ANNUAL REPORT 2015

hfcbank

A Subsidiary of Republic Financial Holdings Limited

Switch to a World of More

Earn up to 15%

on your Savings

Explore the HFC Bank suite of products
#YouDeserveMore

0302 242090-4 hfcomp@hfcbank.com.gh

YOU DESERVE more
Make the switch now!

hfcbank
A Subsidiary of Republic Financial Holdings Limited

ANNUAL REPORT 2015

VISION

The Ghanaian Financial Institution of choice
for our Staff, Customers and Shareholders.
We set the standards of excellence in:

- Customer Satisfaction
- Employee Engagement
- Social Responsibility
- Shareholder Value

While building successful communities

MISSION

To create wealth and a better life for our stakeholders

TABLE OF CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 25th Annual General Meeting of the HFC Bank (Ghana) Limited (the "Company") will be held at La Palm Royal Beach Hotel, Accra at Ten O'clock in the forenoon (10:00 a.m.) on Thursday, 28th April, 2016 to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive the Chairman's Statement and the Managing Director's Report for the year ended 31st December 2015.
2. To receive the Annual Report and Financial Statements of HFC Bank (Ghana) Limited and its Subsidiaries for the financial year ended 31st December, 2015 together with the Auditors' and Directors' Reports.
3. To elect / re-elect Institutional Directors under Regulation 63 of the Company's Regulations and Section 298(d) of the Companies Code, 1963, Act 179 ("Companies Code").
4. To elect / re-elect Directors under Regulation 65 of the Company's Regulations and Section 298(e) of the Companies Code.
5. To consider and approve the remuneration of Directors.
6. To authorize the Directors to approve the remuneration of the Auditors for the year 2016.

SPECIAL RESOLUTIONS

7. Amendment of Regulations
   To amend by Special Resolutions the Company Regulations in the following manner:-

(I) Special Resolution One

That Regulation 4 be deleted and replaced with the following as a new Regulation 4:

"4) The Directors of the Company as at 28th April 2016 are:-

a) Professor Joshua Alabi
b) Mr. Robert Le Hunte
c) Mr. Osei Asafo-Adjei
d) Mr. David Dulal-Whiteway
e) Ms. Rebecca Atswei Lomo
f) Mr. Charles Zwennes
g) Mr. Ebenezer Tetteh Tagoe
h) Mr. Paul King Aryene."

(II) Special Resolution Two

That **Regulation** 35(a) be amended by inserting the following words before the words "the Company" in the first line thereof:

"Subject to the provisions of sections 29 and 30 of the Banking Act or any other statutory or regulatory provisions"

(III) Special Resolution Three

That Regulation 36(a) be amended by inserting the following as a new sub-paragraph (a) and renumbering the remaining sub-paragraphs accordingly:

"a) the Company has complied with the provisions of sections 29 and 30 of the Banking Act or any other statutory or regulatory provisions,"

(IV) Special Resolution Four

That Regulation 37 be amended by inserting the following words before the words "the Board of Directors" in the first line thereof:

"In addition to any amounts set aside for the maintenance of a statutory reserve as required by section 29 of the Banking Act or any other statutory or regulatory provisions,"

(V) Special Resolution Five

That Regulation 46(a) be amended by inserting the following words immediately after the word "Code" in the last line thereof:

"and the Banking Act or any other statutory or regulatory provisions"

(VI) Special Resolution Six

That Regulation 53 be amended by deleting the words "Home Finance Company Limited" and replacing them with the words "HFC Bank (Ghana) Limited".

(VII) Special Resolution Seven

That Regulation 60(1) be amended by inserting the following words immediately after the word "Code" in the last line thereof:

"and the Banking Act or any other statutory or regulatory provisions"

(VIII) Special Resolution Eight

That Regulations 63 and 64 be deleted in their entirety and replaced by the following as a new Regulation 63:

"63) A shareholder shall be entitled to appoint and maintain one director for each block of twelve and half per cent fully paid up of the issued ordinary shares of the Company held by that shareholder. A Director so appointed shall be subject to rotation, retirement and re-election in accordance with section 298 of the Code. In the event of the resignation, retirement or vacation of office of a director appointed pursuant to this regulation 63, the relevant shareholder shall, so long as it maintains the share qualifications prescribed by this regulation 63, be entitled to appoint another person as a director."

(IX) Special Resolution Nine

That Regulation 65 be renumbered as Regulation 64 and the new Regulation 64 be amended by inserting the word "Independent" between the words "of" and "Non-Executive".

NOTICE OF MEETING

(X) Special Resolution Ten

That the following be inserted as a new Regulation 65:
"65) All other Directors may be appointed by the Board of Directors on the basis of their ability to represent and enhance the interests of the shareholders and the business of the Company as a whole. Any Director so appointed shall be subject to rotation, retirement, and re-election in accordance with section 298 of the Code;"

(XI) Special Resolution Eleven

That **Regulation** 67 be amended by inserting the following words after the word "Directors" in the last line thereof:
"of which three shall be non-executive Directors one of whom shall be Independent"

(XII) Special Resolution Twelve

That the following be inserted as a new Paragraph 67A:
"67A) The quorum necessary for the transaction of business of a committee of the Board of Directors shall be three Directors of which two shall be non-executive Directors one of whom shall be Independent;"

(XIII) Special Resolution Thirteen

That **Regulation** 73 be deleted in its entirety and replaced by the following as a new Regulation 73:
"73) (1) The office of Director shall be vacated if:-

a. the Director becomes incompetent to act as a Director by virtue of the provisions of section 182 of the Code;
b. the Director ceases to hold office by virtue of section 183 of the Code;
c. the Director resigns his office by notice in writing to the company;
d. where the Director has been appointed for a fixed term, the term expires;
e. being a Director appointed by a shareholder pursuant to regulation 63, that shareholder requires the removal of the Director by notice in writing to the Board and to the Director concerned;
f. the Director no longer meets the qualifications required by the Bank of Ghana or other regulatory authority;

(2) Any Director may be removed from office in accordance with section 185 of the Code."

(XIV) Special Resolution Fourteen

That Regulation 77 be amended by inserting the following words before the words "the proceedings" in the first line thereof:
"Save as specified in regulation 77A and 77B"

(XV) Special Resolution Fifteen

That the following be inserted as a new Regulation 77A:
"77A)It shall be necessary to give notice of a meeting of the Board of Directors to all Directors and notice of a Committee of the Board of Directors to all Directors of that Committee including, for the avoidance of doubt, any Director for the time being absent from Ghana."

(XVI) Special Resolution Sixteen

That the following be inserted as a new Regulation 77B:
"77B Any Director or his alternate or any substitute director may validly participate in a meeting of the Board of Directors or a Committee of the Board of Directors through the medium of conference telephone, video teleconference or similar form of communication equipment, provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and is entitled to vote. All business transacted in this way by the Board or a Committee of the Board is deemed to be validly and effectively transacted at a meeting of the Board or a Committee of the Board."

(XVII) Special Resolution Seventeen

That Regulation 96 be amended by inserting the following as a new sub-paragraph (b):
"(b) "The Banking Act" shall mean the Banking Act 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) or any statutory re-enactment or modification thereof for the time being in force, and reference to any section or provision of the Law shall include a reference to any statutory re-enactment or modification of such section or provision for the time being in force."

(XVIII) Special Resolution Eighteen

That Regulation 96 be amended by inserting the following as a new sub-paragraph (c) and sub-paragraph (c) shall be re-named (d):
"(c) "Independent" shall mean a person that complies with the criteria for Independent Directors defined by the Code, the Banking Act or any other statutory or regulatory provisions."

A member of the Company is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not also be a member.

Proxies may be deposited at the Company's Registered Office Ebankese, No. 35, 6th Avenue, North Ridge, Accra, aforesaid at any time prior to the commencement of the meeting in accordance with the Company's Regulations.

Beatrix Amoah

Dated this 14th March 2016
COMPANY SECRETARY
BY ORDER OF THE BOARD

CORPORATE INFORMATION

CORPORATE INFORMATION

Directors	Joshua Alabi	Chairman-Appointed (April 2015)
	Muriel Edusei (Mrs.)	Chairperson-Retired (April 2015)
	Robert Le Hunte	Managing Director-Appointed (July 2015)
	Asare Akuffo	Managing Director-Retired (June 2015)
	Charles Ofori-Acquah	Executive Director-Resigned (April 2015)
	Osei Asafo-Adjei	Executive Director
	David Dulal-Whiteway	Non-Executive Director
	Rebecca Atswei Lomo (Ms.)	Non-Executive Director
	Charles William Zwennes	Non-Executive Director (April 2015)
	Ebenezer Tetteh Tagoe	Non-Executive Director (April 2015)
	Paul King Aryene	Non-Executive Director (April 2015)
	Francis Koranteng	Non-Executive Director-Retired (April 2015)
Secretary	Beatrix Ama Amoah (Mrs.) Ebankese No.35 Sixth Avenue North Ridge, Accra P. O. Box CT 4603 Cantonments, Accra	
Registered Office	Ebankese No.35 Sixth Avenue North Ridge, Accra P. O. Box CT 4603 Cantonments, Accra	
Auditor	Ernst and Young Chartered Accountants G15 White Avenue Airport Residential Area P. O. Box 16009 Airport, Accra	
Solicitors	Lynes Quashie-Idun Co P.O. Box GP 2549 Accra	

BOARD OF DIRECTORS

PROFILE OF THE BOARD OF DIRECTORS

PROFESSOR JOSHUA ALABI
(BOARD CHAIRMAN)

Prof. Alabi was appointed the Board Chairman of the Bank in April 2015. He is the Vice-Chancellor of the University of Professional Studies Accra (UPSA), a Public University in Ghana. Prof. Alabi is an Associate Professor in Marketing and a member of the Chartered Institute of Marketing (CIM), Ghana and the Ghana Institute of Taxation.

Prof. Alabi holds an MSc. in Industrial Economics from the Moscow Institute of Economics and an MSc. in International Marketing from the Strathclyde University, UK. He is the Board Chairman of Social Security and National Insurance Trust (SSNIT), Board Chairman of Ghana Book Development Council and was appointed to the HFC Board in November 2013 as a representative of SSNIT.

MR. ROBERT LENNARD LE HUNTE
(MANAGING DIRECTOR)

Mr. Robert Le Hunte was appointed the Managing Director of the Bank in July 2015. Prior to this appointment, he was the Executive Director responsible for Risk Management of the Bank.

Mr. Le Hunte was also appointed to the Executive Director level of Republic Financial Holdings Limited in February 2016 and has served Republic Bank in key positions such as, General Manager, Planning and Financial Control; General Manager, Corporate and Investment Banking and Chief Executive Officer and Managing Director of Republic Bank (Barbados) Limited.

Mr. Le Hunte holds a Master's Degree in Business Administration from the University of Manchester and a Master of Science Degree in Accounting from the University of the West Indies (UWI), together with a Bachelor of Arts Degree in Economics from the University of Western Ontario, Canada.

He is presently the Chairman of the Board of HFC Boafo Microfinance Services Limited, HFC Investment Services Limited and HFC Realty Company Limited. He previously served as the President of Barbados Bankers' Association, Chairman of the Caribbean Association of Indigenous Banks (CAIB) and a Director of National Enterprises Limited (NEL). He is a member of the Institute of Chartered Accountants of Trinidad and Tobago and a graduate of The Advanced Management Program at Harvard Business School.

MR. OSEI ASAFO-ADJEI
EXECUTIVE DIRECTOR

Mr. Asafo-Adjei is the Executive Director responsible for the Corporate Banking Division in the Bank. Prior to joining HFC Bank, he was the General Manager – Business Development at The Trust Bank (TTB). In this capacity, he was responsible for all the lending functions at TTB including Corporate Banking, Business Banking and Financial Institutions & Markets. He was also in charge of Treasury, Retail and Private Banking as well as Marketing and Communication Development. Mr. Asafo-Adjei holds a BSc. in Agricultural Economics, a Postgraduate Diploma from Cambridge University in England and M.Phil in Agricultural Economics from the University of Glasgow, Scotland. Mr. Asafo-Adjei was appointed to the Board in June 2012.

MR. DAVID DULAL-WHITEWAY
DIRECTOR

Mr. Dulal-Whiteway was the Managing Director of the Republic Bank Group until he retired in February 2016. He was a Director on several Boards of the Republic Bank Group and is Chairman of The Foundation for the Enhancement and Enrichment of Life (FEEL), a non-profit organisation.

He is a seasoned banker with over 25 years' experience in banking. Mr. Dulal-Whiteway holds a BSc. in Management Studies from the University of the West Indies (UWI) and an MBA from the University of Western Ontario. Mr. Dulal-Whiteway was appointed to the Board in April 2013 as a representative of Republic Bank.

MS. REBECCA ATSWEI LOMO
DIRECTOR

Ms. Rebecca Atswei Lomo is the Chief Internal Auditor of Social Security and National Insurance Trust (SSNIT).

Prior to her appointment to this position she was the General Manager, Finance and Administration of Trust Logistics Ltd, a wholly owned subsidiary of SSNIT. She was instrumental in reviving the company from dormancy to one capable of depending on its own internal resources.

Ms. Lomo has extensive experience in accounting and auditing, having worked in several positions at SSNIT, Trust Logistics Ltd, Internal Revenue Service, Oduru Addiyah & Osei Chartered Accountants and KPMG. She has served and continues to serve on several Boards and Committees.

Ms. Lomo holds a BSc. and an EMBA from the University of Ghana. She is also a member of the Institute of Chartered Accountants (Ghana), Association of Certified Fraud Examiners (CFE), Orlando, USA, Institute of Internal Auditors (Florida, USA), Institute of Internal Auditors (Ghana) and Institute of Directors (Ghana). She was appointed to the Board of HFC Bank in October 2014 as a representative of SSNIT.

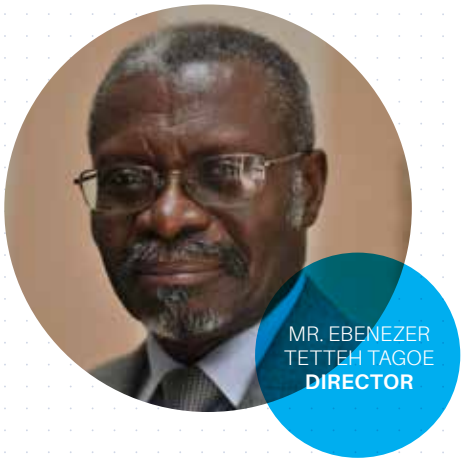
MR. CHARLES WILLIAM ZWENNES
DIRECTOR

Mr. Charles William Zwennes is a Barrister-at-Law of England & Wales and a Barrister & Solicitor of the Superior Courts of Ghana. He is currently a partner at Gaise Zwennes Hughes & Co., Private Practitioners.

Prior to joining Gaise Zwennes Hughes & Co, he worked at the Chambers of Christian Bevington, Q.C, London and Messrs. Arnold Fooks Chadwick, Solicitors, London.

Mr. Zwennes holds an LLB from the University of Kent, UK and an LLM in Corporate & Commercial Law from the University of London, UK. He also holds a Certificate in Structuring, Negotiating and Documenting Oil and Gas Transactions from the Centre for Energy & Mineral Policy Law (CEMPL), University of Dundee, Scotland.

Mr. Zwennes is a member of the American Society of International Law (ASIL), Institute of Advanced Legal Studies (IALS), Chartered Institute of Arbitrators, Commonwealth Law Bulletin, Honourable Society of Gray's Inn and the Ghana Bar Association.



MR. EBENEZER TETTEH TAGOE
DIRECTOR

Mr. Ebenezer Tetteh Tagoe is the Board Chairman of the State Enterprises Audit Corporation, a corporation established to audit state organizations. He is also a Board Member of Adisadel College and Council Member of Accra Ridge Church.

He has immense experience in Accounting and Administration and has served at various management positions with the United Nations World Food Programme, Peat Marwick Mitchell (London) and Mobil Oil Ghana Ltd.

Mr. Tagoe holds a BSc. Administration (Accounting) from the University of Ghana. He is a Fellow (of) Chartered Association of Certified Accountants (FCCA).

MR. PAUL KING ARYENE
DIRECTOR

Mr. Paul King Aryene served as Ghana's Ambassador to the Federal Republic of Germany with concurrent accreditation to Estonia, Latvia and Lithuania. He is a diplomat of high repute and has served in various positions at both the Ministry of Foreign Affairs and its overseas Missions.

Mr. Aryene holds a Degree from the University of Ghana, Diploma in Diplomacy from the University of Nairobi and a Diploma in Investment Analysis from the Research Institute of Investment Analyses, Malaysia.

MANAGEMENT

EXECUTIVE MANAGEMENT

Mr. Robert Le Hunte	Managing Director
Mr. Osei Asafo Adjei	Executive Director, Corporate & Commercial Banking
Mrs. Beatrix Ama Amoah	Company Secretary
Mr. Benjamin Dzoboku	General Manager, Finance & Strategy
Mr. Anthony Jordan	General Manager, Risk Management
Mr. Peter Larbi-Yeboa	General Manager, HFC Investments Services
Mr. Kofi Agyenim Boateng	Managing Director, HFC Boafo Microfinance
Mr. Charles Bonsu	General Manager, Technology & Business Systems Support
Ms. Paula Baldwin	General Manager, Retail Banking
Mr. Joseph Nketsiah	General Manager, Treasury & International Trade
Mr. Philip Oduro-Amoyaw	General Manager, Recoveries & Special Projects
Mr. Joseph Amo-Mensah	General Manager, HFC Realty
Mr. James Addai	General Manager, Corporate Banking
Mr. Frank Yaovi Lawoe	Internal Auditor

SENIOR MANAGEMENT & DEPARTMENT HEADS

Mr. Kwaku Gyebi-Donkor	Head, Corporate & Commercial Banking
Mrs. Emily Clegg-Lamptey	Head, Marketing & Communication
Mr. Herbert Hammond	Acting Head, Human Resources
Mrs. Azara Abukari-Haroun	Head, Institutional Banking
Mr. Ebenezer Kwabena Asante	Head, Operational Risk
Mr. Emmanuel Fobri	Head, Credit Risk
Mr. Jeremiah Kwei Osekre	Head, ICT
Mr. Joseph Kwame Acquah	Head, E-Banking
Mr. Emmanuel Acquaye	Head, Central Clearing
Mr. Alex Owoo	Head, Recoveries
Mr. Ebenezer Arthur	Head, Accounts
Mr. Elvis Agyare-Boakye	Head, Strategic Planning & Research
Mr. George Teisika Leigh	Head, Credit Administration
Mr. Hans Abboud Awude	Head, Legal
Miss Nana Yaa Korang Faakye	Treasurer
Mr. Philip Louis Abadoo	Head, International Trade Services
Mr. Joseph Laryea Ashong	Head, Administration & Compliance
Mr. Elias Augustine Dey	Head, Custody Services

ZONAL MANAGERS (RETAIL BANKING)

Mr. Forster Asamoah	Central Zone
Mr. Daniel Obeng	Tema Zone
Miss Jessica Benson Dzam	Accra Zone
Mr. Sa-Aadu Osman Abdallah	Northern Zone
Mr. Kwabena Sarfo Mainu	Western Zone

REPORT OF THE DIRECTORS

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December, 2015, which shows the state of affairs of the Bank standing alone and its subsidiaries (together called the "Group").

Statement of Directors' Responsibilities

The Directors are responsible for the preparation of financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the profit or loss and cash flows for that year. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS) and complied with the requirements of the Companies Act, 1963, (Act 179) and the Banking Act 2004 (Act 673) as amended by Banking (Amendment) Act 2007 (Act 738).

The Directors are responsible for ensuring that the Group keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group. The Directors are also responsible for safeguarding the assets of the Group and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The principal activities of the Group are:

- to carry on the business of universal banking;
- to provide residential and commercial mortgages;
- to provide brokerage services;
- to provide microfinance services
- to provide property development and management services;
- to provide fund and asset management services;
- to undertake venture capital activities.

Results from operations

	The Bank	The Group
	GH¢'000	GH¢'000
Loss before income tax for the year is	(37,079)	(32,230)
From which is deducted national stabilization levy of	-	(353)
From which is deducted income tax expense of	(2,162)	(3,752)
Giving a loss after income tax expense for the year of	(39,241)	(36,335)
From which is deducted a non-controlling interest of	-	(736)
Leaving loss after non-controlling interest of	(39,241)	(37,071)
To which is added balance brought forward on the income surplus account of	20,180	31,318
Giving a balance before distribution of	(19,061)	(5,753)
Out of which is transferred from regulatory credit risk reserve of	23,233	23,233
Transfer from other reserves into income surplus	194	194
Approved Dividend[1]	(17,841)	(17,841)
Leaving a balance carried forward on income surplus account of	(13,475)	(167)

REPORT OF THE DIRECTORS. cont.

Subsidiaries

The Bank has the following subsidiaries:

- HFC Investment Services Limited, a wholly owned subsidiary of the Bank;
- HFC Realty Limited, a wholly owned subsidiary of the Bank;
- HFC Brokerage Services Limited, a wholly owned subsidiary of HFC Investments Services Limited;
- Boafo Microfinance Services Limited, a company in which the Bank has 51% equity holding;
- HFC Capital Partners Limited, a wholly owned subsidiary of the Bank;
- UG-HFC, a company in which the Bank has 60% equity holding.

The results of these subsidiaries have been included in the Group's financial statements.

Going concern

The Bank has a strong capital and liquidity position and a good business franchise. Its business remains profitable with competitive returns on equity. The directors therefore have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. Thus we continue to adopt the going concern basis in preparing the annual financial statements.

Corporate governance

As a corporate entity, the Bank interacts with and impacts its community in many ways. The Bank therefore ensures that as it works to deliver sustainable growth and Shareholder value, it contributes to the wider stakeholder community by being a responsible corporate citizen, an employer of choice and a banker of choice. To this end, the Bank is committed to promoting and engaging in projects that benefit and enhance the socio-economic development of the community.

The Bank's main contribution in these areas have been in sponsorship of education and youth development, health and the support of the underprivileged in society. Over the years the Bank has contributed regularly to many programmes including, but not limited to, the following:-

- sponsorship of major renovations in some schools in the regions
- sponsorship of bright and needy students in various stages of the educational cycle
- sponsorship of Health Awareness programs across the various branches - these assist, in practical terms, with educating the public in keeping the environment clean
- training of street children in acquiring various vocational skills.

The Bank also promotes social communication and integration within different groups in the Community by successfully organising sporting activities, including football competitions.

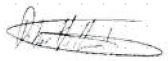
Dividends

No Dividend has been recommended by the Directors for approval by the Shareholders (2014: Dividend of GH¢0.060 per share amounting to GH¢17,841,655 was approved).

Auditor

The Auditor, Ernst & Young Chartered Accountants, will continue in office in accordance with Section 134 (5) of the Companies Act, 1963 (Act 179).

