



ZENITH BANK (GHANA) LIMITED

UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER

	2018 GH¢	2017 GH¢
Assets		
Cash and cash equivalents	210,012,932	720,913,939
Non-pledged trading assets	132,817,789	-
Investments	4,193,796,033	1,368,143,347
Investments (other than securities)	231,035,338	860,168,582
Loans and advances to customers	729,940,861	872,529,704
Current tax assets	-	1,560,866
Property, plant and equipment	184,683,855	164,875,027
Intangible assets	2,130,638	1,637,598
Deferred tax assets	2,989,920	4,228,179
Other assets	<u>24,647,607</u>	<u>118,306,342</u>
Total assets	<u>5,712,054,973</u>	<u>4,112,363,584</u>
Liabilities		
Borrowings	1,506,079,745	364,268,015
Deposits from customers	3,249,374,872	3,003,281,814
Deposits from banks and NBFIs	23,454,281	2,572,279
Current tax payable	12,802,438	-
Other liabilities	<u>65,196,576</u>	<u>58,573,843</u>
Total liabilities	<u>4,856,907,912</u>	<u>3,428,695,951</u>
Equity		
Stated capital	400,000,000	122,021,496
Statutory reserve	202,661,113	107,408,268
Credit risk reserve	16,229,851	26,322,014
Retained earnings	<u>236,256,097</u>	<u>427,915,855</u>
Total equity	<u>855,147,061</u>	<u>683,667,633</u>
Total equity and liabilities	<u>5,712,054,973</u>	<u>4,112,363,584</u>

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER

	2018 GH¢	2017 GH¢
Interest income	521,451,403	398,918,188
Interest expense	<u>(211,175,164)</u>	<u>(169,654,641)</u>
Net interest income	<u>310,276,239</u>	<u>229,263,547</u>
Fee and commission income	72,906,521	48,201,452
Fee and commission expense	<u>(4,732,798)</u>	<u>(3,755,824)</u>
Net fee and commission income	<u>68,173,723</u>	<u>44,445,628</u>
Net trading income	32,641,237	27,029,976
Net income - financial instruments at fair value	(19,510,704)	-
Other income	<u>7,689,070</u>	<u>3,722,132</u>
Net trading and other income	<u>20,819,603</u>	<u>30,752,108</u>
Operating Income	<u>399,269,565</u>	<u>304,461,283</u>
Impairment loss on financial assets	(15,084,230)	(17,199,634)
Personnel expenses	(64,625,378)	(47,636,461)
Operating lease expenses	(4,910,348)	(7,264,087)
Depreciation and amortization	(13,375,559)	(8,397,389)
Other expenses	<u>(85,580,111)</u>	<u>(66,819,268)</u>
Profit before income tax	215,693,939	157,144,444
Income tax expense	<u>(68,336,885)</u>	<u>(48,262,500)</u>
Profit after tax attributable to equity holders	147,357,054	108,881,944
Other comprehensive income (net of tax)	-	-
Total comprehensive income for the period	<u>147,357,054</u>	<u>108,881,944</u>

UNAUDITED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER

	2018 GH¢	2017 GH¢
Profit after tax	147,357,054	108,881,944
<i>Adjustments for:</i>		
Depreciation and amortization	13,375,559	8,397,389
Impairment loss on financial assets	15,084,230	17,199,634
Net interest income	(310,276,239)	(229,263,547)
Asset write-off	33,600	-
Profit on disposal of property, plant and equipment	(221,105)	-
Income tax expense	68,336,885	48,262,500
Unrealised gains on other financial instruments	(14,784,044)	-
Fair value loss on trading assets	<u>19,510,704</u>	<u>-</u>
	(61,583,356)	(46,522,080)
<i>Changes in:</i>		
Investments (Other than securities)	538,285,355	(581,501,012)
Non-pledged trading assets	(21,140,116)	-
Investments	(2,548,523,115)	34,009,430
Loans and advances to customers	84,727,650	128,587,468
Other assets	157,487,702	(44,696,091)
Borrowings	1,152,891,858	254,116,685
Deposits from customers	(224,041,337)	365,337,466
Deposits from banks and NBFIs	(11,124,738)	(30,747,961)
Other liabilities	<u>15,621,280</u>	<u>11,030,683</u>
	(917,398,817)	89,614,588
Interest received	460,099,704	398,918,188
Interest paid	(156,840,944)	(169,654,641)
Taxes paid	<u>(62,866,058)</u>	<u>(48,891,978)</u>
Net cash flow (used in)/ from operating activities	<u>(677,006,115)</u>	<u>269,986,157</u>
Cash flow from investing activities		
Acquisition of property, plant and equipment	(12,122,651)	(42,143,032)
Proceeds from disposal of property, plant and equipment	229,129	-
Acquisition of intangible assets	<u>(811,128)</u>	<u>(354,154)</u>
Net cash flow used in investing activities	<u>(12,704,650)</u>	<u>(42,497,186)</u>
Net (decrease)/increase in cash and cash equivalents	(689,710,765)	227,488,971
Cash and cash equivalents at 1 January	2,543,942,082	1,839,331,444
Cash and cash equivalents at 30 September	1,854,231,317	2,066,820,415
Effect of exchange rate fluctuations on cash and cash equivalents held	5,553,286	(932,601)
Cash and bank balances	<u>1,859,784,603</u>	<u>2,065,887,814</u>
Cash balances	210,012,932	720,913,939
Short - term investments	<u>1,649,771,671</u>	<u>1,344,973,875</u>
Cash and cash equivalents at 30 September	<u>1,859,784,603</u>	<u>2,065,887,814</u>



ZENITH BANK (GHANA) LIMITED

UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER

	Stated Capital GH¢	Credit Risk Reserve GH¢	Statutory Reserve GH¢	Retained Earnings GH¢	Total Equity GH¢
Balance at 1 January 2018	122,021,496	14,948,358	150,781,421	459,583,785	747,335,060
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
Total comprehensive income for the period:					
Profit for the period	-	-	-	147,357,054	147,357,054
Transactions with equity holders, recorded directly in equity:					
Transfers for the period	277,978,504	1,281,493	51,879,692	(331,139,689)	-
Cost of transfer from income surplus to stated capital	-	-	-	(1,378,732)	(1,378,732)
Total contributions by and distributions to equity holders	277,978,504	1,281,493	51,879,692	(332,518,421)	(1,378,732)
Balance at 30 September 2018	400,000,000	16,229,851	202,661,113	236,256,097	855,147,061
Balance at 1 January 2017	61,221,496	26,322,014	107,644,078	379,598,101	574,785,689
Total comprehensive income for the period:					
Profit for the period	-	-	-	108,881,944	108,881,944
Transactions with equity holders, recorded directly in equity:					
Transfers for the period	60,800,000	-	(235,810)	(60,564,190)	-
Total contributions by and distributions to equity holders	60,800,000	-	(235,810)	(60,564,190)	-
Balance at 30 September 2017	122,021,496	26,322,014	107,408,268	427,915,855	683,667,633

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, unless otherwise stated.

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, off-balance sheet commitments and investments.

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 (%)	30.86	24.03
Non-performing loans to gross loans (%)	14.50	11.63
Loan loss provision (%)	5.47	4.93
Liquid Ratio (%)	243	136
Off-balance sheet exposures (GH¢' million)	768	1,001

Defaults in statutory liquidity and accompanying sanctions

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