2017 | ANNUAL REPORT

PEOPLE • TECHNOLOGY • SERVICE

ZENITH BANK (GHANA) LIMITED

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OUR BUSINESS

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BOARD OF DIRECTORS	Mary Chinery-Hesse (Dr.)	*Chairman*
	Henry Oroh	*Managing Director/CEO*
	Ebenezer Onyeagwu	
	Kwame Sarpong	
	Gabriel Ukpeh	
	Anthony Oteng-Gyasi	*(Appointed - 31 August, 2017)*
	Henry Benyah (Dr.)	*(Retired - 27 January, 2017)*
	Olusola Oladipo	*(Retired - 31 August, 2017)*

SECRETARIES

Michael O. Otu
Daniel Agamah

AUDITORS

KPMG
13 Yiyiwa Drive
Abelenkpe
P.O. Box GP 242
Accra

SOLICITORS

Corporate Legal Concepts
Rehoboth Place
No.1 North Labone Estates
Accra

REGISTERED OFFICE

Zenith Heights
No. 31 Independence Avenue
PMB CT 393
Accra

BANKERS

Citibank N.A., London
Citibank New York
Ghana International Bank Plc.
Zenith Bank (UK) Limited
Bank of Beirut (UK) Limited
Standard Chartered Bank - Germany
Standard Chartered Bank - China
Commerzbank AG
JP Morgan Chase Bank NA
Sumitomo Mitsui Banking Corporation Europe Ltd.
Deutsche Bank AG

AT A GLANCE

99% ↑

Stated capital increased by 99%

40% ↑

Interest-earning assets increased by 40%

37% ↑

Total assets increased by 37%

32% ↑

Customer deposits increased by 32%

30% ↑

Total equity increased by 30%

25% ↑

Interest income increased by 25%

24% ↑

Gross income increased by 24%

24% ↑

Profit before tax increased by 24%

19% ↑

Operating income increased by 19%

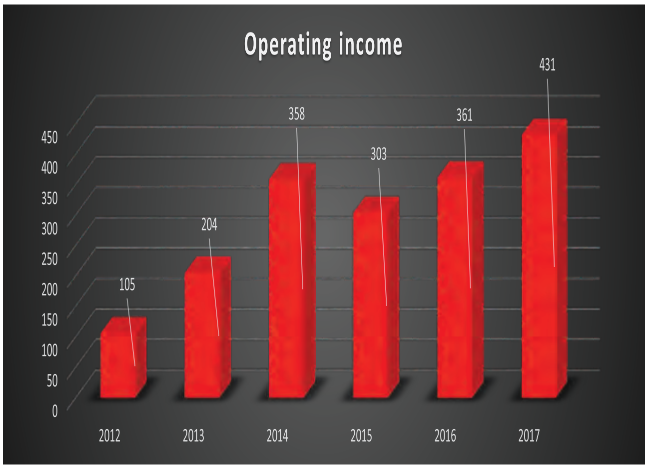
18% ↑

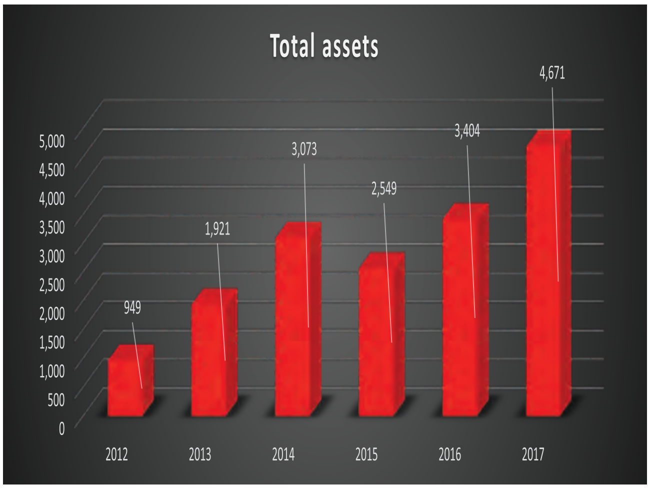
Non-interest income increased by 18%

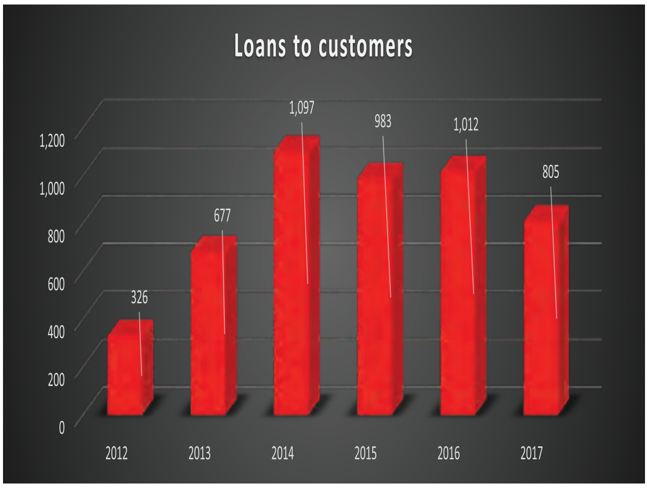
5-YEAR FINANCIAL SUMMARY

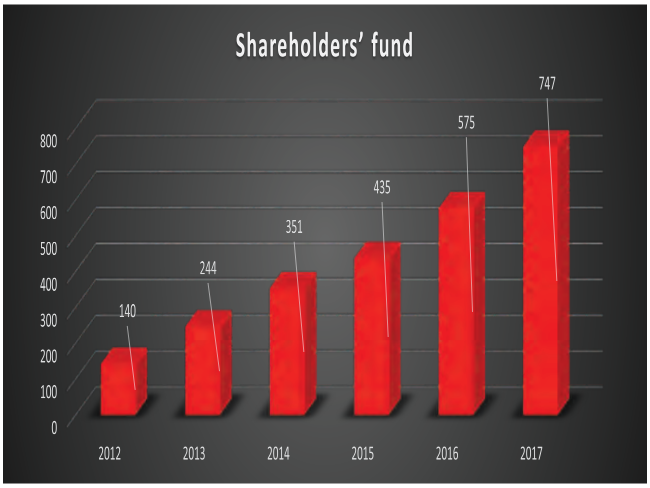
	2013	2014	2015	2016	2017
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross Income	252,714	489,180	548,434	535,501	661,959
Interest Income	181,419	393,203	447,873	437,250	546,336
Non-Interest Income	71,295	95,977	100,561	98,250	115,623
Operating Income	203,800	357,882	302,891	357,915	425,243
Profit before tax	107,699	200,128	115,080	202,590	250,534
Profit after tax	73,611	137,400	83,077	140,265	172,549
Loans to customers	676,783	1,097,357	983,074	1,012,055	804,676
Total assets	1,920,626	3,073,359	2,549,130	3,403,745	4,670,895
Customer deposits	1,066,493	1,846,745	2,010,078	2,637,944	3,473,416
Stated capital	61,221	61,221	61,221	61,221	122,021
Shareholders' fund	243,586	351,444	434,520	574,786	747,335
Capital Adequacy Ratio	15.74%	14.25%	18.72%	21.98%	24.98%

FINANCIAL HIGHLIGHTS









Corporate Profile & Strategy

Financial Statements for the year ended 31 December 2017

Historical Background

Zenith Bank (Ghana) Limited, a subsidiary of Zenith Bank Plc, was incorporated in April 2005 under the Banking Act 2004 (Act 673) as a private limited company and commenced universal banking operations in September 2005. The bank's parent company, Zenith Bank Plc, has built a reputation as one of Nigeria's strongest banking brands and one of the country's largest banks by market capitalization, profitability and total assets.

Zenith Bank Ghana has followed sturdily in the footprints of its parent company and is currently one of the strongest and most profitable banking brands in Ghana. Zenith is also one of the largest banks by asset size in the country. The Bank's brand has been anchored on continuous investment in people, technology, and excellent customer service.

The Bank currently has thirty six (36) business locations (branches and agencies) in Ghana. Other service delivery channels include the numerous ATMs and Point of Sale terminals strategically located in various cities and towns countrywide. The bank also offers mobile and internet banking services which enable customers to access banking services on-the-go. Zenith's main objective for deploying these state-of–the-art delivery channels is to bring banking services closer to its customers while ensuring the service is faster, easier and better than anything customers have ever experienced.

Over the last twelve years, Zenith has improved its capacity, size, market share, and industry rankings in all parameters. The Bank has built financial, structural and technological muscle and has established its presence across the country. Today, Zenith Bank (Ghana) Limited is an epitome of a stable and strong organization with a brand and customer service which is the envy of its peers. In 2017 the Bank won several awards for its excellent customer service, innovation and strong financial performance. Some of these awards are as follows:

- Bank of the Year Ghana, 2017 - The Banker Magazine
- Best Banking Group, Ghana 2017 - World Finance Magazine
- Best Corporate Bank Ghana, 2017 - International Finance Magazine
- Best Corporate Bank Ghana, 2017 - Global Banking and Finance Review
- Best Customer Service Bank Ghana, 2017 - Global Banking and Finance Review
- Best e-Commerce Bank Ghana, 2017 - Global Banking and Finance Review
- Best Trade Finance Bank Ghana, 2017 - Global Finance Magazine
- Most Outstanding in Banking and Finance Ghana, 2017 - Middle East and Africa Markets Magazine (MEA) Banking Awards
- Bank that Best Promotes Cashless Transactions - 16th Ghana Banking Awards
- Best Banking CEO Ghana, 2017 - International Finance Magazine

Vision and Strategic Objectives

The vision of the Bank is, "to be a reference point in the provision of prompt, flawless and innovative banking services in the Ghanaian banking industry". In pursuance of this vision, the Bank has set out to distinguish itself in the banking industry through its service quality and drive for the provision of a unique customer experience. As a result, the Bank is easily associated with the following attributes:

- Innovation
- A stable and dedicated management team
- Highly skilled personnel
- Leadership in the use of ICT
- Strategic distribution channels
- Good asset quality
- Excellent financial performance

The strategic objective of the Bank includes the continuous improvement of its capacity to meet the customers' increasing and dynamic banking needs as well as sustain high quality growth in a volatile business environment through:

- Investment and deployment of state of the art technology and ICT platform.
- Recruitment, motivation and retention of the best human resource.
- Investment in training and re-training of our personnel.
- Investment in branch network expansion thus

Corporate Profile & Strategy (cont'd)

Financial Statements for the year ended 31 December 2017

bringing quality banking services to our teaming existing and potential customer base.

- Investment in new product development with the aim of addressing customers' changing lifestyles, the need for convenience and improving the customer banking experience.

Customer Service

Throughout the past decade, Zenith has become a customer focused bank dedicated to giving its customers a delightful experience. Recognising that the Bank is in business because of the invaluable support and patronage of customers, Zenith has ensured that customer satisfaction is at the centre of its service provision. The Bank's effort has been recognised by the Global Banking and Finance Review, who conferred the Best Customer Service Bank Ghana, 2017 on the Bank.

Customer Base

Zenith Bank has re-defined banking on many other fronts. Through immense investments, we have acquired the ability to stay in the forefront of such fast-growing services such as internet banking, mobile banking, electronic payments, Visa payment systems, MasterCard, China Union Payments, Mobile Money services as well as many other key programs that provide customers with greater speed, accuracy and options. The result has been a nationwide, well-connected bank developed to the specifications of its customers and other stakeholders and thus giving them great value. The bank's service offerings cover most aspects of banking and are tailored to the banking needs of our customers with emphasis on the following major market segments and lines of business:

- Energy Sector
- Corporate Banking
- Commercial and Consumer Banking
- Platinum Banking
- Telecoms & Aviation Sector
- Financial Institutions
- Public Sector
- Mining & Construction Sector
- Multilaterals & Other Institutions
- Custodian Services
- Third Party Collaboration Services

Growth Areas and New Product lines

We believe that strategic development and deployment of e-Business products and platforms are key competitive factors in the banking industry. Therefore, our target is to dominate the market by continuously introducing innovative banking products for specific industries/customers. We will continue to focus on the following markets and products:

- Corporate Customers
- Retail Customers/SMEs and the Unbanked population
- Zenith GlobalPAY
- Card Services
- Online, mobile and in-shop payment solutions
- Third party collaborations
- Agency Banking

Our growth and marketing plans will seek to optimize our strengths to maximize available opportunities, minimize identified threats while taking steps to mitigate the effects of observed weaknesses.

Given our commitment to service excellence, a robust IT platform, the resourcefulness of our work force as well as our huge balance sheet size and sound financial ratios, Zenith Bank is in a good position to sustain and consolidate its growth trajectory and market share as well as take advantage of the emerging opportunities in the economy.

We are confident that our overall strategic objectives and envisaged financial growth would be achieved and that Zenith Bank would remain in the forefront amongst banks in the country in terms of profitability, size, assets quality and all other performance parameters.

Branch /Agency Network

Financial Statements for the year ended 31 December 2017

Head Office
Zenith Bank (Ghana) Limited
Zenith Heights, No. 31 Independence Avenue, Accra
P.M.B. CT 393, Accra-Ghana
Tel: +233 302 680884 / 302 611500
Email: info@zenithbank.com.gh
Website: www.zenithbank.com.gh

Achimota Branch
C26/30 Adjacent Neoplan
Accra – Nsawam Road
Achimota
Tel: (+233) 307 020175-6 / 020178-79
Fax: (+233) 577 900001

Adum Branch
Plot 176, Old Town
Section B, Bogyawe Road
Adum – Kumasi
Tel: (+233) 3220 49513 - 5
Fax: (+233) 3220 49511

Akosombo Branch
Church Ridge
P. O. Box AB 270
Akosombo
Tel: (+233) 343 021742
Fax: (+233) 343 021741

Cape Coast Branch
Cafeteria Road
UCC New Site
P. O. Box UC 182
University of Cape Coast
Tel: (+233) 303 966086
Fax: (+233) 343 021741

East Legon Branch
Lagos Street
East Legon, Accra
Tel: (+233) 302 522170 / 302 522173
Fax: (+233) 302 522172

Graphic Road Branch
Tamakloe House
45 Ring Road Industrial Estates
South Extension
Tel: (+233) 302 253376 / 302 253381
Fax: (+233) 302 253385

Koforidua Branch
No. OG/A 37 Oguaa
Koforidua, Eastern Region
Tel: (+233) 3420 – 23382 / 25557

Kojo Thompson Road Branch
Dakmak House, Accra
Tel: (+233) 302 – 688682
Fax: (+233) 302 681966

Kumasi Main Branch
Plot No. 22, Block T
Ahodwo Road
Adiebeba
Tel: (+233) 3220 83241-2
Fax: (+233) 3220 83269

Labone Branch
House No. F166-6
North Labone, Accra
Tel: (+233) 302 784179
Fax: (+233) 302 782663

North Industrial Area Branch
32 Kakatsofa Street
Kaneshie, Accra
Tel: (+233) 302 255158 – 60
Fax: (+233) 302 255156

Patrice Lumumba Branch
Plot No. A.229
Patrice Lumumba Road
Airport Residential Area
Tel: (+233) 302 774090
Fax: (+233) 302 774345

Premier Towers Branch
Liberia Road, Accra
Tel: (+233) 307 011386 / 307-011397

Sakaman
House No. H/202, Winneba Road
Sakaman-Accra
Tel: (+233) 302 337737

Branch /Agency Network (cont'd)

Financial Statements for the year ended 31 December 2017

Spintex Road Branch
18 Ayiku Lane
Spintex Road
Tel: (+233) 302 815593 / 302 815595
Fax: (+233) 302 815594

Suame Branch
Plot 53 A
Tarkwa Makro, Suame
Tel: (+233) 322 046122
Fax: (+233) 3220 46123

Sunyani Branch
Former GNTC Building
Plot No. 54, Sunyani
Tel: (+233) 3520 25888
Fax: (+233) 3520 23016

Takoradi Market Circle
Market Circle, Takoradi
Tel: (+233) 312 021124
Fax: (+233) 3120 21142

Takoradi Harbour Branch
No. 49A Nzema Road
Opposite European Hospital
Takoradi
Tel: (+233) 312 023363 / 312 023589
Fax: (+233) 3120 21744

Tamale Branch
Central Market, Tamale
Tel: (+233) 3720 27420 –21
Fax: (+233) 3720 27422

Tarkwa Branch
St. Matthew's Roman Catholic Park
Tarkwa Abosso Rd
Tarkwa
Tel: (+233) 3123 21298 - 99
Fax: (+233) 3123 21293

Tema Community 1 Branch
Meridian Drive
Community One, Tema
Tel: (+233) 303 201252 / 201243
Fax: (+233) 303 201248

Tema Free Zones Branch
Plot A
Tema Export Processing Zone
Kpone
Tel: (+233) 307 079368-71
Fax: (+233) 307 079373

Tema Industrial Area Branch
Plot No. Ind/A/23/1
Heavy Industrial Area, Tema
Tel: (+233) 307 010513 - 5
Fax: (+233) 307 308755

Tema Metropolitan Assembly Branch
Tema Metropolitan Assembly Work Yard
Market Road
Tema Community One
Tel: (+233) 307 021087

Trade Fair Branch
Burma Camp Road
La-Accra
Tel: (+233) 302 781421 / 302 781424
Fax: (+233) 302 781445

Bui Agency
Bui Dam Project Site
(+233) 020-336639

GREL Agency
Main Building, Ghana Rubber Estate Ltd.
Abora-Takoradi
Tel: (+233) 020-6578722

Ho Agency
V Block
Ho Polytechnic Campus
Tel: (+233) 3620 25582 / 3620 25608
Fax: (+233) 3620 25676

Kantamanto Agency
Tarzan House
Mamleshie Road
Accra - Central
Tel: (+233) 0577 690909
Fax: (+233) 302 671874

Branch /Agency Network (cont'd)

Financial Statements for the year ended 31 December 2017

Kotoka International Airport Agency
Arrival Hall
Kotoka International Airport
Tel: (+233) 307 020193

Kumasi Polytechnic Agency
O.A. Transport Street
Tel: (+233) 3220 48249 / 3220 48251
Fax: (+233) 3220 48252

Tamale Polytechnic Agency
GETFUND Hostel-Tamale Polytechnic
Tamale
Tel: (+233) 577-690894

UDS Agency
G035 Block C-UDS
Intentional Conference Centre
Tamale
Tel: (+233) 577-690893

Winneba Agency
Co-operative Credit Union Complex
University of Education - Winneba
Tel: (+233) 3370 10056 / 3370 10057

Products & Services

Financial Statements for the year ended 31 December 2017

GlobalPay

GlobalPay is an on-line market place/platform where merchants can display or advertise their products or merchandise and customers can make purchases directly. It is secured by world class security software and enables customers to pay directly into merchants account.

