



FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2023

As Bank of the Bahamas Limited (the “Bank”) brings this fiscal year to a close, we would like to highlight the Bank’s consecutive milestone year of financial success. According to the International Monetary Fund Economic report July 2023, it is anticipated that global headline inflation will decrease to 6.8% in 2023 and 5.2 % in 2024. This prediction of decreasing inflation coupled with the expansion of our domestic economy and the uptick in tourism shows the current economy’s strides towards stabilization. We are pleased to report that these overall positive economic activities were reflected in the fourth quarter financial performance as the Bank recorded net income of \$11.4 million for the year ended June 30, 2023. This fiscal year net income of \$11.4 million, and \$11.8 million net income in prior year, reflects the Banks’ continuous achievement of maintaining profitability despite the current global economic challenges.

The Bank recorded higher total operating income year to date, driven by increased net interest income and non-interest income. This improved performance is attributed to the Bank’s investment of its excess liquidity in treasury bills and government registered stocks, increasing interest income by \$2.8 million. Also contributing to the positive variance was the Bank’s growth in its auxiliary revenue streams by \$1.1 million (10.90%), primarily from ATM services, fees and commission, merchant services and prepaid cards.

Total operating income was partially offset by higher net impairment losses and operating expenses. Additional impairment losses of \$3.3 million on the Bank’s sovereign and corporate financial assets portfolio was recorded during the year stemming from the October 2022 Bahamas’ credit rating downgrade by Moody’s. This was partially offset by lower credit losses of \$5.8 million during the year compared to \$6.4 million in prior year and credit recoveries averaging \$5.0 million year-on-year.

Operating expenses increased by \$3.9 million mostly due to higher employee expenses. Additional increases were also recorded in information technology and depreciation expenses as the Bank continues to be proactive in enhancing its technology and facilities. A rise on banking license fee billed by the regulator was recorded and additional business license fee was levied by the government to the banking industry.

On June 15, 2023, after 11 years of dividends hiatus, the Bank paid dividends of \$0.4 million to its common shareholders. The Bank’s financial position continues to be strong with total assets of \$952 million, of which loans and advances, net accounted for \$372.3 million as at June 30, 2023. Total equity closed at \$180.9 million, with CET1 ratio of 45.2%, which is well beyond the Central Bank’s minimum requirement of 18.0%. The Bank’s capital and liquidity positions remain robust.

As the Bank remains committed to executing its customer-centric strategic plan along with continued digital innovation, we are optimistic that the Bank will remain on this progressive path. We are grateful to our BOB team of employees, senior management, directors, shareholders and most importantly our customers who have remained loyal in their continued support of the Bank.

Neil Strachan, Managing Director