Chairman:
Date:14 March 2016



Managing Director:
Date: 14 March 2016

CHAIRMAN'S REVIEW

PROFESSOR JOSHUA ALABI **(BOARD CHAIRMAN)**

INTRODUCTION

In May 2015, Republic Bank Limited (RBL), now Republic Financial Holdings Limited (RFHL), became the majority shareholder in HFC Bank with 57.11% equity stake following the closure of the Mandatory Tender Offer (MTO) to shareholders and the subsequent approval by the regulator – Securities and Exchange Commission (SEC).

The Social Security and National Insurance Trust (SSNIT) became the second largest shareholder of the Bank with 26.14% stake.

I am happy to report that despite the Boardroom challenges that the Bank went through during the takeover and fundamental economic issues as well as some internal challenges, the asset base of the Bank grew by 19% from GH¢1.34 billion to GH¢1.60 billion. Operating Income increased by GH¢4.7 million or 2.4% to GH¢204 million for the year ended December 31, 2015. I am confident that your Bank will return to profitability in 2016 after a loss of GH¢36.3 million in 2015 driven to a large extent by the increase in impairment charges to deal with international financial regulatory requirements.

GLOBAL ECONOMY

The International Monetary Fund (IMF) projected global economic growth for 2015 to 3.1% from 3.5% recorded in 2014. The low projected growth in the global economy was mainly attributed to slower growth in China and refugees' movement across the Euro Zone. This was as a result of political instability in the Middle East. Forecast growth for all other developed countries remained constant with the exception of Russia, Italy and Spain. The increase in United States interest rates resulted in reduced investment flows. Emerging market economies, especially commodity-exporting countries came under pressure on the back of reduced capital flows and declining commodity prices.

DOMESTIC ECONOMY

Ghana's economy grew by about 4.1% in 2015 compared with 4% growth recorded in 2014. The economic performance in 2015 was severely affected by energy supply challenges and weak commodity prices of Ghana's three main exports – Cocoa, Gold and Crude Oil.

The decline in the prices resulted in 23% drop in Ghana's export revenue to US$10,196.5 million compared with US$13,216.8 million in 2014. The impact of this decline was moderated by a decrease in crude oil imports of US$3,694 million in 2014 to US$2,075 million in 2015, representing a 44% drop. Consequently, Ghana's reserves increased from US$5,461.0 million in 2014 to US$5,884.7 million in 2015, equivalent to 3.5 months of import cover.

Inflation at the end of December 2015 was 17.7%, higher than the 17% at end of 2014, and also higher than the year-end target of 13.7%. The year 2015 experienced a moderate exchange rate volatility compared to the previous year. The Cedi depreciated year-on-year by 18.5% against the U.S Dollar by end of the year, compared to 48% in 2014. The policy rate of the Bank of Ghana stood at 26% by year end, compared to 21% in 2014. Rate on the 91-Day Treasury bill closed the year at 23.1%, from 25.8% recorded in 2014.

However fiscal consolidation remains on track as provisional fiscal deficit was 7.0% of GDP against the target of 7.3% of GDP and 9.4% recorded in December 2014.

GHANAIAN BANKING INDUSTRY

The Ghanaian banking industry has grown over the years with fierce competition among the twenty-nine (29) Commercial Banks and a large number of microfinance institutions. During the twelve months period ending December 2015:-

- The asset base of the banking industry reached GH¢63.3 billion, representing a year-on-year growth of 23.1%.
- The industry total deposits grew by 27.2% to GH¢41.3 billion.
- Annual gross advances slowed down to 25.5% relative to 41.6% growth last year.
- Capital Adequacy Ratio (CAR) decreased marginally to 17.7% compared with 17.9% in December 2014.
- Non-Performing Loans (NPL) ratio was 14.9% compared with 11.3% in December 2014.
- Return on Equity (ROE) and Return on Assets (ROA) decreased to 21.4% and 4.5% from 32.3% and 6.4% respectively.

The key challenges to the sector include the declines in profitability due to rising operating cost as a result of energy challenges experienced during the year and rising Non-Performing Loans.

APPOINTMENT OF DIRECTORS

During the year, Professor Joshua Alabi, a representative of SSNIT on the Board was elected as the new Board Chairman of the Bank in April 2015.

Mr. Robert L. Le Hunte was appointed the Acting Managing Director in April 2015, replacing Mr. Asare Akuffo who took pre-retirement leave and subsequently retired on June 30, 2015. We thank Mr. Akuffo for his many years of service and wish him all the best in his retirement.

Ghana's economy grew by about 4.1% in 2015 compared with 4% growth recorded in 2014. The economic performance in 2015 was severely affected by energy supply challenges and weak commodity prices of Ghana's three main exports – Cocoa, Gold and Crude Oil.

I extend a hearty welcome to Mr. Robert Lennard Le Hunte, who became the substantive Managing Director of the Bank effective July 1, 2015. Mr. Le Hunte has over 25 years of experience in the financial services sector. He served HFC previously as Executive Director, Risk Management and prior to that was the Managing Director and Chief Executive Officer of Barbados National Bank Inc. He has held several Directorships mostly within the Republic Bank Group in the Caribbean Region. We wish Mr. Le Hunte well in managing HFC Bank to greater heights.

DIVIDEND

The Board of Directors is recommending no dividend payment as a result of loss recorded in the income statement. Let me assure you that consistent with the Bank's objective of continuously delivering added value to our Shareholders, your Bank will work hard at providing a satisfactory return in 2016 and beyond.

OUTLOOK

The outlook for the commodities market indicates that prices are unlikely to recover in the near term, particularly with the price of crude oil declining to an average price of US$30 per barrel in 2015. In addition, the recent interest rate increases by the United States Federal Reserve presents threats to capital flow to emerging markets and developing economies like Ghana.

It is expected that the IMF ECF programme could instill more fiscal discipline, notwithstanding the forthcoming 2016 general election, to bring back macroeconomic stability. Government revenue is also expected to increase as the new Tweneboa-Enyenra-Ntomme (TEN) oil field comes on stream. TEN production is expected to start in 2017. The IMF therefore forecast that GDP growth will rebound to 5.7% in 2016 and 9.4% in 2017.

CHAIRMAN'S REVIEW
Cont.

The banking sector continues to be resilient despite the marginal declines in some key financial soundness indicators due to global and domestic macroeconomic challenges.

HFC Bank is happy to be part of the Republic Financial Holdings Limited family which has significant footprints spread across the Caribbean region with 178 years of experience in banking. We expect that, by working in collaboration with Republic Financial Holdings Limited, HFC Bank will leverage on the former's strong foundations to grow and achieve higher levels of success in the industry.

This collaboration marks the beginning of a new and exciting chapter of growth, development and service for our Bank. We look forward to your support as we seek to continue to build the image and presence of HFC Bank in the Ghanaian banking market and beyond.

We have set ambitious targets for ourselves and are confident that, with your support, the able leadership of the Management Team, will ensure that the goals are achieved.

Finally, I wish to thank my fellow Directors for their unwavering support. My sincere gratitude also goes to the Customers, Shareholders and Staff of HFC Bank for their dedication and loyalty throughout the year.

Thank you.

PROFESSOR JOSHUA ALABI
BOARD CHAIRMAN

The outlook for the commodities market indicates that prices are unlikely to recover in the near term, particularly with the price of crude oil declining to an average price of US$30 per barrel in 2015. In addition, the recent interest rate increased by the United States Federal Reserve presents threats to capital flow to emerging market and developing economies like Ghana.

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

INTRODUCTION

HFC Bank experienced a change in its ownership structure with Republic Bank Limited (RBL) (a leading Caribbean Bank with total assets of US$11billion) increasing its shareholding to 57.11% to become the majority shareholder. The Republic Bank Group structure also changed in December 2015 with the formation of Republic Financial Holdings Limited (RFHL).

During the period under review, the Group grew its assets by 19% to GH¢1.60 billion from GH¢1.34 billion recorded in the previous year. Interest expense grew by 76%, whilst interest income grew by 31%. This was as a result of freezing interest on GH¢133 million loans and advances which moved from the performing to the non-performing category. These loans continue to be financed by deposit liabilities which attract high interest cost. The majority of these loans represent facilities granted in the earlier years when the Bank started operations as a universal Bank.

Operating income generated during the period was GH¢203 million, an increase of 2% over the same period last year. Net interest income also increased by 8% to GH¢143 million from GH¢131 million recorded in 2014. In spite of the moderate increase in revenue, the Group generated a loss position of GH¢36.3 million for the period. This was mainly due to the 474% rise in impairment charges from GH¢14.2 million to GH¢81.8million due to a significant increase in the level of Non-Performing Loans and inadequate provisioning approaches in the past.

The prevailing economic and financial climate compelled Management to take some hard decisions on our loan portfolio, which has negatively impacted our levels of provisioning, our interest income and by extension, the Bank's profitability. We are however confident that these are the right decisions to take and these decisions will serve us in good stead in the future.

FINANCIAL POSITION

The Group maintained sturdy growth in total assets of 19% from GH¢1.34 billion in 2014 to GH¢1.60 billion as at 31 December, 2015.

All figures are in GH¢'000	2015	2014	% Change
Financial Position			
Total Assets	1,600,329	1,343,392	19%
Total Loans & Advances(Gross)	1,014,735	699,036	45%
Performing	800,930	626,127	28%
Non-Performing	213,805	72,909	193%
Government Securities	174,912	288,528	-39%
Total Deposits	947,409	715,514	32%
Total Equity	195,327	248,736	-21%

Gross loans and advances increased by 45% from GH¢699 million recorded in 2014 to GH¢1.01 billion. Non-Performing Loans Ratio worsened from 10.43% recorded in 2014 to 21.07% in 2015. This deterioration was primarily due to the decision to increase NPL portfolio from GH¢72.9 million in 2014 to GH¢213.8 million in 2015 to bring the Bank in line with international best practices in financial regulatory requirements.

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS - Cont.

All figures are in GH₵'000	2015	2014	% Change
Movement of Impairment Loans			
Year Opening	41,997	27,735	51%
Charge to Profit or Loss	82,179	14,262	476%
Loan Recoveries	(331)	-	-
Year End	123,845	41,997	195%

During the period under review, the Group grew its assets by 19% to GH¢1.60 billion from GH¢1.34 billion recorded in the previous year. Interest expense grew by 76%, whilst interest income grew by 31%. This was as a result of freezing interest on GH¢133 million Loans and Advances which moved from the performing to the non-performing category.

During the twelve months under review, a critical review of our loan portfolio was undertaken. The exercise resulted in 195% increase in Impaired Loans from GH¢41.9 million in 2014 to GH¢123.8 million in 2015. The GH¢123.8 million provision level represents about 58% of NPL portfolio of GH¢213.8 million.

Investments in Government Securities dipped by 39% from GH¢288 million to GH¢174 million. The decrease was attributed to redemption of some investment in the Securities to buffer the liquidity position as well as support net Loans and Advances which increased by 36% during the year.

Deposits increased from GHC715 million to GHC947million. The increase in deposits was driven by Demand Deposits which increased from GHC199 million in 2014 to GHC406 million, representing a growth of 103%. Savings Deposits increased by 37% from GHC178 million to GHC243 million, while Fixed Deposits decreased by 12% from GHC337 million recorded in 2014 to GHC297 million recorded in 2015. Demand Deposits constituted 43% of the Deposit portfolio in 2015, Savings Deposits and Fixed Deposits contributions were 26% and 31% respectively.

The Group's total Equity declined by 21% from GH¢248 million to GH¢195 million. This was mostly driven by declines in the income surplus account and regulatory credit risk reserve. The regulatory credit risk reserve declined by 79% from GH¢29.5 million in 2014 to GH¢6.2 million in 2015, while the income surplus account declined significantly from GH¢31.3 million to a loss position of GH¢167 thousand in 2015.

INCOME STATEMENT

Net Interest Income generated from loans and investments increased by 8% to GH¢143 million. Operating Expense for 2015 jumped by 41% to GH¢159 million on the back of rising staff cost and restructuring expenses incurred to turnaround your Bank. The Bank generated operating income of GH¢203 million, an increase of 2% over the similar period last year, however, in spite of the increase in revenue, your Bank generated a loss position of GH¢36.3 million. This to a large extent was due to challenges arising out of the prevailing economic environment, a 474% increase in impairment charge from GHS14.2 million to GH¢81.8 million, and a significant increase in the level of Non-Performing Loans.

All figures are in GH ¢'000	2015	2014	% Change
Statement of Comprehensive Income - Highlights			
Interest Income	256,676	196,605	31%
Interest Expense	(113,672)	(64,646)	76%
Net interest income	143,004	131,959	8%
Fees, Commission & Other Income	60,835	67,162	-9%
Operating Income	203,839	199,121	2%
Operating Expenses	(159,943)	(113,727)	41%
Loan Impairment Expense	(81,848)	(14,262)	474%
Profit before taxation	(32,230)	73,590	-144%
Taxation	(4,105)	(15,695)	-74%
Profit after taxation	**(36,335)**	**57,895**	**-163%**

HFC Investment Services Limited and HFC Boafo Micro Finance contributions to Group earnings were GH¢2.6 million and GH¢503 thousand respectively.

CAPITAL STRUCTURE

The Bank's Capital Adequacy Ratio (CAR) of 13.36% as at 31st December 2015 was above the regulatory

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS - Cont.

requirements of 10%. The Bank's capital though above regulatory requirement needs to be looked at closely when one considers the level of capital expenditure required to improve the Bank's physical and IT infrastructure. In this regard we are exploring raising Tier 2 Capital to boost the position.

The Bank will focus on core banking business going forward. In light of this, the following subsidiaries of the Bank have been restructured:

- HFC Realty Limited
- HFC Commercial Complex Limited
- HFC Capital Partners Limited

HFC Investment Services Limited remains a wholly owned subsidiary of the Bank. The Bank also has 51% equity holding in HFC Boafo Microfinance Services Limited.

OUTLOOK

Since assuming office as Managing Director over the past 7 months, I have been working assiduously towards creating a more result-oriented customer-focused culture which will be aligned with execution of our strategy while focusing and improving on the engagement levels of staff.

In line with a new vision, mission, values and a commitment to improving performance, the Bank has adopted a 3-Year Strategic Plan dubbed "3-In-3", with the objective of becoming a 1st Tier Bank in the next 3 years. The 3-Year Strategy will focus on 5 core pillars to create good value for Shareholders. The pillars are Deposit Mobilization, Asset Creation, Improving Recoveries; Costs Management and Revitalizing the Culture in HFC Bank.

The new direction for HFC Bank is to leverage on the infrastructure and strong mortgage base to generate additional income and deepen its presence in Retail, Corporate and Commercial and SME Banking, while building on the experience of RFHL.

Our first major new initiative on the market since outlining our new strategies was the introduction of seven exciting set of deposit products that fit our "Cradle-to-Golden Age" principle, i.e. products that cover the entire lifecycle of the customer. These new products were launched in January 2016 to the market through an Integrated Marketing Campaign which sets about to:

- Introduce the Bank's Suite of Deposit Products
- Project the new Image of a customer focused HFC Bank.

CONCLUSION

Our financial result is an indication of the work that we need to do in the Bank in the areas of recoveries and deposit generation. I wish to assure Shareholders, that this development is a one-off occurrence and we do not expect this to continue in the coming years.

Tremendous efforts have been spent on developing a new performance driven culture in the Bank whilst also focusing and improving on the engagement levels of our staff. We hope that this new culture together with the new and attractive market driven products will be the impetus needed to drive enhanced results for the Bank.

I wish to express my sincere gratitude to our Customers and the Board for their unwavering support throughout the years.

Finally to my Management Team and Staff, let us pursue everything we do with energy, drive and the need to finish strong and not just to cross the finish line.

With All on Board, it is Possible Together!

Thank you.
ROBERT LENNARD LE HUNTE
MANAGING DIRECTOR

CORPORATE GOVERNANCE - Cont.

CORPORATE GOVERNANCE

HFC Bank acknowledges and accepts the pivotal role corporate governance plays in the sustained success of any organisation. To this end, the Board is committed to ensuring that best practice in corporate governance remains a fundamental part of the culture and business of the Bank and its subsidiaries, whilst ensuring adequate levels of shareholder participation and protection.

The Bank's policies, systems and procedures are therefore geared towards promoting and enhancing the corporate governance principles of accountability, integrity, transparency, robustness, fairness and social responsibility whilst maximising long term shareholder value. These principles are enshrined in a Code of Conduct and Corporate Governance which underpin all areas of the business and are also in compliance with the Securities and Exchange Commission's Corporate Governance Guidelines.

The key aspects of the Bank's corporate governance framework and practices are outlined below.

The Committee also monitors the adequacy, integrity and effectiveness of critical systems and internal financial controls; compliance with legal obligations; safe-guarding of assets and the review of all activities to control the Bank's risk exposure.

THE BOARD OF DIRECTORS

The Board of Directors of the Bank is responsible for the strategic direction, governance, and effective leadership oversight or policies guiding the Executive Management.

Composition

The Board of HFC Bank comprises a Non-Executive Chairman, five (5) other Non-Executive Directors, two (2) of whom represent the minority shareholders and the public interest in accordance with the Bank's Regulations, and two (2) Executive Directors, one of whom is the Managing Director. The Non-Executive Directors are independent of Management and free from management constraints which could interfere with the exercise of their objective and independent judgment. The Directors collectively possess strong functional knowledge, expertise, experience and relevant skills to make valuable contributions to the Bank.

Separation of Powers

The Chairman of the Board is a Non-Executive Director, separate and distinct from the Managing Director. The Chairman is responsible for leading the Board and ensuring that it is operating to the appropriate governance standards.

The Managing Director manages the business and operations of the Bank within the limits approved by the Board. He is supported by the Executive Management Team of the Bank.

Conflicts of Interest

The Directors are expected to avoid any action, position or interest that may conflict or appear to conflict with any of the Bank's interests. Any Director who has a material personal interest in a matter relating to the Bank's affairs is expected to notify the other Directors of that interest.

Meetings Calendar

The Board's annual meetings calendar, showing the scheduled dates for meetings of the Board and Board Committees, is circulated to Directors at the beginning of each year. In 2015 the full Board had six (6) meetings. Another three (3) were called but did not sit for lack of quorum.

Board Committees

To assist the Board in its functions and thereby increase its effectiveness, the Board has entrusted specific responsibilities to three (3) standing Committees. These are the Finance and Credit Committee, the Remuneration and Nomination Committee and the Audit and Risk Committee.

CORPORATE GOVERNANCE - Cont.

Finance and Credit Committee

The Finance and Credit Committee is appointed by the Board. The Committee began the year 2015 with two (2) Executive Directors and two (2) Non Executive Directors. In the cause of the year, the Committee was reconstituted to comprise four (4) Non Executive Directors and two (2) Executive Directors. The Chairman of the Committee is Mr. Charles William Zwennes. Other members include Mr. Robert Lennard Le Hunte, Mr. Osei Asafo-Adjei, Mr. David Dulal-Whiteway, Ms. Rebecca Atswei Lomo and Mr. Ebenezer Tetteh Tagoe.

The duties of the Finance and Credit Committee are to assist the Board to review all credit and finance related policies and issues of the Bank, to review credit within the limits set for the Committee by the Board and to recommend to the full Board credit facilities above their limit. The Committee had nine (9) meetings in 2015.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is appointed by the Board and is composed of all the Non-Executive Directors. The Chairman of the Committee is the Board Chairman.

The duties of the Remuneration and Nomination Committee are to assist the Board establish a transparent structure for developing policy on executive compensation; to advise the Board on appropriate compensation for Directors, management and staff; to consider nominations and appointments of Directors and executive management. The Remuneration and Nomination Committee had six (6) meetings in 2015.

Deposits increased from GHC715 million to GHC947million. The increase in deposits was driven by Demand Deposits which increased from GHC199 million in 2014 to GHC406 million, representing a growth of 103%. Savings Deposits increased by 37% from GHC178 million to GHC243 million, while Fixed Deposits decreased by 12% from GHC337 million recorded in 2014 to GHC297 million recorded in 2015.

The Audit and Risk Committee

The Committee comprises three (3) Non-Executive Directors, namely; Ms. Rebecca Atswei Lomo who is the Chairperson, Mr. Paul King Aryene and Mr. Ebenezer Tetteh Tagoe. The Executive Directors and the Internal Auditor are ordinarily in attendance at the Committee's meetings.

The duties of the Audit and Risk Committee include reviewing the scope and findings of all audits (internal and external), as well as the independence and objectivity of the auditors. The Committee also monitors the adequacy, integrity and effectiveness of critical systems and internal financial controls; compliance with legal obligations; safe-guarding of assets and the review of all activities to control the Bank's risk exposure. The Committee had thirteen (13) meetings in 2015. Ad hoc Sub Committees of the Audit and Risk Committee had four (4) meetings in 2015.

SYSTEMS OF INTERNAL CONTROL

The Board is ultimately responsible for the integrity and adequacy of the Bank's Internal Control Systems and to this end promotes the independence, credibility and robustness of the internal control function. Under the Board's direction, the Bank operates a dedicated and well-established internal control system for identifying, managing and monitoring risks. The internal audit function, the head of who reports directly to the Board also plays a key role in providing an independent and objective view and continuing assessment of the robustness and effectiveness of the control systems in the Bank.

Risk Management Framework

The Board oversees the Risk Management Framework of the Bank. The Risk Management Division, advises the Board and Management on areas of risk faced by the Bank and the adequacy of controls and compliance throughout the Bank. The Bank continues to review the integrity and adequacy of its procedures to ensure, to the greatest extent possible, the protection of the Bank's assets and Shareholders' investments. To this end, risk management remains firmly entrenched in the Bank's management systems.

Anti-Money Laundering Policies

HFC Bank has in place policies and systems for the successful implementation of the Bank's Anti Money Laundering (AML) compliance program, which is designed to comply with all the relevant laws and regulations. It is the policy of the Bank to take all reasonable and appropriate steps to prevent persons

CORPORATE GOVERNANCE - Cont.

engaged in money laundering, fraud, or other financial crime, including the financing of terrorists or terrorist operations, from utilizing the Bank's products and services/ platform to launder money. Compliance with both the letter and the spirit of the anti-money laundering regulatory regime of Ghana and the International Community include one of the ways the Bank works to achieve this policy.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a corporate entity, the Bank interacts with and impacts its community in many ways. The Bank therefore ensures that as it works to deliver sustainable growth and Shareholder value, it contributes to the wider stakeholder community by being a responsible corporate citizen, an employer of choice and a banker of choice. To this end, the Bank is committed to promoting and engaging in projects that benefit and enhance the socio-economic development of the community.

The Bank's main CSR thrust in 2015 was the sponsorship of education, youth development, health and support of the underprivileged in society. During the year under review, the Bank contributed to many programmes including, but not limited to the following:-

- donations to schools and other corporate organisations
- sponsorship of bright and needy students in various stages of the educational cycle
- donations to victims of the June 3 Fire Disaster at the Country's leading hospitals.

