

**FINANCE CORPORATION OF BAHAMAS LIMITED**  
**CONSOLIDATED BALANCE SHEET (Unaudited)**  
**As of July 31, 2012 and October 31, 2011**  
**(Expressed in Bahamian dollars)**

<b>ASSETS</b>	<b>July 31, 2012</b>	<b>October 31, 2011</b>
Cash and cash equivalents	\$ 57,772,827	\$ 33,345,833
Balance with The Central Bank of The Bahamas	40,762,844	39,372,285
Loans and advances to customers	848,109,389	842,331,063
Investment securities	47,523,739	54,888,120
Premises and equipment	1,410,172	1,899,736
Other assets	1,018,917	813,731
<b>TOTAL</b>	<b>\$ 996,597,888</b>	<b>\$ 972,650,768</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Customer deposits	\$ 836,545,145	\$ 807,570,366
Other borrowed funds	27,300,000	37,300,000
Affiliated companies	-	6,000,000
Other liabilities	2,484,674	2,689,141
Total liabilities	<b>\$ 866,329,819</b>	<b>\$ 853,559,507</b>
<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
General Provision Reserves	2,125,188	-
Retained earnings	119,757,289	110,705,669
Total shareholders' equity	<b>130,268,069</b>	<b>119,091,261</b>
<b>TOTAL</b>	<b>\$ 996,597,888</b>	<b>\$ 972,650,768</b>

**FINANCE CORPORATION OF BAHAMAS LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)**  
**Nine Months Ended July 31, 2012**  
**(Expressed in Bahamian dollars)**

	Three Months Ended July 31, 2012	Three Months Ended July 31, 2011	Nine Months Ended July 31, 2012	Nine Months Ended July 31, 2011
Interest income	\$ 17,550,541	\$ 17,029,545	\$ 52,938,827	\$ 49,503,652
Interest expense	(6,423,982)	(8,227,512)	(20,218,188)	(25,425,371)
<b>Net interest income</b>	<b>11,126,559</b>	<b>8,802,033</b>	<b>32,720,639</b>	<b>24,078,281</b>
Non-interest income	915,015	1,033,180	2,853,274	2,767,149
<b>Gross revenue</b>	<b>12,041,574</b>	<b>9,835,213</b>	<b>35,573,913</b>	<b>26,845,430</b>
Non-interest expense	(3,067,088)	(3,329,086)	(9,079,480)	(9,620,331)
Impairment losses on loans and advances	(2,794,849)	4,117,823	(15,317,625)	(1,691,924)
<b>Total net and comprehensive income for the period</b>	<b>\$ 6,179,637</b>	<b>\$ 10,623,950</b>	<b>\$ 11,176,808</b>	<b>\$ 15,533,175</b>
Earnings per share	<u><u>\$ 0.23</u></u>	<u><u>\$ 0.40</u></u>	<u><u>\$ 0.42</u></u>	<u><u>\$ 0.58</u></u>

**FINANCE CORPORATION OF BAHAMAS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)**  
**Nine Months Ended July 31, 2012**  
**(Expressed in Bahamian dollars)**

	Share Capital \$	Share Premium \$	General Reserve \$	General Provision Re \$	Retained Earnings \$	Total \$
<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	-	-	-	-	15,533,175	15,533,175
<b>Balance at July 31, 2011</b>	<u>5,333,334</u>	<u>2,552,258</u>	<u>500,000</u>	<u>-</u>	<u>107,473,254</u>	<u>115,858,846</u>
<b>Balance at October 31, 2011</b>	5,333,334	2,552,258	500,000	-	110,705,669	119,091,261
General Banking Risks Reserves	-	-	-	2,125,188	(2,125,188)	-
Net profit for the period	-	-	-	-	11,176,808	11,176,808
<b>Balance at July 31, 2012</b>	<u>5,333,334</u>	<u>2,552,258</u>	<u>500,000</u>	<u>2,125,188</u>	<u>119,757,289</u>	<u>130,268,069</u>

**FINANCE CORPORATION OF BAHAMAS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)**  
**Nine Months Ended July 31, 2012**  
**(Expressed in Bahamian dollars)**

	July 31, 2012	July 31, 2011
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 11,176,808	\$ 15,533,175
Adjustments for:		
Impairment losses on loans and advances to customers	15,317,625	1,691,924
Depreciation and amortization of tangible assets	309,749	410,122
(Gain) loss on disposal of premises and equipment	244,291	(11,540)
	<u>27,048,473</u>	<u>17,623,681</u>
<b>(INCREASE)/DECREASE IN OPERATING ASSETS</b>		
Balances with Central Bank	(1,390,559)	(323,518)
Loans and advances to customers	(21,095,951)	(20,576,198)
Other assets	(205,186)	(1,002,240)
<b>INCREASE/(DECREASE) IN OPERATING ASSETS</b>		
Affiliated companies	(6,000,000)	11,000,000
Customers' deposits	28,974,779	(27,422,021)
Other liabilities	(204,467)	97,846
<b>Cash used in operating activities</b>	<u>27,127,089</u>	<u>(20,602,450)</u>
<b>INVESTING ACTIVITIES</b>		
Net movement in investment securities	7,364,381	(3,028,332)
Additions to premises and equipment	(64,476)	(245,092)
Proceeds from sale of premises and equipment	-	30,000
<b>Cash used in investing activities</b>	<u>7,299,905</u>	<u>(3,243,424)</u>
<b>FINANCING ACTIVITIES</b>		
Other borrowed funds	(10,000,000)	-
	<u>(10,000,000)</u>	<u>-</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	24,426,994	(23,845,874)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	<u>33,345,833</u>	<u>61,028,719</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	<u>\$ 57,772,827</u>	<u>\$ 37,182,845</u>

**FINANCE CORPORATION OF BAHAMAS LIMITED**  
**Notes to Unaudited Interim Consolidated Financial Statements**  
**Nine Months Ended July 30, 2012**

**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, 2011 except as noted below.

**2. IMPAIRMENT FOR LOAN LOSSES**

At each reporting period, management assesses whether there is objective evidence that a financial asset or group of financial assets are impaired. The Bank continues to assess a specific provision on specifically identified borrowers that have become impaired based on the timing of future cash flows, financially responsible guarantors and the realization of collateral. Included in the results for the three months ended April 30, 2012 is the effect of a change in the estimate for the time value of money for loan losses which resulted in an increase of \$9.1 million.

During the period, the Bank also revised its assessment of general provisions for loan losses and reduced the impairment allowance on its balance sheet. However, an equity reserve account was established by appropriations from retained earnings to remain consistent with the impairment allowance guidelines issued by the Central Bank of The Bahamas.