



ZENITH BANK (GHANA) LIMITED

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2018

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	2018 GH¢	2017 GH¢
Assets		
Cash and cash equivalents	642,736,246	645,134,701
Non-pledged trading assets	191,654,387	
Investments	3,876,700,380	1,269,313,272
Investments (other than securities)	181,165,275	734,546,319
Loans and advances to customers	769,637,459	928,570,294
Current tax assets	-	472,493
Property, plant and equipment	187,812,065	158,202,797
Intangible assets	2,222,199	1,173,621
Deferred tax assets	2,989,920	4,228,179
Other assets	<u>34,750,820</u>	<u>102,876,819</u>
Total assets	<u>5,889,668,751</u>	<u>3,844,518,495</u>
Liabilities		
Borrowings	1,656,966,080	276,885,272
Deposits from customers	3,310,334,462	2,870,563,189
Deposits from banks and non-bank financial institutions	35,167,508	3,956,213
Current tax payable	12,994,036	2,104,134
Other liabilities	<u>62,665,356</u>	<u>50,010,713</u>
Total liabilities	<u>5,078,127,442</u>	<u>3,203,519,521</u>
Equity		
Stated capital	400,000,000	122,021,496
Statutory reserve	202,661,113	107,644,078
Credit risk reserve	19,476,467	26,322,014
Retained earnings	<u>189,403,729</u>	<u>385,011,386</u>
Total equity	<u>811,541,309</u>	<u>640,998,974</u>
Total equity and liabilities	<u>5,889,668,751</u>	<u>3,844,518,495</u>
Total off balance sheet exposures	<u>885,917,637</u>	<u>930,903,646</u>

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

	2018 GH¢	2017 GH¢
Interest income	330,552,545	265,532,828
Interest expense	<u>(137,389,229)</u>	<u>(113,949,053)</u>
Net interest income	<u>193,163,316</u>	<u>151,583,775</u>
Fee and commission income	53,525,860	32,168,486
Fee and commission expense	<u>(3,064,500)</u>	<u>(2,459,034)</u>
Net fee and commission income	<u>50,461,360</u>	<u>29,709,452</u>
Net trading income	20,326,104	18,861,695
Net income - financial instrument carried at fair value	(2,919,333)	-
Other income	<u>4,324,488</u>	<u>1,940,213</u>
Net trading and other income	<u>21,731,259</u>	<u>20,801,908</u>
Operating Income	<u>265,355,935</u>	<u>202,095,135</u>
Impairment loss on financial assets	(4,184,611)	(14,669,311)
Personnel expenses	(43,052,133)	(31,449,631)
Operating lease expenses	(3,273,751)	(5,211,666)
Depreciation and amortization	(8,865,583)	(4,619,742)
Other expenses	<u>(52,483,587)</u>	<u>(44,091,400)</u>
Profit before income tax	<u>153,496,270</u>	<u>102,053,385</u>
Income tax expense	(49,736,885)	(35,840,100)

	2018 GH¢	2017 GH¢
Profit after tax attributable to equity holders of the Bank	103,759,385	66,213,285
Other comprehensive income (net of income tax)	-	-
Total comprehensive income for the period	<u>103,759,385</u>	<u>66,213,285</u>

UNAUDITED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE

	2018 GH¢	2017 GH¢
Profit after tax	103,759,385	66,213,285
<i>Adjustments for:</i>		
Depreciation and amortization	8,865,583	4,619,742
Net impairment loss on financial assets	4,184,611	14,669,311
Net interest income	(193,163,316)	(151,583,775)
Profit on disposal of property, plant and equipment	(221,105)	(117)
Asset write-off	33,600	-
Tax expense	49,736,885	35,840,100
Fair value adjustments	2,919,333	-
	(23,885,024)	(30,241,454)
<i>Changes in:</i>		
Investments (Other than securities)	588,155,418	(441,869,319)
Non-pledged trading assets	(79,976,714)	-
Investments	(1,366,237,003)	(188,632,158)
Loans and advances to customers	35,039,295	83,484,400
Other assets	147,384,489	(28,883,874)
Borrowings	1,303,778,193	166,733,942
Deposits from customers	(163,081,747)	232,618,841
Deposits from banks and NBFIs	588,489	(29,364,027)
Other liabilities	<u>13,281,658</u>	<u>6,539,996</u>
	455,047,054	(229,613,653)
Interest received	330,552,545	265,532,828
Interest paid	(137,389,229)	(113,949,053)
Taxes paid	<u>(44,074,460)</u>	<u>(32,804,478)</u>
Net cash flow from/(used in) operating activities	<u>604,135,910</u>	<u>(110,834,356)</u>
Cash flow from investing activities		
Acquisition of property, plant and equipment	(11,080,988)	(32,004,737)
Proceeds from disposal of property, plant and equipment	949,937	250
Acquisition of intangible assets	<u>(562,288)</u>	<u>(354,154)</u>
Net cash flow used in investing activities	<u>(10,693,339)</u>	<u>(32,358,641)</u>
Net increase/(decrease) in cash and cash equivalents	593,442,571	(143,192,997)
Balance at beginning	<u>1,865,113,701</u>	<u>2,024,486,943</u>
Cash and cash equivalents at 30 June	2,458,556,272	1,881,293,946
Effect of exchange rate fluctuations on cash and cash equivalents held	<u>(9,152,946)</u>	<u>(16,180,245)</u>
Cash and bank balances	<u>2,449,403,326</u>	<u>1,865,113,701</u>
Cash balances	642,736,246	645,134,701
Short-term investments	<u>1,806,667,080</u>	<u>1,219,979,000</u>
Cash and cash equivalents at 30 June	<u>2,449,403,326</u>	<u>1,865,113,701</u>