Some of its key benefits include, online real-time access to all transactions, increase in sales and cashless transactions, no queues at customers' shops/offices and the opportunity to conduct an audit trail of all transactions.

GlobalPay essentially enables merchants to accept card payments for goods or services online. It allows customers to use their cards to make payments for goods and services displayed on the merchant's website or the Bank's storefront. The cardholder may either be a Zenith Bank customer or from a domestic or foreign bank.

GlobalPay is made up of two modules:

- Where a merchant has a website already developed, the Bank will facilitate the acceptance of card payments on the merchant's website by providing a payment platform.
- Where the merchant has no website, the Bank provides the merchant with an online storefront where the merchant's products will be displayed and payments made online.

Automated Direct Payment System (ADPS)

This is an online real-time banking service for corporate customers. ADPS allows customers to process transactions via the internet through a secured banking portal. The service allows various signatories of an account to approve transactions no matter their location. Our aim for this service is to facilitate transactions of our customers in a more conducive and secured manner without interrupting their busy schedules. Benefits of this product include:

- View real time online account balances
- View, download and consolidate account statements.
- Receive email & mobile phone notifications of all transactions.
- Eliminate errors associated with generating manual cheques.
- Limitless transfers.
- 24-hour Access.

Point of Sale (POS) Terminal

Our point of sale terminal allows our corporate customers to process card transactions electronically on real-time basis. It allows verification of transactions either by biometric or PIN/signature-verified. Some benefits of this product include:

- Real- time settlement.
- VISA, MasterCard & Zenith Proprietary card enabled.
- Euro Master Visa (EMV) Card compliant.
- Reduction in cost of handling cash.
- 24/7 availability with uninterrupted back-up power source.

Platinum Banking

Zenith Bank's Platinum Banking service offers personalized banking solutions and an exclusive bouquet of electronic banking products and services to high net worth individuals. Customers are assured of a first class private banking experience and the highest quality of service.

Visa Cards

The Bank issues four (4) VISA cards to make business transactions easier, timely and safer as follows:

- Zenith Visa Platinum Debit Card
- Zenith Visa Classic Credit Card
- Zenith Visa Classic Debit Card
- Zenith Visa Classic Prepaid Card

MasterCard

The Bank issues six (6) MasterCards which allow cardholders to withdraw cash or pay for goods and services worldwide as follows:

- Zenith MasterCard Platinum Credit Card
- Zenith MasterCard Platinum Prepaid Card
- Zenith MasterCard Corporate Prepaid Card
- Zenith MasterCard Corporate Debit Card
- Zenith MasterCard Prepaid Card
- Zenith MasterCard Debit Card

Cruz -Card

This is a multipurpose card issued to staff and

Products & Services (cont'd)

Financial Statements for the year ended 31 December 2017

students of academic institutions. While it serves as a photo ID and access control card, it is also a Visa-enabled stored value card. It is globally accepted on any Visa channel, which adds to its convenience and ease of use.

Global Travel Wallet Card

This is an instant Visa prepaid foreign currency denominated card, issued to travellers by Zenith Bank in partnership with participating foreign exchange bureaux. Among other benefits, the card eliminates the risk of exchange rate fluctuations.

Other e-business Products

- Automated Cheque Writing Solution (ACWS)
- Sal-Pay
- Z-Prompt (Transaction Notification)
- Z-mobile
- EazyPay & ATM Services (EazyCash)
- Collection Solution (Schools, Airlines, etc.)
- Reconciliation Tool
- E-ticketing
- Draft Issuance Service (DIS)

Zenith Children's Account (ZECA)

ZECA is a special savings account which seeks to nurture savings behaviour in minors up to the age of 18 and provides guardians with a financial management tool.

Zenith Children's Account Plus (ZECA Plus)

ZECA Plus is a specialized top of the range savings product for children between 0-12 years. With ZECA Plus, you earn high interest and enjoy fantastic benefits.

Zenith Investment Plan Account (Z-IPA)

ZIPA is an investment instrument designed to build up adequate financial resources for future use. It has been packaged for corporate bodies, associations, fund managers and investment clubs. ZIPA is ideal for managed funds and welfare funds.

Zenith Society Account (Z-Society)

An investment account designed for clubs, societies, associations and social organizations to offer funds management services at very attractive interest rates.

Custodian Services

Our Custodian Service is run in line with global best practice with the aim of being the benchmark for excellence in the Custodian Services industry in Ghana. Services provided include:

- Safekeeping
- Settlement
- Cash Management
- Pensions
- Mutual Funds

OTHER BANKING SERVICES

Domestic Accounts

- Current Account
- Savings Account
- Clubs/Public/Partnership Current Account
- Sole proprietorship Current Account

Foreign Accounts

- Foreign Currency Account
- Foreign Exchange Account

Treasury

- Treasury Bills Investment
- Zenith Investment Savings Account (ZISA)
- Zenith Investment Retirement Account (ZIRA)
- Commercial Paper (CP)
- Bankers Acceptance (BA)

Trade

- Letters of Credit
- Bills for Collection
- Export Finance
- Structured Short Term Loans
- Bonds & Guarantees

Bank Direct

A product that enables visa card holders to receive and send money into their bank accounts instantly.

Correspondent Banks

Financial Statements for the year ended 31 December 2017

Zenith Bank (UK) Limited
London, EC3V 3NU
Email: info@zenithbank.co.uk
39 Cornhill Road

Citibank N. A, London
Citigroup Center
25 Canada Square
Canary Wharf
London E14 5LB

Citibank N.Y.
111 Wall Street
New York, N.Y. 10005
Swift: CITIUS33

Deutsche Bank AG
Winchester House
1 Great Winchester Street
London EC2N 2DB
Tel: +44 (0) 20 75477946
Email: gary.pickard@db.com

Bank of Beirut (UK) Limited
17A Curzon Street
London (West End) W1J 5HS
England, UK

JP Morgan Chase Bank NA
Global Implementation Project Management
1 Chaseside
Bournemouth
Dorset
Bh7 7DA
UK

Commerz Bank
Aktiengesellschaft,
60261
Frankfurt am Main
Germany

Sumitomo Mitsui Banking Corporation Europe Ltd.
99 Queen Victoria St,
London EC4V 4EH
United Kindom

Ghana International Bank
69 Cheapside
P.O. Box 77
London EC2P
Swift: GHIBGB2L

Standard Chartered Bank-Germany
2nd floor, Standard Chartered Building
6, JEA Mills High Street, Accra, Ghana
Tel: +233 504 698 588
Email: Jerry.Gavu@sc.com

Board of Directors

Financial Statements for the year ended 31 December 2017

Dr. (Mrs.) Mary Chinery-Hesse
Chairman

Henry Oroh
Managing Director/CEO

Ebenezer Onyeagwu
Director

Kwame Sarpong
Director

Gabriel Ukpeh
Director

Anthony Oteng - Gyasi
Director

Report of the Directors

Financial Statements for the year ended 31 December 2017

Report of the Directors

The Directors in submitting to the shareholders the financial statements of the Bank for the year ended 31 December 2017 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, comprising statement of financial position at 31 December 2017, and the statements of comprehensive income, changes in equity 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, 1963 (Act 179), and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). In addition, the directors are responsible for the preparation of 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.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Financial Report and Dividend

The financial results of the Bank for the year ended 31 December 2017 are set out in the attached financial statements, highlights of which are as follows:

31 December	2017 GH¢	2016 GH¢
Profit before taxation is	250,534,472	202,589,554
from which is deducted taxation of	(77,985,101)	(62,324,342)
giving a profit after taxation for the year of	172,549,371	140,265,212
less net transfer to statutory reserve fund and other reserves of	(92,563,687)	(21,019,731)
leaving a balance of	79,985,684	119,245,481
when added to a balance brought forward on retained earnings of	379,598,101	260,352,620
gives a balance of	459,583,785	379,598,101

In accordance with Section 34(1)(b) of the Banks and Specialised Deposit - Taking Institutions Act, 2016 (Act 930), an amount of GH¢ 43,137,343 was transferred to the statutory reserve fund from profit for the year, bringing the cumulative balance on the statutory reserve fund to GH¢ 150,781,421 at the year end.

The Directors do not recommend the payment of dividend (2016: Nil).

Report of the Directors (cont'd)

Financial Statements for the year ended 31 December 2017

Nature of Business

The Bank is authorised by Bank of Ghana to carry on the business of universal banking.

Holding Company

The Bank is a subsidiary of Zenith Bank Plc, a company incorporated in the Federal Republic of Nigeria and licensed to undertake all banking and related services.

Auditor

The auditor, KPMG, will not continue in office in accordance with Sections 81(4) and 81(5) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) with effect from February 2018 after eight (8) years of service as auditor. In their stead, PricewaterhouseCoopers (PwC), whose previous engagement with the bank ended in March 2010, has been appointed in accordance with Section 134 (1) of the Companies Act, 1963 (Act 179).

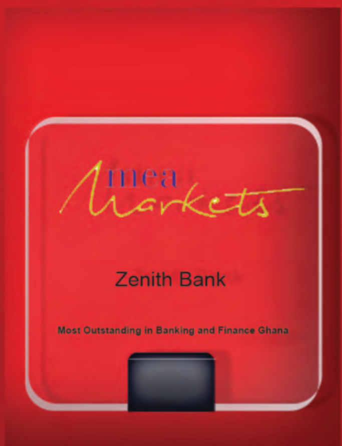
Approval of the Financial Statements

The financial statements of the Bank, as identified in the second paragraph, were approved by the Board of Directors on **2 February 2018** and were signed on their behalf by:

Mary Chinery-Hesse
....
Dr. (Mrs.) Mary Chinery-Hesse
[Chairman]

....
Henry Oroh
[Managing Director/CEO]

ZENITH BANK AWARDS - 2017



CHAIRMAN'S STATEMENT

TO SHAREHOLDERS

Dr. (Mrs.) Mary Chinery-Hesse
Chairman

> **"It is gratifying to note that Zenith Bank Ghana's total capital is already in excess of this minimum capital requirement."**

It is my honour to welcome you all, on behalf of the Board, to the 12th Annual General Meeting of this great Bank to review our performance for the past year and also discuss the way forward.

Financial Performance

The Bank's financial performance in 2017 was extremely impressive despite the challenges in the banking industry. Specifically, shareholders' funds increased by 30 percent from GH¢574.79 million in 2016 to GH¢747.34 million in 2017 on the back of a 24 percent growth in profit before tax, which increased from GH¢202.59 million in 2016 to GH¢250.53 million in 2017. The bank's return on assets and equity at the end of 2017 stood at 6 percent and 26 percent respectively as against the 7 percent and 28 percent respectively recorded in 2016.

Chairman's Statement

Financial Statements for the year ended 31 December 2017

New Head Office Building

Zenith Heights, our bank's new head office complex, was graciously commissioned by the President of the Republic of Ghana, His Excellency Nana Addo Dankwa Akufo-Addo in December 2017. We also had our Founder, Mr. Jim Ovia (CON), who was accompanied by other top executives of the bank from Nigeria, grace the occasion.

Zenith Heights is a clear demonstration of the uniqueness of our brand, and certainly marks a significant milestone in the life of our great institution. I have no doubt that the new working environment provided by this new office complex will serve as a platform that will further inspire our management and staff to serve our customers better.

Corporate Governance

The Board approved the bank's five year strategic plan for the 2017-2021 period. The plan provides the strategic direction and actions of the bank, in line with its corporate vision, for the next phase of the bank's development. It is certain that the approved strategic plan provides sufficient direction and motivation that will propel the bank towards the greater attainment of the bank's vision.

PricewaterhouseCoopers (PwC), who was commissioned by the Board to conduct an independent evaluation of the Board's activities in line with best corporate governance practices, submitted its report to the Board. The report made a number of recommendations, which are being studied for diligent implementation.

On the regulatory front, the Bank of Ghana, in the course of 2017, announced a new minimum capital of GH¢400 million for all banks with a deadline of December 2018 for compliance. It is gratifying to note that Zenith Bank Ghana's total capital is already in excess of this minimum capital requirement. Hence, we will work with all stakeholders to ensure that the necessary documentations are completed to ensure Zenith Bank Ghana is recapitalized as early as possible in 2018.

The Board has also given its blessings to Management to engage the services of KPMG towards the adoption and successful implementation of IFRS 9. Management has been directed to review the Bank of Ghana's exposure draft on Capital Requirements Directive as part of preparations towards the implementation of Basel II/III.

The bank will continue to operate within the dictates of the Bank and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and other relevant laws and directives from the Bank of Ghana that affect the banking industry.

Board Succession

In 2017, Dr. Henry Benyah and Mr. Olusola Oladipo retired from the Board, after serving as directors for twelve (12) and three (3) years respectively. During this period, they brought strategic insights and experience to the Board and their contributions were highly valuable. We wish the two the very best in their future endeavours.

Mr. Anthony Oteng-Gyasi was appointed as a Non-Executive Director on August 31, 2017. He brings aboard a depth of experience in the private sector and corporate governance issues, which will be of great value to the Board as we address the challenges and opportunities ahead.

Looking Ahead

Government has projected to grow the economy by 6.8 percent in 2018 on the back of a comprehensive industrialisation programme. The bank is well positioned and ready to strategically partner the government and the private sector to execute this economic transformation agenda.

Lastly, I sincerely appreciate our highly resourceful Board for your strategic guidance and the unquantifiable support in the year 2017. To the MD/CEO, Management and Staff, we are passionate in our belief that your loyalty, focus, hard work, and dedication to the brand is the bedrock of our continued success year after year. You are truly our best assets and we thank you most sincerely. We also express our gratitude to our cherished customers and all strategic stakeholders for the exceptional trust reposed in the bank.

The Board and Management of the bank will continue to provide more value to all our stakeholders.

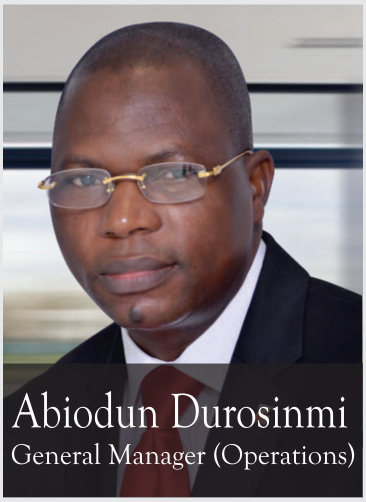
Thank you.

Executive Management

Financial Statements for the year ended 31 December 2017

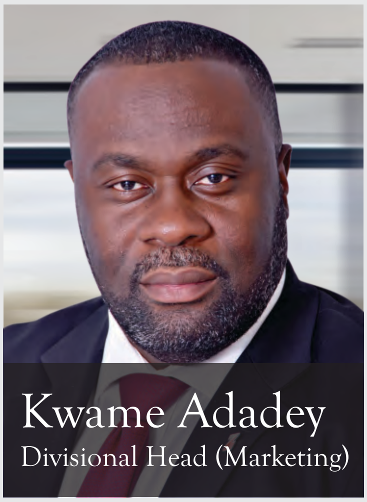

Henry Oroh
Managing Director/CEO

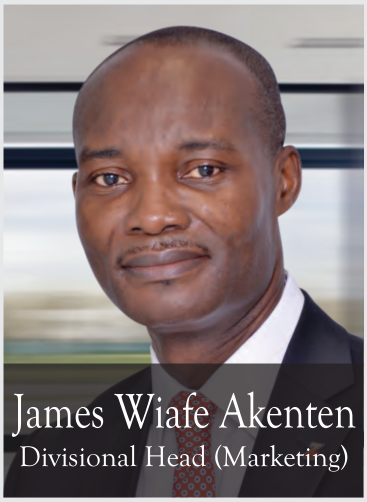

Maebelle Nortey
General Manager (Marketing)


Abiodun Durosinmi
General Manager (Operations)


Daniel Agamah
Company Secretary/Group Head (Business Support Services)


George Blavo
Divisional Head (Marketing)


Kwame Adadey
Divisional Head (Marketing)


James Wiafe Akenten
Divisional Head (Marketing)


ASPIRE WITH ZENITH BANK
Zenith Internet Banking
(Zenith iBanking)

CHIEF EXECUTIVE OFFICER'S REVIEW

Henry Oroh
Managing Director/CEO

> **"When you aspire to perspire, the universe will conspire in your favour."**

The bank's theme for the year 2017 was "ASPIRE" and we set out on the premise that "when you aspire to perspire, the universe will conspire in your favour". This theme was a significant inspiration for the bank as we strived to grow in the relevant key parameters, notwithstanding the difficult environment in 2017. The bank leveraged on its inner strengths to deliver a strong financial performance that is consistent with its corporate vision and philosophy. Below are the highlights of the business environment under which the bank operated in 2017.

