



FINANCE CORPORATION OF BAHAMAS LIMITED

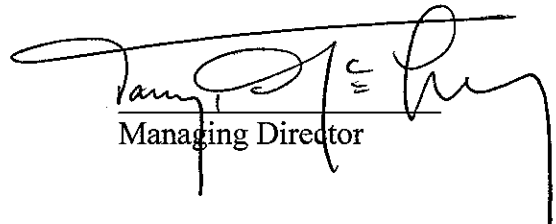
Chairman's review of the unaudited results For the quarter ended July 31, 2013

We wish to report that the Bank's net profit for the quarter ended July 31, 2013 was \$6.9 million which compares to net profit of \$6.2 Million for the corresponding period for 2012. The current quarter results reflected higher gross revenue partially offset by higher provisions for credit losses.

The demand for new credit remains sluggish , with loan volumes increasing by 1.8% over the previous year, and non-performing loan levels remain stubbornly high. The Bank's capital ratio, which is comprised mainly of Tier 1 capital, remains strong at 24.8% and is above regulatory requirements.



Chairman



Managing Director

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED BALANCE SHEET (Unaudited)
As of July 31, 2013 and October 31, 2012
(Expressed in Bahamian dollars)

ASSETS	July 31, 2013	October 31, 2012
Cash and cash equivalents	\$ 32,788,570	\$ 37,577,094
Balance with The Central Bank of The Bahamas	51,875,043	41,418,985
Loans and advances to customers	861,340,375	845,337,679
Investment securities	47,572,282	47,382,273
Premises and equipment	1,095,778	1,319,438
Other assets	1,000,540	658,893
TOTAL	\$ 995,672,588	\$ 973,694,362
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Customer deposits	\$ 769,493,110	\$ 784,561,511
Other borrowed funds	27,300,000	27,300,000
Affiliated companies	48,363,632	28,142,059
Other liabilities	2,409,941	3,617,708
Total liabilities	\$ 847,566,683	\$ 843,621,278
SHAREHOLDERS' EQUITY		
Share capital	5,333,334	5,333,334
Share premium	2,552,258	2,552,258
General reserve	500,000	500,000
Retained earnings	139,720,313	121,687,492
Total shareholders' equity	148,105,905	130,073,084
TOTAL	\$ 995,672,588	\$ 973,694,362

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
Nine Months Ended July 31, 2013
(Expressed in Bahamian dollars)

	Three Months Ended July 31, 2013	Three Months Ended July 31, 2012	Nine Months Ended July 31, 2013	Nine Months Ended July 31, 2012
Interest income	\$ 16,973,397	\$ 15,897,811	\$ 49,924,870	\$ 49,326,618
Interest expense	<u>(5,294,254)</u>	<u>(6,423,982)</u>	<u>(16,056,257)</u>	<u>(20,218,188)</u>
Net interest income	11,679,143	9,473,829	33,868,613	29,108,430
Non-interest income	<u>897,976</u>	<u>915,015</u>	<u>2,875,045</u>	<u>2,853,274</u>
Gross revenue	<u>12,577,119</u>	<u>10,388,844</u>	<u>36,743,658</u>	<u>31,961,704</u>
Non-interest expense	(3,299,968)	(3,067,088)	(8,126,434)	(9,079,480)
Impairment losses on loans and advances	<u>(2,393,415)</u>	<u>(1,142,119)</u>	<u>(5,251,069)</u>	<u>(11,705,416)</u>
Total net and comprehensive income for the period	<u><u>\$ 6,883,736</u></u>	<u><u>\$ 6,179,637</u></u>	<u><u>\$ 23,366,155</u></u>	<u><u>\$ 11,176,808</u></u>
Earnings per share	<u><u>\$ 0.26</u></u>	<u><u>\$ 0.23</u></u>	<u><u>\$ 0.88</u></u>	<u><u>\$ 0.42</u></u>

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)
Nine Months Ended July 31, 2013
(Expressed in Bahamian dollars)

	Share Capital \$	Share Premium \$	Reserves \$	Retained Earnings \$	Total \$
Balance at October 31, 2011	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
Balance at July 31, 2012	<u>5,333,334</u>	<u>2,552,258</u>	<u>2,625,188</u>	<u>119,757,289</u>	<u>130,268,069</u>
Balance at October 31, 2012	5,333,334	2,552,258	500,000	121,687,492	130,073,084
Net profit for the period	-	-	-	23,366,155	23,366,155
Dividends	-	-	-	(5,333,334)	(5,333,334)
Balance at July 31, 2013	<u>5,333,334</u>	<u>2,552,258</u>	<u>500,000</u>	<u>139,720,313</u>	<u>148,105,905</u>

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
Nine Months Ended July 31, 2013
(Expressed in Bahamian dollars)

	July 31, 2013	July 31, 2012
OPERATING ACTIVITIES		
Net income	\$ 23,366,155	\$ 11,176,808
Adjustments for:		
Impairment losses on loans and advances to customers	5,251,069	11,705,416
Depreciation and amortization of tangible assets	223,660	309,749
Loss on disposal of premises and equipment	<u>-</u>	<u>244,291</u>
	28,840,884	23,436,264
 (INCREASE)/DECREASE IN OPERATING ASSETS		
Balances with Central Bank	(10,456,058)	(1,390,559)
Loans and advances to customers	(21,253,765)	(17,483,742)
Other assets	(341,647)	(205,186)
INCREASE/(DECREASE) IN OPERATING LIABILITIES		
Affiliated companies	20,221,573	2,617,985
Customers' deposits	(15,068,401)	20,356,794
Other liabilities	<u>(1,207,767)</u>	<u>(204,467)</u>
Cash from operating activities	<u>734,819</u>	<u>27,127,089</u>
 INVESTING ACTIVITIES		
Net movement in investment securities	(190,009)	7,364,381
Additions to premises and equipment	<u>-</u>	<u>(64,476)</u>
Cash from investing activities	<u>(190,009)</u>	<u>7,299,905</u>
 FINANCING ACTIVITIES		
Other borrowed funds		(10,000,000)
Dividends paid	<u>(5,333,334)</u>	<u>-</u>
	<u>(5,333,334)</u>	<u>(10,000,000)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,788,524)	24,426,994
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>37,577,094</u>	<u>33,345,833</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 32,788,570</u>	<u>\$ 57,772,827</u>

FINANCE CORPORATION OF BAHAMAS LIMITED
Notes to Unaudited Interim Consolidated Financial Statements
Nine Months Ended July 31, 2013

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, 2012 except as noted below.

2. CAPITAL ACTIVITY

On December 6, 2012 the Board of Directors declared dividends of \$0.10 and also declared dividends of \$0.05 each on March 21, 2013 and June 27, 2013.