

ANNUAL REPORT **2025**

BREAKING BARRIERS





“IF YOU CAN
DREAM IT,
YOU CAN
DO IT.”

— Walt Disney, Animation film producer and voice actor



VISION

The Best and Most Respected Financial Enterprise in The Bahamas. We aim to be the best at what we do.

Being the best means expecting and demanding more of ourselves, reaching higher, always improving, always innovating and delivering better than anyone else.

MISSION

We will achieve our vision by: Working together to consistently provide exceptional customer experience and superior financial solutions.

CORE VALUES

Leadership, Excellence, Attitude and Ethics, People Development, Teamwork. Our values are the driving force for all that we do.

They influence and direct every decision, every transaction and all our relationships. They make us who we are.



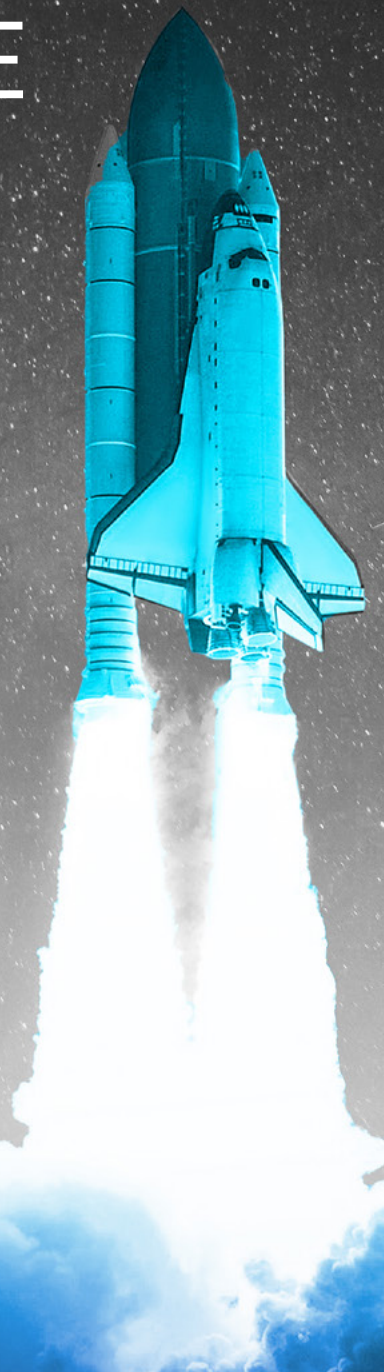
BREAKING BARRIERS

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“AIM FOR THE
MOON.
IF YOU MISS,
YOU MAY
HIT A STAR.”

— W. Clement Stone, Businessman and philanthropist





BREAKING BARRIERS

At Bank of The Bahamas Limited, we're not standing still - we're moving with intention.

We've made great strides, but we're not content to coast. We believe in what we do. Our purpose is clear, and it's bigger than any single milestone. It's about creating impact, delivering value, and growing together. That's what drives us to break barriers. Our ultimate goal is to push past limits so we can serve our customers better and become their best Bank of Solutions.

Going further starts with looking inward. We take time to assess ourselves honestly, recognizing our strengths, our blind spots, and the opportunities waiting to be seized. This isn't about perfection. It's about progress. When we know who we are and what we're capable of, we can align our efforts with purpose and precision.

We don't just set goals. We set meaningful goals that stretch us, challenge us, and connect directly to our mission. They're not just numbers or deadlines. They're reflections of our "why." And when the team understands the why, motivation becomes natural. Inspiration flows. Energy builds.

But none of this works without communication. At BOB, we're intentional about removing barriers

to honest, open dialogue. We listen, we share, and we collaborate. When people feel heard, they feel empowered, and empowered teams move mountains.

Teamwork is our superpower. It's not just about working together. It's about believing together. We persist through challenges, adapt when needed, and celebrate every step forward. We're not afraid to try new approaches, because we know that innovation lives outside the comfort zone. Doing the same thing won't take us further, but doing the right new thing will.

And when we reach a goal, we celebrate with purpose. We honor the effort, the growth, and the unity that got us there. But we don't stop. We reset, refocus, and rise again. At BOB, success isn't a destination. It's a continuing journey.

Breaking barriers is what we do. Not because we're chasing glory, but because we're living our purpose. Together, we press forward, onward and upward, with clarity, conviction, and unstoppable teamwork.

CHAIRMAN

DONNA HARDING-LEE

“THE ROAD
FORWARD
WILL DEMAND
INNOVATION,
AGILITY, AND
UNITY -
AND I AM
CONFIDENT
WE ARE
READY.”





CHAIRMAN'S REPORT

DEAR SHAREHOLDERS,

It is my pleasure to report that the past fiscal year was a defining chapter in our Bank's journey - a year of breaking barriers, setting new benchmarks, and reaffirming our purpose.

In fiscal 2025, we solidified our standing in the league of banks with over one billion in total assets, reflecting not just financial strength, but strategic maturity. We also recorded our highest-ever profit, \$30.6 Million, a milestone that speaks to the resilience, stability and growth of our business model and the dedication of our people.

But beyond the numbers lies a deeper story - one of transformation, impact, and shared success. Our digital evolution continued to reshape how we serve our customers, making banking more accessible, intuitive, and responsive. We invested in our people, ensuring they are equipped with the skills and mindset to lead with excellence. And we gave back through scholarships, sponsorships, and partnerships that uplifted communities and promoted financial literacy.

Recognition as the best-performing bank in the region by The Banker, a respected financial publication, was a great honor, but it is the trust of our customers and the commitment of our team that truly define our success. We also delivered tangible value to our shareholders through share price appreciation and two dividend

distributions, affirming our promise of sustainable returns.

Over the past fiscal year, we achieved several significant milestones that strengthened our operational capabilities and enhanced customer experience, alongside delivering outstanding financial performance. We successfully completed the distribution of our new Visa Debit Card and deactivated the legacy proprietary ATM card, marking a major step forward in modernizing our payment infrastructure and we launched the Corporate Digital Banking Solution to better serve our business clients. The introduction of the Visa Card Rewards Programme added value for cardholders, while the establishment of our first Agency Banking location in Marsh Harbour, Abaco, expanded our reach. We also streamlined payment and information reporting processes, enhanced our AML capabilities, and launched online account opening, making banking more convenient and secure for our customers. Looking ahead, the bank will continue to make advancements in technology driven services

I would like to express my heartfelt gratitude to the shareholders and to the Board of

Directors for once again placing their confidence in me to lead as Chairman. In the same vein, I am thankful to my colleague directors for their participation and diligence.

