

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

Consolidated Statement of Financial Position (Unaudited)
As of 30 September 2019
(Expressed in Bahamian dollars)

| | 2019 | 2018 |
|--|--------------------|--------------------|
| | \$ | \$ |
| ASSETS | | |
| Cash on hand and at banks | 146,715,638 | 106,498,105 |
| Investment securities | 86,117,840 | 83,057,535 |
| Loans and advances to customers | 430,981,491 | 439,699,830 |
| Other assets | 3,101,292 | 4,668,546 |
| Assets held for sale | 11,911,419 | 13,319,401 |
| Investments in joint ventures | 212,944 | 215,957 |
| Property, plant and equipment | 9,884,971 | 10,441,514 |
| | <u>688,925,595</u> | <u>657,900,888</u> |
| Total assets | 688,925,595 | 657,900,888 |
| LIABILITIES | | |
| Deposits from customers | 551,630,004 | 532,734,531 |
| Accrued expenses and other liabilities | 1,842,706 | 1,333,981 |
| Debt securities | 34,679,237 | 33,964,458 |
| | <u>588,151,947</u> | <u>568,032,970</u> |
| Total liabilities | 588,151,947 | 568,032,970 |
| EQUITY | | |
| Capital – ordinary shares | 20,410,050 | 20,380,694 |
| Capital – preference shares | 15,000,000 | 15,000,000 |
| Revaluation reserve | 298,460 | 330,695 |
| Reserve for credit losses | - | - |
| Retained earnings | 65,065,138 | 54,156,529 |
| | <u>100,773,648</u> | <u>89,867,918</u> |
| Total equity | 100,773,648 | 89,867,918 |
| Total liabilities and equity | 688,925,595 | 657,900,888 |

Consolidated Statement of Comprehensive Income (Unaudited)
For the Nine Months Ended 30 September 2019
(Expressed in Bahamian dollars)

| | <u>3 Months Ended</u> | <u>9 Months Ended</u> | |
|---|--------------------------|--------------------------|--------------------------|
| | <u>30 September</u> | <u>30 September</u> | <u>30 September</u> |
| | <u>2019</u> | <u>2019</u> | <u>2018</u> |
| | \$ | \$ | \$ |
| INCOME | | | |
| Interest income | | | |
| Bank deposits, loans and advances | 16,660,948 | 49,805,876 | 46,965,682 |
| Investment securities | <u>894,410</u> | <u>2,740,012</u> | <u>2,681,582</u> |
| | 17,555,358 | 52,545,888 | 49,647,264 |
| Interest expense | <u>(3,239,452)</u> | <u>(9,521,004)</u> | <u>(9,865,973)</u> |
| Net interest income | 14,315,906 | 43,024,884 | 39,781,291 |
| Fees and commissions | 816,068 | 2,255,842 | 2,127,761 |
| Rental income | - | 20,156 | 60,469 |
| Other income | <u>63,211</u> | <u>191,114</u> | <u>241,610</u> |
| Total income | <u>15,195,185</u> | <u>45,491,996</u> | <u>42,211,131</u> |
| EXPENSES | | | |
| General and administrative | 3,399,495 | 9,592,297 | 8,580,332 |
| Salaries and employee benefits | 3,186,596 | 9,463,220 | 8,621,745 |
| Provision for loan losses | 2,266,985 | 7,326,323 | 8,121,610 |
| Depreciation and amortisation | <u>340,334</u> | <u>1,061,235</u> | <u>1,095,577</u> |
| Total expenses | <u>9,193,410</u> | <u>27,443,075</u> | <u>26,419,264</u> |
| Operating profit | 6,001,775 | 18,048,921 | 15,791,867 |
| Share of profits of joint ventures | <u>3,332</u> | <u>13,808</u> | <u>37,871</u> |
| Net income from continuing operations | 6,005,107 | 18,062,729 | 15,829,738 |
| Profits of operations held for sale | <u>566,345</u> | <u>1,591,078</u> | <u>1,477,880</u> |
| Net income and total comprehensive income | <u>6,571,452</u> | <u>19,653,807</u> | <u>17,307,618</u> |
| <hr/> | | | |
| Weighted average number of ordinary shares outstanding | 28,815,779 | 28,812,221 | 28,802,999 |
| Earnings per share | 0.22 | 0.67 | 0.58 |

