



ZENITH BANK (GHANA) LIMITED

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	2019	2018
	GH¢'000	GH¢'000
Interest income	766,551	695,268
Interest expense	(298,532)	(271,849)
Net interest income	468,019	423,419
Fee and commission income	80,537	92,924
Fee and commission expense	(7,941)	(6,411)
Net fees and commission income	72,596	86,513
Net trading income	91,647	41,723
Net income - financial instruments carried at fair value	(18,599)	7,032
Other income	7,897	11,618
Net trading and other income	80,945	60,373
Revenue	621,560	570,305
Impairment loss on financial assets	(10,093)	(56,557)
Personnel expenses	(142,732)	(87,646)
Operating lease expense	-	(6,957)
Depreciation and amortization	(21,178)	(17,794)
Other expenses	(94,770)	(119,508)
Profit before income tax	352,787	281,843
Income tax expense	(106,320)	(95,959)
Profit after tax attributable to equity holders of the	246,467	185,884
Other comprehensive income (net of income tax)	-	-
Total comprehensive income attributable to equity	246,467	185,884
Earnings per share - Basic & Diluted	0.06	0.05

SUMMARY STATEMENT OF FINANCIAL POSITION

	2019	2018
	GH¢'000	GH¢'000
Assets		
Cash and cash equivalents	1,017,077	754,242
Non-pledged trading assets	312,686	112,071
Pledged trading assets	197,839	209,109
Investment securities	3,616,610	2,869,292
Investments (other than securities)	538,918	654,431
Current tax receivable	25,733	-
Loans and advances to customers	648,250	733,084
Property, plant and equipment	162,424	182,307
Intangible assets	4,422	2,059
Right of use assets	88,290	-
Deferred tax assets	8,780	8,991
Other assets	69,975	46,889
Total assets	6,691,004	5,572,475
Liabilities		
Deposits from banks and NBF1	36,249	26,708
Deposits from customers	4,457,056	3,407,542
Borrowings	701,818	982,901
Other liabilities	284,682	264,323
Lease liabilities	84,326	-
Deferred tax liabilities	8,205	5,523
Current tax payable	-	13,277
Total liabilities	5,572,336	4,700,274
Equity		
Stated capital	400,000	400,000
Statutory reserve	305,341	243,724
Credit risk reserve	25,313	22,237
Retained earnings	388,014	206,240
Total equity	1,118,668	872,201
Total equity and liabilities	6,691,004	5,572,475

SUMMARY STATEMENT OF CHANGES IN EQUITY

	Stated capital GH¢'000	Statutory reserve GH¢'000	Credit risk reserve GH¢'000	Retained earnings GH¢'000	Total GH¢'000
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 reserves transfers					
Transfer to credit risk reserve	-	-	3,076	(3,076)	-
Transfer to statutory reserve	-	61,617	-	(61,617)	-
Net transfers to reserves	-	61,617	3,076	(64,693)	-
Balance at 31 December 2019	400,000	305,341	25,313	388,014	1,118,668
Year Ended 31 December 2018					
Balance as at 1 January 2018	122,021	150,782	14,948	459,585	747,336
Changes on initial application of IFRS 9:					
- Increase in impairment provisioning	-	-	-	(37,391)	(37,391)
- Transfer between reserves	-	-	(14,948)	14,948	-
Restated balance at 1 January 2019	122,021	150,782	-	437,142	709,945
Profit for the year	-	-	-	185,884	185,884
Total comprehensive income	-	-	-	185,884	185,884
Regulatory and other reserves transfers					
Transfer to credit risk reserve	-	-	22,237	(22,237)	-
Transfer to statutory reserve	-	92,942	-	(92,942)	-
Transactions with owners:					
Transfer to stated capital	277,979	-	-	(277,979)	-
Cost of transfer to stated capital	-	-	-	(23,628)	(23,628)
Net transfers to/(from) reserves and transactions with owners	400,000	92,942	22,237	(416,786)	(23,628)
Balance at 31 December 2018	400,000	243,724	22,237	206,240	872,201

