

# Finance Corporation of Bahamas Limited

## Financial Statements

For the quarter and year ended October 31, 2020

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**Caribbean Banking Financial Control - Northern Caribbean**



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# Executive Summary

## **Q4 2020 Balance Sheet Highlights – October 2020 vs October 2019: \$43.3MM or 5% decrease**

- Cash and cash equivalents decreased by 38% driven by the decrease in customer deposits partially offset by increased RBC funding taken to help lower the cost of funds compared to higher cost third party deposits.
- Loans and advances shrunk by \$29.2MM or 4% due to net run offs and higher allowance for credit losses.
- Other assets increased by \$3.4MM from higher accrued interest and prepaid expenses.
- Customer deposits declined by 18% or \$84.9MM. Most of the decline was from personal and public corporation term deposits.
- Due to affiliated companies increased by 39% from an additional drawdown of the term funding from RBC.
- Other liabilities decreased by \$3.2MM due to decreases in clearing and settlement accounts.

## **Q4 2020 Year over Year results – NIBT of \$9.2MM is 56% or \$11.6M down from prior year**

- Net interest income is unfavourable by 4% or \$1.4MM due to lower interest on impaired loans and a reduction to late fee income.
- Non-interest income decreased by 34% and is mainly due to the gain on sale of fixed assets booked in 2019.
- Provision for credit losses increased by \$9.4MM from provisions for expected credit losses, which include a COVID 19 overlay.
- Overall expenses decreased by 2% or \$223M. A reduction in internal fees & charges was partially offset by increases in business taxes, professional fees and equipment costs.

## **Q4 2020 Quarter over 2019 Quarter comparison – Net loss of -\$2.5MM is behind prior year by \$12.4MM**

- Net interest income is down 7% or \$681M and is partially due to lower interest on impaired loans and the adjustment for late fee. These were partially offset by an increase in mortgage interest. Interest cost on customer deposits decreased by 18% driven by a reduction in deposits.
- Non-interest income decreased by 68% mainly from the 2019 gain for the sale of Robinson Road premises.
- Provision for credit losses unfavourable by \$10.6MM due partly to higher write-offs, lower recoveries and increases in Stages 1 and 3 provisions.
- Expenses increased by 6% due higher business taxes and equipment costs, partially offset by a 15% decrease in internal fees and charges.

## **YTD 2020 vs Plan – NIBT of \$9.2MM is unfavourable to plan by 52% or \$9.9MM**

- Net interest income is 4% or \$1.6MM ahead of plan and is driven by loan balances outperforming the planned volumes. Interest expense was less than plan given lower customer deposit balances and interest costs.
- Non-interest income fell below plan by 13% or \$292M due to lower deposit service based fees from the reduction in customer deposits.
- Provision for credit losses is unfavorable to plan by \$11.2MM due to the increase in provisions from the Covid-19 overlay, partially offset by the provision reversals given the reduction in non-performing loans and higher recoveries.
- Expenses is relatively flat compared to plan. Equipment costs and professional fees increases were partially offset by a 13% decrease in internal fees & charges.

# Finance Corporation of Bahamas Limited

## Statement of Financial Position

(BSD in thousands)

	Notes	October 31 2020	October 31 2019	YTD	
				\$	%
<b>Assets</b>					
Cash and cash equivalent	1	\$ 22,913	\$ 36,766	\$ (13,853)	-38%
Balance with central banks	2	42,107	43,857	(1,750)	-4%
Loans and advances to customers	3	656,142	685,328	(29,185)	-4%
Investment securities	4	27,539	29,565	(2,026)	-7%
Premises and equipment		127	30	97	NM
Other assets	5	7,931	4,504	3,428	76%
<b>Total Assets</b>		<b>\$ 756,760</b>	<b>\$ 800,049</b>	<b>\$ (43,289)</b>	<b>-5%</b>
<b>Liabilities</b>					
Customers' deposits	6	\$ 379,571	\$ 464,510	\$ (84,938)	-18%
Due to associates and affiliated companies	7	155,657	111,988	43,669	39%
Other liabilities	5	3,224	6,440	(3,216)	-50%
<b>Total Liabilities</b>		<b>\$ 538,452</b>	<b>\$ 582,938</b>	<b>\$ (44,486)</b>	<b>-8%</b>
<b>Equity</b>					
Share capital		\$ 5,333	\$ 5,333	-	0%
Share Premium		2,552	2,552	-	0%
Other components of equity		12	18	(6)	-32%
Retained earnings	8	210,410	209,208	1,202	1%
<b>Total equity</b>		<b>\$ 218,308</b>	<b>\$ 217,111</b>	<b>\$ 1,197</b>	<b>1%</b>
<b>Total Liabilities and Equity</b>		<b>\$ 756,760</b>	<b>\$ 800,049</b>	<b>\$ (43,289)</b>	<b>-5%</b>