Chief Executive Officer's Review

Financial Statements for the year ended 31 December 2017

ECONOMIC AND MARKET ENVIRONMENT

The global economy grew by 3.7 per cent in 2017, up from the 3.2 per cent recorded in 2016, according to the January edition of the World Economic Outlook (WEO) published by the International Monetary Fund. The growth was driven by increased global trade, a pickup in investment among advanced economies, increased manufacturing output in Asia, and improved crude oil and gold prices. These developments positively impacted the Ghanaian economy as GDP growth for 2017 improved to 8.5 percent from the 3.7 percent recorded in 2016. In their quest to stabilise the economy and stimulate economic growth, the new government introduced a combination of fiscal, monetary, social intervention and business friendly initiatives during the year. Some of these policies reflected in tax cuts and interest rate reductions.

GHANAIAN BANKING SECTOR

The banking industry continued its growth trajectory in 2017 with a total assets growth of 13 percent from GH¢82.6 billion in December 2016 to GH¢93.6 billion in December 2017. Industry deposits also grew by 12.8 percent from GH¢51.7 billion in December 2016 to GH¢58.3 billion in December 2017. This growth recorded in 2017 was below the 30 percent and 28 percent growth in assets and deposits recorded in 2016 respectively. However, both industry non-performing loans (NPL) and capital adequacy ratios (CAR) deteriorated from 17.3 percent and 18 percent respectively in December 2016 to 21.6 percent and 17.9 percent respectively in December 2017.

The revocation by Bank of Ghana of the licenses of UT Bank and Capital Bank and their subsequent take-over by the GCB Bank is a reminder that the industry is still vulnerable and therefore, the need to uphold good corporate governance and robust risk management practices cannot be overemphasised.

The Bank of Ghana has demonstrated a strong will to drive a lot of reforms in 2018 to strengthen the banking industry and position it in a good stead to support the government's economic transformation agenda. Already, the regulator has announced a new minimum capital of GH¢ 400 million with December 2018 set as the deadline for banks to comply. It has also hinted of preparations towards implementing Basel II/III, Corporate Governance Directives and the provisions of the Deposit Protection Act (Act 931). Management of non-performing loans, IFRS 9 and Treasury Single Accounts are other major policy focus in 2018.

The bank has already initiated measures geared towards complying with these reforms as and when unveiled by the regulator.

ZENITH BANK'S PERFORMANCE

Financial Performance

In 2017, the bank posted an impressive record profit before tax of GH¢250.53 million, which was a growth of 24 per cent over its previous record of GH¢ 202.59 million recorded in 2016. The bank's total assets grew by 37 percent from GH¢3.4 billion in 2016 to GH¢4.7 billion in 2017, principally, as a result of a 32 percent increase in deposits from GH¢2.7 billion in December 2016 to GH¢3.5 billion in December 2017. The bank's share of industry deposit and total assets increased from 5 percent and 4 percent in 2016 to 6 percent and 5 percent respectively in 2017. The 37 percent and 32 percent growth in total assets and deposits is more than the average industry growth of 13 percent and 12.8 percent respectively.

The bank's capital adequacy ratio of 25 percent in 2017, which is an improvement over the 22 percent recorded in 2016, is above the regulatory limit of 10 percent and the industry average of 18 percent as at December 2017. The non-performing loan (NPL) ratio improved from 11 percent in 2016 to 7 percent in 2017, which is far better than the industry average of 22 percent. Management still views this rate as high and will continue to focus on measures that will help to bring it down.

New Minimum Capital

The bank's stated capital, plus audited income surplus, at the end of December 2016 was GH¢440 million, which was already in excess of the new minimum capital requirement of GH¢400 million announced by the Bank of Ghana. The incremental

Chief Executive Officer's Review

Financial Statements for the year ended 31 December 2017

profit from 2017 operations has therefore come as additional buffer to the bank's accumulated income surplus. The bank has already commenced the processes to move the required additional capital from retained earnings into stated capital.

Branch Network

The bank commissioned its ultra-modern Head Office Complex, Zenith Heights, in December 2017. The building was commissioned by H.E. Nana Addo Dankwa Akufo-Addo, the President of the Republic of Ghana. Zenith Heights is a further testament that Zenith Bank has come to stay in this market. Premier Towers and Koforidua branches were the new additions to our branch network in 2017 in line with our growth and expansion strategy.

Awards and New Products

The bank won ten (10) awards in 2017 for its excellent customer service and innovative products in the Ghanaian banking industry with the key awards being the "Bank of the Year Ghana, 2017" by The Banker, "Best Customer Service Bank, 2017" by the Global Banking and Finance Review, and the "Best e-Commerce Bank, 2017" by the Global Banking and Finance Review.

In line with the bank's vision of providing innovative banking products and services to its customers, a number of new products and services were launched in 2017. Significant among these products were "Corporate Debit and Prepaid MasterCards" and "Platinum Prepaid MasterCard".

We will continue to delight our customers with customised and tailor-made products and services to suit their varied needs, security and convenience.

OUTLOOK

Government's 2018 economic policy and budget statement is expansionary, with GDP estimated to grow by 6.8 percent, and contained a number of policy initiatives, which provides a lot of opportunities for the banking industry. These include transformation of agriculture and industry, upgrade of economic and social infrastructure, social protection and inclusion programmes and improvement in public service delivery.

The new minimum capital announced by the Bank of Ghana may lead to consolidation and the emergence of bigger financial institutions. The resultant capital is expected to improve investment in the economy and drive down the cost of deposits and lending.

The decline in interest rates on government instruments and shrinking margins will place a huge responsibility on banks to come out with innovative ideas to sustain profitability. Therefore, the bank will invest in agency banking opportunities and retail business to sustain liquidity.

In 2018, the bank shall continue to leverage on its strength in excellent customer service, robust technological platform and talented workforce to provide prompt, flawless and innovative banking products and services to its customers.

In conclusion, I will like to take this opportunity to thank our Board, management and members of staff for the various roles they played towards the bank's performance in 2017. I also highlight the significance of our customers' continuing loyalty to our brand.

#TogetherWeAspire!

Thank you.

Corporate Governance

Financial Statements for the year ended 31 December 2017

Corporate governance relates to the systems, rules, processes and laws by which businesses are operated, regulated, directed and controlled with the view of achieving the long term goals of the organization while maintaining the right balance with stakeholders' interests. The stakeholders comprise both internal and external parties.

At Zenith Bank (Ghana) Limited, conscious of our enviable place in the market, we have in place a robust system of corporate governance bearing in mind our core values of Belief in God, Integrity and Keeping the Service Promise. We also pay key attention to elements of honesty, trust, openness and accountability.

The Board and Board Committees

The Board of Directors is made up of a Non-Executive Chairman, four (4) Non-Executive Directors and one (1) Executive Director.

The Board comprises of persons of mixed skills with experience in different fields of human endeavour. The Directors are conscious of their statutory responsibilities as well as their responsibilities to shareholders and other stakeholders. The Board is responsible for the strategic direction of the Bank.

The Managing Director/Chief Executive Officer is responsible for the day-to-day running of the Bank assisted by the Executive Committee. The roles of Chairman and Managing Director are separate with a clear division of responsibilities between them.

Responsibilities of the Board

The Board is responsible for:

- Review and provision of strategic direction for the Bank including major plans of action and risk policy;
- Review and approval of annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance;
- Overseeing major capital expenditures, acquisitions and divestiture;
- Monitoring the effectiveness of the corporate governance practices under which the Bank operates and making appropriate changes as necessary;
- Ensuring the integrity of the Bank's accounting and financial reporting systems;
- Ensuring that appropriate systems of control and risk monitoring are in place; and
- Establishment of the various Committees of the Bank including the terms of reference and review of reports of such Committees to address key areas of the Bank's business.

The Board meets at least once every quarter, but may hold extraordinary sessions as the business of the Bank demands.

Committees

The Board executes its functions through various committees of the Board. These committees have been set up in accordance with statutory requirements and global best practices. Each committee has well-defined terms of reference to guide their functions. The committees consider only matters that fall within their purview to avoid decision overlaps. The committees of the Board meet each quarter but may hold extraordinary meetings to address urgent issues that may arise.

The following are the Standing Committees of the Board:

Board Credit Committee

The Committee comprises a Chairman who is a Non-Executive Director, one (1) other Non-Executive Director and one (1) Executive Director as members. The Board Credit Committee is chaired by a Non-Executive Director who is well versed in credit matters. All loan applications above the level of Management Credit Committee are sent to the Committee for consideration and approval.

The composition of the Committee is as follows:

Name of Director	Position
Mr. Ebenezer Onyeagwu	Chairman
Mr. Kwame Sarpong	Member
Mr. Henry Oroh	Member

Corporate Governance (cont'd)

Financial Statements for the year ended 31 December 2017

Board Audit Committee

The Committee is made up of a Non-Executive Chairman and two (2) other Non-Executive Directors. The Audit Committee has oversight responsibility for the overall internal audit function and creates a comprehensive approach to anticipate, identify, prioritize and manage material risks to the Bank's business objectives. The Bank recognizes the Committee as the "guardian of public interest", and reflects this both in the composition and calibre of its membership. The Head of Internal Control and the Chief Compliance Officer have access to this Committee and make quarterly presentations for the consideration of the Committee.

Members of the Committee include:

Name of Director	Position
Mr. Gabriel Ukpeh	Chairman
Mr. Kwame Sarpong	Member
Mr. Anthony Oteng - Gyasi	Member

Board Risk Management Committee

The Committee is made up of a Non-Executive Chairman, two (2) other Non-Executive Directors and one (1) Executive Director. The Risk Management Committee has oversight responsibility for the overall risk function of the business of the Bank and encompasses strategic, operational, financial and compliance risk. The Chief Risk Officer has access to this Committee and makes quarterly presentations for the consideration of the Committee.

Members of the Committee are as follows:

Name of Director	Position
Mr. Kwame Sarpong	Chairman
Mr. Ebenezer Onyeagwu	Member
Mr. Gabriel Ukpeh	Member
Mr. Henry Oroh	Member

Board Governance, Nominations and Remuneration Committee

The purpose is to seek and nominate qualified candidates for appointment to Zenith's Board of Directors. The Committee is made up of a Non-Executive Chairman and two (2) other Non-Executive Directors. The Committee is scheduled to meet every quarter and at such times that the need arises.

Members of the Committee are as follows:

Name of Director	Position
Mr. Ebenezer Onyeagwu	Chairman
Mr. Gabriel Ukpeh	Member
Mr. Anthony Oteng-Gyasi	Member

Corporate Governance (cont'd)

Financial Statements for the year ended 31 December 2017

Board Finance and General Purpose Committee

The purpose of the Board Finance and General Purpose committee is to assist the board to discharge its obligations relating to capital expenditure, capital structure, tax planning, financial strategy, dividend policy, branch expansion, performance targets for executive directors and other senior staff and the working conditions of the bank's employees.

The Committee is made up of a Non-Executive Chairman, one (1) other Non-Executive Director and one (1) Executive Director. The Committee is scheduled to meet every quarter and at such times that the need arises.

Members of the Committee are as follows:

Name of Director	Position
Mr. Gabriel Ukpeh	Chairman
Mr. Henry Oroh	Member
Mr. Kwame Sarpong	Member

Schedule of attendance at Board Committee Meetings

Below is the schedule of attendance at Board Committee meetings during the year.

Directors	BC	FGPC	CC	GNRC	AC	RMC
Dr. Mary Chinery - Hesse	5	N/A	N/A	N/A	N/A	N/A
Mr. Kwame Sarpong	5	2	5	N/A	5	5
Dr. Henry Benyah *(retired)*	1	1	N/A	1	1	N/A
Mr. Henry Oroh	5	5	5	2	N/A	5
Mr. Ebenezer Onyeagwu	5	N/A	5	5	N/A	5
Mr. Olusola Oladipo *(retired)*	3	3	3	N/A	3	N/A
Mr. Gabriel Ukpeh	5	1	N/A	5	5	5
Mr. Anthony Oteng - Gyasi	2	N/A	N/A	1	1	N/A

*Board Committee (BC), Finance and General Purpose Committee (FGPC), Credit Committee (CC), Governance, Nominations and Remuneration Committee (GNRC), Audit Committee (AC), Risk Management Committee (RMC).

N/A as used above implies 'Not applicable' that is, the Director in question was not a member of the stated committee and hence could not have been expected to attend the Committee meeting.

Other Committees

The Bank has in place, other standing management committees in addition to the afore-mentioned Committees. These include among others:

Corporate Governance (cont'd)

Financial Statements for the year ended 31 December 2017

Executive Committee (EXCO)

The Bank has in place an Executive Committee which has oversight responsibility for the implementation of strategies approved by the Board. It is chaired by the Managing Director/Chief Executive Officer. It meets once every week to discuss and adopt policy decisions. It also provides direction for the staff of the Bank and ensures effective and efficient use of the Bank's resources.
It is made up of the following members:

Name of Member	Position
Mr. Henry Oroh	Chairman
Mrs. Maebelle Nortey	Member
Mr. Abiodun Durosinmi	Member
Mr. Daniel Agamah	Member
Mr. George Blavo	Member
Mr. Kwame Adadey	Member
Mr. James Wiafe Akenten	Member

Asset and Liability Committee (ALCO)

The purposes of ALCO are formation of an optimal structure of the Bank's balance sheet to provide the maximum profitability, limiting the possible risk level; control over the capital adequacy and risk diversification; execution of the uniform interest policy; determination of the Bank's liquidity management policy; control over the state of the current liquidity ratio and resources of the Bank. The Committee is chaired by the MD/CEO and consists of all the members of EXCO in addition to other senior staff members. This Committee meets every week.

Management Committee

This Committee is chaired by the Managing Director/Chief Executive Officer. It meets weekly to deliberate on issues affecting the Bank. Membership includes EXCO members, Heads of Departments and Branch Heads, at and above the grade of Assistant Manager.

Systems of Internal Control

The Bank has well-established internal control systems for identifying, managing and monitoring risks. These are designed to provide reasonable assurance of the effectiveness of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The Internal Control and Audit function of the Bank plays a key role in providing an objective view and continuing assessment of the effectiveness and efficiency of the internal control systems in the business. The systems of internal controls are implemented and monitored by appropriately trained personnel and their duties and reporting lines are clearly defined.

Code of Business Ethics

Management has communicated the principles in the Staff Handbook to its employees in the discharge of their duties. This handbook sets the professionalism and integrity required for business operations which covers compliance with the law, conflict of interest, bribery and strict adherence to these principles so as to eliminate the potential for illegal practices.

Independent Auditor's Report to the Members of Zenith Bank (Ghana) Limited

Financial Statements for the year ended 31 December 2017

Opinion

We have audited the financial statements of Zenith Bank (Ghana) Limited ("the Bank"), which comprise the statement of financial position at 31 December 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 107.

In our opinion, these financial statements give a true and fair view of the financial position of Zenith Bank (Ghana) Limited at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment allowance of loans and advances to customers (GH¢52,222,205)

Refer to Note 21 to the financial statements.

Impairment of loans and advances to customers is a key audit matter because of the complexity and subjectivity involved in estimating the timing and amount of cash flow used in the computation. Loans for which there is objective evidence that an impairment event has occurred are assessed individually for impairment. If there is deemed to be no evidence that an impairment exists on an individual basis, loans are assessed collectively for impairment.

Assessing impairment allowances on loans and advances to customers requires management to make assumptions about financial conditions and the timing of expected future cash flows. Cash flows are determined from collateral values and/or promise to pay cash flows which are supported with appropriate documents. Management assumes that the forced sale value of collaterals will be fully realised through sale in the event of default on loans and advances.

The collective impairment loss allowance relates to losses incurred but not yet identified (IBNR loss allowances) on other loans and advances.

The two key judgments in the collective impairment assessment are the likelihood of default and the emergence period. The impairment assessment requires the application of significant judgement by management including the application of industry knowledge, prevailing economic conditions and historical data to determine the level of impairment allowance required.

Our procedures to address this key audit matter included:

- Assessing and testing the design, implementation and operating effectiveness of key controls over the capture, monitoring and reporting of loans and advances to customers;

- Assessing and testing the design and operating effectiveness of controls over the Bank's loan impairment process regarding management review process over impairment calculations;

Independent Auditor's Report to the Members of Zenith Bank (Ghana) Limited (cont'd)

Financial Statements for the year ended 31 December 2017

- Substantively testing the year end impairment models for collective and individual provisioning by re-performing calculations and agreeing a sample of data inputs to source documentation. We also assessed whether the data used in the models included all the relevant information through testing a sample of relevant data fields and their aggregate amounts against data in the source systems;

- Critically assessing and challenging the assumptions used by the Bank in their impairment models using our understanding of the Bank, the historical accuracy of its estimates, current and past performance of the Bank's loans and our knowledge of the industry in respect of similar loan types;

- Undertaking a detailed assessment of a sample of exposures for individual impairment on corporate portfolio, taking a risk based approach to focus on those with the greatest potential impact on the financial statements. Our assessment specifically challenged the Bank's assumptions of expected future cash flows including the valuation of realisable collateral through inquiry and inspecting correspondence and independent valuation reports;

- Critically assessing and analyzing the assumptions and data used by the Bank in determining the likelihood of default and emergence period for collective impairment assessment;

- Examining a sample of performing loans to evaluate if any indicators of impairment existed and that individual impairment provisions have been recorded; and

- Considering the adequacy of the Bank's disclosures in relation to impairment about the changes in estimate occurring during the period and the sensitivity to the key assumptions.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and the Directors' Report as required by the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Independent Auditor's Report to the Members of Zenith Bank (Ghana) Limited (cont'd)

Financial Statements for the year ended 31 December 2017

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179) and Section 85 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, and the statements of financial position and other comprehensive income are in agreement with the books of account.

