



## FINANCE CORPORATION OF BAHAMAS LIMITED

### Chairman's review of the unaudited results For the six months ended April 30, 2011


We are pleased to report that the Bank earned \$4,909,225 in net profit for the six months ended April 30, 2011 compared to \$2,915,578 for the corresponding period last year. The improvement in the Bank's financial performance can be attributed to a stabilizing of the non accrual loan portfolio, a continued focus on delinquency management, as well as effective cost management.

Mortgage growth continued to slow during the period as the loan portfolio experienced modest growth of 4%. This is primarily a result of weak economic conditions in the Bank's markets of New Providence and Grand Bahama.

While the economic outlook remains uncertain, management is confident that, as economic conditions improve, non-performing loans and the resulting provisions will reduce to more historic levels. In such a case, RBC FINCO is well positioned for continued growth and profitability.



Chairman



Managing Director

**FINANCE CORPORATION OF BAHAMAS LIMITED**  
**CONSOLIDATED BALANCE SHEET (Unaudited)**  
**As of April 30, 2011 and October 31, 2010**  
**(Expressed in Bahamian dollars)**

<b>ASSETS</b>	<b>April 30, 2011</b>	<b>October 31, 2010</b>
Cash	\$ 47,233,637	\$ 61,028,719
Statutory reserve account with The Central Bank of The Bahamas	39,302,230	39,845,940
Investments	48,379,937	45,787,941
Loans - Net	828,297,156	817,997,932
Fixed assets - Net	1,877,265	1,978,803
Other assets	1,754,331	702,069
<b>TOTAL</b>	<b><u>\$ 966,844,556</u></b>	<b><u>\$ 967,341,404</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits	\$ 820,135,833	\$ 827,659,285
Other liabilities	4,173,827	2,056,448
Note payable	37,300,000	37,300,000
Total liabilities	<u>\$ 861,609,660</u>	<u>\$ 867,015,733</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	5,333,334	5,333,334
Share premium	2,552,258	2,552,258
General reserve	500,000	500,000
Retained earnings	96,849,304	91,940,079
Total shareholders' equity	<u>105,234,896</u>	<u>100,325,671</u>
<b>TOTAL</b>	<b><u>\$ 966,844,556</u></b>	<b><u>\$ 967,341,404</u></b>

**FINANCE CORPORATION OF BAHAMAS LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)**  
**Six Months Ended April 30, 2011**  
**(Expressed in Bahamian dollars)**

	Three Months Ended April 30, 2011	Three Months Ended April 30, 2010	Six Months Ended April 30, 2011	Six Months Ended April 30, 2010
<b>INCOME</b>				
Net interest income	\$ 8,148,394	\$ 6,931,287	\$ 15,276,248	\$ 13,617,753
Provision for credit losses	<u>842,361</u>	<u>(1,395,002)</u>	<u>(5,809,747)</u>	<u>(6,301,257)</u>
<b>Net interest after provision for credit losses</b>	8,990,755	5,536,285	9,466,501	7,316,496
Fees and commissions	<u>876,507</u>	<u>839,231</u>	<u>1,733,969</u>	<u>1,690,558</u>
<b>Total income</b>	<u>9,867,262</u>	<u>6,375,516</u>	<u>11,200,470</u>	<u>9,007,054</u>
<b>NON-INTEREST EXPENSES</b>				
Total non-interest expenses	3,144,940	3,008,971	6,291,245	6,091,476
<b>NET COMPREHENSIVE INCOME</b>	<u>\$ 6,722,322</u>	<u>\$ 3,366,545</u>	<u>\$ 4,909,225</u>	<u>\$ 2,915,578</u>

**FINANCE CORPORATION OF BAHAMAS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)**  
**Six Months Ended April 30, 2011**  
**(Expressed in Bahamian dollars)**

	<b>Share Capital \$</b>	<b>Share Premium \$</b>	<b>General Reserve \$</b>	<b>Retained Earnings \$</b>	<b>Total \$</b>
<b>Balance at October 31, 2009</b>	5,333,334	2,552,258	500,000	73,752,003	82,137,595
Net profit for the period	-	-	-	2,915,578	2,915,578
<b>Balance at April 30, 2010</b>	<u>5,333,334</u>	<u>2,552,258</u>	<u>500,000</u>	<u>76,667,581</u>	<u>85,053,173</u>
<b>Balance at October 31, 2010</b>	5,333,334	2,552,258	500,000	91,940,079	100,325,671
Net profit for the period	-	-	-	4,909,225	4,909,225
<b>Balance at April 30, 2011</b>	<u>5,333,334</u>	<u>2,552,258</u>	<u>500,000</u>	<u>96,849,304</u>	<u>105,234,896</u>

**FINANCE CORPORATION OF BAHAMAS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)**  
**Six Months Ended April 30, 2011**  
**(Expressed in Bahamian dollars)**

	April 30, 2011	April 30, 2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 4,909,225	\$ 2,915,578
Adjustments for:		
Depreciation	271,864	274,321
Provision for credit losses	5,809,747	6,301,257
Loss on disposal of fixed assets	<u>(11,540)</u>	<u>93</u>
	10,979,296	9,491,249
Changes in operating assets and liabilities	1,608,827	(498,871)
Increase in loans and advances, net	(16,108,971)	(26,572,001)
Increase in deposits	<u>(7,523,452)</u>	<u>(17,249,751)</u>
Net cash from operating activities	<u>(11,044,300)</u>	<u>(34,829,374)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(158,786)	(74,500)
Net Proceeds from investments	<u>(2,591,996)</u>	<u>1,076,449</u>
Net cash from investing activities	<u>(2,750,782)</u>	<u>1,001,949</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Note payable	<u>-</u>	<u>37,300,000</u>
	<u>-</u>	<u>37,300,000</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(13,795,082)	3,472,575
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	<u>61,028,719</u>	<u>45,330,690</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	<u>\$ 47,233,637</u>	<u>\$ 48,803,265</u>

**FINANCE CORPORATION OF BAHAMAS LIMITED**  
**Notes to Unaudited Interim Consolidated Financial Statements**  
**Six Months Ended April 30, 2011**

**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, 2010.