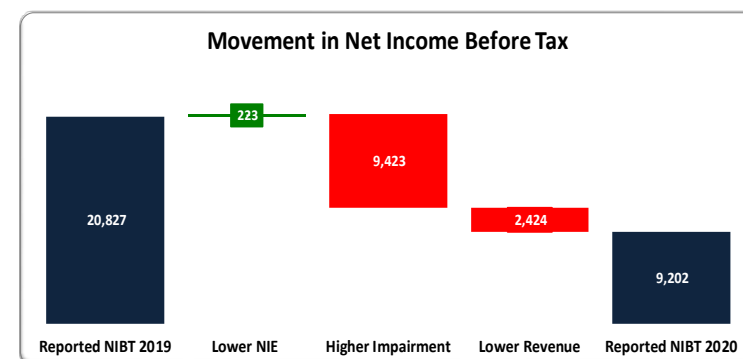
1. The movement in cash and cash equivalent movement is due to an 18% decrease in customer deposits partly offset by \$45.0MM increase in intergroup loan.
2. Balance with central bank \$1.8MM variance is due to a \$5.0MM transfer to the bank's RBC operating account. This was partially offset by \$1.5MM and \$1.6MM of funds received for interest and maturity of government registered stocks.
3. Loans and advances contracted by 4% or \$29MM and is due to net run-offs of \$16.1MM combined with \$13.1MM increase in provisions. Stage 3 provisions decreased by \$15MM as a result of a 16% decline in non-performing and Stage 2 provisions increased by \$28MM which includes an overlay for the effects of Covid-19.
4. Investment securities 7% decline is due to \$1.6MM maturity in government registered stocks and a \$374M increase in Stage 2 provisions.
5. Other assets 76% variance is largely due to \$3.4MM increase in accrued interest as a result of the deferred payment program. Other liabilities shrunk by 50% or \$3.2MM due to decrease in suspense and other settlement accounts and, to a lesser extent, lower interest accrued.
6. Customer deposits decreased by \$85MM or 18%. Personal deposits declined by \$12MM and non-personal deposits by \$73MM. Most of the personal deposit reduction is in term deposits and \$32MM of non-personal term deposit reduction is from public corporations.
7. Due to affiliated companies grew by 39% due to an additional \$45MM draw down on the term loan with RBC Bahamas partly offset by a \$1.3MM decrease in intragroup payables.
8. Retained earnings 1% growth is a result of \$9.2MM in accumulated profits offset partly by \$8MM dividend declared.

# Finance Corporation of Bahamas Limited

## Statement of income – YTD Analysis

(BSD in thousands)

