



HFC BANK (GHANA) LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31ST MARCH 2011

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2011

	THE BANK		THE GROUP	
	AT 31ST MARCH		AT 31ST MARCH	
	GHC	GHC	GHC	GHC
ASSETS				
Cash & balances with Bank of Ghana	34,735,546	16,469,795	35,579,396	15,472,090
Due from Other Banks	25,253,330	13,725,459	27,147,072	13,936,226
Government Securities	50,914,759	14,537,047	52,214,882	35,031,208
Fledged Assets (Repos)	8,038,000	13,250,000	8,038,000	13,250,000
Loans and Advances to customers	177,742,642	156,102,703	177,742,642	156,233,064
Loans & Advances to Financial Inst.	4,058,489	3,312,445	4,058,489	3,312,445
Investment Securities	30,000	50,000	30,000	195,115
Other Investments	5,172,724	4,866,573	5,172,724	5,782,464
Investment in subsidiaries	2,053,899	1,445,338		
Other assets	15,434,434	14,522,801	18,907,029	16,127,803
Property and Equipment	14,149,074	8,502,966	14,915,593	5,071,095
Current Income Tax	778,023	543,364	778,023	498,190
TOTAL ASSETS	338,370,930	267,370,117	344,583,931	269,967,707
LIABILITIES				
Deposits from Customers	163,259,266	124,966,953	163,259,266	174,866,353
Deposits from Other Banks	25,923,479	21,346,218	25,923,479	21,646,216
Due to Other Banks	5,079,500	10,000,000	5,079,500	10,000,000
Other Liabilities	10,287,647	3,386,950	14,086,961	4,910,657
Deferred Income Tax Liabilities	1,771,851	882,231	1,778,340	896,258
Bonds	52,434,092	47,940,550	52,772,692	47,940,550
Borrowings	7,669,715	11,852,945	7,669,715	11,852,945
TOTAL LIABILITIES	266,395,550	211,065,847	270,569,953	212,429,567
EQUITY				
Stated Capital	44,758,124	29,364,159	44,758,124	29,364,159
Income Surplus Account	4,603,795	3,318,679	6,401,121	4,705,838
Statutory Reserve Fund	12,686,948	10,941,903	12,686,948	10,541,903
Capital Surplus Account	4,618,495	543,366	4,618,495	562,010
Holding Dev't Assistance Reserve	743,680	849,845	743,680	842,646
Regulatory Credit Risk Reserve	4,096,614	1,239,462	4,096,614	1,239,462
Other Reserves	402,859	-	402,859	-
Share Deals Account	24,855	24,855	24,855	24,855
Total Equity before Non-controlling interest	71,975,380	46,284,270	73,772,706	47,687,073
Non-controlling interest			241,273	148,979
Total Equity	71,975,380	46,284,270	74,013,979	47,836,145
TOTAL LIABILITIES & EQUITY	338,370,930	267,370,117	344,583,931	269,967,707

STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD ENDED 31ST MARCH 2011

	THE BANK		THE GROUP	
	2011 GH¢	2010 GH¢	2011 GH¢	2010 GH¢
INCOME				
Interest Income	12,730,478	13,195,373	14,075,100	13,318,330
Interest Expense	(4,319,781)	(6,624,537)	(4,380,217)	(6,624,537)
Net Interest Income	8,410,697	6,570,836	9,694,883	6,693,793
Fee and commission	1,693,353	1,385,546	1,823,593	2,161,747
Net Fee and Commission Income	1,693,353	1,385,546	1,823,593	2,161,747
Other Operating Income	366,502	737,415	460,332	743,647
Operating income	10,470,552	8,693,797	11,978,808	9,599,187
Operating Expenses	(7,295,157)	(5,707,605)	(8,711,796)	(6,581,751)
Loan Impairment Charges	(435,031)	(473,234)	(435,031)	(481,427)
Operating profit	2,740,324	2,512,958	2,831,981	2,536,009
Other income	65,520	114,403	167,008	160,328
Profit for the period	2,805,844	2,627,361	2,998,989	2,696,337
National Stabilisation Levy	(140,292)	(124,036)	(148,379)	(124,036)
Income Tax Expense	(550,000)	(400,000)	(690,440)	(406,353)
Profit after Income Tax	2,115,552	2,103,325	2,150,170	2,165,948
Attributable to:				
Equity holders of the parent	2,115,552	2,103,325	2,123,059	2,147,773
Non controlling Interest			37,111	18,175
	2,115,552	2,103,325	2,160,170	2,165,948
Basic and diluted earnings per share (GH pes)	4.6	4.93	5.80	5.04

