



PRESS RELEASE

PR. No 365/2016

**HFC BANK (GHANA) LIMITED (HFC) -
UNAUDITED FINANCIAL STATEMENTS FOR
THE THIRD QUARTER ENDING SEPTEMBER 2016**

HFC has released its un-audited Financial Statements for the third quarter ending September 30, 2016 as per the attached.

Issued at Accra, this 11th
day of November, 2016

- E N D -

att'd.

Distribution:

1. All LDMs
2. General Public
3. Company Secretary, HFC
4. MBG Registrars, (Registrars for HFC shares)
5. SEC
6. Central Securities Depository
7. GSE Council Members
8. GSE Notice Board

For enquiries, contact:

**General Manager/Head of Listings, GSE on 0302 669908, 669914,
669935**

***JEB**

UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2016

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2016

	THE BANK		THE GROUP	
	AT 30TH SEPT	AT 30TH SEPT	AT 30TH SEPT	AT 30TH SEPT
	2016	2015	2016	2015
	GHS	GHS	GHS	GHS
Assets				
Cash & balances with Bank of Ghana	161,288,464	153,849,428	164,636,625	155,528,768
Due from other banks	166,917,175	124,979,334	166,917,175	124,979,334
Government securities	144,266,209	80,294,935	144,266,209	80,294,935
Pledge assets (Repos)	62,300,000	8,000,000	62,300,000	8,000,000
Loans and advances to customers	956,741,103	972,317,190	956,422,753	942,787,313
Loans and advances to financial institutions	85,822,864	-	85,822,864	-
Investment securities	5,210,172	34,802,400	5,558,459	37,885,360
Other investment	33,307,173	16,201,252	30,787,032	24,700,406
Investment in subsidiaries	5,537,583	5,537,583	-	-
Investment in venture capital fund	20,575,619	20,108,485	20,575,619	20,108,485
Other assets	32,601,195	39,536,610	88,066,857	85,328,598
Property and equipment	66,238,879	62,520,605	68,884,922	64,930,066
Goodwill	3,931,286	3,931,286	3,931,286	3,931,286
Current income tax assets	19,476,235	9,053,615	19,663,477	7,636,830
Deferred income tax asset	-	-	-	-
Total assets	1,764,213,958	1,531,132,724	1,817,833,278	1,556,111,382
Liabilities and equity				
Deposit from customers	1,148,085,218	845,124,318	1,148,085,218	845,124,318
Due to other financial institutions	57,969,883	39,434,515	57,969,883	39,434,515
Due to Other Banks	25,814,750	-	25,814,750	-
Other liabilities	38,994,724	117,367,911	72,245,639	128,360,879
Deferred income tax liability	3,189,449	1,029,604	3,126,188	1,073,312
Bonds	65,403,275	77,871,357	65,403,275	77,871,357
Short term borrowings	209,882,067	203,673,157	209,882,067	203,673,157
Borrowings	62,071,897	37,157,643	62,377,763	37,157,642
Total liabilities	1,611,411,263	1,321,658,505	1,644,904,782	1,332,695,181
Equity				
Stated Capital	96,190,624	96,116,824	96,190,624	96,116,824
Income surplus account	(40,427,072)	17,386,631	(22,794,966)	29,069,920
Statutory reserve fund	57,203,062	57,203,062	57,203,062	57,203,062
Capital surplus account	32,819,640	32,819,640	32,835,284	32,835,284
Housing development assistance reserve	743,680	743,680	743,680	743,680
Regulatory credit risk reserve	6,272,762	5,010,588	6,272,762	5,010,588
Other reserve	-	193,794	-	193,794
Total equity before non controlling interest	152,802,696	209,474,219	170,450,446	221,173,152
Non controlling interest	-	-	2,478,050	2,243,049
Total equity	152,802,696	209,474,219	172,928,496	223,416,201
Total liabilities and equity	1,764,213,958	1,531,132,724	1,817,833,278	1,556,111,382

