

**STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED  
30TH SEPTEMBER 2010**

	THE BANK		THE GROUP	
	AT 30TH SEPT 2010 GH¢	AT 30TH SEPT 2009 GH¢	AT 30TH SEPT 2010 GH¢	AT 30TH SEPT 2009 GH¢
<b>INCOME</b>				
Interest Income	38,761,733	34,350,130	38,969,750	35,074,642
Interest Expense	(17,081,578)	(19,969,589)	(17,086,111)	(19,969,589)
<b>Net Interest Income</b>	<u>21,680,155</u>	<u>14,380,541</u>	<u>21,883,639</u>	<u>15,105,053</u>
Fees and Commission income	4,308,579	3,472,724	4,787,234	4,502,054
Fee and Commission Expense	(225,000)	(195,104)	(225,000)	(195,104)
Net commission income	<u>4,083,579</u>	<u>3,277,620</u>	<u>4,562,234</u>	<u>4,306,950</u>
Other Operating income	<u>1,798,317</u>	<u>1,926,328</u>	<u>1,798,317</u>	<u>1,961,878</u>
<b>Operating income</b>	<u>27,562,050</u>	<u>19,584,489</u>	<u>28,244,190</u>	<u>21,373,881</u>
Operating Expenses	<u>(18,826,149)</u>	<u>(13,290,671)</u>	<u>(21,921,154)</u>	<u>(15,269,537)</u>
Impairment charge for credit losses	(1,777,382)	(1,488,374)	(1,954,428)	(1,528,374)
<b>Operating profit</b>	<u>6,958,520</u>	<u>4,805,444</u>	<u>4,368,609</u>	<u>4,575,970</u>
Other income	330,287	502,216	3,012,816	656,527
<b>Profit before reconstruction levy and tax</b>	<u>7,288,807</u>	<u>5,307,660</u>	<u>7,381,425</u>	<u>5,232,497</u>
<b>National Stabilization Levy</b>	(171,876)	-	(171,876)	-
<b>Profit before tax</b>	<u>7,116,931</u>	<u>5,307,660</u>	<u>7,209,549</u>	<u>5,232,497</u>
Taxation	(1,525,000)	(1,153,845)	(1,525,000)	(1,160,431)
<b>Non Controlling Interest</b>	-	-	(21,212)	(27,169)
<b>Profit after tax and non controlling interest income surplus</b>	<u>5,591,931</u>	<u>4,153,815</u>	<u>5,663,337</u>	<u>4,044,897</u>
Attributable to:				
Equity holders of the parent	<u>5,591,931</u>	<u>4,153,815</u>	<u>5,663,337</u>	<u>4,044,897</u>
Profit after tax transferred to income surplus	<u>5,591,931</u>	<u>4,153,815</u>	<u>5,663,337</u>	<u>4,044,897</u>
Basic and diluted earnings per share (Ghana pesewas)	<u>3.06</u>	<u>3.27</u>	<u>3.10</u>	<u>3.18</u>



**HFC BANK GHANA LTD**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30TH SEPTEMBER 2010**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH SEPTEMBER 2010**

