



FINANCIAL PERFORMANCE FOR THE QUARTER ENDED JUNE 30, 2021

Bank of the Bahamas Limited's (the "Bank") fourth quarter marks our continuous journey as it has now been over a year since COVID-19 has been declared a pandemic. The Bank has been able to significantly mitigate the impact of COVID-19, as well as benefit from the opportunities it created, both operationally and financially. Throughout COVID-19, the Bank has operated, and continues to operate, efficiently and effectively, remaining focused on the security and wellness of both its employees and customers as well as on continuously evaluating and, where opportunity exists, enhancing its practical risk management processes and activities. With the shift to a mostly virtual environment and an adjusted operating model, banking operations were carried out smoothly, technology was deployed, and unprecedented agility and resilience were demonstrated. As a result, customers were served, employees were productive, and regulators were reassured. However, although we acknowledge continuing challenges before the positive impact of the ongoing vaccination is felt and the economy fully rebounds, we are optimistic of the future.

The team at Bank of the Bahamas remains steadfast in pushing through the challenges stemming from the aftermath of the pandemic, and the joint efforts have resulted in an overall net income of \$6.4 million for the year ended June 30, 2021. Comparing the current year ended June 30, 2021 to the prior year ended June 30, 2020, the Bank's total operating income decreased by \$2.1 million (14.93%) for the quarter and \$2.4 million (5.12%) for the year due to lower net interest income and net non-interest income. Despite higher interest income owing to the Bank's efforts in consumer loan campaigns and a decrease in interest expense due to a decline in certain deposit balances and interest rates, the overall decrease in net interest income of \$2.0 million and \$1.3 million for the quarter and year, respectively, were attributable to the deferred loan fees of \$3.3 million recognized in the prior year. The decline in non-interest income of \$1.1 million year to date was largely due to the adverse impact of the pandemic on the Bank's auxiliary revenue streams, which was immediate, substantial and continues to date.

The Bank's operating expenses increased by \$300K or 3.01% for the current quarter and \$2.9 million or 8.88% year to date as higher bank license fee of \$800K was recognized due to the increase in levy imposed by the Central Bank. Increases were also noted in staff costs, depreciation and IT related expenses as the Bank invested in the human resources, system innovation and upgrades to support the Bank's planned growth and strategic initiatives. Net credit loss expenses of \$7.5 million were recorded year to date compared to \$15.3 million during the same period of the prior fiscal year, a 51.42% positive variance. Reversals of provisions for impairment of \$5.3 million were also recorded during the current year, compared to impairment losses of \$6.3 million in the prior year as the ECL estimates and assumptions used on its sovereign and corporate exposures in the prior year did not materialize. Management continues to use its judgement in the assessment of any significant changes in the underlying assumptions on its financial assets due to the pandemic.

The Bank continues to maintain a strong financial position with total assets of \$902.8 million and loans and advances, net of \$391.3 million as at June 30, 2021. Total equity closed at \$161.2 million and the Bank's liquidity position also remained strong as its cash and cash equivalents stood at \$236.8 million, a \$30.7 million or 14.90% increase since June 30, 2020. The Bank's key capital ratios continued to comply with regulatory requirements, with CET1 Ratio of 36.9%, well above the Central Bank's requirement of 9.6%.

Experience gained in responding to the pandemic will undoubtedly be a catalyst for further change, with an opportunity for a more streamlined and efficient banking model, moving towards a position of sustainable profitability and growth. As we remain committed to keeping health and safety at the forefront, we would like to thank our dedicated and qualified BOB team of employees, management, directors, shareholders and most importantly our customers for their loyalty and continued support of the Bank.

Kenrick Brathwaite
Managing Director