The Bank's transactions were within its powers and the Bank generally complied with the relevant provisions of the Banks and Specialised Deposit-taking Institutions Act, 2016, (Act 930).

The Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), the Anti-Terrorism Act, 2008 (Act 762) and the Regulations governing the Acts.

Independent Auditor's Report to the Members of Zenith Bank (Ghana) Limited (cont'd)

Financial Statements for the year ended 31 December 2017

Non-compliance with a section of the Banks and Specialised Deposit-Taking Institutions, 2016 (Act 930)

The Bank's transactions were within its powers and except as indicated in Note 37, the Bank generally complied with the relevant provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The engagement partner on the audit resulting in this independent auditor's report is **Nathaniel D. Harlley (ICAG/P/1056)**.

....

For and on behalf of:
KPMG: (ICAG/F/2018/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

February 02, 2018

Travel with ease & comfort
ASPIRE WITH ZENITH BANK
Introducing the
ZENITH Platinum BANKING
LoungeKey Access
You can now access over 900 international airport lounges worldwide with your Zenith Platinum card.
Present your Zenith Platinum card (Mastercard or Visa) at any participating airport lounge to enable you and your guest enjoy this service.
Sign-up online via the LoungeKey Access portal at www.loungekey.com/Zenithbankgh for Mastercard cardholders & www.loungekey.com/Zenithbankghana for Visa cardholders
ZENITH BANK
...in your best interest
+233 302 429700
+233 302 611500
+233 302 680884
info@zenithbank.com.gh
www.zenithbank.com.gh
Zenith Bank Ghana Limited
ZenithBankGhana

Statement of Financial Position as at 31 December

Financial Statements for the year ended 31 December 2017

	Note	2017 GH¢	2016 GH¢
Assets			
Cash and cash equivalents	17	967,294,529	808,017,805
Non-pledged trading assets	18	111,677,673	
Investments	20	1,645,272,918	1,080,681,114
Investments (other than securities)	19	769,320,693	292,677,000
Loans and advances to customers	21	804,676,754	1,012,054,694
Current tax assets	14 (a)	-	855,185
Property, plant and equipment	22	185,197,952	130,061,809
Intangible assets	23	2,330,161	1,558,728
Deferred tax assets	24	664,912	4,228,181
Other assets	25	184,460,317	73,610,251
Total assets		4,670,895,909	3,403,744,767
Liabilities			
Borrowings	27	353,187,887	110,151,330
Deposits from customers	26	3,473,416,209	2,637,944,348
Deposits from banks and non-bank financial institutions	26	34,579,019	33,320,240
Other liabilities	28	57,371,133	47,543,160
Current tax payable	14 (a)	5,006,601	-
Total liabilities		3,923,560,849	2,828,959,078
Equity			
Stated capital	29 (a)	122,021,496	61,221,496
Statutory reserve	29 (b)	150,781,421	107,644,078
Credit risk reserve	29 (b)	14,948,358	26,322,014
Retained earnings	29 (b)	459,583,785	379,598,101
Total equity		747,335,060	574,785,689
Total equity and liabilities		4,670,895,909	3,403,744,767

Mary Chinery-Hesse

Dr. (Mrs.) Mary Chinery-Hesse
[Chairman]

Henry Oroh
[Managing Director/CEO]

The financial statements of the Bank were approved by the Board of Directors on **2 February 2018**.

The notes on pages 42 - 107 are an integral part of these financial statements.

Statement of Comprehensive Income for the year ended 31 December

Financial Statements for the year ended 31 December 2017

	Note	2017 GH¢	2016 GH¢
Interest income	7	546,336,401	437,250,172
Interest expense	7	(231,449,097)	(174,413,831)
Net interest income		314,887,304	262,836,341
Fees and commission income	8	73,346,499	63,674,640
Fees and commission expense	8	(5,267,491)	(3,171,824)
Net fees and commission income	8	68,079,008	60,502,816
Net trading income	9a	34,799,061	31,371,716
Net income - financial instruments carried at fair value	9b	2,671,830	-
Other income	10	4,805,373	3,204,058
Net trading and other income		42,276,264	34,575,774
Revenue		425,242,576	357,914,931
Impairment loss on financial assets	11	(7,495,211)	(13,026,463)
Personnel expenses	12	(63,497,940)	(61,270,606)
Operating lease expense	13(a)	(9,482,145)	(9,190,527)
Depreciation and amortization	22(a)	(12,761,665)	(8,835,470)
Other expenses	13(b)	(81,471,143)	(63,002,311)
Profit before income tax		250,534,472	202,589,554
Income tax expense	14	(77,985,101)	(62,324,342)
Profit after tax attributable to equity holders of the Bank		172,549,371	140,265,212
Other comprehensive income, net of tax		-	-
Total comprehensive income attributable to equity holders of the Bank		172,549,371	140,265,212
Earnings per share - Basic & Diluted	16	0.14	0.23

The notes on pages 42 - 107 are an integral part of these financial statements.

Statement of Changes In Equity for the year Ended 31 December

Financial Statements for the year ended 31 December 2017

	Stated Capital GH¢	Statutory Reserve GH¢	Credit risk Reserve GH¢	Retained Earnings GH¢	Total GH¢
Balance as at 1 January 2016	61,221,496	90,110,926	22,835,435	260,352,620	434,520,477
Profit for the year	-	-	-	140,265,212	140,265,212
Other comprehensive income, net of tax	-	-	-	-	-
Regulatory and other reserves transfers					
Transfer to credit risk reserve	-	-	3,486,579	(3,486,579)	-
Transfer to statutory reserve	-	17,533,152	-	(17,533,152)	-
Net transfers to/(from) reserves	-	17,533,152	3,486,579	(21,019,731)	-
Balance at 31 December 2016	61,221,496	107,644,078	26,322,014	379,598,101	574,785,689
Balance at 1 January 2017	61,221,496	107,644,078	26,322,014	379,598,101	574,785,689
Profit for the year	-	-	-	172,549,371	172,549,371
Other comprehensive income, net of tax	-	-	-	-	-
Regulatory and other reserves transfers					
Transfer from credit risk reserve	-	-	(11,373,656)	11,373,656	-
Transfer to statutory reserve	-	43,137,343	-	(43,137,343)	-
Transfer to stated capital	60,800,000	-	-	(60,800,000)	-
Net transfers to reserves	60,800,000	43,137,343	(11,373,656)	(92,563,687)	-
Balance at 31 December 2017	122,021,496	150,781,421	14,948,358	459,583,785	747,335,060

The notes on pages 42 - 107 are an integral part of these financial statements.

Statement of Cash Flows for the year Ended 31 December

Financial Statements for the year ended 31 December 2017

	Note	2017 GH¢	2016 GH¢
Profit after tax		172,549,371	140,265,212
Adjustments for:			
Depreciation and amortization	22(a)	12,761,665	8,835,470
Net impairment loss on financial assets	11	7,495,211	13,026,463
Net interest income	7	(314,887,304)	(262,836,341)
Profit on disposal of property, plant and equipment	22(b)	(484,926)	(904,229)
Asset write-off	22	-	78,815
Tax expense	14	77,985,101	62,324,342
Fair value adjustments		(2,480,327)	-
		(47,061,209)	(39,210,268)
Changes in:			
Investments (Other than securities)		(476,643,693)	(292,677,000)
Non-pledged trading asset		(111,677,673)	-
Investments		(19,257,890)	69,959,575
Loans and advances to customers		207,377,941	(32,931,674)
Other assets		(110,850,066)	(28,770,388)
Borrowings		243,062,464	85,025,696
Deposits from customers		836,704,733	627,866,376
Other liabilities		9,827,973	2,701,224
		531,482,580	391,963,541
Interest received	7	546,336,401	437,250,172
Interest paid	7	(231,449,097)	(174,413,831)
Taxes paid	14(a)	(68,560,046)	(53,184,324)
Net cash flow from operating activities		777,809,838	601,615,558
Cash flow from investing activities			
Acquisition of property, plant and equipment	22	(66,730,407)	(46,228,553)
Proceeds from disposal of property, plant and equipment	22(b)	694,740	1,627,142
Acquisition of intangible assets	23	(2,148,648)	(1,025,036)
Net cash flow used in investing activities		(68,184,315)	(45,626,447)
Net increase in cash and cash equivalents		709,625,523	555,989,111
Balance at beginning		1,839,331,444	1,293,661,182
Cash and cash equivalents at 31 December		2,548,956,967	1,849,650,293
Effect of exchange rate fluctuations on cash and cash equivalents held		(5,014,885)	(10,318,849)
Cash and bank balances		2,543,942,082	1,839,331,444
Cash balances	17	967,294,529	808,017,805
Short-term investments		1,576,647,553	1,031,313,639
Cash and cash equivalents at 31 December		2,543,942,082	1,839,331,444

The notes on pages 42 - 107 are an integral part of these financial statements.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Notes forming part of the Financial Statements

Financial Statements for the year ended 31 December 2017

1. Reporting entity

Zenith Bank (Ghana) Limited (the Bank) is a bank incorporated in Ghana. The Bank is a subsidiary of Zenith Bank Plc of Nigeria.

2. Basis of accounting

The 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). They were authorised for issue by the Board of Directors on **2 February 2018**.

For Companies Act, 1963 (Act 179) reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of comprehensive income in these financial statements.

Details of the Bank's accounting policies are included in Note 36.

3. Functional and presentation currency

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

4. Use of judgements and estimates

In preparing these 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.

(a) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2017 is set out below in relation to the impairment of financial instruments and in the following notes:

- Note 6 – determination of fair value of financial instruments with significant unobservable inputs;
- Note 24 (a) – recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used; and
- Note 31 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Impairment of financial instruments

Assets accounted for at amortised cost are evaluated for impairment on the basis described in Notes 36 (i) (vii).

The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits. A collective component of the total allowance is established for groups of homogeneous loans that were not found to be individually impaired (loss 'incurred but not reported' or IBNR).

The collective allowance for groups of homogeneous loans is established using statistical methods such as a formula approach based on historical loss rate experience. Management applies judgement to ensure that the estimate of loss arrived at on the basis of historical information is appropriately adjusted to reflect the economic conditions and the industry at the reporting date.

The IBNR allowance covers credit losses inherent in portfolios of loans and advances with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired items but the individual impaired items cannot yet be identified.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

4. Use of judgements and estimates (cont'd)

(a) Assumptions and estimation uncertainties (cont'd)

Impairment of financial instruments (cont'd)

In assessing the need for collective loss allowance, management considers factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

5. Financial risk review

This note presents information about the Bank's exposure to financial risks and the Bank's management of capital.

For information on the Bank's financial risk management framework, See Note 34.

(a) Credit Risk

For the definition of credit risk and information on how credit risk is managed by the Bank, see Note 34

(i) Analysis of credit quality

The tables below set out information about the credit quality of financial assets and the allowance for impairment/loss held by the Bank against those assets.

Maximum exposure to credit risk	Note	2017 GH¢	2016 GH¢
Carrying amount	21	804,676,754	1,012,054,694
Amount committed/guaranteed		1,087,930,092	856,440,423
Grade 1 – 3: Low – fair risk		788,339,968	816,054,348

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)
(a) Credit risk (cont'd)
(i) Analysis of credit quality (cont'd)

	2017 GH¢	2016 GH¢
Grade 4 –5: Low–watch list	5,101,354	185,613,588
Grade 6: Substandard	5,226,221	5,452,569
Grade 7: Doubtful	15,462,937	57,062,035
Grade 8: Loss	42,768,479	56,561,706
Total gross amount	856,898,959	1,120,744,246
Allowance for impairment (individual and collective)	(52,222,205)	(108,689,552)
Net carrying amount	804,676,754	1,012,054,694
Off balance sheet - Maximum exposure		
Lending commitments - Grade 1 –3: Low–fair risk	544,107,271	320,566,139
Financial guarantees - Grade 1 –3: Low–fair risk	543,822,821	535,874,284
Total exposure	1,087,930,092	856,440,423
Loans with renegotiated terms		
Gross carrying amount	12,896,761	244,442,118
Allowance for impairment	(237,530)	(4,014,420)
Net carrying amount	12,659,231	240,427,698
Neither past due nor impaired		
Grade 1 –3: Low–fair risk	788,339,968	816,054,348
Past due but not impaired		
Grade 4 - 5: Watch list	5,101,354	185,613,588
Grade 6 –8: Loss	2,233,517	21,385,588
	7,334,871	206,999,176

Past due	2017 GH¢	2016 GH¢
30–60 days	5,101,354	185,613,588
60–90 days	5,226,221	5,452,569
90–180 days	15,462,937	57,062,035
180 days+	42,768,479	56,561,706
	68,558,991	304,689,898
Individually impaired		
Grade 6: Substandard	5,226,221	5,452,569
Grade 7: Doubtful	15,462,937	57,062,035
Grade 8: Loss	42,768,479	56,561,706
	63,457,637	119,076,310
Allowance for impairment		
Individual	(42,269,618)	(94,872,259)
Collective	(9,952,587)	(13,817,293)
Total allowance for impairment	(52,222,205)	(108,689,552)

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(a) Credit risk (cont'd)

(i) Analysis of credit quality (cont'd)

Impaired loans

See accounting policy in Note 36 (i) (vii).

The Bank regards a loan or an advance as impaired when there is objective evidence that a loss event has occurred since initial recognition, and the loss event has an impact on future estimated cash flows from the asset.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Loans that are subject to a collective IBNR provision are not considered impaired.

Impaired loans and advances are graded 6 to 8 in the Bank's internal credit risk grading system. See Notes 4 (a) and 34 (b).

Loans that are past due but not impaired

Loans that are 'past due but not impaired' are those for which contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security or collateral available and/or the stage of collection of amounts owed to the Bank.

Loans with renegotiated terms and the Bank's forbearance policy

See accounting policy in Note 36 (i) (vii).

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 36 (i) (vii).

The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

For the purposes of disclosures in these financial statements, 'loans with renegotiated terms' are defined as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Bank has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Bank had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, earlier repayment or until it is written off.

Irrespective of whether loans with renegotiated terms have been derecognised or not, they remain disclosed as impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and there are no other indicators of impairment.

Cash and cash equivalents

The Bank held cash and cash equivalents of GH¢ 967,294,529 at 31 December 2017 (2016: GH¢ 808,017,805). The cash and cash equivalents are held with central banks and financial institution counterparties.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(a) Credit risk (cont'd)

(ii) Collateral held and other credit enhancements, and their financial effect

The Bank holds collateral and other credit enhancements against certain of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

	2017	2016	Principal type of
Type of credit exposure	GH¢	GH¢	collateral held
Loans and advances to customers	703,211,739	903,590,611	Residential property and other forms of security.

Loans and advances to customers

The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it (see Note 34 (b)). However, collateral provides additional security and the Bank generally requests that borrowers provide it. The Bank may take collateral in the form of a first charge over real estate, floating charges over all assets and other liens and guarantees.

Because of the Bank's focus on customers' creditworthiness, the Bank does not routinely update the valuation of collateral held against all loans to customers. Valuation of collateral is updated when the credit risk of a loan deteriorates significantly and the loan is monitored more closely. For impaired loans, the Bank obtains appraisals of collateral because the current value of the collateral is an input to the impairment measurement. At 31 December 2017, the net carrying amount of impaired loans and advances to customers amounted to *GH¢* 21,188,019 (2016: *GH¢* 24,204,051) and the value of identifiable collateral held against those loans and advances amounted to *GH¢* 76,872,859 (2016: *GH¢* 53,239,331).

Other types of collateral and credit enhancements

In addition to the collateral obtained for loans, the Bank also holds other types of collateral and credit enhancements such as second charges and floating charges for which specific values are not generally available.

Assets obtained by taking possession of collateral

The Bank did not hold any financial and non-financial assets resulting from taking possession of collateral held as security against loans and advances at the reporting date.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(a) Credit risk (cont'd)

(iii) Concentrations of credit risk

The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk from loans and advances, lending commitments, financial guarantees and investment securities is shown below.

	Loans and advances to customers	
	2017	2016
	GH¢	GH¢
Carrying amount	804,676,754	1,012,054,694
Concentration by product:		
Overdrafts	315,324,382	453,637,685
Term loans	530,359,364	651,958,767
Staff loans	11,185,480	12,844,755
Finance leases	29,733	2,303,039
Gross loans and advances	856,898,959	1,120,744,246
Less: Impairment	(52,222,205)	(108,689,552)
	804,676,754	1,012,054,694
Concentration by industry:		
Financial institutions	13,347,062	5,869,608
Manufacturing	294,942,943	386,414,461
Public sector	704,329	-
Retail and consumer	129,001,925	160,206,016
Energy	192,435,521	394,631,274
Telecom	66,506,419	25,208,418
Mining and construction	126,845,156	125,213,564
Others	33,115,604	23,200,904
Gross loans and advances	856,898,959	1,120,744,245
Less: allowance for impairment	(52,222,205)	(108,689,552)
Net loans and advances	804,676,754	1,012,054,693

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(a) Credit risk (cont'd)

(iv) Impaired loans and advances

For the definition of 'impaired financial asset', See Note 4 (a).