Notes	For the twelve months ended		YoY	
	October 31 2020	October 31 2019	\$	%
Interest income	45,297	47,753	\$ (2,455)	-5%
Interest expense	(7,627)	(8,651)	1,024	-12%
<b>Net interest income</b>	<b>37,670</b>	<b>39,102</b>	<b>(1,432)</b>	<b>-4%</b>
Non-interest income	1,966	2,958	(993)	-34%
<b>Total revenue</b>	<b>39,636</b>	<b>42,060</b>	<b>(2,424)</b>	<b>-6%</b>
Non-interest expense	14,185	14,408	(223)	-2%
Provision for credit losses	16,248	6,825	9,423	N/M
<b>Total non-interest expense</b>	<b>30,433</b>	<b>21,233</b>	<b>9,200</b>	<b>43%</b>
<b>Net income before tax</b>	<b>\$ 9,202</b>	<b>20,827</b>	<b>\$ (11,624)</b>	<b>-56%</b>
<b>Non-interest expenses</b>				
Salaries and Allowances	\$ 1,286	\$ 1,220	\$ 66	5%
Variable Compensation	118	130	(12)	-9%
Benefits and Retentions Compensation	263	259	4	2%
<b>Total Staff Cost</b>	<b>1,668</b>	<b>1,609</b>	<b>59</b>	<b>4%</b>
Equipment	520	356	164	46%
Occupancy	410	432	(23)	-5%
Communications	164	188	(24)	-13%
Professional fees	959	647	312	48%
Deposit insurance premium	232	257	(26)	-10%
Sundry & fraud losses	32	43	(12)	-27%
Business & other taxes	4,092	3,677	415	11%
Internal fee & charges	6,006	7,058	(1,052)	-15%
Other expenses	104	140	(36)	-26%
<b>Total non-interest expenses</b>	<b>\$ 14,185</b>	<b>\$ 14,408</b>	<b>\$ (223)</b>	<b>-2%</b>
<b>Impairment losses on loans</b>				
Debts Written Off and Recoveries	526	5,837	(5,310)	-91%
Provision for Credit Losses - Stage 1	(283)	(1,453)	1,170	-81%
Provision for Credit Losses - Stage 2	28,827	1,383	27,444	N/M
Provision for Credit Losses - Stage 3	(12,823)	1,057	(13,880)	N/M
<b>Total impairment losses on loans</b>	<b>\$ 16,248</b>	<b>\$ 6,825</b>	<b>\$ 9,423</b>	<b>N/M</b>
<b>Total FTE</b>	<b>26</b>	<b>25</b>	<b>1</b>	<b>4.00%</b>
<b>Operating leverage</b>				<b>-4.2%</b>
<b>Efficiency ratio</b>	<b>35.79%</b>	<b>34.26%</b>	<b>1.53%</b>	<b>4.47%</b>



- Net interest income is down 4% from the prior year and is primarily due to \$1.0MM decrease in interest earned on impaired loans along with \$362M interest earned on mortgages. Additionally, there was an adjustment of \$736M to correct an overstatement in loan late fees. Interest expense partially offset these unfavourable variances as interest cost dropped by \$1.0MM due to the decreases in higher costing deposits.
- Lower non-interest income is due to a \$922M gain in the prior year from the sale of the Robinson Road premises.
- PCL \$9.4MM variance is predominantly attributed to a \$28.6MM increase in Stages 1 and 2 provision which include the COVID 19 overlay. Conversely, Stage 3 provision declined by \$13.9MM as a result of a 16% decrease in NAL levels while recoveries increased by \$2.2MM and debts written-off decreased by \$3.1MM.
- Equipment higher cost comprises of a \$67M increase in FIS annual fees along with \$71M uptick in computer software amortization for assets capitalized for 2020 closed projects; inclusive of Windows 10 upgrades.
- Higher spend for professional fees is due to \$249M increase in legal fees for document registration and title search related to Project Trident. BISX and Collection Marketing Center services grew by \$151M.
- Business license fee increased by 47% or \$1.1MM as a result of a regulatory change in methodology introduced in 2020 and partially offset by decreases in stamp duty and VAT expenses by \$342M and \$361M respectively.
- The favourable variance for internal fees and charges is driven by a 12% decrease in transfer pricing fees with RBC Bahamas combined with a \$276M reduction in head office Toronto allocations and charges.
- There was a small increase in the efficiency ratio given lower revenue.

# Finance Corporation of Bahamas Limited

## Statement of income – Quarter over Quarter Analysis

(BSD in thousands)

