

Fidelity Bank (Bahamas) Limited
(Incorporated under the laws of the Commonwealth of The Bahamas)

Consolidated Statement of Financial Position (Unaudited)
As of 30 June 2018
(Expressed in Bahamian dollars)

| | 2018 | 2017 |
|--|--------------------|--------------------|
| | \$ | \$ |
| ASSETS | | |
| Cash on hand and at banks | 136,067,038 | 103,858,986 |
| Investment securities | 83,318,398 | 88,496,767 |
| Loans and advances to customers | 416,214,225 | 408,644,237 |
| Other assets | 5,672,237 | 2,599,954 |
| Investments in joint ventures | 12,783,588 | 13,247,977 |
| Property, plant and equipment | 10,783,528 | 10,922,222 |
| | <u>664,839,014</u> | <u>627,770,143</u> |
| Total assets | 664,839,014 | 627,770,143 |
| LIABILITIES | | |
| Deposits from customers | 536,363,196 | 493,516,569 |
| Accrued expenses and other liabilities | 1,138,079 | 1,004,008 |
| Debt securities | 34,168,875 | 43,932,963 |
| | <u>571,670,150</u> | <u>538,453,540</u> |
| Total liabilities | 571,670,150 | 538,453,540 |
| EQUITY | | |
| Capital – ordinary shares | 20,380,694 | 20,363,328 |
| Capital – preference shares | 15,000,000 | 15,000,000 |
| Revaluation reserve | 321,187 | 373,659 |
| Reserve for credit losses | - | 4,090,372 |
| Retained earnings | 57,466,983 | 49,489,244 |
| | <u>93,168,864</u> | <u>89,316,603</u> |
| Total equity | 93,168,864 | 89,316,603 |
| Total liabilities and equity | 664,839,014 | 627,770,143 |

Fidelity Bank (Bahamas) Limited

Consolidated Statement of Comprehensive Income (Unaudited) For the Six Months Ended 30 June 2018 (Expressed in Bahamian dollars)

| | <u>3 Months Ended</u> | <u>6 Months Ended</u> | |
|---|--------------------------------|---------------------------------|---------------------------------|
| | <u>30 June</u> | <u>30 June</u> | <u>30 June</u> |
| | <u>2018</u> | <u>2018</u> | <u>2017</u> |
| | \$ | \$ | \$ |
| INCOME | | | |
| Interest income | | | |
| Bank deposits, loans and advances | 15,808,167 | 30,821,218 | 28,155,540 |
| Investment securities | <u>925,506</u> | <u>1,781,275</u> | <u>1,703,468</u> |
| | 16,733,673 | 32,602,493 | 29,859,008 |
| Interest expense | <u>(3,386,667)</u> | <u>(6,790,557)</u> | <u>(7,492,362)</u> |
| Net interest income | 13,347,006 | 25,811,936 | 22,366,646 |
| Fees and commissions | 695,342 | 1,383,569 | 1,386,940 |
| Rental income | 20,157 | 40,313 | 40,313 |
| Other income | <u>299,238</u> | <u>381,054</u> | <u>387,380</u> |
| Total income | <u>14,361,743</u> | <u>27,616,872</u> | <u>24,181,279</u> |
| EXPENSES | | | |
| General and administrative | 3,065,667 | 5,884,574 | 5,219,865 |
| Provision for loan losses | 3,755,355 | 5,855,130 | 4,129,093 |
| Salaries and employee benefits | 3,050,270 | 5,572,726 | 4,683,811 |
| Depreciation and amortisation | <u>366,650</u> | <u>734,717</u> | <u>732,613</u> |
| Total expenses | <u>10,237,942</u> | <u>18,047,147</u> | <u>14,765,382</u> |
| Operating profit | 4,123,801 | 9,569,725 | 9,415,897 |
| Share of profits of joint ventures | <u>562,796</u> | <u>1,396,807</u> | <u>1,428,187</u> |
| Net income and total comprehensive income | <u><u>4,686,597</u></u> | <u><u>10,966,532</u></u> | <u><u>10,844,084</u></u> |
| <hr/> | | | |
| Weighted average number of ordinary shares outstanding | 28,805,104 | 28,801,947 | 28,791,403 |
| Earnings per share | 0.15 | 0.36 | 0.36 |

