

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	<u>5,801,785</u>	<u>4,789,573</u>
TOTAL	<u>\$ 951,204,504</u>	<u>\$ 992,433,577</u>

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	<u>8,161,701</u>	<u>8,766,474</u>
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	<u>184,829,498</u>	<u>166,921,822</u>
Total shareholders' equity	<u>\$ 192,715,090</u>	<u>\$ 175,307,414</u>
TOTAL	<u>\$ 951,204,504</u>	<u>\$ 992,433,577</u>

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

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	5,333,334	2,552,258	500,000	161,297,978	169,683,570
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	5,333,334	2,552,258	-	184,829,498	192,715,090

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	<u>57,971</u>	-
	28,079,885	31,658,301
(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	<u>(604,773)</u>	<u>(657,197)</u>
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 ACTIVITES		
Other borrowed funds	-	105,000,000
	-	<u>105,000,000</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(18,003,030)	16,795,940
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	72,809,826	51,479,021
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	\$ 54,806,796	\$ 68,274,961

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

A handwritten signature in blue ink, appearing to read 'G. W.' or 'G. W. Johnson'.

Managing Director

A handwritten signature in blue ink, appearing to read 'M. M.' or 'Mark M. Johnson'.