

BANK OF THE BAHAMAS LIMITED
Unaudited Condensed Consolidated Financial Statements
For the Quarter Ended September 30, 2024

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2024 with comparative figures as at June 30, 2024
(Expressed in Bahamian Dollars)

	September 30, 2024	June 30, 2024
ASSETS		
Cash and account with The Central Bank	\$ 88,884,401	\$ 91,072,158
Cash equivalents - Treasury Bills, net	50,774,061	67,642,772
Due from banks	87,087,778	93,111,662
Investment securities, net	136,616,666	133,135,816
Loans and advances to customers, net	414,925,132	401,415,699
Note receivable, net	167,404,529	168,470,562
Investment property	6,744,000	6,744,000
Other assets	14,182,223	17,664,038
Property and equipment, net	9,863,350	9,892,001
Right-of-use assets, net	3,688,067	4,186,746
Computer software, net	5,186,228	5,163,724
TOTAL	\$ 985,356,435	\$ 998,499,178
LIABILITIES		
Deposits from customers and banks	\$ 748,580,829	\$ 768,268,410
Other liabilities	25,041,475	22,380,071
Lease liabilities	3,978,716	4,574,180
Deferred loan fees	3,797,502	3,620,452
Total liabilities	781,398,522	798,843,113
EQUITY		
Share capital	43,194,515	43,194,515
Share premium	81,950,384	81,950,384
Treasury shares	(1,318,224)	(1,318,224)
Special retained earnings	172,122,932	172,122,932
Accumulated deficit	(91,991,694)	(96,293,542)
Total equity	203,957,913	199,656,065
TOTAL	\$ 985,356,435	\$ 998,499,178

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended September 30, 2024
with comparatives for the three months ended September 30, 2023
(Expressed in Bahamian Dollars)

	Three Months 2024	2023
Interest and similar income	\$ 12,672,252	\$ 12,040,381
Interest and similar expense	(1,078,304)	(1,138,960)
Net interest income	<u>11,593,948</u>	<u>10,901,421</u>
Fees and commission income	3,421,634	2,994,451
Fees and commission expense	(147,363)	(79,406)
Net fees and commission income	<u>3,274,271</u>	<u>2,915,045</u>
Other operating income	<u>1,173,507</u>	<u>1,335,097</u>
Total operating income	<u>16,041,726</u>	<u>15,151,563</u>
Operating expenses	(11,374,603)	(11,439,707)
Net impairment (losses)/reversals	(365,275)	389,413
Net income	<u>\$ 4,301,848</u>	<u>\$ 4,101,269</u>
EARNINGS PER SHARE CALCULATION:		
NET INCOME	\$ 4,301,848	\$ 4,101,269
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	<u>42,959,494</u>	<u>42,959,494</u>
EARNINGS PER SHARE	<u><u>\$ 0.10</u></u>	<u><u>\$ 0.10</u></u>

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended September 30, 2024
with comparatives for the three months ended September 30, 2023
(Expressed in Bahamian Dollars)

	Share Capital	Share Premium	Treasury Shares	Special Retained Earnings	Accumulated Deficit	Total
Balance at June 30, 2023	\$ 43,194,515	\$ 81,950,384	\$ (1,318,224)	\$ 172,122,932	\$ (115,095,030)	\$ 180,854,577
<i>Total comprehensive income:</i>						
Net income for the period	-	-	-	-	4,101,269	4,101,269
Balance at September 30, 2023	\$ 43,194,515	\$ 81,950,384	\$ (1,318,224)	\$ 172,122,932	\$ (110,993,761)	\$ 184,955,846
Balance at June 30, 2024	\$ 43,194,515	\$ 81,950,384	\$ (1,318,224)	\$ 172,122,932	\$ (96,293,542)	\$ 199,656,065
<i>Total comprehensive income:</i>						
Net income for the period	-	-	-	-	4,301,848	4,301,848
Balance at September 30, 2024	\$ 43,194,515	\$ 81,950,384	\$ (1,318,224)	\$ 172,122,932	\$ (91,991,694)	\$ 203,957,913