STATEMENT OF CASH FLOW FOR THE THREE MONTHS PERIOD ENDED 31ST MARCH 2011

	<u>THE BANK</u>		<u>THE GROUP</u>	
	2011 GHC	2010 GHC	2011 GHC	2010 GHC
<u>Cash flows from operating activities</u>				
Cash generated from/(used in) operations	15,945,264	1,526,158	17,961,172	1,022,283
Interest paid on bonds	(52,511)	(662,129)	(52,511)	(662,129)
Tax paid	-	(704,086)	(48,527)	(704,086)
Net cash generated from/(used in) operating activities	<u>15,892,753</u>	<u>159,943</u>	<u>17,860,134</u>	<u>(343,932)</u>
<u>Cash flows from investing activities</u>				
Purchase of property and equipment	(543,757)	(694,328)	(743,304)	(831,786)
(Purchase)/ sale of securities	4,330,617	(10,503,952)	4,330,617	(10,480,291)
Proceeds from sale of property, plant and equipment	4,500	-	4,500	-
(Purchase)/sale of other investments	(89,567)	(259,144)	(89,567)	(524,668)
Increase in Investment in Subsidiaries	(573,910)	(336,171)	-	-
Purchase/ Proceeds from sale of Investment Securities	35,112	37,000	35,112	523,158
Net cash used in investing activities	<u>3,162,996</u>	<u>(11,763,596)</u>	<u>3,537,359</u>	<u>(11,313,588)</u>
<u>Cash flows from financing activities</u>				
Dividends paid	-	(1,325)	-	(1,325)
Loans repaid	(688,956)	(1,327,469)	(688,956)	(1,327,469)
Proceeds from private placement	-	11,899,500	-	11,899,500
Proceeds from ESOP	-	223,200	-	223,200
Net cash generated from financing activities	<u>(688,956)</u>	<u>10,793,905</u>	<u>(688,956)</u>	<u>10,793,905</u>
Increase/(decrease) in cash and cash equivalents	<u>18,366,792</u>	<u>(815,747)</u>	<u>20,708,537</u>	<u>(853,614)</u>
<u>Movement in cash and cash equivalents</u>				
At 1st January	43,481,683	21,763,037	45,167,644	22,072,966
Increase/(decrease) in cash and cash equivalents	18,366,792	(815,738)	20,708,537	(853,605)
Balance at 31st March	<u>61,848,475</u>	<u>20,947,299</u>	<u>65,876,181</u>	<u>21,209,351</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31ST MARCH 2011

The accounting policies underlying the accounts for the three month period ended 31st March, 2011 are consistent with the policies for the 31st December 2010 financial statement which is IFRS compliant.

