

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

ASSETS	October 31, 2016	October 31, 2015
Cash and cash equivalents	\$ 49,153,632	\$ 72,809,826
Balance with The Central Bank of The Bahamas	52,745,888	50,268,339
Loans and advances to customers	782,615,717	827,446,983
Investment securities	34,792,000	36,460,500
Premises and equipment	471,510	658,356
Other assets	5,199,576	4,789,573
TOTAL	\$ 924,978,323	\$ 992,433,577
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Customer deposits	\$ 650,673,080	\$ 699,728,060
Due to affiliated companies	79,981,988	108,631,629
Other liabilities	7,411,945	8,766,474
Total liabilities	<u>\$ 738,067,013</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	179,025,718	166,921,822
Total shareholders' equity	<u>186,911,310</u>	<u>175,307,414</u>
TOTAL	\$ 924,978,323	\$ 992,433,577

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
AND COMPREHENSIVE INCOME (Unaudited)

Twelve Months Ended October 31, 2016
(Expressed in Bahamian dollars)

	Three Months Ended October 31, 2016	Three Months Ended October 31, 2015	Twelve Months Ended October 31, 2016	Twelve Months Ended October 31, 2015
Interest income	\$ 15,668,381	\$ 16,620,038	\$ 63,523,575	\$ 66,762,205
Interest expense	(3,315,949)	(3,772,592)	(14,355,608)	(15,579,273)
Net interest income	<u>12,352,432</u>	<u>12,847,446</u>	<u>49,167,967</u>	<u>51,182,932</u>
Non-interest income	551,742	617,652	2,545,212	2,352,704
Total income	<u>12,904,174</u>	<u>13,465,098</u>	<u>51,713,179</u>	<u>53,535,636</u>
Non-interest expense	(4,206,880)	(3,422,396)	(15,092,115)	(11,962,694)
Impairment losses on loans and advances	(14,501,074)	(4,418,858)	(25,017,168)	(15,967,272)
Total net and comprehensive income for the period	<u>\$ (5,803,780)</u>	<u>\$ 5,623,844</u>	<u>\$ 11,603,896</u>	<u>\$ 25,605,670</u>
Earnings per share	<u>\$ (0.22)</u>	<u>\$ 0.21</u>	<u>\$ 0.44</u>	<u>\$ 0.96</u>

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)
Twelve Months Ended October 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	-	-	-	25,605,670	25,605,670
Balance at October 31, 2015	<u>5,333,334</u>	<u>2,552,258</u>	<u>500,000</u>	<u>166,921,822</u>	<u>175,307,414</u>
Balance at October 31, 2015	5,333,334	2,552,258	500,000	166,921,822	175,307,414
Net comprehensive income	-	-	-	11,603,896	11,603,896
Transfer from reserves	-	-	(500,000)	500,000	-
Balance at October 31, 2016	<u>5,333,334</u>	<u>2,552,258</u>	<u>-</u>	<u>179,025,718</u>	<u>186,911,310</u>

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

	October 31, 2016	October 31, 2015
OPERATING ACTIVITIES		
Net income	\$ 11,603,896	\$ 25,605,670
Adjustments for:		
Impairment losses on loans and advances to customers	25,017,168	15,967,272
Depreciation and amortization of tangible assets	128,876	229,929
Loss on disposal of fixed assets	57,970	-
	<u>36,807,910</u>	<u>41,802,871</u>
(INCREASE)/DECREASE IN OPERATING ASSETS		
Balances with Central Bank	(2,477,549)	(8,382,303)
Loans and advances to customers	19,814,098	1,030,852
Other assets	(410,003)	17,046
INCREASE/(DECREASE) IN OPERATING LIABILITIES		
Due to affiliated companies	(49,054,980)	(81,930,123)
Customers' deposits	(28,649,641)	67,659,262
Other liabilities	(1,354,529)	(2,118,676)
Cash from operating activities	<u>(25,324,694)</u>	<u>18,078,929</u>
INVESTING ACTIVITIES		
Net decrease in investment securities	1,668,500	3,423,800
Purchase of premises and equipment	-	(172,531)
Purchase of premises and equipment	-	607
Cash from investing activities	<u>1,668,500</u>	<u>3,251,876</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(23,656,194)	21,330,805
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>\$ 49,153,632</u>	<u>\$ 72,809,826</u>

FINANCE CORPORATION OF BAHAMAS LIMITED
Notes to Unaudited Interim Consolidated Financial Statements
Twelve Months Ended October 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, 2016, 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.

3. AGREEMENTS WITH RELATED PARTIES

During the year, the Bank's outsourcing arrangements with RBC were revised and the underlying fees adjusted to better align with the level of service being received. The Bank continues to seek opportunities for efficiency and leverage the operational expertise of RBC.



FINANCE CORPORATION OF BAHAMAS LIMITED

Chairman's review of the unaudited results For the twelve months ended October 31, 2016

We wish to report that the Bank's net profit for the twelve months ended October 31, 2016 was \$11.6 million and represents a decrease of 54.7% when compared to the corresponding period for 2015. Lower interest income in a highly competitive market, increased provisions and higher operating costs were attributed to the decrease in net income.

The Bank was challenged with new credit origination and non-performing loans increased by 15.5% from \$103 million to \$119 million. A significant amount of this increase occurred during Q4 2016, and is attributed to Hurricane Matthew. The other contributing factors were the aging of the non-performing portfolio beyond five years attracting an additional provision, and adjustments to the general provision made to recognize the continued weak economic performance and high unemployment in the country.

The Bank's capital ratio continues to be strong and above the regulatory requirements at 34.1% and is comprised mainly of Tier 1 capital.

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Chairman

A handwritten signature in blue ink, appearing to be 'D. Rayner', positioned above a horizontal line.

Managing Director