



FINANCIAL PERFORMANCE FOR THE QUARTER ENDED DECEMBER 31, 2019

In the past several years, we continued the journey to create a better Bank of The Bahamas working towards sustainable profitability, positive returns for our investors and financial stability for all of our stakeholders. After 5 years of consecutive net losses, the Bank returned to profitability during its fiscal year 2018, continued in the fiscal year 2019, and during this current fiscal year 2020, the Bank recorded net income of \$2.2 million for the six months ended December 31, 2019. We remain committed to our expanded Strategic Plan which encompasses the strengthening of our systems, products and overall customer service.

Comparing the current period ended December 31, 2019 to the prior period ended December 31, 2018, the Bank's total operating income increased by \$1.9 million or 19.37% for the current quarter and \$2.7 million or 13.80% for the current fiscal year to date, explained largely by the \$1.0 million increase in net interest income and \$0.9 million increase in net non-interest income for the quarter; and \$2.0 million and \$0.8 million increases in net interest income and non-interest income year to date, respectively. The positive variance in net interest income year to date was due to an increase in interest revenue by \$1.3 million primarily from consumer loans interest income as a result of the Bank's consumer loans campaign; and lower interest expense by \$0.7 million due to certain interest rates and deposit base reduction. The Bank's net non-interest income also increased year to date primarily due to the gain on the sale of the Bank's Trust business and higher fees and commission income.

The Bank's operating expenses increased by \$0.6 million or 8.39% for the quarter and \$1.3 million or 9.81% year to date largely owing to the increase in employee expenses, consistent with the Bank's initiative to support the planned growth.

Net credit loss expense for the quarter ended December 31, 2019 increased by \$1.5 million or 143.89% compared to the quarter ended December 31, 2018; and \$3.0 million or 140.51% increase for the six months period ended December 31, 2019 vs. December 31, 2018 due to the provision impact of the last hurricane and the IFRS 9 provision impact related to the overall portfolio growth.

The Bank continues to maintain a strong financial position with total assets of \$866.0 million, with the composite of loans and advances, net of \$363.2 million as at December 31, 2019, which showed \$47.9 million or 5.85% and \$19.1 million or 5.54% increase, respectively, since June 30, 2019. The Bank's liquidity position also remained strong as its cash and cash equivalents stood at \$212.5 million, which showed a \$55.0 million or 34.93% increase since June 30, 2019. The Bank's key capital ratios continued to be in compliance with regulatory requirements, with CET1 Ratio of 40.0%, well above the Central Bank's minimum requirement of 9.6%. The Bank's total equity closed at \$163.5 million, higher than the June 30, 2019 balance of \$161.5 million, as net income of \$2.2 million is reported for the period.

Returning BOB, your Bank, to a level of profitability and implementing effective overall management were our initial steps to achieving long term sustainable growth. We have made considerable strides to achieving all of our strategic goals, however there is much more that is required to ensure that this trend of profitability and growth will be maintained for many years to come. Our quest has not been an easy one, however, with the full and unwavering support of our dedicated and qualified BOB team of employees, management, directors, shareholders and most importantly our customers, we are well on our way.

Kenrick Brathwaite
Managing Director