	THE BANK		THE GROUP	
	2011 GHC	2010 GHC	2011 GHC	2010 GHC
Cash generated from operations				
Profit before Income Tax	2,805,844	2,627,360	2,998,989	2,596,336
Profit on sale of fixed assets	(4,500)	0	(4,500)	0
Depreciation	653,977	445,037	720,828	484,202
Impairment for credit losses	435,031	475,234	435,031	461,427
Interest paid on long term bonds	394,735	445,777	394,735	445,777
Exchange (gain)/loss on long term bonds	370,495	(228,692)	370,495	(228,692)
Inflation adjustment on long term bonds	1,310,916	1,500,575	1,310,916	1,500,575
<i>Cash generated from operations before changes in operating assets and liabilities</i>	<u>5,965,499</u>	<u>5,263,312</u>	<u>6,226,495</u>	<u>5,379,626</u>
Increase/Decrease in loans and advances to customer	13,301,052	136,556	12,169,409	(261,377)
Increase in loans from banks and financial institutions	(986,345)	(1,695,097)	(986,346)	(1,695,097)
(Increase)/Decrease in other assets	(7,017,805)	(1,153,572)	(7,082,827)	(1,094,453)
Increase in deposits from customers	6,384,723	7,416,223	6,724,298	7,416,223
Increase/Decrease in deposits financial institutions	(2,595,855)	668,341	(2,595,855)	668,341
(Decrease)/Increase in other liabilities	892,997	(9,109,805)	3,505,998	(9,390,980)
<i>Cash generated from/(used in) from operations</i>	<u>15,945,264</u>	<u>1,526,158</u>	<u>17,961,172</u>	<u>1,022,283</u>
Analysis of cash and cash equivalent				
Cash & balances with BCG	34,735,546	16,469,795	35,579,396	16,472,090
Due from other banks	25,263,530	15,726,455	27,147,072	13,886,226
Treasury bills	6,929,099	751,045	6,226,212	751,045
Due to other Banks	(5,079,500)	(10,000,000)	(5,079,500)	(10,000,000)
	<u>61,848,475</u>	<u>20,947,295</u>	<u>63,876,180</u>	<u>21,209,361</u>

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

	<u>THE BANK</u> 2011	<u>THE BANK</u> 2010	<u>THE GROUP</u> 2011	<u>THE GROUP</u> 2010
1 Interest Income				
Mortgage Income	3,003,192	2,857,364	3,003,192	2,857,364
Investment Income	2,856,697	2,959,692	2,856,697	3,082,649
Commercial Loan	6,218,196	6,421,626	7,572,818	6,421,926
Construction Finance	67,962	50,781	67,962	50,781
Personal Loan Interest	434,823	753,639	434,823	753,639
Micro Finance	139,609	152,271	139,609	152,271
	<u>12,730,478</u>	<u>13,195,373</u>	<u>14,075,100</u>	<u>13,318,330</u>
2 Interest Expense				
Bond Interest	1,754,918	2,491,505	1,754,918	2,451,506
Interest on deposit	2,103,911	2,933,704	2,164,347	2,932,704
Loan Interest expense	460,952	1,200,327	460,952	1,200,327
	<u>4,319,781</u>	<u>6,624,537</u>	<u>4,380,217</u>	<u>6,624,537</u>
3 Fees and Commission				
Brokerage Commission	16,542	15,224	16,542	51,001
Total Processing Fees- other schemes	334,450	251,542	559,901	979,902
Fees & Commission-customer		1,118,780	1,342,261	1,130,844
	<u>1,693,353</u>	<u>1,385,546</u>	<u>1,918,804</u>	<u>2,161,747</u>
4 Other Operating Income				
A-ears Penalty Account	257,391	210,586	276,391	216,818
Trading income	(420,131)	-	(345,311)	-
Exchange Difference	529,242	526,829	529,242	526,829
	<u>366,502</u>	<u>737,415</u>	<u>460,322</u>	<u>743,647</u>
5 Impairment Charges				
Balance at 1st January	9,988,938	7,665,899	9,553,907	8,147,326
Charge for the period	435,031	473,234	435,031	(481,427)
Balance at 31st March	<u>10,423,970</u>	<u>8,139,133</u>	<u>9,988,938</u>	<u>7,665,899</u>
6 Operating expenses				
Staff Cost	3,568,513	3,187,771	3,568,513	3,766,412
Advert & Marketing	285,579	138,139	285,579	141,683
Others	2,787,128	1,936,638	2,720,277	2,188,356
Depreciation	653,977	443,057	720,828	485,294
	<u>7,295,197</u>	<u>5,707,505</u>	<u>8,711,796</u>	<u>6,581,751</u>
Sundry income				
Sale of Application form	7,771	740	7,771	-
Bank Interest	311	35	311	-
Profit on Sale of Property & Equipment	4,500	-	4,500	2,693
Sundry Income	52,938	115,628	154,426	157,635
	<u>65,520</u>	<u>114,403</u>	<u>167,008</u>	<u>160,328</u>
7 Cash & Short Term Funds				
Cash & balances with Bank of Shara	<u>34,735,546</u>	<u>16,459,793</u>	<u>35,579,396</u>	<u>15,472,090</u>
Due from other Banks	<u>25,263,330</u>	<u>13,725,459</u>	<u>27,147,072</u>	<u>13,986,226</u>