	<b>THE BANK</b>		<b>THE GROUP</b>	
	AT 30TH SEPT 2010 GH¢	AT 30TH SEPT 2009 GH¢	AT 30TH SEPT 2010 GH¢	AT 30TH SEPT 2009 GH¢
<b>ASSETS</b>				
Cash & balances with Bank of Ghana	27,727,463	19,073,415	28,188,063	19,149,756
Due from Other Banks	24,797,201	14,476,596	24,797,201	14,708,862
Government Securities	41,277,705	9,560,041	42,272,453	9,697,333
Interest Receivable and other assets	15,350,171	13,524,388	16,322,075	14,192,194
Loans and Advances to customers	168,313,371	154,367,188	169,456,382	154,388,319
Loans and Advances to Banks	1,500,000	1,125,000	1,500,000	1,125,000
Pledge Assets	8,000,000	19,500,000	8,000,000	19,500,000
Investment Securities	60,000	295,000	60,000	1,351,390
Other Short Term Investment	5,132,341	4,406,875	8,729,725	4,792,004
Investment in Associated co.	236,921	94,139	236,921	169,139
Investment in Subsidiary	1,616,978	1,109,667	-	-
Property, Plant and Equipment	14,452,736	8,228,621	15,079,684	8,723,875
Tax	-	234,736	-	234,736
<b>TOTAL ASSETS</b>	<b>308,464,887</b>	<b>245,995,666</b>	<b>314,642,504</b>	<b>248,032,608</b>
<b>LIABILITIES</b>				
Deposit from Customers	143,779,647	115,812,600	143,903,067	115,812,600
Deposits from Banks and Financial Institutions	13,563,357	13,779,675	13,563,357	13,779,675
Due to Other Banks	11,446,475	17,000,000	11,446,475	17,000,000
Interest Payable and other Liabilities	12,348,033	9,871,296	15,198,495	10,664,553
Deferred Tax Liability	892,231	323,706	900,483	327,713
Long Term Bonds	50,558,386	43,797,507	50,558,386	43,797,506
Long Term Loans	9,353,157	15,023,775	9,446,834	15,023,775
<b>TOTAL LIABILITIES</b>	<b>241,941,286</b>	<b>215,608,559</b>	<b>245,017,097</b>	<b>216,405,822</b>
<b>SHAREHOLDERS FUNDS</b>				
Stated Capital	44,935,380	16,943,859	44,935,380	16,943,859
Capital Surplus	5,975,871	546,366	5,975,871	562,010
Statutory Reserve Fund	11,087,082	9,152,994	11,087,082	9,152,994
Income Surplus	2,372,183	1,844,994	5,828,201	3,229,927
Statutory credit reserve	1,239,462	1,204,083	1,239,462	1,204,083
Share Deals Account	24,855	24,855	24,855	24,855
Housing Dev't Fund	888,768	669,956	888,768	669,956
<b>Total Shareholders' Funds before Non Controlling Interest</b>	<b>66,523,601</b>	<b>30,387,107</b>	<b>69,979,619</b>	<b>31,787,684</b>
Non Controlling Interest	-	-	(354,212)	(160,898)
	<b>66,523,601</b>	<b>30,387,107</b>	<b>69,625,407</b>	<b>31,626,786</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS FUNDS</b>	<b>308,464,887</b>	<b>245,995,666</b>	<b>314,642,504</b>	<b>248,032,608</b>

**STATEMENT OF CASH FLOW FOR THE NINE MONTHS PERIOD ENDED  
30TH SEPTEMBER 2010**

	<b>THE BANK</b>		<b>THE GROUP</b>	
	<b>AT 30TH SEPT 2010 GH¢</b>	<b>AT 30TH SEPT 2009 GH¢</b>	<b>AT 30TH SEPT 2010 GH¢</b>	<b>AT 30TH SEPT 2009 GH¢</b>
<b>Statement of Cash flows</b>				
<b>Cash flows from operating activities</b>				
Cash generated from operations	27,277,364	(148,152,029)	29,481,868	(148,423,069)
Interest paid	(1,688,013)	(900,521)	(1,683,480)	(900,521)
Tax paid	(1,482,671)	(1,084,322)	(1,482,671)	(1,126,651)
<b>Net cash from operating activities</b>	<b>24,106,680</b>	<b>(150,136,872)</b>	<b>26,315,717</b>	<b>(150,450,241)</b>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(6,224,116)	(3,118,974)	(7,179,955)	(3,397,921)
Proceeds from sale of property and equipment	20,950	20,096	20,950	20,096
(Purchase) sale of government securities	(31,717,664)	(1,280,388)	(31,787,672)	(1,296,880)
(Purchase)/sale of other investment	(4,186,884)	(1,365,044)	(4,186,884)	(580,652)
Investment in associate and subsidiary	(791,153)	(44,640)	(1,823,671)	(44,640)
Proceeds from sale of investment property	-	(100,859)	-	(1,004,930)
<b>Net cash used in investing activities</b>	<b>(42,898,866)</b>	<b>(5,889,809)</b>	<b>(44,957,232)</b>	<b>(6,304,927)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(1,920,316)	(1,868,040)	(1,920,316)	(1,868,040)
Bonds issued	2,865,100	7,856,494	2,865,100	7,856,494
Redemption of bonds	(2,330,000)	(4,626,661)	(2,330,000)	(4,626,661)
Loans repaid	(2,574,506)	(3,222,690)	(2,574,506)	(3,222,690)
Loan drawdown	3,232,837	2,401,721	3,232,837	2,401,721
Proceeds from share issue	27,693,921	-	27,693,921	-
<b>Net cash from financing activities</b>	<b>26,967,036</b>	<b>540,824</b>	<b>26,967,036</b>	<b>540,824</b>
Increase in cash and cash equivalents	8,174,850	(155,485,857)	8,325,521	(156,214,344)
<b><u>Movement in Cash and Cash Equivalents</u></b>				
At 1st January	21,763,037	172,206,020	22,072,966	173,243,114
Increase/(Decrease) in cash and cash equivalents	8,174,850	(155,485,857)	8,325,521	(156,214,344)
<b>At 30th September</b>	<b>29,937,887</b>	<b>16,720,163</b>	<b>30,398,487</b>	<b>17,028,770</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD  
ENDED 30TH SEPTEMBER 2010**

