



# ZENITH BANK (GHANA) LIMITED

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

## UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

	2019 GH¢	2018 GH¢
Interest income	174,668,639	151,905,782
Interest expense	(65,967,460)	(63,504,668)
<b>Net interest income</b>	<b>108,701,179</b>	<b>88,401,114</b>
Fee and commission income	20,047,883	34,435,188
Fee and commission expense	(1,726,989)	(1,407,239)
<b>Net fee and commission income</b>	<b>18,320,894</b>	<b>33,027,949</b>
Net trading income	19,092,005	10,399,480
Net income - financial instruments carried at fair value	6,528,722	3,092,853
Other income	877,530	823,606
<b>Net trading and other income</b>	<b>26,498,257</b>	<b>14,315,939</b>
<b>Revenue</b>	<b>153,520,330</b>	<b>135,745,002</b>
Impairment loss on financial assets	3,446,737	(23,259,600)
Personnel expenses	(39,837,668)	(20,538,206)
Operating lease expense	-	(1,746,297)
Depreciation and amortization	(4,959,256)	(4,342,433)
Other expenses	(24,783,708)	(25,174,560)
<b>Profit before income tax</b>	<b>87,386,435</b>	<b>60,683,906</b>
Income tax expense	(21,375,000)	(18,916,598)
<b>Profit after tax attributable to equity holders of the Bank</b>	<b>66,011,435</b>	<b>41,767,308</b>
<b>Other comprehensive income (net of income tax)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to equity holders of the Bank</b>	<b>66,011,435</b>	<b>41,767,308</b>
<b>Earnings per share - Basic &amp; Diluted</b>	<b>0.07</b>	<b>0.04</b>

## UNAUDITED STATEMENT OF FINANCIAL POSITION

	2019 GH¢	2018 GH¢
<b>Assets</b>		
Cash and cash equivalents	797,699,206	665,450,134
Non-pledged trading assets	158,832,624	252,176,938
Pledged trading assets	232,959,275	-
Investment securities	3,166,507,791	3,455,266,690
Investments (other than securities)	569,960,763	154,591,967
Loans and advances to customers	728,516,324	672,777,699
Property, plant and equipment	242,794,622	188,260,251
Intangible assets	2,664,827	2,438,063
Deferred tax assets	8,991,208	664,910
Other assets	24,986,737	153,039,085
<b>Total assets</b>	<b>5,933,913,377</b>	<b>5,544,665,737</b>
<b>Liabilities</b>		
Borrowings	1,083,481,370	1,481,587,501
Deposits from customers	3,464,793,358	3,214,267,760
Deposits from banks and non-bank financial institutions	19,479,233	28,689,509
Current tax payable	17,060,834	5,131,601
Other liabilities	405,525,540	64,668,306
Deferred tax liabilities	5,523,274	-
<b>Total liabilities</b>	<b>4,995,863,609</b>	<b>4,794,344,677</b>
<b>Equity</b>		
Stated capital	400,000,000	400,000,000
Statutory reserve	243,723,706	150,781,421
Credit risk reserve	22,237,382	14,948,358
Retained earnings	272,088,680	184,591,281
<b>Total equity</b>	<b>938,049,768</b>	<b>750,321,060</b>
<b>Total equity and liabilities</b>	<b>5,933,913,377</b>	<b>5,544,665,737</b>

## UNAUDITED STATEMENT OF CASH FLOWS

	2019 GH¢	2018 GH¢
Profit before tax	87,386,435	60,683,906
<i>Adjustments for:</i>		
Depreciation and amortization	4,959,256	4,342,433
Net impairment loss on financial assets	(3,446,737)	23,259,600
Net interest income	(108,701,179)	(88,401,114)
Profit on disposal of property, plant and equipment	(104,630)	-
Fair value changes recognised in profit or loss	(6,528,722)	(3,092,853)
	<b>(26,435,577)</b>	<b>(3,208,028)</b>
<i>Changes in:</i>		
Investments (other than securities)	297,215,277	614,728,726
Non-pledged trading assets	(46,761,281)	(140,499,265)
Pledged trading assets	(23,850,733)	-
Investment securities	(639,719,782)	(1,809,993,772)
Loans and advances to customers	4,567,684	94,508,446
Other assets	21,901,970	31,421,232
Borrowings	100,580,677	1,128,399,614
Deposits from customers	241,315,322	(265,037,959)
Other liabilities	141,202,830	7,297,173
	<b>70,016,387</b>	<b>(342,383,833)</b>
Interest received	174,668,639	151,905,782
Interest paid	(65,967,460)	(63,504,668)
Corporate taxes paid	(17,591,682)	(18,791,598)
<b>Net cash flow from/(used in) operating activities</b>	<b>161,125,884</b>	<b>(272,774,317)</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(2,334,174)	(3,062,299)
Proceeds from disposal of property, plant and equipment	174,748	-
Acquisition of intangible assets	(948,033)	(107,902)
<b>Net cash flow used in investing activities</b>	<b>(3,107,459)</b>	<b>(3,170,201)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>158,018,425</b>	<b>(275,944,518)</b>
Balance at beginning	1,213,466,978	2,213,257,120
	1,371,485,403	1,937,312,602
Effect of exchange rate fluctuations on cash and cash equivalents held	(508,400)	(10,318,545)
<b>Cash and cash equivalents at 31 March</b>	<b>1,370,977,003</b>	<b>1,926,994,057</b>