Notes	For the three months ended			QTR vs Prior QTR		QTR vs Prior Year QTR	
	October 31 2020	July 31 2020	October 31 2019	\$	%	\$	%
Interest income	\$ 10,718	\$ 10,876	\$ 11,789	\$ (158)	-1%	\$ (1,071)	-9%
Interest expense	1,744	1,849	2,134	(105)	-6%	(391)	-18%
<b>Net interest income</b>	<b>8,975</b>	<b>9,028</b>	<b>9,655</b>	<b>(53)</b>	<b>-1%</b>	<b>(681)</b>	<b>-7%</b>
Non-interest income	442	435	1,395	8	2%	(953)	-68%
<b>Total revenue</b>	<b>9,417</b>	<b>9,462</b>	<b>11,051</b>	<b>(45)</b>	<b>0%</b>	<b>(1,634)</b>	<b>-15%</b>
Non-interest expense	3,665	3,406	3,444	258	8%	221	6%
Provision for credit losses	8,252	(3,718)	(2,332)	11,970	N/M	10,584	N/M
<b>Total non-interest expense</b>	<b>11,917</b>	<b>(311)</b>	<b>1,112</b>	<b>12,228</b>	<b>N/M</b>	<b>10,805</b>	<b>N/M</b>
<b>Net income before tax</b>	<b>\$ (2,500)</b>	<b>\$ 9,774</b>	<b>\$ 9,939</b>	<b>\$ (12,273)</b>	<b>N/M</b>	<b>\$ (12,439)</b>	<b>N/M</b>
<b>Non-interest expenses</b>							
Salaries and Allowances	\$ 350	\$ 303	\$ 255	\$ 47	15%	95	37%
Variable Compensation	32	40	44	(8)	-20%	(12)	-28%
Benefits and Retentions Compensation	73	66	70	7	11%	2	3%
Total Staff Cost	455	409	369	46	11%	85	23%
Equipment	204	136	86	68	50%	119	N/M
Occupancy	109	102	125	7	7%	(16)	-13%
Communications	47	54	32	(7)	-12%	15	48%
Professional fees	254	142	162	111	78%	92	57%
Deposit insurance premium	57	57	63	(0)	0%	(7)	-10%
Sundry & fraud losses	-	-	13	-	0%	(13)	-100%
Business & other taxes	1,021	1,048	818	(27)	-3%	202	25%
Internal fee & charges	1,485	1,441	1,738	44	3%	(253)	-15%
Other expenses	33	17	37	16	94%	(4)	-11%
<b>Total non-interest expenses</b>	<b>\$ 3,665</b>	<b>\$ 3,406</b>	<b>\$ 3,444</b>	<b>\$ 258</b>	<b>8%</b>	<b>\$ 221</b>	<b>6%</b>
<b>Impairment losses on loans</b>							
Debts Written Off and Recoveries	1,135	(431)	(281)	1,566	N/M	1,416	N/M
Provision for Credit Losses - Stage 1	1,192	(436)	(456)	1,628	N/M	1,647	N/M
Provision for Credit Losses - Stage 2	6,021	(3,225)	8,347	9,246	N/M	(2,326)	N/M
Provision for Credit Losses - Stage 3	(95)	375	(9,942)	(470)	N/M	9,847	N/M
<b>Total impairment losses on loans</b>	<b>8,252</b>	<b>(3,718)</b>	<b>(2,332)</b>	<b>11,970</b>	<b>N/M</b>	<b>10,584</b>	<b>N/M</b>
<b>Total FTE</b>	<b>26</b>	<b>26</b>	<b>25</b>	<b>-</b>	<b>0%</b>	<b>1</b>	<b>4%</b>
<b>Operating leverage</b>					<b>-8.05%</b>		<b>-21.19%</b>
<b>Efficiency ratio</b>	<b>38.91%</b>	<b>36.00%</b>	<b>31.16%</b>	<b>2.91%</b>	<b>8.09%</b>	<b>7.75%</b>	<b>24.86%</b>

- When compared to Q4 2019 net interest income decreased by 7% or \$681M. The lower interest income is due lower interest on impaired loans and the adjustment for the loan late fees. These were partially offset by an increase in interest on mortgages of \$630M. Note further that, higher interest cost on customer deposits was substituted for the lower funding cost from RBC.
- Reduction in non-interest income is due to \$922M gain from the sale of the Robinson Road premises.
- PCL increased over Q3 2020 and for Q4 2019 by \$12.0MM and \$10.6MM respectively as a result of the COVID 19 overlay. There were generally increases in all stages of provisions when compared to both quarters, except Stage 2 when compared to Q4 2019 where there was a reduction in the provision charge. Recoveries declined by \$814M and debts written-off increased by \$602M when compared to Q4 2019.
- Equipment costs variance is due to \$32M increase in FIS maintenance fees along with a higher depreciation expenses for project and non-project related costs (Windows 10 and software upgrades).
- Professional fees \$111M increase over Q3 2020 is due to BIXS and legal fees.
- The 25% fluctuation in business taxes over Q4 2019 is due to a \$324M increase in business license fee partly offset by a \$90M decrease in stamp duty on the loan facility with RBC Bahamas and \$35M decline in VAT expense.
- Management fees between FINCO and RBC Bahamas decreased by \$213M as a result of the revised 2020 transfer pricing schedule. Other I/G allocations decreased by \$40M.
- Efficiency ratio increased over the previous quarter by 291bps given the 8% increase in expenses. Compared to Q4 2019 efficiency increased by 775bps driven mostly by 15% lower revenues.