ZENITH BANK (GHANA) LIMITED

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2018

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE

	Stated Capital	Credit Risk Reserve	Statutory Reserve	Retained Earnings	Total Equity
Balance at 1 January 2018	<u>122,021,496</u>	<u>14,948,358</u>	<u>150,781,421</u>	<u>459,583,785</u>	<u>747,335,060</u>
IFRS 9 adjustment to opening balance	-	-	-	(38,166,321)	(38,166,321)
Opening restated	122,021,496	14,948,358	150,781,421	421,417,464	709,168,739
Profit for the period	-	-	-	103,759,385	103,759,385
Transactions with equity holders, recorded directly in equity:					
Transfers for the period	277,978,504	4,528,109	51,879,692	(334,386,305)	-
Cost of transfer from income surplus to stated capital	-	-	-	(1,386,815)	(1,386,815)
Total contributions by and distributions to equity holders	277,978,504	4,528,109	51,879,692	(335,773,120)	(1,386,815)
Balance at 30 June 2018	400,000,000	19,476,467	202,661,113	189,403,729	811,541,309
Balance at 1 January 2017	<u>61,221,496</u>	<u>26,322,014</u>	<u>107,644,078</u>	<u>379,598,101</u>	<u>574,785,689</u>
Profit for the period	-	-	-	66,213,285	66,213,285
Transactions with equity holders, recorded directly in equity:					
Transfers for the period	<u>60,800,000</u>	-	-	<u>(60,800,000)</u>	-
Total contributions by and distributions to equity holders	60,800,000	-	-	(60,800,000)	-
Balance at 30 June 2017	122,021,496	26,322,014	107,644,078	385,011,386	640,998,974

NOTES TO THE FINANCIAL STATEMENTS

Reporting entity

Zenith Bank (Ghana) Limited (the Bank) is a bank incorporated in Ghana. The address of the Bank's registered office is Zenith Heights, No. 31 Independence Avenue, PMB CT 393, Accra.

Basis of accounting

These unaudited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit-Taking institutions Act, 2016 (Act 930).

Functional and presentation currency

These unaudited financial statements are presented in Ghana Cedi, which is the Bank's functional currency.

Use of judgements and estimates

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

Basis of measurement

These unaudited financial statements have been prepared on a historical cost basis except for the following material items:

Items	Measurement Basis
• Non-derivative financial instruments at fair value through profit or loss	Fair value
• Non-derivative financial instruments at amortised cost	Amortised cost

Significant accounting policies

These unaudited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants, Ghana (ICAG), and in the manner required by the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Except as indicated below, the principal accounting policies applied in the preparation of these unaudited financial statements are consistent with the accounting policies applied in the audited financial statements of the bank for the year ended December 31, 2017. These policies have been consistently applied to all the years presented,

Changes in accounting policies

On January 01, 2018 the Bank adopted IFRS 9 Financial Instruments (IFRS 9) as issued by the IASB on July 24, 2014. The adoption of IFRS 9 resulted in changes to the bank's accounting policies with regards to the classification and measurement of financial instruments, and the allowance for impairment loss on financial instruments. The Bank has elected not to restate its comparative financial statements as permitted by the transitional provisions for IFRS 9.

The impact of transitioning to IFRS 9 on the financial statements of Zenith Bank (Ghana) Limited was a decrease in retained earnings of GH¢ 38.20 million arising from an increase in impairment of financial assets. This has been accounted for in the opening retained earnings of the bank as at January 01, 2018. The increased impairment allowance is as a result of recognising expected credit losses on committed undrawn exposures, loan commitments and financial guarantees.

Risk Management

The Bank's activities expose the business to risks. The Bank has exposure to the following types of risks:

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

These risks are managed professionally and in a targeted manner. The Bank's risk management policies are established to identify and analyse risks faced by the Bank, set appropriate risks limits and controls as well as monitor these risks and adherence to established policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered by the Bank. For detailed risk management framework of the Bank, refer to Note 34 in the Bank's audited annual report for 2017.

Quantitative Disclosures	2018	2017
	%	%
Capital adequacy ratio	28.19	23.16
Non-performing loans to gross loans	18.17	10.06
Loan loss provision	9.80	10.88
Liquid Ratio	265	133

Defaults in statutory liquidity and accompanying sanctions

	June 2018	June 2017
a) Default in statutory liquidity	Nil	Nil
b) Sanctions	Nil	Nil
	Signed	Signed
	Henry Oroh (Managing Director/CEO)	Dr. Mary Chinery-Hesse (Chairman)