The Bank also provided assistance to the following institutions as part of its Corporate Social Responsibility drive:-

- Korle Bu Accident Centre
- National Cardiothoracic Centre – Korle Bu
- National Partnership for Children Trust
- Help Age Ghana
- Ghana Union of the Blind
- University of Ghana Students Financial Trust
- Bonwire Anglican School
- Ghana Parent Association of Childhood Cancers
- SOS Ghana
- Knowledge Tree Technology.

In the course of the year, the Bank introduced a staff volunteerism programme to instil the spirit of community participation in staff.

The Bank also promotes social communication and integration within different groups in the Community by successfully participating in various sporting activities, including football competitions.

The Bank, in line with its vision to among other things build successful communities, continues to interact with and impact its community in many ways by being a responsible corporate citizen. To this end, the Bank undertook a number of projects in 2015 to enhance the socio-economic development of the community.

Outlook for 2016

HFC Bank intends to take a more aggressive and dynamic approach in promoting its corporate social responsibility, and will continue to build and support the various projects that have been started. The main focus of this year will be on Youth Development in Ghana. The Bank firmly believes that sports plays a pivotal role in the holistic development of young people and in building and shaping of our communities.

An analysis of the sports sector reveals that, athletics, although an old and extensive discipline, enjoys very minimal support across all levels in the country. It is in this vein that the Bank wishes to enhance the development of athletics in Ghana by supporting its growth at the pre-tertiary education level. HFC Bank proposes to give full support to basic and senior high school regional and national pre-tertiary athletics competitions under the Ghana Education Service.

Another important initiative that the Bank expects will flourish this fiscal year is the bank-wide promotion of staff involvement in assisting and helping the communities in the Branches' catchment areas. The newly introduced Staff Volunteerism Programme is expected to have positive far reaching effects, with the active support of Management.

COMPANY SECRETARY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HFC BANK GROUP

Report on the financial statements

We have audited the accompanying financial statements of HFC Bank (Ghana) Limited, (the Bank) and its subsidiaries (together, the Group) which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the Bank; together with the consolidated statements of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group; and a summary of significant accounting policies and other explanatory information, and read the directors' report, as set out on pages 2 to 7 and 10 to 118.

Directors' responsibility for the financial statements

The Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act 2007 (Act 738), and 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank and the Group as at 31 December 2015 and of their financial performance and their 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 Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act 2007 (Act 738).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HFC BANK GROUP - Cont.

Report on other legal requirements

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion proper books of account have been kept by the Group, so far as appear from our examination of those books
- Proper returns adequate for the purpose of our audit have been received from branches not visited by us; and
- The (balance sheet) statement of financial position and the (profit and loss account) statement of comprehensive income are in agreement with the books of account.

The Banking Act, 2004 (Act 673) Section 78(2) requires that we state certain matters in the report. We confirm that:

i. The accounts give a true and fair view of the state of affairs of the bank and its results for the period.
ii. The bank's transactions were within the powers of the bank and
iii. We were able to obtain all relevant information and explanations required for the efficient performance of our functions.
iv The bank has generally complied with the provisions of the Banking Act, 2004 (Act 673), as amended.

Pamela Des Bordes (ICAG/P/1329)
For and on behalf of Ernst & Young (ICAG/F/2016/126)
Chartered Accountants
Accra, Ghana
Date:

HFC BANK (GHANA) LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

		At 31 December			
	Note	**The Bank**	The Bank	**The Group**	The Group
Assets		**2015**	2014	**2015**	2014
		GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Cash and balances with Bank of Ghana	4a	**139,747**	185,771	**141,284**	187,723
Due from other banks	5	**169,524**	37,577	**169,524**	37,577
Government securities	6	**174,912**	284,140	**174,912**	288,528
Pledged assets	7	**10,000**	10,000	**10,000**	10,000
Loans and advances to customers	8	**861,877**	664,875	**828,031**	641,780
Loans and advances to banks and financial institutions	9	**62,859**	15,259	**62,859**	15,259
Investment securities	10	**11,612**	-	**12,107**	2,313
Other investments	11	**11,886**	28,220	**24,887**	30,258
Other assets	12	**19,728**	11,944	**75,334**	46,911
Investment in subsidiaries	13a	**5,537**	5,537	**-**	-
Investment in venture capital fund	13b	**21,334**	22,050	**21,334**	22,050
Property, plant and equipment	14	**57,919**	52,104	**60,424**	53,810
Intangible asset - Goodwill	15a	**3,931**	3,931	**3,931**	3,931
Intangible asset - Software	15b	**5,723**	2,942	**5,962**	3,252
Current income tax assets	16	**9,830**	-	**9,740**	-
Total assets		**1,566,419**	1,324,350	**1,600,329**	1,343,392
Liabilities and equity					
Deposits from customers	17	**882,870**	660,933	**882,870**	660,933
Deposits from banks and financial institutions	18	**40,539**	24,180	**40,539**	24,180
Due to other banks	19	**24,000**	30,401	**24,000**	30,401
Other liabilities	20	**73,462**	64,662	**91,891**	70,095
Current income tax	16	**-**	180	**-**	1,079
Deferred tax	21	**3,189**	1,030	**3,098**	1,074
Bonds	22	**68,096**	86,468	**68,096**	86,468
Short term borrowings	23	**266,045**	168,478	**266,045**	168,478
Borrowings	24	**28,463**	51,948	**28,463**	51,948
Total liabilities		**1,386,664**	1,088,280	**1,405,002**	1,094,656
Equity					
Stated capital	25	**96,191**	95,424	**96,191**	95,424
Income surplus account	26	**(13,475)**	20,180	**(167)**	31,318
Statutory reserve fund	27	**57,203**	57,203	**57,203**	57,203
Capital surplus account	28	**32,819**	32,819	**32,835**	32,835
Housing development assistance reserve	29	**744**	744	**744**	744
Regulatory credit risk reserve	30	**6,273**	29,506	**6,273**	29,506
Other reserve		**-**	194	**-**	194
Total equity before non-controlling interest		**179,755**	236,070	**193,079**	247,224
Non controlling interest	31	**-**	-	**2,248**	1,512
Total equity		**179,755**	236,070	**195,327**	248,736
Total liabilities and equity		**1,566,419**	1,324,350	**1,600,329**	1,343,392

The financial statements on pages 35 to 114 were approved by the Board of directors on 24 February 2016 and signed on its behalf by:

Chairman:

Date: 4/3/2016

Managing Director:

Date: 4/3/2016

HFC BANK (GHANA) LIMITED AND ITS SUBSIDIARIES

STATEMENT OFCOMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

		Twelve Months ended 31 December			
		The Bank	The Bank	**The Group**	The Group
	Note	**2015**	2014	**2015**	2014
		GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Interest income	32	**251,081**	191,208	**256,676**	196,605
Interest expense	33	**(113,672)**	(64,646)	**(113,672)**	(64,646)
Net interest income		**137,409**	126,562	**143,004**	131,959
Fee and commission income	34	**14,894**	19,519	**28,934**	30,428
Fee and commission expense	35	**(400)**	(587)	**(427)**	(620)
Net fee and commission income		**14,494**	18,932	**28,507**	29,808
Other operating income	36a	**9**	803	**5,567**	9,636
Trading Income	36b	**26,761**	27,718	**26,761**	27,718
Operating income		**178,673**	174,015	**203,839**	199,121
Operating expenses	37	**(135,676)**	(93,647)	**(159,943)**	(113,727)
Impairment charge for credit losses	8b	**(85,203)**	(14,262)	**(81,848)**	(14,262)
Operating (loss)/ profit		**(42,206)**	66,106	**(37,952)**	71,132
Other income	39	**5,127**	2,255	**5,722**	2,458
(Loss) /profit for the year		**(37,079)**	68,361	**(32,230)**	73,590
National Stabilisation Levy	40	**-**	(3,418)	**(353)**	(3,652)
Tax expense	41	**(2,162)**	(10,678)	**(3,752)**	(12,043)
(Loss) /profit after tax		**(39,241)**	54,265	**(36,335)**	57,895
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Gains on revaluation of land and building		**-**	28,201	**-**	28,201
Income tax effect		**-**	-	**-**	-
Net Other comprehensive income		**-**	28,201	**-**	28,201
Total comprehensive income for the year net of tax		**(39,241)**	82,466	**(36,335)**	85,619
(Loss) /profit after tax Attributable to:					
Equity holders of the parent		**(39,241)**	54,265	**(37,071)**	57,418
Non controlling interest	31	**-**	-	**736**	477
(Loss) /profit after tax		**(39,241)**	54,265	**(36,335)**	57,895
Total comprehensive income Attributable to:					
Equity holders of the parent		**(39,241)**	82,466	**(37,071)**	85,142
Non controlling interest	31	**-**	-	**736**	477
		(39,241)	82,466	**(36,335)**	85,619
Basic earnings per share (Ghana pesewas)	49a	**(13.19)**	18.28	**(12.46)**	19.35
Diluted earnings per share (Ghana pesewas)	49b	**(13.19)**	17.92	**(12.46)**	18.97

The attached notes 1 to 54 form an integral part of these financial statements.

HFC BANK (GHANA) LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY AS AT 31 DECEMBER 2015

The Bank-2015	Stated Capital (note 25)	Income surplus account (note 26)	Statutory reserve (note 27)	Capital surplus account (note 28)	Housing dev't assistance reserve (note 29)	Regulatory credit risk reserve (note 30)	Other reserves	Total Equity
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1 January	95,424	20,180	57,203	32,819	744	29,506	194	236,070
Loss for the year		(39,241)	-	-	-	-	-	(39,241)
Proceeds from ESOP	767	-	-	-	-	-	-	767
Dividend	-	(17,841)	-	-	-	-	-	(17,841)
Transfer from other reserve to income surplus	-	194	-	-	-	-	(194)	-
Movement from regulatory credit risk reserve	-	23,233	-	-	-	(23,233)	-	-
At 31 December	96,191	(13,475)	57,203	32,819	744	6,273	-	179,755

	Stated Capital (note 25)	Income surplus account (note 26)	Statutory reserve (note 27)	Capital surplus account (note 28)	Housing development assistance reserve (note 29)	Regulatory credit risk reserve (note 30)	Other Reserve	Total Equity
The Bank-2014	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
1 January	95,127	11,886	40,845	4,618	744	10,281	194	163,695
Profit for the year		54,265	-	-	-	-	-	54,265
Proceeds from ESOP	297	-	-	-	-	-	-	297
Dividend	-	(10,388)	-	-	-	-	-	(10,388)
Transfer to statutory reserve	-	(16,358)	16,358	-	-	-	-	-
Gains on revaluation	-	-	-	28,201	-	-	-	28,201
Transfers to regulatory credit risk reserve	-	(19,225)	-	-	-	19,225	-	-
At 31 December	95,424	20,180	57,203	32,819	744	29,506	194	236,070

HFC BANK (GHANA) LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY AS AT 31 DECEMBER 2015

Attributable to equity holders of the parent company

The Group-2015

	Stated capital (note 25)	Income surplus account (note 26)	Statutory Reserve (note 27)	Capital surplus account (note 28)	Housing development assistance Reserve (note 29)	Regulatory credit risk reserve (note 30)	Other reserves	Non-controlling interest (note 31)	Total Equity
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1 January	95,424	31,318	57,203	32,835	744	29,506	194	1,512	248,736
Profit/(Loss) for the year	-	(37,071)	-	-	-	-		736	(36,335)
Proceeds from ESOP	767	-	-	-	-	-	-	-	767
Gains on revaluation	-	-	-	-	-	-	-	-	-
Dividend	-	(17,841)	-	-	-	-	-	-	(17,841)
Transfer from other reserve to income surplus	-	194	-	-	-	-	(194)	-	
Transfer from Regulatory credit risk reserve	-	23,233	-	-	-	(23,233)	-	-	-
At 31 December	96,191	(167)	57,203	32,835	744	6,273	-	2,248	195,327

The Group-2014

Year	Stated capital (note 25)	Income surplus account (note 26)	Statutory reserve (note 27)	Capital surplus account (note 28)	Housing development assistance reserve (note 29)	Regulatory credit risk reserve (note 30)	Other Reserves	Non controlling interest (note 31)	Total Equity
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1 January	95,127	19,871	40,845	4,634	744	10,281	194	1,035	172,731
Profit for the year	-	57,418	-	-	-	-		477	57,895
Proceeds from ESOP	297	-	-	-	-	-	-	-	297
Gains on revaluation	-	-	-	28,201	-	-	-	-	28,201
Dividend	-	(10,388)	-	-	-	-	-	-	(10,388)
Transfer to statutory reserve	-	(16,358)	16,358	-	-	-	-	-	-
Transfer to regulatory credit risk reserve	-	(19,225)	-	-	-	19,225	-	-	-
At 31 December	95,424	31,318	57,203	32,835	744	29,506	194	1,512	248,736

HFC BANK (GHANA) LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2015

		Twelve Months ended 31 December			
		The Bank		The Group	
	Note	2015	2014	2015	2014
		GHC'000	GHC'000	GHC'000	GHC'000
Cash flows from Operating activities					
Cash generated from operations	43	73,711	264,517	81,491	267,320
Interest paid-long term bonds and borrowing	22/24	(16,968)	(10,588)	(16,968)	(10,588)
Mandatory deposits with Bank of Ghana	4b	(12,040)	55,735	(12,040)	55,735
Tax paid	16	(9,996)	(9,117)	(11,555)	(10,519)
National stabilization levy paid	40	(2,142)	(3,139)	(2,489)	(3,373)
Net cash generated from operating activities		32,565	297,408	38,439	298,575
Cash flows from investing activities					
(Purchase) of property, plant and equipment	14	(17,737)	(15,500)	(19,242)	(16,488)
Proceeds from sale of property, plant and equipment	14	179	269	271	301
(Purchase) of government securities		(13,099)	(52,620)	(13,836)	(53,877)
(Purchase)/sale of other investments		18,617	(5,775)	8,272	(7,563)
(Purchase)/sale of investment securities		(11,612)	1,432	(9,794)	203
Investment in associates, subsidiaries and venture capital fund		716	(12,364)	716	(12,345)
Net cash used in investing activities		(22,936)	(84,558)	(33,613)	(89,769)
Cash flows from financing activities					
Dividend paid	42	(17,843)	(10,388)	(17,843)	(10,388)
Redemption of bonds	22	(25,627)	(38,201)	(25,627)	(38,201)
Borrowings repaid	24	(48,961)	(75,093)	(48,961)	(75,093)
Proceeds from bonds issue	22	-	43,671	-	43,671
Proceeds from borrowings	24	26,839	73,364	26,839	73,364
Net cash generated from financing activities		(65,592)	(6,647)	(65,592)	(6,647)
Increase in cash and cash equivalents		(55,963)	206,203	(60,766)	202,159
Net foreign exchange difference		6,143	11,038	6,143	11,038
At 1 January		353,794	136,553	360,134	146,937
At 31 December	44	303,974	353,794	305,511	360,134

The attached notes 1 to 54 form an integral part of these financial statements.

1. Reporting entity

HFC Bank (Ghana) Limited (the "Bank") is a limited liability company incorporated and domiciled in Ghana. The address of the Bank's registered office is Ebankese No. 35 Sixth Avenue, North Ridge, Accra. The financial statements as at and for the twelve months ended 31 December 2015 comprise the Bank standing alone and its subsidiaries (together referred to as the "Group"). The Group's principal activities are in investment banking, corporate banking, retail banking, mortgage banking, asset management services and property management and development. The Bank is listed on the Ghana Stock Exchange.

2. Summary of significant accounting policies

2.1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), interpretations issued by the international Financial Reporting Interpretations Committee ("IFRIC"), the Banking Act and the Ghana companies Act.

The financial statements have been prepared under the historical cost basis except where the fair value measurement of certain financial instruments is required or permitted under IFRS and set out in the relevant accounting policies below. The financial statements are presented in Ghana cedis (GH¢).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1.1 Going Concern

The Board and Management of the Bank have made an assessment of the ability of the Bank to continue as a going concern and is satisfied that it has the resources to continue in business in the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.1.2 New and amended standards and interpretations

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Bank.

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Bank since we do not have any enforceable netting agreements.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Bank as the Bank has not novated its derivatives during the current or prior periods.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Bank.

2.1.3 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9.

IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. During 2015, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale with gains and losses recorded in OCI will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The AFS reserve currently in accumulated OCI will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as the Group expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group expects to apply the option to present fair value changes in OCI, and, therefore, believes the application of IFRS 9 would not have a significant impact. If the Group were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9. The Group will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks

associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Bank is an existing IFRS preparer, this standard would not apply.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Bank is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 Leases

The IASB has developed a new Leases Standard, IFRS 16, which supersedes IAS 17 Leases. The IASB worked jointly with the FASB on this project. The FASB expects to publish its new Leases Standard in early 2016.

A company1 is required to apply IFRS 16 from 1 January 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 Revenue from Contracts with Customers.

The IASB and the FASB have reached the same conclusions in many areas of lease accounting, including requiring leases to be reported on the balance sheet, how to define a lease and how lease liabilities are measured. The IASB and the FASB also both agreed to substantially carry forward the previous lessor accounting requirements. However, for some leases, the IASB and the FASB have reached different conclusions about the recognition and presentation of expenses related to leases in the income statement and of cash flows in the cash flow statement.

IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment.

If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments.

IFRS 16 also changes the nature of expenses related to those leases. IFRS 16 replaces the straight-line operating lease expense for those leases applying IAS 17 with a depreciation charge for the lease asset (included within operating costs) and an interest expense on the lease liability (included within finance costs). This change aligns the lease expense treatment for all leases. Although the depreciation charge is typically even, the interest expense reduces over the life of the lease as lease payments are made. This results in a reducing total expense as an individual lease matures.

The difference in the expense profile between IFRS 16 and IAS 17 is expected to be insignificant for many companies holding a portfolio of leases that start and end in different reporting periods.8

The income statement treatment applying IFRS 16 for former off balance sheet leases also differs from the treatment applying the FASB model for those leases.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Bank.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment

and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Bank given that the Bank has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Bank.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Bank's consolidated financial statements.

2014 Annual improvement (2012 - 2014 cycle) effective 1 Jan 2016

FRS 5 Changes in methods of disposal

The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

IFRS 7 Servicing contracts and applicability of the amendments to IFRS 7 to condensed interim financial statements The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset that has been transferred. In respect of IFRS 7 disclosures required in interims, the amendment clarifies that the IFRS 7 disclosures in respect of offsetting are not required in the condensed interim financial report.

IAS 19 Discount rate: regional market issue

The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located.

IAS 34 Disclosure of information 'elsewhere in the interim financial report'

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

IFRS 10 & IAS 28 Contribution of Assets between investor and associate/JV that is effective 1 Jan 2016

On 11 September 2014, the International Accounting Standards Board (IASB) published Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28). The amendments clarify the accounting for transactions where a parent loses control of a subsidiary, that does not constitute a business as defined in IFRS 3 Business Combinations, by selling all or part of its interest in that subsidiary to an associate or a joint venture that is accounted for using the equity method. A parent's gain or loss resulting from the above transaction is recognised in the parent's profit or loss only to the extent of the unrelated investor's interests in the associate or joint venture. All remaining parts of the gain or loss are eliminated against the carrying amount of the investment in the associate or joint venture. In the case of any retained interest in the former subsidiary, gains and losses from the remeasurements are treated as follows:

- Retained interest is accounted for as an associate or joint venture using the equity method: The parent recognises the gain or loss in profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.
- Retained interest is accounted for at fair value in accordance with IFRS 9 Financial Instruments: The parent recognises the gain or loss in full in profit or loss.

This amendment is effective for annual periods beginning on or after 1 January 2016 however, is not expected to impact the group since the company currently does not have a subsidiary that does not constitute a business as per IFRS 3, Business combination.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The financial statements are presented in Ghana Cedis, which is the Group's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange at the reporting date. The spot rate used for foreign currency translation is the Ghana Association of Bankers' interbank average rate. All differences arising on non-trading activities are taken to other operating income in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

All foreign exchange gains and losses recognised in the 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.

Translation differences related to changes in the amortised cost are recognised in the profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Asset and Liabilities Committee (ALCO) and the Board of Directors. The Board allocates resources to and assesses the performance of the operating segments of the entity. All transactions between operating segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining operating segment performance.

The Group has the following reporting segments: consumer banking, corporate banking, microfinance and mortgage banking

2.4 Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

2.5 Financial assets and liabilities

Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the bank becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

All financial assets and liabilities – have to be recognised in the statement of financial position and measured in accordance with their assigned category.

"Day 1" profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the bank immediately recognises the difference between the transaction price and fair value (a "Day 1" profit or loss) in "net trading income". In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

2.5.1 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Bank as at fair value through profit or loss. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also classified as held for trading and measured at fair value. The group has not designated any financial assets as at fair value through profit or loss.

Financial instruments classified as fair value through profit or loss are recognised initially at fair value; transaction costs are taken directly to the profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss as part of 'other operating income'.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

those that the Group intends to sell immediately or in the short term has not been designated as financial assets at fair value through profit or loss;

those that the Group upon initial recognition designates as available for sale; or

those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value plus transaction costs and measured subsequently at amortised cost using the effective interest method. Loans and receivables are reported in the statement of financial position as loans and advances to banks or customers. Interest on loans is included in the statement of comprehensive income and is reported as 'Interest income'. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in profit or loss within the statement of comprehensive income as 'loan impairment charges'.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

(a) those that the Group upon initial recognition designates as at fair value through

profit or

loss;

(b) those that the Group designates available for sale; and

(c) those that meet the definition of loans and receivables.

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Interest on held-to-maturity investments is included in profit or loss within the statement of comprehensive income and reported as 'Interest income'. In the case of impairment, the impairment loss is been reported as a deduction from the carrying value of the investment and recognised in profit or loss within the statement of comprehensive income. Held-to-maturity investment is Government securities.

2.5.2 Financial liabilities

The Group's financial liabilities includes deposits from customers, banks and other financial institutions, bonds, borrowings, short term borrowings and derivatives. Except for derivatives, all other financial liabilities are measured at amortised cost. Derivatives are measured at fair value with gains and losses recognised in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.5.3 Determination of fair value

For financial instruments traded in active markets, the determination of fair values is based on quoted market prices.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, industry group, regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques.

The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

2.5.4 Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay. The received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
    - the bank has transferred substantially all the risks and rewards of the asset, or
    - the bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the bank's continuing involvement in the asset. In that case, the bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the bank has retained.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

2.6 Offsetting financial instruments

Offsetting financial instrument

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amount and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statement of financial position.

2.7 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in profit or loss within the statement of comprehensive income using the original effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate 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 Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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 recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.8 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognised over the period in which the service is provided. The same principle is applied for custody services that are continuously provided over extended period of time.