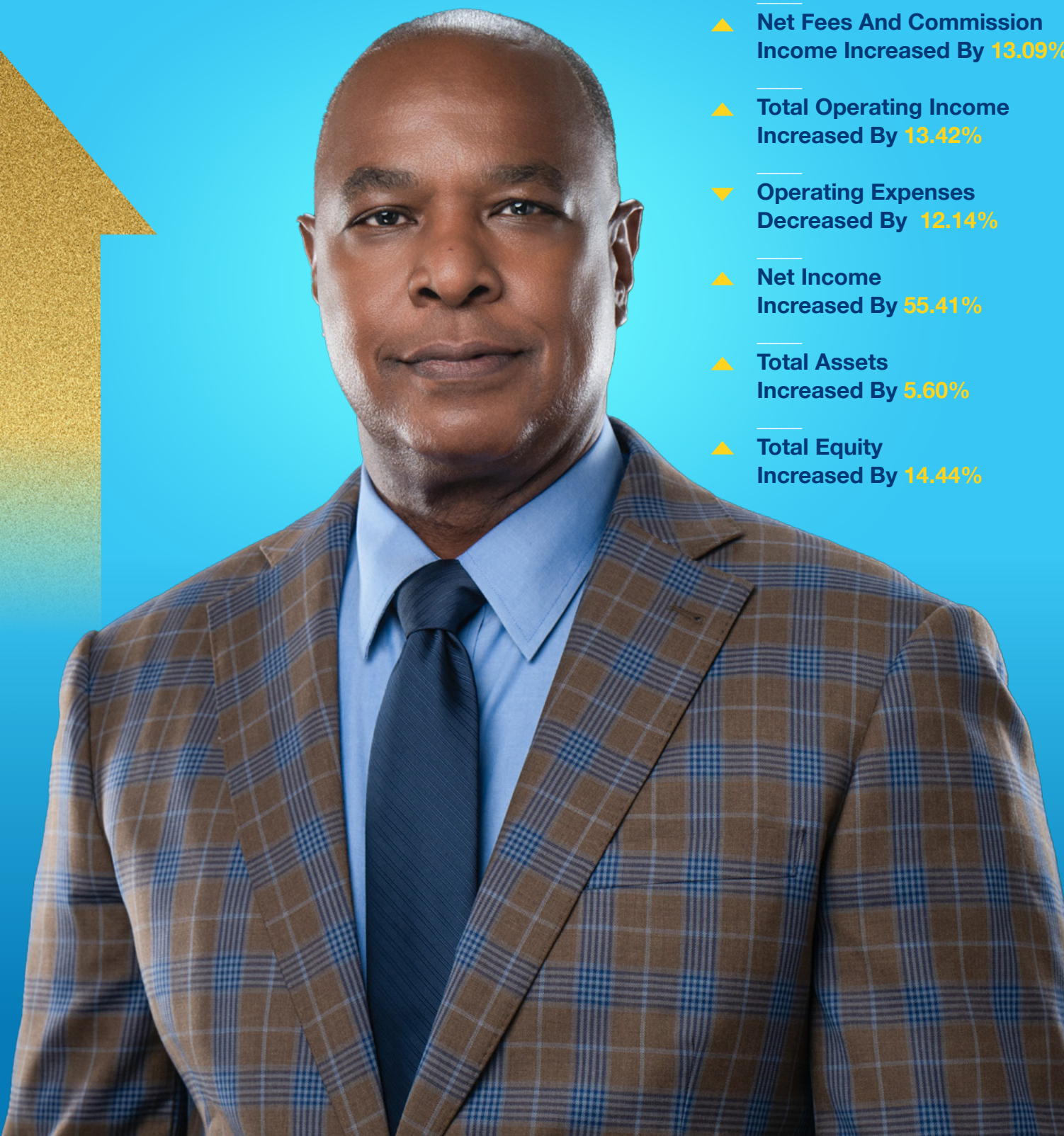
As we look ahead, we do so with cautious optimism and unwavering motivation. The road forward will demand innovation, agility, and unity - and I am confident we are ready. My heartfelt thanks to my fellow Board members, our Executive Management Team, our dedicated staff, and our loyal customers. Together, we will continue to break barriers and build a legacy of excellence.

Sincerely,

Donna Harding-Lee
Chairman

MANAGING DIRECTOR

NEIL T. STRACHAN



- ▲ Net Interest Income Increased By **13.72%**
- ▲ Net Fees And Commission Income Increased By **13.09%**
- ▲ Total Operating Income Increased By **13.42%**
- ▼ Operating Expenses Decreased By **12.14%**
- ▲ Net Income Increased By **55.41%**
- ▲ Total Assets Increased By **5.60%**
- ▲ Total Equity Increased By **14.44%**



MANAGING DIRECTOR'S REPORT

DEAR SHAREHOLDERS,

I am pleased to report that the past fiscal year was the most successful in our Company's history. We achieved a net income of \$30.6 million, which represented a 55.41% or \$10.9 million increase over the prior year - an exceptional performance driven by disciplined execution and strategic growth initiatives.

Additionally, our total assets exceeded \$1.0 Billion, rising from \$998.5 Million to \$1.1 Billion, placing us firmly in the billion-dollar league.

Our financial performance was strong across the board:

- **Net interest income, non-interest income, and total operating income all posted solid gains.**
- **We recorded a significant increase in credit production, reaching \$529.8 million in gross credit compared to \$437.3 million the previous year**
- **With the decrease in operating expenses of almost \$6.0 million and increase in total operating income of over \$8.0 million, our year-over-year efficiency ratio improved from 76.92% to 59.59%.**
- **Net loans and advances to customers grew by 23.96%**
- **Total equity increased from \$199.7 million to \$228.5 million, reinforcing our balance sheet and capacity for future growth.**
- **We also delivered shareholder value through share price appreciation and two dividend distributions, continuing our commitment to rewarding investor confidence.**

The past fiscal year was not only marked by strong financial performance, but also by a series of impactful achievements that advanced our strategic objectives. Key operational milestones included the successful distribution of the new Visa Debit Card, deactivation of the proprietary ATM card, and the deployment of the Corporate Digital Banking Solution. We enhanced our customer offerings with the launch of the Visa Card Rewards Programme and online account opening, while expanding our reach through the establishment of our first Agency Banking location in Marsh Harbour, Abaco. Our compliance and risk capabilities were strengthened with enhanced AML measures, the implementation of High Risk Acquiring for gaming, and supporting Global Acquiring Risk Standards certification. Additionally, we streamlined payment and reporting processes and acquired the former Gillingham House, a property with potential to serve as our future Head Office - positioning us for continued growth and operational excellence.

Operationally, our digital transformation initiatives advanced significantly, enhancing service delivery and customer experience across all channels. Internally, we prioritized staff development, investing in training and leadership programs to align our team with our strategic vision.

Our impact extended beyond business. We supported communities through scholarships, sponsorships, and financial literacy programs, partnering with organizations to make a meaningful difference across the archipelago.

In the past year we were also grateful to be recognized by The Banker and J.P. Morgan for performance excellence, but our focus remains on continuous improvement. As we look ahead, we remain cautiously optimistic and highly motivated to build on this momentum.

I extend my sincere thanks to our Board of Directors for their steadfast guidance, to our Executive Management Team for their strategic leadership, to our dedicated staff for their tireless commitment, and to our valued customers for their continued trust and loyalty. Your collective support has been the driving force behind our success this past year. Together, we've built momentum, and together, we will continue to achieve great things.

Sincerely,

Neil T. Strachan

Neil T. Strachan
Managing Director

BOARD OF DIRECTORS

“WHEN YOU BELIEVE IN YOUR
DREAM AND YOUR VISION, THEN
IT BEGINS TO ATTRACT ITS OWN
RESOURCES.”

Myles Munroe, Teacher/Minister/Author





Standing l-r: Neil T. Strachan, Managing Director;
Annamaria DeGregory, Director;
Timothy Brown, Director;
Cornel D.V. Mortimer, Director;
Taran Mackey, LLB, Director; and
Dr. Raymond Wells, Director.

Seated l-r: Anastasia Ferguson-Pratt, CPA, Director;
Whitney H.W. Patton, CPA, Director;
Errol McKinney, Deputy Chairman;
Donna Harding-Lee, Chairman;
Dywan Rodgers, LLB, Director.



EXECUTIVE MANAGEMENT

L- r: Neil T. Strachan, Managing Director;
Richenda King, Chief Human Resources Officer;
Jihanne Hosmillo-Williams, Deputy Managing Director and CFO;
Elgin Smith, Chief Technology Officer; and
Charlene Paul, Chief Operating Officer.





CORPORATE MANAGEMENT

Seated l-r: Tanya Astwood, Corporate Manager, Human Resources;
Katrina Pinder, Corporate Manager, Retail Banking;
Marvin Clarke, Corporate Manager, Credit Risk; and
Indira Deal-Sands, Corporate Manager, General Legal Counsel.

Standing l-r: Sherene Saunders, Corporate Manager, Internal Audit;
Tamasaine Emmanuel, Corporate Manager, Premier Banking & Mortgages;
Maureen Woodside-Turnquest, Corporate Manager, Finance;
Ian Thompson, Corporate Manager, Delinquency Management;
Adrian Carey, Corporate Manager, Corporate Credit and Commercial Services; and
Pedro Burrows, Acting Corporate Manager, Operational Risk and Compliance.