1. The accounting policies underlying the accounts for the nine months period ended 30th September, 2010 are consistent with the policies for the 31st December 2009 financial statement which is IFRS compliant.

2. Reconciliation of Profit to cashflow from operating activities

**Cash generated from operations**

Profit before tax	7,288,807	5,307,661	7,381,425	5,232,497
Depreciation	1,942,859	1,089,050	2,033,431	1,167,786
Profit on disposal of property and equipment	(19,924)	(20,096)	(19,924)	(20,096)
Loss on disposal of associate				
Increase in impairment for credit losses	371,662	1,488,374	371,662	1,528,374
Interest expense on long term bonds	1,487,904	779,517	1,487,904	779,517
Inflation adjustment on long term bonds	4,517,410	1,910,316	4,517,410	1,910,316
Exchange loss on long term bonds		1,555,780		1,555,780
<b>Cash generated from operations before changes in operating assets and liabilities</b>	<b>15,588,718</b>	<b>12,110,602</b>	<b>15,771,907</b>	<b>12,154,174</b>

Increase in loans and advances to customers	(12,040,475)	(12,997,231)	(13,271,229)	(12,683,175)
Increase in loans and advances to banks and fin inst.		(125,000)		(125,000)
Decrease in derivative financial assets		(22,686)		(22,686)
Increase in interest receivable and other assets	(1,866,714)	(5,267,970)	(1,866,714)	(5,453,807)
Increase in deposits from customers	27,967,047	30,607,520	27,967,047	30,607,520
Increase in deposits from banks and fin inst.		(7,758,550)		(7,758,550)
(Decrease)/increase in derivative financial liabilities		(197,816)		(197,816)
(Decrease)/increase in interest payables and other liabilities	(2,371,211)	(164,500,898)	880,858	(164,943,729)
<b>Cash generated from operations</b>	<b>27,277,364</b>	<b>(148,152,029)</b>	<b>29,481,868</b>	<b>(148,423,069)</b>

**Analysis of cash and cash equivalents as shown in cash flow statement**

Cash and balances with Bank of Ghana	27,727,463	19,073,415	28,188,063	19,149,756
Due from other banks	8,766,820	14,476,596	8,565,074	14,708,862
Treasury bills maturing within 90 days at date of acquisition	4,890,079	170,152	5,091,825	170,152
Due to other banks	(11,446,475)	(17,000,000)	(11,446,475)	(17,000,000)
	<b>29,937,887</b>	<b>16,720,163</b>	<b>30,398,487</b>	<b>17,028,770</b>

"The financial statements do not contain untrue statements, misleading facts, or omit material facts, to the best of our knowledge"

**Akwete Akita**  
**Executive Director**

**Asare Akuffo**  
**Managing Director**