2.9 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty,

granting to the borrower a concession that the lender would not otherwise consider;

(d) it becomes probable that the borrower will enter financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial

difficulties; or

(f) observable data indicating that there is a measurable decrease in the estimated future

Cash Flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The estimated period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between 3 and 12 months; in exceptional cases, longer periods are warranted.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original

effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and customers are classified in loan impairment charges whilst impairment charges relating to investment securities (held to maturity and loans and receivables categories) are classified in 'Net gains/(losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit or loss.

2.10 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. 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 determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Non- financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non-restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

2.12 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

2.13 Property, plant and equipment

Land and buildings comprise mainly branches and offices and are shown at fair value, based on periodic, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	%
Buildings	2
Computers	33.3
Furniture and Equipment	20
Motor Vehicle	20

The assets' residual values and useful lives are reviewed and prospectively adjusted if appropriate, at the end of each reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property and equipment were impaired as at 31 December 2015 (2014; nil).

Increases in the carrying amount arising on revaluation of buildings are credited to other comprehensive income and shown as capital surplus in the shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against capital surplus directly in equity; all other decreases are charged to the profit or loss.

The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of.

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in profit or loss in the year the asset is derecognised.

2.14 Income tax

(a) Current income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is realised.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2.15 Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

2.16 Convertible bonds

The liability component and the equity component of convertible bonds are presented separately:

- The Bank's obligation to make scheduled payments of interest and principal is a financial liability that exists as long as the instrument is not converted. On initial recognition, the fair value of the liability component is the present value of the contractually determined stream of future cash flows discounted at the rate of interest for an equivalent non-convertible bond.
- The equity instrument is an embedded option to convert the liability into equity of the Bank. The fair value of the option comprises its time value and its intrinsic value.

Interest, losses and gains relating to the financial liability component of the convertible bonds are recognised in the profit or loss.

2.17 Stated capital

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the bank. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date.

Treasury shares and contracts on own shares

Own equity instruments of the group which are acquired by it or by any of its subsidiaries (treasury shares) are deducted from equity and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the bank's own equity instruments is recognised directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of own equity instruments.

When the bank holds own equity instruments on behalf of its clients, those holdings are not included in the group's statement of financial position. Contracts on own shares that require physical settlement of a fixed number of own shares for a fixed consideration are classified as equity and added to or deducted from equity. Contracts on own shares that require net cash settlement or provide a choice of settlement are classified as trading instruments and changes in the fair value are reported in profit or loss.

2.18 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

2.19 Share based payments

The bank engages in equity settled share-based payment transactions in respect of services received from certain of its employees. All options are exercised in the year. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest if and when the bank's budgeted profit is exceeded. 30% of the exceeded profit is offered as share to those employees. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee staff cost or expense.

2.20 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee,
  And
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or
- retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

The Bank accounts for investments in subsidiaries, joint ventures and associates in its separate financial statements at costs. Any dividend from a subsidiary, a joint venture or an associate is recognised in profit or loss in its separate financial statements when its right to receive the dividend is established.

2.21 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.22 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain

or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.23 Employee benefits

For defined contribution schemes, the Bank recognises contributions due in respect of the accounting period in profit or loss. Any contributions unpaid at the reporting date are included as a liability.

Short-term employee benefits, such as salaries, paid absences, and other benefits, are accounted for on an accruals basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the Bank has a present obligation to its employees that can be measured reliably.

All expenses related to employee benefits are recognised in profit or loss in staff costs, which is included within operating expenses.

Other employee benefits - loans at concessionary rate

The Bank grants facilities to staff of the Bank on concessionary terms. The Bank recognises such offerings as part of employee benefits on the basis that such facilities are granted to staff on the assumption of their continued future service to the Bank and not for their past service. The Bank's Lending Rate adjusted for risk not associated with the Bank's staff is applied to fair value such facilities. Any discount arising there from it is recognised as a prepaid staff benefit which is amortised through profit or loss over the shorter of the life of the related facilities and expected average remaining working lives of employees.

2.24 Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3. Critical accounting estimates and judgements

The Group's financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the financial statements. The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

(a) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgements as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a bank, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(b) Fair value of financial instruments

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Additional disclosures where required, are provided

in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 48 (v).

(c) Held-to-maturity investments

In accordance with guidance, the Group classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Group is required to reclassify the entire category as available for sale. Accordingly, the investments would be measured at fair value instead of amortised cost.

Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Bank recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions.

Revaluation of property, plant and equipment

The Bank's buildings were revalued within the financial year by independent valuers. (Assenta Properties Consulting). Valuations were made on the basis of recent market transactions. The revaluation surplus net of applicable deferred income tax was credited to other comprehensive income and is shown in Capital surplus in shareholders' equity. Capital surplus is a non-distributable reserve.

None of the property, plant and equipment has been placed as collateral for liabilities and there is no contractual commitment for the acquisition of property and equipment.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the

terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

4a. Cash and balances with Bank of Ghana

The Bank	The Bank	The Bank	The Group	The Group
	2015	2014	**2015**	2014
	GHC'000	GHC'000	**GHC'000**	GHC'000
Cash in hand	**41,082**	65,527	**42,619**	67,479
Balances with Bank of Ghana	**14,718**	48,337	**14,718**	48,337
	55,800	113,864	**57,337**	115,816
Mandatory reserve deposits with Bank of Ghana	**83,947**	71,907	**83,947**	71,907
	139,747	185,771	**141,284**	187,723

Cash in hand and balances with Bank of Ghana are non-interest-bearing. Mandatory reserve deposits are not available for use in the Group's day- to- day operations.

4b. Movement cash and balances with Bank of Ghana

The Bank	2015	2014	Movement
	GHC'000	GHC'000	GHC'000
Cash in hand	41,082	65,527	(24,445)
Balances with Bank of Ghana	**14,718**	48,337	**(33,619)**
	55,800	113,864	(58,064)
Mandatory reserve deposits with Bank of Ghana	**83,947**	71,907	**12,040**
	139,747	185,771	**46,024**

The Group	2015	2014	Movement
	GHC'000	GHC'000	GHC'000
Cash in hand	42,619	67,479	(24,860)
Balances with Bank of Ghana	**14,718**	48,337	**(33,619)**
	57,337	115,816	(58,479)
Mandatory reserve deposits with Bank of Ghana	**83,947**	71,907	**12,040**
	141,284	187,723	**46,439**

5. Due from other banks

	The Bank	The Bank	The Group	The Group
	2015	2014	2015	2014
	GHC'000	GHC'000	GHC'000	GHC'000
Placements with local banks	96,745	1,693	96,745	1,693
Items in course of collection	**72,779**	35,884	**72,779**	35,884
	169,524	37,577	**169,524**	37,577

6. Government securities

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Treasury bills: Held to maturity				
Maturing within 90 days of the date of acquisition	92,650	212,754	92,650	217,142
Maturing after 90 days of the date of acquisition	82,262	61,386	82,262	61,386
Treasury bills are classified as held to maturity	174,912	284,140	174,912	288,528

7. Pledged assets

Net Value	The Bank 2015 GHC'000	The Bank 2014 GHC'000	The Group 2015 GHC'000	The Group 2014 GHC'000
Fair Value (Pledged Assets)	10,000	10,000	10,000	10,000
Fair Value Associated Liability	10,000	10,000	10,000	10,000
Net Value	-	-	-	-

Pledged assets are the carrying amount of Government Securities (Treasury bills) used as collateral for short term funds borrowed from banks and non-bank financial institutions.

In the event that, the entity fails to make good the payment as and when it falls due, the collateral will not be released back to the entity.

The pledged assets could not be used for any other trading until the payment is done and the pledged assets are released by Central Security Depository.

These transactions are conducted under terms that are usual and customary to securities borrowing and lending activities. It is at a rate of 91 day Treasury bill plus a spread of 6.5 %.

8a. Loans and advances to customers

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Individuals	372,682	214,724	372,682	214,724
Private enterprises	610,038	487,035	573,192	464,295
Staff	6,002	4,758	6,002	4,758
Gross loans and advances	988,722	706,517	951,876	683,777
Less provision for impairment:				
Specific impairment	(111,382)	(34,686)	(108,382)	(35,041)
Collective impairment	(15,463)	(6,956)	(15,463)	(6,956)
Net loans and advances	861,877	664,875	828,031	641,780

- 75% of the loans and advances portfolio are backed by collateral and this covers in full all collateralized balances. (2014: 72%).
- Collaterals held as security and other credit enhancements, were largely in the form of landed properties and fixed and floating charge over the assets of the borrowing entities amounted to GH¢917,028 (2014: GH¢609,095)

Analysis by business segments	The Bank	The Bank	The Group	The Group
Agriculture, Forestry & Fishing	**22,511**	3,766	**22,511**	3,766
Manufacturing	**29,106**	16,716	**29,106**	16,716
Construction	**30,010**	17,728	**30,010**	17,728
Electricity, Gas & Water	**15,847**	9,239	**15,847**	9,239
Commerce & Finance	**390,449**	345,276	**364,486**	322,536
Mortgage loans	**239,301**	173,270	**227,343**	173,270
Transport, Storage & Communication	**37,109**	27,121	**37,109**	27,121
Services	**135,683**	87,773	**135,683**	87,773
Miscellaneous	**88,706**	25,628	**89,781**	25,628
Gross loans and advances to Customers	**988,722**	706,517	**951,876**	683,777
Less provision for impairment:				
Identified impairment	**(111,382)**	(34,686)	**(108,382)**	(35,041)
Unidentified impairment	**(15,463)**	(6,956)	**(15,463)**	(6,956)
Net loans and advances to customers	**861,877**	664,875	**828,031**	641,780

Miscellaneous is mainly personal and retail loans.

	The Bank	The Bank	The Group	The Group
Analysis by type of advance to customer	2015	2014	2015	2014
Commercial loans	729,829	512,479	692,983	489,739
Retail loans	13,590	15,724	13,590	15,724
Mortgage loans	239,301	173,556	239,301	173,556
Staff loans	6,002	4,758	6,002	4,758
Gross loans and advances to customers	988,722	706,517	951,876	683,777
Less provision for impairment:				
Identified impairment	(111,382)	(34,686)	(108,382)	(35,041)
Unidentified impairment	(15,463)	(6,956)	(15,463)	(6,956)
Net loans and advances to Customers	861,877	664,875	828,031	641,780

The impairment relates to all categories of loan

The movement in impairment of loans is as follows:

The Bank	Identified credit risk	Unidentified credit risk	Total
	GHC'000	GHC'000	GHC'000
At 1 January 2015	34,686	6,956	41,642
Charge to profit or loss	77,027	8,507	85,534
Loan Recoveries	(331)	-	(331)
At 31 December 2015	**111,382**	15,463	**126,845**
	GHC'000	GHC'000	GHC'000
At 1 January 2014	21,790	5,590	27,380
Charge to profit or loss	12,896	1,366	14,262
At 31 December 2014	**34,686**	**6,956**	**41,642**

Group	Identified credit risk	Unidentified credit risk	Total
	GHC'000	GHC'000	GHC'000
At 1 January 2015	35,041	6,956	41,997
Charge to profit or loss	73,672	8,507	82,179
Loan Recoveries	(331)	-	(331)
At 31 December 2015	108,382	15,463	123,845
	GHC'000	GHC'000	GHC'000
At 1 January 2014	22,145	5,590	27,735
Charge to profit or loss	12,896	1,366	14,262
At 31 December 2014	35,041	6,956	41,997

8. (b) Impairment Expense

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Movement for the year	85,534	14,262	82,179	14,262
Bad debt recovered	(331)	-	(331)	-
	85,203	14,262	81,848	14,262

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	%	%	%	%
Loan loss provision ratio	12.06	7.38	12.20	7.38
Gross non-performing loans ratio	20.33	10.43	21.07	10.43
Ratio of 50 largest exposures	55.53	49.35	55.53	49.35

Interest rate charge	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	%	%	%	%
Commercial loan	28 - 31	28 - 31	28 - 31	28 - 31
Consumer loans	29 - 32	29 - 32	29 - 32	29 - 32
Mortgage loans - dollar	12 - 14	12 - 14	12 - 14	12 - 14
Mortgage loans - Cedi	28 - 31	28 - 31	29 - 31	29 - 31
Staff loans - dollar	3 - 4	3 - 4	3 - 4	3 - 4
Staff loans - Cedi	6 - 7	6 - 7	6 - 7	6 - 7

9. Loans and advances to banks and other financial institutions

	The Bank 2015 GHC'000	The Bank 2014 GHC'000	The Group 2015 GHC'000	The Group 2014 GHC'000
Banks and other financial institution	62,859	15,259	62,859	15,259

All loans and advances to banks and other financial institutions are current. These loans are overdraft facilities to the financial institutions to boost their working capital. The facility span within a year and the interest rate ranges as indicated in the commercial loan column included in note 8 above.

10. Investment securities

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Investment securities	11,612	-	12,107	2,313

Investment securities are classified as held-to-maturity investments. These fixed deposits with other financial institutions that would mature within 90 days. These investments attract an average interest rate of 30% per annum.

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
At 1 January	-	1,432	2,313	2,515
Purchases	11,612	-	11,612	-
Interest earned	-	206	115	206
Interest received	-	(206)	(115)	(206)
Redemption	-	(1,432)	(1,818)	(202)
At 31 December	11,612	-	12,107	2,313

The additional bonds are HFC/MTN Commercial Paper and Trading portfolio (investment in shares).

11. Other short-term investments

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Investment in Unit Trust	11,886	9,603	14,516	11,641
Other Investments	-	18,617	10,371	18,617
	11,886	28,220	24,887	30,258

Investment in Unit Trust

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Opening balance	9,603	7,784	11,641	8,034
Fair value appreciation	2,283	1,819	2,875	3,607
Closing balance	11,886	9,603	14,516	11,641

Arbitrage placement is classified as held-to-maturity investments. Investment in Unit trust is recognised at fair value. Gains and losses arising from changes in fair value are included directly in profit or loss.

12. Other assets

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Prepayments	13,780	6,667	13,780	6,667
Other receivables	5,948	5,277	61,554	40,244
	19,728	11,944	75,334	46,911

13. (a) Investments in subsidiaries

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
HFC Investment Services Limited	2,689	2,689	-	-
HFC Realty Limited	1,930	1,930	-	-
Boafo Microfinance Services Limited	503	503	-	-
UG-HFC	289	289	-	-
HFC Brokerage Services Limited	75	75	-	-
HFC Capital Partners	51	51	-	-
	5,537	5,537	-	-
(b) Investments in Venture Capital Fund				
Ebankese Venture Capital Fund	3,867	4,613	3,867	4,613
HFC Venture Capital Fund	17,467	17,437	17,467	17,437
	21,334	22,050	21,334	22,050

Investments in subsidiaries are accounted for at cost whiles investment venture capital funds are measured at fair value.
(C The holdings of HFC Bank in the various subsidiaries are as follows:

Subsidiaries	Holding 2015 %	Holding 2014 %	Country of Incorporation	Relationship	Nature of business
HFC Investment Services Limited	100	100	Ghana	A wholly owned subsidiary of the bank	Investment management
HFC Realty Limited	100	100	Ghana	A wholly owned subsidiary of the bank	Property management
Boafo Microfinance Services Limited	51	51	Ghana	A company in which the Bank has 51% equity holding	Microfinance
UG-HFC	60	60	Ghana	A company in which the bank has 60% equity holding	Asset management
HFC Capital Partners	100	100	Ghana	A wholly owned subsidiary of the bank	Venture capitalist

Investment in subsidiaries has been carried at cost in the Bank's financial statements.

14. Property, plant and equipment

The Bank - 2015

Cost/valuation	Land and Building	Computers	Furniture and Equipment	Motor Vehicles	Capital Work In Progress	Total
	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
At 1 January	38,664	9,476	17,281	5,392	-	70,813
Additions	72	1,694	4,567	2,601	2,281	11,215
Disposals	-	-	-	(312)	-	(312)
At 31 December	38,736	11,170	21,848	7,681	2,281	81,716
Accumulated Depreciation						
At 1 January	1,094	5,145	10,011	2,459	-	18,709
Charge for the year	694	447	2,890	1,251	-	5,282
Disposals	-	-	-	(194)	-	(194)
At 31 December	1,788	5,592	12,901	3,516	-	23,797
Net Book Value	36,948	5,578	8,947	4,165	2,281	57,919

If land and buildings were measured using the cost model, the carrying amounts would be, as follows:

	2015	2014
	GHC'000	GHC'000
Cost	11,134	11,064
Accumulated depreciation	(1,561)	(1,094)
Net carrying amount	9,573	9,970

The Bank 2014

	Land and Building	Computers	Furniture and Equipment	Motor Vehicles	Capital Work In Progress	Land and Building
Cost/valuation	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
At 1 January	9,238	5,915	12,717	3,536	196	31,602
Additions	1,824	3,361	4,564	2,221	4	11,974
Valuation	27,602	-			-	27,602
Disposals	-	-	-	(365)	-	(365)
Transfers	-	200	-	-	(200)	-
At 31 December	38,664	9,476	17,281	5,392	-	70,813
Accumulated Depreciation						
At 1 January	538	5,081	8,078	1,835	-	15,532
Charge	556	64	1,933	880	-	3,433
Release on Disposals	-	-	-	(256)	-	(256)
At 31 December	1,094	5,145	10,011	2,459	-	18,709
Net Book Value	37,570	4,331	7,270	2,933	-	52,104

The Group 2015

	Land and Building	Computers	Furniture and Equipment	Motor Vehicles	Capital Work In Progress	Total
Cost/valuation	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
At 1 January	38,664	10,213	18,519	6,910	74	74,380
Additions	72	1,854	5,877	2,673	2,207	12,683
Disposals	-	(7)	(43)	(404)	-	(454)
Transfers	-	-	-	-	-	-
At 31 December	**38,736**	**12,060**	**24,353**	**9,179**	**2,281**	**86,609**
Accumulated Depreciation						
At 1 January	1,094	5,566	10,742	3,168	-	20,570
Charge for the year	694	563	3,121	1,505	-	5,883
Disposals	-	(5)	(36)	(227)	-	(268)
AT 31 December	1,788	6,124	13,827	4,446	-	26,185
Net Book Value	**36,948**	**5,936**	**10,526**	**4,733**	**2,281**	**60,424**

The Group 2014

Cost/valuation	Land and Building	Computers	Furniture and Equipment	Motor Vehicles	Capital Work In Progress	Total
At 1 January	9,238	6,540	13,603	4,622	270	35,356
Additions	1,824	3,473	4,916	2,741	4	12,958
Valuation	27,602	-		-	-	27,602
Disposals	-	-	-	(453)	-	(453)
Transfers	-	200	-	-	(200)	-
At 31 December	**38,664**	**10,213**	**18,519**	**6,910**	**74**	**74,380**
Accumulated Depreciation						
At 1 January	538	5,428	8,604	2,357	-	16,927
Charge for the year	556	138	2,138	1,148	-	3,980
Release on Disposals	-	-	-	(337)	-	(337)
At 31 December	1,094	5,566	10,742	3,168	-	20,570
Net Book Value	**37,570**	**4,647**	**7,777**	**3,742**	**74**	**53,810**

Profit on disposal of property and equipment

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Gross book value	312	365	454	453
Accumulated depreciation	**(194)**	(256)	**(268)**	(337)
Net book value	118	109	186	116
Sale proceeds	**179**	269	**271**	301
Profit on disposal	**61**	160	**85**	185

The Group has entered into operating leases on certain buildings for their branches, with lease terms between three and five years.
The Group has the option, under some of its leases, to lease the assets for additional terms of three to five years.
The future lease rental have been prepaid and recognised under other assets as disclosed in "Note 12 Other Assets".

15a. Intangible Asset - Goodwill

	The Bank	The Bank	The Group	The Group
	2015	2014	2015	2014
Goodwill	3,931	3,931	3,931	3,931

The Group performed its annual impairment test in December 2015 and 2014. The Group considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2015, the market capitalization of the Group was above the book value of its equity, indicating no potential impairment of goodwill.

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business acquisition in which the goodwill arises, as follows:

Carrying amount of goodwill as allocated to each of the CGUs

	Retail	Commercial	Mortgage	Total
Goodwill	3,931	-	-	3,931

The recoverable amount of the retail segment was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a declining growth rate determined by management. The recoverable amount of the retail segment is set out below:

	Retail	Commercial	Mortgage	Total
Goodwill	15,437	-	-	15,437

The present value of the expected cash flows of the retail segment is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the segment.

		Growth rate		Discount rate
Retail	4%	4%	13.5%	13.5%

Key assumptions used in value in use calculations

Growth rates

The growth rates reflect the long-term average growth rates for the retail segments (all publicly available). The growth rate for online retailing exceeds the overall long-term average growth rates for Euroland because this sector is expected to continue to grow at above-average rates for the foreseeable future.

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of the retail segment.

Cash flow assumptions

Retail segment

Management's key assumptions include stable profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting this mature market. Cash flow projections reflect stable profit margins achieved immediately before the budget period. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

15b. Intangible Asset - Software

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
Cost	GHC'000	GHC'000	GHC'000	GHC'000
Opening balance	4,703	578	5,212	1,083
Additions	6,522	4,125	6,559	4,129
At 31 December	11,225	4,703	11,771	5,212
Accumulated depreciation				
Opening balance	1,760	193	1,959	286
Charge for the year	3,742	1,568	3,850	1,674
At 31 December	5,502	1,761	5,809	1,960
Net Book Value	5,723	2,942	5,962	3,252

16. Current income tax

The Bank	Balance at 1/1/2015	Adjustment	Charge for the year	Payments during the year	Balance at 31/12/15
	GHC'000		GHC'000	GHC'000	GHC'000
Up to 2010	(779)	-	-	-	(779)
2011	154	-	-	-	154
2012	(324)	-	-	-	(324)
2013	(168)	-	-	-	(168)
2014	1,297	(17)	-	-	1,280
2015	-	-	3	(9,996)	(9,993)
(Assets) / Liabilities	180	(17)	3	(9,996)	(9,830)

The adjustment is the difference between tax accrued of GHS10,414 against final tax paid of GHS10,397 for 2014.