For details of impairment allowance for loans and advances to customer, See Note 21.

Set out below is an analysis of the gross and net (of allowance for impairment) amounts of individually impaired loans and advances by risk grade.

	Gross	Net
Loans and advances to customers	**GH¢**	**GH¢**
31 December 2017		
Grade 6: Individually Impaired	5,226,221	4,957,760
Grade 7: Individually Impaired	15,462,937	15,079,323
Grade 8: Individually Impaired	42,768,479	1,150,936
Gross amount	63,457,637	21,188,019
31 December 2016		
Grade 6: Individually Impaired	5,452,569	-
Grade 7: Individually Impaired	57,062,035	1,919,030
Grade 8: Individually Impaired	56,561,706	22,285,021
Gross amount	119,076,310	24,204,051

Key ratios on loans and advances

Loan loss provision ratio is 6.09% (2016: 9.70%).

Percentage of gross non-performing loans with respect to Bank of Ghana Prudential Norms (specifically impaired) to total gross loans and advances is 7.14% (2016: 10.62%).

Ratio of fifty (50) largest exposure (gross funded) to total exposure is 85% (2016: 95%).

(b) Liquidity risk

For the definition of liquidity risk and information on how liquidity risk is managed by the Bank, See Note 34 (c).

(i) Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to volatile liabilities.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(b) Liquidity risk (cont'd)

(i) Exposure to liquidity risk (cont'd)

For this purpose, 'liquid assets' include cash, cash reserve ratio balances with the Central Bank, balances with banks, bills purchased/discounted up to 1 year, investments up to one year, swap funds (sell/ buy) up to one year and tradable Government notes and bonds. 'Volatile liabilities' includes demand deposits, District Assembly Common Funds (DACF) and all Governments instruments which could be called at short notice, etc.

Details of the reported Bank ratio of liquid assets to volatile liabilities at the reporting date and during the reporting period were as follows:

	2017 %	2016 %
At period end	150	146
Average for the year	140	117
Maximum for the year	156	146
Minimum for the year	126	102

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(b) Liquidity risk (cont'd)

(ii) Maturity analysis for financial liabilities

The tables below set out the remaining contractual maturities of the Bank's financial liabilities and financial assets.

	Note	Carrying amount GH¢	Contractual amount GH¢	Less than 1 month GH¢	1-3 months GH¢	3 months to 1 year GH¢	1-5 years GH¢	More than 5 years GH¢
31 December 2017								
Financial liability by type								
Non-derivative liabilities								
Borrowings	27	(353,187,887)	(353,187,887)	(79,333,426)	(53,142,000)	(220,712,461)	-	-
Deposits from customers	26	(3,473,416,209)	(3,473,416,209)	(1,710,973,136)	(156,020,707)	(1,606,422,366)	-	-
Deposits- Banks and NBFIs	26	(34,579,019)	(34,579,019)	(34,579,019)	-	-	-	-
Other liabilities	28	(40,138,486)	(40,138,486)	(40,138,486)	-	-	-	-
Due to parent company	28	(12,667,986)	(12,667,986)	(12,667,986)	-	-	-	-
		(3,913,989,587)	(3,913,989,587)	(1,877,692,053)	(209,162,707)	(1,827,134,827)	-	-
Financial asset by type								
Non-derivative assets								
Cash and cash equivalents	17	967,294,529	967,294,529	967,294,529	-	-	-	-
Non-Pledged Trading Assets	18	111,677,673	109,005,843	111,677,673	-	-	-	-
Investments	20	1,645,272,918	1,652,833,727	1,575,995,378	652,175	47,746,412	20,878,953	-
Investments (Other than securities)	19	769,320,693	769,320,693	-	-	769,320,693	-	-
Loans and advances to customers	21	804,676,754	912,738,682	433,289,636	172,295,586	39,015,182	160,076,350	-
		4,298,242,567	4,411,193,474	3,088,257,216	172,947,761	856,082,287	180,955,303	-

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(b) Liquidity risk (cont'd)

(ii) Maturity analysis for financial liabilities (cont'd)

31 December 2016 Financial liability by type	Note	Carrying amount GH¢	Contractual amount GH¢	Less than 1 month GH¢	1-3 months GH¢	3 months to 1 year GH¢	1-5 years GH¢	More than 5 years GH¢
Non-derivative liabilities								
Borrowings	27	(110,151,330)	(110,151,330)	(17,529,330)	(9,000,000)	(83,622,000)	-	-
Deposits from customers	26	(2,637,944,348)	(2,637,944,348)	(2,206,519,454)	(321,384,081)	(101,297,625)	(7,222,096)	(1,521,092)
Deposits - Banks and NBFI	26	(33,320,240)	(33,320,240)	(33,320,240)	-	-	-	-
Other liabilities	28	(31,857,665)	(31,857,665)	(31,857,665)	-	-	-	-
Due to parent company	28	(10,512,446)	(10,512,446)	(10,512,446)	-	-	-	-
		(2,823,786,029)	(2,823,786,029)	(2,299,739,135)	(330,384,081)	(184,919,625)	(7,222,096)	(1,521,092)
Financial asset by type								
Non-derivative assets								
Cash and cash equivalents	17	808,017,805	808,017,805	808,017,805	-	-	-	-
Investments	20	1,080,681,114	1,080,681,114	1,035,147,284	5,187,832	40,345,998	-	-
Investments (other than securities)	19	292,677,000	292,677,000	-	-	292,677,000	-	-
Loans and advances to customers	21	1,012,054,694	1,195,572,104	696,811,289	38,942,036	75,183,394	121,608,186	79,509,789
		3,193,430,613	3,376,948,023	2,539,976,378	40,345,998	408,206,392	121,608,186	79,509,789

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(b) Liquidity risk (cont'd)

(ii) Maturity analysis for financial liabilities (cont'd)

The amounts in the table above have been compiled as follows.

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.

The Bank's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately.

As part of the management of liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents. In addition, the Bank maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral with the Central Bank (these amounts are referred to as the 'Bank's liquidity reserves).The table below sets out the components of the Bank's liquidity reserves.

	Note	Carrying amount 2017 GH¢	Fair value 2017 GH¢	Carrying amount 2016 GH¢	Fair value 2016 GH¢
Balances with Central Bank	17	135,233,763	135,233,763	117,705,976	117,705,976
Cash and balances with other banks	17	432,723,949	432,723,949	202,037,061	202,037,061
Other cash and cash equivalents	17	68,651,855	68,651,855	237,668,234	237,668,234
Total liquidity reserves		636,609,567	636,609,567	557,411,271	557,411,271

The table below sets out the availability of the Bank's financial assets to support future funding.

31 December 2017	Note	Encumbered Pledged as collateral GH¢	Encumbered Other GH¢	Unencumbered Available as collateral GH¢	Unencumbered Other GH¢	Total GH¢
Cash and cash equivalents	17	96,938	330,684,962	636,512,629	-	967,294,529
Non-Pledged Trading Assets	18	-	-	-	111,677,673	111,677,673
Investments	20	140,558,30	-	1,504,714,618	-	1,645,272,918
		140,655,28	330,684,962	2,141,227,247	111,677,673	2,724,245,120
31 December 2016						
Cash and cash equivalents	17	8,386,810	250,606,534	549,024,461	-	808,017,805
Investments	20	38,776,817	-	1,041,904,297	-	1,080,681,114
		47,163,627	250,606,534	1,590,928,758	-	1,888,698,919

* Mandatory reserve deposits with the Central Bank See Note 17.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(b) Liquidity risk (cont'd)

(iii) Financial assets pledged as collateral

The total financial assets that had been pledged as collateral for liabilities at 31 December 2017 is shown in the preceding table.

Financial assets are pledged as collateral as part of securitisation transactions under terms that are usual and customary for such activities.

(c) Market risk

For the definition of market risk and information on the metrics (and their limitations) used by the Bank to manage the market risks of non-trading portfolios, See Note 34 (d).

The table below sets out the allocation of assets and liabilities subject to market risk.

	Note	Market risk measure Carrying amount	Non-trading portfolios
31 December 2017			
Assets subject to market risk		GH¢	GH¢
Cash and cash equivalents	17	967,294,529	636,512,629
Non-pledged trading assets	18	111,677,673	-
Investments	20	1,645,272,918	1,645,272,918
Investments (Other than securities)	19	769,320,693	769,320,693
Loans and advances to customers	21	804,676,754	912,738,682
Liabilities subject to market risk			
Borrowings	27	353,187,887	348,852,000
Deposits from customers	26	3,473,416,209	1,727,866,517
Deposit - Banks and NBFI	26	34,579,019	32,479,951
31 December 2016			
Assets subject to market risk			
Cash and cash equivalents	17	808,017,805	549,024,461
Investments	20	1,080,681,114	1,080,681,114
Investments(other than securities)	19	292,667,000	292,677,000
Loans and advances to customers	21	1,012,054,694	1,195,572,104
Liabilities subject to market risk			
Borrowings	27	110,151,330	107,255,850
Deposits from customers	26	2,637,944,348	1,134,763,635
Deposit-Banks and NBFIs	26	33,320,240	30,348,213

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(c) Market risk (cont'd)

Exposure to interest rate risk - non-trading portfolios

The following is a summary of the Bank's interest rate gap position on non-trading portfolios.

31 December 2017	Note	Carrying amount GH¢	Less than 3 months GH¢	3-6 months GH¢	6-12 months GH¢	1-5 years GH¢	Over 5 years GH¢
Cash and cash equivalent	17	967,294,529	967,294,529	-	-	-	-
Investments (Other than securities)	19	769,320,693	66,213,000	349,971,693	353,136,000	-	-
Investments	20	1,645,272,918	1,576,647,533	47,746,412	-	20,878,933	-
Loans and advances to customers	21	804,676,754	497,531,469	18,506,050	20,509,132	268,130,103	-
Total assets		4,186,564,894	3,107,686,531	416,224,155	373,645,132	289,009,036	-
Borrowings	27	(353,187,887)	(79,335,887)	(53,142,000)	(220,710,000)	-	-
Deposits from customers	26	(3,473,416,209)	(1,866,988,919)	(1,606,427,290)	-	-	-
Deposits-Banks and NBFIs	26	(34,579,019)	(34,579,019)	-	-	-	-
Total liabilities		(3,861,183,115)	(1,980,903,825)	(1,659,569,290)	(220,710,000)	-	-
Total interest repricing gap		325,381,779	1,126,782,706	(1,243,345,135)	152,935,132	289,009,036	-
31 December 2016							
Cash and cash equivalent	17	808,017,805	808,017,805	-	-	-	-
Investments (Other than securities)	19	292,677,000	-	-	292,677,000	-	-
Investments	20	1,080,681,114	1,030,646,406	50,018,809	15,899	-	-
Loans and advances to customers	21	1,012,054,694	552,115,080	47,401,341	27,902,888	305,125,596	79,509,789
Total assets		3,193,430,613	2,390,779,291	97,420,150	320,595,787	305,125,596	79,509,789
Borrowings	27	(110,151,330)	(26,529,330)	-	(83,622,000)	-	-
Deposits from customers	26	(2,637,944,348)	(2,561,223,775)	(89,514,455)	(11,783,170)	(7,222,096)	(31,799,148)
Deposits-Bank and NBFIs	26	(33,320,240)	(33,320,240)	-	-	-	-
Total liabilities		(2,781,415,918)	(2,621,073,345)	(89,514,455)	(95,405,170)	(7,222,096)	(31,799,148)
Total interest repricing gap		412,014,695	(230,294,054)	7,905,695	225,190,617	297,903,500	47,710,641

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(c) Market risk (cont'd)

Exposure to interest rate risk – non-trading portfolios (cont'd)

The management of interest rate risk against interest rate gap limits is supplemented by monitoring sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 50 basis point (b.p.) parallel fall or rise in market interest rates.

An increase of a 50 basis points in interest rates at the reporting date would have impacted equity and profit/(loss) by the amounts shown below:

Sensitivity of projected net interest income	2017 GH¢	2016 GH¢
At 31 December	1,626,909	2,226,675
Sensitivity of reported equity to interest rate movements		
At 31 December	1,220,182	1,670,006

Interest rate movements affect reported equity in the following ways:

- retained earnings - increases or decreases in net interest income and in fair values of derivatives reported in profit or loss;

Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Bank's non-trading activities.

A decrease of a 50 basis points in interest rates at the reporting date would have had the equal but opposite effect on the amount shown above, on the basis that all other variables remain constant.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(c) Market risk (cont'd)

Exposure to currency risk – non-trading portfolios

As at the reporting date, net currency exposures for major currencies of the Bank are as follows:

	USD GH¢	GBP GH¢	EURO GH¢	Others GH¢	Total GH¢
31 December 2017					
Net foreign currency exposure:					
Assets	1,243,479,288	29,708,257	57,270,316	841,085	1,331,298,946
Liabilities	(1,049,809,566)	(25,220,087)	(44,669,215)	-	(1,119,698,868)
Net on balance sheet position	193,669,722	4,488,170	12,601,101	841,085	211,600,078
Line facilities for LCs and Bonds and Guarantees	(790,894,119)	-	(7,210,161)	(474,519)	(798,578,799)
31 December 2016					
Net foreign currency exposure:					
Assets	473,417,390	32,031,326	45,022,632	1,164,982	551,636,330
Liabilities	(784,432,570)	(23,162,267)	(30,070,915)	-	(837,665,752)
Net on balance sheet position	(311,015,180)	8,869,059	14,951,717	1,164,982	(286,029,422)
Line facilities for LCs and Bonds and Guarantees	(352,127,076)	(2,172,831)	(13,640,323)	(3,885,130)	(371,825,360)

The following mid inter-bank exchange rates were applied during the year:

	Average rate		Reporting rate	
GH¢ to	2017	201 6	2017	2016
USD 1	4.3438	3.9234	4.4142	4.1811
GBP 1	5.6125	5.2741	5.9359	5.1154
EURO 1	4.9076	4.3237	5.2741	4.3813

A 5% weakening of the cedi against foreign currencies at 31 December 2017 would have impacted equity and profit / (loss) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

	Assets	Liabilities	2017 Total	Assets	Liabilities	2016 Total
Profit/(Loss)	66,564,947	(95,913,883)	(29,348,936)	27,581,817	(60,474,556)	(32,892,739)
Equity	66,564,947	(95,913,883)	(29,348,936)	27,581,817	(60,474,556)	(32,892,739)

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(c) Market risk (cont'd)

Exposure to currency risk – non-trading portfolios (cont'd)

A best case scenario 5% strengthening of the Ghana cedi against foreign currencies at 31 December would have had the equal but opposite effect on the amount shown above, on the basis that all other variables remain constant.

(d) Capital management

(i) Regulatory capital

The Bank's regulator, the Bank of Ghana sets and monitors capital requirements for the Bank as a whole. In implementing current capital requirements, the Bank of Ghana requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Bank's regulatory capital is analysed into two tiers:

- Tier 1 capital, also referred to as core/primary capital is made up of equity and disclosed reserves. Equity includes issued and fully paid ordinary share capital and perpetual non-cumulative preference shares. Disclosed reserves relate to those created or increased by appropriation of after tax retained earnings/surplus, retained profits and general statutory reserves and does not include regulatory credit risk reserve.
- Tier 2 capital, also referred to as supplementary/secondary capital includes revaluations reserves, latent revaluation reserves and hybrid capital instruments. Latent revaluation reserves relate to unrealised gains on equity instruments classified as available-for-sale.

Various limits are applied to elements of the capital base. The qualifying tier 2 capital cannot exceed tier 1 capital.

Risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank complied with the statutory capital requirements throughout the period. There have been no material changes in the Bank's management of capital during this period.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(d) Capital management (cont'd)

(ii) Capital adequacy ratio

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk-weighted asset base. In accordance with Central Bank of Ghana regulations, a minimum ratio of 10% is to be maintained.

The table below summarizes the composition of regulatory capital and ratios of the Bank.

	Note	2017 GH¢	2016 GH¢
Tier 1 capital			
Ordinary share capital	29(a)	122,021,496	61,221,496
Disclosed reserve			
Statutory reserve	29 (b)	150,781,421	107,644,078
Retained earnings	29 (b)	459,583,785	379,598,101
Total disclosed reserve		610,365,206	487,242,179
Total qualifying tier 1 capital		732,386,702	548,463,675
Less:			
Intangibles		11,602,246	7,392,240
Net tier 1 capital		720,784,456	541,071,435
Tier 2 capital		-	-
Total adjusted regulatory capital base		720,784,456	541,071,435
Total assets (less contra items)		4,670,895,909	3,403,744,767
Less:			
Cash on hand (cedis)	17	41,176,641	28,725,285
Cash on hand (forex)	17	53,087,674	41,606,868
Claims on Bank of Ghana:			
i Cedi clearing account balance		426,603,688	289,596,438
ii Forex account balance		39,315,037	78,716,072
Total claims on Bank of Ghana	17	465,918,725	368,312,510

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(d) Capital management (cont'd)

(ii) Capital adequacy ratio (cont'd)

	Note	2017 GH¢	2016 GH¢
Claims on Government:			
i Treasury securities (bills and bonds)	20	1,645,272,918	1,080,681,114
80% of cheques drawn on other banks		54,921,484	63,734,587
Goodwill / Intangibles	25	11,602,246	7,392,240
80% of claims on Other Banks in cedis/forex		886,224,262	465,902,526
80% of loans guaranteed by government		89,342,138	92,975,250
50% of residential mortgage loans		611,551	1,023,841
Adjusted total assets		1,422,738,270	1,253,390,546
Add: Contingent liabilities			
Commercial letters of credit outstanding		544,107,271	320,566,139
Guarantees/indemnities		543,822,821	535,874,284
Total contingent liabilities	31(b)	1,087,930,092	856,440,423
Net contingent liabilities		1,087,930,092	856,440,423
Add:			
50% of net open position (NOP)		13,317,063	11,754,448
100% of 3yrs average annual gross income		362,016,199	340,619,820
Total risk weighted assets base		**2,886,001,624**	**2,462,205,237**
Capital adequacy ratio (adjusted regulatory capital base as percentage of risk weighted assets base)		24.98%	21.98%
Capital surplus (adjusted regulatory capital base less total risk weighted assets base * 10%)		432,184,294	294,851,211

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

5. Financial risk review (cont'd)

(d) Capital management (cont'd)

(iii) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by the Bank's Risk Management and Credit Administration Units, and is subject to review by the Bank's Credit Committee or ALCO as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources and the fit of the activity with the Bank's longer term strategic objectives.

