
MAX ESTATE LIMITED	01/07/2016	31/12/2020	4,389,306	5,620,725.77	
U-COMM LIMITED	15/02/2017	30/06/2019	2,078,795	2,289,306.28	
JOE MARA PLANT POOL LTD	04/01/2017	31/12/2018	1,813,073	1,813,072.84	
AQUARIUS RESOURCES INT&L LIMITED	29/12/2017	30/06/2018	1,804,566	1,804,566.18	
FUZAK COMPANY LIMITED	22/12/2017	28/02/2019	1,702,000	1,702,000.00	
ALEXIDOR ENTERPRISE	08/12/2017	30/11/2019	900,000	1,025,846.91	
DEO GRATIAS COMPANY LIMITED	29/12/2017	31/12/2018	220,000	900,000.00	
ALEXIDOR ENTERPRISE	06/09/2017	31/08/2019	176,399	811,546.95	
<b>TOTAL</b>				<b>1,040,932,975.49</b>	

# GRC (Risk management) - credit risk committee

The following breaches again depicted the weakness of the Credit Committee’s oversight: role.

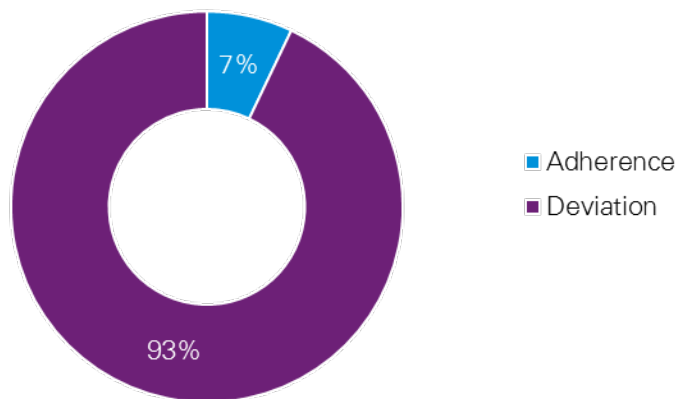
### Adherence to credit policies

Out of a total of 127 facilities reviewed, 76 (constituting about 60% of the sampled population) did not bear any evidence of formal approvals.

14 facilities (11% of the population) approved by the CEO, were in excess of the authorised limits of the CEO.

Only 9 facilities (consisting 6% of the population), were ratified by the Board.

Adherence of Credit Policy



### Pre-disbursement conditions

Of the facilities reviewed, 16 did not have offer letters on file. 1 offer letter that was on file had not been signed by the customer. No Board resolutions from the borrowing customers were sighted in support of 39 facilities advanced.

No loan files were available for 8 customers with a total exposure of GH¢266 million.

#### Pre-disbursement conditions

Nature of deviation	No.
No offer letter on file	16
No Board Resolution	39
Unapproved Overdraft	29
No file provided (5 customers)	13
No credit analysis and approval	21
Board resolution dated the same day as offer letter	3
Not properly approved	15
Offer letter not signed by customer	1
Facilities signed by board chairman but not at board meeting	26

Details of credit facilities for which exceptions were noted are captured in the subsequent slides below (Pages 217 to 227)



# GRC (Risk management) - credit risk evaluation and approval

Customer name	Loan account	Outstanding principal GH¢	Approval Status	Approved by	Comments
UNIPRECISION PROJECT ACCOUNT	0021400703781	24,904,649.89	N/A	N/A	No file was provided
	0021500703781	22,770,418.16	N/A	N/A	No file was provided
	0021300703783	16,727,188.59	N/A	N/A	No file was provided
	0001000050277	68,389,100.00	N/A	N/A	No file was provided
RLG COMMUNICATIONS LIMITED	0001000026084	122,062,816.14	Not approved	N/A	No offer letter on file, no Board resolution, no credit analysis and approval
	0001000001609	3,258,407.01	Not approved	N/A	No offer letter on file, no Board resolution, no credit analysis and approval
	0021300847181	59,851.03	Not approved	N/A	No offer letter on file, no Board resolution, no credit analysis and approval
CASSEL ENERGY LIMITED	0211300968922	510,987.94	Not approved	N/A	Unapproved overdraft
	0211000968921	18,132,660.00	Approved	BOD	No Board resolution
	0211400968921	16,637,649.18	Not approved	N/A	No offer letter on file, no Board resolution, no credit analysis and approval
	0001000050270	67,506,660.00	Not approved	N/A	No offer letter on file, no Board resolution, no credit analysis and approval

# GRC (Risk management) - credit risk evaluation and approval

Customer name	Loan account	Outstanding principal GH¢	Approval Status	Approved by	Comments
SMAGOW RESOURCES (GH) LTD	0001000022082	89,696,611.38	Approved	BOD	
	0021300179782		Not approved	N/A	Unapproved overdraft
	0021000179781	472,894.35	Not properly approved	CEO	No credit analysis, email approval from CEO, restructured amount beyond approval limit of GH¢400,000
AFRICAN INDEPENDENT COASTAL SER LTD		19,612,798.03			
	0001000001051	8,594,492.62	Not approved	N/A	No credit risk analysis and approval, no Board resolution
	0121400795241		Not approved	N/A	No credit risk analysis and approval, no Board resolution
	0121000795241	982,007.82	Not approved	N/A	No credit risk analysis and approval, no Board resolution
	0001000004879	402,029.91	Not approved	N/A	No credit risk analysis and approval, no Board resolution
GHANA LIBYAN ARAB HOLDING CO LTD AKUAFO ADAMFO MARKETING CO LTD		84,667,885.01			
	0001000006015	111,320,859.89	Not approved	N/A	No credit analysis, restructured amount but no approval sighted
	0001000003474	81,552,876.70	Not approved	N/A	No offer letter, no credit analysis and approval
	0091409144061	31,602,229.49	Not approved	N/A	No offer letter, no credit analysis and approval

## GRC (Risk management) - credit risk evaluation and approval

Customer name	Loan account	Outstanding principal GH¢	Approval Status	Approved by	Comments
	0001000004610	13,087,029.19	Not approved	N/A	Approval was not sighted, Board resolution dated same date as the offer letter
	0211301524051	142,068.23	Not approved	N/A	Unapproved overdraft
FUZAK COMPANY LIMITED	0001000049243	1,702,000.00	Approved	N/A	Board resolution dated same date as the offer letter
	0001000026085	47,683,503.30	Approved	N/A	Board resolution dated same date as the offer letter
	0001000024246	12,714,904.97	Not approved	N/A	Approval was not sighted on file
	0001000003837	40,061.16	Not approved	N/A	Approval was not sighted. No Board resolution to borrow
LOGISTICS SUPPORT SERVICES	0121300411081	19,704,155.32	Not approved	N/A	Approval was not sighted. No Board resolution to borrow
	0001000026128	47,181,226.20	Not approved	N/A	Approval was not sighted. No Board resolution to borrow
	0021302438061	43,483,291.38	Not approved	N/A	Unapproved overdraft
VOLTA IMPEX LIMITED	0001000024253	17,753,283.16	Approved	N/A	No Board resolution
MYTURN LIMITED	0001000049603	53,500,634.40	Approved	BOD	

# GRC (Risk management) - credit risk evaluation and approval

Customer name	Loan account	Outstanding principal GH¢	Approval Status	Approved by	Comments
JOSHOB CONST CO LTD	0001000007059	3,582.70	Not approved	N/A	Unapproved overdraft
	0001000006797	52,957.20	Not approved	N/A	Unapproved overdraft
	0001000006800	48,075.42	Not approved	N/A	Unapproved overdraft
	0001000025930	48,700,186.00	Approved	BOD	
BLU TELECOMMUNICATIONS LIMITED	0001000006069	3,960,460.19	Not approved	N/A	Unable to identify the facilities on file
	0001000003912	3,588,671.55	Not approved	N/A	Unable to identify the facilities on file
	0001000003917	39,492.82	Not approved	N/A	Unable to identify the facilities on file
	0121400919311	30,495,507.12	Not approved	N/A	Unable to identify the facilities on file
	0121400919312	8,572,627.05	Not approved	N/A	Unable to identify the facilities on file
	0001000002421	1,454,026.20	Not approved	N/A	Unable to identify the facilities on file

# GRC (Risk management) - credit risk evaluation and approval

Customer name	Loan account	Outstanding principal GH¢	Approval Status	Approved by	Comments
NUMA LOGISTICS LTD	0021300783851		Not approved	N/A	Unapproved overdraft
	0021300783852	10,667,443.75	Not approved	N/A	Unapproved overdraft
	0001000024208	101,075.80	Not approved	N/A	No Board resolution to borrow. No approval on file
	0001000024202	24,626,575.27	Not approved	N/A	No Board resolution to borrow. No approval on file
KNET LIMITED	0001000049291	11,681,344.52	Not properly approved	CEO	Approved restructured amount beyond limit of GH¢400,000
		43,744,582.28			
SPRINGFIELD ENERGY LIMITED	0001000049586	13,037,449.86	Not properly approved	CEO	Approved restructured amount beyond limit of GH¢400,000
	0001000049588	28,553,187.35	Not properly approved	CEO	Approved restructured amount beyond limit of GH¢400,000
PROMPT SUPPLIES SOLUTION GH. LTD	0211310506291		Not approved	N/A	Unapproved overdraft
	0001000024222	344,440.58	Approved	BOD	
	0001000024223	26,770,212.47 13,147,833.65	Approved	BOD	

# GRC (Risk management) - credit risk evaluation and approval

Customer name	Loan account	Outstanding principal GH¢	Approval Status	Approved by	Comments
GR CONSTRUCTION AND SERVICES LTD	0001000024225	12,724,717.81	N/A	N/A	No file was provided
	0211310505331	121,213.50	N/A	N/A	No file was provided
	0001000024236	17,830,762.21	N/A	N/A	No file was provided
	0001000024227	12,724,717.81	N/A	N/A	No file was provided
MID WEST DELIVERY SERVICES LIMITED	0001000024235	28,190,928.38	Approved	BOD	No Board resolution to borrow
	0001000024232	11,006,180.75	Approved	BOD	No Board resolution to borrow
BELSTAR CAPITAL LIMITED	0211410200262	40,210,676.98	Not approved	N/A	No file was provided
MOBILE ZONE LTD	0001000017840	6,476.71	Not approved	N/A	Unapproved overdraft
	0001000003852	18,029.41	Not approved	N/A	Unapproved overdraft
	0001000029825	29,184,277.80	Approved	BOD	
	0001000029728	8,645,436.15	Approved	BOD	

## GRC (Risk management) - credit risk evaluation and approval

Customer name	Loan account	Outstanding principal GH¢	Approval Status	Approved by	Comments
MOVELLE COMPANY LIMITED	000100000463	74,900.31	Not approved	N/A	No approval on file
	0211001540331	6,059,680.23	Not approved	N/A	Crystallised LC. Approval yet to be sighted
	0211301540331	63.36	Not approved	N/A	Unapproved overdraft
	0001000049579	7,368,108.23	Not approved	N/A	Crystallised LC. Approval yet to be sighted
	0001000026048	22,230,884.70	Not approved	N/A	No approval, no credit analysis
GOLD COAST PIONEER CONSTRUCTION LTD	0001000004741	46,347,768.53	Approved	BOD	No Board resolution to borrow
	0211300995901	9,760.18	Not approved	N/A	Unapproved overdraft
CYMAIN GHANA LIMITED	0001000040281	5,985,636.53	Approved	BOD	
	0001000038350	3,253,018.32	Approved	BOD	
	0001000032400	10,140,794.51	Approved	BOD	
	0001000032403	5,382,461.11	Approved	BOD	
	0211401824471	133,146.30	Approved	BOD	
	0001000049059	8,690,580.26	Not properly approved	CEO	Approval amount beyond limit of GH¢400,000
	0001000049055	2,315,814.27	Not properly approved	CEO	Approval amount beyond limit of GH¢400,000

# GRC (Risk management) - credit risk evaluation and approval

Customer name	Loan account	Outstanding principal GH¢	Approval Status	Approved by	Comments
FUELTRADE LTD GAS	0021400805152	16,111,116.97	Not properly approved	CEO	Restructured amount beyond Limit of GH¢400,000
	0001000049234	20,531,269.46	Not properly approved	CEO	Restructured amount beyond Limit of GH¢400,000
STARMOUNT DEVELOPMENT CO. LTD	0001000024233	20,250,000.00	N/A	N/A	No file was provided
	0001000024221	9,800,000.00	N/A	N/A	No file was provided
A A MINERALS LIMITED	0021300513001	24,206.07	Not approved	N/A	Unapproved overdraft
	0001000026000	37,769,358.26	Not properly approved	CEO	No Board resolution to borrow. Approved amount beyond limit of GH¢400,000
APEX POLLUTION CONTROL CO LTD	0001000004381	31,001,528.04	Not approved	N/A	No approval sighted. No credit analysis sighted, no board resolution
	0211400953841	1,854,059.44	Not approved	N/A	Unapproved overdraft
	0211400953842	823,201.52	Not approved	N/A	Unapproved overdraft
CONSTRUCTION LOGISTICS LIMITED	0001000024249	29,573,504.82	Not approved	N/A	No Board resolution, no credit risk analysis, no approval
NATIONWIDE INT PROCUREMENT GH LTD	0021300103901	237,654.20	Not approved	N/A	Unapproved overdraft
	0001000013109	40,973,730.68	Not properly approved	CEO	Offer letter not signed by customer, No approval and Board resolution to borrow were sighted. Approved amount beyond limit



# GRC (Risk management) - credit risk evaluation and approval

Customer name	Loan account	Outstanding principal GH¢	Approval Status	Approved by	Comments
CENTRAL ALLIANCE SERVICES LIMITED	0001000024200	13,333,333.30	Approved	BOD	No Board resolution
	0001000024205	10,714,285.70	Approved	BOD	No Board resolution
IGIT COMPANY LIMITED	0211402547361	68,902.82	Not approved	N/A	Unapproved overdraft
	0001000024224	27,180,591.81	Approved	BOD	
EUROSTAR GLOBAL LIMOUSINE LTD	0001000003233	29,630,804.68	Approved	BOD	Restructured offer letter was approved before credit analysis was performed and approved.
	0021000780202	45,687.58	Not approved	N/A	Unapproved overdraft
	0021300780202	2,328.68	Not approved	N/A	Unapproved overdraft
WESTERN DUTIES LIMITED	0001000024243	16,000,000.00	Not properly approved	CEO	No Board resolution. Approved amount beyond limit of GH¢400,000
	0001000024242	9,215,188.68	Not properly approved	CEO	No Board resolution. Approved amount beyond limit of GH¢400,000
SOTON DUTIES LIMITED	0001000024247	17,777,777.70	Approved	BOD	No Board resolution
	0001000024244	7,010,350.55	Approved	BOD	No Board resolution

# GRC (Risk management) - credit risk evaluation and approval

Customer name	Loan account	Outstanding principal GH¢	Approval Status	Approved by	Comments
MARIPOMA ENTERPISE LIMITED	0211302233191	400.75	Not approved	N/A	Unapproved overdraft
	0211302233193	315.35	Not approved	N/A	Unapproved overdraft
	0211302233192	1,770.64	Not approved	N/A	Unapproved overdraft
	0001000049591	24,452,934.23	Approved	BOD	
SCANPLUS ENTERPRISE	0211302560631	90,309.10	Not approved	N/A	Unapproved overdraft
	0001000024248	3,935,958.89	Approved	BOD	No Board resolution
	0001000024251	19,149,277.75	Approved	BOD	No Board resolution
COB-A INDUSTRIES LIMITED	0001000006113	595,503.36	Approved	BOD	No Board resolution to borrow from customer
	0001000028382	21,637,181.76	Approved	BOD	No Board resolution to borrow from customer
AFRIWAVE TELECOM GHANA LIMITED	0001000000503	41,429.65	Not approved	N/A	Unapproved overdraft
	0211401670084	3,919,543.62	Not approved	N/A	Unapproved overdraft
	0001000026087	18,546,874.60	Approved	BOD	No offer letter sighted for current facility. Facility has been restructured a number of times.

