



FINANCE CORPORATION OF BAHAMAS LIMITED

**Chairman's review of the unaudited results
For the six months ended April 30, 2015**

We wish to report that the bank's net profit for the six months ended April 30, 2015 was \$15.8 million, compared to \$12.2 million in the corresponding period for 2014. While loan volumes showed a small decline over the previous year, the increase in net profit is primarily a result of lower operating expenses and lower interest costs.

Non-performing loans remain stubbornly high at \$105 million, representing 11.7% of the loan portfolio. The bank's capital ratio, which is comprised mainly of Tier 1 capital, remains strong at 28.4% and is above regulatory requirements.

Chairman

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Managing Director

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FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED BALANCE SHEET (Unaudited)
As of April 30, 2015 and October 31, 2014
(Expressed in Bahamian dollars)

ASSETS	April 30, 2015	October 31, 2014
Cash and cash equivalents	\$ 44,498,441	\$ 51,479,021
Balance with The Central Bank of The Bahamas	45,391,200	41,886,036
Loans and advances to customers	844,205,627	847,753,868
Investment securities	37,820,790	40,357,511
Premises and equipment	692,088	716,361
Other assets	<u>2,752,873</u>	<u>1,024,647</u>
TOTAL	<u><u>\$ 975,361,019</u></u>	<u><u>\$ 983,217,444</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Customer deposits	\$ 704,514,290	\$ 786,740,410
Due to affiliated companies	101,145,958	40,972,367
Other liabilities	<u>4,202,012</u>	<u>5,802,923</u>
Total liabilities	<u><u>\$ 809,862,260</u></u>	<u><u>\$ 833,515,700</u></u>
SHAREHOLDERS' EQUITY		
Share capital	5,333,334	5,333,334
Share premium	2,552,258	2,552,258
General reserve	500,000	500,000
Retained earnings	<u>157,113,167</u>	<u>141,316,152</u>
Total shareholders' equity	<u><u>165,498,759</u></u>	<u><u>149,701,744</u></u>
TOTAL	<u><u>\$ 975,361,019</u></u>	<u><u>\$ 983,217,444</u></u>

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
Six Months Ended April 30, 2015
(Expressed in Bahamian dollars)

	Three Months Ended April 30, 2015	Three Months Ended April 30, 2014	Six Months Ended April 30, 2015	Six Months Ended April 30, 2014
Interest income	\$ 16,194,856	\$ 16,702,755	\$ 32,622,920	\$ 33,683,523
Interest expense	<u>(3,818,599)</u>	<u>(4,919,313)</u>	<u>(7,880,003)</u>	<u>(9,991,747)</u>
Net interest income	12,376,257	11,783,442	24,742,917	23,691,776
Non-interest income	<u>1,121,283</u>	<u>1,141,577</u>	<u>2,154,376</u>	<u>2,168,143</u>
Total income	<u>13,497,540</u>	<u>12,925,019</u>	<u>26,897,293</u>	<u>25,859,919</u>
Non-interest expense	(1,736,230)	(4,931,079)	(5,179,611)	(8,151,683)
Impairment losses on loans and advances	<u>(2,295,672)</u>	<u>(2,581,945)</u>	<u>(5,920,667)</u>	<u>(5,547,108)</u>
Total net and comprehensive income for the period	<u><u>\$ 9,465,638</u></u>	<u><u>\$ 5,411,995</u></u>	<u><u>\$ 15,797,015</u></u>	<u><u>\$ 12,161,128</u></u>
Earnings per share	<u><u>\$ 0.35</u></u>	<u><u>\$ 0.20</u></u>	<u><u>\$ 0.59</u></u>	<u><u>\$ 0.46</u></u>

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)
Six Months Ended April 30, 2015
(Expressed in Bahamian dollars)

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance at October 31, 2013	5,333,334	2,552,258	500,000	145,379,464	153,765,056
Net comprehensive income	-	-	-	12,161,128	12,161,128
Dividends	-	-	-	(4,000,001)	(4,000,001)
Balance at April 30, 2014	<u>5,333,334</u>	<u>2,552,258</u>	<u>500,000</u>	<u>153,540,591</u>	<u>161,926,183</u>
Balance at October 31, 2014	5,333,334	2,552,258	500,000	141,316,152	149,701,744
Net comprehensive income	-	-	-	15,797,015	15,797,015
Balance at April 30, 2015	<u>5,333,334</u>	<u>2,552,258</u>	<u>500,000</u>	<u>157,113,167</u>	<u>165,498,759</u>

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
Six Months Ended April 30, 2015
(Expressed in Bahamian dollars)

	April 30, 2015	April 30, 2014
OPERATING ACTIVITIES		
Net income	\$ 15,797,015	\$ 12,161,128
Adjustments for:		
Impairment losses on loans and advances to customers	5,814,043	5,547,108
Depreciation and amortization of tangible assets	85,528	134,032
	<u>21,696,586</u>	<u>17,842,268</u>
(INCREASE)/DECREASE IN OPERATING ASSETS		
Balances with Central Bank	(3,505,164)	(6,505,164)
Loans and advances to customers	(2,265,802)	(8,961,921)
Other assets	(1,728,226)	(2,176,980)
INCREASE/(DECREASE) IN OPERATING ASSETS		
Due to affiliated companies	60,173,591	(40,714,609)
Customers' deposits	(82,226,120)	54,282,663
Other liabilities	(1,600,911)	(790,136)
Cash from operating activities	<u>(9,456,046)</u>	<u>12,976,121</u>
INVESTING ACTIVITIES		
Net decrease in investment securities	2,536,721	-
Purchase of premises and equipment	(61,255)	37,145
Cash from investing activities	<u>2,475,466</u>	<u>37,145</u>
FINANCING ACTIVITIES		
Dividends paid	-	(4,000,001)
	<u>-</u>	<u>(4,000,001)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,980,580)	9,013,265
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>51,479,021</u>	<u>47,691,909</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 44,498,441</u>	<u>\$ 56,705,174</u>

FINANCE CORPORATION OF BAHAMAS LIMITED
Notes to Unaudited Interim Consolidated Financial Statements
Six Months Ended April 30, 2015

1. ACCOUNTING POLICIES

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. The accounting policies and methods of calculation used in the preparation of these interim financial statements are consistent with those used in the audited financial statements for the year ended October 31, 2014 except as noted below.

2. LOAN ORIGINATION COSTS

Costs incurred which are related to loan origination are included in the carrying values of loans and advances and are being amortized using the effective interest method.