The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

6. Fair values of financial instruments

See accounting policy in Note 36 (i) (vi).

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(a) Valuation models

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates and foreign currency exchange rates and expected price volatilities and correlations.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Bank uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation.

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

(b) Financial instruments measured at fair value – fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

	Note	Level 1 2017 GH¢	2016 GH¢
Non-Pledged Trading Assets	17	111,677,673	-

(c) Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

	Note	Level 2 2017 GH¢	Level 3 2017 GH¢	Level 2 2016 GH¢	Level 3 2016 GH¢
Assets					
Cash and cash equivalents	17	967,294,529	-	808,017,805	-
Investments (Other than securities)	19	-	769,320,693	-	292,677,000
Investments	20	1,645,272,918	-	1,080,681,114	-
Loans and advances to customers	21	-	804,676,754	-	1,012,054,694
		2,612,567,447	1,573,997,447	1,888,698,919	1,888,698,919
Liabilities					
Borrowings	27	-	353,187,887	-	110,151,330
Deposits from customers	26	3,473,416,209	-	2,637,944,348	-
Deposit - Bank and NBFIs	26	34,579,019	-	33,320,240	-
		3,507,995,228	353,187,887	2,671,264,588	110,151,330

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

The fair value of government securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is determined using quoted market prices for securities with similar maturity and yield characteristics.

Where applicable, the fair value of loans and advances to customers is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models such as discounted cash flow techniques which represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collaterals.

The fair value of advances to and from Banks is based on discounted cash flow techniques applying the rates of similar maturities and terms.

The fair value of term deposits by customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

Fair values of borrowings are estimated using discounted cash flow techniques, applying rates that are offered for borrowings of similar maturities and terms.

(d) Credit Risk Reserve Reconciliation

This note represents a reconciliation between the Bank of Ghana provision and the IFRS impairment. See Note 29 (b)

IFRS Impairment

	2017 GH¢	2016 GH¢
Specific Impairment	42,269,618	94,872,259
Collective Impairment	9,952,587	13,817,293
Total	52,222,205	108,689,552

Bank of Ghana Provision

	2017 GH¢	2016 GH¢
Specific Provision	48,425,468	118,320,170
Collective Provision	7,865,794	8,120,866
Off Balance Sheet	10,879,301	8,564,404
Total	67,170,563	135,005,440

Credit Risk Reserve

	2017 GH¢	2016 GH¢
Balance at 1 January	26,322,014	22,835,435
Transfer (from)/ to CRR	(11,373,656)	3,486,579
Balance at 31 December	14,948,358	26,322,014

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

7. Net interest income

See accounting policy in Note 36 (b).

	2017 GH¢	2016 GH¢
Interest income		
Loans and advances to customers	177,185,265	193,589,642
Placement with other banks	53,003,602	12,709,933
Investments securities	316,147,534	230,950,597
Total interest income	546,336,401	437,250,172

	2017 GH¢	2016 GH¢
Interest expense		
Current accounts	5,179,161	3,255,810
Time and other deposits	195,921,043	141,433,096
Overnight and call accounts	30,348,893	29,724,925
Total interest expense	231,449,097	174,413,831
Net interest income	314,887,304	262,836,341

Included within various line items under interest income for the year ended 31 December 2017 is a total of GH¢ Nil (2016: GH¢ Nil) relating to impaired financial assets.

8. Net fees and commission

See accounting policy in Note 36 (c).

	2017 GH¢	2016 GH¢
Fees and commission income		
Fees on loans and advances	14,485,867	16,204,510
Customer account servicing fees	17,978,858	16,475,880
Electronic and card product fees	12,612,762	8,285,036
Money transfer services fees	1,002,645	954,411
Letter of credit and trade services fees	27,266,367	21,754,803
Total fees and commission income	73,346,499	63,674,640

Fees and commission expense

	2017 GH¢	2016 GH¢
Visa Charges	3,911,206	2,361,613
MasterCard Charges	1,356,285	810,211
Total fees and commission expense	5,267,491	3,171,824
Net fees and commission income	68,079,008	60,502,816

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

9. Net trading income

See accounting policy in Note 36 (d).

	2017 GH¢	2016 GH¢
(a) Foreign exchange gain	34,799,061	31,371,716
(b) Net Income from other financial instruments carried at fair value	2,671,830	-

10. Other Income

See accounting policy in Note 36(m).

Profit on disposal of property, plant and equipment - Note 22 (b)	484,926	904,255
Sundry income	4,320,447	2,299,803
	4,805,373	3,204,058

Sundry income comprises mainly of brokerage commission on treasury bills.

11. Net impairment losses on financial assets

See accounting policy in Note 36 (k).

Specific impairment loss	(10,873,993)	15,439,585
Collective impairment loss	(3,864,706)	(3,315,296)
Direct write off	22,233,910	902,174
Net impairment loss on financial assets	7,495,211	13,026,463

12. Personnel expenses

See accounting policy in Note 36 (s).

Wages and salaries	54,837,460	51,916,132
Compulsory social security obligations	2,521,075	2,330,987
Contribution to defined contribution plan	2,424,453	2,243,156
Other staff cost	3,714,952	4,780,331
	63,497,940	61,270,606

The number of persons employed by the Bank at the end of the year was 682 (2016: 672).

13a Operating lease

See accounting policy in Note 36.

The Bank leases various offices, branches and other premises under non cancellable operating lease arrangements. The lease rentals are paid in advance and amortised on a straight line basis over the lease period. The outstanding balance is accounted for as a prepayment in other assets. There were no contingent rents payable.

Non-cancellable operating lease rentals are payable as follows:	2017 GH¢	2016 GH¢
Less than one year	789,768	604,331
Between one year and five years	2,398,951	2,216,398
More than five years	106,528	123,194
	3,295,247	2,943,923

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

The Bank leases a number of branch premises under operating leases. The lease typically run for a period of up to two years with an option to renew the lease after that date. Lease payments are increased every two years to reflect market rentals. An amount of GH¢9,482,145 (2016: GH¢9,190,528 was paid as operating lease rentals on office premises.

13b Other expenses

See accounting policy in Note 36.

	2017 GH¢	2016 GH¢
Advertising and marketing expenses	1,792,173	1,184,337
Administrative expenses	78,089,087	60,308,456
Director's emoluments	913,750	856,133
Auditor's remuneration	640,000	600,000
Donations and sponsorship	36,133	3,385
	81,471,143	63,002,311

An amount of GH¢464,724 (2016: GH¢63,343) was spent as part of social responsibility of the Bank.

14. Income tax expense

See accounting policy in Note 36 (h).

Amounts recognised in profit or loss	2017 GH¢	2016 GH¢
Current year income tax - See Note (a) below	74,421,832	58,503,343
Deferred tax - See Note 24 (a)	3,563,269	3,820,999
	77,985,101	62,324,342

14. Income tax expense

(a) Income tax

See accounting policy in Note 36 (h).

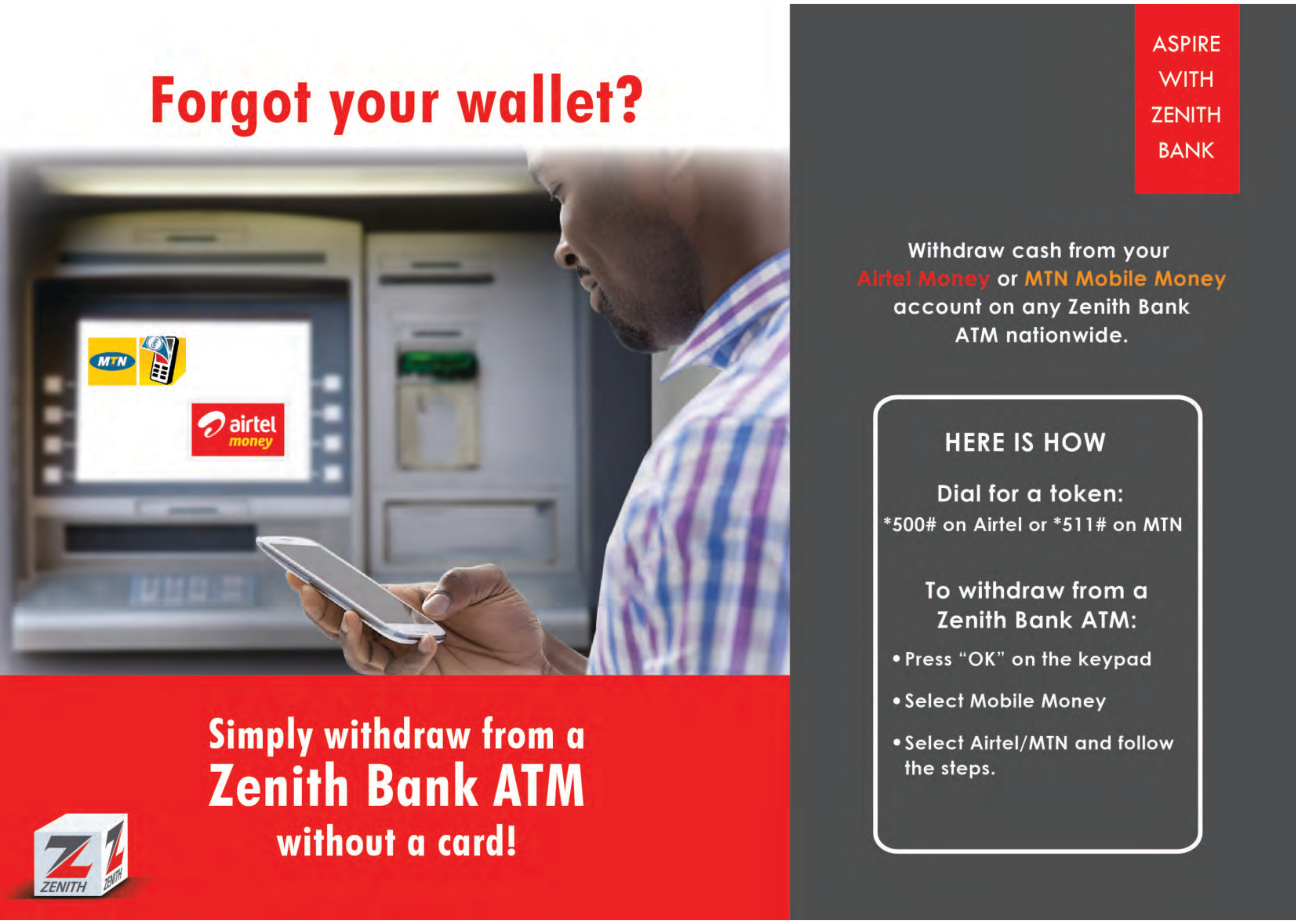
	Balance at 1/1/2017 GH¢	Payments during the year GH¢	Charge for the year GH¢	Balance at 31/12/2017 GH¢
Income tax				
2016	(1,484,704)	-	-	(1,484,704)
2017	-	(56,430,568)	61,895,108	5,464,540
	(1,484,704)	(56,430,568)	61,895,108	3,979,836
National stabilisation levy				
2016	629,519	(629,478)	-	41
2017	-	(11,500,000)	12,526,724	1,026,724
	629,519	(12,129,478)	12,526,724	1,026,765
Total	(855,185)	(68,560,046)	74,421,832	5,006,601

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

(b) Reconciliation of effective tax rate

	2017 %	2017 GH¢	2016 %	2016 GH¢
Profit before tax		250,534,472		202,589,554
Income tax using domestic tax rate	25.00	62,633,618	25.00	50,647,389
National stabilisation levy	5.00	12,526,724	5.00	10,129,478
Non-deductible expenses	(0.29)	(738,510)	(1.12)	(2,273,768)
Origination and reversal of temporary differences	1.42	3,563,269	1.89	3,820,999
Tax expenses	31.13	77,985,101	30.77	62,324,098



Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

15. Classification of financial assets and financial liabilities

See accounting policy in Notes 36 (i) (ii), (i) (iii).

31 December 2017	Note	Trading GH¢	Design'd at fair value GH¢	Held-to-maturity GH¢	Loans and receivables GH¢	Other amort'd cost GH¢	Total carrying amount GH¢	Fair value GH¢
Cash and cash equivalents	17	-	-	-	967,294,529	-	967,294,529	967,294,529
Non-Pledged Trading Assets	18	109,005,843	-	-	-	-	109,005,843	111,677,673
Investments	20	-	-	1,645,272,918	-	-	1,645,272,918	1,652,833,727
Investments (Other than securities)	19	-	-	-	769,320,693	-	769,320,693	769,320,693
Accrued interest receivable	25	-	-	-	72,241,648	-	72,241,648	72,241,648
Loans and advances to customers	21	-	-	-	804,676,754	-	804,676,754	804,676,754
Total assets		109,005,843	-	1,645,272,918	2,613,533,624	-	4,367,812,385	4,378,045,024
Borrowings	27	-	-	-	-	353,187,887	353,187,887	353,187,887
Deposits from customers	26	-	-	-	-	3,473,416,209	3,473,416,209	3,473,416,209
Deposits - Banks and NBFIs	26	-	-	-	-	34,579,019	34,579,019	34,579,019
Other payables		-	-	-	-	19,648,683	19,648,683	19,648,683
Total liabilities		-	-	-	-	3,880,831,798	3,880,831,798	3,880,831,798

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

15 Classification of financial assets and financial liabilities (cont'd)

See accounting policy in Notes 36 (i) (ii), (i) (iii).

31 December 2016	Note	Trading GH¢	Design'd at fair value GH¢	Held-to-maturity GH¢	Loans and receivables GH¢	Other amort'd cost GH¢	Total carrying amount GH¢	Fair value GH¢
Cash and cash equivalents	17	-	-	-	808,017,805	-	808,017,805	808,017,805
Investments	20	-	-	1,080,681,114	-	-	1,080,681,114	1,082,544,232
Investments (Other than securities)	19	-	-	-	292,677,000	-	292,677,000	292,677,000
Accrued interest receivable	25	-	-	-	56,860,849	-	56,860,849	56,860,849
Loans and advances to customers	21	-	-	-	1,012,054,694	-	1,012,054,694	774,997,632
Total assets		-	-	1,080,681,114	2,169,610,348	-	3,250,291,462	3,015,097,518
Borrowings	27	-	-	-	-	110,151,330	110,151,330	110,151,330
Deposits from customers	26	-	-	-	-	2,637,944,348	2,637,944,348	2,637,944,348
Deposits - Banks and NBFIs	26	-	-	-	-	33,320,240	33,320,240	33,320,240
Other payables	28	-	-	-	-	18,345,771	18,345,771	18,345,771
Total liabilities		-	-	-	-	2,799,761,689	2,799,761,689	2,799,761,689

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

16. Earnings per share

See accounting policy in Note 36 (u)

(a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 31 December 2017 was based on the profit attributable to ordinary shareholders of GH¢ 172,549,371 (2016: GH¢ 140,265,212) and a weighted average number of ordinary shares outstanding of 1,220,214,960 (2016: 612,214,960) calculated as follows:

	2017	2016
Net profit for the year attributable to equity holders of the Bank (GH¢)	172,549,371	140,265,212
Weighted average number of ordinary shares	1,220,214,960	612,214,960
Basic and diluted earnings pe r share	0.14	0.23

17. Cash and cash equivalents

See accounting policy in Note 36 (j).

	2017 GH¢	2016 GH¢
Cash on hand	94,264,315	70,332,153
Balances with Bank of Ghana	465,918,725	368,312,510
Balances with other local Banks	808,907	3,198,248
Balances with other foreign Banks	337,650,727	128,506,660
Items in course of collection	68,651,855	79,668,234
Money market placements	-	158,000,000
	967,294,529	808,017,805

Included in the balances with Bank of Ghana is an amount of GH¢ 330,684,962 (2016:GH¢ 250,606,534) representing the mandatory cash reserve as per the weekly Banking Supervision Department (BSD1) returns for the week ending 27 December 2017 (2016: 28 December 2016). This reserve represents and complies with the mandatory mininmum of 10% (2016: 10%) of the Bank's total deposits and is not available for use in the Bank's day-to-day operations. Cash in hand, items in course of collection and balances with Bank of Ghana are non-interest-bearing.

18. Non-pledged trading assets

See accounting policy in Note 36 (v).

	2017 GH¢	2016 GH¢
ESLA Bonds - 7 years	106,673,005	-
ESLA Bonds - 10 years	2,332,838	-
Fair value gains	2,671,830	-
	111,677,673	-
Current	111,677,673	-
Non-current	-	-

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

19. Investments (other than securities)

See accounting policy in Note 36 (k).