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	THE BANK		THE GROUP	
	AT 30TH SEPT	AT 30TH SEPT	AT 30TH SEPT	AT 30TH SEPT
	2016	2015	2016	2015
	GHS	GHS	GHS	GHS
Income				
Interest income	195,945,842	178,851,227	204,325,251	182,037,985
Interest expense	(110,601,484)	(78,794,159)	(110,601,484)	(78,794,159)
Net interest income	85,344,357	100,057,068	93,723,767	103,243,826
Fees and commission income	20,619,150	19,928,437	31,813,816	32,875,444
Fee and commission expense	(612,973)	(554,826)	(612,973)	(578,722)
Net fees and commission income	20,006,177	19,373,611	31,200,843	32,296,722
Other operating income	60,319	-	3,534,946	6,151,854
Trading Income	8,779,782	23,866,465	8,779,782	23,866,465
Operating income	114,190,636	143,297,144	137,239,338	165,558,867
Operating expenses	(102,323,415)	(95,152,830)	(120,454,369)	(115,043,899)
Impairment charge for credit losses	(46,000,000)	(63,147,931)	(46,000,000)	(63,147,931)
Operating profit	(34,132,779)	(15,003,617)	(29,215,031)	(12,632,963)
Other income	8,831,275	5,557,487	12,105,148	6,121,349
Loss for the period	(25,301,504)	(9,446,130)	(17,109,883)	(6,511,614)
National Stabilization Levy	-	-	(272,559)	(301,221)
Income tax expense	(1,650,000)	-	(2,932,842)	(1,356,323)
Non controlling interest	-	-	(568,157)	(731,248)
loss after tax and non controlling interest	(26,951,504)	(9,446,130)	(20,883,441)	(8,900,406)
Attributable to:				
Equity holders of the parent	(26,951,504)	(9,446,130)	(20,315,284)	(8,169,158)
Non controlling interest	-	-	(568,157)	(731,248)
Other comprehensive				
Gains on Revaluation	-	-	-	-
Total comprehensive income for the period	(26,951,504)	(9,446,130)	(20,883,441)	(8,900,406)
Basic and diluted earnings per share (Ghana pesewas)	(12.08)	(4.23)	(9.36)	(3.99)

STATEMENT OF CASH FLOWS FOR PERIOD ENDED SEPTEMBER 30, 2016

	THE BANK		THE GROUP	
	AT 30TH SEPT	AT 30TH SEPT	AT 30TH SEPT	AT 30TH SEPT
	2016	2015	2016	2015
	GHS	GHS	GHS	GHS
Cash flows from operating activities				
Cash generated from operations	71,169,441	(37,240,530)	61,529,572	(24,484,607)
Interest paid on borrowings and long term bonds	(7,792,576)	(10,015,928)	(7,792,576)	(10,015,928)
Mandatory deposits with Bank of Ghana	(22,272,036)	10,593,156	(22,272,036)	10,593,156
Tax paid	(9,512,507)	(12,724,567)	(11,760,421)	(13,979,529)
Net cash from operating activities	31,592,322	(49,387,869)	19,704,539	(37,886,908)
Cash flows from investing activities				
Purchase of property and equipment	(11,805,692)	(14,116,733)	(12,579,535)	(15,099,051)
Proceeds from sale of property and equipment	234,309	38,000	397,689	129,000
Sale /(Purchase) of government securities	(29,822,081)	46,115,577	(31,181,154)	48,326,285
Sale/(Purchase) of other investment	(21,421,140)	12,019,194	(5,899,636)	(3,801,682)
Sale /(Purchase) of investment securities	6,401,776	(34,802,400)	6,548,307	(36,463,105)
Investment in associate and subsidiary	757,905	1,941,090	757,906	1,941,091
Net cash derived/used in investing activities	(55,654,922)	11,194,729	(41,956,422)	(4,967,462)
Cash flows from financing activities				
Dividend paid	-	(17,841,655)	-	(17,841,655)
Redemption of bonds	(11,749,414)	(14,495,658)	(11,749,414)	(14,495,658)
Loans repaid	(7,791,467)	(16,369,475)	(7,791,467)	(16,369,475)
Proceeds from Loans	40,890,564	-	40,890,564	-
Net cash from financing activities	21,349,683	(48,706,788)	21,349,683	(48,706,788)
Increase in cash and cash equivalents	(2,712,917)	(86,899,928)	(902,200)	(91,561,159)
Movement in Cash and Cash Equivalents				
At 1st January	303,973,724	353,793,422	305,511,168	360,133,991
Increase/(Decrease) in cash and cash equivalents	(2,712,917)	(86,899,928)	(902,200)	(91,561,158)
Net foreign exchange difference	7,641,721	10,228,057	7,641,721	10,228,057
September 30th	308,902,528	277,121,551	312,250,689	278,800,890

NOTES TO THE FINANCIAL STATEMENT FOR PERIOD ENDED SEPTEMBER 30, 2016

1. The accounting policies underlying the accounts for the period ended 30th September 2016 are consistent with the policies for the 31st December 2015 financial statement which is IFRS compliant.

