



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 7 and 8.

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.

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).



**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: 14th March 2016



HFC BANK (GHANA) LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

Assets	At 31 December			
	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cash and balances with Bank of Ghana	139,747	185,771	141,284	187,723
Due from other banks	169,524	37,577	169,524	37,577
Government securities	174,912	284,140	174,912	288,528
Pledged assets	10,000	10,000	10,000	10,000
Loans and advances to customers	861,877	664,875	828,031	641,780
Loans and advances to banks and financial institutions	62,859	15,259	62,859	15,259
Investment securities	11,612	-	12,107	2,313
Other investments	11,886	28,220	24,887	30,258
Other assets	19,728	11,944	75,334	46,911
Investment in subsidiaries	5,537	5,537	-	-
Investment in venture capital fund	21,334	22,050	21,334	22,050
Property, plant and equipment	57,919	52,104	60,424	53,810
Intangible asset - Goodwill	3,931	3,931	3,931	3,931
Intangible asset - Software	5,723	2,942	5,962	3,252
Current income tax assets	9,830	-	9,740	-
Total assets	1,566,419	1,324,350	1,600,329	1,343,392
Liabilities and equity				
Deposits from customers	882,870	660,933	882,870	660,933
Deposits from banks and financial institutions	40,539	24,180	40,539	24,180
Due to other banks	24,000	30,401	24,000	30,401
Other liabilities	73,462	64,662	91,891	70,095
Current income tax	-	180	-	1,079
Deferred tax	3,189	1,030	3,098	1,074
Bonds	68,096	86,468	68,096	86,468
Short term borrowings	266,045	168,478	266,045	168,478
Borrowings	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	96,191	95,424	96,191	95,424
Income surplus account	(13,475)	20,180	(167)	31,318
Statutory reserve fund	57,203	57,203	57,203	57,203
Capital surplus account	32,819	32,819	32,835	32,835
Housing development assistance reserve	744	744	744	744
Regulatory credit risk reserve	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	-	-	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 were approved by the Board of directors on 3rd March 2016 and signed on its behalf by:

Chairman:

Date: 14/3/2016

Managing Director:

Date: 14/3/2016





HFC BANK (GHANA) LIMITED AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

Twelve Months ended 31 December

	The Bank 2015	The Bank 2014	The Group 2015	The Group 2014
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Interest income	251,081	191,208	256,676	196,605
Interest expense	(113,672)	(64,646)	(113,672)	(64,646)
Net interest income	137,409	126,562	143,004	131,959
Fee and commission income	14,894	19,519	28,934	30,428
Fee and commission expense	(400)	(587)	(427)	(620)
Net fee and commission income	14,494	18,932	28,507	29,808
Other operating income	9	803	5,567	9,636
Trading Income	26,761	27,718	26,761	27,718
Operating income	178,673	174,015	203,839	199,121
Operating expenses	(135,676)	(93,647)	(159,943)	(113,727)
Impairment charge for credit losses	(85,203)	(14,262)	(81,848)	(14,262)
Operating (loss)/ profit	(42,206)	66,106	(37,952)	71,132
Other income	5,127	2,255	5,722	2,458
(Loss) /profit for the year	(37,079)	68,361	(32,230)	73,590
National Stabilisation Levy	-	(3,418)	(353)	(3,652)
Tax expense	(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 (loss)/ 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	-	-	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	-	-	736	477
	(39,241)	82,466	(36,335)	85,619
Basic earnings per share (Ghana pesewas)	(13.19)	18.28	(12.46)	19.35
Diluted earnings per share (Ghana pesewas)	(13.19)	17.92	(12.46)	18.97



HFC BANK (GHANA) LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY AS AT 31 DECEMBER 2015

The Bank-2015	Stated Capital	Income surplus account	Statutory reserve	Capital surplus account	Housing dev't assistance reserve	Regulatory credit risk reserve	Other reserves	Total Equity
	GHc'000	GHc'000	GHc'000	GHc'000	GHc'000	GHc'000	GHc'000	GHc'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	Income surplus account	Statutory reserve	Capital surplus account	Housing development assistance reserve	Regulatory credit risk reserve	Other Reserve	Total Equity
	GHc'000	GHc'000	GHc'000	GHc'000	GHc'000	GHc'000	GHc'000	GHc'000
The Bank-2014	95,127	11,886	40,845	4,618	744	10,281	194	163,695
1 January		54,265	-	-	-	-	-	54,265
Profit for the year		-	-	-	-	-	-	-
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 SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY AS AT 31 DECEMBER 2015

Attributable To Equity Holders Of The Parent Company

The Group-2015

	Stated capital	Income surplus account	Statutory Reserve	Capital surplus account	Housing development assistance Reserve	Regulatory credit risk reserve	Other reserves	Non-controlling interest	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	Income surplus account	Statutory reserve	Capital surplus account	Housing development assistance reserve	Regulatory credit risk reserve	Other Reserves	Non controlling interest	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 SUBSIDIARIES

STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2015

	Twelve Months ended 31 December			
	The Bank		The Group	
	2015 GHC'000	2014 GHC'000	2015 GHC'000	2014 GHC'000
Cash flows from Operating activities				
Cash generated from operations	73,711	264,517	81,491	267,320
Interest paid-long term bonds and borrowing	(16,968)	(10,588)	(16,968)	(10,588)
Mandatory deposits with Bank of Ghana	(12,040)	55,735	(12,040)	55,735
Tax paid	(9,996)	(9,117)	(11,555)	(10,519)
National stabilization levy paid	(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	(17,737)	(15,500)	(19,242)	(16,488)
Proceeds from sale of property, plant and equipment	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	(17,843)	(10,388)	(17,843)	(10,388)
Redemption of bonds	(25,627)	(38,201)	(25,627)	(38,201)
Borrowings repaid	(48,961)	(75,093)	(48,961)	(75,093)
Proceeds from bonds issue	-	43,671	-	43,671
Proceeds from borrowings	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	303,974	353,794	305,511	360,134