# GRC (Risk management) - credit risk evaluation and approval

Customer name	Loan account	Outstanding principal GH¢	Approval status	Approved by	Comments
UNIVERSAL CRYSTAL PRINT GHANA LTD	0211402547331	20,011.88	Not approved	N/A	Unapproved overdraft
	0001000024250	18,946,688.84	Approved	BOD	No Board resolution to borrow
UNIC SOLUTIONS LIMITED	0021000460321	800,033.51	Not approved		No file was provided
	0001000001054	17,818,185.79	Not approved	N/A	No file was provided
PRIME PROPERTIES LIMITED			Approved	BOD	
ACI CONSTRUCTION COMPANY LIMITED	0001000003922	19,701,188.38	Approved	BOD	
	0211300919831	87,489.59	Not approved	N/A	Unapproved overdraft

# GRC (Risk management) - risk management maturity assessment

The observations from the benchmarking of uniBank's risk management function against the KPMG Global Maturity Risk Framework are as follows:

## Risk Governance

The risk governance structure at uniBank requires enhancement to drive appropriate ERM leadership. There must be a formal implementation of an ERM framework to converge key risk management activities in support of the strategic imperative of the bank.

The following key risk governance elements were non-existent:

- Risk Management Strategy;
- Risk Management Framework;
- Strategic risk management tools such as an Internal Capital Model, KRIs and risk reporting;
- Executive management involvement in development and calibration of risk management activities;

Opportunities exist to achieve a better alignment between risk management, strategic management and business planning processes. This involves establishing more transparent links between strategic risks and strategic objectives, considering outcomes of strategic risk profiling in preparation of strategic planning assumptions and incorporating risk mitigating strategies in the business plans.

## Risk Culture

Consistent risk profiling and reporting allows a bank to systematically monitor identified risks and to benchmark activities against established metrics. However, risk profiling is not consistently applied at uniBank.

Most employees of the Bank consider the sole responsibility of the Risk Management function to be the management of risk. Extensive re-education will be required to correct this misconception.

## Risk Assessment

Risk assessment activities are not frequently conducted at the various departments. The Bank's processes to identify risks to key strategic and operational imperatives are applied in an ad hoc manner. There were inconsistent modalities to rank and analyse key risks to determine the elements relevant for mitigation.

uniBank can enhance the risk profiling process across the Bank by integrating "top down" and "bottom up" approaches to achieve a more comprehensive risk management.

## Risk Quantification and Aggregation

The Bank's ERM programme must be able to comply with requests from executive management, the board, regulators and other key stakeholders to provide information, analytics and gap assessments. However, this is not the case.

## Risk Monitoring and Reporting

Management provided reports to the Board Risk Committee and the Board Credit Risk Committee on past risk levels but not of emerging risks.

Opportunities to improve include greater focus on emerging risk issues (i.e., forward-looking key risk indicators, scenario analysis, etc.), alignment of all risk reporting to provide a comprehensive single view of risk will require effective cross-functional and integrated use of Governance, Risk and Control tools (which facilitate advanced risk and control optimisation).

There is no formal database to capture and store risk and control information. There is also no formal approach to consolidate key risks across the Bank. Thus multiple minor incidents within the same risk category which may have a potentially large aggregated effect may go unidentified.

## Risk and Control Optimisation

In general, uniBank was at a basic level of maturity in relation to risk and control optimisation. There was a significant deficiency in ERM benchmarking and forward-looking key risk indicators.



# Appendix

## 3. Governance, risk and compliance (GRC)

- 3.7 Information Technology

# GRC (IT) - Overview

## Background

uniBank has an IT department that has been charged with establishing, monitoring and maintaining information technology systems and services.

## Objective

The objective of the IT Audit review was to ascertain whether uniBank Ghana Limited has implemented relevant controls required to protect the Confidentiality, Integrity and Availability (CIA) of critical data and information processing facilities.

The audit was focused on determining whether internal controls were in place and operating effectively within uniBank's processes and information systems environment.

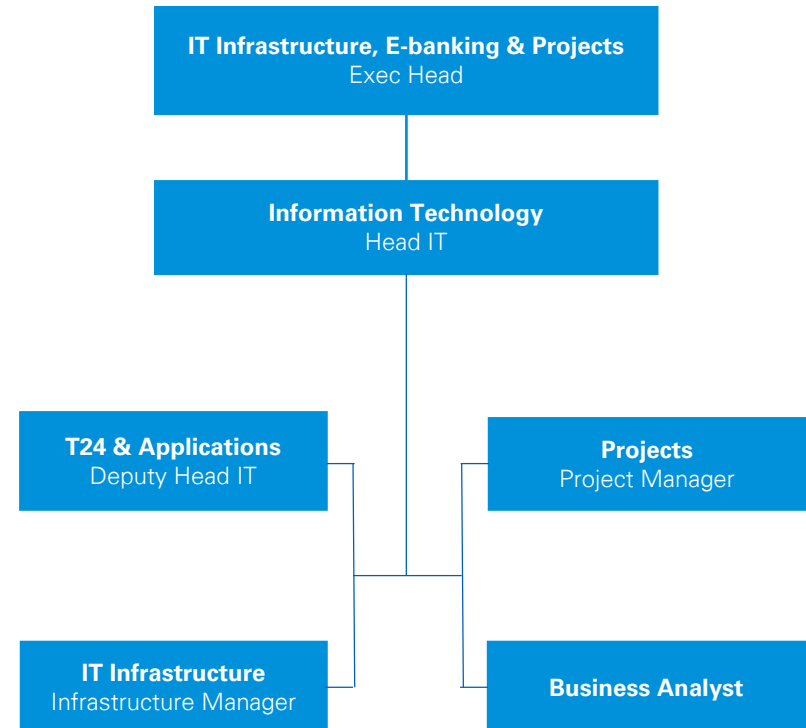
## Approach and Scope

The scope of the IT Audit was limited to the following areas:

- **IT Governance:** IT governance structure in place at uniBank was reviewed. IT governance is a formal framework that provides a structure for organisations to ensure that IT investments support business objectives
- **Access to Programs and Data:** Areas covered under this section includes the documentation of information security policy and user awareness, physical access to programs and data, configuration of access rules, identification and authentication, privileged accounts, and monitoring.
- **Program Development:** This area tested the controls around the design and development of programs, testing, approval and implementation, and data migration.
- **Program Changes:** Covered controls surrounding the authorisation, development, testing and approval of program changes, migration to production environment, configuration changes, and emergency changes
- **Computer Operations:** Areas reviewed included job processing, backup and recovery, antivirus and vulnerability management, incident and problem management, and service level management.

In addition, an internal penetration testing on uniBank's internal network was performed.

## IT Organogram



# GRC (IT) - governance

Observation	Risk	Recommendations
<p><b><i>Information Technology (IT) and Information Security (IS) policies not approved</i></b></p> <p>The Bank's IT policies (which was last updated on the 30 November 2017) and IS policies are yet to be approved by management of the Bank.</p>	<p>When IT and IS policies are not approved, there is the risk that IT and IS standards may not be effectively implemented and may not provide management direction and support for IT and IS operations in accordance with business requirements, relevant standards, laws and regulations.</p>	<p>All IT and IS policies should be approved by management, published and communicated to all staff and relevant external parties.</p>
<p><b><i>No Formal IT Steering Committee</i></b></p> <p>There is no dedicated IT Steering Committee made up of senior management from various departments overseeing IT strategy, IT initiatives and projects.</p>	<p>The absence of a formal IT steering committee could lead to a lack of direction for the IT function and may impact on the ability of IT to meet the needs of the business.</p>	<p>A formal Information Technology (IT) Steering Committee should be set up to have oversight over the IT function. The committee should comprise of representatives from various departments to ensure that business requirements are accurately defined and catered for.</p> <p>The committee should meet on a regular basis, and all deliberations and actions/decisions should be documented and appropriately tracked.</p>
<p><b><i>Inadequate Information Security awareness training</i></b></p> <p>The Bank has not implemented a formal information security awareness program. In addition, information security tips are not sent out to all staff on a regular basis.</p> <p>However, an Information Security Awareness training was organised for supervisors and department heads in January 2018 as part of the ongoing ISO 27001 implementation program.</p>	<p>Staff may not be aware of their responsibilities with respect to Information Security. This may compromise the confidentiality, integrity and availability of information.</p>	<p>A formal information security awareness program to enhance staff general information security awareness should be established.</p>

# GRC (IT) – governance

Observation	Risk	Recommendations
<p><b><i>IT Strategy does not include budgets and specific timelines</i></b></p> <p>uniBank has an IT strategy in place which outlines the bank's strategic objectives. These objectives include the following:</p> <ul style="list-style-type: none"> <li>• Deposit Mobilisation Drive</li> <li>• Implementation Of Paperless Drive</li> <li>• Reduce Error Rates</li> <li>• Improve System/Platform Uptime</li> <li>• Information Security, Business Continuity &amp; Succession Planning</li> <li>• Cost Control</li> </ul> <p>However, the IT strategy does not include budget and specific measurable timelines for most of the 2018 IT initiatives.</p>	<p>Inadequate project budgeting and planning increases the risk that information systems and IT staff will not meet the corporate goals and business requirements of uniBank.</p> <p>There is also the risk that vital aspects of the strategy may not be executed appropriately without budgets and measurable timelines.</p>	<p>The IT strategy and plans should be specific, measurable, attainable, realistic and time-bound, (SMART) to enable management easily monitor achievements.</p> <p>As part of developing the overall IT strategy and initiatives of the Bank, specific projects should be scheduled, implementation steps should be formulated, and the appropriate resources should be identified and budgets drawn up respectively.</p>
<p><b><i>No Service Level Agreements (SLAs) with certain Third Party Vendors/ Service Providers</i></b></p> <p>uniBank's IT Policy requires that service level agreements are established with third party vendors to ensure optimal service delivery from the vendors.</p> <p>However, SLAs are not maintained with some third party vendors. These include:</p> <ul style="list-style-type: none"> <li>• <b>Inlaks:</b> Vendors for fire suppression and cooling systems at the primary data centre.</li> <li>• <b>WestTuk Automation:</b> Vendor for humidity sensor.</li> </ul> <p>Additionally, SLAs maintained with certain third party vendors revealed that they did not cover critical areas such as confidentiality, key performance indicators, terms of conditions, and penalty for performance below agreed service levels, etc. Details of SLAs which do not cover critical areas are shown on the next page (233).</p>	<p>The Bank may face disruption to operations in the event that IT service providers do not deliver at acceptable service levels due to inadequate SLAs.</p> <p>Omission of essential service level agreement clauses in SLAs with vendors may lead to a compromise in the Confidentiality, Integrity and Availability (CIA) of the Bank's data and information.</p>	<p>Establish SLAs with all third party service providers. Critical clauses such as Key Performance Indicators (KPIs), penalties for performance below agreed levels, right to audit, confidentiality clauses among others should be defined for all SLAs with vendors to guarantee that reliable and optimal services are being provided.</p> <p>Additionally, periodic monitoring of compliance with these agreements should be performed to ensure that they remain effective and in alignment with business objectives.</p>



# GRC (IT) - absence of required clauses in vendor SLAs

No.	Required SLA component	Affected Vendor(s)
1.	Validity	<ul style="list-style-type: none"> <li>Ipronet Consult</li> </ul>
2.	Key Performance Indicator (KPI)	<ul style="list-style-type: none"> <li>Response One Ghana (SLA for panic alarms and access control systems)</li> </ul>
3.	Penalty for performance below agreed service level/Default	<ul style="list-style-type: none"> <li>Mauritius Commercial Bank Consulting Services</li> <li>Response One Ghana (SLA for CCTVs)</li> <li>Kings Computer Systems</li> <li>Ipronet Consult</li> <li>Response One Ghana (SLA for panic alarms and access control systems)</li> </ul>
4.	Right to Audit	<ul style="list-style-type: none"> <li>Comsys</li> <li>Econnecta</li> <li>Mauritius Commercial Bank Consulting Services</li> <li>Kings Computer Systems</li> <li>Ipronet Consult</li> </ul>
5.	Confidentiality	<ul style="list-style-type: none"> <li>Kings Computer Systems</li> <li>Response One Ghana (SLA for panic alarms and access control systems)</li> </ul>
6.	Frequency of service reporting	<ul style="list-style-type: none"> <li>Ipronet Consult</li> <li>Response One Ghana (SLA for panic alarms and access control systems)</li> </ul>
7.	Renewal Period	<ul style="list-style-type: none"> <li>Response One Ghana (SLA for panic alarms and access control systems)</li> </ul>
8.	Geographic locations covered	<ul style="list-style-type: none"> <li>Ipronet Consult</li> <li>Response One Ghana (SLA for panic alarms and access control systems)</li> </ul>
9.	Warranties	<ul style="list-style-type: none"> <li>Extreme Power Net Limited</li> <li>Response One Ghana (SLA for CCTVs)</li> <li>Kings Computer Systems</li> <li>Response One Ghana (SLA for panic alarms and access control systems)</li> </ul>
10.	Source Code Escrow	<ul style="list-style-type: none"> <li>Ipronet Consult</li> <li>Mauritius Commercial Bank Consulting Services</li> </ul>
11.	Roles and Responsibilities Escalation Matrix	<ul style="list-style-type: none"> <li>Response One Ghana (SLA for panic alarms and access control systems)</li> </ul>

# GRC (IT) - access security

Observation	Risk	Recommendations
<p><b><i>Policies and procedures on user access creation, modification and revocation have not been defined</i></b></p> <p>uniBank does not have guidelines for the creation, modification and revocation of user access to applications, databases and operating systems.</p>	<p>Informal procedures for granting, modifying and revoking user access rights may lead to unauthorised users being granted access to systems or a disengaged staff not being removed from the system in a timely manner.</p>	<p>Formulate and formalise user administration policies and procedures on all platforms and for all types of user accounts to ensure that access is created, modified and revoked in line with the bank's standards.</p>
<p><b><i>Inadequate user access administration</i></b></p> <p>The following exceptions were noted from a review of the Active Directory (AD) and T24 production user lists for the period January 2017 to March 2018:</p> <ul style="list-style-type: none"> <li>• The AD accounts of 15 ex-staff were still active.</li> <li>• The T24 accounts of 10 ex-staff was still active.</li> <li>• 41 staff who were transferred/ switched roles were not assigned to appropriate groups in T24 which reflects their current roles.</li> </ul> <p>Access rights of users on critical business applications (i.e. T24,AD, SWIFT) are not reviewed on a regular basis.</p>	<p>Inactive accounts are a prime target for system intruders, increasing the risk of unauthorised access and disclosure of confidential information. Accounts of ex-staff may be compromised by current employees or outsiders. Fraudulent activities may be perpetrated using user accounts of disengaged staff.</p> <p>If access for transferred users is not removed or modified in a timely manner, there is the risk that several users may have access privileges beyond those necessary to perform their assigned duties.</p>	<p>Develop and implement formal procedures for notifying the IT Manager/System Administrator when personnel join, change departments or disengage from the bank. This is to ensure that user profiles are appropriately and promptly created, modified and disabled/deleted on relevant business applications.</p> <p>Also, user accounts should be periodically reviewed to ensure the appropriateness of users' access rights on the core banking application, Active Directory, SWIFT and other systems.</p>
<p><b><i>Inadequate password security settings</i></b></p> <p>The following exceptions were noted during a review of system password configurations:</p> <ul style="list-style-type: none"> <li>• T24 Password History is 3.</li> <li>• A review of AD accounts revealed that several accounts have their passwords set to never expire.</li> </ul>	<p>Inappropriate password settings increases the risk of unauthorised access to systems.</p>	<p>Inadequate password settings should be reviewed and amended appropriately.</p>

Details of the access security exceptions noted above have been provided in the subsequent pages (**pages 235 to 239**).