This represents placement of GH¢ 769,320,693 (2016: GH¢292,677,000), being an equivalent amount of US$ 159.28M (2016: US$ 70M), with Zenith Bank Plc. and UBA Ghana. The placement with Zenith Bank Plc. is at an interest rate of 7.3% pa (average). The placement matures by 24 August, 2018.

20. Investments

See accounting policy in Note 36 (l).

	Pledged 2017 GH¢	Non-pledged 2017 GH¢	Total 2017 GH¢	Pledged 2016 GH¢	Non-pledged 2016 GH¢	Total 2016 GH¢
Government bonds	4,815,800	16,063,153	20,878,953	-	-	-
Treasury bills	135,742,500	1,488,651,465	1,624,393,965	38,776,817	1,041,904,297	1,080,681,114
Total	140,558,300	1,504,714,618	1,645,272,918	38,776,817	1,041,904,297	1,080,681,114

There was no indication of impairment of government securities held at the year end. Investments are treasury bills and bonds issued by the Government of Ghana. These are classified as held to maturity and carried at amortised cost.

(a) Collateral accepted as security for assets

At 31 December 2017, the Bank had pledged *GH¢* 152,400,000(2016: *GH¢* 82,059,610) of its investments in Government securities. The Bank has not received collateral that it is permitted to sell or repledge in the absence of default.

These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities.

21. Loans and advances to customers

See accounting policy in Note 36 (k).

	2017 GH¢	2016 GH¢
Loans and advances to customers at amortised cost	856,869,226	1,118,441,196
Finance leases	29,733	2,303,050
	856,898,959	1,120,744,246
Less allowance for impairment	(52,222,205)	(108,689,552)
Loans and advances to customers at amortised cost	804,676,754	1,012,054,694
Current	536,546,652	627,419,309
Non-Current	268,130,102	384,635,385

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

(a) Loans and advances to customers at amortised cost

	Gross amount 2017 GH¢	Impairment allowance 2017 GH¢	Carrying amount 2017 GH¢	Gross amount 2016 GH¢	Impairment allowance 2016 GH¢	Carrying amount 2016 GH¢
Individual customers	19,279,816	(718,366)	18,561,450	18,326,655	(540,678)	17,785,977
Corporate customers	837,619,143	(51,503,839)	786,115,304	1,102,417,591	(108,148,874)	994,268,717
Total loans and advances to customers	856,898,959	(52,222,205)	804,676,754	1,120,744,246	(108,689,552)	1,012,054,694

(b) Allowances for impairment

	2017 GH¢	2016 GH¢
Specific allowances for impairment		
Balance at the beginning of the reporting year	94,872,259	87,605,552
Write offs	(41,728,648)	(8,172,878)
	53,143,611	79,432,674
Charge for the year	(10,873,993)	15,439,585
Balance at 31 December	42,269,618	94,872,259
Collective allowances for impairment		
Balance at the beginning of the reporting year	13,817,293	17,132,589
Charge for the year	(3,864,706)	(3,315,296)
Balance at 31 December	9,952,587	13,817,293
Total allowances for impairment	52,222,205	108,689,552

(c) Finance lease receivables

The table below provides an analysis of finance lease receivables for leases of certain property, plant and equipment in which the Bank is the lessor:

	2017 GH¢	2016 GH¢
Gross investment in finance leases, receivable:		
Less than one year	35,852	2,484,176
Between one and five years	-	32,017
	35,852	2,516,193
Unearned finance lease income	(6,119)	(213,143)
Net investment in finance lease	29,733	2,303,050
Net investment in finance leases, receivable:		
Less than one year	29,733	2,273,943
Between one and five years	-	29,107
	29,733	2,303,050

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Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

22. Property, plant and equipment

See accounting policy in Note 36 (m) and Note 36 (n).

	Leasehold Property GH¢	Leasehold improvments GH¢	Furniture & equipment GH¢	Computers GH¢	Motor vehicles GH¢	Capital work in progress GH¢	Total GH¢
Cost							
Balances at 1 January 2016	5,039,270	11,341,461	13,561,900	14,249,205	12,216,750	73,179,047	129,587,633
Acquisitions	-	416,873	1,507,432	722,864	4,504,846	39,076,538	46,228,553
Transfers	-	1,440,348	678,533	817,946	96,275	(3,033,102)	-
Write-offs	-	-	-	-	-	(78,815)	(78,815)
Disposals	-	-	(18,479)	(9,183)	(1,698,319)	-	(1,725,981)
Balance at 31 December 2016	5,039,270	13,198,682	15,729,386	15,780,832	15,119,552	109,143,668	174,011,390
Balance at 1 January 2017	5,039,270	13,198,682	15,729,386	15,780,832	15,119,552	109,143,668	174,011,390
Acquisitions	19,732,645	1,071,757	9,358,784	6,241,425	5,031,410	25,294,386	66,730,407
Transfers	85,340,927	252,800	25,850	6,936,286	-	(92,555,863)	-
Disposals	-	(149,684)	-	-	(1,481,025)	-	(1,630,709)
Balance at 31 December 2017	110,112,842	14,373,555	25,114,020	28,958,543	18,669,937	41,882,191	239,111,088
Depreciation							
Balances at 1 January 2016	390,633	9,144,044	9,771,703	10,847,691	7,508,663	-	37,662,734
Depreciation for the year	100,452	1,137,759	1,591,719	2,056,227	2,468,908	-	7,355,065
Disposals	-	-	(16,359)	(6,886)	(1,044,973)	-	(1,068,218)
Balance at 31 December 2016	491,085	10,281,803	11,347,063	12,897,032	8,932,598	-	43,949,581
Balance at 1 January 2017	491,085	10,281,803	11,347,063	12,897,032	8,932,598	-	43,949,581
Depreciation for the year	1,147,519	1,048,311	2,352,029	3,773,123	3,063,468	-	11,384,450
Disposal	-	(27,442)	-	-	(1,393,453)	-	(1,420,895)
Balance at 31 December 2017	1,638,604	11,302,672	13,699,092	16,670,155	10,602,613	-	53,913,136
Carrying amounts							
Balances at 1 January 2016	4,648,637	2,197,417	3,790,197	3,401,514	4,708,087	73,179,047	91,924,899
Balance at 31 December 2016	4,548,185	2,916,879	4,382,323	2,883,800	6,186,954	109,143,668	130,061,809
Balance at 31 December 2017	108,474,238	3,070,883	11,414,928	12,288,388	8,067,324	41,882,191	185,197,952

There was no indication of impairment of property, plant and equipment held by the Bank at 31 December 2017 (2016:Nil). None of the property, plant and equipment of the Bank had been pledged as security for liabilities and there were no restrictions on the title of any of the Bank's property, plant and equipment at the reporting date and at the end of the previous year. There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year (2016: Nil)

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

(a) Depreciation and amortisation expense	2017	2016
	GH¢	GH¢
Property, plant and equipment (Note 22)	11,384,450	7,355,065
Intangible assets (Note 23)	1,377,215	1,480,405
	12,761,665	8,835,470

(b) Profit on disposal		
Cost	1,630,709	2,311,871
Accumulated depreciation	(1,420,895)	(1,588,958)
Carrying amount	209,814	722,913
Proceeds from disposal	(694,740)	(1,627,142)
Profit on disposal	(484,926)	(904,229)

23. Intangible assets

See accounting policy in Note 36 (o).

	2017 GH¢	2016 GH¢
Cost		
Balance at 1 January	4,624,960	4,185,814
Acquisitions	2,148,648	1,025,036
Disposal	-	(585,890)
Balance at 31 December	6,773,608	4,624,960
Amortisation		
Balance at 1 January	3,066,232	2,106,567
Amortisation for the year	1,377,215	1,480,405
Disposal	-	(520,740)
Balance at 31 December	4,443,447	3,066,232
Carrying amount		
Balance at 1 January	1,558,728	2,079,247
Balance at 31 December	2,330,161	1,558,728

Intangible assets represent licenses for computer software. There was no indication of impairment of intangible assets held by the Bank at reporting date and at the end of the previous year. There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (2016: Nil).

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

24. Deferred tax assets and liabilities

See accounting policy in Note 36 (h).

Deferred tax assets and liabilities are attributable to the following:

	Assets GH¢	Liabilities GH¢	2017 Net GH¢	Assets GH¢	Liabilities GH¢	2016 Net GH¢
PPE and intangibles	-	(4,457,816)	(4,457,816)	-	(1,110,962)	(1,110,962)
Allowances for loan losses	2,488,147	-	2,488,147	3,454,323	-	3,454,323
Contingency	2,634,581	-	2,634,581	1,884,820	-	1,884,820
Net tax assets/(liabilities)	5,122,728	(4,457,816)	664,912	5,339,143	(1,110,962)	4,228,181

(a) Movements in temporary differences during the year

	Balance at 1 January GH¢	Recognised in profit and loss GH¢	Recognised in other comprehensive income GH¢	Balance at 31 December GH¢
For the year ended 31 December 2017				
PPE and intangibles	(1,110,962)	(3,346,854)	-	(4,457,816)
Allowances for loan losses	3,454,323	(966,176)	-	2,488,147
Contingency	1,884,820	749,761	-	2,634,581
	4,228,181	(3,563,269)	-	664,912
For the year ended 31 December 2016				
PPE and intangibles	959,301	(2,070,263)	-	(1,110,962)
Allowances for loan losses	4,283,147	(828,824)	-	3,454,323
Contingency	2,806,732	(921,912)	-	1,884,820
	8,049,180	(3,820,999)	-	4,228,181

Recognised deferred tax assets

Recognition of deferred tax assets of GH¢ 664,912 (2016: GH¢ 4,228,181) is based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Bank will have future taxable profits against which these assets can be utilised.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

25. Other assets

	2017 GH¢	2016 GH¢
Prepayments	9,272,085	7,392,240
Accrued interest receivable	72,241,648	56,860,849
Others	102,946,584	9,357,162
	184,460,317	73,610,251
Current	179,360,403	70,742,026
Non-current	5,099,914	2,868,225

26. Customer deposits

See accounting policy in Note 36 (q).

	2017 GH¢	2016 GH¢
Demand deposits	1,745,549,692	1,503,180,713
Term deposits	1,606,424,828	1,035,421,275
Savings deposits	156,020,708	132,662,600
	3,507,995,228	2,671,264,588
Analysis by type of depositors		
Financial institutions (regulated)	34,579,019	33,320,240
Individual and other private enterprises	3,189,595,221	2,494,832,405
Public enterprises	283,820,988	143,111,943
	3,473,416,209	2,637,944,348
	3,507,995,228	2,671,264,588
Ratio of 20 largest depositors to total deposits	32%	22%
Current	3,507,995,228	2,671,264,588
Non-Current	-	-

27. Borrowings

	2017 GH¢	2016 GH¢
Balances with other banks	353,187,887	110,151,330
Current	353,187,887	110,151,330
Non-current	-	-

In 2017, the Bank obtained an amount of US$ 20M from Ghana International Bank and US$40M from the International Finance Corporation at interest rates of 4.56%pa (average) and 6.01% pa respectively. A portion of these amounts were on-lended to Zenith Bank Plc at agreed terms noted in Note 19.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

28. Other liabilities

See accounting policy in Note 36 (s).

	2017 GH¢	2016 GH¢
Due to parent company	12,667,986	10,512,446
Payables	40,138,486	31,857,665
Deferred income	4,564,661	5,173,049
	57,371,133	47,543,160
Current	56,458,004	46,729,112
Non-current	913,129	814,048

29. Capital and reserves

See accounting policy in Note 36 (t)

(a) Share capital

	2017 No. of Shares	2017 Proceeds	2016 No. of Shares	2016 Proceeds
Authorised		GH¢		GH¢
Ordinary Shares of no par value	2,000,000,000	-	1,000,000,000	-
Issued and fully paid				
Issued for cash consideration	1,220,214,960	122,021,496	612,214,960	61,221,496

There were no calls or instalments unpaid at the balance sheet date. There were no shares held in treasury at year-end.

(b) Nature and purpose of reserves

Retained earnings

This represents the residual of cumulative annual profits that are available for distribution to shareholders.

Statutory reserve

This represents amounts set aside as a non-distributable reserve from annual profits in accordance with Section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and guidelines from the Central Bank.

Credit risk reserve

This reserve represents the cumulative balance of amounts transferred from/to retained earnings to meet gaps in impairment allowances based on Bank of Ghana's provisioning guidelines and IFRS. The balance includes 1% provision on contingent liabilities amounting to GH¢ 10,879,301 (2016: 8,564,404) at the reporting period.

30. Dividends

The Bank did not declare dividend for the financial year ended 31 December 2017 (2016: Nil).

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

31. Contingencies

(a) Claims and litigation

There were no litigation and claims involving the Bank as at 31 December 2017 (2016: Nil).

(b) Contingent liabilities and commitments

As common with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related to performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness.

Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off balance sheet risk:

	2017 GH¢	2016 GH¢
Contingent liabilities: Bonds and guarantees	543,822,821	535,874,284
Commitments: Clean line facilities for letters of credit	544,107,271	320,566,139
	1,087,930,092	856,440,423

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

(c) Commitments for capital expenditure

At 31 December 2017, the Bank's commitment for capital expenditure was GH¢Nil (2016: GH¢Nil).

32. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes members of the Zenith Bank Group, key management personnel and the close members of their family.

(a) Parent

The parent company, which is also the ultimate parent company, is Zenith Bank Plc. Transactions between Zenith Bank Plc. and the subsidiaries also meet the definition of related party transactions.

The parent company incurred expenditures in the normal course of business, mainly in the form of salary payments to seconded staff from Nigeria and licence fees, which were recharged to the Bank at cost. During the year ended 31 December 2017, the bank transacted the following business with the parent bank:

	Note	2017 GH¢	2016 GH¢
Transactions during the year		1,637,715	(1,636,151)
Due to Parent company at year end	28	12,667,986	10,512,446

The Bank also has the following placement with the parent company as detailed out Note 19.

	2017 GH¢	2016 GH¢
Due from Zenith Bank Plc	703,107,693	292,677,000

An amount of GH¢18,489,226 (2016:GH¢9,534,149) representing interest receivables from the placements with Zenith Bank Plc has been included in other assets in Note 25.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

32. Related parties (cont'd)

(b) Transactions with key management personnel

The Bank's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Bank. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Zenith Bank Plc.

Key management personnel and their immediate relatives have the following outstanding loan balances with the bank at the reporting period:

	2017 GH¢	2016 GH¢
Executive Director	468,101	1,245,432
Officers and other employees	10,717,379	11,599,323
	11,185,480	12,844,755

Interest rates charged on balances outstanding are at concessionary rates and lower than the rates that would be charged in an arm's length transaction. The secured loans granted are secured over real estate and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end. These balances have, however, been collectively impaired as part of the portfolio impairment assessment for unidentified loans and advances.

(c) Other related parties

Balances with associated companies as at reporting period were:	2017 GH¢	2016 GH¢
Bank balances with Zenith Bank (UK) (Nostros)	42,691,255	34,373,538
Balance due to Zenith Bank (UK)	-	84,215,298

(d) Shareholders

No.	Name	2017 No. of shareholding	2017 Percentage shareholding	2016 No. of shareholding	2016 Percentage shareholding
1.	Zenith Bank PLC	1,196,664,811	98.07%	600,399,211	98.07%
2.	Meridian Cross Acquisitions	11,714,064	0.96%	5,877,264	0.96%
3.	Equatorial Cross Acquisitions	7,077,247	0.58%	3,550,847	0.58%
4.	Mak Young Investment	4,758,838	0.39%	2,387,638	0.39%
		1,220,214,960	100.00%	612,214,960	100.00%

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

33. Subsequent events

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material. There were no subsequent events at the reporting date and at 31 December 2016.

34. Financial risk management

(a) Introduction and overview

The Bank's activities expose the business to risks. These risks are managed professionally and in a targeted manner. Key risks arising from core functions are identified and measured to facilitate managing and determining risk positions and capital allocations. The Bank has exposure to the following types of risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks
- operational risks

The Bank continues to assess its overall risk management framework and governance structure. This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Risk Management Committee of the Board is responsible for developing and monitoring the Bank's risk management policies over specified areas.

The Bank's risk management policies are established to identify and analyse risks faced by the Bank, set appropriate risks limits and controls and monitor risks and adherence to established policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. Through training and setting of standards and procedures, the Bank has developed a disciplined and reasonably effective control environment in which all employees understand their roles and obligations.

The Bank's Risk Management Committee of the Board is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Bank.

(b) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Bank considers all elements of credit risk exposure.

Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trade. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

Management of credit risk

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to annual or more frequent review. Limits on the level of credit risk by product and industry sector are approved by the Board of Directors. The exposure to any one borrower including banks is further restricted by sub-limits covering on- and off-balance sheet exposures. Actual exposures against limits are monitored daily.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

34. Financial risk management (cont'd)

(b) Credit risk (cont'd)

The Bank reviews the acceptability of specific classes of collateral for credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

(c) Liquidity risk

'Liquidity risk' is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Bank maintains liquidity limit imposed by its local regulator, Bank of Ghana and the overall liquidity has always been within the regulatory limit of Bank of Ghana. Treasury monitors compliance of all branches to ensure that the Bank maintains optimum liquid assets. The Bank aims to be in a position to meet all obligations, repay depositors, fulfil commitments to lend and meet any other commitments.

Treasury unit receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury unit then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the bank.

All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports on the liquidity position of the bank is submitted to senior management and summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO on monthly basis.