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	<u>THE BANK</u> 2011	<u>THE BANK</u> 2010	<u>THE GROUP</u> 2011	<u>THE GROUP</u> 2010
8 Government Securities				
91 day TB	6,929,099	751,045	8,229,212	751,045
180 day TB	25,198,053	18,757,273	25,198,053	19,251,434
1 year TB	11,825,117	13,221,949	11,825,117	13,221,949
2 & 3 yr floating rate	15,000,500	15,056,780	15,000,500	15,056,780
	<u>58,952,769</u>	<u>47,787,047</u>	<u>60,252,882</u>	<u>48,281,208</u>
9 Other Short Term Investments				
UNIT TRUST	4,990,444	4,856,673	4,990,444	5,584,529
Call and Others	182,280		182,280	197,535
	<u>5,172,724</u>	<u>4,856,673</u>	<u>5,172,724</u>	<u>5,782,064</u>
10 Loans and Advances to Customers				
MORTGAGES	60,381,400	48,912,880	60,381,400	48,912,880
Construction Finance	1,116,321	871,808	1,116,321	871,808
Corporate Loans	100,453,621	93,227,648	100,453,621	93,227,648
Staff Loans -	2,232,411	1,489,106	2,232,411	1,632,657
Consumer Loans	8,499,723	8,127,576	8,499,723	8,127,576
Microfinance Loans	5,059,166	3,349,584	5,059,166	3,349,584
	<u>177,742,642</u>	<u>156,102,708</u>	<u>177,742,642</u>	<u>156,238,064</u>
Loans and advances to financial inst.	4,058,489	3,312,445	4,058,489	3,312,445
11 Investment Securities				
NIB Bond				108,115
PBL Bond	30,000	90,000	30,000	90,000
	<u>30,000</u>	<u>90,000</u>	<u>30,000</u>	<u>198,115</u>
12 Investment in subsidiaries				
Investment in Subsidiaries	1,578,989	1,209,657		
Investment in Associated Company	283,910	236,171		
JG - HFC	90,000			
	<u>2,053,899</u>	<u>1,445,828</u>		
13 Other assets				
Interest receivable	6,283,821	6,654,930	6,283,821	6,666,849
Others	9,150,513	7,867,870	12,339,278	9,224,788
	<u>15,434,434</u>	<u>14,522,801</u>	<u>18,623,099</u>	<u>15,891,637</u>

Property and Equipment
The Bank

	COST	DEPRECIATION	NBV
	€	€	€
Land & Buildings	9,026,862.69	78,268.35	8,948,594.34
Motor vehicles	1,805,915.76	961,534.64	844,381.12
Office furniture and Equipments	7,476,872.13	4,241,240.89	3,235,631.24
Computer facilities	3,717,496.74	2,891,483.58	826,013.16
Assets in construction	294,454.46		294,454.46
	<u>22,321,601.78</u>	<u>8,172,527.46</u>	<u>14,149,074.32</u>

Group

14		COST	DEPRECIATION	NBV
		€	€	€
	Land & Buildings	9,026,863	78,268	8,948,594
	Motor vehicles	1,805,916	961,535	844,381
	Office furniture and Equipments	7,476,873	4,241,241	3,235,632
	Computer facilities	3,717,497	2,891,484	826,013
	Subsidiaries	766,619		766,619
	Assets in construction	294,454		294,454
		<u>23,088,222</u>	<u>8,172,528</u>	<u>14,915,693</u>

