

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)
As of July 31, 2016 and October 31, 2015
(Expressed in Bahamian dollars)

| ASSETS | July 31, 2016 | October 31, 2015 |
|--|-----------------------|-------------------------|
| Cash and cash equivalents | \$ 54,806,796 | \$ 72,809,826 |
| Balance with The Central Bank of The Bahamas | 52,260,434 | 50,268,339 |
| Loans and advances to customers | 803,041,248 | 827,446,983 |
| Investment securities | 34,792,000 | 36,460,500 |
| Premises and equipment | 502,241 | 658,356 |
| Other assets | 5,801,785 | 4,789,573 |
| TOTAL | \$ 951,204,504 | \$ 992,433,577 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| LIABILITIES | | |
| Customer deposits | \$ 671,056,463 | \$ 699,728,060 |
| Due to affiliated companies | 79,271,250 | 108,631,629 |
| Other liabilities | 8,161,701 | 8,766,474 |
| Total liabilities | <u>\$ 758,489,414</u> | <u>\$ 817,126,163</u> |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 5,333,334 | 5,333,334 |
| Share premium | 2,552,258 | 2,552,258 |
| General reserve | - | 500,000 |
| Retained earnings | 184,829,498 | 166,921,822 |
| Total shareholders' equity | <u>192,715,090</u> | <u>175,307,414</u> |
| TOTAL | \$ 951,204,504 | \$ 992,433,577 |

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
AND COMPREHENSIVE INCOME (Unaudited)
Nine Months Ended July 31, 2016
(Expressed in Bahamian dollars)

| | Three Months Ended July 31, 2016 | Three Months Ended July 31, 2015 | Nine Months Ended July 31, 2016 | Nine Months Ended July 31, 2015 |
|--|---|---|--|--|
| Interest income | \$ 15,730,105 | \$ 16,645,403 | \$ 47,855,194 | \$ 50,131,492 |
| Interest expense | <u>(3,355,476)</u> | <u>(3,926,677)</u> | <u>(11,039,659)</u> | <u>(11,806,680)</u> |
| Net interest income | 12,374,629 | 12,718,726 | 36,815,535 | 38,324,812 |
| Non-interest income | <u>666,426</u> | <u>467,826</u> | <u>1,993,470</u> | <u>1,745,927</u> |
| Total income | <u>13,041,055</u> | <u>13,186,552</u> | <u>38,809,005</u> | <u>40,070,739</u> |
| Non-interest expense | (4,698,971) | (3,373,922) | (10,885,235) | (8,540,498) |
| Impairment losses on loans and advances | <u>(6,715,592)</u> | <u>(5,627,749)</u> | <u>(10,516,094)</u> | <u>(11,548,415)</u> |
| Total net and comprehensive income for the period | <u>\$ 1,626,492</u> | <u>\$ 4,184,881</u> | <u>\$ 17,407,676</u> | <u>\$ 19,981,826</u> |
| Earnings per share | <u>\$ 0.06</u> | <u>\$ 0.16</u> | <u>\$ 0.65</u> | <u>\$ 0.75</u> |

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)
Nine Months Ended July 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 comprehensive income | - | - | - | 19,981,826 | 19,981,826 |
| Balance at July 31, 2015 | <u>5,333,334</u> | <u>2,552,258</u> | <u>500,000</u> | <u>161,297,978</u> | <u>169,683,570</u> |
| Balance at October 31, 2015 | 5,333,334 | 2,552,258 | 500,000 | 166,921,822 | 175,307,414 |
| Net comprehensive income | - | - | - | 17,407,676 | 17,407,676 |
| Transfer from reserves | - | - | (500,000) | 500,000 | - |
| Balance at July 31, 2016 | <u>5,333,334</u> | <u>2,552,258</u> | <u>-</u> | <u>184,829,498</u> | <u>192,715,090</u> |

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

| | July 31, 2016 | July 31, 2015 |
|---|----------------------|----------------------|
| OPERATING ACTIVITIES | | |
| Net income | \$ 17,407,676 | \$ 19,981,826 |
| Adjustments for: | | |
| Impairment losses on loans and advances to customers | 10,516,094 | 11,548,415 |
| Depreciation and amortization of tangible assets | 98,144 | 128,060 |
| Loss on disposal of fixed assets | 57,971 | - |
| | <u>28,079,885</u> | <u>31,658,301</u> |
| (INCREASE)/DECREASE IN OPERATING ASSETS | | |
| Balances with Central Bank | (1,992,095) | (4,913,768) |
| Loans and advances to customers | 13,889,641 | (1,043,277) |
| Other assets | (1,012,212) | (753,129) |
| INCREASE/(DECREASE) IN OPERATING LIABILITIES | | |
| Due to affiliated companies | (29,360,379) | (79,071,888) |
| Customers' deposits | (28,671,597) | (36,802,649) |
| Other liabilities | (604,773) | (657,197) |
| Cash from operating activities | <u>(19,671,530)</u> | <u>(91,583,607)</u> |
| INVESTING ACTIVITIES | | |
| Net decrease in investment securities | 1,668,500 | 3,440,803 |
| Purchase of premises and equipment | - | (61,256) |
| Cash from investing activities | <u>1,668,500</u> | <u>3,379,547</u> |
| FINANCING ACTIVITIES | | |
| Other borrowed funds | - | 105,000,000 |
| | - | 105,000,000 |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (18,003,030) | 16,795,940 |
| 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>\$ 54,806,796</u> | <u>\$ 68,274,961</u> |

FINANCE CORPORATION OF BAHAMAS LIMITED
Notes to Unaudited Interim Consolidated Financial Statements
Nine Months Ended July 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, except as noted below.

2. RECLASSIFICATION

Accrued interest on investment securities, loans and advances and customer deposits have been reclassified and included in other assets and other liabilities on the consolidated statement of financial position. The comparative figures have been changed to accord with the current period's presentation.

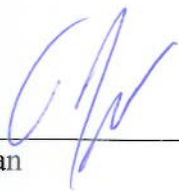


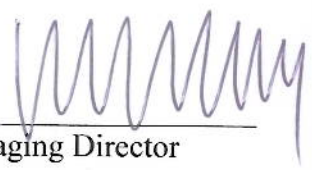
FINANCE CORPORATION OF BAHAMAS LIMITED

Chairman's review of the unaudited results For the nine months ended July 31, 2016

We wish to report that the bank's net profit for the nine months ended July 31, 2016 was \$17.4 million and represents a decrease of 12.9% when compared to the corresponding period for 2015. Lower interest income in a highly competitive market and higher operating costs affected the period's net income.

New credit origination continues to be a challenge and non-performing loans remain high with little improvement. However, the bank's capital ratio, which is comprised mainly of Tier 1 capital, remains strong at 33.8% and is above regulatory requirements.


Chairman


Managing Director