SENIOR MANAGEMENT

Standing l-r: Frank Thurston, Senior Manager, Information Technology;
Kendrick Stubbs, Senior Manager, Compliance & MLRO;
Edward Strachan, Senior Manager, Mortgages;
Jillian Ferreira, Senior Manager, Business Service;
Kelvin Briggs, Senior Manager, Business Development; and
Laura Williams, Senior Manager, Corporate Affairs/ Corporate Secretary;
Seated l-r: Beverly Moss, Senior Manager, Operations Administration; and
Elnora Major, Senior Manager, Operations Support





NEW PROVIDENCE BRANCH MANAGEMENT

Standing l-r: **Charlotte Strapp**, Manager, Shirley Street Branch; and **E. Fred Callender**, Manager, Village Road Branch.
Seated l-r: **Marcellis Major**, Manager, JFK Drive Branch; and **Dellarece Worrell**, Manager, Carmichael Road Branch.



FAMILY ISLAND BRANCH MANAGEMENT



Michelle Dames,
Manager,
Freeport Branch



Welton Bain,
Manager,
Eleuthera Branch



Kayon Sweeting,
Officer-in-Charge,
Andros Branches
(Mangrove Cay & Kemps Bay)



Jacquilia Newton,
Officer-in-Charge,
Bimini Branch



Letitia Brown,
Officer-in-Charge,
Cat Island Branch



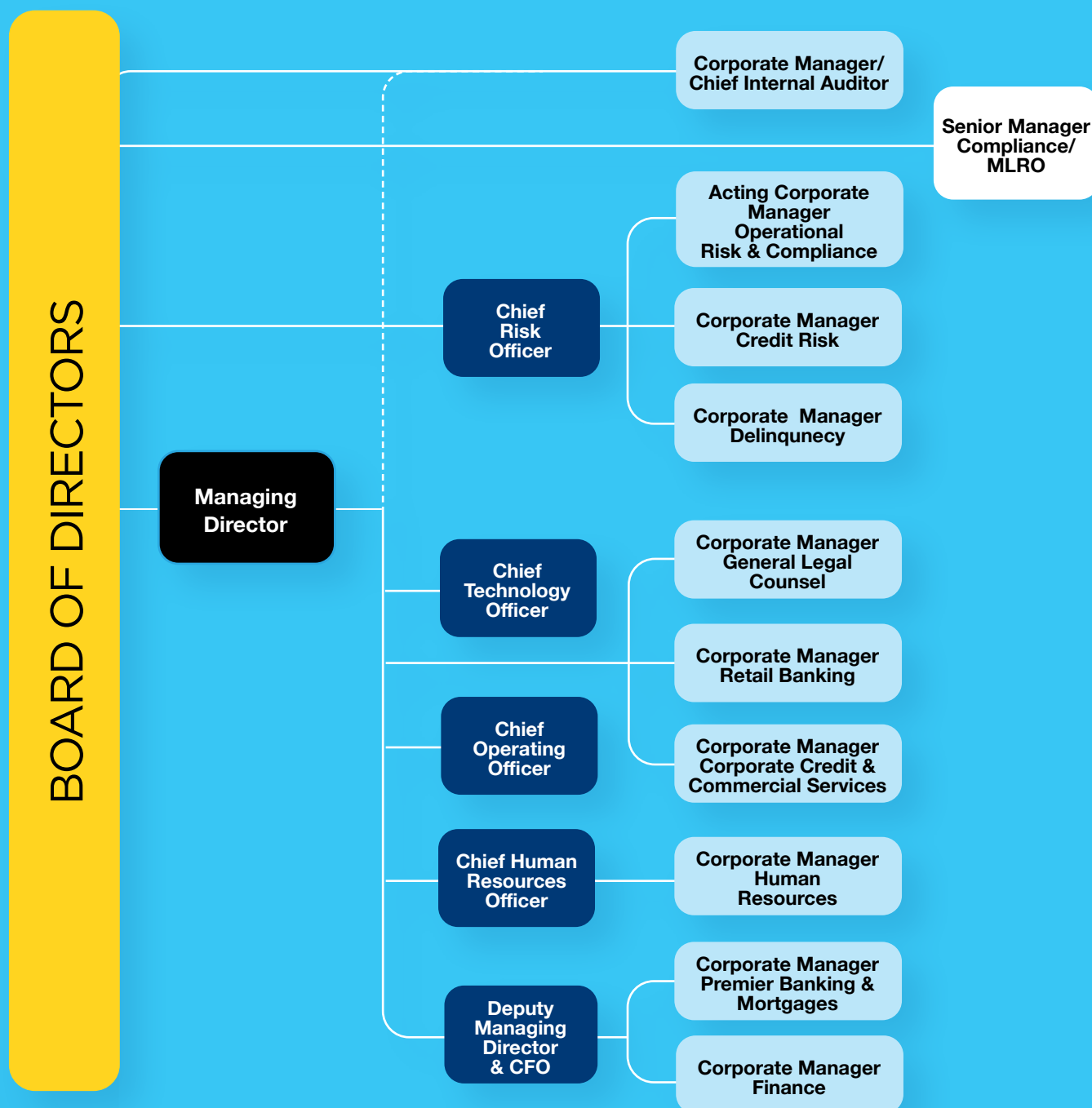
Marjorie Cartwright,
Officer-in-Charge,
Inagua Branch



Ingrid Storr,
Officer-in-Charge,
San Salvador Branch



ORGANIZATIONAL CHART





“YOU NEED LOFTY
GOALS. THEN CEMENT
IT WITH A GREAT
WORK ETHIC.”

— Jerry West, Basketball player and executive.

KEY INITIATIVES

During Fiscal 2025, the Bank advanced a series of impactful initiatives that delivered meaningful progress across several strategic areas.

HIGHLIGHTS



1. Record consumer credit production of \$91MM was achieved compared to \$54MM in prior year.



2. Acquisition of Gillingham House as a potential Head Office Location.



3. Visa Debit Card activation rate of 75% achieved resulting in 13% growth in cards profitability.



4. First Agency Banking location established in Abaco.



5. Gold Visa Cards Loyalty Rewards Program launched.

Deployment of the corporate digital banking solution

1. Corporate Customers Migrated to BOB Online
2. Redirecting customer engagement toward digital channels

Payments Processes Streamlined

1. AccPac Payments System Upgrade
2. JP Morgan PaySource, automated payment and information reporting solution implemented.
3. Improvement in ATM cash management and uptime.
4. Digitization of new customer records
5. Accelerated drive toward service innovation

Operations, Risk & Information Technology

The Bank completed the necessary hardware implementation for its ongoing core banking upgrade in addition to the following:

Strengthening of Compliance and Risk Capabilities

1. High Risk Acquiring for gaming and Global Acquiring Risk Standards certification.
2. CSI Watchdog AML v3. technical delivery completed and launched.
3. Credential Entitlement SecurEnds user access review automated.

Customer Care and Service Improvements

Upgrades to Call Management systems included:

1. Session Initiation Protocol (SIP) Telephony implemented at Customer Care Center
2. Interactive Voice Response (IVR) implemented to automatically route incoming calls to the correct department or individual.



Human Resources & Training Major Accomplishments:

Last year, the Human Resources & Training Department fulfilled its mandate by strengthening recruitment efforts, and equipping employees with essential skills to foster a more capable workforce and enhanced experience for both employees and customers. Initiatives included

1. Leadership Development

- Executive Development using the Chris Fuller's "Inspired Leadership" program to develop leaders in the five dimensions of leadership: Emotional Intelligence, Trust, Results, Relationship and Developing Others.
- Leadership Development using the John C. Maxwell's, "Five Levels of Leadership" to help leaders progress from positional leaders to relational leaders.
- Management Development using Organizational Dynamics Institute's, "Managing for Productivity" to build management and leadership skills.