# Finance Corporation of Bahamas Limited

## Statement of income – YTD Actual versus Plan

(BSD in thousands)

Notes	For the twelve months ended		YoY	
	October 31 2020 Actual	October 31 2020 Plan	Actual vs Plan	
			\$	%
Interest income	\$ 45,297	\$ 44,966	\$ 332	1%
Interest expense	7,627	8,861	(1,234)	-14%
<b>Net interest income</b>	<b>37,670</b>	<b>36,105</b>	<b>1,565</b>	<b>4%</b>
Non-interest income	1,966	2,258	(292)	-13%
<b>Total revenue</b>	<b>39,636</b>	<b>38,363</b>	<b>1,273</b>	<b>3%</b>
Non-interest expense	14,185	14,132	53	0%
Provision for credit losses	16,248	5,087	11,161	N/M
<b>Total non-interest expense</b>	<b>30,433</b>	<b>19,219</b>	<b>11,214</b>	<b>58%</b>
<b>Net income before tax</b>	<b>\$ 9,202</b>	<b>\$ 19,143</b>	<b>\$ (9,941)</b>	<b>-52%</b>
<b>Non-interest expenses</b>				
Salaries and Allowances	\$ 1,286	\$ 1,251	\$ 35	3%
Variable Compensation	118	122	(3)	-3%
Benefits and Retentions Compensation	263	236	27	11%
Total Staff Cost	1,668	1,609	59	4%
Equipment	520	290	230	80%
Occupancy	410	425	(15)	-4%
Communications	164	150	14	10%
Professional fees	959	310	649	N/M
Deposit insurance premium	232	261	(30)	-11%
Sundry & fraud losses	32	31	1	3%
Business & other taxes	4,092	4,050	41	1%
Internal fee & charges	6,006	6,875	(869)	-13%
Other expenses	104	133	(29)	-22%
<b>Total non-interest expenses</b>	<b>\$ 14,185</b>	<b>\$ 14,132</b>	<b>\$ 53</b>	<b>0%</b>
<b>Impairment losses on loans</b>				
Debts Written Off and Recoveries	526	5,655	(5,128)	-91%
Provision for Credit Losses - Stage 1	(283)	(335)	52	-16%
Provision for Credit Losses - Stage 2	28,827	(75)	28,902	N/M
Provision for Credit Losses - Stage 3	(12,823)	(158)	(12,665)	N/M
<b>Total impairment losses on loans</b>	<b>\$ 16,248</b>	<b>\$ 5,087</b>	<b>\$ 11,161</b>	<b>N/M</b>
<b>Total FTE</b>	<b>26</b>	<b>28</b>	<b>-2</b>	<b>-7.14%</b>
<b>Operating leverage</b>				<b>2.94%</b>
<b>Efficiency ratio</b>	<b>35.79%</b>	<b>36.84%</b>	<b>-1.05%</b>	<b>-2.85%</b>

1. Net interest income of \$37.7MM is favourable to plan by 4% or \$1.6MM. Loan volumes grew ahead of plan by 0.22% and income rose by \$332M. Interest cost decreased by 14% or \$1.2MM due in large part to the reduction in customer deposits which when compared to plan decrease by 23% or \$115MM.
2. Other income is behind plan by 13% due largely to lower service charges.
3. PCL \$11.2MM variance is comprised of \$28.9MM increase in stage 2 provision offset by a \$12.7MM decrease in stage 1 and 3 provisions collectively. Recoveries grew by \$4.5MM while debts written-off fell below plan by \$519M.
4. Equipment cost is unfavourable by \$230M and is partly due to higher spend for FIS annual fees and increased depreciation on computer equipment and software amortization for Windows 10.
5. Professional fees are above plan expectation by \$649M due to a \$382M increase in legal fees related to costs for Project Trident with the registration of mortgage documents and title searches, combined with \$246M in BISX and collection marketing center costs.
6. Internal fees favourable variance is made up of a 12% or \$710M reduction in transfer pricing fees between FINCO and RBC Bahamas in addition to a \$162M decline in HO Toronto allocation for pension and system development costs.
7. Efficiency ratio improved by 105bps compared to plan driven by revenues which were 3% higher than plan.

