



FINANCE CORPORATION OF BAHAMAS LIMITED

**Chairman's review of the unaudited results
For the three months ended January 31, 2016**

We wish to report that the bank's net profit for the three months ended January 31, 2016 was \$5.1 million and represents a decrease of 19.2% when compared to the corresponding period for 2015. While the bank experienced lower operating expenses, lower interest income and an increase in impairment losses negatively affected the period's net income.

New credit origination remains weak and non-performing loans remain high at \$105 million. However, the bank's capital ratio, which is comprised mainly of Tier 1 capital, remains strong at 27.9% and is above regulatory requirements. Delinquency management continues to be a priority of the bank.

Chairman

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Managing Director

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FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED BALANCE SHEET (Unaudited)
As of January 31, 2016 and October 31, 2015
(Expressed in Bahamian dollars)

ASSETS	January 31, 2016	October 31, 2015
Cash and cash equivalents	\$ 67,014,042	\$ 72,809,826
Balance with The Central Bank of The Bahamas	51,388,300	50,268,339
Loans and advances to customers	827,313,676	831,073,644
Investment securities	36,297,318	36,895,254
Premises and equipment	564,327	658,356
Other assets	<u>1,310,434</u>	<u>728,158</u>
TOTAL	<u><u>\$ 983,888,097</u></u>	<u><u>\$ 992,433,577</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Customer deposits	\$ 689,341,615	\$ 703,164,129
Affiliated companies	108,965,150	108,631,629
Other liabilities	<u>5,159,277</u>	<u>5,330,405</u>
Total liabilities	<u><u>\$ 803,466,042</u></u>	<u><u>\$ 817,126,163</u></u>
SHAREHOLDERS' EQUITY		
Share capital	5,333,334	5,333,334
Share premium	2,552,258	2,552,258
Reserves	500,000	500,000
Retained earnings	<u>172,036,463</u>	<u>166,921,822</u>
Total shareholders' equity	<u><u>180,422,055</u></u>	<u><u>175,307,414</u></u>
TOTAL	<u><u>\$ 983,888,097</u></u>	<u><u>\$ 992,433,577</u></u>

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
Three Months Ended January 31, 2016
(Expressed in Bahamian dollars)

	Three Months Ended January 31, 2016	Three Months Ended January 31, 2015
Interest income	\$ 15,781,632	\$ 16,876,017
Interest expense	<u>(4,080,898)</u>	<u>(4,061,404)</u>
Net interest income	11,700,734	12,814,613
Non-interest income	<u>684,807</u>	<u>587,734</u>
Total income	12,385,541	13,402,347
Non-interest expense	(3,135,938)	(3,445,976)
Impairment losses on loans and advances	<u>(4,134,962)</u>	<u>(3,624,995)</u>
Total net and comprehensive income for the period	<u>\$ 5,114,641</u>	<u>\$ 6,331,376</u>
Earnings per share	<u>\$ 0.19</u>	<u>\$ 0.24</u>

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)
Three Months Ended January 31, 2016
(Expressed in Bahamian dollars)

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance at October 31, 2014	5,333,334	2,552,258	500,000	141,316,152	149,701,744
Net profit for the period	-	-	-	6,331,376	6,331,376
Balance at January 31, 2015	5,333,334	2,552,258	500,000	147,647,528	156,033,120
Balance at October 31, 2015	5,333,334	2,552,258	500,000	166,921,822	175,307,414
Net profit for the period	-	-	-	5,114,641	5,114,641
Balance at January 31, 2016	5,333,334	2,552,258	500,000	172,036,463	180,422,055

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
Three Months Ended January 31, 2016
(Expressed in Bahamian dollars)

	January 31, 2016	January 31, 2015
OPERATING ACTIVITIES		
Net income	\$ 5,114,641	\$ 6,331,376
Adjustments for:		
Impairment losses on loans and advances to customers	4,134,962	3,624,995
Depreciation and amortization of tangible assets	<u>36,059</u>	<u>42,929</u>
	9,285,662	9,999,300
(INCREASE)/DECREASE IN OPERATING ASSETS		
Balances with Central Bank	(1,119,961)	(464,393)
Loans and advances to customers	(374,994)	(190,104)
Other assets	(582,276)	(118,467)
INCREASE/(DECREASE) IN OPERATING ASSETS		
Affiliated companies	333,521	35,406,978
Customers' deposits	(13,822,514)	(46,850,642)
Other liabilities	<u>(171,128)</u>	<u>(991,624)</u>
Cash from operating activities	<u>(6,451,690)</u>	<u>(3,208,952)</u>
INVESTING ACTIVITIES		
Net movement in premises and equipment	57,970	(61,255)
Net movement in investment securities	<u>597,936</u>	<u>(54,973)</u>
Cash from investing activities	<u>655,906</u>	<u>(116,228)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,795,784)	(3,325,180)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>72,809,826</u>	<u>51,479,021</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 67,014,042</u>	<u>\$ 48,153,841</u>

FINANCE CORPORATION OF BAHAMAS LIMITED
Notes to Unaudited Interim Consolidated Financial Statements
Three Months Ended January 31, 2016

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, 2015.