2. Employee Experience

- Improving the Employee Experience by focusing on three key elements:
 - i. Cultural - Conducting the Annual Employee Engagement Survey which now becomes a benchmark for improving engagement levels.
 - ii. Technological - Automating and digitizing the recruiting, selection, and onboarding processes as part of the overall retention strategy.
 - iii. Environmental - Conducting Salary Surveys and Manpower Assessments as we work to create an Employer of Choice brand.
- Rewards and Recognition – The reward and recognition of employees is a critical component of the employee experience, and our program is the hallmark of how we reward and recognize employees for their commitment and contributions to the Bank annually.

3. Training and Development

- Designed and developed a signature program, BOB FIT, where FIT is an acronym for Focus, Invest and Track to produce leaders throughout the Bank by promoting self-development along multiple career paths.
- Enhancing the customer experience by introducing Customer Service Standards to foster a customer centric environment.
- Provided upskilling at all levels throughout the Bank.

Note: after months of rigorous assessment by the National Accreditation and Equivalency Council of The Bahamas (NAECOB), BOB was granted registration to offer to in-house training courses in 1. Managing for Productivity and 2. BOB FIT.

BOB CELEBRATES EXCELLENCE

On January 16, 2025 the Bank celebrated its top performers of Fiscal 2024 at a special event held at the Grand Hyatt's Andros Ballroom. Awards were presented to outstanding employees in individual and group categories.

1. Deante Rolle
Chairperson's Award
2. Dellarece Worrell
Leadership & People
Development Award
3. Bradine Ferguson
Managing Director's
Award
4. Christiana Paul-Gustave
Account Opening Officer
Award



**Carmichael Road
Large Branch Of The Year Award**



- 5. **Gloriann Brathwaite**
Mortgage Officer Award
- 6. **Denyca Evans**
Teller Award
- 7. **Marissa Culmer**
Back Office Support Award
- 8. **Mitzi Gomez***
Collections Officer Award



**IN MEMORIAM
We fondly remember
Mrs. Mitzi Gomez as an
outstanding and valued
member of our team. We are
grateful for her contribution to
the Bank and her embodiment
of the Spirit of Excellence.
She will be missed.*



Inagua Branch
Small Branch of the Year



Merchant Services
Department Of The Year



“WE AIM
ABOVE THE
MARK TO
HIT THE
MARK.”

— Ralph Waldo Emerson, Minister/Poet



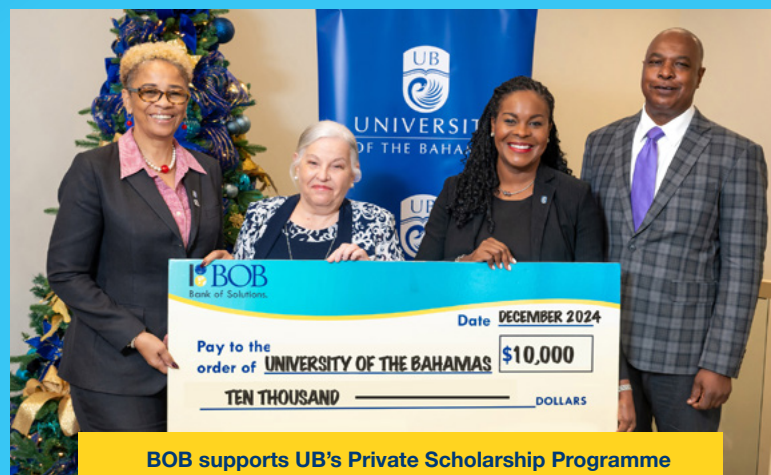
BOB IN THE COMMUNITY

Bank of The Bahamas remains committed to making a difference in the communities we serve. In Fiscal 2025, the Bank sponsored numerous worthy causes, programmes and non-profit organizations. Included among these were:

- University of The Bahamas Private Scholarship Programme
- Junior Achievement Programme 2024-25 – BOB SWAT Company
- Toastmasters Club 1600 Back to School Jamboree
- Agricultural Development Organization
- Bahamas Chess Federation
- Grand Bahama Red Cross Ball
- Rotary Club of Old Fort Bay Literacy Movie Day
- Mario Newry's Bahamian Heroes Governor Generals Documentary Series
- REACH Christmas Party
- REACH Respite Care
- REACH Autism Awareness Walk
- South Andros High School Basketball Tournament
- BISX INVEST FEST BAHAMAS
- Cat Island Business Outlook
- Financial Literacy Week Freeport, Grand Bahama
- Onyx Magazine Men of Honor – Sir Franklyn Wilson
- Zonta Club of New Providence Wine Dinner
- Saxons, Roots, One Family and Genesis Junkanoo Groups
- FOAM Christmas Hope Initiative
- ZNS Junkanoo 2025-25
- Bahamas Business Outlook (Nassau)
- Stone Oak Homeowners/Builders & Garden Expo
- Kidney Foundation Walk
- World Down's Syndrome Day
- St. Augustine's 80th Anniversary Souvenir Booklet
- Caribbean Women in Leadership Luncheon Booklet



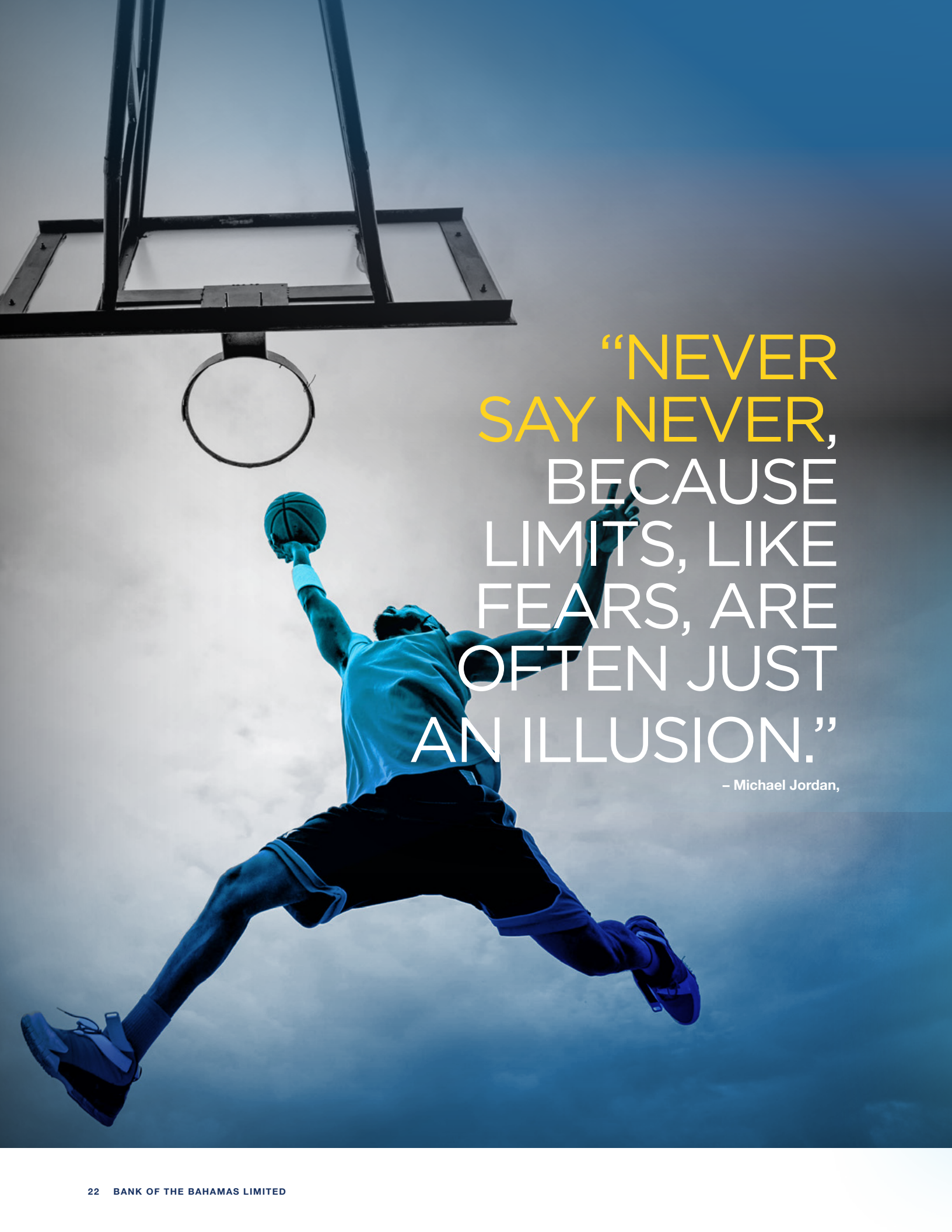
BOB partners with Toastmasters



BOB supports UB's Private Scholarship Programme



BOB helps families living with Autism through REACH.