# GRC (IT) - active accounts of exited staff

## Active Directory

No.	Name	Department	Disabled	Last_logon_date
1	Adams Mustapha		False	2/13/2017 5:56:25 PM
2	Antoinette Awere-Kyere		False	2/25/2018 4:20:43 AM
3	Azara Salifu	New Business Unit	False	3/13/2018 9:01:24 AM
4	Ebenezer Amuzu		False	2/13/2017 5:10:34 PM
5	Florence Nyame	Consumer And Asset Finance	False	12/29/2017 6:17:16 PM
6	Frank Adu Gyamfi1		False	4/4/2018 8:13:40 AM
7	Hamdawehi S. Abdulai		False	9/4/2017 6:04:07 PM
8	Isaac Obeng-Darko	SME (Commercial, Business & Enterprise)	False	11/8/2017 12:45:24 PM
9	Joseph Osae	Retail Banking	False	9/18/2017 4:39:44 PM
10	Josephine Asare Jnr	Retail Banking	False	1/16/2018 12:30:39 PM
11	Kwadwo Agyei-Agyapong	Treasury	False	3/17/2018 12:45:25 PM
12	Leslie Sackey	Finance	False	4/4/2018 9:51:00 AM
13	Paul Appiah-Gyasi		False	2/20/2017 5:00:55 PM
14	Ruby Ajavon	Retail Banking	False	2/23/2018 11:04:54 PM
15	Terence Abeeku Dankyi		False	10/8/2017 10:36:44 AM

## T24

No.	User ID	User name	Date last sign on	Login status
1	SDABANGA.1	Samuel Dunia Abanga	2017/12/06	Active
2	FNNYAME.1	Florence Nyarkoa Nyame	2017/12/20	Active
3	EAMUZU.1	Ebenezer Amuzu	2016/11/09	Active
4	RAJAVON.1	Ruby Ajavon	2018/02/02	Active
5	RZGHARTEY.1	Rita Zoryiku Gharety	2018/02/13	Active
6	KAAGYAPONG.1	Kwadwo Agyei-Agyapong	2017/09/06	Active
7	JASARE.1	Josephine Asare Junior	2018/01/16	Active
8	AZSALIFU.1	Azara Salifu	2018/03/01	Active
9	AAKYERE.1	Antoinette Awere-Kyere	2018/02/05	Active
10	JNORTEY.1	Joseph Nortey	2018/02/19	Active

## GRC (IT) - user profiles not amended

No.	Staff name	Current role	Previous role	Period of transfer	Current profile in T24
1	Sepenu Kwame Kpormorne	Trade Sales Manager (International Trade )	Business Development and Customer Service Manager (cusodial Services)	Jan - March 2018	@UBRAM
2	Samuel Agyei Kwarteng	Operational Risk Officer (Operational Risk Unit)	Banking Officer (Domestic Operations)	Jan - March 2018	@UBACTM-AUTH
3	Jeffrey Amon	Operational Rigour Manager (Operational Rigour)	Senior Client Relationship Manager	Jan - March 2018	@UBRAM
4	Audrey Addo Mensah	Legal Department	Branch Manager (GIMPA)	Jan - March 2018	@UBBMGR
5	Matthew Klovi	Branch Management Trainee	Head Financial Data Unit	Jan - March 2018	@UBFIDA-AUTH
6	Daniel Basoah	Ashiaman Branch Trainee Customer Service Advisor /Customer Service Officer (Ashiaman Branch )	Banking Officer Loan Processing	1st February 2018	@UBCOPT
7	Sarah Gyawah Boamah Abankwah	Credit Operations Officer (Domestic Operations)	Banking Officer (NIA)	1st March 2018	@UBCSAD
8	Simon-Paul Simpinyey	Deputy Head (Retail Secretariat)	Operational Control Manager(Ops Rigour)	19th March 2018	ALL.PG (A 2 B C D E F H I L P R S V)
9	Michael Nartey	Manager, Credit Projects( Projects Department)	Senior Relationship Manager(Projects & Structure)	19th March 2018	@UBRAM
10	Jeffrey Amon	Operational Rigour Manager (Operational Rigour)	Senior Client Relationship Manager	19th March 2018	@UBRAM
11	Mavis Donkor	Relationship Officer (Consumer Finance)	Customer Service Advisor (Koforidua Branch)	19th March 2018	@UBCSAD
12	Rebecca Darko	Acting Customer Service Manager (Kejetia Branch)	Service Centre Supervisor	19th March 2018	@UBBMGR
13	Christiana Asiamah	Manager (Retail Secretariat )	Deputy Head, Performance Assurance (Osu)	19th March 2018	@UBPERF
14	Tomka Osei Bonsu	Trainee SME Relationship Manager (East Legon )	Client Relationship Manager (Consumer & Asset Finance)	19th March 2018	@UBCLER-AUTH
15	Eli Buka Bless	Branch Management Trainee	Credit Analyst /Business Support	19th March 2018	@UBRAM
16	Emmanuel Ohene Asare	Branch Management Trainee	Banking Officer (Foreign Operations 0	19th March 2018	@UBTRDE
17	Joseph Yankey	Branch Management Trainee	Finance Officer	19th March 2018	@UBFNAC
18	Evans Asare Bediako	Operational Rigour Manager	Branch Manager (NIA Branch)	19th March 2018	@UBBMGR
19	Jeanne Naadu Bonney	Call Over Supervisor (Call Over Unit)	Sales Support Manager (Accra Main )	8th February 2018	@UBCSM
20	Dorothy Ofori Sarpong	Relationship Manager (SME Centre Kumasi)	Relationship Manager (New Business)	16th January 2017	@UBCOPT
21	Vivian Dzimey	Bancassurance Officer (Bancassurance )	Retail Secretariate (Retail)	16th January 2017	ALL.PG (C D E H I L P R S V)
22	Cynthia Tawiah Baako	Sales Support Manager (Kasoa)	Sales Support Officer (Kasoa )	9th January 2017	@UBCSM
23	Patrick John Doe	Coordinator Innovations & Business Execution	Branch Manager Trainee (Spintex)	30TH January 2017	ALL.PG (C D E F H I L P R S V)
24	Mabel Edinam Hodasi	Operational Rigour Manager	Performance Assurance Manager	13th February 2017	@UBBMGR
25	Godfred Agbevanu	Manager Operational Rigour	Branch Manager (Harper Road )	13th February 2017	ALL.PG (C D E F H I L P R S V)
26	Gladys Beckley	Reconciliation Officer (Domestic Operations)	Banking Officer (E-Banking )	20th March 2017	@UBEBNK
27	Akosua Ansong	Reconciliation Officer (Domestic Operations)	Banking Officer (E-Banking )	20th March 2017	@UBEBNK-AUTH
28	Patience Blay	Reconciliation Officer (Domestic Operations)	Banking Officer (E-Banking )	20th March 2017	@UBEBNK
29	Elizabeth Oware	Reconciliation Officer (Domestic Operations)	Banking Officer (E-Banking )	20th March 2017	@UBEBNK

# GRC (IT) - user profiles not amended

No.	Staff name	Current role	Previous role	Period of transfer	Current profile in T24
30	Helen Foli	Head Teller (Accra Central)	Teller (Cash Collections Centre	20th March 2017	@UBETEL
31	Bridgitte Smith	Trainee Sales Support Officer - Oxford Street Branch	Project Officer (Project Office)	20th March 2017	@UBETEL
32	Samuel Owusu Adjei	Customer Service Manager	Customer Service Advisor	1st August 2017	@UBBMGR
33	Vivian Teiko Azor (Quansah)	Customer Service Manager (GIMPA)	Branch Manager (Trainee)	21st August 2017	@UBBMGR
34	Emmanuel Bessa Simons	Performance Assurance Manager	Customer Service Manager (Comm 25)	9th August 2017	@UBCSM
35	Lemuel Tiboah	CSO/SSO Trainee (Madina Branch)	Finance Officer	14th August 2017	@UBFNAC
36	Augustine Rasito Akwetea	Branch Manager Trainee (Osu Main)	New Business Manager	1st September 2017	@UBTRDE
37	Eric Nyamaah	IT Officer (Information Technology)	Performance Assurance Officer	1st October 2017	@UBPERF
38	Richard Adinyirah	SME Centre Manager (SME )	Relationship Manager (Darkuman)	1st November 2017	@UBRAM
39	Nathan Aryee	IT Auditor (Internal Audit)	Head IT	6th November 2017	ALL.PG (C D E H I L P R S V)
40	Ankora Delali Doris	Cash Centre Supervisor			@UBBMGR
41	Peter Patintin Amoakoh Arkosah	Internal Audit Manager			@UBBMGR

## Inadequate password security settings

<b>Pwd Repetition</b>	<b>3</b>
<b>Pos Mvmt Hist</b>	<b>1</b>
<b>Pass Min Length</b>	<b>8</b>
<b>Pass Upper Alpha</b>	<b>1</b>
<b>Pass Lower Alpha</b>	<b>1</b>
<b>Pass Numeric</b>	<b>1</b>
<b>Pass Other</b>	<b>@</b>

## GRC (IT) - password never expires

No.	Name	Disabled	Password never expires
1	Abigail Atuahene	False	True
2	Abraham Nii Ayitey Aryee	False	True
3	Alberta Doh Brown	False	True
4	Alex Orleans-boham	False	True
5	Anastacia Gyasi Amissah	False	True
6	Augustine Ao. Oduro	False	True
7	Benjamin Obuobi	False	True
8	Charles Akwaboah	False	True
9	Christian Ahedor	False	True
10	Christian Y. Ahedor	False	True
11	Claudia Ampiah	False	True
12	Dora Addai	False	True
13	Easam.A	False	True
14	Edith Afi Lawrence Avusu	False	True
15	Emma Okyere Woode	False	True
16	Emmanuel Baidoo	False	True
17	Emmanuel Oduro Yaw Asare	False	True
18	Eric Adusei	False	True
19	Ernest Oduro Adjei	False	True
20	Ernestina Agyeiwaa	False	True
21	Esther Darkowaa Owusu	False	True
22	Eugene Ghorman	False	True
23	Exco Database	False	True
24	Gertrude Baffo	False	True
25	Gertrude Naa Adjele Botchway	False	True
26	Gladys Afful	False	True
27	Gladys Aikins	False	True

## GRC (IT) - password never expires

No.	Name	Disabled	Password never expires
28	Ida Asante	False	True
29	It-consult	False	True
30	Jessie Naadu Sadaya	False	True
31	Jollify Nortey	False	True
32	Julius Provencal	False	True
33	Julliet Adzowa Fiasorgbor	False	True
34	Justice Yaw Addae	False	True
35	Kampoful.A	False	True
36	Kwaku Kk. Kwarteng	False	True
37	Lawrence Quaye	False	True
38	Leticia Awuku	False	True
39	Mark Adeakye	False	True
40	Mark Yeboah Kwakye	False	True
41	Mimi Bridget Moses	False	True
42	Muslima Haruna	False	True
43	Nkwiredu.A	False	True
44	Nsano	False	True
45	Omari Sasu Abankwah	False	True
46	Priscilla Agyei Kyem	False	True
47	Raphael Tummy	False	True
48	Samuel Bawa	False	True
49	Thomas Agyen	False	True
50	William Osafo-agyei	False	True

# GRC (IT) – data centre and IT operations

Observation	Risk	Recommendations
<p><b>CCTV Footage:</b></p> <p>CCTV cameras are strategically positioned to provide full coverage of the activities in the data center. We sighted the CCTV footage and noted that the monitors have play-back capabilities. However, data centre CCTV footage can only be played back up to 7 days which is a violation of Bank of Ghana’s requirement of 90-day playback.</p>	<p>There is a risk that significant security events captured through the CCTV may be irretrievable to facilitate any investigation that may arise.</p>	<p>CCTV footage should be retained in line BoG requirement.</p>
<p><b>No record of maintenance for fire suppression system</b></p> <p>There is no record of the last maintenance performed by Inlaks on the fire suppression system to provide assurance that the system can effectively dispense chemical agents to prevent the spread of fire in the data centre.</p>	<p>If the fire suppression system is not adequately and regularly maintained, there is the risk that it may be dysfunctional in the event of a fire incident at the data centre. As a result, information assets may not be adequately safeguarded in the event of a fire.</p>	<p>Fire suppression systems must be serviced regularly to enable it discharge content effectively in the event of a fire. Also, a maintenance schedule of the suppression system should be maintained and vendor performance should be reviewed.</p>
<p><b>No humidity sensor at the Disaster Recovery (DR) site</b></p> <p>The DR site does not have an automated humidity sensor to monitor temperature changes at the site and alert appropriate staff when there are extreme temperature changes.</p> <p>For example, we noted that one of the air conditioners at the DR site was operating at 30°C while the other two had their temperatures maintained at 27°C each.</p>	<p>If automated tools are not available to alert the appropriate personnel of extreme temperature changes, there is a risk that information systems may be damaged. This could result in significant downtime and financial loss.</p> <p>A data center with high humidity levels may cause computer components to shut down or the cooling system to overwork to rid itself of condensation. If the relative humidity is too low, computer equipment becomes susceptible to electrostatic discharge (ESD) which can cause damage to sensitive components.</p>	<p>Automated temperature and humidity monitoring devices should be implemented at the DR site. These should be configured appropriately to alert IT management and relevant staff in the event of extreme temperature conditions.</p> <p>Appropriate temperature levels should be maintained in the data center/DR site. Recommended levels for data center temperature typically fall between 18°C and 24°C while humidity levels should be between 40% and 60%.</p>
<p><b>No raised floor maintained at the DR site</b></p> <p>There is no raised floor at the DR site to mitigate against flood.</p>	<p>In the event of a leakage or flood, information resources may not be available when they are needed.</p> <p>This may result in the failure of critical systems and the potential loss of financial data.</p>	<p>Assess the appropriateness and risks of environmental controls within the server room and give consideration to the installation of raised floor at the DR site.</p>



# GRC (IT) - database security review

Observation	Risk	Recommendations
<p>The following default accounts: 'SYSTEM', 'SYS', 'MGMT_VIEW', 'DBSNMP' were active on the T24 Oracle database.</p> <p>Also, the expiry date (24/07/16) for the 'MGMT_VIEW' account had elapsed.</p> <p>These default accounts usually have commonly known password combinations. Enquiry with the database administrator revealed that these default accounts are used for various administrative tasks within the system.</p> <p>For instance , the DBSNMP user is used for backup monitoring.</p>	<p>Inadequate database security settings make it easier for intruders to gain unauthorised access to the database and perpetrate malicious activities.</p>	<p>Default accounts should be locked and disabled when they are not required for daily operations.</p> <p>If the privileges of these default accounts are required, other accounts could be created, and assigned similar privileges, while the default accounts are locked.</p>
<p>Idle time is a continuous inactive period during a session, expressed in minutes.</p> <p>The IDLE_TIME parameter has been set to a value of 30 minutes for the Oracle profiles.</p>	<p>Lengthened idle time session settings on the database could increase the possibility of password compromise by an attacker.</p>	<p>The idle time on the Default Profile should be set to less than 15 minutes. Setting an appropriate Idle Time Resource Usage limit helps reduce the risk of system compromise when users are away from their desks.</p>
<p>The 'sec_max_failed_login_attempts' value was set to a value of 10 on the T24 Oracle database, which is not in line with good practice. This parameter is used to configure the maximum number of failed password attempts within a session (even using different user accounts) before the connectivity is dropped.</p>	<p>Inadequate failed login attempt settings could increase the possibility of successful brute force attacks on the database and consequently a compromise of the database by malicious users.</p>	<p>The 'sec_max_failed_login_attempts' parameter should be configured to the appropriate value of 3.</p>

Details of exceptions noted from the security review performed are shown on the next page (242).

