GHANA STOCK EXCHANGE

PRESS RELEASE

PR. No 187/2010

HFC BANK (GHANA) LIMITED (HFC) -
FINANCIAL STATEMENTS
FOR THE SECOND QUARTER – JUNE 30, 2010

HFC has released its Financial Statements for the second quarter ending June 30, 2010 as per the attached.

Issued at Accra, this 27th
day of July, 2010

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att'd.

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

For enquiries, contact:
General Manager/Head of Listings, GSE on 669908, 669914, 669935
*eo

HFC BANK (GHANA) LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2010.

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2010

	THE BANK		THE GROUP	
	AT 30TH JUNE		AT 30TH JUNE	
	2010	2009	**2010**	2009
ASSETS	**GH¢**	**GH¢**	**GH¢**	GH¢
Cash & Balances with Bank of Ghana	**21,250,680**	14,904,260	**21,253,143**	14,977,050
Due from Other Banks	**40,680,143**	20,766,405	**40,875,735**	21,146,781
Government Securities	**36,806,046**	14,282,471	**37,499,049**	14,408,037
Interest Receivable & Other Assets	**15,811,426**	11,494,592	**18,292,099**	12,245,904
Loans & Advances to Customers	**159,849,110**	155,426,694	**159,943,826**	155,474,633
Loans & Advances to Banks	**4,463,154**	1,125,000	**4,463,154**	1,125,000
Pledged Assets	**11,750,000**	19,500,000	**11,750,000**	19,500,000
Derivative Financial Assets	**93,047**	0	**93,047**	0
Investment Securities	**90,000**	336,688	**753,440**	1,192,158
Other Short Term Investments	**5,030,006**	4,116,612	**5,686,821**	4,732,174
Investment in Associates	**236,921**	94,139	**236,921**	94,139
Investment in Subsidiary	**1,663,899**	1,034,667	**0**	
Property, Plant and Equipment	**9,018,596**	7,450,222	**9,642,437**	7,837,263
Tax	**0**	-	**-**	-
Total Assets	**306,743,029**	250,531,750	**310,489,672**	252,733,139
LIABILITIES				
Deposits from Customers	**147,632,032**	117,722,349	**147,632,032**	117,722,349
Deposits from Banks and Financial Institutions	**31,609,587**	13,779,675	**31,609,587**	13,779,675
Due to Other Banks	**5,000,000**	17,000,000	**5,000,000**	17,000,000
Interest Payable & Other Liabilities	**14,889,859**	12,242,779	**17,246,236**	13,287,051
Deferred Tax Liability	**892,231**	323,705	**900,723**	327,713
Derivative Financial Liability	**54,674**	-	**54,674**	-
Long Term Bonds	**48,872,568**	42,594,158	**48,872,568**	42,594,158
Long Term Loans	**10,605,907**	16,194,245	**10,605,907**	16,194,245
Taxation	**219,340**	187,007	**308,526**	215,406
Total Liabilities	**259,776,198**	220,043,918	**262,230,253**	221,120,597
SHAREHOLDERS FUNDS				
Stated Capital	**29,892,148**	16,943,859	**29,892,148**	16,943,859
Income Surplus	**2,070,496**	1,877,485	**3,498,841**	3,152,270
Statutory Credit Risk	**1,501,761**	1,216,919	**1,501,761**	1,216,919
Statutory Reserve Fund	**11,978,682**	9,203,357	**11,978,682**	9,203,357
Capital Surplus Account	**546,366**	546,366	**562,010**	562,010
Housing Dev't Reserve	**952,524**	674,991	**952,524**	674,991
Share Deals Account	**24,855**	24,855	**24,855**	24,855
Total Shareholders' Funds before Non Controlling Interest	**46,966,831**	30,487,831	**48,410,820**	31,778,263
Non Controlling Interest	**-**	-	**(151,401)**	(165,721)
Total Shareholders' Funds after Non Controlling Interest	**46,966,831**	30,487,831	**48,259,419**	31,612,542
TOTAL LIABILITIES & SHAREHOLDERS FUNDS	**306,743,029**	250,531,750	**310,489,672**	252,733,139

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE, 2010

	THE BANK		THE GROUP	
	JUNE 2010	2009	**JUNE 2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Interest Income	**26,879,521**	22,188,541	**27,174,781**	22,890,852
Interest Expense	**(11,977,932)**	(12,519,700)	**(11,991,951)**	(12,527,210)
Net Interest Income	**14,901,589**	9,668,841	**15,182,830**	10,363,642
Fee & Commission income	**2,498,043**	2,430,037	**4,409,671**	3,115,948
Fee & Commission expenses	**(81,387)**	(185,104)	**(81,387)**	(185,104)
Net Commission income	**2,416,656**	2,244,933	**4,328,284**	2,930,844
Other operating Income	**640,629**	1,733,546	**692,155**	1,743,619
Operating income	**17,958,874**	13,647,320	**20,203,268**	15,038,105
Operating Expenses	**(11,839,376)**	(8,259,281)	**(13,839,435)**	(9,554,553)
Impairment charge for credit losses	**(946,469)**	(629,000)	**(999,669)**	(634,079)
Operating Profit	**5,173,030**	4,759,039	**5,364,165**	4,849,473
Other Income	**216,495**	453,073	**240,071**	565,954
Profit before reconstruction levy & tax	**5,389,525**	5,212,112	**5,604,235**	5,415,427
National Stabilisation Levy	**(134,738)**	0	**(140,105)**	0
Profit before Tax	**5,254,787**	5,212,112	**5,464,130**	5,415,427
Taxation	**(1,077,905)**	(958,200)	**(1,185,913)**	(985,511)
Non controlling interest	**-**	**-**	**(15,702)**	(22,346)
Profit after tax and non controlling interest	**4,176,882**	4,253,912	**4,262,516**	4,407,570
Attributable to:				
Equity holders of the parent	**4,176,882**	4,253,912	**4,262,516**	4,407,570
Profit after tax transferred to income surplus	**4,176,882**	4,253,912	**4,262,516**	4,407,570
Basic and diluted earnings per share (Ghana pesewas)	**2.73**	4.10	**2.79**	4.14

