



ZENITH BANK (GHANA) LIMITED

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

| | 2020 | 2019 |
|--|----------------|----------------|
| | GH¢'000 | GH¢'000 |
| Interest income | 849,155 | 766,551 |
| Interest expense | (271,017) | (298,532) |
| Net interest income | 578,138 | 468,019 |
| Fees and commission income | 89,289 | 80,537 |
| Fees and commission expense | (9,455) | (7,941) |
| Net fees and commission income | 79,834 | 72,596 |
| Net trading income | 53,209 | 91,647 |
| Net income - financial instruments carried at fair value | 19,414 | (18,599) |
| Other income | 1,591 | 7,897 |
| Net trading and other income | 74,214 | 80,945 |
| Operating income | 732,186 | 621,560 |
| Impairment loss on financial assets | (14,308) | (10,093) |
| Personnel expenses | (133,795) | (142,732) |
| Depreciation and amortization | (21,528) | (21,178) |
| Other expenses | (95,682) | (94,770) |
| Profit before income tax | 466,873 | 352,787 |
| Income tax expense | (128,747) | (106,320) |
| Profit after tax attributable to equity holders of the Bank | 338,126 | 246,467 |
| Other comprehensive income (net of income tax) | - | - |
| Total comprehensive income attributable to equity holders of the Bank | 338,126 | 246,467 |
| Earnings per share - Basic & Diluted | 0.08 | 0.06 |

SUMMARY STATEMENT OF FINANCIAL POSITION

| | 2020 | 2019 |
|---|------------------|------------------|
| | GH¢'000 | GH¢'000 |
| Assets | | |
| Cash and bank balances | 1,489,323 | 1,017,077 |
| Non-pledged trading assets | 98,097 | 312,686 |
| Pledged trading assets | 263,801 | 197,839 |
| Investment securities | 4,505,323 | 3,616,610 |
| Investments (other than securities) | 176,077 | 538,918 |
| Current tax receivable | 3,017 | 25,733 |
| Derivative financial instruments | 31,175 | - |
| Loans and advances to customers | 1,057,205 | 648,250 |
| Property, plant and equipment | 162,001 | 162,424 |
| Intangible assets | 5,928 | 4,422 |
| Right of use assets | 91,871 | 88,290 |
| Deferred tax assets | 17,903 | 8,780 |
| Other assets | 132,859 | 69,975 |
| Total assets | 8,034,580 | 6,691,004 |
| Liabilities | | |
| Deposits from banks and non-bank financial institutions | 21,361 | 36,249 |
| Deposits from customers | 5,799,266 | 4,457,056 |
| Borrowings | 289,079 | 701,818 |
| Other liabilities | 365,093 | 284,682 |
| Lease liabilities | 93,629 | 84,326 |
| Deferred tax liabilities | 9,358 | 8,205 |
| Total liabilities | 6,577,786 | 5,572,336 |
| Equity | | |
| Stated capital | 400,000 | 400,000 |
| Statutory reserve | 389,873 | 305,341 |
| Credit risk reserve | 33,384 | 25,313 |
| Retained earnings | 633,537 | 388,014 |
| Total equity | 1,456,794 | 1,118,668 |
| Total equity and liabilities | 8,034,580 | 6,691,004 |

SUMMARY STATEMENT OF CHANGES IN EQUITY

| Year ended 31 December 2020 | Stated Capital | Statutory Reserve | Credit Risk Reserve | Retained Earnings | Total |
|---|----------------|-------------------|---------------------|-------------------|------------------|
| | GH¢'000 | GH¢'000 | GH¢'000 | GH¢'000 | GH¢'000 |
| Balance at 1 January 2020 | 400,000 | 305,341 | 25,313 | 388,014 | 1,118,668 |
| Profit for the year | - | - | - | 338,126 | 338,126 |
| Total comprehensive income | - | - | - | 338,126 | 338,126 |
| Regulatory and other reserve transfers | | | | | |
| Transfer to credit risk reserve | - | - | 8,071 | (8,071) | - |
| Transfer to statutory reserve | - | 84,532 | - | (84,532) | - |
| Net transfers to reserves and transactions with owners | - | 84,532 | 8,071 | (92,603) | - |
| Balance at 31 December 2020 | 400,000 | 389,873 | 33,384 | 633,537 | 1,456,794 |
| Year ended 31 December 2019 | | | | | |
| Balance at 1 January 2019 | 400,000 | 243,724 | 22,237 | 206,240 | 872,201 |
| Profit for the year | - | - | - | 246,467 | 246,467 |
| Total comprehensive income | - | - | - | 246,467 | 246,467 |
| Regulatory and other reserve transfers | | | | | |
| Transfer to credit risk reserve | - | - | 3,076 | (3,076) | - |
| Transfer to statutory reserve | - | 61,617 | - | (61,617) | - |
| Net transfers to reserves and transactions with owners | - | 61,617 | 3,076 | (64,693) | - |
| Balance at 31 December 2019 | 400,000 | 305,341 | 25,313 | 388,014 | 1,118,668 |