	THE BANK		THE GROUP	
	AT 30TH SEPT	AT 30TH SEPT	AT 30TH SEPT	AT 30TH SEPT
	2016	2015	2016	2015
	GHS	GHS	GHS	GHS
Profit before income tax (Profit)/Loss on disposal of property and equipment	(25,301,504)	(9,446,130)	(17,109,883)	(6,511,614)
Depreciation	93,321	(38,000)	68,810	(69,913)
Impairment for credit losses	8,807,465	6,641,928	9,538,368	7,171,969
Interest expense on long term bonds and loans	46,000,000	63,147,931	46,000,000	63,147,931
Inflation adjustment on long term bonds	16,680,232	17,384,121	16,680,232	17,384,121
Exchange gain on cash and cash equivalents	679,647	109,143	679,647	109,143
Cash generated from operations before changes in operating assets and liabilities	(7,641,721)	(10,228,057)	(7,641,721)	(10,228,057)
Cash generated from operations	39,317,440	67,570,935	48,215,454	71,003,580
Increase in loans and advances to customers (Increase)/Decrease in loans & advances to banks and Fin. Inst.	(140,864,372)	(370,590,121)	(174,391,813)	(364,155,966)
Decrease/(Increase) in other assets	(22,963,687)	15,259,171	(22,963,687)	15,259,172
Increase in deposits from customers	(12,873,471)	(36,646,137)	(12,732,793)	(38,417,373)
Increase in deposits from banks and fin inst.	209,051,664	219,385,936	209,051,664	219,385,936
Decrease in other liabilities	33,969,883	15,254,901	33,969,883	15,254,901
Cash generated from operations	(34,468,016)	(52,524,785)	(19,619,136)	(57,185,143)
Cash generated from operations	71,169,441	(37,240,530)	61,529,572	(24,484,607)
Analysis of cash and cash equivalents as shown in cash flow statement				
Cash and balances with Bank of Ghana	55,069,775	100,849,462	58,417,936	102,528,802
Due from other banks	166,917,175	124,979,334	166,917,175	124,979,334
Treasury bills maturing within 90 days at date of acquisition	112,730,328	51,292,755	112,730,328	51,292,755
Due to other banks	(25,814,750)	-	(25,814,750)	-
Cash and cash equivalents	308,902,528	277,121,551	312,250,689	278,800,890

i. Significant Accounting Policies

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.

ii. Quantitative Disclosures

- | | Sept 2016 | Sept 2015 |
|---------------------------------------|-----------|-----------|
| • Capital Adequacy Ratio (%) | 11.07 | 12.39 |
| • Non-Performing Loan (NPL) Ratio (%) | 30.50 | 16.75 |

iii. Qualitative Disclosures

- The Bank's dominant risks are credit, market, liquidity, operational and compliance risks.
- Risk Management and Compliance Frameworks

Dominant Risks

The Bank is exposed to the following risks:

- Credit Risk
- Operational Risk
- Liquidity Risk
- Market Risk

For the period under review, the Bank did not meet the single obligor limit for two customers.

The Board of Directors established the Bank's Risk Management Frameworks and Assets and Liabilities Committee (ALCO) to be responsible for the monitoring of the Bank's risks.

The Bank also has Risk Management and Compliance Department which is guided by set of policy and procedure manuals 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.

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

Sgd
ROBERT L. LE HUNTE
Managing Director

Sgd
PROF. JOSHUA ALABI
Board Chairman

UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30TH, 2016

CHAIRMAN'S STATEMENT

The total asset base of HFC Bank (Ghana) Limited and its Subsidiaries grew by 16.67% from GH¢1.56 billion to GH¢1.82 billion when compared to the similar period last year.

The group's profit excluding provision for impairment for the period stood at GH¢ 25.11 million. However, after providing for loans and advances impairment of GH¢46 million for the period under consideration, the group posted a net loss after tax of GH¢20.9 million. This level of impairment continues to be influenced largely by legacy issues which are actively engaging the attention of Management.

The Bank's deposit portfolio grew year on year by 39% from GH¢0.88 billion to GH¢1.23 billion. The impetus for this growth was driven largely by the wide acceptance of our new suite of deposit products in the market.

The Board together with Management continues to work tirelessly to improve the performance of the Bank. We are confident that as we refocus, restructure and retool the Bank to better deal with prevailing market conditions, we are well poised for profitability in the ensuing years.



PROF. JOSHUA ALABI