(d) Market risks

'Market risk' is the risk that changes in market prices – such as interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Bank's income or the value of its holdings of financial instruments. The objective of the Bank's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Bank's solvency while optimising the return on risk.

Management of market risks

The Bank recognizes market risk as the exposure created by potential changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates. The Bank's exposure to market risk arises principally from customer driven transactions.

Overall authority for market risk is vested in the ALCO. The Risk Management unit is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

Exposure to other market risks – Non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Central Treasury in its day-to-day monitoring activities.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

34. Financial risk management (cont'd)

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations. The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

The Bank's Compliance Unit is responsible for establishing and maintaining an appropriate framework of the Bank's compliance policies and procedures. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

35. Basis of measurement

The 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

36. Summary of significant accounting policies

The Bank has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

36. Summary of significant accounting policies (cont'd)

(a) Foreign currency transaction

Transactions in foreign currencies are translated into the functional currency using exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are re-translated at closing inter-bank mid rates ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at exchange rates ruling at the dates of initial recognition. Non-monetary items denominated in a foreign currency that are measured at fair value are translated at exchange rates ruling at the date when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from re-translation at year-end exchange rates of foreign currency denominated monetary assets and liabilities are recognized in profit or loss.

All foreign exchange gains and losses recognized in profit or loss are presented net within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

(b) Interest income and expense

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument, including prepayment options, but does not consider future credit losses. The calculation includes all transaction costs, fees and points paid or received that are an integral part of the effective interest rate.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount future cash flows for the purpose of measuring the impairment loss.

(c) Fee and commission income

Fees and commissions are recognized on an accrual basis when the related services are performed. Loan commitment fees for loans that are not likely to be drawn down are deferred, together with related direct costs and recognized on a straight line basis over the commitment period. Fees and commission expenses, which relate mainly to transaction and service fees, are expensed as the related services are received.

(d) Net trading income

Net trading income comprises gains less losses relating to trading assets and liabilities, including realized and unrealised fair value changes, interest and foreign exchange differences.

(e) Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to non- derivative financial assets held for trading. It includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

(f) Dividend income

Dividend income is recognized when the right to receive income is established.

(g) Leases

Minimum lease payments under finance leases are apportioned between finance expense and the outstanding lease liability. The finance expense is allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

36. Summary of significant accounting policies (cont'd)

(g) Leases (cont'd)

Leases under which the Bank assumes substantially all the risks and rewards of ownership of the underlying asset are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset. All other leases are classified as operating leases.

Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease. When an operating lease is terminated before the lease has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place. Minimum lease payments under finance leases are apportioned between finance expense and the outstanding lease liability. The finance expense is allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(h) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or OCI.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

In determining the amount of current and deferred tax, the Bank considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

(i) Financial assets and financial liabilities

(i) Recognition

The Bank initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments including regular-way purchases and sales of financial assets are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

36. Summary of significant accounting policies (cont'd)

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets

The Bank classifies its financial assets in the following categories: loans and receivables, held to maturity, available-for-sale or at fair value through profit or loss within the category of held for trading or designated at fair value through profit or loss. Management determines the classification of its financial assets at initial recognition See Notes (i), (j), (k) and (l).

Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss See Notes (q) and (r).

(iii) De-recognition

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

Financial liabilities

Financial liabilities are derecognized when contractual obligations are discharged, cancelled or expire.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(v) Amortised cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

36. Summary of significant accounting policies (cont'd)

(i) Financial assets and financial liabilities (cont'd)

(vi) Fair value measurement (cont'd)

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) Identification and measurement of impairment

At each reporting date, the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- Significant financial difficulty of the borrower or issuer;
- Default or delinquency by a borrower;
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- Indications that a borrower or issuer will enter bankruptcy;
- The disappearance of an active market for a security; or
- Observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Bank considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and a collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

36. Summary of significant accounting policies (cont'd)

(i) Financial assets and financial liabilities (cont'd)

(vii) Identification and measurement of impairment (cont'd)

In assessing collective impairment, the Bank uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised. If the cash flows of the renegotiated asset are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and the new financial asset is recognised at fair value.

The impairment loss before an expected restructuring is measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the estimated cash flows arising from the modified financial asset are included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective interest rate of the existing financial asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired assets continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, any increase in fair value is recognised through OCI. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is always recognised in OCI.

The Bank writes off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when Bank Credit Committee determines that there is no realistic prospect of recovery and approval for write-off granted by the Central Bank.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

36. Summary of significant accounting policies (cont'd)

(j) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(k) Loans and advances

'Loans and advances' are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term. Loans and advances to banks are classified as loans and receivables.

Loans and advances to customers include:
- Those classified as loans and receivables; and
- Finance lease receivables.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. When the Bank chooses to designate the loans and advances as measured at fair value through profit or loss as described in (i) (vii). They are measured at fair value with face value changes recognised immediately in profit or loss.

Loans and advances also include finance lease receivables in which the Bank is the lessor (See Note: (g)).

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

(l) Investments

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as held to maturity and fair value through profit.

(i) Held-to-maturity

'Held to maturity' investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive interest and ability to hold to maturity and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method, less any impairment losses (See Notes (i)(vii)).

A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent the Bank from classifying investment securities as held-to-maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- Sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- Sales or reclassifications after the Bank has collected substantially all of the asset's original principal; and
- Sales or reclassifications that are attributable to non-recurring isolated events beyond the Bank's control that could not have been reasonably anticipated.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

36. Summary of significant accounting policies (cont'd)

(l) Investments (cont'd)

(i) Held-to-maturity (cont'd)

The Bank designates some investment securities at fair value, with fair value changes recognised immediately in profit or loss as described in 35(i) (vi).

(m) Property, plant and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognised in other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current and corresponding periods are as follows:

Leasehold land and buildings	50 years
Leasehold improvements	5 years
Furniture, fittings and equipment	4 - 5 years
Computers	3 years
Motor vehicles	4 years

(n) Leasehold property

Leasehold property is initially recognised at cost. Subsequent to initial recognition, leasehold property is amortised over the lease term of the property. The amortisation is recognised in profit or loss.

(o) Intangible assets

Computer software

Software acquired by the Bank is measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Intangible assets with indefinite useful lives are not amortized. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

36. Summary of significant accounting policies (cont'd)

(p) Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(q) Deposits and borrowings

Deposits and borrowings from other banks are the Bank's sources of debt funding. The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Deposits and borrowings from other banks are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Bank chooses to carry the liabilities at fair value through profit or loss.

(r) Financial guarantees and loan commitments

'Financial guarantees' are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below-market interest rate are included within other liabilities.

s) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

36. Summary of significant accounting policies (cont'd)

(s) Employee benefits (cont'd)

(ii) Provident fund

The Bank has a Provident Fund Scheme for all employees who have completed their probation period with the Bank. Employees contribute 5% of their basic salary to the Fund whilst the Bank contributes 12.5%. Obligations under the plan are limited to the relevant contributions, which are settled on due dates to the fund manager.

(t) Stated capital and reserves

(i) Share capital

The Bank's share capital is not redeemable by holders in the normal course of business and bears an entitlement to distributions that is non-cumulative and at the discretion of the Directors. Accordingly, they are presented as a component of issued capital within equity.

(ii) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(iii) Dividend on ordinary shares

Dividends on ordinary shares are recognized in the period in which they are approved by the shareholders. Dividend proposed which is yet to be approved by shareholders, is disclosed by way of notes.

(u) Earnings per share

The Bank presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

(v) Non-pledged trading assets

The non-pledged trading assets portfolio comprises debt securities purchased with the intent of short-term profit taking. The Bank values these securities with reference to quoted prices in active markets for identical assets.

These securities are designated at fair value, with fair value changes recognized immediately in profit or loss.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

37. Non-compliance with a section of the Banks and Specialised Deposit-Taking Institutions, 2016 (Act 930)

Section 64 (2) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), prohibits a bank, specialised deposit-taking institution or financial holding company from taking an aggregate financial exposure in respect of its affiliates in excess of twenty-five (25%) of net own funds. The Bank had placements with related parties exceeding the prescribed exposure limit, at the end of the year under review.

38. New standards and interpretations not yet adopted

At the date of authorisation of the financial statements of the Bank for the year ended 31 December 2017, the following Standards and Interpretations were in issue but not yet effective and may have an impact on future financial statements:

Standard

IFRS 9 Financial Instruments

Interpretation
IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 *Financial Instruments* Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

This standard will have a significant impact on the Bank, which will include changes in the measurement bases of the Bank's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the impairment allowances recognised in the Bank.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

38. New standards and interpretations not yet adopted (cont'd)

Standard	Interpretation
IFRS 9 Financial Instruments- cont'd	**IFRS 9 impairment strategy**

The Bank's IFRS 9 implementation process is governed by an Implementation Committee whose members include representatives from Risk, Finance, Internal Control and Audit, Credit, Treasury and IT functions. The Implementation Committee meets at least fortnightly or as agreed by committee members. The terms of reference of the committee include;

- Ensuring that the Bank implements IFRS 9 successfully;
- Identifying gaps (systems, tools, processes, etc.) in the Bank's current set up and proffer solutions on how to bridge the gap;
- Identifying knowledge and skill gaps and propose training and development programmes;
- Liaising with the Bank of Ghana, auditors and other stakeholders towards meeting the requirements of IFRS 9;
- Providing updates on IFRS 9 project to the Board and Executive Management; and
- Any other activities that will ensure a smooth implementation of IFRS 9.

The Bank has completed the preliminary impact assessment and most of the accounting analysis and has commenced work on the design and build models, processes and controls.

Impact

The Bank will apply IFRS 9 as issued in July 2014 initially on 1 January 2018. Based on the assessments undertaken to date, the total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at 1 January 2018 is approximately within the range of GH¢ 38,166,321 and GH¢ 71,497,509 representing about 73% to 137% change. The impact of IFRS 9 will result in IFRS impairment being higher than regulatory provisions. This will result in additional transfer from credit risk reserve to retained earnings amounting to GH¢ 14,948,358.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

38. New standards and interpretations not yet adopted (cont'd)

Standard	Interpretation
IFRS 9 Financial Instruments- cont'd	**Impact (cont'd)**

The above assessment is preliminary because not all transition work has been finalised. The actual impact of adopting IFRS 9 on 1 January 2018 may change because:

- IFRS 9 will require the Bank to revise its accounting processes and internal controls and these changes are not yet complete;
- Although parallel runs were carried out in the last quarter of 2017, the new system has not been operational for a more extended period;
- The Bank has not finalised the testing and assessment of controls over changes in its governance framework;
- The Bank is refining and finalising its models for ECL calculation;
- The new accounting policies, assumptions, judgements and estimation techniques are subject to change until the Bank finalises its first financial statements that include the date of initial application.

Classification – Financial Assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available for sale.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

38. New standards and interpretations not yet adopted (cont'd)

Standard	Interpretation
IFRS 9 Financial Instruments- cont'd	**Classification – Financial Assets (cont'd)** Financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset is classified into one of these categories on initial recognition. *Business model assessment:* The Bank will make an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis will be measured at FVTL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. *Assessment of whether contractual cash flows are solely payments of principal and interest* For the purpose of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and cost (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether contractual cash flows are solely payments of principal and interest, the Bank will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amounts of contractual cash flows such that it would not meet this condition.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

38. New standards and interpretations not yet adopted (cont'd)

Standard	Interpretation
IFRS 9 Financial Instruments- cont'd	*Assessment of whether contractual cash flows are solely payments of principal and interest (cont'd)*

The Bank has the ability to change the interest rates on variable rate loans at its discretion. The discretionary rate compensates for basic lending costs and allows the Bank to remain competitive in the industry. In this case the Bank will assess whether discretionary feature is consistent with the SPPI criterion by considering a number of factors, including:

- The borrowers ability to repay the loans without significant penalties;
- The market conditions ensures that interest rates are consistent between banks; and
- Any regulatory or customer protection framework is in place that requires Banks to treat customers fairly.

Some of the Bank's loans contain prepayment features. The borrower has the ability to early prepay (without paying any fees) and refinance the loan with another lender if they find these rates uncompetitive.

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Impact Assessment

The standard will affect classification and measurement of financial assets held at 1 January 2018 as follows:

- Trading assets, which are classified as held-for-trading and measured at FVTL under IAS 39, will also be measured at FVTPL under IFRS 9;
- Loans and advances to Banks and to customers that are classified as loans and receivables and measured at amortised cost under IAS 39 will in general be measured at amortised cost under IFRS 9; and
- Held-to-maturity securities (Government of Ghana bills) measured at amortised cost under IAS 39 will in general be measured at amortised cost under IFRS 9.

At 31 December 2017, the Bank did not have any equity investments securities and debt securities that are classified as available-for-sale under IAS 39 and derivative assets held for risk management purposes classified as held-for-trading and measured at FVTPL.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

38. New standards and interpretations not yet adopted (cont'd)

Standard	Interpretation
IFRS 9 Financial Instruments- cont'd	**Impairment – Financial assets, loan commitments and financial guarantee contracts**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward looking 'expected credit loss' model. This will require considerable judgement over how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model applies to the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments; and
- Loan commitments and financial guarantee contracts issued.

IFRS 9 requires a loss allowance to be recognised at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Bank will recognise loss allowance at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments for which credit risk has not increased significantly since initial recognition.

The impairment requirements of IFRS 9 are complex and require management judgements, estimates and assumptions, particularly in the following areas:

- Assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- Incorporating forward-looking information into the measurement of ECLs.

Impact Assessment

The most significant impact on the Bank's financial statements from the implementation of IFRS 9 is expected to result from the new impairment requirements. Impairment losses will increase and become more volatile for financial instruments in the scope of the IFRS 9 impairment model.

The Bank has estimated that, on the adoption of IFRS 9 at 1 January 2018, the impact of the increase in loss allowance (before tax) will be approximately between GH¢ 38,166,321 and GH¢ 71,497,509.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

38. New standards and interpretations not yet adopted (cont'd)

Standard	Interpretation
IFRS 9 Financial Instruments- cont'd Instruments- cont'd	**Classification – Financial Liabilities** IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. **Disclosure** IFRS 9 will require extensive new disclosures, in particular about credit risk and ECLs. **Impact on Capital planning** The Bank of Ghana ("BoG") has provide tentative guidelines on regulatory treatment of accounting provisions on capital. BoG recommended that banks should compare CET1 capital based on the opening statement of financial position using ECL accounting with CET1 capital based on the closing statement of financial position (i.e. the day prior to the opening day) under the existing incurred loss accounting approach. Where this shows a reduction in CET1 capital due to an increase in provisions, net of tax effect, the decline in CET1 capital would be spread for regulatory purposes over two years. The Bank has estimated that on adoption of IFRS 9, the impact on regulatory Tier 1 capital will be approximately between the ranges of -3% and -8% and -2% to -6% on capital adequacy ratio.
Revenue from contracts with customers (IFRS 15)	The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. This new standard will not likely have a significant impact on the Bank.

Notes forming part of the Financial Statements (cont'd)

Financial Statements for the year ended 31 December 2017

38. New standards and interpretations not yet adopted (cont'd)

IFRS 16 - Leases	**Interpretation** IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 *Leases*, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The Bank is assessing the potential impact on the financial statements resulting from the application of IFRS 16.
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	Currently, there is ambiguity over how a company should account for certain types of share-based payment arrangements. The IASB has responded by publishing amendments to IFRS 2 Share-based Payment. The amendments cover three accounting areas: *Measurement of cash-settled share-based payments* –The new requirements do not change the cumulative amount of expense that is ultimately recognised, because the total consideration for a cash-settled share-based payment is still equal to the cash paid on settlement. *Classification of share-based payments settled net of tax withholdings* –The amendments introduce an exception stating that, for classification purposes, a share-based payment transaction with employees is accounted for as equity-settled if certain criteria are met. *Accounting for a modification of a share-based payment from cash-settled to equity-settled* –. The amendments clarify the approach that companies are to apply. The new requirements could affect the classification and/or measurement of these arrangements – and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are effective for annual periods commencing on or after 1 January 2018.


THE FIVE ATTRIBUTES OF A ZENITH PERSON
We create value for customers.
We are innovative.
We show integrity.
We pursue excellence.
We deliver results.
ZENITH

Appendix

Financial Statements for the year ended 31 December 2017

Value added statement for the year ended 31 December

	Note	2017 GH¢	2016 GH¢
Interest earned and other operating income		657,153,791	532,296,528
Direct cost of services and other costs		(326,756,126)	(248,922,360)
Value added by banking services		330,397,665	283,374,168
Non-banking income		4,805,373	3,204,058
Impairments	11	(7,495,211)	(13,026,463)
Value added		327,707,827	273,551,763
Distributed as follows:			
To employees			
Directors (without executives)	13b	(913,750)	(856,133)
Executive directors		(802,265)	(868,970)
Other employees		(62,695,675)	(60,401,636)
Total		(64,411,690)	(62,126,739)
To Government			
Income tax	14	(77,985,101)	(62,324,342)
To providers of capital			
Dividends to shareholders		-	-
To expansion and growth			
Depreciation and amortization	22(a)	(12,761,665)	(8,835,470)
Retained earnings		172,549,371	140,265,212

Corporate Events

Financial Statements for the year ended 31 December 2017

COMMISSIONING CEREMONY OF ZENITH

Corporate Events

Financial Statements for the year ended 31 December 2017

BANK GHANA HEAD OFFICE COMPLEX

Corporate Events

Financial Statements for the year ended 31 December 2017

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