

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)
As of April 30, 2017 and October 31, 2016
(Expressed in Bahamian dollars)

| ASSETS | April 30, 2017 | October 31, 2016 |
|---|-----------------------|-------------------------|
| Cash and cash equivalents | \$ 25,962,237 | \$ 49,153,632 |
| Balance with central bank | 56,664,885 | 52,745,888 |
| Loans and advances to customers | 766,635,697 | 782,615,717 |
| Investment securities | 34,243,213 | 34,792,000 |
| Premises and equipment | 411,943 | 471,510 |
| Other assets | 5,964,046 | 5,199,576 |
| TOTAL | \$ 889,882,021 | \$ 924,978,323 |
| | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| LIABILITIES | | |
| Customer deposits | \$ 607,899,855 | \$ 650,673,080 |
| Due to affiliated companies | 79,069,133 | 79,981,988 |
| Other liabilities | 7,414,046 | 7,411,945 |
| Total liabilities | \$ 694,383,034 | \$ 738,067,013 |
| | | |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 5,333,334 | 5,333,334 |
| Share premium | 2,552,258 | 2,552,258 |
| Retained earnings | 188,162,182 | 179,025,718 |
| Other components of equity | (548,787) | - |
| Total shareholders' equity | 195,498,987 | 186,911,310 |
| TOTAL | \$ 889,882,021 | \$ 924,978,323 |

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
AND COMPREHENSIVE INCOME (Unaudited)
Six Months Ended April 30, 2017
(Expressed in Bahamian dollars)

| | Three Months Ended April 30, 2017 | Three Months Ended April 30, 2016 | Six Months Ended April 30, 2017 | Six Months Ended April 30, 2016 |
|--|--|--|--|--|
| Interest income | \$ 14,414,038 | \$ 16,343,457 | \$ 29,518,864 | \$ 32,125,089 |
| Interest expense | <u>(3,995,879)</u> | <u>(3,603,285)</u> | <u>(6,973,172)</u> | <u>(7,684,183)</u> |
| Net interest income | 10,418,159 | 12,740,172 | 22,545,692 | 24,440,906 |
| Non-interest income | <u>559,875</u> | <u>706,569</u> | <u>1,146,589</u> | <u>1,327,044</u> |
| Total income | <u>10,978,034</u> | <u>13,446,741</u> | <u>23,692,281</u> | <u>25,767,950</u> |
| Non-interest expense | (3,604,536) | (3,114,659) | (6,900,729) | (6,186,264) |
| Impairment losses on loans and advances | <u>(7,085,303)</u> | <u>334,461</u> | <u>(7,655,088)</u> | <u>(3,800,502)</u> |
| Net income | <u>288,195</u> | <u>10,666,543</u> | <u>9,136,464</u> | <u>15,781,184</u> |
| Earnings per share | <u>\$ 0.01</u> | <u>\$ 0.40</u> | <u>\$ 0.34</u> | <u>\$ 0.59</u> |
| Comprehensive income | | | | |
| Net income | 288,195 | 10,666,543 | 9,136,464 | 15,781,184 |
| Net change in available for sale investments | <u>(548,787)</u> | <u>-</u> | <u>(548,787)</u> | <u>-</u> |
| Total net and comprehensive income for the period | <u>\$ (260,592)</u> | <u>\$ 10,666,543</u> | <u>\$ 8,587,677</u> | <u>\$ 15,781,184</u> |

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)
Six Months Ended April 30, 2017
(Expressed in Bahamian dollars)

| | Share Capital | Share Premium | Other Reserves | Retained Earnings | Total |
|-------------------------------------|--------------------------|--------------------------|---------------------------|------------------------------|--------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at October 31, 2015 | 5,333,334 | 2,552,258 | 500,000 | 166,921,822 | 175,307,414 |
| Net comprehensive income | - | - | - | 15,781,184 | 15,781,184 |
| Balance at April 30, 2016 | 5,333,334 | 2,552,258 | 500,000 | 182,703,006 | 191,088,598 |
| Balance at October 31, 2016 | 5,333,334 | 2,552,258 | - | 179,025,718 | 186,911,310 |
| Net income | - | - | - | 9,136,464 | 9,136,464 |
| Change in fair value of investments | - | - | (548,787) | - | (548,787) |
| Balance at April 30, 2017 | 5,333,334 | 2,552,258 | (548,787) | 188,162,182 | 195,498,987 |

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
Six Months Ended April 30, 2017
(Expressed in Bahamian dollars)

| | April 30, 2017 | April 30, 2016 |
|---|----------------------|----------------------|
| OPERATING ACTIVITIES | | |
| Net income | \$ 9,136,464 | \$ 15,781,184 |
| Adjustments for: | | |
| Impairment losses on loans and advances to customers | 7,655,088 | 3,800,502 |
| Depreciation and amortization of tangible assets | 59,567 | 67,224 |
| Loss on disposal of fixed assets | - | 57,971 |
| | <u>16,851,119</u> | <u>19,706,881</u> |
| (INCREASE)/DECREASE IN OPERATING ASSETS | | |
| Balances with Central Bank | (3,918,997) | (1,599,665) |
| Loans and advances to customers | 8,324,932 | 6,265,929 |
| Other assets | (764,470) | (1,755,334) |
| INCREASE/(DECREASE) IN OPERATING LIABILITIES | | |
| Due to affiliated companies | (912,855) | (443,839) |
| Customers' deposits | (42,773,225) | (18,768,847) |
| Other liabilities | 2,101 | (1,231,646) |
| Cash from operating activities | <u>(23,191,395)</u> | <u>2,173,479</u> |
| INVESTING ACTIVITIES | | |
| Net decrease in investment securities | - | 689,800 |
| Cash from investing activities | <u>-</u> | <u>689,800</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (23,191,395) | 2,863,279 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD | <u>49,153,632</u> | <u>72,809,826</u> |
| CASH AND CASH EQUIVALENTS, END OF THE PERIOD | <u>\$ 25,962,237</u> | <u>\$ 75,673,105</u> |

FINANCE CORPORATION OF BAHAMAS LIMITED
Notes to Unaudited Interim Consolidated Financial Statements
Six Months Ended April 30, 2017

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.



FINANCE CORPORATION OF BAHAMAS LIMITED

Chairman's review of the unaudited results For the six months ended April 30, 2017

We wish to report that the Bank's net profit for the six months ended April 30, 2017 was \$9.1 million which represents a decrease of 42% or \$6.7 million when compared to the corresponding period for 2016. This decrease is attributed mainly to lower interest income and increase in loan loss provisions.

The Bank continues to face challenges with new credit origination. Non-performing loans, at \$122 million, had increased significantly and remained at a very high level during the quarter. However, the Bank's capital ratio continues to be strong and above regulatory requirements at 35.75% and is comprised mainly of Tier 1 capital.

A handwritten signature in blue ink, appearing to be 'A. J.', written over a horizontal line.

Chairman

A handwritten signature in black ink, appearing to be 'D. J.', written over a horizontal line.

Managing Director