	THE BANK	T- E BANK	THE GROUP	THE GROUP
	2011	2010	2011	2010
15 Customer Deposits				
Current deposits	63,872,906	43,563,533	63,872,906	43,563,533
Savings deposit	43,387,526	28,653,537	43,387,526	28,653,537
Time deposits	55,998,834	52,749,883	55,998,834	52,749,883
	<u>163,259,266</u>	<u>124,966,953</u>	<u>163,259,266</u>	<u>124,966,953</u>
16 Deposits from Financial Institution				
Current deposits	6,255,472	6,452,658	6,255,472	6,452,658
Time deposits	19,668,007	15,393,550	19,668,007	15,393,550
	<u>25,923,479</u>	<u>21,846,218</u>	<u>25,923,479</u>	<u>21,846,218</u>
Due to Other Banks				
Overnight Borrowing	5,079,500	10,000,000	5,079,500	10,000,000
	<u>5,079,500</u>	<u>10,000,000</u>	<u>5,079,500</u>	<u>10,000,000</u>
17 Other Liabilities				
Short Term Loans		46,148		310,357
Accrued interest	2,306,351	2,856,710	2,306,351	2,856,710
Dividend payable	11,632	11,703	11,632	11,703
Creditors	9,840,826	672,392	12,346,147	1,747,888
	<u>12,158,809</u>	<u>3,586,951</u>	<u>14,664,130</u>	<u>4,926,658</u>

	<u>THE BANK</u> 2011	<u>THE BANK</u> 2010	<u>THE GROUP</u> 2011	<u>THE GROUP</u> 2010
Current Income Tax	778,023	543,364	778,023	496,190
Deferred Income Tax Liabilities	1,771,851	892,231	1,778,340	891,251
18 Bonds				
Social Security and National Insurance Trust:				
CIP Bonds	29,585,642	28,924,271	29,585,642	28,924,271
Convertible Bond	2,369,143	2,330,000	2,369,143	2,330,000
HFC 5 Year Corporate Dollar Bonds	14,737,702	11,048,959	15,105,302	11,048,959
Hfc Dollar Housbond	5,711,605	5,637,320	5,711,605	5,637,320
	<u>52,404,092</u>	<u>47,940,550</u>	<u>52,772,692</u>	<u>47,940,550</u>
19 Borrowings				
IOA/NBFI Loan	432,392	410,928	432,392	410,928
GIB Loan	7,237,323	9,886,216	7,237,323	9,886,216
Stanchar Loan	-	1,555,801	-	1,555,801
	<u>7,669,715</u>	<u>11,852,945</u>	<u>7,669,715</u>	<u>11,852,945</u>
Capital Surplus	4,618,495	546,265	4,618,495	562,010
21 Statutory Reserve Fund				
As at January 1	11,529,172	9,890,241	11,529,172	9,890,241
Transfer from income surplus	1,157,776	1,051,662	1,157,776	1,051,662
As at 31st March	<u>12,686,948</u>	<u>10,941,903</u>	<u>12,686,948</u>	<u>10,941,903</u>
Share Deal's Account				
As at January 1	24,855	24,855	24,855	24,855
Less: Share buy back	-	-	-	-
As at 31st March	<u>24,855</u>	<u>24,855</u>	<u>24,855</u>	<u>24,855</u>
22 Housing Development Assistance Reserve				
As at January 1	743,680	743,680	743,680	743,680
As at 31st March	<u>743,680</u>	<u>743,680</u>	<u>743,680</u>	<u>743,680</u>
23 Stated Capital				
	2011 Proceeds	No. Of Shares	2010 Proceeds	No. Of Shares
As at January 1	44,798,124	183,210,672	37,241,459	127,932,359
Additions	-	-	12,122,700	24,800,706
As at 31st March	<u>44,798,124</u>	<u>183,210,672</u>	<u>49,364,159</u>	<u>152,733,065</u>