SUMMARY STATEMENT OF CASH FLOWS

| | 2020 | 2019 |
|--|------------------|------------------|
| | GH¢'000 | GH¢'000 |
| Profit before tax | 466,873 | 352,787 |
| <i>Adjustments for:</i> | | |
| Depreciation and amortization | 21,528 | 21,178 |
| Net impairment loss on financial assets | 14,308 | 10,093 |
| Net interest income | (578,138) | (468,019) |
| Profit on disposal of property, plant and equipment | - | 96 |
| Unrealised exchange difference on borrowings | (7,783) | 13,423 |
| Fair value changes recognised in profit or loss | (19,414) | 18,599 |
| | (102,626) | (51,843) |
| <i>Changes in:</i> | | |
| Investments (other than securities) | 326,126 | (239,627) |
| Non-pledged trading assets | 214,589 | (200,615) |
| Pledged trading assets | (65,962) | 11,270 |
| Investment securities | (1,010,857) | (881,571) |
| Mandatory cash reserve | (153,141) | (104,820) |
| Loans and advances to customers | (408,955) | 84,834 |
| Other assets | (62,884) | 23,087 |
| Deposits from customers | 1,342,210 | 1,049,514 |
| Deposits from banks and non-bank financial institutions | (14,888) | 9,541 |
| Other liabilities | 80,411 | 20,359 |
| | 246,649 | (228,028) |
| Interest received | 849,155 | 766,551 |
| Interest paid | (271,017) | (298,532) |
| Corporate taxes refund received | 7,265 | - |
| Corporate taxes paid | (121,266) | (142,436) |
| Net cash flow generated from operating activities | 608,160 | 45,712 |
| Cash flow from investing activities | | |
| Acquisition of property, plant and equipment | (14,949) | (12,984) |
| Proceeds from disposal of property, plant and equipment | - | 16,319 |
| Acquisition of intangible assets | (3,763) | (4,013) |
| Net cash flow used in investing activities | (18,712) | (678) |
| Cash flow from financing activities | | |
| Finance lease payments | (5,291) | (1,054) |
| Drawdown on borrowings | 224,394 | 9,331,271 |
| Repayment on borrowings | (643,695) | (9,684,936) |
| Net cash flow used in financing activities | (424,592) | (354,719) |
| Net increase / (decrease) in cash and cash equivalents | 164,856 | (309,685) |
| Balance at beginning | 936,574 | 1,213,467 |
| Cash and cash equivalents at 31 December | 1,101,430 | 903,782 |
| Effect of exchange rate fluctuations on cash and cash equivalents held | (4,610) | 32,792 |
| Cash and cash equivalents at 31 December | 1,096,820 | 936,574 |



ZENITH BANK (GHANA) LIMITED

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

1. Reporting entity

Zenith Bank (Ghana) Limited (the Bank) is a limited liability company incorporated and domiciled in Ghana. The registered office is Zenith Heights, No 31 Independence Avenue, PMB CT 393, Accra. The Bank commenced universal banking operations in September 2005 and operates under the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The Bank is a subsidiary of Zenith Bank Plc, a bank incorporated in the Federal republic of Nigeria.

2. Basis of accounting

The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

3. Functional and presentation currency

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

4. Use of judgements and estimates

In preparing these summary 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.

5. Basis of measurement

These summary financial statements have been prepared on a historical cost basis except for the following item:

| Items | Measurement Basis |
|--|-------------------|
| Non-derivative financial instruments at fair value through profit or loss. | Fair value |
| Pledged trading assets | |
| Non-pledged trading assets | |

6. Significant accounting policies

The principal accounting policies applied in the preparation of these summary financial statements are consistent with the accounting policies applied in the audited financial statements of the Bank for the year ended 31 December, 2020. These policies have been consistently applied to all the years presented, unless otherwise stated.