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended September 30, 2024
with comparatives for the three months ended September 30, 2023
(Expressed in Bahamian Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 4,301,848	\$ 4,101,269
Adjustments for:		
Interest income	(12,672,252)	(12,040,381)
Interest expense	1,078,304	1,138,960
Depreciation and amortization	1,493,409	1,383,583
Gain on revaluation of investment securities FVTPL	(66,282)	-
Impairment losses/(reversals), net	365,275	(389,413)
	<u>(5,499,698)</u>	<u>(5,805,982)</u>
Changes in:		
(Increase)/decrease in loans and advances to customers, net	(13,940,952)	9,340,706
Decrease in deposits from customers and banks	(19,504,237)	(4,932,503)
Decrease in other assets	3,481,815	9,779,232
Increase in other liabilities	2,661,404	249,050
Increase in deferred loan fees	177,050	99,249
Decrease in reserve deposit	181,600	1,257,700
	<u>(26,943,320)</u>	<u>15,793,434</u>
Interest received	13,626,842	11,353,535
Interest paid	(1,261,647)	(1,027,834)
Net cash (used in)/provided by operating activities	<u>(20,077,823)</u>	<u>20,313,153</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(498,516)	(760,206)
Acquisition of computer software	(490,067)	(164,039)
Purchase of investment securities	(3,997,446)	(21,000,000)
Proceeds from maturity of investment securities	741,600	1,201,300
Net cash used in investing activities	<u>(4,244,429)</u>	<u>(20,722,945)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of lease liabilities	(595,464)	(391,501)
Net cash used in financing activities	<u>(595,464)</u>	<u>(391,501)</u>
Decrease in cash and cash equivalents	(24,917,716)	(801,293)
Cash and cash equivalents, beginning of period	223,229,235	227,244,445
Cash and cash equivalents, end of period	<u>\$ 198,311,519</u>	<u>\$ 226,443,152</u>

BANK OF THE BAHAMAS LIMITED

Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements

For the period ended September 30, 2024

(Expressed in Bahamian Dollars)

1. Corporate Information

Bank of The Bahamas Limited (the “Bank”) is incorporated under the laws of The Commonwealth of The Bahamas and is licensed by The Central Bank of the Bahamas to conduct banking business in The Bahamas under the provisions of the Banks and Trust Companies Regulations Act, 2020. The Bank is also licensed as an authorized dealer pursuant to the Exchange Control Regulations Act.

The Bank’s shares are publicly traded and listed on The Bahamas International Securities Exchange. As at September 30, 2024, The Government of The Commonwealth of The Bahamas (the “Government”) and The National Insurance Board (“NIB”) owned approximately 82.6% of the issued common shares. The remaining common shares are owned by approximately 3,000 Bahamian shareholders.

The Bank’s head office is located at Claughton House, corner of Shirley Street and Charlotte Street, Nassau, Bahamas. The registered office is located at Sassoon House, corner of Shirley Street and Victoria Avenue, Nassau, Bahamas.

As at September 30, 2024, the Bank has twelve branches: four in New Providence, one in Grand Bahama, two in Andros, one in San Salvador, one in Inagua, one in Cat Island, one in Eleuthera and one in Bimini.

2. Significant Accounting Policies

The significant accounting policies and methods of computation followed in the preparation of these interim consolidated financial statements are the same as those followed in the preparation of the annual consolidated financial statements of the Bank for the year ended June 30, 2024. These consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank’s accounting policies.

BANK OF THE BAHAMAS LIMITED**Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements**

For the period ended September 30, 2024

(Expressed in Bahamian Dollars)

3. Cash and Cash Equivalents

Cash & Cash Equivalents

	September 30, 2024	June 30, 2024
Cash	\$ 15,436,432	\$ 17,064,846
Deposits with the Central Bank- non-interest bearing	73,447,969	74,007,312
Cash and account with the Central Bank	88,884,401	91,072,158
Cash equivalents - Treasury Bills	50,812,850	67,700,525
Due from banks	87,087,778	93,111,662
Cash, cash equivalents and due from banks	226,785,029	251,884,345
Less: Mandatory reserve deposits with the Central Bank	28,473,510	28,655,110
Total cash and cash equivalents	\$ 198,311,519	\$ 223,229,235

Government issued Treasury Bills are presented in the consolidated statement of financial position, net of \$38,789 (June 30, 2024: \$57,753) allowance for impairment losses.

As at September 30, 2024, the Bank's statutory reserve deposits with The Central Bank of The Bahamas were above Central Bank's regulatory requirement.