STATEMENT OF CASH FLOW FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE, 2010

	THE BANK		THE GROUP	
	Jun-10	**Jun-09**	**Jun-10**	**Jun-09**
	GH¢	**GH¢**	**GH¢**	GH¢
Operating Activities				
Net Cashflow from operations	**44,170,181**	(144,844,254)	**43,748,167**	(145,098,765)
Interest paid	**(911,151)**	(206,211)	**(911,151)**	(206,211)
Tax paid	**(1,238,847)**	(933,871)	**(1,297,461)**	(965,738)
Net cash generated from operating activities	**42,020,183**	(145,984,336)	**41,539,555**	(146,270,714)
Investing Activities				
Purchase of property and equipment	**(1,806,283)**	(1,905,275)	**(1,990,035)**	(2,048,867)
(Purchase)/ sale of Government securities	**(9,222,099)**	3,349,960	**(9,391,280)**	3,345,194
Proceeds from sale of property, plant and equipment	**0**	3,096	**0**	3,096
(Purchase)/sale of other Investments	**(422,477)**	(1,074,781)	**(429,025)**	(520,822)
Increase in investment in subsidiary and associate	**(791,153)**	30,360	**(750)**	30,360
Proceeds/(Purchase) from sale of Investment Security	**30,000**	(142,547)	**(32,167)**	(845,698)
Net cash used in Investing activities	**(12,212,013)**	260,813	**(11,843,258)**	(36,737)
Financing Activities				
Dividends paid	**(1,920,316)**	(1,867,933)	**(1,920,316)**	(1,867,933)
Bonds issued		7,856,190		7,856,190
Bonds redeemed	**-**	(4,626,661)	**-**	(4,626,661)
Loans Repaid	**(2,574,506)**	(216,625)	**(2,574,507)**	(216,625)
Proceeds from share issue	**12,650,689**		**12,650,689**	
Loans drawdown	**-**	566,127	**-**	566,127
Net cash generated from financing activities	**8,155,867**	1,711,098	**8,155,866**	1,711,098
Increase /(Decrease) in cash and cash equivalents	**37,964,037**	(144,012,425)	**37,852,163**	(144,596,353)
Movement in Cash and Cash Equivalents				
At 1st January	**21,763,037**	172,206,020	**22,072,966**	173,243,114
Increase/(Decrease) in cash and cash equivalents	**37,964,037**	(144,012,425)	**37,852,163**	(144,596,353)
At 30th June	**59,727,074**	28,193,595	**59,925,129**	28,646,761

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30th JUNE 2010

1 The accounting policies underlying the accounts for the six months period ended 30th June,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

	2010	2009	**2010**	2009
Profit before Tax	**5,389,525**	5,212,742	**5,604,235**	5,415,427
Profit on sale of fixed assets	**0**	(3,096)	**0**	(2,796)
Depreciation	**1,041,403**	653,748	**1,125,675**	323,771
Increase in impairment for credit losses	**946,469**	629,000	**999,669**	634,079
Interest expense on long term bonds	**873,938**	457,993	**873,938**	175,099
Exchange (gain)/ loss on long term bonds	**(185,234)**	1,553,208	**(185,234)**	753,129
Inflation adjustment on longterm bonds	**307,715**	1,293,418	**307,715**	545,474
Cash from operations before changes in operating assets and liabilities	**8,373,815**	**9,797,013**	**8,725,998**	7,844,183
(Increase)/Decrease in loans and advances to customers	**(1,583,586)**	(13,936,893)	**(2,040,360)**	(12,136,764)
Increase in loans from banks and financial institutions	**(2,845,806)**	125,000	**(2,845,806)**	75,000
Decrease(Increase) in derivative financial assets	**(93,047)**	22,686	**(93,047)**	11,499
(Increase)/Decrease in other assets	**(2,441,997)**	(3,283,546)	**(3,494,914)**	(1,608,146)
Increase in deposits from customers	**30,081,313**	32,517,266	**30,081,313**	34,781,740
Increase/Decrease in deposits from banks and financial institutions	**10,431,710**	(7,956,366)	**10,431,710**	(10,978,624)
Increase in derivative financial liabilities	**54,674**	197,816	**54,674**	(4,234)
Decrease in creditors and accruals	**2,193,104**	(162,327,230)	**2,928,599**	(159,694,605)
Net cashflow from operating activities	**44,170,181**	(144,844,254)	**43,748,167**	(141,709,951)

Analysis of cash and cash equivalent

Cash & balances with BOG	**21,250,680**	14,904,260	**21,253,143**	14,977,050
Due from other Banks	**40,680,143**	20,766,405	**40,875,735**	21,146,781
Treasury bills	**2,796,251**	9,522,930	**2,796,251**	9,522,930
Due to other Banks	**(5,000,000)**	(17,000,000)	**(5,000,000)**	(17,000,000)
	59,727,074	28,193,595	**59,925,129**	28,646,761

"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