# GRC (IT) – other findings

## Default user profiles

USERNAME	USER_ID	PASSWORD	ACCOUNT_STATUS	LOCK_DATE	EXPIRY_DA
MGMT_VIEW	36		OPEN		24-JUL-16
SYS	0		OPEN		19-JUN-18
SYSTEM	5		OPEN		19-JUN-18
DBSNMP	30		OPEN		07-AUG-18

## Idle time setting

IDLE_TIME	
CONNECT_TIME	30
PRIVATE_SGA	UNLIMITED
	UNLIMITED

## Failed login attempts

NUM	NAME	TYPE	VALUE
2559	sec_max_failed_login_attempts	3	10
2560	sec_return_server_release_banner	1	FALSE
2563	enable_ddl_logging	1	FALSE

# GRC (IT) – vulnerability assessment and penetration testing

Observation	Risk	Recommendations
<p><b><i>Inadequate Network Access Control (NAC) Configuration</i></b></p> <p>uniBank has implemented a NAC solution (Portnox) to ensure that access to the corporate network is restricted to only authorised systems.</p> <p>However, the current implementation of the NAC appears to be inadequate as a non-uniBank system was successfully connected to the network by spoofing the MAC address of legitimate systems to gain access to the corporate network and internet.</p>	<p>A malicious user can exploit the deficiencies in the current configuration to gain unauthorised access to the corporate network.</p> <p>In addition, the Bank may not benefit optimally from investment in the NAC solution.</p>	<p>Configure the NAC solution to always perform compliance checks and take appropriate action prior to granting systems access to the network</p>
<p><b><i>Inadequate Network Segmentation</i></b></p> <p>Network segmentation in place appears inadequate as access to critical systems is not restricted to specific subnets and VLANs. During the penetration test, access was gained to critical servers from a network segment dedicated to IP phones and other Cisco devices.</p>	<p>A malicious user with access to the network could have unrestricted access to sensitive business information as well as unlimited control over critical systems. As a result, the confidentiality, integrity and availability of systems and data could be compromised.</p>	<p>Implement effective network segmentation with filter rules on key devices such as firewalls, routers and switches to adequately safeguard critical network areas against unauthorised access.</p>
<p><b><i>Inadequate Patch and Vulnerability Management</i></b></p> <p>Certain servers had missing patches and vulnerable applications in use. For instance, critical application/web servers including T24 servers contained vulnerabilities related to Jboss, Oracle WebLogic and Apache Tomcat while certain Windows servers had missing critical OS patches (e.g. MS17-010, MS12-020, MS09-050).</p>	<p>A malicious user could potentially issue arbitrary commands with system privileges on improperly patched servers. Such privileged access can be used to read, modify and delete all data on the server, and even gain privileged access to several other systems on the domain.</p>	<p>Perform the following:</p> <ul style="list-style-type: none"> <li>• review the patch management process to facilitate prompt implementation of security patches.</li> <li>• install all relevant security patches on all servers across the network.</li> <li>• ensure that periodic reviews are performed by an independent function to ensure system patches are up-to-date.</li> </ul>

# GRC (IT) – vulnerability assessment and penetration testing

Observation	Risk	Recommendations
<p><b><i>Use of Weak and Easy-to-Guess Administrator Passwords</i></b></p> <p>The default local administrator account (Administrator) on certain critical Windows servers, including Microsoft Exchange servers, was configured with easy-to-guess passwords.</p>	<p>A malicious user may exploit the generic account and easy-to-guess password to gain administrative access to sensitive/critical information housed on those servers.</p> <p>This access can be easily escalated to several other servers and ultimately be used to grant administrative access to the Bank's network.</p>	<p>Ensure that platform security, especially Windows platform, is continuously hardened by changing easy-to-guess passwords and configuring strong passwords on all systems on the network. Such passwords should have a minimum length of eight (8) characters and include a combination of upper and lowercase characters, ciphers and special characters e.g. !@#\$.</p> <p>Carry out periodic compliance checks and password audits to ensure that a culture of good security practice is inculcated in all users and administrators bank-wide.</p>
<p><b><i>Use of Vulnerable and Unsupported Server Operating Systems</i></b></p> <p>The Bank has implemented Windows Server 2012 and 2016 as the operating system on several servers hosting critical applications and services.</p> <p>However, outdated/unsupported operating systems (i.e. Windows server 2003 and Windows Server 2008 Service Pack 1) were noted on certain servers. Lack of support implies that no new security patches for the product will be released by the OEM to address existing vulnerabilities.</p>	<p>Vulnerabilities in unsupported servers can easily be exploited by a malicious user as no new security patches would be released by the OEM. Such malicious access can lead to a compromise of the integrity, availability and confidentiality of information stored in these systems.</p>	<p>Upgrade the servers running Windows Server operating system 2003 and 2008 Service Pack 1 to Windows Server 2012 and above</p>
<p><b><i>Unrestricted Access to the Jboss JMX Console</i></b></p> <p>The JMX Console of certain web servers had unrestricted access as it was not secured with a username and password.</p> <p><i>The JMX Console is an administrative console for managing configurations on the web/application server.</i></p>	<p>A malicious user may exploit access to such administrative consoles to compromise the integrity, availability and confidentiality of information hosted on the server.</p>	<p>Properly secure access to administrative consoles with non-generic usernames and strong passwords.</p>

# GRC (IT) – vulnerability assessment and penetration testing

Observation	Risk	Recommendations
<p><b>Multiple PHP Vulnerabilities</b></p> <p>Certain servers are running unsupported and older versions of PHP web server which are affected by multiple vulnerabilities. For instance, PHPv5.6.0 is known to be affected by the GHOST vulnerability which causes buffer overflow, resulting in denial of service or execution of arbitrary code.</p>	<p>An attacker may be able to use publicly available exploits for the older version of PHP. Successful exploitation of these vulnerabilities causes significant load on the server and therefore can deny service to legitimate users.</p>	<p>Review the patch management process to facilitate prompt implementation of security patches on all applications and servers</p> <p>Ensure that periodic reviews are performed by an independent function to ensure that security patches on servers and applications are up-to-date.</p>
<p><b>Use of Default Community Names on SNMP</b></p> <p>The SNMP (Simple Network Monitoring Protocol) service on certain devices on the network was configured to authenticate with default community strings.</p> <p><i>SNMP is a commonly used service that provides network management and monitoring capabilities. The protocol uses a community string for authentication from the SNMP client to the SNMP agent on the managed device.</i></p>	<p>An attacker may use the default read community string to gain more information about the remote host or change the configuration of the remote system using the default write community string.</p>	<p>Disable the SNMP service on the remote host if they are not in use. However, if the SNMP service is required for business purpose, the default community string should be changed.</p>
<p><b>Unauthenticated Access to SMB Network Shares</b></p> <p>Certain Server Message Block (SMB) network shares could be accessed without the need to provide any password. These shares contained sensitive information including system archives, file server backup, Avaya backup and treasury backup files. Furthermore, some of these shares were writeable, resulting in the possibility to add and/or delete files.</p> <p><i>SMB is an application-layer network protocol mainly used for providing shared access to files, printers, serial ports, and miscellaneous communications between nodes on a network.</i></p>	<p>Access to potentially confidential information can be easily obtained by a malicious unauthorised user. In addition, easy write access can result in potentially malicious software being uploaded to servers or important files being deleted.</p>	<p>Network shares to be only available (after proper authentication) to individuals that need to access them.</p>



# Appendix

## 4. Operations and Management

- 4.1 Business Overview

# Operations and management (business overview) - business model

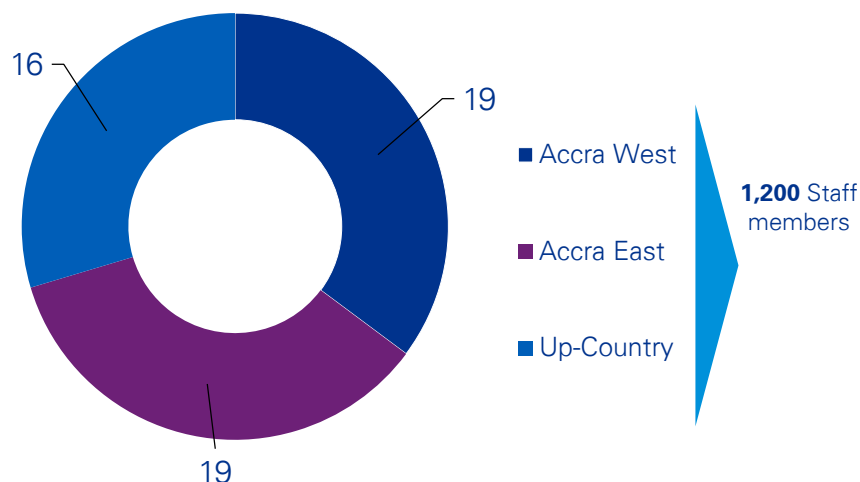
uniBank (Ghana) Limited has three clearly defined customer segments, which are retail, SMEs and Corporates. The bank has fifty-four branches across Ghana, employing circa one thousand, two hundred permanent staff. A review of the business model is shown below

The three main customer segments at uniBank are:

	Number of customers	% Share of Loans	% Share of Deposits
<b>Retail</b>	<b>414,370</b>	<b>3.4%</b>	<b>22.6%</b>
<b>SME</b>	<b>46,196</b>	<b>9.9%</b>	<b>29.3%</b>
<b>Corporate</b>	<b>626</b>	<b>88.6%</b>	<b>48.1%</b>

uniBank has 54 branches spread across 3 geographic clusters in the country

## Location of uniBank branches



## Business Model of the Bank

- High funding cost resulting from expensive deposits
- 48% of total assets of the bank non-interest earning and locked up in Other Assets (Shareholder Advances of GH¢3.7 billion)
- Facilities advanced under poor credit administration, including bullet payment options
- Aggressive expansion of retail network with 47 loss-making branches
- High rental expenses including unopened branches
- Key suppliers included a significant number of related and connected entities

# Operations and management (business overview) - retail network

49

**uniBank branches**

and

5

**Agencies**

Spread across

3

**Zones** (Upcountry, Accra West, Accra East)

serving

50

**Products**

to

367,106

**Customers across various branches**

with

401,104

**Number of Accounts**

The retail franchise of uniBank gives the bank its high street visibility across the country. Of the fifty-four branches, five of them are considered as agencies rather than full-fledge branches. Broadly, the branches are clustered into three main zones. These are Accra East, Accra West and outside Accra branches.

With over three hundred and sixty-seven thousand customer base, uniBank boasts of some four hundred thousand customer accounts across segments.



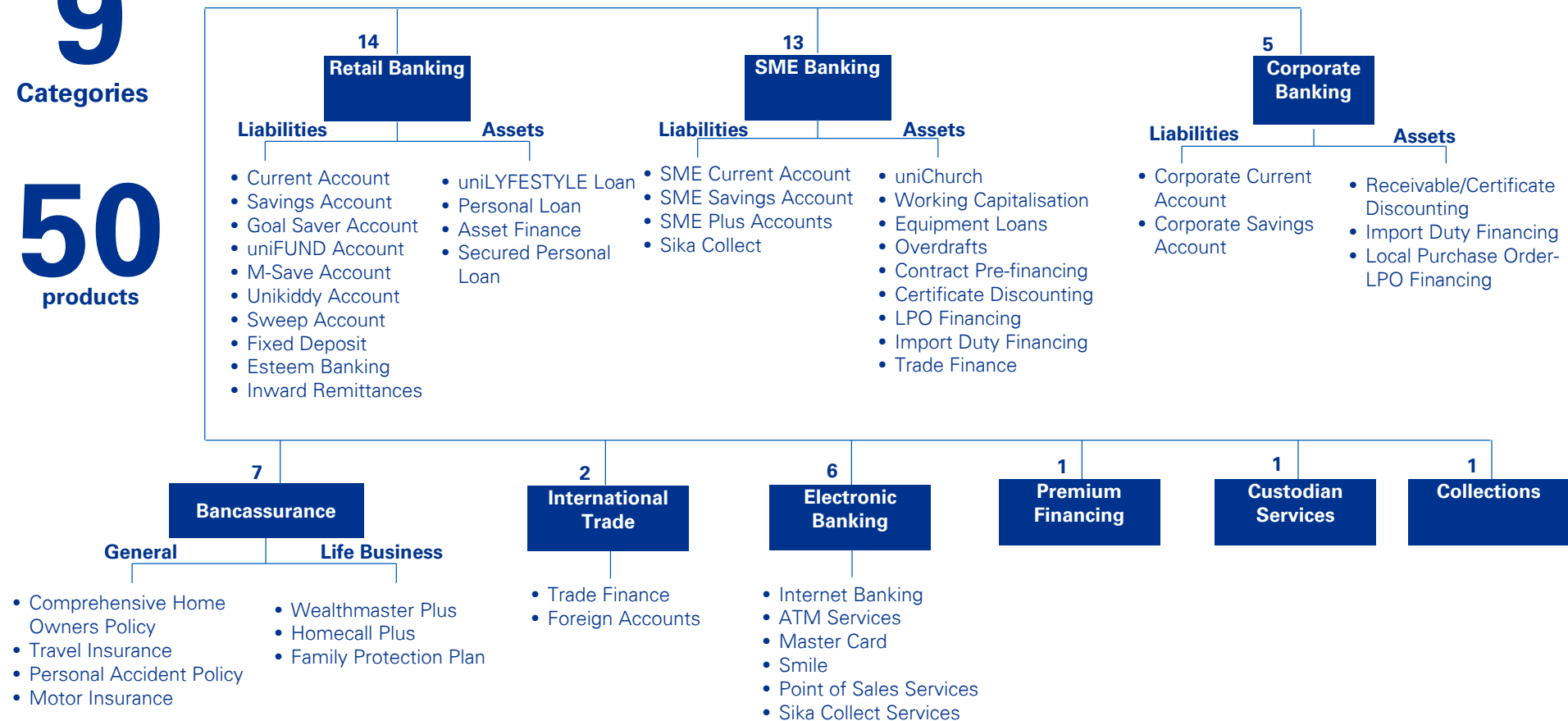
# Operations and management (business overview) - products and services