“NEVER
SAY NEVER,
BECAUSE
LIMITS, LIKE
FEARS, ARE
OFTEN JUST
AN ILLUSION.”

– Michael Jordan,



MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

OF FINANCIAL POSITION AND RESULTS OF
OPERATIONS FOR FINANCIAL YEAR END
JUNE 30, 2025

This MD&A should be read in conjunction with the audited consolidated financial statements of the Bank included in this Annual Report.

FINANCIAL HIGHLIGHTS

	2025	2024	2023	2022	2021
Interest and Similar Income	\$53.70	\$47.96	\$43.76	\$40.96	\$40.10
Net Interest Income	\$49.35	\$43.40	\$39.20	\$35.40	\$33.32
Net Non-Interest Income	\$18.96	\$16.83	\$16.30	\$13.70	\$10.85
Operating Expenses	\$40.71	\$46.33	\$40.90	\$36.94	\$35.63
Impairment (Reversals)/Losses, net	\$(2.95)	\$(5.76)	\$3.22	\$0.36	\$4.80
Net Income	\$30.55	\$19.66	\$11.38	\$11.80	\$3.73
Earnings per Share (EPS)	\$0.71	\$0.46	\$0.26	\$0.27	\$0.09
Total Assets	\$1,054.38	\$998.50	\$952.02	\$985.27	\$903.01
Loans and Advances to Customers, net	\$497.61	\$401.42	\$372.31	\$368.59	\$388.66
Total Liabilities	\$825.89	\$798.84	\$771.16	\$815.58	\$744.54
Total Shareholders Equity	\$228.49	\$199.66	\$180.85	\$169.69	\$158.47
Share Closing Price	\$4.53	\$4.34	\$4.00	\$2.51	\$1.44
Common Equity Tier 1 (CET1) Capital Ratio	42.0	43.4	44.7	38.9	36.1
Efficiency Ratio	59.59	76.92	73.70	75.23	80.68

\$ amounts are stated in Millions. The EPS and Share Price in \$, and Capital and Efficiency Ratios are %.

FOR THE FISCAL YEAR ENDED JUNE 30, 2025, THE BANK DELIVERED A LANDMARK PERFORMANCE, WITH TOTAL ASSETS SURPASSING \$1.0 BILLION...

OVERVIEW

The improved fiscal environment has translated into greater stability across the financial sector, providing opportunities for prudent lending and investment. Bank of the Bahamas Limited (“the Bank”) continues to align its operational strategy with national economic priorities, emphasizing credit growth in key areas such as housing, small business, and consumer finance. By balancing portfolio expansion with strong risk management and regulatory compliance, the Bank has reinforced its position as a trusted financial partner, while maintaining resilience against external headwinds.

For the fiscal year ended June 30, 2025, the Bank delivered a landmark performance, with total assets surpassing \$1.0 billion and net income increasing to \$30.6 million, reflecting the disciplined execution of our growth strategy. The Bank has not only achieved record performance but also reinforced its foundation of stability and trust. Central to this success was our focus on innovation, rolling out customer-focused campaigns in Mortgage, Debt Consolidation, and Auto Loans, while expanding access to digital banking services and diversifying non-interest income streams. These initiatives not only strengthened our financial position but also deepened our connection with customers by offering modern, flexible, and convenient solutions.

Our performance accentuates a Bank in motion: building momentum through innovation, confident in its resilience, and dedicated to delivering value to shareholders, employees, and the wider community.

NET INTEREST INCOME

Interest and Similar Income

Interest and similar income increased by \$5.7 million, or 11.96%, for the year ended June 30, 2025, underscoring the success of the Bank’s lending strategies and portfolio expansion. Growth was further reinforced by the proactive management of excess liquidity, strategically allocated to local government and other investment securities. Favorable shifts in US interest rates created opportunities for the Bank to optimize yields and strengthen overall returns.

Interest and Similar Expense

In comparison with the previous year, interest expense decreased slightly by \$0.2 million or less than 5%. This savings contributed to the overall \$5.95 million increase in Net Interest Income.

NET NON-INTEREST INCOME

Year to date, the Bank’s net non-interest income increased by \$2.1 million, or 12.65%, driven by fees and commissions on card products, merchant services, deposits & credit services, and other income sources. Growth was particularly strong in debit card revenue and merchant services, supported by higher transaction volumes and stronger customer engagement. This performance underscores the Bank’s expanding market presence and ability to create value through diversified income streams.

NET IMPAIRMENT REVERSALS

Net impairment reversals of \$2.9 million were recorded year to date, compared to a net reversal of \$5.8 million in the prior fiscal year. For the fiscal year ended June 30, 2025, the Bank recorded net impairment reversals of \$3.1 million on loans and advances, partially offset by \$0.2 million in impairment losses on other financial assets. This outcome reflects the Bank’s sustained emphasis on prudent credit risk management, enhanced collection strategies, and targeted recovery initiatives, all of which continue to support asset quality and reinforce financial stability.



GROSS REVENUE



NET INCOME



TOTAL ASSETS



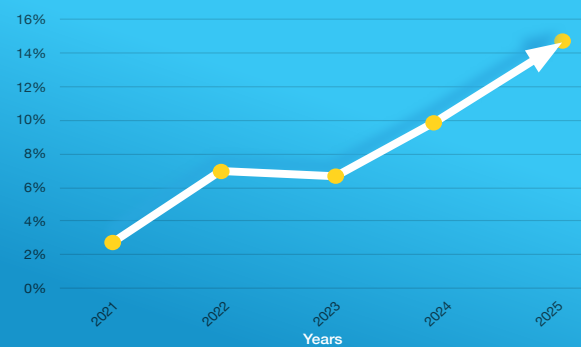
ASSET GROWTH



SHAREHOLDER'S EQUITY



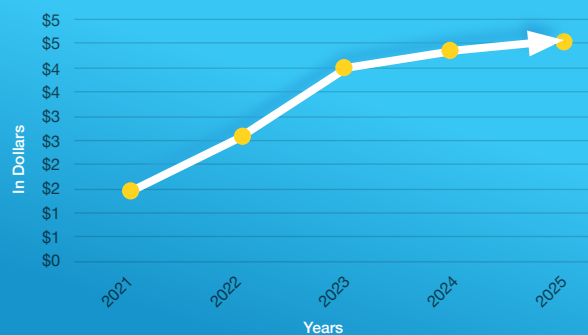
SHAREHOLDER'S EQUITY GROWTH



DIVIDENDS



SHARE PRICE





OPERATING EXPENSES

Total operating expenses decreased by \$5.6 million year-on-year, driven by a non-recurring provision reversal of \$6.9 million, which mitigated the impact of increases in employee expenses, business license fees, and depreciation, which reflect the ongoing cost pressures in the Bank's operations. Overall, the Bank continues to manage costs judiciously while strategically investing in its people, technology, and infrastructure to support long-term growth and deliver a superior customer experience.