The Group Current tax	Balance at	Adjustment	Charge for the year	Payments during the year	Balance at
	1/1/2015	-	-	-	31/12/2015
Up to 2010	(734)	-	-	-	(734)
2011	330	-	-	-	330
2012	(198)	-	-	-	(198)
2013	421	-	-	-	421
2014	1,260	-	-	-	1,260
2015	-	(857)	1,593	(11,555)	(10,819)
(Assets) / Liabilities	1,079	(857)	1,593	(11,555)	(9,740)

Current tax	Balance at	Charge for the year	Payments during the year	Balance at
The Group	1/1/2014			31/12/14
Up to 2010	(734)	-	-	(734)
2011	330	-	-	330
2012	(198)	-	-	(198)
2013	421	-	-	421
2014	-	11,779	(10,519)	1,260
	(181)	11,779	(10,519)	1,079

17. Deposits from customers

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
Demand accounts	376,449	178,690	376,449	178,690
Savings deposits	243,789	178,169	243,789	178,169
Time deposits	262,632	304,074	262,632	304,074
	882,870	660,933	882,870	660,933
Analysis by type of deposits				
Individual/private enterprise	846,728	594,010	846,728	594,010
Public enterprise	36,142	66,923	36,142	66,923
	882,870	660,933	882,870	660,933

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	%	%	%	%
Ratio of 20 largest deposits to total deposits	43.64	21.89	43.64	21.89

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Current	620,238	356,859	620,238	356,859
Non-current	262,632	304,074	262,632	304,074
	882,870	660,933	882,870	660,933

18. Deposits from banks and financial institutions

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Current deposits	29,831	20,998	29,831	20,998
Time deposits	10,708	3,182	10,708	3,182
	40,539	24,180	40,539	24,180

These are deposits from banks and financial institutions and are all current.

19. Due to other banks

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Placement from other banks	24,000	30,401	24,000	30,401

These are short term borrowings from banks and financial institutions.

20. Other liabilities

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Creditors	73,420	64,618	91,849	70,051
Escrow funds	33	33	33	33
Dividend payable (Note 42)	9	11	9	11
	73,462	64,662	91,891	70,095

Creditors are non-interest bearing, non-secured and current liabilities. It also includes financial guarantee liabilities of GHC 1.6million.

The escrow funds represent amounts held in trust for a financial institution.

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Current	62,782	54,498	81,211	59,931
Non-current	10,680	10,164	10,680	10,164
	73,462	64,662	91,891	70,095

21. Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 25% (2014: 25%). The movement on the deferred tax account is as follows:

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
At 1 January	1,030	766	1,074	810
Charge to profit or loss (note 41)	2,159	264	2,159	264
Adjustment	-	-	(135)	-
At 31 December	3,189	1,030	3,098	1,074

Deferred income tax assets and liabilities are attributable to the following items:

Accelerated capital allowances	1,882	1,371	1,882	1,415
Loan impairment	(3,866)	(341)	(3,866)	(341)
Unutilized capital allowance	(2,468)	-	(2,559)	
Revaluation of building	7,641	-	7,641	-
	3,189	1,030	3,098	1,074

22. Bonds

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
At 1 January	86,468	67,437	86,468	67,437
Issued	-	43,671	-	43,671
Interest charged	17,013	8,692	17,013	8,692
Exchange loss	-	4,204	-	4,204
Inflation adjustment	109	6,122	109	6,122
	103,590	130,126	103,590	130,126
Redemptions	(25,627)	(38,201)	(25,627)	(38,201)
Interest paid	(9,867)	(5,457)	(9,867)	(5,457)
At 31 December	68,096	86,468	68,096	86,468

Analysis by type of bond:

SSNIT Bonds – Inflation linked	28,056	31,022	28,056	31,022
SSNIT Bonds – Treasury linked	22,000	14,000	22,000	14,000
HFC 2016 Bonds	18,040	32,538	18,040	32,538
Total Ghana cedi bonds	68,096	77,560	68,096	77,560
Convertible Bond	-	8,908	-	8,908
HFC 5 Year Corporate Dollar bonds	-	-	-	-
HFC dollar housebound	-	-	-	-
At 31 December	68,096	86,468	68,096	86,468

Maturity analysis:

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
Repayable within 1 – 12months	19,081	17,833	19,081	17,833
Repayable within 1-5 years	16,077	34,736	16,077	34,736
Repayable after 5years	32,938	33,899	32,938	33,899
	68,096	86,468	68,096	86,468

Pilot Scheme

Social Security and National Insurance Trust (SSNIT) has lent the cedi equivalent value of US$16.2million (2013: US$16.2million) to the Bank for the implementation of Home Mortgage Finance Pilot Scheme. The loan which has a 20-year term is fully indexed to inflation and attracts interest at the rate of 1% per annum. The Treasury linked bond is also for 20yrs. The rate is a 2 year Treasury bill rate plus a spread of 2.5%. Interest is paid semi-annually.

HFC 2016 Bonds

HFC Bank issued a total of GHC43 million as bonds to boost working capital in 2014. This was issued at coupon rate of a floating 91 day Government of Ghana Treasury bill rate plus 250 basis points or 2.5% per annum; interest payable semi-annually.

Convertible Bonds

(a) The Bank issued US$2 million unsecured floating rate redeemable convertible bond in registered units of US$0.35 each on 27 September, 2010 to Aureos Africa Fund (now Abrage Group). The bonds mature in five years from the date of issue. Each unit of the bond is US$0.35 and placed at par unless converted into the bank's ordinary shares at the holder's option at the lower of The equivalent market value if the advance were to have been converted on the Redemption Day, discount to be applied in this case shall be 25% and not 19.35% as indicated in conversion price provided that for the Ghana cedi value of the Advance shall be determined using Redemption Day Exchange Rate.

(b) An amount equivalent to the outstanding loan stock plus an annual cumulative yield of 10% in US$.

The fair value of the liability component, included in non-current borrowings, was calculated using market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion option, is included in equity in other reserves.

The convertible bond recognised in the statement of financial position is calculated as follows:

	2015	2014
	GHC'000	GHC'000
Face value of convertible bond issued	**8,908**	9102
Equity conversion component	-	**(194)**
Redemption	**(8,908)**	-
Liability component	**-**	**8,908**

The liability component of the convertible bond at 31 December 2015 is calculated using cash flows discounted at a rate based on a borrowing rate of 10%. This was fully paid off during the year.

23. Short term borrowing

	The Bank 2015	The Bank 2014	**The Group 2015**	The Group 2014
	GHC'000	GHC'000	**GHC'000**	GHC'000
Short-term funds	**266,045**	168,478	**266,045**	168,478

These are short-term funds from specialized institutions. They are made available to the Bank for very short periods awaiting instructions from the institutions on its application. The interest rate is determined between the parties, but it is pegged to the Overnight rate or Treasury bill rate during on the tenure of the borrowing undertaken.

24. Borrowings

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Arbitrage Borrowing (iii)	-	14,079	-	14,079
Proparco (ii)	22,770	23,467	22,770	23,467
Ghana International Bank (GHIB) (i)	5,693	14,402	5,693	14,402
	28,463	51,948	28,463	51,948
The movement on borrowings is as follow:				
At 1 January	51,948	49,250	51,948	49,250
Addition	26,839	73,364	26,839	73,364
Interest charged	5,738	9,558	5,738	9,558
Repayment	(48,961)	(75,093)	(48,961)	(75,093)
Interest Paid	(7,101)	(5,131)	(7,101)	(5,131)
At 31 December	28,463	51,948	28,463	51,948
Current	5,693	20,348	5,693	20,348
Non-current	22,770	31,600	22,770	31,600
	28,463	51,948	28,463	51,948

(i) **Ghana International Bank**

The GHIB loan represents an unsecured medium term loan of GHC5.69 (US$1.5 million) (2014:GHC14,402– US$4.5 million) contracted for on-lending. The facility is for a three year period and attracts interest at 3 months Libor plus 5. The interest is payable quarterly. The interest is payable quarterly. Maturity date for the loan falls on June 17, 2016.

(ii) **Proparco**

The Proparco loan represents an unsecured term loan of US$10 million contracted for seven and a half years at an interest rate of 6%. Maturity date for the loan falls on April 30, 2020. The amount outstanding at the end of the year is GH¢22.77 million (US$6 million); 2014 GH¢23.4 million (US$7.3 million).

(iii) **Arbitrage Borrowing**

The Bank entered into arbitrage borrowing in Ghana Cedi with a number of local non-bank financial institutions for on-lending. These transactions are short-term.

25. Stated capital

The Bank has authorised shares of **1,000,000,000** (2014: 1,000,000,000) out of which **297,420,918** (2014:296,860,818) have been issued. The movement in stated capital is as follows:

	2015		2014	
	No of shares	Proceeds	No of shares	Proceeds
	('000)	GHC'000	**('000)**	GHC'000
At 1 January	**296,801**	95,424	**296,361**	95,127
Executive share Option	**620**	767	**440**	297
31 December	**297,421**	96,191	**296,801**	95,424

There is no unpaid liability on any shares. There are no calls or instalments unpaid. There are no treasury shares (2014: nil).
The shares offered were all taken during the year. No shares were forfeited during the year.
Expense arising from equity settled share based payment transactions was GHC4,102.

26. Income surplus account

	The Bank		The Group	
	2015	2014	2015	2014
	GHC'000	GHC'000	**GHC'000**	GHC'000
At 1 January	**20,180**	11,886	**31,318**	19,871
Loss/profit for the year	**(39,241)**	54,265	**(37,071)**	57,418
Transfer to statutory reserve fund	**-**	(16,358)	**-**	(16,358)
Movement from regulatory credit risk reserve	**23,233**	(19,225)	**23,233**	(19,225)
Transfer from other reserve to income	**194**	-	**194**	-
Approved dividend of	**(17,841)**	(10,388)	**(17,841)**	(10,388)
At 31 December	**(13,475)**	**20,180**	**(167)**	**31,318**

27. Statutory reserve fund

Statutory reserve represents the cumulative amounts set aside from annual net profit after tax as required by Section 29 of the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act of 2008 (Act 738). The proportion of net profits transferred to this reserve ranges from 12.5% to 50% of net profit after tax depending on the ratio of existing statutory reserve fund to paid up capital.

28. Capital surplus account

The capital surplus relates to the unrealised surplus on the revaluation of buildings which is non-distributable.

29. Housing development assistance reserve

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
At 31 December	744	744	744	744

The housing development assistance reserve has been set up by management to fund housing related research and new technologies when the need arises and is as such not available for distribution to shareholders.

30. Regulatory credit risk reserve

Regulatory credit risk reserve represents differences in loan loss provisioning resulting from the application of IFRS impairment rules and the credit loss provisioning rules of the Bank of Ghana (BOG) where the provision for credit losses is more than required by IFRS rules.

31. Non-controlling interest

	The Group 2015	The Group 2014
	GHC'000	GHC'000
At 1 January	1,512	1,035
Share of net profit	736	477
At 31 December	2,248	1,512

32. Interest income

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Commercial loans	146,018	97,952	143,482	97,937
Consumer loans	14,922	6,587	14,922	6,587
Mortgage loans	29,281	24,748	29,281	24,748
Government securities (Held to Maturity investments)	51,513	53,008	59,644	58,420
Processing fee	9,308	7,708	9,308	7,708
Microfinance loans	39	1,205	39	1,205
	251,081	191,208	256,676	196,605

The processing fee recognised as part of interest income relates to the amortisation of loan processing fees over the tenor of the loan.

33. Interest expense

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Bonds	18,750	20,821	18,750	20,821
Borrowings	8,034	6,469	8,034	6,469
Due to other banks	3,791	3,088	3,791	3,088
Time and other deposits	83,097	34,268	83,097	34,268
	113,672	64,646	113,672	64,646

34. Fee and commission income

Processing Fee	2,022	4,017	2,022	4,017
Charges on transactions	4,834	7,361	4,834	7,361
Brokerage fee	240	136	240	136
Others	7,798	8,005	21,838	18,914
	14,894	19,519	28,934	30,428

Others comprise of commission on Western Union, Money Gram, returned cheques, agency clearing and fees and commissions that do not fall under the others indicated.

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	Ghc'000	Ghc'000	Ghc'000	Ghc'000
	400	587	427	620

35. Fee and commission expense

36a. Other Operating Income

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	Ghc'000	Ghc'000	Ghc'000	Ghc'000
Other Bank interest income	9	803	9	803
Other subsidiaries income	-	-	5,558	8,833
	9	803	5,567	9,636

The other operating income at the group level includes income from property sales, rent income and investment income.

36b. Trading Income

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	Ghc'000	Ghc'000	Ghc'000	Ghc'000
Net gain from dealing in foreign currencies	26,761	27,718	26,761	27,718

37. Operating expenses

Operating expenses includes:

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GHC'000	GHC'000	GHC'000	GHC'000
Staff costs (Note 38)	70,288	55,350	84,250	65,493
Depreciation (Note 14)	8,940	5,001	9,732	5,654
Marketing and advertising	2,528	3,630	3,361	3,986
Training	1,318	966	1,474	1,059
Directors' emoluments	5,139	2,988	5,488	3,194
Auditor's remuneration	356	231	575	452
Amount spent on fulfilling social responsibility	397	444	409	444
General and admin expenses	46,710	25,037	54,654	33,44
	135,676	93,647	159,943	113,727

38. Staff costs

	The Bank 2015 GHC'000	The Bank 2014 GHC'000	The Group 2015 GHC'000	The Group 2014 GHC'000
Wages and salaries	35,759	26,011	42,606	29,907
Social security benefits	5,782	4,286	6,756	4,987
Other staff benefits	28,747	25,053	34,888	30,599
	70,288	55,350	84,250	65,493

The average number of persons employed by the Group during the year was 952 (2014: 939).

39. Other income

	The Bank 2015 GHC'000	The Bank 2014 GHC'000	The Group 2015 GHC'000	The Group 2014 GHC'000
Profit on disposal of assets (Note 14)	61	160	85	185
Sundry income	5,066	2,095	5,637	2,273
	5,127	2,255	5,722	2,458

Sundry income is mainly commission on swift transfer, rediscount, charges on T/Bills, coins unpaid on remittances etc.

40. National stabilisation levy

The National Stabilisation Levy is assessed under the National Fiscal Stabilisation Levy Act (Act 862) of 2013 at 5% on accounting profit before tax, effectively July 2013 to June 2014 and is not tax deductible. The Levy is temporary and applicable from 2013 to 2014 fiscal years but is currently extended to 2017.

	The Bank 2015 GHC'000	The Bank 2014 GHC,000	The Group 2015 GHC'000	The Group 2014 GHC'000
Balance as January	359	80	359	80
Charge during the year	-	3,418	353	3,652
Payment during the year	(2,142)	(3,139)	(2,489)	(3,373)
At 31 December	(1,783)	359	(1,777)	359

41. Income tax expense

	The Bank 2015 GHC'000	The Bank 2014 GHC'000	The Group 2014 GHC'000	The Group 2014 GHC'000
Current tax (Note 16)	3	10,414	1,593	11,779
Deferred tax (Note 21)	2,159	264	2,159	264
	2,162	10,678	3,752	12,043

All tax liabilities are subject to the agreement of the Commissioner General of the Ghana Revenue Authority. The tax on the Bank's and the Group's profit before tax differs from the theoretical amount that would arise using the statutory income tax rate applicable to profits.

	The Bank 2015 GHC'000	The Bank 2014 GHC'000	The Group 2015 GHC'000	The Group 2014 GHC'000
(Loss)/ profit before income tax	(37,079)	68,361	(32,230)	73,590
Tax using the domestic corporate tax rate of 25% (25%)	(9,270)	17,090	(8,058)	18,397
Tax effect of non-deductible expenses	12,345	(3,326)	12,919	(3,268)
Tax effect of income exempted from tax	(913)	-	(1,109)	-
Tax relief on investment in venture capital	-	(3,086)	-	(3,086)
Tax charge	2,162	10,678	3,752	12,043
Effective tax rate	(5.83)	16%	(11.64)	16%

42. Dividend

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
At 1 January	11	11	11	11
Approved Dividend	17,841	10,388	17,841	10,388
Dividend paid in the year	(17,843)	(10,388)	(17,843)	(10,388)
At 31 December	9	11	9	11

The payment of dividend is subject to the deduction of withholding tax at a rate of **8%** for residents and non-residents (2014: 8%).

43. Cash generated from operations

Bank	Notes	The Bank 2015 GHC'000	The Bank 2014 GHC'000
(Loss)/Profit before tax		(37,079)	68,361
Depreciation	14/15b	8,940	5,001
Profit on disposal of property and equipment	14	(61)	(160)
Increase in impairment for credit losses	8b	85,203	14,262
Interest expense on long term bonds and borrowings	22/24	22,751	18,250
Inflation adjustment on long term bonds	22	109	6,122
Exchange loss on long term bonds	22	-	4,202
Exchange gain on cash and cash equivalents		(6,143)	(11,038)
Cost of executive share option issued		767	297
Cash generated from operations before changes in operating assets and liabilities		74,487	105,299
Increase in loans and advances to customers		(282,204)	(107,170)
Increase in loans and advances to banks and financial institutions		(47,600)	(11,648)
(Increase)/ decrease in interest receivable and other assets		(17,614)	16,257
Increase in deposits from customers, banks and financial institutions		319,504	267,657
Increase/(decrease) in deposits from banks and financial institutions		16,359	(17,757)
Increase in interest payables and other liabilities		10,779	11,879
Cash generated from operations		73,711	264,517

Group	Notes	2015 GHC'000	2014 GHC'000
Profit before tax		**(32,230)**	73,590
Depreciation	14/15b	**9,732**	5,654
Profit on disposal of property and equipment	14	**(85)**	(185)
Increase in impairment for credit losses	8b	**81,848**	14,262
Interest expense on long term bonds and borrowings	22/24	**22,751**	18,250
Inflation adjustment on long term bonds	22	**109**	6,122
Exchange gain on cash and cash equivalents		**(6,143)**	(11,038)
Exchange loss on long term bonds	22	-	4,204
Cost of executive share option issued		**767**	297
Cash generated from operations before changes in operating assets and liabilities		**76,749**	111,156
Increase in loans and advances to customers		**(268,099)**	(84,074)
Increase in loans and advances to banks and financial institutions		**(47,600)**	(11,648)
(Increase)/decrease in interest receivable and other assets		**(38,163)**	640
Increase in deposits from customers		**319,504**	267,657
(Increase/decrease in deposits from banks and financial institutions		**16,359**	(17,757)
Increase in interest payables and other liabilities		**22,741**	1,346
Cash generated from operations		**81,491**	267,320

44. Analysis of cash and cash equivalents as shown in the cash flow statement

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with less than 90 days maturity:

	The Bank 2015	The Bank 2014
Cash and balances with Bank of Ghana (Note 4)	**55,800**	113,864
Due from other banks (Note 5)	**169,524**	37,577
Treasury bills maturing within 90 days at date of acquisition (Note 6 and note 7)	**102,650**	232,754
Due to other banks (Note 19)	**(24,000)**	(30,401)
	303,974	353,794

	The Group 2015	The Group 2014
Cash and balances with Bank of Ghana (Note 4)	**57,337**	115,816
Due from other banks (Note 5)	**169,524**	37,577
Treasury bills maturing within 90 days at date of acquisition (Note 6)	**102,650**	237,142
Due to other banks (Note 19)	**(24,000)**	(30,401)
	305,511	360,134

45. Contingent liabilities and commitments

The Bank conducts business involving acceptances, guarantees and performance bonds. The majority of these facilities are offset by corresponding obligations of third parties. The table below shows outstanding commitments at the reporting date:

	The Bank 2015	The Bank 2014
Letters of credit	40,100	83,610
Guarantees and bonds without cash collateral	63,589	69,294
	103,689	152,904

All contingent liabilities and commitments are current. There were no instruments or commitments pending drawdown as at the end of December, 2015.

Nature of commitments

An acceptance is an undertaking 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.

Letters of credits commit the bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers. Guarantees are generally written by the Bank to support performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of the customers default.

Legal Proceedings

There were a number of legal proceedings outstanding against the Group as at 31 December 2015. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.

The above information also relates to the Group.

46. Related party transactions

A number of transactions are entered into with related parties in the normal course of business. These include mortgages and deposits. The outstanding balances at the year end and related expense and income for the year are as follows:

Type of related party

(i) Relationship with related party

- HFC Investment Services Limited — wholly owned subsidiary
- HFC Realty Limited — wholly owned subsidiary
- HFC Brokerage Services Limited — wholly owned subsidiary of HFC Investments Services Limited
- Boafo Microfinance Services Limited — 51% equity holding
- HFC Capital Partners Limited — wholly owned subsidiary
- UG-HFC — 60% equity holding

(i)Loan and Advances to Directors

Loans to Directors	The Bank 2015 GHC'000	The Bank 2014 GHC'000	The Group 2015 GHC'000	The Group 2014 GHC'000
Loans Outstanding at January 1	1,787	1,243	1,787	1,243
Loans Issued during the year	-	942	-	942
Interest Income Earned	131	61	131	61
Loan receipts during the year	(292)	(459)	(292)	(459)
Loans Outstanding at December 31	**1,626**	1,787	**1,626**	1,787

Loans to directors are mainly mortgage loans at a rate of 14% for 20 years and secured by mortgage properties. These transactions are at arm's length.

(ii) Deposits from directors

	The Bank 2015 GHC'000	The Bank 2014 GHC'000	**The Group 2015 GHC'000**	The Group 2014 GHC'000
Deposit at January 1	**909**	600	**909**	600
Deposit received during the year	**1,534**	686	**1,534**	686
Withdrawal during the year	**(1,582)**	(377)	**(1,582)**	(377)
Deposit at December 31	**861**	909	**861**	909

iii) Loans to other related parties (HFC Realty, Boafo Micro Finance and Greenline Logistics)

In addition to transactions with key management, the Bank entered into transactions with entities whose by virtue of their relationship with the Bank, directly or indirectly could have influenced decision making. In all such transactions with balances as shown below, businesses were conducted on an arm's length basis. The table below shows the outstanding balances and corresponding interest during the year.The dollar denominated loans attracts an interest rate of 11% whilst the cedi denominated loans attracts interest rate of 28.6% per annum.

	The Bank 2015	The Bank 2014
Loans outstanding at 1 January	**22,740**	14,227
Loans issued during the year	**13,722**	10,722
Interest income earned	**4,159**	736
Loan repayments during the year	**(3,775)**	(2,945)
Loans outstanding at 31 December	**36,846**	22,740

iv) Deposits from related parties (HFC Realty, Boafo Micro Finance, Investment Services Limited and Brokerage Services Limited)

	The Bank 2015	The Bank 2014	**The Group 2015**	The Group 2014
Deposits from related parties	**GHC'000**	GHC'000	**GHC'000**	GHC'000
Deposit at 1 January	**3,108**	3,805	**2,376**	3,073
Deposit received during the year	**28,918**	55,249	**28,918**	55,249
Interest income earned	**132**	165	**132**	165
Withdrawals during the year	**(29,495)**	(56,111)	**(29,495)**	(56,111)
Deposit at 31 December	**2,663**	3,108	**1,931**	2,376

v) Directors, other key management persons and connected persons

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
Salaries and other short term benefits	2,842	2,842	3,003	3,003
Employer Social Security charges	**146**	146	**191**	191
	2,988	2,988	**3,194**	3,194

vi) Share options

The share option is exercised after 31st December of each year end. The 2014 options were exercised after the first quarter of 2015. There was no share options granted during the year 2015.