Consolidated Statement of Changes in Equity (Unaudited)
For the Nine Months Ended 30 September 2019
(Expressed in Bahamian dollars)

| | Capital – Ordinary Shares \$ | Capital – Preference Shares \$ | Revaluation Reserve \$ | Reserve for Credit Losses \$ | Retained Earnings \$ | Total \$ |
|---------------------------------|--|--|--------------------------------------|--|------------------------------------|--------------------|
| As of 1 January 2019 | 20,380,694 | 15,000,000 | 330,695 | - | 54,156,529 | 89,867,918 |
| Comprehensive income | | | | | | |
| Net income | - | - | - | - | 19,653,807 | 19,653,807 |
| Total comprehensive income | - | - | - | - | 19,653,807 | 19,653,807 |
| Transfers | | | | | | |
| Depreciation transfer | - | - | (32,235) | - | 32,235 | - |
| Total transfers | - | - | (32,235) | - | 32,235 | - |
| Transactions with owners | | | | | | |
| Issuance of ordinary shares | 29,356 | - | - | - | 77,394 | 106,750 |
| Dividends – preference shares | - | - | - | - | (483,493) | (483,493) |
| Dividends – ordinary shares | - | - | - | - | (8,371,334) | (8,371,334) |
| Total transactions with owners | 29,356 | - | - | - | (8,777,433) | (8,748,077) |
| As of 30 September 2019 | 20,410,050 | 15,000,000 | 298,460 | - | 65,065,138 | 100,773,648 |
| Dividends per share | 0.29 | 0.32 | | | | |

Consolidated Statement of Changes in Equity (Unaudited)
For the Year Ended 31 December 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) | (1,803,042) | (5,893,414) |
| As of 1 January 2018 | <u>20,363,328</u> | <u>15,000,000</u> | <u>373,659</u> | <u>-</u> | <u>47,686,202</u> | <u>83,423,189</u> |
| Comprehensive income | | | | | | |
| Net income | - | - | - | - | 22,364,469 | 22,364,469 |
| Total comprehensive income | - | - | - | - | 22,364,469 | 22,364,469 |
| Transfers | | | | | | |
| Depreciation transfer | - | - | (42,964) | - | 42,964 | - |
| Total transfers | - | - | (42,964) | - | 42,964 | - |
| Transactions with owners | | | | | | |
| Issuance of ordinary shares | 17,366 | - | - | - | 48,562 | 65,928 |
| Dividends – preference shares | - | - | - | - | (975,000) | (975,000) |
| Dividends – ordinary shares | - | - | - | - | (15,010,668) | (15,010,668) |
| Total transactions with owners | <u>17,366</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(15,937,106)</u> | <u>(15,919,740)</u> |
| As of 31 December 2018 | <u>20,380,694</u> | <u>15,000,000</u> | <u>330,695</u> | <u>-</u> | <u>54,156,529</u> | <u>89,867,918</u> |
| Dividends per share | <u>0.52</u> | <u>0.65</u> | | | | |

**Notes to the Consolidated Financial Statements (Unaudited)
For the Nine Months Ended 30 September 2019
(Expressed in Bahamian dollars)**

Corresponding Figures

Where necessary, corresponding figures are adjusted to conform with changes in presentation in the current year. Further, corresponding figures presented in the consolidated statement of financial position and related notes are as of 31 December 2018.

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 nine months ended 30 September 2019 and the year ended 31 December 2018, the Bank complied with all of the externally imposed capital requirements to which it is subject.

Subsequent Events

Subsequent to 30 September 2019, the transaction to dispose of the Bank's shareholding in its joint venture, Royal Fidelity Merchant Bank & Trust Limited, closed with the Bank receiving proceeds of \$16,449,000 plus the Bank's share of retained earnings as of the date of closing, which resulted in a profit on disposal of approximately \$7,600,000.