TOTAL ASSETS

Total assets reached \$1.1 billion, representing an increase of \$55.9 million, or 5.60%, compared to the prior year's \$998.5 million. Net loans and advances to customers grew by \$96.2 million, or 23.96%, driven by the success of targeted loan campaigns and stronger delinquency management. This increase was partially offset by a reduction in other financial assets, which were utilized to support the expansion in lending.

TOTAL LIABILITIES

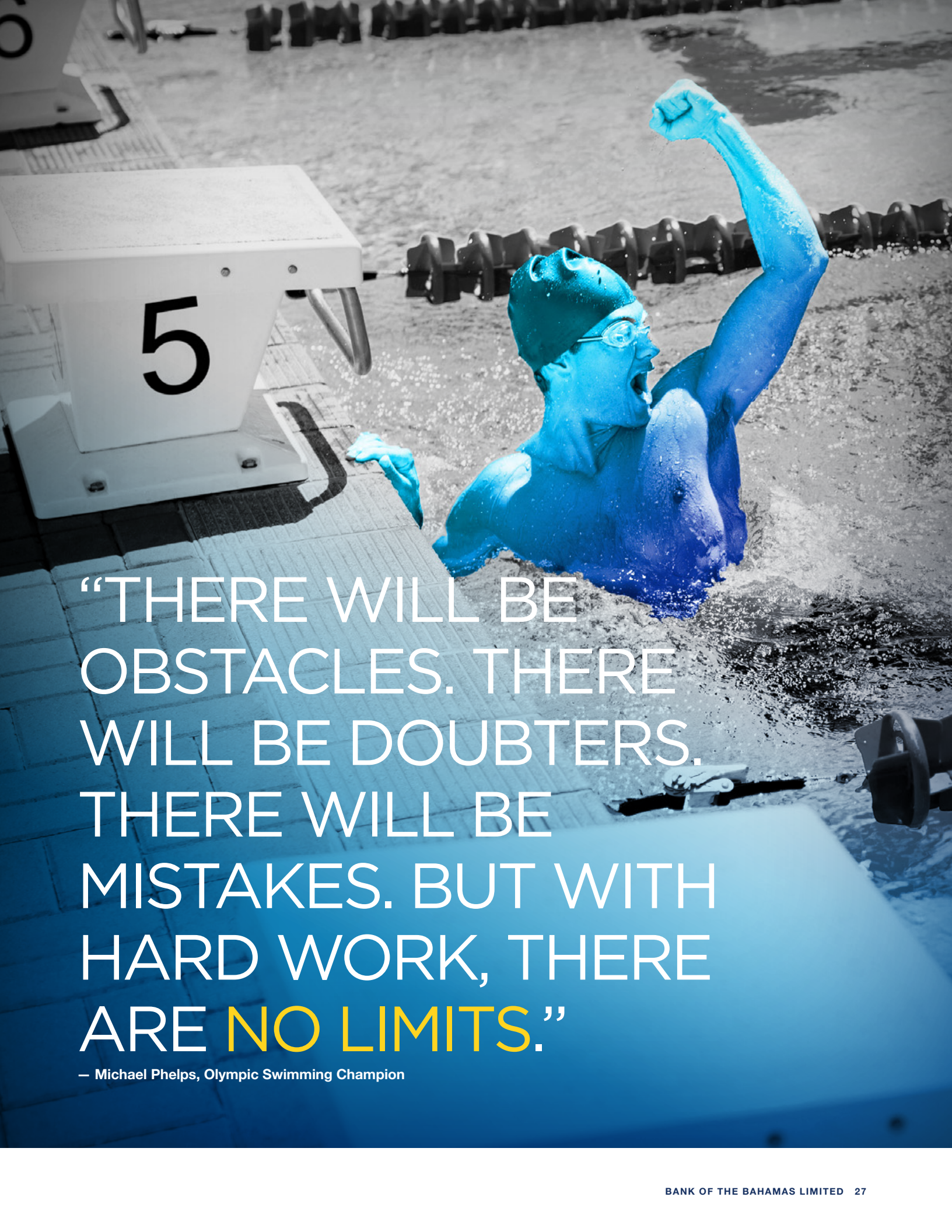
Total liabilities stood at \$825.9 million, representing an increase of \$27.0 million, or 3.39%, compared to the prior year's \$798.8 million. Deposits from customers and banks, which comprise approximately 96.81% of total liabilities, rose by \$31.3 million, or 4.07% year over year. The Bank recorded notable growth in savings and demand deposit products.

TOTAL SHAREHOLDERS' EQUITY

The Bank's total equity closed at \$228.5 million, reflecting an increase of \$28.8 million, or 14.44%, compared to the prior year's balance of \$199.7 million. This growth was primarily driven by the impressive net income of \$30.6 million reported for the year ended June 30, 2025. Notably, this marks the fifth consecutive year of net income growth, a testament to the Bank's sustained momentum and disciplined execution of its strategic priorities. In line with these results, the Bank declared and paid two dividend distributions to shareholders during the fiscal year, reinforcing its commitment to delivering value. Additionally, the Bank's share price advanced from \$4.34 in the prior year to \$4.53 as of June 30, 2025, representing a 4.4% increase. These robust financial outcomes not only highlight the Bank's ongoing transformation and resilience but also reflect the confidence of customers, shareholders, and the wider public in its performance and long-term prospects. The Bank's key capital ratios surpassed the regulatory requirements, with the Bank's CET1 ratio at 42.0% (2024: 43.4%), well above the Central Bank's minimum requirement of 18%.

CONCLUSION

At Bank of The Bahamas, we're not standing still—we're moving with intention and purpose. In 2025, we proved that breaking barriers means more than overcoming challenges; it means transforming them into opportunities for growth, innovation, and impact. Our journey is bigger than any milestone—it's about creating lasting value, reimagining possibilities through digital transformation, and strengthening the bond we share with our customers and communities. Guided by this vision, we will continue to push past limits and become the Bank of Solutions for every generation of Bahamians. The Bank extends its heartfelt gratitude to our loyal clients, dedicated senior management team, supportive directors, valued shareholders, and exceptional staff for their unwavering commitment and steadfast support.



“THERE WILL BE
OBSTACLES. THERE
WILL BE DOUBTERS.
THERE WILL BE
MISTAKES. BUT WITH
HARD WORK, THERE
ARE **NO LIMITS.**”

— Michael Phelps, Olympic Swimming Champion



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Independent auditors' report

To the Shareholders of Bank of The Bahamas Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bank of The Bahamas Limited (the Bank) as at June 30, 2025, and the consolidated financial performance and the consolidated cash flows of the Bank and its subsidiaries (together 'the Group') for the year then ended, in accordance with IFRS Accounting Standards.

What we have audited

The Bank and its subsidiaries' financial statements comprise:

- the statement of financial position as at June 30, 2025;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report.