In total, uniBank offers some fifty different customer solutions to its customers across the various segments. The bank is positioned as an SME bank and thus offers a suit of products to retail and SME customers. Below is a diagrammatic display of the various customer product offerings across the different customer segments and channels

**9**  
Categories

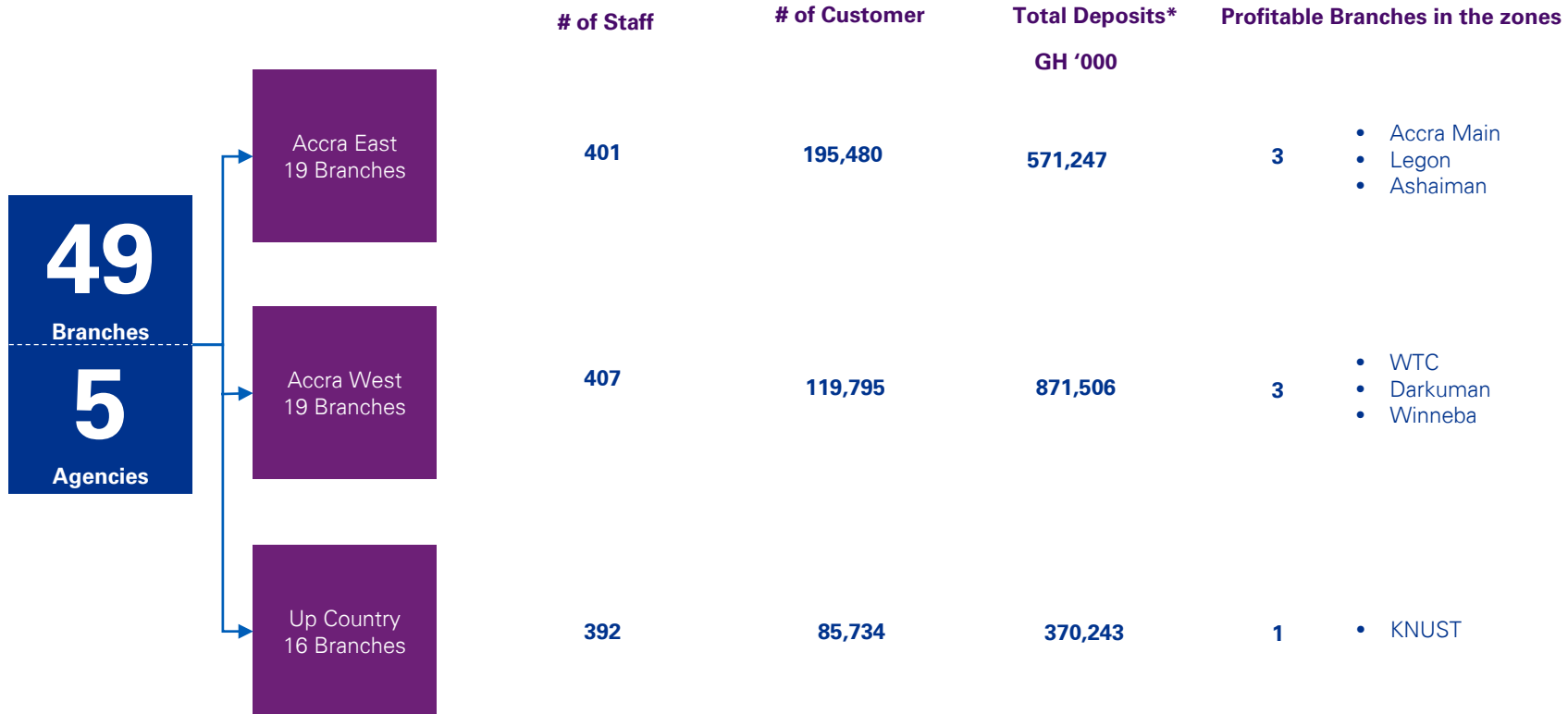
**50**  
products

## Major Categorisation



# Operations and management (business overview) - branch performance

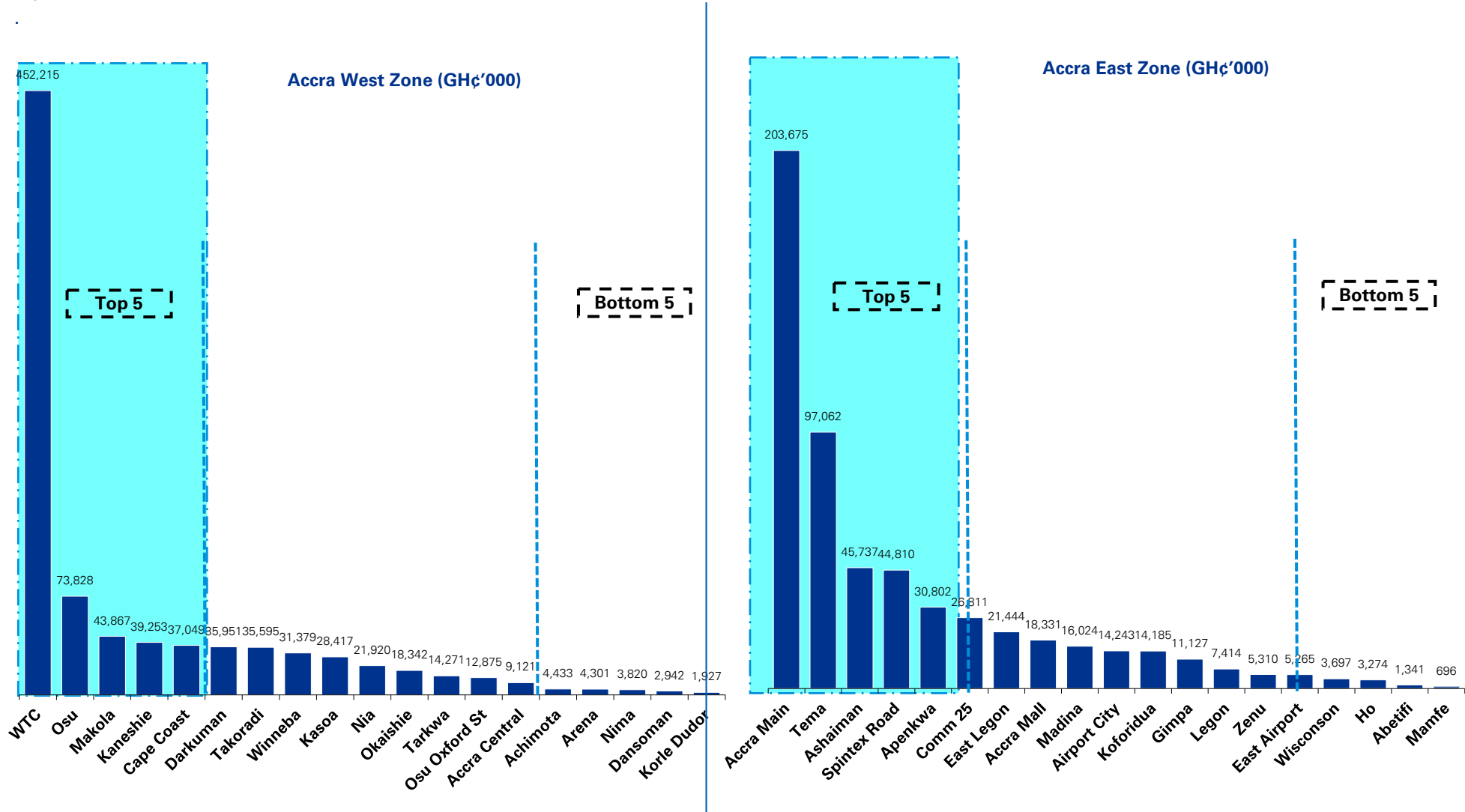
Below is the regional breakdown and zonal distribution of branches, customers, accounts and number of customers. Seven out of the fifty-four branches show profitability. The retail branches will need rationalising to be sustainable



\*Figures as at April, 2018

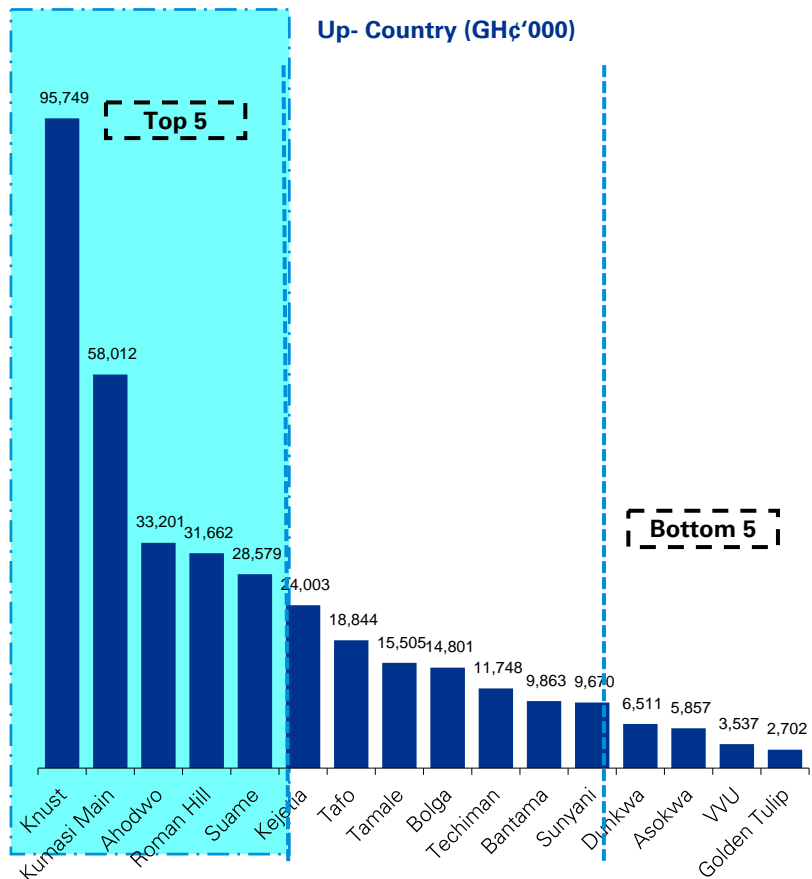
# Operations and management (business overview) - branch deposits

Below is the regional breakdown and zonal distribution of branches showing the customer deposits base per branch. The top five and bottom five branches by customer deposits are indicated



# Operations and management (business overview) - branch deposits

Below is the regional breakdown and zonal distribution of branches showing the customer deposit base per branch. The top five and bottom five branches by customer deposits are indicated. Also shown are the loans and advance created in each branch



Loans of Branches			
	GH¢('000)		GH¢('000)
<b>Accra West</b>		<b>Accra East</b>	<b>Up-Country</b>
Accra Main	170,136.9	Kaneshie	16,878.8
Apenkwa	19,787.8	Osu	15,212.9
Tema	14,860.3	Oxford Street	13,612.0
Abetifi	13,831.0	Makola	13,568.9
Accra Mall	10,790.7	WTC	11,187.7
Spintex	8,723.9	Takoradi	6,127.4
Legon	4,510.9	Darkuman	911.9
Ashaiman	4,124.7	Nia	575.6
East Legon	3,968.9	Kasoa	524.5
East Airport	2,685.0	Winneba	383.7
Gimpa	1,904.0	Cape Coast	161.0
Airport City	1,169.9	Dansoman	125.5
Koforidua	442.0	Achimota	117.1
Ho	59.5	Tarkwa	20.5
Madina	40.1	Nima	8.6
Comm 25	-	Okaishie	-
Zenu	-	Accra Central	-
Wisconsin	-	Arena	-
Mamfe	-	Korle Dudor	-
	<b>257,035.5</b>		<b>79,416.1</b>
			<b>57,769.4</b>

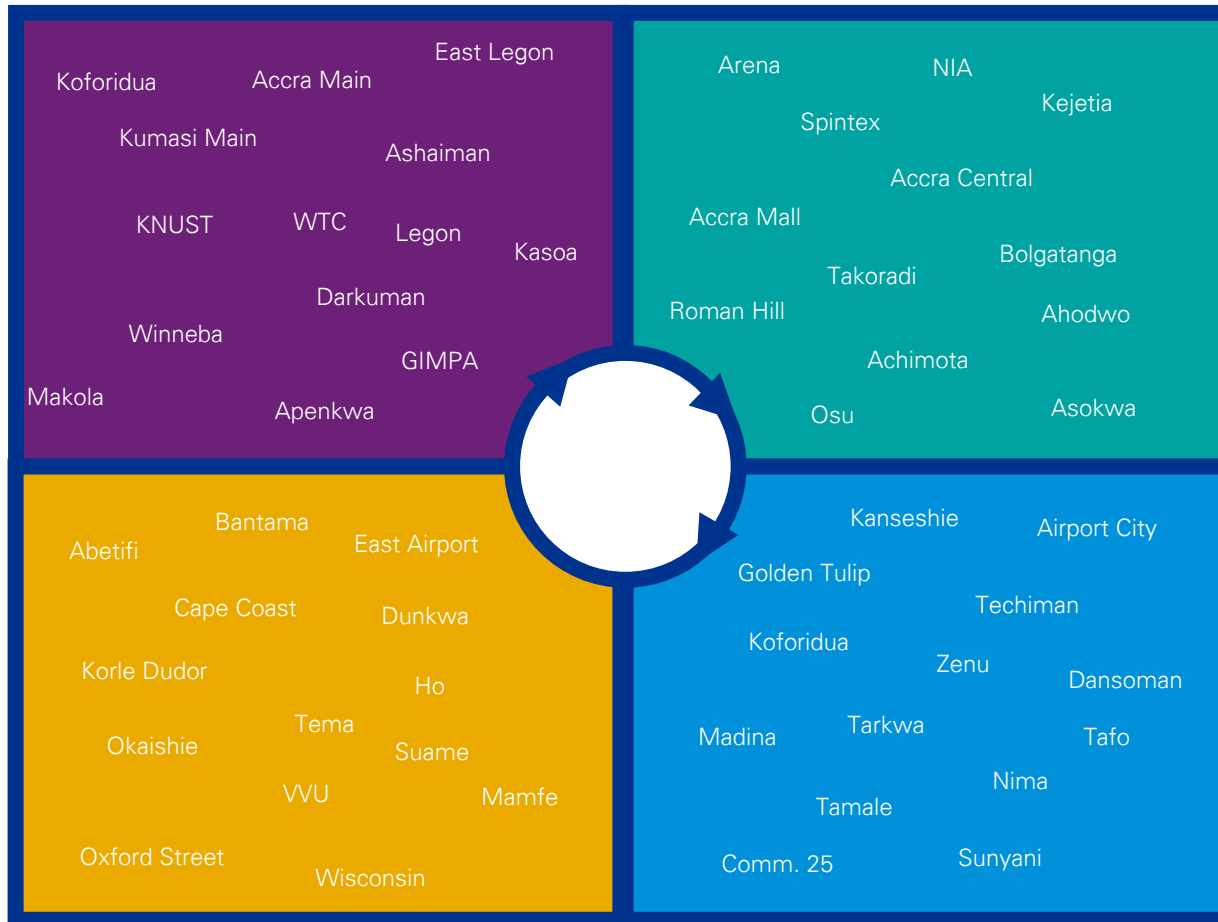
# Operations and management (business overview) - branch rationalisation

Branch assessment for rationalisation has been done based on a number of factors with assigned weights as indicated below

01

**Best Performers**

- 0<CIR<50%
- PBT>1,000,000
- IPS>50,000
- CB>20,000



02

**Good Performers**

- 50%<CIR<100%
- 0<PBT<1,000,000
- 10,000<IPS<50,000
- 10,000<CB<20,000

04

**Worst Performers**

- CIR>500%
- PBT< -500,000
- IPS<0
- CB<1,000

03

**Weak Performers**

- 100%<CIR<500%
- 500,000<PBT<0
- 0<IPS<10,000
- 1,000<CB<10,000

Criteria	Weight	Description
Efficiency	0.3	Cost to Income Ratio (CIR*)
Profitability	0.2	Profit Before Tax (PBT*)
Productivity	0.2	Income Per Staff (IPS)
Customer Base	0.3	Potential customer base (CB) of location - total population of location and ease of access to the branch.