7. Risk Management

The Bank's activities expose the business to certain 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.

8. Quantitative Disclosures

| | 2020 | 2019 |
|---|-------|-------|
| Capital adequacy ratio (%) | 43.17 | 31.36 |
| Common Equity Tier 1 Ratio (%) | 43.17 | 31.36 |
| Leverage Ratio (%) | 15.19 | 13.81 |
| Non-performing loans to gross loans (%) | 6.15 | 16.49 |
| Loan loss provision (%) | 3.27 | 4.81 |
| Liquid Ratio (%) | 136 | 172 |
| Off-balance sheet exposures (GH¢ million) | 1,195 | 1,153 |

9. Defaults in statutory liquidity and accompanying sanctions

| | 2020 | 2019 |
|-----------------------------------|------|------|
| a) Default in statutory liquidity | Nil | Nil |
| b) Sanctions | Nil | Nil |

10. Corporate social responsibilities

The Bank spent a total of GH¢1,572,000 on corporate social responsibilities during the year. These are mainly in the form of educational scholarship for needy children and sponsorships of major social events and donations to support the fight against Covid-19.

REPORT OF THE DIRECTORS

The Directors in submitting to the shareholders the summary financial statements of the Bank for the year ended 31 December 2020 report as follows:

Directors' Responsibility Statement

The Bank's directors are responsible for the preparation of the financial statements that give a true and fair view of Zenith Bank (Ghana) Limited's financial position at 31 December 2020, and of the profit or loss and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). In addition, the directors are responsible for the preparation of this directors' report. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

Financial results and dividend

Highlights of the financial results of the Bank for the year ended 31 December 2020 are set out below:

| 31 December | 2020 GH¢'000 | 2019 GH¢'000 |
|---|-----------------|-----------------|
| Profit before taxation is | 466,873 | 352,787 |
| from which is deducted taxation of | (128,747) | (106,320) |
| giving a profit after taxation for the year of | 338,126 | 246,467 |
| less net transfer to statutory reserve fund and other reserves of | (92,603) | (64,693) |
| leaving a balance of | 245,523 | 181,774 |
| to which is added a balance brought forward on retained earnings of | 388,014 | 206,240 |
| leaving a balance of | 633,537 | 388,014 |

In accordance with Section 34(1)(b) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), an amount of GH¢84,531,709 (2019: GH¢61,616,817) was transferred to the statutory reserve fund from profit for the year, bringing the cumulative balance on the statutory reserve fund to GH¢389,872,709 (2019: 305,340,523) at the year end.

Dividends

The directors do not recommend the payment of a dividend (2019: Nil).

Directors' Interest

No director had a material interest at any time during the year, in any contract of significance, other than a service contract with the Bank.

Auditor

The auditor, PricewaterhouseCoopers, will continue in office in accordance with Section 139 (5) of the Companies Act, 2019 (Act 992) and Section 81 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Approval of the Financial Statements

The financial statements of the Bank were approved by the Board of Directors on 12 February 2021 and were signed on their behalf by:

Freda Duplan
(Chairman)

Anthony Akindele Ogunranti
(Managing Director/CEO)

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF ZENITH BANK (GHANA) LIMITED

Our opinion

In our opinion, the accompanying summary financial statements of Zenith Bank (Ghana) Limited (the "Bank"), are consistent, in all material respects, with the audited financial statements of the Bank for the year ended 31 December 2020, on the basis described in the notes.

The summary financial statements

The Bank's summary financial statements derived from the audited financial statements for the year ended 31 December 2020 comprise:

- the summary statement of financial position as at 31 December 2020;
- the summary statement of comprehensive income for the year then ended;
- the summary statement of changes in equity for the year then ended;
- the summary statement of cash flows for the year then ended; and
- The related notes to the summary financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The audited financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 12 February 2021. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited financial statements of the current period.

Directors' responsibility for the summary financial statements

The directors are responsible for the preparation of the summary financial statements on the basis described in the notes.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with the International Standard on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

The engagement partner on the audit resulting in this independent auditor's report is Michael Asiedu-Antwi (ICAG/P/1138).

PricewaterhouseCoopers (ICAG/F/2021/028)
Chartered Accountants
Accra, Ghana
26 February 2021