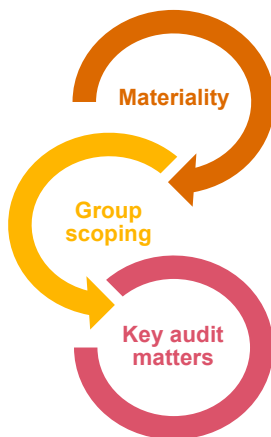
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview



- Overall group materiality: \$2,110,000, which represents approximately 1% of net assets.
- The Group consists of Bank of The Bahamas Limited and its wholly owned subsidiaries Multi-Card Services Ltd., West Bay Property Holdings Ltd. and BOB Property Holdings Ltd., all incorporated and registered in The Bahamas. These subsidiaries were officially dissolved during the year.
- The audit engagement team was the auditor for Bank of The Bahamas Limited and its subsidiaries.
- A full scope audit was performed on all entities in the Group.
- Determination of forward-looking information and valuation of collateralised real estate used in the expected credit loss model for loans and advances to customers.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. All audit procedures were performed by PricewaterhouseCoopers Bahamas.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall Group materiality	\$2,110,000
How we determined it	Approximately 1% of net assets
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 1% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit & Finance Committee that we would report to them misstatements identified during our audit above \$105,000, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<i>Determination of forward-looking information and valuation of collateralised real estate used in the expected credit loss model for loans and advances to customers.</i> <i>Refer to notes 4(d), 7 and 31 to the financial statements for disclosures of related accounting policies and balances.</i> Loans and advances to customers of \$532 million represent 50% of the Bank's total assets at the statement of financial position date. The Bank has recorded expected credit losses (ECL) in the amount of \$34 million on the loans and advances to customers. Management's determination of the ECL for loans and advances to customers is a complex calculation which involves a significant number of interrelated inputs and assumptions including internal historical default rates, changes in credit quality and macroeconomic factors. The probability of default (PD) and loss given default (LGD) inputs used to calculate the ECL are modelled based on macroeconomic scenarios.	Our approach, with the assistance of our internal specialists and external real estate expert, involved the following procedures, amongst others, regarding the inputs and assumptions used in the ECL model: • updated our understanding of management's ECL model including any changes to the source data and assumptions. • evaluated the appropriateness of the Bank's ECL model methodology, data integrity and model performance in comparison to the Bank's accounting policy and the relevant IFRS Accounting Standards. • evaluated the design and tested the operating effectiveness of the relevant controls, including the automated calculation of days past due used to determine the PD rate in the ECL model. • on a sample basis, tested the completeness and accuracy of underlying data used in the estimation of the ECL by agreeing to the terms of the underlying contracts.

Management considers multiple future macroeconomic scenarios, each of which includes a forecast of relevant macroeconomic variables, designed to capture a range of possible outcomes. The future macroeconomic variables are probability-weighted according to management's expectation of the relative likelihood of the range of outcomes each scenario represents.

As a result of the significant volatility in the economic environment in which the Bank operates, the Bank's ECL has a high degree of uncertainty. The key input surrounding the forward-looking assumptions pertains to the unemployment rates, which are inherently subjective, and can materially impact the estimate of the ECL in future periods.

Collateralised loans: For Stage 3, mortgage loans are collateralised by real estate. Management uses significant judgement in determining the valuation of real estate property pledged as collateral for these mortgage loans. This is the most significant repayment source for impaired collateralised mortgage loans. Due to the expertise and judgements required to value the collateral, management engages several independent experts on a periodic basis. Management's experts predominately used the comparable sales approach to determine the fair value of collateral held. Further, management makes assumptions to discount certain collateral values based on the area the collateral is situated, which increases the estimation uncertainty surrounding the cash flows. The valuation of collateral is also impacted by estimated costs and time to sell.

We focused on these areas as a result of the complexity and estimation uncertainty in the above assumptions, which form part of management's judgement and significantly impact the result of the ECL model.

- assessed the competence and objectivity of management's appointed real estate appraisers to determine whether they are appropriately qualified and independent of the Bank.
- on a sample basis, compared the collateral values recorded by management to the independent valuation appraisal reports.
- compared the key assumptions used by management's appointed real estate appraisers, being comparable sales, to independently determined comparable sales.
- evaluated management's applied discounts used on appraisal reports by reference to the movement in historical and current appraised value and recalculated the discount rates, as well as costs and time to sell, derived from historical sales data for the collateral values.
- agreed unemployment rates used by management in the forward-looking information to externally published data and performed a sensitivity analysis.
- recalculated the probability weightings used by management and evaluated them by comparison to industry practice and our underlying knowledge of the portfolio.
- tested the appropriateness of the model design and formulae used by reperforming management's model calculations.
- recalculated the Stage 3 ECL by applying independently observed discount rates, as well as costs and time to sell, and compared to the results of management.

Other information

Management is responsible for the other information. The other information comprises the Group's Annual Report 2025 (but does not include the financial statements and our auditors' report thereon), which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group's Annual Report 2025, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Myra Lundy-Mortimer.


Chartered Accountants
Nassau, Bahamas

October 2, 2025



BANK OF THE BAHAMAS LIMITED

(Incorporated under the laws of the Commonwealth of The Bahamas)
Statement of Financial Position

As at June 30, 2025

(Expressed in Bahamian Dollars)

	Notes	2025*	Consolidated 2024
		\$	\$
ASSETS			
Cash and account with the Central Bank	5, 25	82,407,295	91,072,158
Cash equivalents - Treasury Bills, net	5, 25	54,811,907	67,642,772
Due from banks, net	5	76,736,877	93,111,662
Investment securities, net	6, 25	129,150,616	133,135,816
Loans and advances to customers, net	7, 25	497,607,630	401,415,699
Note receivable, net	8, 25	166,837,512	168,470,562
Investment property	9	6,744,000	6,744,000
Other assets	10, 25	13,038,842	17,664,038
Property and equipment, net	11	16,287,524	9,892,001
Right-of-use assets, net	12, 25	5,207,497	4,186,746
Computer software, net	13	5,551,503	5,163,724
TOTAL ASSETS		1,054,381,203	998,499,178
LIABILITIES			
Deposits from customers and banks	14, 25	799,533,582	768,268,410
Other liabilities	15, 25	16,626,151	22,380,071
Lease liabilities	12, 25	5,363,242	4,574,180
Deferred loan fees		4,365,753	3,620,452
Total liabilities		825,888,728	798,843,113
EQUITY			
Share capital	16	43,194,515	43,194,515
Share premium	16	81,950,384	81,950,384
Treasury shares	17	(1,318,224)	(1,318,224)
Special retained earnings	8	172,122,932	172,122,932
Accumulated deficit		(67,457,132)	(96,293,542)
Total equity		228,492,475	199,656,065
TOTAL LIABILITIES AND EQUITY		1,054,381,203	998,499,178

These financial statements were approved by the Board of Directors on September 24, 2025 and are signed on its behalf by:

Director

Director

*Refer to Note 2.

The accompanying notes are an integral part of these financial statements.

BANK OF THE BAHAMAS LIMITED

Consolidated Statement of Comprehensive Income

For the Year ended June 30, 2025

(Expressed in Bahamian Dollars)

	Notes	2025*	2024
		\$	\$
Interest and similar income	18, 25	53,699,526	47,964,085
Interest and similar expense	18, 25	(4,347,284)	(4,565,450)
Net interest income		49,352,242	43,398,635
Fees and commission income	19, 25	14,319,646	12,743,433
Fees and commission expense		(419,820)	(452,506)
Net fees and commission income		13,899,826	12,290,927
Other operating income	20	5,064,180	4,543,948
Total operating income		68,316,248	60,233,510
Operating expenses	21, 25	(40,708,678)	(46,332,216)
Impairment reversals, net	22, 25	2,947,220	5,759,384
Net income, being total comprehensive income for the year		30,554,790	19,660,678
Earnings per share			
Basic and diluted earnings per ordinary share	28	0.71	0.46

*Refer to Note 2.

The accompanying notes are an integral part of these financial statements.

BANK OF THE BAHAMAS LIMITED

Consolidated Statement of Changes in Equity

For the Year ended June 30, 2025
(Expressed in Bahamian Dollars)

	Share Capital	Share Premium	Treasury Shares	Special Retained Earnings	Accumulated Deficit	Total Equity
	\$	\$	\$	\$	\$	\$
Balance, 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 year	-	-	-	-	19,660,678	19,660,678
<i>Transactions with owners of the Bank:</i>						
Dividends paid to common shareholders (Note 28)	-	-	-	-	(859,190)	(859,190)
Balance, 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 year	-	-	-	-	30,554,790	30,554,790
<i>Transactions with owners of the Bank:</i>						
Dividends paid to common shareholders (Note 28)	-	-	-	-	(1,718,380)	(1,718,380)
Balance, June 30, 2025*	43,194,515	81,950,384	(1,318,224)	172,122,932	(67,457,132)	228,492,475

*Refer to Note 2.

The accompanying notes are an integral part of these financial statements.