# Finance Corporation of Bahamas Limited

## Statement of retained earnings

(BSD in thousands)

Retained earnings, October 31, 2018	\$	193,716
Net profit for the period		20,826
Dividend		<u>(5,333)</u>
<b>Retained earnings, October 31, 2019</b>	<b>\$</b>	<b><u>209,209</u></b>

Retained earnings, October 31, 2019	\$	209,208
Net Profit for the period		9,202
Dividends		<u>(8,000)</u>
<b>Retained earnings, October 31, 2020</b>	<b>\$</b>	<b><u>210,410</u></b>



**FINANCE CORPORATION OF BAHAMAS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)**  
**As of October 31, 2020 and October 31, 2019**  
**(Expressed in Bahamian dollars)**

<b>ASSETS</b>	<b>October 31, 2020</b>	<b>October 31, 2019</b>
Cash and cash equivalents	\$ 22,913,487	\$ 36,766,118
Balance with central bank	42,106,650	43,857,068
Loans and advances to customers	656,142,377	685,328,230
Investment securities	27,539,257	29,565,031
Premises and equipment	126,733	29,547
Other assets	7,931,308	4,503,631
<b>TOTAL</b>	<b>\$ 756,759,812</b>	<b>\$ 800,049,625</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Customer deposits	\$ 379,571,167	\$ 464,509,564
Due to affiliated companies	155,656,581	111,987,957
Other liabilities	3,224,400	6,440,381
Total liabilities	\$ 538,452,148	\$ 582,937,902
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	5,333,334	5,333,334
Share premium	2,552,258	2,552,258
Other components of equity	12,093	17,691
Retained earnings	210,409,979	209,208,440
Total shareholders' equity	218,307,664	217,111,723
<b>TOTAL</b>	<b>\$ 756,759,812</b>	<b>\$ 800,049,625</b>

**FINANCE CORPORATION OF BAHAMAS LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**  
**AND COMPREHENSIVE INCOME (Unaudited)**  
**Twelve Months Ended October 31, 2020**  
**(Expressed in Bahamian dollars)**

	<b>Three Months Ended October 31, 2020</b>	<b>Three Months Ended October 31, 2019</b>	<b>Twelve Months Ended October 31, 2020</b>	<b>Twelve Months Ended October 31, 2019</b>
Interest income	\$ 10,718,200	\$ 11,789,503	\$ 45,297,448	\$ 47,752,784
Interest expense	<u>(1,743,530)</u>	<u>(2,134,105)</u>	<u>(7,627,353)</u>	<u>(8,651,158)</u>
<b>Net interest income</b>	8,974,670	9,655,398	37,670,095	39,101,626
Non-interest income	<u>442,450</u>	<u>1,395,308</u>	<u>1,965,510</u>	<u>2,958,202</u>
<b>Total income</b>	<u>9,417,120</u>	<u>11,050,706</u>	<u>39,635,605</u>	<u>42,059,828</u>
Non-interest expense	(3,664,542)	(3,443,950)	(14,185,276)	(14,408,302)
Recovery of (Provision for) credit losses	<u>(8,252,319)</u>	<u>2,331,784</u>	<u>(16,248,789)</u>	<u>(6,825,373)</u>
<b>Net income</b>	<b>(2,499,741)</b>	<b>9,938,540</b>	<b>9,201,540</b>	<b>20,826,153</b>
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified to net income</i>				
Net gains on investments in debt instruments measured at FVOCI	3,598	31,365	3,598	31,365
Expected credit losses on FVOCI investments	<u>(9,196)</u>	<u>2,066</u>	<u>(9,196)</u>	<u>2,066</u>
<b>Total comprehensive income for the period</b>	<b>\$ (2,505,339)</b>	<b>\$ 9,971,971</b>	<b>\$ 9,195,942</b>	<b>\$ 20,859,584</b>
Earnings (loss) per share	<u><u>\$ (0.09)</u></u>	<u><u>\$ 0.37</u></u>	<u><u>\$ 0.35</u></u>	<u><u>\$ 0.78</u></u>