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# ZENITH BANK (GHANA) LIMITED

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

## UNAUDITED STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Credit risk reserve	Statutory reserves	Retained Earnings	Total Equity
Balance at 1 January 2019	<u>400,000,000</u>	<u>22,237,382</u>	<u>243,723,706</u>	<u>206,239,793</u>	<u>872,200,881</u>
Changes on initial application of IFRS 16:					
- Increase in depreciation charge	-	-	-	(162,548)	(162,548)
<b>Restated balance at 1 January 2019</b>	<u>400,000,000</u>	<u>22,237,382</u>	<u>243,723,706</u>	<u>206,077,245</u>	<u>872,038,333</u>
Profit for the period	-	-	-	66,011,435	66,011,435
<b>Balance at 31 March 2019</b>	<u>400,000,000</u>	<u>22,237,382</u>	<u>243,723,706</u>	<u>272,088,680</u>	<u>938,049,768</u>
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>
Changes on initial application of IFRS 9:					
- Increase in impairment provisioning	-	-	-	(37,390,609)	(37,390,609)
<b>Restated balance at 1 January 2018</b>	<u>122,021,496</u>	<u>14,948,358</u>	<u>150,781,421</u>	<u>422,193,176</u>	<u>709,944,451</u>
Profit for the period	-	-	-	41,767,308	41,767,308
<b>Transactions and transfers</b>					
Transfers for the period	277,978,504	-	-	(277,978,504)	-
Transaction Cost	-	-	-	(1,390,699)	(1,390,699)
<b>Net transfers and transactions</b>	<u>277,978,504</u>	<u>-</u>	<u>-</u>	<u>(279,369,203)</u>	<u>(1,390,699)</u>
<b>Balance at 31 March 2018</b>	<u>400,000,000</u>	<u>14,948,358</u>	<u>150,781,421</u>	<u>184,591,281</u>	<u>750,321,060</u>

## 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/ pledged and non-pledged trading assets	Fair value

### 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, 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Changes in accounting policies

On January 01, 2019, the Bank adopted IFRS 16 - Leases as issued by the IASB on January 13, 2016. The adoption of IFRS 16 resulted in changes to the Bank's accounting policies with regard to the recognition and measurement of leases. The Bank has elected not to restate its comparative financial statements as permitted by the transitional provisions for IFRS 16.

The impact of transitioning to IFRS 16 on the financial statements of Zenith Bank (Ghana) Limited was a decrease in retained earnings by GHS 162,548 arising from an additional depreciation charge on right of use assets and finance cost on lease liabilities. This has been accounted for in the opening retained earnings of the bank as at January 01, 2019. The total assets and total liabilities increased by GHS 57.3 million and GHS 57.7 million respectively.

### 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.

Quantitative Disclosures	2019	2018
Capital adequacy ratio (%)	32.94	28.39
Capital adequacy ratio per Capital Requirements Directive (CRD) (%)	30.50	-
Non-performing loans to gross loans (%)	12.96	17.85
Loan loss provision (%)	10.37	9.61
Liquid Ratio (%)	179	113
Off-balance sheet exposures (GH¢ million)	677	867

### Defaults in statutory liquidity and accompanying sanctions

	March 2019	March 2018
a) Default in statutory liquidity	Nil	Nil
b) Sanctions	Nil	Nil
	Signed Henry Oroh (Managing Director/CEO)	Signed Dr. Mary Chinery-Hesse (Chairman)