Movements in the year

	No.	Offer price	Value
		GH¢	GH¢
Granted during the year	620,100	1.237	767.1
Exercised at the end of the year	(620,100)	1.237	767.1
Outstanding at 31 December	-		-

47. Country analysis

The amount of total assets and liabilities held by the Bank inside and outside Ghana are analysed below:

Bank	**In Ghana 2015**	**Outside Ghana 2015**	In Ghana 2014	Outside Ghana 2014
Assets				
Cash and balances with Bank of Ghana	**139,747**	-	185,771	-
Due from other banks	**114,056**	**55,468**	13,755	23,822
Government securities	**174,912**	-	284,140	-
Pledged assets (Repos)	**10,000**	-	10,000	-
Loans and advances to customers	**861,877**	-	664,875	-
Loans and advances to banks and financial institutions	**62,859**	-	15,259	-
Current income tax assets	**9,830**	-	-	-
Investment securities	**11,612**	-	-	-
Other investments	**11,886**	-	28,220	-
Other assets	**19,728**	-	11,944	-
Investment in subsidiaries	**5,537**	-	5,537	-
Investment in venture capital fund	**21,334**	-	22,050	-
Property, plant and equipment	**57,919**	-	52,104	-
Intangible asset - Goodwill	**3,931**	-	3,931	-
Intangible asset - Software	**5,723**	-	2,942	-
Total assets	**1,510,951**	**55,468**	**1,300,528**	**23,822**

	In Ghana 2015	Outside Ghana 2015	In Ghana 2014	Outside Ghana 2014
Liabilities	GHC'000	GHC'000	GHC'000	GHC'000
Deposits from customers	882,870	-	660,933	-
Deposits from banks and other financial institutions	40,539	-	24,180	-
Due to banks and other financial institutions	24,000	-	30,401	-
Short term borrowings	266,045	-	168,478	-
Other liabilities	73,462	-	64,662	-
Deferred tax liabilities	3,189	-	1,030	-
Current tax	-		180	
Bonds	68,096	-	77,892	8,576
Borrowings	-	28,463	14,079	37,869
Total liabilities	1,358,201	28,463	1,041,835	46,445

Group	In Ghana 2015	Outside Ghana 2015	In Ghana 2014	Outside Ghana 2014
Assets				
Cash and balances with Bank of Ghana	141,293	-	187,723	
Due from other banks	114,056	55,468	13,755	23,822
Government securities (including Pledged assets (Repos)	174,912 10,000	- -	288,528 10,000	
Loans and advances to customers	828,031	-	641,780	
Loans and advances to banks	62,859	-	15,259	- -
Current tax assets	9,740		-	-
Investment securities	12,107	-	2,313	-
Other short term investments	24,887		30,258	
Other assets	75,334		46,911	
Investment in Venture Capital Fund	21,334	-	22,050	-
Property and equipment	60,424	-	53,810	-
Goodwill	3,931	-	3,931	-
Software	5,962	-	3,252	-
Total assets	1,544,861	55,468	1,319,570	23,822

Liabilities	In Ghana	Outside Ghana	In Ghana	Outside Ghana
	2015	2015	2014	2014
	GHC'000	GHC'000	GHC'000	GHC'000
Deposits from customers	882,870	-	660,933	-
Deposits from banks and other financial institutions	40,539	-	24,180	-
Due to banks and other financial Institutions	24,000	-	30,401	-
Short term borrowings	266,045	-	168,478	-
Other liabilities	91,891	-	70,095	-
Deferred tax liabilities	3,098	-	1,074	-
Current tax	-		1,079	
Bonds	68,096	-	77,892	8,576
Borrowings	-	28,463	14,079	37,869
Total liabilities	1,376,539	28,463	1,048,211	46,445

48. Financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial services business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore, to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Risk Management and Compliance Department regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The objective of the Risk Management and Compliance Department is to ensure that the Group's operations are carried out in a manner to ensure that risks are balanced with rewards. The Risk Management and Compliance Department ensures that the Group complies with all prudential and regulatory guidelines in the pursuit of profitable banking opportunities while avoiding excessive, unnecessary and uncontrollable risk exposures. Risk is an inherent feature in the business activities of the Group and therefore the Group has put in place various mitigating measures to prevent their occurrence.

The Board of directors is the ultimate authority for approving large credit exposures. It has delegated certain limits in amounts for approval to the Finance and Credit committee.

Finance and Credit Committee of the Board

The Finance and Credit Committee is chaired by a non-executive director. It is vested with power to approve credits facility which is above the limit of the credit committee. In addition, this committee of the Board ensures that the Group's risk taking is consistent with shareholders' expectations and the Group's strategic plan.

The Credit Committee, chaired by the Managing director, approves credit exposures with ceilings established by the Board of directors. Credit exposures are evaluated in line with the Group's strategic plan.

Assets and Liabilities Committee (ALCO)

The Assets and liabilities committee (ALCO), chaired by the Managing Director, monitor, compile and analyse market interest rates, exchange rates and inflation rate. ALCO analyse and report on trends in volumes and volatility of advances, deposits and investments.

ALCO also considers gap analysis and capital maturity reports by Treasury Department, with its recommendations.

The committee also monitors the Group's liquidity position and mandates the treasurer to undertake any necessary measures for changing the Group's liquidity position, if necessary. Decisions about repricing of interest rate charged out are undertaken to align the Group's risk and return.

Risk management framework

The Risk management and compliance department is guided by a set of policy and procedure manual which have been instituted by the Board of directors and management. A comprehensive departmental manual has established a framework within which management effectively manages and controls risks. Tasks involved in the risk management functions are to identify, define, measure, control, monitor and mitigate potential events that could impair the ability of the Group to generate stable and sustainable financial results from its operations.

Risk identification

All risks are qualitatively evaluated on a recurring basis and, where appropriate, evaluation including quantitative analysis is made. Management understands the degree and nature of risk exposures on decisions regarding allocation of resources. Risk assessment is validated by the risk department which also tests the effectiveness of risk management activities and makes recommendations for remedial action. The Group also identifies risk by evaluating the potential impact of internal and external factors business transactions and positions. Once the risks are identified various mitigating measures are put in place to regulate the degree of risks involved.

Risk monitoring, control and reporting

The Risk Management and Compliance department monitors, on a continuous basis, the Group's risks. Management is regularly updated on the risks likely to impact on the Group operations. The findings are reported at ALCO meetings and appropriate remedial actions are taken to control the risks identified.

Risk types

Through its risk management structure the Group seeks to manage efficiently the core risks: credit, liquidity and market risk. These arise directly through the Group's commercial activities whilst compliance and regulatory risk, operational risk and reputational risks are normal consequences of any business undertaking.

Internal audit

The Group's policy is that risk management processes throughout the Group are audited by the internal audit function, which examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit committee.

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is the most important risk for the Group's business; management therefore manages its exposure to credit risk carefully. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's asset portfolio. There is also credit risk in off- statement of financial position instruments, such as loan commitments. The credit risk management and control are centralised in credit risk management team of the Group treasury department and report to the Board of directors and head of each business unit regularly.

In addition to direct financial loss, credit risk is viewed in the context of economic exposures, taking into consideration opportunity costs, mark-to-market re-valuations, transaction costs and expenses associated with recovering a non-performing asset over and above the accounting losses. Credit risk is mitigated by appropriate risk-based pricing, case-by-case loan structuring, collateralisation and contingencies to protect the Group's position.

In evaluating credit risk, the Group consistently assesses three principal components: portfolio at risk, expected default frequency and loss in the event of default.

The exposure to any one borrower including banks is further restricted by sub-limits covering on and off- statement of financial position exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposure against limits is monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate.

(i) Credit risk measurement

Loans and advances (including loan commitments and guarantees)

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Group reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group derive the 'exposure at default'; and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. Customers of the Group are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The internal rating scale is as follows:

Group'srating	Description of the grade	Average number of months of delinquency
1	Current	Less than 1 month
2	Olem	1 - 3 months
3	Sub-standard	4 - 6 months
4	Doubtful	7 - 12 months
5	Loss	12 months and above

Risk limit control and mitigation policies

The Group manages limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and industries.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

The Group's main control and mitigation measures to credit risk exposure is through the use of collateral.

The Group 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. The Group implements guidelines on the acceptability of specific classes of collateral or 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;
- Charges over financial instruments such as debt securities and equities; and
- Hypothetication of stock.

The internal and external rating systems described above focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the financial position date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes.

The impairment provision shown in the financial position at year-end is derived from each of the five internal rating grades.

(ii) Impairment and provisioning policies

The internal rating tool assists management to determine whether objective evidence of impairment exists based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

Collateral and security

The Bank routinely obtains collateral and security to mitigate credit risk.

The Bank ensures that any collateral held is sufficiently liquid, legally effective, enforceable and regularly reassessed. Before attaching value to collateral, businesses holding approved classes of collateral must ensure that they are legally perfected devoid of encumbrances. Before reliance is placed on third party protection in the form of bank, government or corporate guarantees or credit derivative protection from financial intermediary counterparties, a credit assessment is undertaken. Security structures and legal covenants are subject to regular review, at least annually, to ensure that they remain fit for purpose and remain consistent with accepted local market practice.

Maximum exposure to credit risk before collateral held

	Bank		Group	
	2015	2014	**2015**	2014
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Balances with Bank of Ghana	**139,747**	120,244	**141,293**	120,244
Government securities	**174,912**	284,140	**174,912**	288,528
Pledged assets	**10,000**	10,000	**10,000**	10,000
Investment securities	**11,612**	-	**12,107**	2,313
Other investments	**11,886**	28,220	**24,931**	30,258
Loans and advances to banks	**62,859**	15,259	**62,859**	15,259
Loans and advances to customers	**861,877**	706,517	**831,826**	683,777
Other receivable	**5,948**	5,277	**62,617**	40,244
Due from other banks	**169,524**	37,577	**169,524**	37,577
	1,448,365	1,207,234	**1,490,069**	1,228,200
Off Financial position				
Letters of credits	**40,100**	83,613	**40,100**	83,613
Guarantees commitments	**63,589**	69,291	**63,589**	69,291
	103,689	152,904	**103,689**	152,904
Total Exposure	**1,552,054**	1,360,138	**1,593,758**	1,381,104

The above table represents a worst case scenario of credit risk exposure to the Bank and Group at 31 December 2015 and 31

December 2014, without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position. The Mandatory reserve deposits with Bank of Ghana (GH¢83.9 million for the bank and GH¢83.9 million for the Group) was not included because the funds are not available for operations.

As shown above, 66% of the total maximum exposure is derived from loans and advances to banks and customers (2014: 61 %).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from both its loan and advances portfolio and debt securities based on the following:

- 80% of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2014: 90.72%);
- 80 % of the loans and advances portfolio are considered to be neither past due nor impaired (2014: 86.59%);

Loans and advances

Loans and advances are summarised as follows:

	2015		2014	
	Loans and advances to customers	Loans and advances to banks	**Loans and advances to customers**	Loans and advances to banks
The Bank – Commercial and Mortgage loan	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Neither past due nor impaired	**675,111**	62,859	**609,747**	15,259
Past due but not impaired	**99,792**	-	**23,063**	-
Individually impaired	**213,819**	-	**73, 707**	-
Gross	**988,722**	62,859	**706517**	15,259
Less: allowance for impairment	**(126,845)**	-	**(41,642)**	-
Net	**861,877**	**62,859**	664,875	15,259

	2015		2014	
	Loans and advances to customers	**Loans and advances to banks**	**Loans and advances to customers**	Loans and advances to banks
The Bank – Mortgage loan	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Neither past due nor impaired	**144,041**	-	162,403	-
Past due but not impaired	**23,099**	-	1,237	-
Individually impaired	**60,203**	-	9,630	-
Gross	**227,343**	-	173,270	-
Less: allowance for impairment	**31,227**	-	12,700	-
Net	**196,116**	-	160,570	-
The Group – Total loan	**GH¢'000**	**GH¢'000**	GH¢'000	GH¢'000
Neither past due nor impaired	**638,265**	**62,859**	587,007	15,259
Past due but not impaired	**99,792**	-	23,063	-
Individually impaired	**213,819**	-	73,707	-
Gross	**951,876**	**62,859**	683,777	15,259
Less: allowance for impairment	**123,845**	-	41,997	-
Net	**828,031**	**62,859**	641,780	15,259

Credit quality per class of financial assets

The credit quality of the financial assets is managed by the Group using the internal credit ratings. The table below shows the credit quality by class of financial asset.

At 31 December 2015 The Bank	Current GH¢'000	Olem GH¢'000	Sub standard GH¢'000	Doubtful GH¢'000	Loss GH¢'000	Gross maximum exposures GH¢'000	Security against impaired loans GH¢'000
Loans and advances to banks	62,859	-	-	-	-	62,859	-
Loans and advances to customers	519,112	76,693	71,649	24,543	57,424	749,421	(183,902)
Mortgage lending	155,999	23,099	39,022	20,717	464	239,301	
Gross loans and advances	737,970	99,792	110,671	45,260	57,888	1,051,581	
Bank							
At 31 December 2014							
Loans and advances to banks	15,259	-	-	-	-	15,259	-
Loans and advances to customers	456,663	7,211	32,831	33,228	3,314	533,247	(14,016)
Mortgage lending	153,085	15,852	1,961	1,826	546	173,270	
Gross loans and advances	625,007	23,063	34,792	35,054	3,860	721,776	
Group							
At 31 December 2015							
Loans and advances to banks	62,859	-	-	-	-	62,859	
Loans and advances to customers	494,224	76,693	71,649	24,543	57,424	724,533	
Mortgage lending	144,041	23,099	39,022	20,717	464	227,343	
Gross loans and advances	701,124	99,792	110,671	45,260	57,888	1,014,735	
Group							
At 31 December 2014							
Loans and advances to banks	15,259	-	-	-	-	15,259	
Loans and advances to customers	433,922	7,211	32,831	33,228	3,314	510,506	
Mortgage lending	153,085	15,852	1,961	1,826	546	173,270	
Gross loans and advances	602,266	23,063	34,792	35,054	3,860	699,035	

Concentration risk

The following table shows the Group's credit exposure as categorised by industry sectors.

Bank	Loans and advances	Loans and advances
At 31 December	**2015**	2014
	GH¢'000	GH¢'000
Agriculture, Forestry & Fishing	**22,511**	3,766
Manufacturing	**29,106**	16,716
Construction	**30,010**	17,728
Electricity, Gas and Water	**15,847**	9,239
Commerce and Finance	**629,750**	533,805
Transport, Storage & Communication	**37,109**	27,121
Services	**135,683**	87,773
Miscellaneous	**88,706**	25,628
	988,722	706,517
Group		
At 31 December		
Agriculture, Forestry & Fishing	**22,511**	3,766
Manufacturing	**29,106**	16,716
Construction	**30,010**	17,728
Electricity, Gas and Water	**15,847**	9,239
Commerce and Finance	**591,829**	511,065
Transport, Storage & Communication	**37,109**	27,121
Services	**135,683**	87,773
Miscellaneous	**89,781**	25,628
	951,876	683,777

Loans and advances to banks amounts to GH¢62,859,177 (2014: GH¢15,259,172) was in the financial service sector.
The following table shows the Group's credit exposure as categorised by contingent products;

Bank	**Guarantees, acceptances and other financial facilities**	Guarantees, acceptances and other financial facilities
	2015	2014
At 31 December	**GH¢'000**	GH¢'000
Letters of Credit	**40,100**	83,610
Banks guarantee	**27,916**	50,768
Advance Payment Guarantee	**27,799**	15,972
Bid Security	**1646**	
Tender security	**500**	754
Performance Bond	**5,728**	1,800
	103,689	152,904
Group		
At 31 December		
Letters of Credit	**40,100**	83,613
Banks guarantee	**27,916**	50,765
Advance Payment Guarantee	**27,799**	15,972
Bid Security	**1646**	
Tender security	**500**	754
Performance Bond	**5,728**	1,800
	103,689	152,904

(b) Market risk

Market risk is managed through the Group's treasury operations where the primary objective is to minimise both interest rate risk and foreign exchange loss. On a trading basis, investments in Government of Ghana Securities and Commercial Paper are restricted to the highest grade issues. The Group does not engage in speculative operations, either in Ghana or overseas.

Speculative operations are those operations which create short term open risk positions to the Group. Investment in equity instruments for trading purposes is not permitted, except with the approval of the Board of Directors

(i) Interest rate risk

Interest rate risk refers to the Group's exposure to interest rate changes in the economy that could impact on the Group's earning capacity and capital. This risk is composed of the following sub-risks:

(ii) Re-pricing risk, arising from timing differences or mismatches in maturity and re- pricing of the Group's assets (mainly loans, overdrafts, advances and investments) and liabilities (primarily customer deposits);

(iii) Basis risk, arising from imperfect correlation in the adjustment of rates earned and paid on different instruments with otherwise similar re-pricing characteristics; and

The tables below summarise the Bank and the Group's exposure to interest rate risks. Included in the tables are the Bank and the Group's assets and liabilities at carrying amounts (non-derivatives), categorised by the earlier of contractual repricing or maturity dates. The Bank and the Group does not bear interest rate risk on off statement of financial position items.

Sensitivity analysis

2015	Increase in policy rate	Sensitivity of net Interest income	Sensitivity of Equity
		GHS'000	GHS'000
Interest rate	2%	**2,560**	**3,527**

2014	Increase in policy rate	Sensitivity of net Interest income	Sensitivity of Equity
		GHS'000	GHS'000
Interest rate	2%	2,377	1,783

In 2015 or 2014, a 2% increase in interest rate will have a positive or negative impact on net interest income by the value indicated; likewise the same percentage increase will have a negative of positive impact on equity by the value indicated.

Bank	Up to 1	1-3	4-12	1-5	Over 5	Non interest	
2015	month	months	Months	years	years	bearing	Total
Financial asset	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cash and bank balances with Bank of Ghana	-	-	-	-	-	139,747	139,747
Other bank balances	169,524	-	-	-	-	-	169,524
Government securities (including pledged assets)	41,739	9,257	154,925	3,711	-	-	209,632
Loans and advances to customers and bank	122,345	93,015	275,913	318,343	613,100	-	1,422,716
Other Assets (excluding prepayments)						5,948	5,948
Investment securities	-	-	13,664-	-	-	-	13,664-
Other short term investments	-	-	23,498	-	-	-	23,498
Total financial assets	**333,608**	**102,272**	**468,000**	**322,054**	**613,100**	**145,695**	**1,984,729**
Deposits from customers, banks and financial institutions	333,585	232,939	352,855	4,030	-	-	923,409
Due to other banks	25,000	-	-	-	-	-	25,000
Short term borrowings	256,045	6,000	11,000	-	-	-	273,045
Creditors	-	-	-	-	-	73,462	73,462
Long-term bonds	33,057		8,000	35,039	-	-	76,096
Long-term loans	-	-	10,693	23,770	-	-	34,463
Total financial liabilities (contractual maturity dates)	**647,687**	**238,939**	**382,548**	**62,839**	-	**73,462**	**1,405,475**
Total Interest repricing gap	**(314,079)**	**(136,667)**	**85,452**	**259,215**	**613,100**	**72,233**	**579,254**

The Group 2015	Up to 1 month	2-3 Months	4-12 Months	1-5 Years	Over 5 years	Non interest bearing	Total
	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Cash and bank balances with Bank of Ghana	-	-	-	-	-	141,293	141,293
Other bank balances	169,524	-	-	-	-	-	169,524
Government securities (including pledged assets)	41,739	9,257	154,925	3,711	-	-	209,632
Loans and advances to customers and bank	122,345	93,015	275,913	318,343	602,976	-	1,412,592
Other asset (excluding prepayment)						61,554	61,554
Investment securities	-	-	12,106	-	-	-	12,106
Other short term investments	-	-	24,931	-	-	-	24,931
Total assets	**333,608**	**102,272**	**467,875**	**322,054**	**602,976**	**202,847**	**2,031,632**
Deposits from customers, banks and financial institutions	333,585	235,851	364,617	5,038	-	-	939,091
Deposits from other banks	24,000	-	-	-	-	-	24,000
Short term borrowings	259,886	3,135	7,840	-	-	-	270,861
Other liabilities	-	-	-	-	-	91,891	91,891
Long-term bonds	30,182	-	8,267	37,549	-	-	75,998
Long-term loans	-	-	5,883	28,463	-	-	34,346
Total financial liabilities (contractual maturity dates)	**647,653**	**238,986**	**386,607**	**71,050**	**-**	**91,891**	**1,436,187**
Total Interest repricing gap	**(314,045)**	**(136,714)**	**81,268**	**251,004**	**602,976**	**110,956**	**595,445**

Group 2014	Up to 1 month	2-3 months	4-12 Months	1-5 years	Over 5 Years	Non interest bearing	Total
Financial asset							
Cash and bank balances with Bank of Ghana	-	-	-	-	-	187,723	187,723
Other bank balances	37,577	-	-	-	-	-	37,577
Government securities (including pledged assets)	187,213	50,049	32,537	14,721	14,003	-	298,523
Loans and advances to customers and banks	101,928	63,023	213,042	236,920	42,126	-	657,039
Other asset (excluding prepayment)						40,244	40,244
Investment securities	-	-	-	2,313	-	-	2,313
Other short term investments	-	-	30,258	-	-	-	30,258
Total financial assets	**326,718**	**113,072**	**275,837**	**253,954**	**56,129**	**227,967**	**1,253,677**

48. Financial risk management (continued)

Deposits from customers, banks and financial institutions	190,197	106,057	247,327	141,532	-	-	685,113
Due from other banks	30,401	-	-	-	-	-	30,401
Short term borrowings	168,478						168,478
Other liabilities						70,095	70,095
Long-term bonds	-		36,871	49,597	-	-	86,468
Long-term loans	-	-	-	51,948	-	-	51,948
Total financial liabilities (contractual maturity dates)	**389,076**	**106,057**	**284,198**	**243,077**	-	**70,095**	**1,092,503**
Total Interest repricing cap	**(62,358)**	**7,015**	**(8,361)**	**10,877**	**56,129**	**157,872**	**161,174**

(ii) Foreign exchange rate risk

Foreign exchange rate risk arises from changes in foreign exchange rates that affect the value of assets (primarily loans, overdrafts, advances and investments), liabilities (primarily, customer deposits) and off- statement of financial position transactions denominated in foreign currencies. Management developed procedures, instruments and control mechanisms designed to protect the value of the Group's equity without endangering other business priorities.

iii) Concentration of currency risk-on-and off- statement of financial position financial instruments

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate at 31 December 2015. Included in the table are the Group's assets and liabilities at carrying amounts categorised by currency:

At 31 December	EUR	USD	GBP	CEDI	Total
Assets	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Cash and balance with central bank	5,723	18,800	7,994	107,230	139,747
Due from other banks	5,232	48,171	2,066	114,055	169,524
Government securities	-	-	-	184,912	184,912
Other assets	-	-	-	19,728	19,728
Loans and advances to customers and banks	11	217,979	1,077	705,669	924,736
Investment securities	-	-	-	11,612	11,612
Other short term investments	-	-	-	11,886	11,886
Investment in subsidiaries	-	-	-	5,537	5,537
Investment in venture capital fund	-	-	-	21,334	21,334
Goodwill	-	-	-	3,931	3,931
Software				5,723	5,723
Property and equipment	-	-	-	57,919	57,919
Tax	-	-	-	9,830	9,830
Total assets	**10,966**	**284,950**	**11,137**	**1,259,366**	**1,566,419**

At 31 December	EUR	USD	GBP	CEDI	Total
	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Liabilities					
Deposits from customers and financial institutions	10,056	221,106	11,108	681,139	**923,409**
Deposits from other banks	-	-	-	24,000	**24,000**
Short term borrowings	-	61,512	-	204,533	**266,045**
Other liabilities	-	-	-	73,462	**73,462**
Current tax	-	-	-	-	**-**
Deferred tax	-	-	-	3,098	**3,098**
Long-term bonds	-	-	-	68,096	**68,096**
Long term loans	-	28,463	-	-	**28,463**
Total liabilities	**10,056**	**311,081**	**11,108**	**1,054,328**	**1,386,573**
Net on statement of financial position	**910**	**(26,131)**	**29**	**205,038**	**179,846**
Net off statement of financial position					
At 31 December, 2014					
Total assets	12,783	226,197	10,758	1,074,612	1,343,350
Total liabilities	(11,516)	(242,064)	(11,797)	(822,903)	(1,088,280)
Net on statement of financial position	1,267	(15,867)	(1,039)	251,709	236,070

Group

	EUR	USD	GBP	CEDI	Total
	GHC'000	GHC'000	GHC'000	GHC'000	**GHC'000**
Cash and balances with central bank	5,823	18,800	7,994	108,676	**141,293**
Due from other banks	5,232	48,171	2,066	114,057	**169,524**
Government securities	-	-	-	184,912	**184,912**
Other assets	-	-	-	81,619	**81,619**
Loans and advances to customers and banks	11	217,979	1,077	671,823	**890,890**
Investment securities	-	-	-	12,107	**12,107**
Other short term investments	-	-	-	24,887	**24,887**
Investment in subsidiaries	-	-	-	-	**-**
Investment in venture capital fund	-	-	-	21,334	**21,334**
Goodwill	-	-	-	3,931	**3,931**
Software	-	-	-	5,962	**5,962**
Property, plant and equipment	-	-	-	60,424	**60,424**
Tax	-	-	-	9,740	**9,740**
Total Assets	**11,066**	**284,950**	**11,137**	**1,299,472**	**1,606,625**
Liabilities					

Deposits from customers and financial institutions	10,056	221,106	11,108	681,139	**923,409**
Due to other banks	-	-	-	24,000	**24,000**
Short term borrowing	-	-	-	266,045	**266,045**
Other liabilities	-	-	-	91,891	**91,891**
Current tax	-	-	-	-	-
Deferred tax	-	-	-	3,098	**3,098**
Long-term bonds	-	-	-	68,096	**68,096**
Long term loans	-	28,463	-	-	**28,463**
Total liabilities	**10,056**	**249,569**	**11,108**	**1,134,269**	**1,405,002**
Net on statement of financial position	1,010	35,381	29	165,203	201,623
Net off statement of financial position					
At 31 December, 2014					
Total assets	12,783	226,197	10,758	1,093,654	**1,343,392**
Total Liabilities	(11,516)	(242,064)	(11,797)	(829,279)	(1,094,656)
Net on statement of financial position	1,267	(15,867)	(1,039)	264,375	248,736

(iv) Sensitivity analysis

	Increase in Basis points	Sensitivity of net Interest income	Sensitivity of Equity
		GHC'000	GHC'000
Currency			
USD	**3%**	1,012	1,394
EUR	**3%**	925	1,274
GBP	**3%**	682	940

A 3% increase in the various currencies will have a positive or negative impact on net interest income by the values indicated; likewise the same percentage increase in the currencies will have a negative of positive impact on equity by the values indicated.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

The Group regularly and without delay meets its obligations and liabilities on maturity dates during its everyday activity, and maintain business flow as usual without any strains on its payment capability.

The Group manages this risk by striving to maintain a well-diversified customer depositor base and satisfactory access to a variety of funding sources. Particular attention is paid to marketability of assets, whose availability for sale or as collateral for refinance is evaluated under different market scenarios.

The Group's liquidity management process, as carried out within the individual entities in the Group and monitored by a separate team in the Group treasury department, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

i) Liquidity risk management process

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash to settle contingencies. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum proportion of maturing funds available to meet such call and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

(ii) Funding approach

Sources of liquidity are regularly reviewed by a separate team in Bank Treasury to maintain a wide diversification by currency, provider, product and term.

The table below analyses financial assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2015 to the contractual maturity date.

The Bank 2015	Up to 1 Month	2-3 Months	4-12 Months	1-5 years	Over 5 Years	Total
Financial asset	**GHC'000**	**GHC'000**	**GHC'000**	**GHC'000**	**GHC'000**	**GHC'000**
Cash and bank balances with Bank of Ghana	139,747	-	-	-	-	139,747
Other bank balances	169,524	-	-	-	-	169,524
Government securities (including pledged assets)	87,213	50,049	32,537	14,329	-	184,128
Loans and advances to customers and banks	119,349	86,501	229,774	278,499	210,613	924,736
Investment securities	-	-	11,612	-	-	11,612
Other assets (excluding prepayment)	5,948	-	-	-	-	5,948
Other short term investments	-	-	11,886	-	-	11,886
Total financial assets	**521,781**	**136,550**	**285,809**	**292,828**	**210,613**	**1,447,581**

The Bank 2015	Up to 1 month	2-3 Months	4-12 Months	1-5 years	Over 5 Years	Total
Financial liabilities	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Deposits from customers, banks and financial institutions	333,584	232,939	352,855	4,030	-	923,408
Due from other banks	24,000	-	-	-	-	24,000
Short term borrowings	256,045	3,000	7,000			266,045
Long-term bonds	12,081	-	8,000	17,077	30,938	68,096
Other liabilities	73,462					73,462
Long-term loans (borrowings)	-	-	5,693	22,770	-	28,463
Total financial liabilities (contractual maturity dates)	**699,172**	**235,939**	**373,548**	**43,877**	**30,938**	**1,383,474**

The Bank 2014	Up to 1 month	2-3 months	4-12 months	1-5 years	Over 5 years	Total
Financial asset	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Cash and bank balances						
with Bank of Ghana	185,771	-	-	-	-	185,771
Due from other banks	37,577	-	-	-	-	37,577
Government securities	182,830	50,049	32,537	14,721	14,003	294,140
(including pledged assets)						
Loans and advances						
to customers and banks	101,928	63,023	213,042	260,015	42,126	680,134
Investment securities	-	-	-	-	-	-
Other assets (excluding prepayment)	-	-	-	-	-	-
Other Short Term Investments	-	-	28,220	-	-	28,220
Total financial assets	**508,106**	**113,072**	**273,799**	**274,736**	**56,129**	**1,225,842**
Financial liabilities						
Deposits from customers, banks and financial institutions	166,011	106,057	247,327	141,532	-	660,933
Due from other banks	30,401	-	-	-	-	30,401
Short term borrowings	168,478					168,478
Long-term bonds	-	36,871	49,597	-	-	86,468
Long-term loans	-	-	51,948	-	-	51,948
Total financial liabilities (contractual maturity dates)	**364,896**	**142,928**	**348,872**	**141,532**	-	**998,228**

Group 2015	Up to 1 month	2-3 Months	4-12 Months	1-5 years	Over 5 Years	Total
Financial asset	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Cash and bank balances with Bank of Ghana	141,284	-	-	-	-	141,284
Other bank balances	169,524	-	-	-	-	169,524
Government securities (including pledged assets)	87,213	50,049	33,321	14,329	-	184,912
Loans and advances to customers and banks	119,349	86,501	229,774	244,653	210,613	890,890
Investment securities	-	-	12,107	-	-	12,107
Other assets (excluding prepayment)	61,554	-	-	-	-	61,554
Other short term investments	-	-	24,887	-	-	24,887
Total financial assets	**578,924**	**136,550**	**300,089**	**258,982**	**210,613**	**1,485,158**
Financial liabilities						
Deposits from customers, banks and financial institutions	333,585	232,939	352,855	4,030	-	923,409
Due to other banks	40,539	-	-	-	-	40,539
Short term borrowings	256,045	3,000	7,000	-	-	266,045
Long-term bonds	30,057	-	8,000	30,039	-	68,096
Other liabilities	91,891	-	-	-	-	91,891
Long-term loans	-	-	5,693	22,770	-	28,463
Total financial liabilities (contractual maturity dates)	**752,117**	**235,939**	**373,548**	**56,839**	-	**1,418,443**

iii) Assets held for managing liquidity risk

The Bank holds a diversified portfolio of cash and high-quality highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise:

- Cash and balances with central banks;
- Certificates of deposit;

Government bonds and other securities that is readily acceptable in repurchase agreements with the central banks.

Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's statement of financial position at their fair value:

The Bank Financial assets	Carrying Value 2015	Carrying Value 2014	Fair Value 2015	Fair Value 2014
Cash and balances with Bank of Ghana	**139,747**	185,771	**139,747**	185,771
Loans and advances to banks	**62,859**	15,259	**62,859**	15,259
Loans and advances to customers	**861,877**	664,875	**861,877**	664,875
Other asset (excluding prepayment)	**5,948**	5,277	**5,948**	5,277
Investment securities	**11,611**	-	**11,611**	-
Investment securities (held-to-maturity)	**11,886**	294,140	**11,886**	294,140
Total	**1,093,928**	1,165,322	**1,093,928**	1,165,322
Financial liabilities				
Deposits from banks	**40,539**	24,180	**40,539**	24,180
Due to customers	**882,870**	660,933	**882,870**	660,933
Short term borrowings	**266,045**	168,478	**266,045**	168,478
Other liabilities	**73,462**	64,618	**73,462**	64,618
Convertible bond	**-**	8,909	**-**	8,909
Total	**1,262,916**	927,118	**1,262,916**	927,118
Off-financial position financial instruments				
Guarantees, acceptances and other financial facilities	**103,689**	152,904	**103,689**	152,904

The Group Financial assets	Carrying Value 2015	Carrying Value 2014	Fair Value 2015	Fair Value 2014
Cash and balances with Bank of Ghana	**141,293**	187,723	**141,293**	187,723
Loans and advances to banks	**62,859**	15,259	**62,859**	15,259
Loans and advances to customers	**828,031**	641,780	**828,031**	641,780
Other asset (excluding prepayment)	**61,550**	40,244	**61,550**	40,244
Investment securities	**12,107**	2,313	**12,107**	2,313
Investment securities (held-to-maturity)	**24,931**	298,528	**24,931**	298,528
Total	**1,130,771**	1,185,847	**1,130,771**	1,185,847
Financial liabilities				
Deposits from banks	**40,539**	24,180	**40,539**	24,180
Due to customers	**882,870**	660,933	**882,869**	660,933
Short term borrowings	**266,045**	168,478	**266,045**	168,478
Other liabilities	**92,614**	70,051	**92,614**	70,051
Convertible bond	**-**	8,909	**-**	8,909
Total	**1,282,068**	932,551	**1,282,067**	932,551
Off-financial position financial instruments				
Guarantees, acceptances and other financial facilities	103,689	152,904	103,689	152,904

(i) Loans and advances to banks

Loans and advances to banks include inter-bank placements and items in the course of collection.

The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value.
The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

(ii) Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iii) Investment securities

The fair value for investment securities and held-to-maturity financial assets is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

(iv) Deposits from banks and due to customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(v) Fair value of hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange).

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of Bank of Ghana's securities and other investments which are valued by reference to Bank of Ghana rates and the use of discounted cash flow techniques.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observation market data when available. The Group considers relevant and observable market prices in its valuation when possible. As at 31 December 2015 and 31 December 2014, the Bank did not hold any level 3 financial assets and/or liabilities.

48. Financial risk management (continued)

Fair value of hierarchy (continued)

The Bank						
	Level 1		**Level 2**		Total	
	The Bank	The Bank	**The Bank**	The Bank	**The Bank**	The Bank
	2015	2014	**2015**	2014	**2015**	2014
Land and Building			**55,046**	55,046	**55,046**	55,046
Held to maturity						
Other investments - Unit trust			**11,886**	9,603	**11,886**	9,603
Financial liabilities at fair value through profit or loss						

The Group	**Level 1**		**Level 2**				**Total**
	The Group	**The Group**	**The Group**		The Group	**The Group**	The Group
	2015	2014	**2015**		2014	**2015**	2014
Property, plant and equipment			**53,810**		53,810	**53,810**	53,810
Other investments - Unit trust	-	-	**11,886**	9,603		**11,886**	9,603

The Group invests in Unit trust, which are not quoted in an active market and the Group considers the valuation techniques and inputs used in valuing these investments as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the NAV of unit trust may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the unit trust is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the Trust

48. Financial risk management (continued)

vi) Financial instruments by category

Financial liabilities

The Bank 2015	Financial liabilities at fair value through profit or loss	Other financial liabilities at amortised cost	Total
Deposits from customers	-	882,870	882,870
Deposits from banks and financial institutions	-	40,539	40,539
Due to other banks	-	24,000	24,000
Short term borrowings	-	266,045	266,045
Other liabilities	-	73,462	73,462
Bonds	-	68,096	68,096
Borrowings	-	28,463	28,463
Derivative Liability	-	-	-
	-	1,383,475	1,383,475

The Bank 2014	Financial liabilities at fair value through profit or loss	Other financial liabilities at amortised cost	Total
Deposits from customers	-	660,933	660,933
Deposits from banks and financial institutions	-	24,180	24,180
Due to other banks	-	30,401	30,401
Short term borrowings	-	168,478	168,478
Other liabilities	-	64,662	64,662
Bonds	-	86,468	86,468
Borrowings	-	51,948	51,948
Derivative Liability	-	-	-
	-	1,087,070	1,087,070

48. Financial risk management (continued)

	Financial liabilities at fair value through profit or loss	Other financial liabilities at amortised cost	Total
The Group 2015			
Deposits from customers	-	882,870	882,870
Deposits from banks and financial institutions	-	40,539	40539
Due to other banks	-	24,000	24,000
Short term borrowings	-	266,045	266,045
Other liabilities	-	91,891	91,891
Bonds	-	68,096	68,096
Borrowings	-	28,463	28,463
Derivative Liability	-	-	-
	-	1,401,904	1,401,904

	Financial liabilities at fair value through profit or loss	Other financial liabilities at amortised cost	Total
The Group 2014			
Deposits from customers	-	660,933	660,933
Deposits from banks and financial institutions	-	24,180	24,180
Due to other banks	-	30,401	30,401
Short term borrowings	-	168,478	168,478
Other liabilities	-	70,095	70,095
Bonds	-	86,468	86,468
Borrowings	-	51,948	51,948
Derivative Liability	-	-	-
	-	1,092,503	1,092,503

48. Financial risk management (continued)

Financial assets

	Loans and receivables	Financial assets at fair value through profit or loss	Held to maturity	Total
The Bank 2015				
Cash and balances with Bank of Ghana	139,747	-	-	139,747
Due from other banks	169,524	-	-	169,524
Government securities	-	-	174,912	174,912
Pledged assets (Repos)	-	-	10,000	10,000
Loans and advances to customers	861,877	-	-	861,877
Loans and advances to banks and financial institutions	62,859	-	-	62,859
Other assets (excluding prepayments)	5,948	-	-	5,948
Investment securities	-	-	11,612	11,612
Other investments	-	11,886	-	11,886
Derivative Asset	-	-	-	-
	1,239,955	11,886	196,524	1,448,365
The Bank 2014				
Cash and balances with Bank of Ghana	185,771	-	-	185,771
Due from other banks	37,577	-	-	37,577
Government securities	-	-	284,140	284,140
Pledged assets (Repos)	-	-	10,000	10,000
Loans and advances to customers	664,875	-	-	664,875
Loans and advances to banks and financial institutions	15,259	-	-	15,259
Other assets (excluding prepayments)	5,277	-	-	5,277
Investment securities	-	-	-	-
Other investments	-	-	28,220	28,220
Derivative Asset	-	-	-	-
	908,759	-	322,360	1,231,119

4 8.Financial risk management (continued)

Financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Held to maturity	Total
The Group 2015				
Cash and balances with Bank of Ghana	141,294	-	-	141,294
Due from other banks	169,524	-	-	169,524
Government securities	-	-	174,912	174,912
Pledged assets (Repos)	-	-	10,000	10,000
Loans and advances to customers	828,031	-	-	828,031
Loans and advances to banks and financial institutions	62,859	-	-	62,859
Other assets (excluding prepayments)	61,550	-	-	61,550
Investment securities	-	-	12,107	12,107
Other investments	-	-	24,887	24,887
	1,263,258	-	221,906	1,485,164
The Group 2014				
Cash and balances with Bank of Ghana	187,723	-	-	187,723
Due from other banks	37,577	-	-	37,577
Government securities	-	-	288,528	288,528
Pledged assets (Repos)	-	-	10,000	10,000
Loans and advances to customers	641,780	-	-	641,780
Loans and advances to banks and financial institutions	15,259	-	-	15,259
Other assets (excluding prepayments)	40,244	-	-	40,244
Investment securities	-	-	2,515	2,515
Other investments	-	-	22,695	22,695
Derivative Asset	-	-	30,258	30,258
	922,583	-	353,996	1,276,579

viii) Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- to comply with the capital requirements set by Bank of Ghana;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

48. Financial risk management (continued)

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Bank of Ghana for supervisory purposes. The required information is filed with the Bank of Ghana on a monthly basis. The Bank of Ghana requires each locally owned bank to:

- hold the minimum level of regulatory capital of GH¢60 million in 2015;
- *Tier 1 capital ratio:*

Tier 1 capital ratio is calculated as the adjusted tier 1 capital divided by the total risk-weighted assets. The Bank's internal guideline is to ensure that Tier 1 capital ratio must be at least 6%.

Total capital ratio:

Total capital ratio (also referred to as capital adequacy ratio) is calculated as total capital divided by total risk-weighted assets. Total capital ratio must be at least 10%.

Maintained a ratio of total regulatory capital to the risk-weighted assets plus risk-weighted off- statement of financial positions assets at or above the required minimum of 10%;

Maintain core capital of not less than 8% of total deposit liabilities; and

The Group's regulatory capital is divided into two tiers:

- Tier 1 capital (i.e. core or primary capital) is the portion of capital which is

  Permanently and freely available to absorb unanticipated losses without the bank being obliged to cease trading, and it is defined to be made up of equity and disclosed reserves. Disclosed reserves are defined to be revenue created or increased by appropriations of retained earnings or surplus after tax and dividends. Example, retained profits, statutory reserves, general reserves (not ear-marked for any identifiable losses), the book value of goodwill is deducted in arriving at Tier 1 capital; and

- Tier 2 Capital

  Tier 2 capital (secondary/supplementary capital) is the portion of capital with some attributes of tier 1 capital, but restricted in its ability to absorb losses accept in liquidation. It however, provides a useful supplement to tier 1 capital, but due to the significant efficiencies in its ability to provide protection for depositors and other creditors, it is restricted in its inclusion in capital. Tier2 capital is divided into: a. Upper tier 2 capital (has no fixed maturity).b. Lower tier 2 capital (has a limited lifetime).

  The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December. During those two years, the individual entities within the Group and the Bank complied with all of the externally imposed capital requirements to which they are subject to.

48. Financial risk management (continued)

	The Bank	
	2015	**2014**
Tier 1 Capital	**GHC'000**	GHC'000
Share Capital	**96,191**	95,424
Disclosed Reserves[2]	**50,001**	106,889
	146,192	202,313
Goodwill and other assets	**(17,711)**	(15,875)
Losses not provided for	**(6,273)**	(29,506)
Investment in subsidiaries & associates	**(26,871)**	(27,587)
Connected Lending of Long Term Nature	**(33,161)**	(22,740)
	62,176	106,605
Tier 2 Capital		
Capital Surplus account	**32,819**	32,819
Long Term Bonds	**50,056**	40,689
Convertible bonds	-	8,909
Other reserves	-	194
Housing Development and share account	**744**	744
	83,619	83,355
Total Regulatory Capital	**145,795**	189,960
Risk weighted assets		
On Financial Position	**987,636**	600,875
Off Financial Position	**103,689**	118,416
Total risk weighted assets	**1,091,325**	1,004,098
Capital adequacy ratio	**13.36%**	18.92%

49. Basic and diluted earnings per share

(a) Basic

Basic and diluted earnings per share are calculated by dividing the net profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

	The Bank		The Group	
	2015	2014	**2015**	2014
(Loss)/Profit after tax	**(39,241)**	54,265	**(37,071)**	57,418
Weighted average number of ordinary share issued	**297,421**	296,801	**297,421**	296,801
Basic earnings per share (expressed in pesewas)	**(13.19)**	18.28	**(12.46)**	19.35

(b) Diluted

Diluted earnings per share are calculated by adjusting the total number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Bank has one category of dilutive potential ordinary shares: convertible debt. The convertible debt is assumed to have been converted into ordinary

	The Bank		The Group	
	2015	2014	**2015**	2014
Loss attributable to the equity holders	**(39,241)**	54,265	**(37,701)**	57,418
Number of ordinary share issued	**297,421**	296,801	**297,421**	296,801
Adjusted for:				
Number of ordinary shares on conversion of convertible debt (at no par value)	-	5,238	-	5,238
Total number of ordinary shares for diluted earnings per share	**297,421**	302,039	**297,421**	302,039
Diluted earnings per share (expressed in Ghana pesewas)	**(13.19)**	17.96	**(12.46)**	18.97
The convertible bond was settled during the year.				

50. Segment analysis

The Group has four main reporting segments on a worldwide basis:

- Consumer banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and consumer loans;
- Mortgage banking – incorporating mortgage services
- Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loans, and foreign currency; and
- Microfinance banking – incorporating savings account, deposits, loan and other credit facilities

Other Group's operations comprise fund management, institutional finance and providing computer services, none of which constitutes a separately reportable segment and business activities from head office.

As the Group's segment operations are all financial with a majority of revenues deriving from interest and the Board of Directors relies primarily on net interest revenue to assess the performance of the segment, the total interest income and expense for all reportable segments is presented on a net basis.

There were no changes in the reportable segments during the year.

