

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)
As of January 31, 2018 and October 31, 2017
(Expressed in Bahamian dollars)

ASSETS	January 31, 2018	October 31, 2017
Cash and cash equivalents	\$ 44,317,885	\$ 38,245,212
Balance with central banks	48,567,206	48,176,387
Loans and advances to customers	739,025,316	758,055,817
Investment securities	31,518,300	34,389,485
Premises and equipment	325,012	345,584
Other assets	<u>4,325,582</u>	<u>3,775,520</u>
TOTAL	<u><u>\$ 868,079,301</u></u>	<u><u>\$ 882,988,005</u></u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Customer deposits	\$ 566,967,336	\$ 572,032,600
Due to affiliated companies	99,902,124	96,385,242
Other liabilities	<u>6,176,268</u>	<u>5,465,931</u>
Total liabilities	<u><u>\$ 673,045,728</u></u>	<u><u>\$ 673,883,773</u></u>
SHAREHOLDERS' EQUITY		
Share capital	5,333,334	5,333,334
Share premium	2,552,258	2,552,258
Retained earnings	187,130,682	200,979,555.00
Other components of equity	<u>17,299</u>	<u>239,085</u>
Total shareholders' equity	<u><u>195,033,573</u></u>	<u><u>209,104,232</u></u>
TOTAL	<u><u>\$ 868,079,301</u></u>	<u><u>\$ 882,988,005</u></u>

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
Three Months Ended January 31, 2018
(Expressed in Bahamian dollars)

	Three Months Ended January 31, 2018	Three Months Ended January 31, 2017
Interest income	\$ 13,625,842	\$ 15,104,826
Interest expense	<u>(2,437,755)</u>	<u>(2,977,293)</u>
Net interest income	11,188,087	12,127,533
Non-interest income	<u>551,842</u>	<u>586,714</u>
Total revenue	11,739,929	12,714,247
Non-interest expense	(3,384,149)	(3,296,193)
Impairment losses on loans and advances	<u>(5,217,738)</u>	<u>(569,786)</u>
Net income	3,138,042	8,848,268
Other comprehensive income:		
Net change in fair value of investment securities	<u>(221,786)</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 2,916,256</u>	<u>\$ 8,848,268</u>
Earnings per share	<u>0.12</u>	<u>0.33</u>

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)
Three Months Ended January 31, 2018
(Expressed in Bahamian dollars)

	Share Capital	Share Premium	Other Components Equity	Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance at October 31, 2016	5,333,334	2,552,258	-	179,025,718	186,911,310
Net profit for the period	-	-	-	8,848,268	8,848,268
Balance at January 31, 2017	5,333,334	2,552,258	-	187,873,986	195,759,578
Balance at October 31, 2017	5,333,334	2,552,258	239,085	200,979,555	209,104,232
IFRS 9 transition adjustment	-	-	-	(12,986,915)	(12,986,915)
Balance at October 31, 2017 (restated)	5,333,334	2,552,258	239,085	187,992,640	196,117,317
Net profit for the period	-	-	-	3,138,042	3,138,042
Dividend paid	-	-	-	(4,000,000)	(4,000,000)
Change in other comprehensive income	-	-	(221,786)	-	(221,786)
Balance at January 31, 2018	5,333,334	2,552,258	17,299	187,130,682	195,033,573

FINANCE CORPORATION OF BAHAMAS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
Three Months Ended January 31, 2018
(Expressed in Bahamian dollars)

	January 31, 2018	January 31, 2017
OPERATING ACTIVITIES		
Net income	\$ 3,138,042	\$ 8,848,268
Adjustments for:		
Impairment losses on loans and advances to customers	5,217,738	4,355,945
Depreciation and amortization of tangible assets	20,572	29,947
Realized (gain)/loss on available for sale investments	36,199	-
	<u>8,412,551</u>	<u>13,234,160</u>
(INCREASE)/DECREASE IN OPERATING ASSETS		
Balances with Central Bank	(390,819)	(436,430)
Loans and advances to customers	825,848	(399,574)
Other assets	(550,062)	(12,181)
INCREASE/(DECREASE) IN OPERATING ASSETS		
Affiliated companies	3,516,882	(66,214)
Customers' deposits	(5,065,264)	(15,745,182)
Other liabilities	710,337	(909,556)
Cash from operating activities	<u>7,459,473</u>	<u>(4,334,977)</u>
INVESTING ACTIVITIES		
Net movement in premises and equipment	-	(80)
Net movement in investment securities	2,613,200	-
Cash from investing activities	<u>2,613,200</u>	<u>(80)</u>
FINANCING ACTIVITIES		
Dividends paid	(4,000,000)	-
	<u>(4,000,000)</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	6,072,673	(4,335,057)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>38,245,212</u>	<u>49,153,632</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 44,317,885</u>	<u>\$ 44,818,575</u>

FINANCE CORPORATION OF BAHAMAS LIMITED
Notes to Unaudited Interim Consolidated Financial Statements
Three Months Ended January 31, 2018

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, 2017 except as noted below.

2. ADOPTION OF IFRS 9

These financial statements include the early adoption of International Financial Reporting Standard 9: Financial Instruments (IFRS 9) effective from November 1, 2017. The mandatory effective date of IFRS 9 is November 1, 2018.

IFRS 9 introduces a principles-based approach to the classification of financial assets. Debt instruments, including hybrid contracts, are measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortized cost based on an entity's business model and the nature of the cash flows of the assets. Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification of gains or losses to net income. For financial liabilities, IFRS 9 largely carried forward the classification and measurement requirements previously included in IAS 39.

IFRS 9 also introduces an expected credit loss impairment model for all financial assets not measured as FVTPL. The model has three stages: (1) on initial recognition, a loss allowance is recognized to cover credit losses arising from defaults expected to occur over the next 12 months; (2) if credit risk increases significantly relative to initial recognition, a loss allowance equal to full lifetime expected credit losses is recognized; and (3) when a financial asset is considered credit-impaired, a loss allowance equal to lifetime expected credit losses is recognized and interest revenue is calculated based on the carrying amount of asset, net of the loss allowance, rather than its gross carrying amount. Changes in the required loss allowance, including the impact of movement between 12 months and lifetime expected credit losses, are recorded in net income.

The new impairment and classification and measurement requirements was applied using the modified retrospective method by adjusting opening retained earnings on the date of initial application with no restatement of the comparative periods.