# Operations and management (business overview) – rationalisation impact



GH  
8.8m

**Reduction in losses**



253  
(21%)

**of staff to be affected**



>48k

**Customers to be migrated to other branches**



GH  
230m

**Deposits to be affected**

## Reduction in losses

The rationalisation of branches has the potential of reducing the losses reported by the Bank. All 14 branches in the **Worst Performing quadrant** recorded negative PBTs. A performance loss of roughly 8.8 million can be removed from the Bank's consolidated statement of financial performance if these branches are shut down.

## Employees

The rationalisation of branches will impact employees of uniBank. The 14 branches being considered in the rationalisation matrix have a total staff strength of 253 employees, accounting for almost 21% of the permanent staff of the bank. The severance package assessment for these staff to be laid off is being assessed.

## Customers

More than 48,000 customers of uniBank will be affected by the rationalisation of the 14 branches. uniBank will have to migrate these customers to other near-by branches. This planned migration process will be carefully coordinated to eliminate or reduce the potential of losing customer data. Other expected issues will be that customers may complain of the increased distance and the inconvenience of dealing with new staff and relationship managers.

## Reduction in Deposits

The 14 branches to be considered for closure in the rationalisation process will affect the expected total deposit of about GH¢230 million (for Jan-April 10, 2018), representing close to 15% of the total deposits received before 12 April. These deposits can be retained and the plan is to proactively engage customers to reduce panic withdrawals.

# Operations and management (business overview) - staff cost savings

## Details of Human Resource Cost Optimisation Initiatives carried out

S/N	Details	Cost Implications		
		GH¢ per month	Savings YE 2018 (GH¢)	Savings per year (GH¢)
1	5 Directors and Company Secretary removed	295,872.39	2,071,106.73	3,550,468.68
2	86 Outsourced Staff (Guards, Tellers and Drivers) excess to requirement removed	143,449	717,245	1,721,387.52
3	Reversed and put on hold all promotions and upgrades of Staff			695,368.56
4	Staff seconded to Related entities removed from Payroll			3,735,892.44
5	Reversal of Concessionary Loan packages to staff of related parties who have left			1,478,342.36
6	Termination of 2 Staff Consultancy contracts	22,280.09	111,400.45	267,361.08
7	Discontinued double payment of benefits (Cash and kind)	36,032.80	180,164.00	432,393.60
				<b>11,881,214.24</b>
				<b>USD</b>
6	Cancellation of Proposed Staff Training Programme			56,888.66

Cost savings of **GH¢11,881,214.24 p.a.** from first cut removal of staff from payroll and reversals of benefits

Further actions in the pipeline with potential financial implications include;

## Other Human Resource Initiatives in the Pipeline

#	Detail	Implications
1	167 Outsourced Staff (Tellers, Dispatch riders, Drivers, etc.)	5,071,092.00
2	Branch Rationalisation (Impact on 250 employees)	11,688,571.49
3	Payroll recovery from related entities	7,996,161.29
	-uniCredit	
	-uniPrecision	
	-HODA	
	-EIB	
	-Duffour Foundation	
4	-uniSecurities	
	-IFS	
	Capping of all open-ended benefits (utilities-electricity, water and telephone)	
5	Job re-profiling, competency assessment /staff fit exercise to inform organisational re-structuring and possible disengagement of Senior Management Staff	
		<b>24,755,824.78</b>

**GH¢11.69 million p.a.** estimated reduction in payroll cost from branch rationalisation. This does not take the severance package for affected staff, estimated at **GH¢10.22 million**, which is recoverable in under a year into account.

Additional **GH¢5.07million** cost savings for removal of 167 outsourced staff excess to requirement

# Operations and management (business overview) - space cost savings

An assessment of uniBank's property portfolio is being carried out to determine how to maximise the current unused or under-utilised spaces across the bank. We also assessed rent expenses paid for branches yet to be opened but may likely not open because of the current situation of the Bank and regulatory approval requirements

## Optimisation of Office space

Current Location	Description	Rationalisation Plan	Current Floor Area (sqm)	Proposed Floor Area (sqm)	Cost Save/month (GH¢)	YE 2018 Cost Save (6 mths) (GH¢)	One-off Cost (e.g. fit out/relocation) (GH¢)	Full Year Cost Saving (GH¢)
Citizen Kofi Osu	Branch/Office	Cede of Excess Space	1628	977	91,028	546,167	-	1,092,334
Nester Square	Branch	Vacate Premises	175	0	35,805	214,830	-	429,660
13 Floor WTC	EXCO UNITS	Relocate to Platinum Place	575	360	50,176	301,056	342,000	602,112
WTC (Mezzanine & Additional Floor)	Finance, Treasury, Data Analytics & Compliance	Relocate to Platinum Place	450	360	12,126	72,756	270,000	145,512
<b>Total</b>					<b>189,135</b>	<b>1,134,809</b>	<b>612,000</b>	<b>2,269,618</b>

## Branch rationalisations

Branch/Space	Start	End	Amount Paid GH¢	Unutilised rent	Potential Savings GH¢
Abossey Okai	1-May-17	30-Apr-22	342,000.0	3yrs, 11mnths	267,900
Afienyaa	1-Mar-17	28-Feb-22	315,240.0	3yrs, 10mnths	241,684
Alabar	1-Oct-16	30-Sep-21	367,200.0	3yrs, 5mnths	250,920
Dzorwulu	1-Jan-17	30-Nov-21	1,119,000.0	9yrs, 4mnths	968,100
Korle Bu (2 floors)	1-Feb-17	14-Jun-22	331,860.0	4yrs	253,588
Kumasi City Mall		No Payments made yet			369,990
Wa	30-Apr-14	29-Apr-39	498,000.0	20yrs, 11mnths	502,000
Hohoe (2 Floors)	1-Jan-17	31-Dec-21	60,840.0	3yrs, 7mnths	166,797
New Tafo	1-Jul-17	30-Jun-22	163,020.0	4yrs, 11mnths	160,303
<b>Total</b>					<b>3,181,282</b>

- By the end of year 2018, Cost savings from these proposed relocation plan will be **GH¢522,809.04** (savings from 6 months).
- However, estimated cost saving is **GH¢2,269,618.08** per annum from the unutilised spaces.
- It is estimated that **GH 3,181,282** one-off cost can be realised from unopened branches



# Operations and management (business overview) - IT cost savings

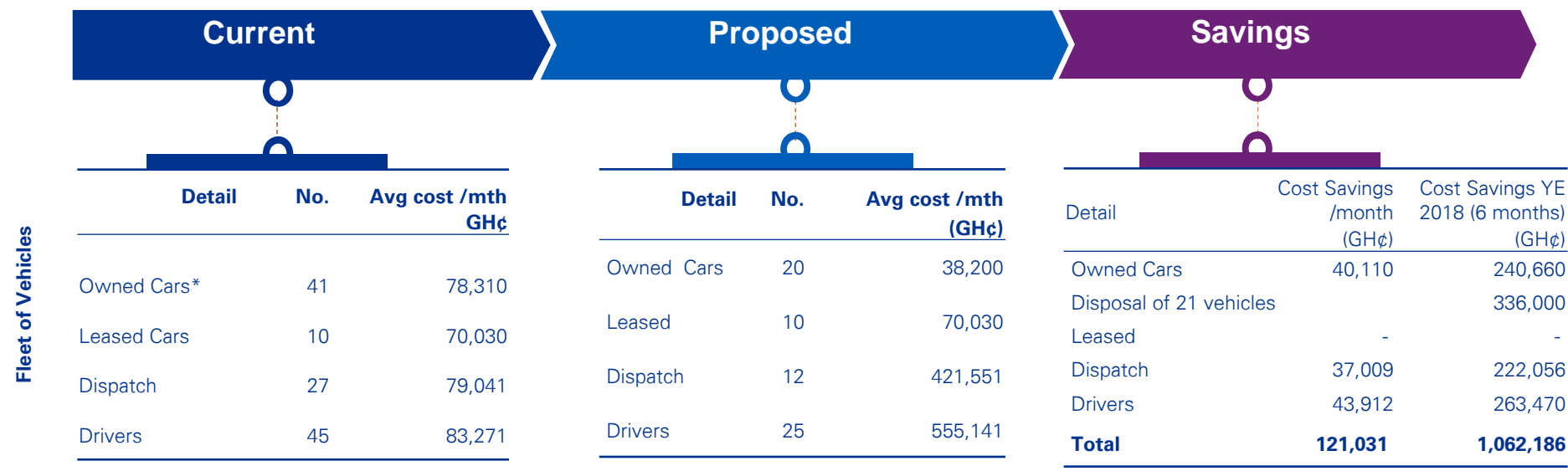
This section refers to negotiations concluded with the vendors as at 24 May 2018. A total of **US\$2.5m** savings are expected to be realised from IT and e-banking services/ongoing projects.

S/N	Item	Old Amount (US\$)	New Amount (US\$)	Savings (US\$)	% Reduction
1	Card Management System	1,820,000 p.a	520,000 p.a	1,300,000.00 p.a.	71%
2	Callens - ATM Maintenance	NCR 103, 802 p.a. Callens 92,700 p.a.	Callens (58 ATMs) – 138,350.00 p.a.	58,152.00 p.a.	30%
3	Cards Deactivation	628,319 p.a.	0.00 p.a.	628,319.16 p.a.	100%
4	Oracle Software and Hardware support renewal costs	321,922 p.a.	270,614.95 p.a.	51,306.60 p.a.	16%
5	Information Security Architects (ISA) - Kaspersky	328,541 p.a.	157,277 p.a.	171,264 p.a.	52%
6	Portnox	77,666 p.a.	11,550 p.a.	66,116 p.a.	85%
<b>Total \$</b>		<b>3,372,950</b>	<b>1,097,792</b>	<b>2,275,157</b>	

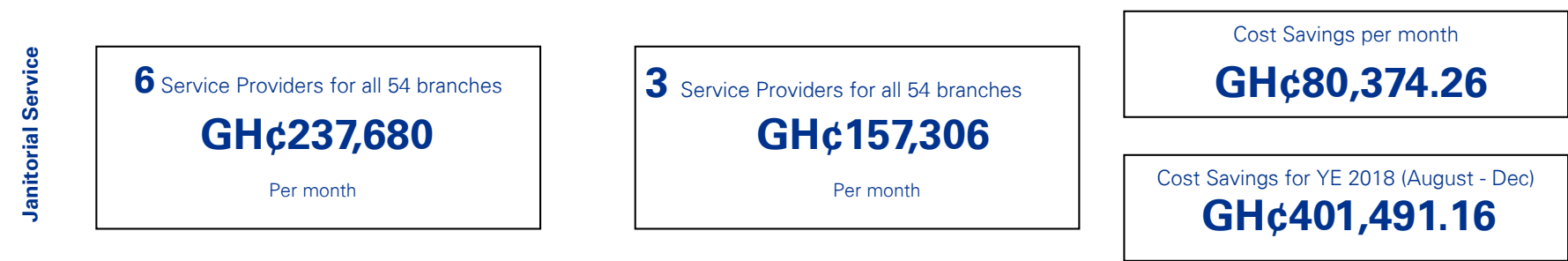
S/N	Item	Old Amount (GH¢)	New Amount (GH¢)	Savings (GH¢)	% Reduction
7	Kings Computers – Contract termination	56,290 p.a.	0.00	56,290 p.a.	100%
8	Streamlining of CUG plans	466,161 p.a.	271,161 p.a.	195,000 p.a.	42%
9	Vodafone outstanding bill	312,920 (up to April 2018)	235,083 (up to April 2018)	77,837 (up to April 2018)	25%
10	Intercom – Fibre optic cabling lease at WTC	36,129 p.a.	0.00	36,129 p.a.	100%
11	CWG	74,323 p.a.	0.00	74,323 p.a.	100%
12	Ecoband	13,788 p.a.	8,501 p.a.	5,288 p.a.	38%
13	H2 – Firewall License for DC and DR	95,175 p.a.	83,425 p.a.	11,750 p.a.	12%
<b>Total GH¢</b>		<b>1,054,786</b>	<b>598,170</b>	<b>456,617</b>	<b>43%</b>

# Operations and management (business overview) - other cost savings

The proposed approach is to divide the branches into zones, and create a pool of vehicles that will be requested on demand for the operations of the branches in the zone.



A Request for Proposal (RFP) was submitted to each existing Janitorial Service provider, with a submission deadline of Monday April 30 2018. The submissions received on the deadline have been reviewed on the basis of which the cost reduction figures below are presented.



# Operations and management (business overview) - customer expectations

As part of managing customers expectations and demands, the OA and BoG Officials on Day 2 of Intervention visited all 54 uniBank branches across the country. Subsequent to this, the OA and some staff of uniBank visited top 3 customers across each branch in the country. This effort of the OA help achieve some stability of the deposit book and stemmed panic withdrawals

### Strategic meetings with key customers

The OA further held strategic meetings with the top hundred (100) customers by deposits of the bank. These customers were classified into Institutional and Individual customers. Meetings were held with other customers on a need basis.