Transactions between the business segments are carried out at arm's length. The revenue from external parties reported to the Board of directors is measured in a manner consistent with that in the profit or loss.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income. Interest charged for these funds is based on the Bank's cost of capital. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

Bank	SEGMENT REPORTING				
At 31 December 2015	Corporate	Mortgage	Consumer	Microfinance	Total
	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Income					
Interest income	206,839	29,281	14,922	39	**251,081**
Interest expenses	(88,203)	(18,750)	(6,701)	(18)	**(113,672)**
Net interest income	118,636	10,531	8,221	21	**137,409**
Fee and commission income	11,152	2,122	1,616	4	**14,894**
Fee and commission expenses	(400)	-	-	-	**(400)**
	10,752	2,122	1,616	4	**14,494**
	9	-	-	-	**9**
Other income					
Other operating income – unallocated	26,761	-	-	-	**26,761**
Total	**156,158**	**12,653**	**9,837**	**25**	**178,673**
Segment assets					
Loans and advances	679,518	196,116	22,253	26,849	**924,736**
Unallocated assets					**641,683**
Total assets					**1,566,419**
Segment liabilities					
Total deposits					**923,409**
Unallocated liabilities					**463,255**
Total Liabilities					**1,386,664**

50. Segment analysis (continued)

The segment information provided to the Board of Directors for the reportable segments for the year ended 31 December 2014 is as follows:

Bank	SEGMENT REPORTING				
At 31 December 2014	Corporate	Mortgage	Consumer	Microfinance	Total
	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Income					
Interest income	153,961	24,747	3,586	1,206	**183,500**
Interest expenses	(42,246)	(20,821)	(818)	(761)	**(64,646)**
Net interest income	111,715	3,926	2,768	445	**118,854**
Fee and commission income	18,010	6,852	1,240	1,125	**27,227**
Fee and commission expenses	(587)	-	-	-	(587)
	17,423	6,852	1,240	1,125	26,640
Other income	803	-	-	-	**803**
Other operating income – unallocated	27,718	-	-	-	27,718
Total	**157,659**	**10,778**	**4,008**	**1,570**	**174,015**
Segment assets					
Loans and advances	470,960	170,540	14,634	24,000	**680,134**
Unallocated assets					**644,216**
Total assets					**1,324,350**
Segment liabilities					
Total deposits					**685,113**
Unallocated liabilities					**403,167**
Total Liabilities					**1,088,280**
Segment equity Total shareholders' funds					**236,070**
Total liabilities and shareholders' fund					**1,324,350**
Impairment charge for credit losses					**14,262**

Group	SEGMENT REPORTING				
At 31 December 2015	Corporate	Mortgage	Consumer	Microfinance	Total
	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Income					
Interest income	211,134	29,281	14,922	1,339	**256,676**
Interest expenses	(87,509)	(18,750)	(6,701)	(712)	**(113,672)**
Net interest income	123,625	10,531	8,221	627	**143,004**
Fee and commission income	21,661	4,655	2,372	246	**28,934**
Fee and commission expenses	(427)	-	-	-	**(427)**
	21,234	4,655	2,372	246	**28,507**
Other income	5,567	-	-	-	**5,567**
Other operating income – unallocated	26,761	-	-	-	**26,761**
Total	177,187	15,186	10,593	873	**203,839**
Segment assets					
Loans and advances	645,672	196,116	22,253	26,849	**890,890**
Unallocated assets					**709,439**
Total assets					**1,600,329**
Segment liabilities					
Total deposits					**923,409**
Unallocated liabilities					**481,593**
Total Liabilities					**1,405,002**
Segment equity					
Total shareholders' funds					**195,327**
Total liabilities and shareholders' fund					**1,600,329**
Impairment charge for credit losses					**81,848**

50. Segment analysis (continued)

The segment information provided to the Board of Directors for the reportable segments for the year ended 31 December 2014 is as follows:

Group	SEGMENT REPORTING				
At 31 December 2014	Corporate	Mortgage	Consumer	Microfinance	Total
	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Income					
Interest income	159,358	24,747	3,586	1,206	**188,897**
Interest expenses	(42,246)	(20,821)	(818)	(761)	**(64,646)**
Net interest income	117,112	3,926	2,768	445	**124,251**
Fee and commission income	28,919	6,852	1,240	1,125	**38,136**
Fee and commission expenses	(620)	-	-	-	**(620)**
	28,299	6,852	1,240	1,125	**37,516**
Other income	9,636	-	-	-	**9,636**
Other operating income – unallocated	27,718	-	-	-	**27,718**
Total	182,765	10,778	4,008	1,570	**199,121**
Segment assets					
Loans and advances	447,865	170,540	14,634	24,000	**657,039**
Unallocated assets					**686,353**
Total assets					**1,343,392**
Segment liabilities					
Total deposits					**685,113**
Unallocated liabilities					**409,543**
Total Liabilities					**1,094,656**
Segment equityTotal shareholders' funds					**248,736**
Total liabilities and shareholders' fund					**1,343,392**
Impairment charge for credit losses					**14,262**

Operating segments are reported in a manner consistent with internal reporting provided to ALCO and the Board of Directors. All transactions between business segments are conducted on arm's length basis, with intra - segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance.

51. Maturity analysis of assets and liabilities

Bank 2015		At 31 December		
	Note	Total	Within 12 months	After 12 months
Assets				
Cash and balances with Bank of Ghana	4a	139,747	139,747	-
Due from other banks	5	169,524	169,524	-
Government securities	6	174,912	160,191	14,721
Pledged assets	7	10,000	10,000	
Loans and advances to customers	8	861,877	435,624	426,253
Loans and advances to banks and financial institutions	9	62,859	62,859	
Investment securities	10	11,612	11,612	-
Other investments	11	11,886	11,886	-
Other assets	12	19,728	19,728	-
Investment in subsidiaries	13a	5,537	-	5,537
Investment in venture capital fund	13b	21,334	-	21,334
Property, plant and equipment	14	57,919	-	57,919
Intangible asset - Goodwill	15a	3,931	-	3,931
Intangible asset - Software	15b	5,723	-	5,723
Current income tax assets	16	9,830	9,830	-
Total assets		1,566,419	1,031,001	535,418
Liabilities and equity				
Deposits from customers	17	882,870	878,840	4,030
Deposits from banks and financial institutions	18	40,539	40,539	-
Due to other banks	19	24,000	24,000	-
Other liabilities	20	73,462	73,462	-
Current income tax	16	-		-
Deferred tax	21	3,189	3,189	
Bonds	22	68,096	30,057	38,039
Short term borrowings	23	266,045	256,045	10,000
Borrowings	24	28,463	5,693	22,770
Total liabilities		1,386,664	1,311,825	74,839

Group 2015		At 31 December		
	Note	Total	Within 12 months	After 12 months
Assets				
Cash and balances with Bank of Ghana	4a	**141,284**	141,284	
Due from other banks	5	**169,524**	169,524	
Government securities	6	**174,912**	160,191	**14,721**
Pledged assets	7	**10,000**	10,000	
Loans and advances to customers	8	**828,031**	435,624	**392407**
Loans and advances to banks and financial institutions	9	**62,859**	62,859	
Investment securities	10	**12,107**	12,107	
Other investments	11	**24,887**	24,887	
Other assets	12	**75,334**	75,334	
Investment in subsidiaries	13a	-		
Investment in venture capital fund	13b	**21,334**		**21,334**
Property, plant and equipment	14	**60,424**		60,424
Intangible asset - Goodwill	15a	**3,931**		3,931
Intangible asset - Software	15b	**5,962**		5,962
Current income tax assets	16	**9,740**	**9,740**	-
Total assets		**1,600,329**	1,101,550	**498,779**
Liabilities and equity				
Deposits from customers	17	**882,870**	878,840	**4,030**
Deposits from banks and financial institutions	18	**40,539**	40,539	
Due to other banks	19	**24,000**	24,000	
Other liabilities	20	**91,891**	91,891	
Current income tax	16	-		
Deferred tax	21	**3,098**	3,098	
Bonds	22	**68,096**	30,057	**38,039**
Short term borrowings	23	**266,045**	256,045	**10,000**
Borrowings	24	**28,463**	**5,693**	**22,770**
Total liabilities		**1,405,002**	**1,330,163**	**74,839**

Bank 2014	Note	At 31 December Total	Within 12 months	After 12 months
Assets				
Cash and balances with Bank of Ghana	4a	185,771	185,771	
Due from other banks	5	37,577	37,577	
Government securities	6	284,140	255,416	28,724
Pledged assets	7	10,000	10,000	
Loans and advances to customers	8	664,875	362,734	302,141
Loans and advances to banks and financial institutions	9	15,259	15,259	
Investment securities	10	-		
Other investments	11	28,220	28,220	
Other assets	12	11,944	11,944	
Investment in subsidiaries	13a	5,537		5,537
Investment in venture capital fund	13b	22,050		22,050
Property, plant and equipment	14	52,104		52,104
Intangible asset - Goodwill	15a	3,931		3,931
Intangible asset - Software	15b	2,942		2,942
Current income tax assets	16	-		
Total assets		1,324,350	906,921	417,429
Liabilities and equity				
Deposits from customers	17	660,933	519,401	141,532
Deposits from banks and financial institutions	18	24,180	24,180	
Due to other banks	19	30,401	30,401	
Other liabilities	20	64,662	64,662	
Current income tax	16	180	180	
Deferred tax	21	1,030	1,030	
Bonds	22	86,468	36,871	49,597
Short term borrowings	23	168,478	168,478	
Borrowings	24	51,948		51,948
Total liabilities		1,088,280	845,203	243,077

2014		At 31 December		
Group	Note	Total	Within 12 months	After 12 months
Assets				
Cash and balances with Bank of Ghana	4a	187,723	187,723	
Due from other banks	5	37,577	37,577	
Government securities	6	288,528	259,804	28,724
Pledged assets	7	10,000	10,000	
Loans and advances to customers	8	641,780	339,639	302,141
Loans and advances to banks and financial institutions	9	15,259	15,259	
Investment securities	10	2,313	2,313	
Other investments	11	30,258	30,258	
Other assets	12	46,911	46,911	
Investment in subsidiaries	13a	-		
Investment in venture capital fund	13b	22,050		22,050
Property, plant and equipment	14	53,810		53,810
Intangible asset - Goodwill	15a	3,931		3,931
Intangible asset - Software	15b	3,252		3,252
Current income tax assets	16	-		
Total assets		1,343,392	929,484	413,908
Liabilities and equity				
Deposits from customers	17	660,933	519,401	141,532
Deposits from banks and financial institutions	18	24,180	24,180	
Due to other banks	19	30,401	30,401	
Other liabilities	20	70,095	70,095	
Current income tax	16	1,079	1,079	
Deferred tax	21	1,074	1,074	
Bonds	22	86,468	36,871	49,597
Short term borrowings	23	168,478	168,478	
Borrowings	24	51,948		51,948
Total liabilities		1,094,656	851,579	243,077

52. Events after the reporting period

There was no event after reporting date that require adjustments or disclosure.

53. Major shareholders

HFC BANK (GHANA) LIMITED - SHAREHOLDERS' ANALYSIS AS AT 31/12/2015			
SHAREHOLDERS' STRUCTURE AS AT 31.12.2015			
FROM	TO	SHARES	CAPITAL%
1	1,000	544,518	0.18
1,001	5,000	914,481	0.31
5,001	10,000	546,987	0.18
10,001	999,999,999	295,414,932	99.33
		297,420,918	100.00

DIRECTOR'S SHAREHOLDING AS AT 31.12.2015	SHARES	% OF ISSUED CAPITAL
MR. ASARE AKUFFO	1,102,842	0.3708
MR. CHARLES OFORI-ACQUAH	100,796	0.0339
MR. OSEI ASAFO-ADJEI	120,000	0.0403
MR. FRANCIS SOLACE ODURO KORANTENG	91	0.0000
PROF. JOSHUA ALABI	11,250	0.0038

MAJOR 20 HOLDERS FOR HFC BANK LIMITED - AS AT 31.12.2015 (TOP 20)		
NAME	SHARES	% OF ISSUED CAPITAL
REPUBLIC BANK LIMITED	169,831,101	57.10
SOCIAL SECURITY & NATIONAL INSURANCE TRUST	77,588,794	26.09
GHANA UNION ASSURANCE CO. LTD.	32,423,556	10.90
SCBN/STATE INSURANCE COMPANY	9,221,968	3.10
MR. ASARE AKUFFO	1,102,842	0.37
CAPITAL AND EQUITY LTD.	625,000	0.21
VANGUARD ASSURANCE COMPANY LIMITED	401,311	0.13
MR. DANIEL OFORI	206,200	0.07
FANEL LIMITED	165,000	0.06
MR. GIDEON AMENUVOR	150,000	0.05
STD NOMS TVL PTY/PETRA OPPORTUNITY	134,640	0.05
ENTERPRISE GROUP LTD	133,420	0.04
MR. CHARLES ASA MARTINSON	121,800	0.04
MR. OSEI ASAFO-ADJEI	120,000	0.04
MR. CHARLES AGYEMAN BONSU	120,000	0.04
UNITED SMART PROVIDENT FUND SCHEME	102,654	0.03
MR. CHARLES OFORI-ACQUAH	100,796	0.03
REGIMANUEL GRAY LTD.	100,400	0.03
GNI/GGFC-PRIME EQUITY	100,200	0.03
NSIA GHANA LIMITED	100,000	0.03
REPORTED TOTALS	292,849,682	98.44
NOT REPORTED	4,571,236	1.56
GRAND TOTALS	297,420,918	100.00

BRANCH NETWORK

NETWORK OF HFC BANK BRANCHES

HEAD OFFICE "EBANKESE"
#35, Sixth Avenue, North Ridge
P.O. Box CT4603, Cantonments, Accra
Tel: +233-302-242090-4
Fax: +233-302-242095
Website: www.hfcbank.com.gh
Email: hfcomp@hfcbank.com.gh

ABOSSEY OKAI BRANCH
Crystal Plaza Building
Opposite Presby. Church
Main Spare Parts Lane
Abossey Okai, Accra
Tel: +233 302 673181 / 673475
Fax: +233 302 671918
Email: abosseyokai@hfcbank.com.gh

ACCRA CENTRAL BRANCH
31-33 Kwame Nkrumah Avenue
SIC Building, Okaishie, Accra
Tel: +233 302 683756-9
Fax: +233 302 683761
Email: accracentral@hfcbank.com.gh

ACHIMOTA BRANCH
09-121, Near Neoplan Station
Off Nsawam Road, Achimota
Tel: +233 54 114491-2
Email: achimota@hfcbank.com.gh

ADABRAKA BRANCH
#C89/2 Bonsu Brothers Building
Kwame Nkrumah Avenue
Adabraka, Accra
Tel: +233 302-251330/2
Fax: +233 302-251406
Email: adabraka@hfcbank.com.gh

ADUM BRANCH
#OTB 571 Asomfo Road
Adum Roundabout, Adum
Private Mail Bag, G.P.O, Kumasi
Tel: +233 3220 49430-5
Fax: +233 3220-49436
Email: adum@hfcbank.com.gh

AGONA SWEDRU BRANCH
Near Texaco, Agona Swedru
Tel: +233 3320 20172/3
Fax: +233 3320 20174
Email: swedru@hfcbank.com.gh

ASAMANKESE BRANCH
Plot No. 5, Asamankese
Tel: +233 28 966922 / 28 9669316
Fax: +233 57 7900016
Email: asamankese@hfcbank.com.gh

ASHAIMAN BRANCH
Opposite Ashaiman Govt. School
Night Market Road, Ashaiman
Tel: +233 303 307785 / 301475 / 301468
Fax: +233 303 301419
Email: ashaiman@hfcbank.com

ASANKRAGUA BRANCH
Opp. Takoradi/Kumasi Lorry Station
Asankragua
P. O. Box 57, Asankragua
Tel: +233 312 093999 / 0544 341305 / 0577 650944-5
Email: asankragua@hfcbank.com.gh

ASOKWA BRANCH
The Ark (Plot 1 Block C)
Asokwa Industrial Area, Kumasi
P. O. Box 11226, Adum-Kumasi
Tel: +233 303 931537-8 / 0540 114489/90
Email: asokwa@hfcbank.com.gh

ASEMPANEYE BRANCH
Main Street Opposite PBC Ltd Depot
Asempaneye
Tel:+233 57 765 5389

ADABOKROM BRANCH
Main Street, Opposite Dormaman Clinic
Adabokrom
Tel: +233 544341204/ 0244 330906

ADJIRINGANO BRANCH
No. 9/90 Block 23
Baby Jet Heights Building
East Adjiringano

BAATSONA BRANCH
47 Nungua Link Road
Baatsona - Spintex Road Accra
Tel: +233 302 816600-9
Fax: +233 302 816602
Email: baastona@hfcbank.com.gh

BOLGATANGA BRANCH
#A4, 3B Kotokoli Line
Off Bawku Road
P. O. Box BG 401, Bolgatanga
Tel: **+233 242 700865-8**
Email: bolga@hfcbank.com.gh

CAPE COAST BRANCH
Mancell Place 110/1 Tantri
Adjacent Accra Lorry Station, Cape Coast
Tel: +233 3321 36441-2
Fax: +233 3321 36440
Email: capecoast@hfcbank.com.gh

DANSOMAN BRANCH
Plot 1A, High Street,
Dansoman Estates
Tel: +233 302 320837-8 / 0289 559310
Fax: +233 302 320831
Email: dansoman@hfcbank.com.gh

EBANKESE BRANCH
#35, Sixth Avenue, North Ridge
P.O. Box CT4603, Cantonments, Accra
Tel: +233 302 242090-4
Fax: +233 302 242095
Email: ebankese@hfcbank.com.gh

ESSAM BRANCH
Near Essam Post Office
Off Debiso-Oseikojokrom Main Road
P. O. Box 99, Sefwi Essam
Tel: +233 244 339226 / 0544 341204
Email: essam@hfcbank.com.gh

GOASO BRANCH
Nana Sei Building,
Goaso Roundabout
Tel: +233 303 931535-6
Fax: + 233 577 986086
Email: goaso@hfcbank.com.gh

JUABOSO BRANCH
H/No. J19, Juaboso
P.O. Box JB 12, Ecomog Residential Area
Tel: +233 244 341413 / 0544 341203
Email: juaboso@hfcbank.com.gh

KASOA BRANCH
P. O. Box OK 28
Kasoa
Tel: +233 302 862696-9
Fax: +233 302 862723
Email: kasoa@hfcbank.com.gh

KNUST BRANCH
Commercial Area
Jubilee Mall KNUST Campus
Tel: +233 3220 64243/64241-2
Fax: +233 3220 64244
Email: knust@hfcbank.com.gh

KUMASI MAIN BRANCH
Asokwa Railway Taxi Rank
Opp. Former Unicorn House
P.O.Box 1226, Adum
Tel: +233 3220 49430-4
Fax: +233 3220 49436
Email: kumasi@hfcbank.com.gh

KUMASI MAGAZINE BRANCH
Plot 49, Block 4
Tarkwa Maakro, Suame
Kumasi-Offinso Road
Tel: +233 322 046033/043037
Fax: +233 322 046218
Email: kmagazine@hfcbank.com.gh

KOFORIDUA BRANCH
Antartic Plaza
Central Market, Koforidua
Tel: +233 3420 26840-1
Fax: +233 3420 26842
Email: koforidua@hfcbank.com.gh

BRANCH NETWORK

NETWORK OF HFC BANK BRANCHES

LEGON BRANCH (UNIVERSITY OF GHANA)
The UG-Credit Union Building Noguchi Road
University of Ghana, Legon
Tel: +233 302 519154-6
Fax: +233 302 519153
Email: legon@hfcbank.com.gh

MADINA BRANCH
M1224/3
Post Office Road, Madina
Tel: +233 289 669320
Fax: +233 302 240565
Email: madina@hfcbank.com.gh

NEW TOWN BRANCH
1509 Opposite House Party Computers
Accra New Town
Tel: +233 302 240520 / 240596 / 0289 669319
Fax: +233 302 240565
Email: accranewtown@hfcbank.com.gh

POST OFFICE SQUARE BRANCH
Permasu Building
Asafoatse Nettey Street, Accra
Tel: +233 302 684112-5
Fax: +233 302 684161
Email: postofficesquare@hfcbank.com.gh

PRIVATE BANKING
'Adeshie Place'
No. F/235/6
Josiah Tongogari Street, Labone, Accra
Tel: +233 302 767191 – 2
Fax: +233 302 767164
Email: privatebanking@hfcbank.com.gh

RIDGE BRANCH
6 Sixth Avenue
Ridge Ambassadorial Enclave
West Ridge, Accra
Tel: +233 302 683891-3/683895-9, 683900
Fax: +233 302 683901
Email: ridge@hfcbank.com.gh

SEFWI BEKWAI BRANCH
Market Square, Sefwi Bekwai
P. O. Box 15, Sefwi Bekwai
Tel: +233 577 650957
Email: bekwai@hfcbank.com.gh

SEFWI WIAWSO BRANCH
Near Dwenase Market
P. O. Box 189, Sefwi Wiawso
Tel: +233 577650961
Email: wiawso@hfcbank.com.gh

SEFWI AKONTOMBRA BRANCH
C/o Sefwi Wiawso Branch
P. O. BOX 189, WIAWSO.
Tel: +233 54 010 4245

TAKORADI BRANCH
No.3 /1 Kitson Avenue Road
Old GNTC Building, Market Circle
Tel: +233 3120 26247 / 26192/ 26231
Fax: +233 3120 26209
Email: takoradi@hfcbank.com.gh

TAMALE BRANCH
No. 8 Daboya Street
Old Market, Tamale
P.O. Box TL 718, Tamale
Tel: +233 3720 25558/ 25220
Fax: +233 3720 24699
Email: tamale@hfcbank.com.gh

TECHIMAN (JUBILEE) BRANCH
Plot 415 Abanim
Techiman-Tamale Main Road
P.O. Box TM 515, Techiman
Tel: +233 3525 22411-2
Fax: +233 3525 22414
Email: techiman@hfcbank.com.gh

TEMA BRANCH
Asafoatse Kotei Offices and Commercial Complex
Private Mail Bag
Community One, Tema.
Tel: +233 303 201432/ 201423/208385-6
Fax: +233 303 200362
Email: hfctema@hfcbank.com.gh

TEMA COMMUNITY 25 BRANCH
Community 25 Mall
Near Devtraco Junction, Tema
Tel: + 233 540 108896-8
Email: community25@hfcbank.com.gh

TUDU BRANCH
Darkmak House, Kojo Thompson Road
Accra
Tel: +233 302 666203, 675114
Fax: +233 302 664106
Email: tudu@hfcbank.com.gh

WINNEBA BRANCH
Kojo Beedu Street
Near Winneba SHS Junction
Private Mail Bag, Winneba
Tel: +233 3323 20578
Fax: +233 3323 20579
Email: winneba@hfcbank.com.gh

DESIGN & PRINT: TYPE COMPANY LTD.
TEL: +233. 30 223. 2252 | +233. 30 225. 4011

hfcbank

HFC Bank (Ghana) Limited
Ebankese, #35, Sixth Avenue,
North Ridge, Accra.

P.O Box CT 4603, Cantoments,
Accra, Ghana.