**FINANCE CORPORATION OF BAHAMAS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)**  
**Twelve Months Ended October 31, 2020**  
**(Expressed in Bahamian dollars)**

	<b>Share Capital</b>	<b>Share Premium</b>	<b>Other Components Equity</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at October 31, 2018</b>	5,333,334	2,552,258	(15,740)	193,715,621	201,585,473
Net profit for the period	-	-	-	20,826,153	20,826,153
Other comprehensive income	-	-	33,431	-	33,431
<b>Total comprehensive income</b>	-	-	33,431	20,826,153	20,859,584
Dividends	-	-	-	(5,333,334)	(5,333,334)
<b>Balance at October 31, 2019</b>	<b>5,333,334</b>	<b>2,552,258</b>	<b>17,691</b>	<b>209,208,440</b>	<b>217,111,723</b>
<b>Balance at October 31, 2019</b>	5,333,334	2,552,258	17,691	209,208,440	217,111,723
Net profit for the period	-	-	-	9,201,540	9,201,540
Other comprehensive income	-	-	(5,598)	-	(5,598)
<b>Total comprehensive income</b>	-	-	(5,598)	9,201,540	9,195,942
Dividends	-	-	-	(8,000,001)	(8,000,001)
<b>Balance at October 31, 2020</b>	<b>5,333,334</b>	<b>2,552,258</b>	<b>12,093</b>	<b>210,409,979</b>	<b>218,307,664</b>

**FINANCE CORPORATION OF BAHAMAS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)**  
**Twelve Months Ended October 31, 2020**  
**(Expressed in Bahamian dollars)**

	October 31, 2020	October 31, 2019
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 9,201,540	\$ 20,826,153
Adjustments for:		
Provision for credit losses	16,248,789	6,825,373
Depreciation and amortization of tangible assets	86,886	46,503
Gain on disposal of premises and equipment	(50,000)	(922,553)
	<u>25,487,215</u>	<u>26,775,476</u>
 (INCREASE)/DECREASE IN OPERATING ASSETS		
Balances with Central Bank	1,750,418	15,911,238
Loans and advances to customers	13,302,497	11,773,015
Other assets	(3,427,932)	462,308
INCREASE/(DECREASE) IN OPERATING LIABILITIES		
Due to affiliated companies	(84,938,397)	(38,404,160)
Customers' deposits	43,668,624	3,902,638
Other liabilities	(3,215,981)	1,670,366
<b>Net cash from/(used in ) operating activities</b>	<u>(7,373,556)</u>	<u>22,090,881</u>
 <b>INVESTING ACTIVITIES</b>		
Proceeds from dsle of premises and equipment	50,000	1,106,043
Purchase of premises and equipment	(184,072)	-
Net movement in investment securities	1,651,400	1,238,100
<b>Net cash from investing activities</b>	<u>1,517,328</u>	<u>2,344,143</u>
 <b>FINANCING ACTIVITES</b>		
Dividends paid	(8,000,001)	(5,333,334)
Net cash used in financing activities	<u>(8,000,001)</u>	<u>(5,333,334)</u>
 <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(13,856,229)</u>	<u>19,101,690</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	36,766,118	17,633,063
<b>Effects of fair value changes on cash and cash equivalents</b>	3,598	31,365
<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	<u>\$ 22,913,487</u>	<u>\$ 36,766,118</u>

**FINANCE CORPORATION OF BAHAMAS LIMITED**  
**Notes to Unaudited Interim Consolidated Financial Statements**  
**Twelve Months Ended October 31, 2020**

**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, 2019.



## **FINANCE CORPORATION OF BAHAMAS LIMITED**

### **Chairman's review of the unaudited results For the twelve months ended October 31, 2020**

We wish to report that the Bank's net profit for the twelve months ended October 31, 2020 was \$9.2 million which represents a decrease of \$11.6 million or 56% when compared to the fiscal 2019. This reduction in profit is primarily due to higher loan provisions charged during the year brought on by the economic effects from Covid-19.

The Bank's capital ratio continues to be strong and above regulatory requirements at 44.95% and is comprised mainly of Tier 1 capital.

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Chairman

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Managing Director