SUMMARY STATEMENT OF CASH FLOWS

	2019	2018
	GH¢'000	GH¢'000
Profit before tax	352,787	281,843
<i>Adjustments for:</i>		
Depreciation and amortization	21,178	17,794
Net impairment loss on financial assets	10,093	56,557
Net interest income	(468,019)	(423,419)
Profit on disposal of property, plant and equipment	96	(221)
Asset write-off	-	33
Unrealised exchange loss on borrowings	13,423	28,336
Fair value changes recognised in profit or loss	18,599	(7,032)
	(51,843)	(46,109)
<i>Changes in:</i>		
Investments (other than securities)	(46,611)	623,113
Non-pledged trading assets	(200,615)	(393)
Pledged trading assets	11,270	(209,109)
Investment securities	(881,571)	(2,552,565)
Mandatory cash reserve	(104,820)	(10,013)
Loans and advances to customers	84,834	143,834
Other assets	23,087	65,330
Deposits from banks and NBF1	9,541	(7,872)
Deposits from customers	1,049,514	(65,874)
Other liabilities	20,359	206,951
	(35,012)	(1,806,598)
Interest received	766,551	695,268
Interest paid	(298,532)	(271,849)
Taxes paid on bonus shares issued	-	(23,628)
Corporate taxes paid	(142,436)	(90,491)
Net cash flow generated from/(used in) operating activities	238,728	(1,543,407)
Cash flow from investing activities		
Acquisition of property, plant and equipment	(12,984)	(13,870)
Proceeds from disposal of property, plant and equipment	16,319	277
Acquisition of intangible assets	(4,013)	(851)
Net cash flow used in investing activities	(678)	(14,444)
Cash flow from financing activities		
Finance lease payments	(1,054)	-
Drawdown on borrowings	9,331,271	793,902
Repayment on borrowings	(9,684,936)	(223,807)
Net cash flow (used in)/generated from financing activities	(354,719)	570,095
Net decrease in cash and cash equivalents	(116,669)	(987,756)
Balance at beginning	1,213,467	2,213,257
Cash and cash equivalents at 31 December	1,096,798	1,225,501
Effect of exchange rate fluctuations on cash and cash equivalents held	32,792	(12,034)
Cash and cash equivalents at 31 December	1,129,590	1,213,467



ZENITH BANK (GHANA) LIMITED

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

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 / Pledged and non-pledged trading assets	Fair value

6. Changes in accounting policies

On January 1, 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 reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

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

	2019	2018
Capital adequacy ratio (%)	31.36	29.52
Common Equity Tier 1 Ratio (%)	31.36	29.52
Leverage Ratio (%)	13.79	13.05
Non-performing loans to gross loans (%)	16.49	12.86
Loan loss provision (%)	4.81	10.73
Liquid Ratio (%)	172	195
Off-balance sheet exposures (GH¢ million)	1,153	812

9. Defaults in statutory liquidity and accompanying sanctions

	2019	2018
a) Default in statutory liquidity	Nil	Nil
b) Sanctions	Nil	Nil

10. Corporate social responsibilities

The Bank spent a total of GH¢188,000 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.

The Directors in submitting to the shareholders the summary financial statements of the Bank for the year ended 31 December 2019 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 2019, 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 2019 are set out below:

31 December	2019 GH¢ '000	2018 GH¢ '000
Profit before taxation is	352,787	281,843
from which is deducted taxation of	(106,320)	(95,959)
giving a profit after taxation for the year of	246,467	185,884
less net transfer to statutory reserve fund and other reserves of	(64,693)	(115,179)
leaving a balance of	181,774	70,705
to which is added a balance brought forward on retained earnings of	206,240	459,584
less changes on initial application of IFRS 9 and other reserves of	-	(22,442)
less transfers to stated capital and cost of transfer of	-	(301,607)
leaving a balance of	388,014	206,240

In accordance with Section 34(1)(b) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), an amount of GH¢61,616,817 (2018: GH¢92,942,285) was transferred to the statutory reserve fund from profit for the year, bringing the cumulative balance on the statutory reserve fund to GH¢305,340,523 (2018: GH¢243,723,706) at the year end.

Dividends

The Directors do not recommend the payment of a dividend (2018: Nil).

Directors

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 21 February 2019 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 2019, 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 2019 comprise:

- the summary statement of financial position as at 31 December 2019;
- 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 21 February 2020. 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 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/2020/028)
Chartered Accountants
Accra, Ghana
21 February 2020