Fidelity Bank (Bahamas) Limited

Consolidated Statement of Changes in Equity (Unaudited) For the Six Months Ended 30 June 2018 (Expressed in Bahamian dollars)

| | Capital – Ordinary Shares \$ | Capital – Preference Shares \$ | Revaluation Reserve \$ | Reserve for Credit Losses \$ | Retained Earnings \$ | Total \$ |
|---|---------------------------------------|---|------------------------------|---------------------------------------|----------------------------|--------------------------|
| As of 31 December 2017 | 20,363,328 | 15,000,000 | 373,659 | 4,090,372 | 49,489,244 | 89,316,603 |
| Effects of changes in accounting policies | - | - | - | (4,090,372) | (2,606,335) | (6,696,707) |
| As of 1 January 2018 | <u>20,363,328</u> | <u>15,000,000</u> | <u>373,659</u> | <u>-</u> | <u>46,882,909</u> | <u>82,619,896</u> |
| Comprehensive income | | | | | | |
| Net income | - | - | - | - | 10,966,532 | 10,966,532 |
| Total comprehensive income | - | - | - | - | 10,966,532 | 10,966,532 |
| Transfers | | | | | | |
| Depreciation transfer | - | - | (52,472) | - | 52,472 | - |
| Appropriation for credit losses | - | - | - | - | - | - |
| Total transfers | - | - | <u>(52,472)</u> | - | <u>52,472</u> | - |
| Transactions with owners | | | | | | |
| Issuance of ordinary shares | 17,366 | - | - | - | 48,563 | 65,929 |
| Dividends – preference shares | - | - | - | - | (483,493) | (483,493) |
| Dividends – ordinary shares | - | - | - | - | - | - |
| Total transactions with owners | <u>17,366</u> | - | - | - | <u>(434,930)</u> | <u>(417,564)</u> |
| As of 31 March 2018 | <u>20,380,694</u> | <u>15,000,000</u> | <u>321,187</u> | <u>-</u> | <u>57,466,983</u> | <u>93,168,864</u> |
| Dividends per share | - | <u>0.32</u> | | | | |

Fidelity Bank (Bahamas) Limited

Consolidated Statement of Changes in Equity (Unaudited) For the Year Ended 31 December 2017 (Expressed in Bahamian dollars)

| | Capital – Ordinary Shares \$ | Capital – Preference Shares \$ | Revaluation Reserve \$ | Reserve for Credit Losses \$ | Retained Earnings \$ | Total \$ |
|---------------------------------|---------------------------------------|---|------------------------------|---------------------------------------|----------------------------|--------------------------|
| As of 1 January 2017 | <u>20,333,243</u> | <u>15,000,000</u> | <u>392,251</u> | <u>3,855,116</u> | <u>43,981,810</u> | <u>83,562,420</u> |
| Comprehensive income | | | | | | |
| Net income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>21,053,528</u> | <u>21,053,528</u> |
| Total comprehensive income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>21,053,528</u> | <u>21,053,528</u> |
| Transfers | | | | | | |
| Depreciation transfer | <u>-</u> | <u>-</u> | <u>(18,592)</u> | <u>-</u> | <u>18,592</u> | <u>-</u> |
| Appropriation for credit losses | <u>-</u> | <u>-</u> | <u>-</u> | <u>235,256</u> | <u>(235,256)</u> | <u>-</u> |
| Total transfers | <u>-</u> | <u>-</u> | <u>(18,592)</u> | <u>235,256</u> | <u>(216,664)</u> | <u>-</u> |
| Transactions with owners | | | | | | |
| Issuance of ordinary shares | <u>30,085</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>79,315</u> | <u>109,400</u> |
| Dividends – preference shares | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(975,410)</u> | <u>(975,410)</u> |
| Dividends – ordinary shares | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(14,433,335)</u> | <u>(14,433,335)</u> |
| Total transactions with owners | <u>30,085</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(15,329,430)</u> | <u>(15,299,345)</u> |
| As of 31 December 2017 | <u>20,363,328</u> | <u>15,000,000</u> | <u>373,659</u> | <u>4,090,372</u> | <u>49,489,244</u> | <u>89,316,603</u> |
| Dividends per share | <u>0.50</u> | <u>0.65</u> | | | | |

Fidelity Bank (Bahamas) Limited

Notes to the Consolidated Financial Statements (Unaudited) For the Six Months Ended 30 June 2018 (Expressed in Bahamian dollars)

Capital Management

The objectives of Fidelity Bank (Bahamas) Limited (the Bank) when managing capital, which comprises total equity on the face of the consolidated statement of financial position, are:

- To comply with the capital requirements set by the Central Bank of The Bahamas (the Central Bank).
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for its shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored by the Bank's management, employing techniques designed to ensure compliance with guidelines established by the Central Bank, including quantitative and qualitative measures. The required information is filed with the Central Bank on a quarterly basis.

The Central Bank, the Bank's principal regulator, requires that the Bank maintains a ratio of total regulatory capital to risk-weighted assets at or above a minimum of 14.00%. For the six months ended 30 June 2018 and the year ended 31 December 2017, the Bank complied with all of the externally imposed capital requirements to which it is subject.