#### Institutional Customers e.g.

1. Ghana Judicial Service
2. COCOBOD
3. Stanlib Ghana Limited
4. Oyedopo Ministries
5. KNUST
6. Newmont Ghana Limited
7. EximGuaranty Limited
8. Teachers Fund
9. National Lottery Authority

#### Individual Customers e.g.

1. Dr. Daniel Markin Gyampa
2. Raad Yason Zuber
3. Adade Mensah
4. Mahama Ayariga
5. John Arthur

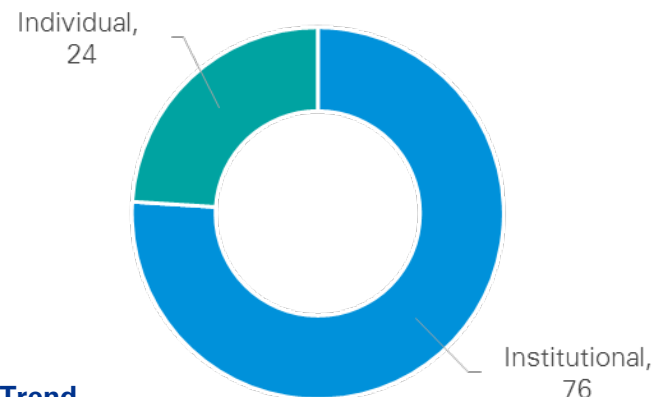
### Objectives

The objectives of the visits were to:

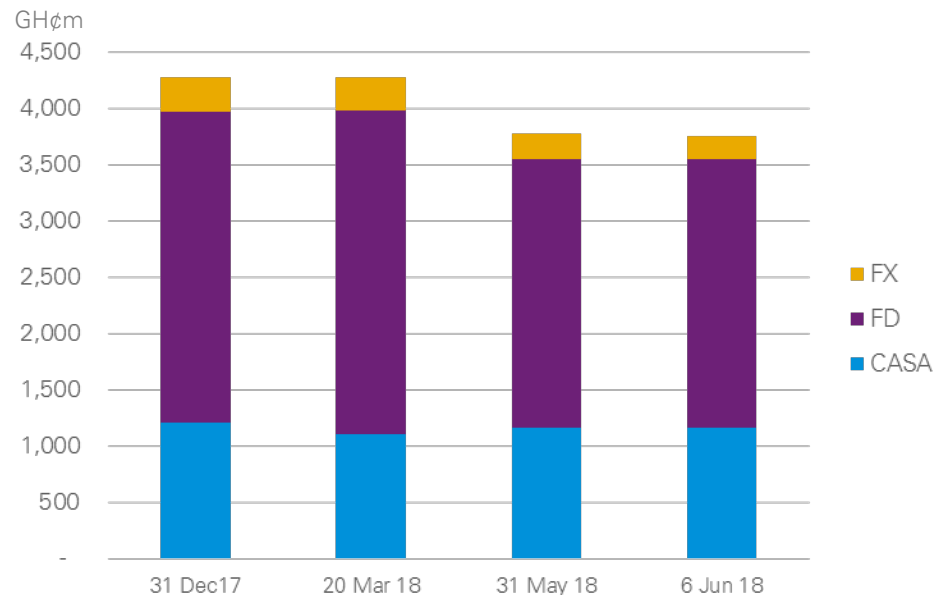
- Clarify the role of the OA
- Allay customers' fears on the safety of their deposits

**Top 100** customer deposits as at 20 March 2018 was **GH¢2.6 billion**, representing **55%** of total deposits

### Customer Engagements



### Deposit Trend



# Operations and management (business overview) - stakeholder engagements

Official Administrator has continued to engage other relevant stakeholders of the bank to keep them adequately informed during the intervention period.

Examples	<ul style="list-style-type: none"> <li>• Bank of Ghana</li> <li>• International Monetary Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Ghana International Bank</li> <li>• Standard Chartered Bank</li> <li>• British Arab Commercial Bank</li> <li>• Citi Bank</li> <li>• Ecobank Paris</li> </ul>	<ul style="list-style-type: none"> <li>• European Investment Bank</li> <li>• responsAbility Investments AG</li> <li>• African Export-Import Bank</li> <li>• GCB Bank Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Management Committee</li> <li>• Heads of Departments</li> <li>• Branch Managers</li> <li>• Business Units</li> </ul>	<ul style="list-style-type: none"> <li>• Dr Kwabena Duffour</li> <li>• HODA Holdings</li> <li>• Integrated Properties Limited</li> <li>• Telemedia Company Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Citi FM</li> <li>• Joy FM</li> <li>• Angel FM</li> <li>• Fox FM</li> <li>• Hello FM</li> <li>• Radio Max</li> <li>• Kesmi FM</li> </ul>	<ul style="list-style-type: none"> <li>• Topp Securities</li> <li>• Topp Recruitment</li> <li>• uniPrecision Printing</li> <li>• Crown Jewels</li> </ul>
Other Stakeholders							
Mode of Engagement	<ul style="list-style-type: none"> <li>• Statutory Reports and status updates</li> <li>• Meetings with BSD</li> <li>• Meetings with BoG Governors</li> </ul>	<ul style="list-style-type: none"> <li>• Emails and written correspondence</li> <li>• Telephone calls</li> </ul>	<ul style="list-style-type: none"> <li>• Conference calls to clarify OA role</li> </ul>	<ul style="list-style-type: none"> <li>• MANCOM Meetings</li> <li>• Regular face to face meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Face to face meetings to recover loan and advances to shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Press conference at uniBank head office (WTC)</li> <li>• Interviews at various media houses</li> </ul>	<ul style="list-style-type: none"> <li>• Face to face meetings to renegotiate contracts terms and licences</li> </ul>



# Appendix

## 4. Operations and Management

- 4.2 OA Governance Structure and Executive Team

# Operations and management (OA) - governance structure

## Introduction and Background

On 20 March 2018, the Bank of Ghana (BoG) and regulator of financial institutions appointed KPMG in Ghana as the Official Administrator (OA) for uniBank Ghana Limited (uniBank) in exercise of its powers under Sections 107 and 108 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The OA upon appointment, assumed control of uniBank and all its branches including the responsibilities of the shareholders, directors, and key management personnel of uniBank.

In line with BoG's corporate governance requirements and leading practices in corporate governance, the OA has established a working governance structure to direct, control and oversee the activities of uniBank.

## Governance Structure

The OA's governance structure outlines the working and reporting relationships amongst the various governance entities in uniBank. This structure facilitates key activities such as the establishment and monitoring of operational and strategic goals.

The governance structure of uniBank includes the following elements:

- The Official Administrator (OA) – appointed by BOG
- Oversight Body
- The Executive Representative of the OA (Executive Representative)
- Engagement Partner of the OA (Engagement Partner)
- Senior Management of uniBank (including experts appointed by the OA)
- Management Committees
- Internal Audit
- Other Assurance Functions of uniBank (risk management, internal control and compliance)

## Official Administrator (OA)

The OA is responsible for the day to day operations of uniBank. The powers, functions and responsibilities of the shareholders, directors, and key management personnel of uniBank is vested in the OA.

In furtherance of its mandate and in accordance with sections 107 to 122 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the OA has established this corporate governance structure that sets forth rules and policies that govern the performance of Senior Management and staff of uniBank.

In performing its functions, the OA team oversees matters relating to the following areas:

- Payments of contracts to third parties and affiliates
- Selling, transferring, leasing or otherwise disposing of any assets
- Compensation arrangements for staff
- Any decision taken by existing Senior Management that is likely to cause significant reputational risk or result in substantial negative publicity
- Engagements with BoG and third parties

## Oversight Body

Regular meetings are held between Bank of Ghana (BoG) and KPMG. There are bi-weekly meetings between Banking Supervision Department and the Official Administrator. In addition, updates are provided to the Governors on a regular basis

## The Executive Representative of the Official Administrator (OA)

The primary responsibility of the Executive Representative of the OA (Executive Representative) is to liaise with the OA in providing direction and general oversight of the day-to-day operations of the Bank. The Executive Representative reports regularly to the OA on the performance of uniBank and the progress being made towards the achievement of engagement objectives.

# Operations and management (OA) - governance structure

Responsibilities of the Executive Representative includes the following:

- Assist in assessing the governance, operating model and financial health of the bank.
- Assist in pursuing an aggressive recovery strategy and renegotiate favourable settlement terms with creditors.
- Assist in identifying and reviewing key contracts and agreements.
- Assist in implementing and operating appropriate internal controls.
- Assist in ensuring the effective administration of the bank to secure and safeguard depositors' funds
- Assist in evaluating the appropriateness of resources: people, systems, policies and processes for the effective operations of the bank

## Engagement Partner

The Engagement Partner's primary responsibility is to ensure that the activities of the OA is in compliance with KPMG risk management and quality assurance process.

Responsibilities of the Engagement Partner includes the following:

- Oversee the timely review and submission of specific reports to the BoG
- Attend management committee meetings and special meetings with BoG
- Provide direction to KPMG staff who are executing specific projects for the OA
- Review reports developed by KPMG personnel
- Submit project reports on KPMG activities to the OA
- Oversee compliance with KPMG risk management policies and procedures

## Senior Management Team

The Senior Management team is headed by the Executive Representative who is responsible for the day to day management and operations of uniBank and reports to the OA. The Senior Management team includes experts appointed by the OA to oversee specific functions of uniBank. The Senior Management team is composed of the Executive Representative, the Chief Financial Officer, Head of Treasury and Head of Human Resources.

The Senior Management team convenes weekly as part of the OA Project Management Office meetings and minutes are kept of all meetings.

Responsibilities of the Senior Management team includes the following:

- Manage uniBank's activities in line with the objectives and strategy determined by the OA
- Formulate and recommend strategies to the OA on loan recoveries
- Implement the culture, values and ethics of uniBank as established by the OA
- Oversee activities of management and ad hoc committees
- Review corporate and uniBank-wide performance (operational activities)
- Organise an internal control system that provides reasonable assurance on the reliability of internal reporting and financial disclosure
- Report weekly to the OA on uniBank's financial position

## Management Committees

The key management committees of the Bank are:

- Executive Committee (EXCO)
- Management Committee (MANCOM)
- Credit Risk Management Committee
- Management Credit Committee
- Assets and Liability Committee (ALCO)

# Operations and management (OA) - governance structure

The terms of reference of MANCOM has been updated to include the additional functions (roles and responsibilities), composition and meeting procedures. MANCOM meets bi-weekly or as directed by the OA.

MANCOM is responsible for implementing uniBank's strategic priorities and addressing critical business issues and opportunities. The membership is drawn from the Senior Management team and departmental heads.

The OA shall constitute other committees as and when the situation demands.

## Internal Audit

Internal audit is an independent, objective assurance and consulting function established to examine, evaluate and improve the effectiveness of risk management, internal control, and governance processes of uniBank.

The Executive Head of internal Audit reports functionally to the Official Administrator and administratively to the Executive Representative.

The Executive Head of Internal Audit is accountable to the Official Administrator and has developed and implemented an updated risk based audit plan which has been approved by the Official Administrator.

## Risk Management

The main objective of uniBank's Risk Management Framework is to identify and manage significant risks related to the execution of the bank's strategy and operations. The Risk Management framework defines the enterprise-wide risk management principles, objectives and responsibilities within uniBank. uniBank's enterprise-wide risk management process includes identification, assessment, categorisation, prioritisation, monitoring and reporting of significant risks.

The Senior Management team have a fundamental risk management responsibility to ensure that uniBank's risk profile is up to date with emerging risks and that the Risk Management Framework responds in a timely manner to relevant changes.

The risk management function submits regular reports to the Executive Representative on the status of loan recoveries.

## Internal Control Framework

The OA in coordination with the Senior Management team of uniBank have the responsibility to establish and maintain a sound system of internal controls.

The internal controls of uniBank are designed to provide reasonable assurance over financial reporting, effectiveness and efficiency of operations and compliance with BoG regulations and applicable laws.

uniBank's system of internal control includes the following:

- The establishment of guidelines to oversee the activities of key functions (finance, Treasury, Human Resources)
- The establishment of guidelines and policies for the recoveries of outstanding loans
- The issuance of specific guidelines on banking activities (deposits and credit facilities and daily reconciliation of suspense accounts) to relevant staff of uniBank
- The maintenance of records that accurately and fairly reflect the transactions and assets of uniBank
- The prevention or timely detection of unauthorised acquisition and use of the uniBank's assets that could have a material effect on the financial statements

## Compliance

The Compliance Department is responsible for the oversight of uniBank's adherence to regulatory requirements and BoG directives including the coordination of the bank's risk/AML-CFT compliance programme.

The OA oversees the activities of the Head of Compliance to ensure that a compliance programme is maintained for uniBank and that compliance issues are resolved expeditiously.

Coordination with the respective department heads is the responsibility of the Chief Compliance Officer. The compliance program is updated regularly to incorporate changing responses to evolving internal and external conditions.



# Operations and management (OA) - BoG oversight

The Bank of Ghana has exercised its oversight over the Official Administrator's activities in a number of ways including through meetings and letters.

## Pre-intervention Meetings

Key Meetings	Subject of Meeting	Key Audience/Present
Operational Planning	<ul style="list-style-type: none"> <li>Presentation on Operational Plan for intervention and Management of uniBank (Ghana) Limited</li> </ul>	Governors of Bank of Ghana, Heads of Banking Supervision, KPMG
Meeting to update BoG	<ul style="list-style-type: none"> <li>Briefing the Governors on Operational Readiness of OA</li> </ul>	Governors of Bank of Ghana, KPMG
Final pre-intervention Meeting	<ul style="list-style-type: none"> <li>Final Readiness Check with Banking Supervision Department</li> </ul>	Operational Team of BSD and KPMG Team

## Management and Update Meetings

Key Meetings	Subject of Meeting	Key Audience/Present
30 Day Report	<ul style="list-style-type: none"> <li>Presentation on the 30 Day report (Inventory of Assets and Liabilities) submitted to the Bank of Ghana by the OA.</li> </ul>	<ul style="list-style-type: none"> <li>Governors of Bank of Ghana, Heads of Banking Supervision Division (BSD), OA's Management Team</li> </ul>
Bi-weekly meetings with BSD, Bank of Ghana	<ul style="list-style-type: none"> <li>Update on key operational matters including follow up on approval letters, liquidity requests, customer related matters</li> </ul>	<ul style="list-style-type: none"> <li>Heads of BSD and OA's Management Team</li> </ul>
Liquidity request and customer obligations	<ul style="list-style-type: none"> <li>Discussion on conditions and application of GH¢68m BOG liquidity support for uniBank (SME, Individual and Rural Banks)</li> </ul>	<ul style="list-style-type: none"> <li>1st Deputy Governor, Heads of BSD, OA's Management Team</li> </ul>
Status Report to BoG	<ul style="list-style-type: none"> <li>Presentation on the current state of the bank, key findings and how OA is managing the bank</li> </ul>	<ul style="list-style-type: none"> <li>Governors and OA's Management Team</li> </ul>



# Appendix

## 4. Operations and Management

- 4.3 Changes Made to Key Policies

# Operations and management – key policy changes

The Official Administrator has made some key operating policy changes and taken a number of steps across key functions to sustain the operations of the Bank. These changes cut across core functional areas such as Finance, Credit, Human Resource, Treasury amongst others.