BANK OF THE BAHAMAS LIMITED**Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements**

For the period ended September 30, 2024

(Expressed in Bahamian Dollars)

4. Loans and advances to customers, net**Loans and advances to customers, net**

	September 30, 2024	June 30, 2024
Mortgage residential loans	\$ 192,625,906	\$ 186,586,205
Mortgage commercial loans	11,519,745	10,700,739
Commercial loans	54,109,057	54,753,105
Consumer loans	161,954,576	153,545,775
Government	25,964,602	27,791,258
Credit cards	3,471,606	2,982,525
Business overdrafts	1,075,950	841,345
Personal overdrafts	94,462	85,907
	\$ 450,815,904	\$ 437,286,859
Less: Provision for loan losses		
Provision at beginning of year	\$ 37,537,890	\$ 44,272,295
Amount written-off/charged off	(411,907)	(1,617,019)
Credit loss expense/(reversals), net	667,638	(5,117,386)
Provision at end of period	37,793,621	37,537,890
Accrued interest receivable, net	1,902,849	1,666,730
Loans and advances to customers, net	\$ 414,925,132	\$ 401,415,699
Provisions as a percentage of the net loan portfolio	9.11%	9.35%
Non-accrual loans as a percentage of the net loan portfolio	10.18%	11.67%
Non-accrual loans as a percentage of the gross loan portfolio	9.37%	10.71%

BANK OF THE BAHAMAS LIMITED**Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements**

For the period ended September 30, 2024

(Expressed in Bahamian Dollars)

5. Note Receivable, net and Special Retained Earnings

On August 31, 2017, Bahamas Resolve Limited (“Resolve”), a special purpose vehicle owned and controlled by the Government, purchased another portfolio of loans from the Bank at a price equivalent to the gross book value of those loans before provisions. This transaction consisted of three tranches and the results are as follows:

- Non-performing loans with a total net book value of approximately \$50.6 million was derecognized. Unsecured promissory note of \$167.7 million was received and \$117.1 million was recognized directly in equity as Special Retained Earnings.
- The Bank has transferred all of its rights and obligations relating to the non-performing loans to Resolve without recourse and will have no rights to future cash flows from the non-performing loans.
- The Bank received an irrevocable Letter of Support from the Government.
- In fiscal 2023, the original maturity of August 31, 2022 had been extended by 3 years to August 31, 2025 at 4% fixed interest rate with quarterly interest payments. In September 2023, the interest rate was changed to 3% with semi-annual interest payment at the end of February and August. Accrued interest receivable as at September 30, 2024 amounted to \$0.4 million (June 30, 2024: \$1.7 million).
- Provision for impairment losses amounted to \$0.7 million as at September 30, 2024 (June 30, 2024: \$0.9 million).

6. Dividends

Dividends to the Bank’s shareholders are recognized as a liability in the period in which they are declared by the Board of Directors and approved by the Bank’s Regulator. The Bank did not declare or pay dividends to its common shareholders during the period (June 30, 2024: \$0.9 million).

BANK OF THE BAHAMAS LIMITED

Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements

For the period ended September 30, 2024

(Expressed in Bahamian Dollars)

7. Regulatory Capital

The Bank's total regulatory capital consists of the sum of total Common Equity Tier 1 capital only, net of regulatory adjustments. CET1 plus capital buffers must be at least 18% and the minimum leverage ratio must be at 6%. The Bank remains compliant with total regulatory capital at 43.8% as at September 30, 2024 (June 30, 2024: 43.4%) and leverage ratio of 19.5% as at September 30, 2024 (June 30, 2024: 18.7%).

8. Commitments and Contingencies

Commitments

The commitment for loans and advances at September 30, 2024 was \$36.7 million (June 30, 2024: \$40.4 million).

The commitment for capital expenditures at September 30, 2024 was \$1.2 million (June 30, 2024: \$0.6 million).

The commitment for letters of credit and guarantees at September 30, 2024 was \$3.6 million (June 30, 2024: \$3.5 million)

Contingencies and Provision

The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent in its operations. As a result, the Bank is involved in various litigation proceedings in the ordinary course of its business. The Bank has internal and external legal counsel, and formal controls and policies for managing legal claims. With the benefit of professional legal advice, the Bank provides and/or discloses amounts in accordance with its accounting policies.

As at the year end, the Bank had several ongoing legal claims. Various legal proceedings are pending that challenge certain actions of the Bank. Management considers that adequate provision has been made in these financial statements for any loss that might ultimately be determined.

9. Subsequent Event

On October 21, 2024, the Board of Directors of the Bank declared dividends of Two Cents (2¢) per share to all shareholders of record as at November 18, 2024, and payable on November 21, 2024.