## Official Administrator (OA)

- Defined priorities of the Bank in administrations to include: loan recoveries, cost optimisation, customer and stakeholder expectations management
- Presiding over key governance meetings and represent the bank at functions
- Reviewed outsourced contracts to ensure cost effectiveness and value for money
- Suspension of all sponsorship and CSR activities that may have cost impacts
- Determined liquidity needs of the bank and seek support from Bank of Ghana
- Removal of Board of Directors and key management as required by the law

## Treasury

- With approval of Bank of Ghana, rolling over all matured fixed deposits of financial institutions and State-owned Enterprises at sovereign rate
- Treasury approval required for all withdrawals above GH¢50,000.
- Treasury approves payment orders above GH¢10,000
- Maturity profiling of all deposit of the bank to ensure robust fund and liquidity need assessment

## Credit Risk

- Suspension of credit pending credit approvals which were not fully cash-backed
- Review of key credit approval processes including overdraft drawdown conditions
- Review of all loan facilities and collateral documentations to determine LTV
- Development of loan recovery plans with cash flow projections
- New cash backed facilities are processed for approval as required, subject to a lien being placed on the cash collateral

## HR

- Reversed and put on hold all staff promotions and salary increases
- Staff assessment to determine excess capacity, competency and fit
- Reviewed key contracts of outsourced staff and reduced the excess staff supply
- Introduced whistle blowing and ethics line to ensure staff confidentiality
- Performed assessment cost of removal of key management
- Staff engagement and communication to key stakeholders

## Finance

- Reviewed the General Ledger and Trial Balance and validation of the financials
- Reviewed the entire finance functions to determine competency and capacity needs Identified various components making up operating expenses
- Reviewed cash collection activities, Saturday Banking to determine profitability
- To avoid cash accounting which was the practice, directives have been given to departments to provide all expenses incurred before each month end to ensure accruals are made in relevant periods.
- A policy document on accounting for leasehold improvement has been prepared and awaiting approval.
- Ongoing initiatives to ensure all departments cut costs by 30% of budgeted amounts for the year to ensure cost savings
- Provides oversight over the payment approval process which ensures that all invoices after going through the Bank's existing approval procedures are referred to OA Finance team for authorisation with the following authority limits.
  - Greater than GH¢100,000 - Simon Dornoo (ER of OA)
  - Up to GH¢100,000- Joyce Adu Ntim (OA Finance Lead).
  - Branch expenses are, however, approved by the FC with OA in copy of the approval e-mail



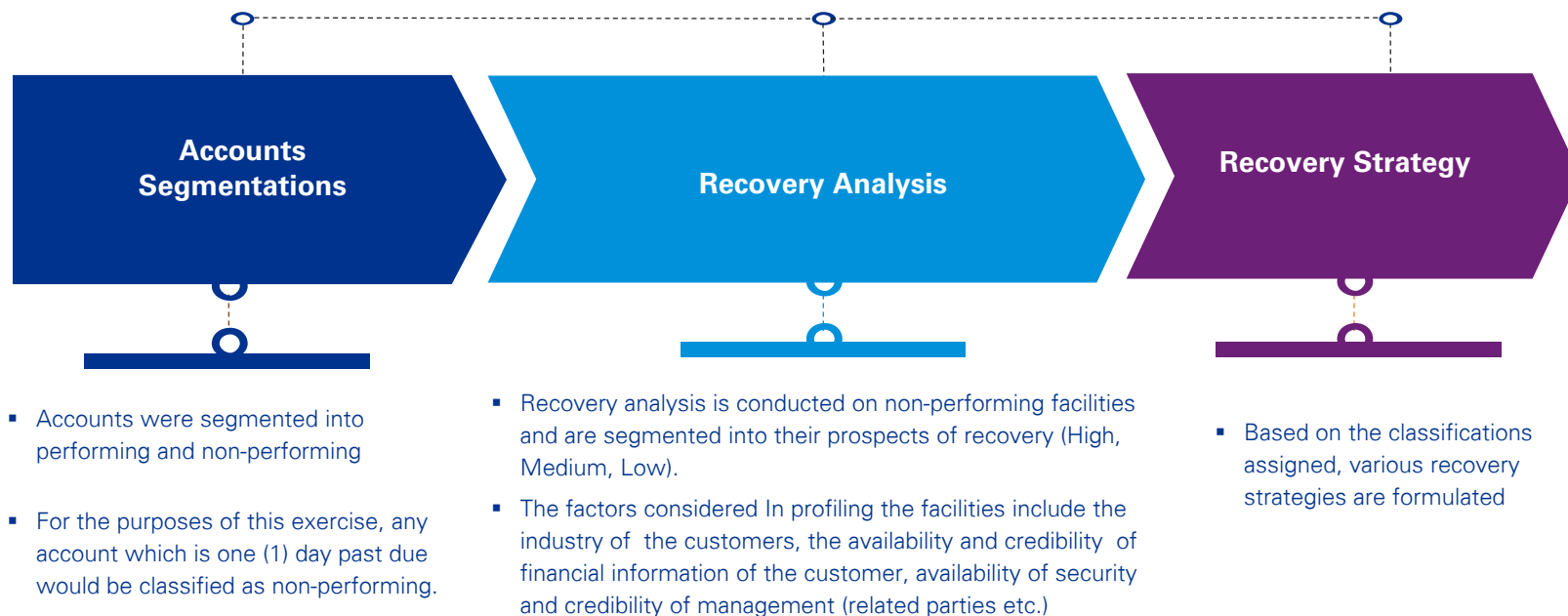
# Appendix

## 4. Operations and Management

- 4.4 Loan recovery plan

# Operations and management (loan recovery) - recovery plan

The overall approach to recovery is presented below:



**Recovery shall be done on a best effort basis and with the overarching objective of preserving the assets of the Bank and safeguarding depositors' funds amongst others.**

# Operations and management (loan recovery) - recovery strategies

## Prospect of Recovery



## Key Action Points

- **Negotiated Settlements**
- **Engage services of debt collectors**
- **Intense recovery pressure**
- **Accrued facilities would be referred to management for possible write-off**
- **Deferred Expenditure converted to loans to be referred to management for necessary action**
- **Publish names of defaulters**
- **Judicial/Private sale of collateral to settle exposure**
- **Litigation**

- **Continuous recovery pressure**
- **Restructuring of facility**
- **Continuous customer engagement**
- **Litigation**
- **Judicial/Private sale of collateral to settle exposure**

- **Continuous recovery pressure**
- **Restructuring of facility**
- **Continuous engagement with customer**
- **Continuous monitoring of performance in the case of restructured or negotiated settlement facilities**

# Operations and management (loan recovery) – recovery strategies

In order to drive the recovery process, accounts that fall in specific sectors have been grouped together, with specific strategies formulated. The accounts have been grouped as follows: Construction, Telecom, Financial Institutions, Bulk Oil Distributors, Special Purpose Vehicle transactions (SPVs), Exposures due to Commission On Transaction (COT)/service charges and the rest referred to here as Others. Below is a table showing our proposed strategies for each of these categories going forward:

Category	Strategy	Timeframe/ Frequency of call
Construction	1. Engage officials from Ministry of Finance and other agencies like COCOBOD and Bank of Ghana to expedite action on the payment at strategic level	0-15 days 15-30 days
	2. Continuous engagement with customer	30-45 days
Telecommunication	1. Customers whose businesses have collapsed(e.g. RLG): sale of properties held as collateral	1-10 days
	2. Going Concerns (expecting payments from Government of Ghana) <ul style="list-style-type: none"> <li>Engage officials of the Ministry of Finance and National Communications Authority through formal letters and personal calls</li> <li>Recovery teams of 10-20 members to follow up at the Ministry of Finance and National Communications Authority twice in a week</li> <li>Continuous engagement with customer</li> </ul>	11-30 days Weekly
	1. Demand letters to be sent out 2. Engage with management (strategic level) 3. Recovery team of 10-20 to maintain consistent recovery pressure in the banking halls of their strategic branches on a regular basis, preferably daily. 4. Increased pressure in branches; two additional branches per week in so far as payment is not made depending on institution's branch network and geographical location of recovery 5. Send letter notifying them of publication in the newspapers	1-5 days 6-10 days 11-30 days 31-45 days After 45days
Bulk Oil Distributors (BDCs)	1. Engage at strategic level with management 2. Engage Ministry of Finance/Ministry of Energy to assign payments 3. Going Concerns – Engage for a restructuring plan	0-15 days
Deferred Expenditure transferred to Loans	At a strategic level; Official Administrator (OA) and Bank of Ghana to engage with shareholders to make good their obligation after validating the exposures	1-30 days
Others	These include accounts in Small and Medium Enterprises (SME)/Consumer Finance and lower end corporates. Various strategies to be deployed and not limited to: 1. Asset repossession (vehicles used as collateral) 2. Enhanced cash collection for trading concerns on daily basis and Sunday church collections 3. Restructuring to align cash flows to facility repayment 4. Picketing 5. Politically Exposed Persons (PEPs) –Notify them of intended press publication of names and pictures 6. Churches (Reputable) – Notify them of intended Press publication and follow up with Sunday church attendance and cash collections	1 - 60days

# Operations and management (loan recovery) – recovery efforts

Since the commencement of the recovery exercise in April, the Bank has adopted varied approaches in the recovery of overdue exposures. The strategies included the setting up of teams at business levels which was later revised with members drawn from business other functional areas including legal, credit risk, loan processing unit and retail banking. The objective is to go for 100% recovery in all instances, where recovery chances are weak we go in to recover as much as we can “under best effort basis”. Over the last eleven weeks’ period of recovery, a total of GH¢87.9 million has been collected so far.

The recovery efforts and strategy are reviewed on a weekly basis to make the necessary amendments in order to improve the collections in the immediate and medium term so as to achieve the set targets

## **Recovery Performance**

The table below presents a summary of the recovery performance for April, May and June 2018, categorised on business units.

	<b>April (GH¢)</b>	<b>May (GH¢)</b>	<b>June (GH¢)</b>	<b>Total (GH¢)</b>
Corporate	34,670,915.73	25,693,352.86	17,052,272.07	77,416,540.66
SME	3,119,178.74	1,990,638.54	1,577,184.37	6,687,001.65
Recoveries	1,245,301.78	265,147.61		1,510,449.39
Consumer	456,878.19	793,431.80	410,890.13	1,661,200.12
Legal	505,852.56	118,000.00		623,852.56
<b>Total</b>	<b>39,998,127.00</b>	<b>28,860,570.81</b>	<b>19,040,346.57</b>	<b>87,899,044.38</b>



# Operations and management (loan recovery) - recovery efforts

	Week	Corporate (GH¢)	SME (GH¢)	Recoveries (GH¢)	Consumer (GH¢)	Legal (GH¢)	Total (GH¢)
April	Week 1	6,938,852.94	808,918.30	333,241.12	81,340.55		8,162,352.91
	Week 2	9,500,746.56	684,004.02	683,747.98	108,908.66	20,000	10,997,407.22
	Week 3	7,413,272.43	969,914.93	73,237.18	135,575.75	447,852.56	9,039,852.85
	Week 4	10,818,043.80	656,341.49	155,075.50	131,053.23	38,000	11,798,514.02
Sub Total (April)		34,670,915.73	3,119,178.74	1,245,301.78	456,878.19	505,852.56	39,998,127.00
May	Week 5	3,400,972.35	504,902.08	126,994.45	78,837.10	98,000	4,209,705.98
	Week 6	3,848,105.34	547,593.09	138,153.16	148,621.81	20,000	4,702,473.40
	Week 7	3,422,409.96	373,693.15		148,324.65		3,944,427.76
	Week 8	4,662,037.52	105,140.01		337,429.43		5,104,606.96
	Week 9	10,359,827.69	459,310.21		80,218.81		10,899,356.71
Sub Total (May)		25,693,352.86	1,990,638.54	265,147.61	793,431.80	118,000.00	28,860,570.81
June	Week 10	4,546,825.86	1,104,205.06		200,398.42		5,851,429.34
	Week 11	12,505,446.20	472,979.31		210,491.71		13,188,917.22
Sub Total (June)		17,052,272.07	1,577,184.37	0.00	410,890.13	0.00	19,040,346.57
<b>Grand Total</b>		<b>77,416,540.66</b>	<b>6,687,001.65</b>	<b>1,510,449.39</b>	<b>1,661,200.12</b>	<b>623,852.56</b>	<b>87,899,044.38</b>

# Operations and management (loan recovery) -negotiated settlements

The table below presents various negotiated settlements and payment arrangements that have been entered into since the Bank went into Administration on 20 March 2018. the information also provides the performance status of these settlements and arrangements.

No.	Customer	Account Number	Outstanding Balance (Gh¢)	Write Off Amount (Gh¢)	Negotiated Amount (Gh¢)	Approval Date	Status
1	Farozzi Enterprise	0071307072641	39,866.92	12,866.92	27,000.00	03-may-18	Paid off
2	First Class Car Rental	0131000271361	10,000.24	5,000.24	5,000.00	03-may-18	Paid off
3	Int Cent Gospel Ch-possibility Ass	0021300703191	223,968.90	19,459.45	204,509.45	10-may-18	Paid off
4	Sakasam Trd Ent	0041304005211	193,842.06	53,842.06	140,000.00	24-apr-18	Paid off
5	Viggis Ventures	0071307019891	340,404.94	60,404.94	280,000.00	09-apr-18	The facility has been paid down by GH¢200,000.00 and the customer is yet to pay the remaining GH¢80,000.00
6	Skj Ghana Limited	0211301670741	4,564,277.39	619,277.39	3,945,000.00	18-may-18	Client to pay GH¢1.5Million within 3 weeks to end in Second week of June. GH¢2Million to be refinanced by Stanbic. The difference in interest to be agreed by both parties
7	Smagow Resources (Gh) Ltd	0021300179782	90,838,813.00	N/A	N/A	05-april-18	The customer has agreed to pay \$50,000.00 per week. The customer has been consistent. Amount to be reviewed to \$80,000.00 by July 2018

# Glossary of terms

Term	Meaning
90-Day Report	Report on the Financial Condition and Future Prospects of uniBank (Ghana) Limited issued on 20 June 2018
AD	Active Directory
ALCO	Assets and Liability Committee
ALM	Assets and Liabilities Management
AMC	Asset Management Company
AML	Anti-Money Laundering
AQR	Asset Quality Review
BAC	Board Audit Committee
BoG	Bank of Ghana
BSD	Banking Supervision Department
CAML	Compliance and Anti-Money Laundering
CAR	Capital Adequacy Ratio
CDD	Customer Due Diligence
CFT	Combating the Financing of Terrorism
COT	Commission on Turn-Over
CRB	Consolidated Reporting Base
CSR	Corporate Social Responsibility
CWIP	Capital Work In Progress
DC	Data Capture
DR	Disaster Recovery
ED	Executive Director
EDD	Enhanced Due Diligence
ELA	Emergency Liquidity Assistance
ERM	Enterprise Risk Management
ESD	Electrostatic Discharge

Term	Meaning
EXCO	Executive Committee
FATCA	Foreign Account Tax Compliance Act
FI	Financial Institution
FLUR	Forex Loss Under Recovery
FSV	Forced Sale Value
GRA	Ghana Revenue Authority
IA	Internal Audit
IFI	International Financial Institutions
IFRS	International Financial Reporting Standards
IPC	Interim Payment Certificates
IPO	Initial Public Offering
IPPF	International Professional Practice Framework
KYC	Know your customer
LTV	Loan to Value
M&A	Mergers and Acquisitions
MANCOM	Management Committee
MoF	Ministry of Finance
MTM	Mark To Market
MTO	Money Transfer Organisations
NBFI	Non-Bank Financial Institution
NDA	Non Disclosure Agreement
NED	Non-Executive Director
NPL	Nonperforming Loan
OA	Official Administrator
OMV	Open Market Value
P&A	Purchase and Assumption

# Glossary of terms

<b>Term</b>	<b>Meaning</b>
PBT	Profit Before Tax
PEPs	Politically Exposed Persons
PPA	Public Procurement Authority
RWA	Risk-Weighted Assets
SEC	Securities and Exchange Commission
SLA	Service Level Agreement
SOE	State-Owned Enterprises
SPV	Special Purpose Vehicle
TPL	Third party loans and advances

# Important notes

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