BANK OF THE BAHAMAS LIMITED

Consolidated Statement of Cash Flows

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

	Notes	2025*	2024
		\$	\$
Cash flows from operating activities:			
Net income		30,554,790	19,660,678
Adjustments for:			
Interest income	18	(53,699,526)	(47,964,085)
Interest expense	18	4,347,284	4,565,450
Depreciation and amortisation	21	6,054,445	5,710,075
Reversal for legal provision	23	(6,874,132)	-
Gain on revaluation of investment securities FVTPL	6,20	(393,011)	(389,665)
Loss on disposal of property and equipment	11	-	136,715
Loss on disposal of computer software	13	-	109,694
Impairment reversals, net	22	(2,947,220)	(5,759,384)
		(22,957,370)	(23,930,522)
Changes in:			
Loans and advances to customers, net		(92,723,561)	(24,201,824)
Deposits from customers and banks		31,425,948	30,355,276
Other assets		4,902,212	4,397,955
Other liabilities		1,120,211	(1,832,293)
Deferred loan fees		745,301	743,910
Reserve deposit		(1,905,420)	(10,320)
		(56,435,309)	9,452,704
Interest received		53,591,746	46,481,764
Interest paid		(4,508,059)	(4,820,519)
Net cash (used in)/provided by operating activities		(30,308,992)	27,183,427
Cash flows from investing activities:			
Acquisition of property and equipment	11	(8,550,558)	(2,481,280)
Acquisition of computer software	13	(2,283,547)	(923,402)
Purchase of investment securities	6	(41,600,218)	(44,543,208)
Proceeds from disposal of property and equipment	11	-	6,115
Proceeds from maturities of investment securities	6	45,491,200	19,097,208
Repayment of notes receivable		1,012,510	-
Proceeds from sale of investment securities	6	394,933	320,295
Net cash used in investing activities		(5,535,680)	(28,524,272)
Cash flows from financing activities:			
Payment of lease liabilities, net	12	(2,235,331)	(1,795,175)
Dividends paid on common shares	28	(1,718,380)	(859,190)
Net cash used in financing activities		(3,953,711)	(2,654,365)
Net decrease in cash and cash equivalents		(39,798,383)	(3,995,210)
Cash and cash equivalents, beginning of year		223,229,235	227,224,445
Cash and cash equivalents, end of year	5	183,430,852	223,229,235

*Refer to Note 2.

The accompanying notes are an integral part of these financial statements.



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(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 carry on banking business in The Bahamas under the provisions of the Banks and Trust Companies Regulations Act, 2020. The Bank is also licensed as an authorised 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 June 30, 2025 and 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 Cloughton House, corner of Shirley Street and Charlotte Street, Nassau, The Bahamas. The registered office is located at Sassoon House, corner of Shirley Street and Victoria Avenue, Nassau, The Bahamas.

The Bank, along with its subsidiaries (together, the “Bank or Group”) (Notes 2 and 32), services include the provision of commercial and retail banking services, private banking and the issuance of Visa branded stored value, prepaid, debit and credit cards. The Bank is also an agent for American Express. As at June 30, 2025, the Bank had twelve branches (2024: twelve): 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. During the year the Bank established agency banking in Abaco.

2. Basis of preparation

The Bank’s financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

During the year, the Bank dissolved its wholly-owned subsidiaries; consequently, the Statement of Financial Position as of June 30, 2025, is prepared on a standalone basis, while comparative figures remain on a consolidated basis, including the subsidiaries. The Statements of Comprehensive Income, Changes in Equity, and Cash Flows for the year ended June 30, 2025, continue to be presented on a consolidated basis, accounting for the period during which the subsidiaries were under the Bank’s control. Further details regarding the dissolution are provided in Note 32.

These financial statements are presented in Bahamian Dollars, which is the Bank’s functional currency. All amounts have been rounded to the nearest dollar, except when otherwise indicated.

The preparation of the 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. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

2. Basis of preparation *(continued)*

(a) Going concern

These financial statements are prepared on a going concern basis, as the Bank's directors and management are satisfied that the Bank has the resources to continue in business for the foreseeable future. In making this assessment, a range of information relating to present and future conditions has been considered, including projections of profitability, cash flows and capital requirements.

(b) Basis of consolidation

Subsidiaries are entities controlled by the Bank. The Bank 'controls' an entity if it is exposed to, or has rights, to variable returns from its involvement with the entity (investee) and has the ability to affect those returns through its power over the investee. Specifically, the Bank controls an investee if and only if the Bank has:

- power over the investee, namely, existing rights that give it the current ability to direct the relevant activities of the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Bank has less than a majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Bank's voting rights and potential voting rights.

The Bank re-assesses whether it has control if there are changes to one or more of the elements of control. Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the Bank and its subsidiaries are eliminated in full on consolidation.

When the Bank loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any non-controlling interest and other components of equity.

Any resulting gain or loss is recognised in consolidated statement of comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

2. Basis of preparation *(continued)*

(c) New standards, amendments and interpretations

Standards, amendments and interpretations adopted by the Bank

Standards and amendments and interpretations to published standards that became effective for the Bank's financial year beginning on July 1, 2024 were either not relevant or not significant to the Bank's operations, and accordingly did not have a material impact on the Bank's accounting policies or financial statements.

New standards, amendments and interpretations not yet adopted by the Bank

Except as disclosed below, the application of new standards, amendments and interpretations to existing standards that have been published but are not yet effective are not expected to have a material impact on the Bank's accounting policies or financial statements in the financial period of initial application.

a) IFRS 18 *Presentation and Disclosure in Financial Statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Bank's financial statements. From the preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Bank's net income, the Bank expects that grouping items of income and expenses in the statement of comprehensive income into the new categories will impact how net income is calculated and reported.
- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- From a cash flow statement perspective, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'Net income' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest.

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

2. Basis of preparation *(continued)*

(c) New standards, amendments and interpretations *(continued)*

New standards, amendments and interpretations not yet adopted by the Bank *(continued)*

a) IFRS 18 *Presentation and Disclosure in Financial Statements (continued)*

- The Bank does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - management-defined performance measures;
 - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of comprehensive income – this break-down is only required for certain nature expenses; and
 - for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of comprehensive income between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

The Bank will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending June 30, 2027 will be restated in accordance with IFRS 18.

b) Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosure*

The IASB issued amendments to the Classification and Measurement of Financial Instruments to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted subject to any endorsement process. The Bank is still assessing the impact of the adoption of these amendments and does not expect these amendments to have a material impact on its operations or financial statements.



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

3. Critical accounting judgments and key sources of estimation uncertainty

Certain amounts included in or affecting the financial statements and related disclosures must be estimated, requiring management to make assumptions with respect to values or conditions that cannot be known with certainty at the time the financial statements are prepared. A “critical accounting estimate” is one that is both important to the presentation of the Bank’s financial position and results of operations and requires management’s most difficult, subjective or complex judgments, often because of the need to make estimates about the effect of matters that are inherently uncertain.

The information presented below provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

Impairment of financial assets

The allowance for loan impairment represents management’s estimate of an asset’s expected credit losses (“ECL”).

The measurement of the ECL allowance for financial assets is an area that requires the use of complex models and significant assumptions about the future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses).

ECL is defined as the weighted expected probable value of the discounted credit loss (principal and interest) determined by evaluating a range of possible outcomes and future economic conditions. It represents the present value of the difference between the contractual cash flows and the expected cash flows (including principal and interest).

The process for determining the allowance involves significant quantitative and qualitative assessments. Particularly, a number of significant judgments is also required in applying the accounting requirements for measuring ECL, such as:

- i. Determining criteria for significant increase in credit risk;
- ii. Choosing appropriate models and assumptions for the measurement of ECL;
- iii. Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- iv. Assessing the risk rating and impaired status of loans;
- v. Estimating cash flows and realisable collateral values;
- vi. Developing default and loss rates based on historical data;
- vii. Estimating the impact on this historical data by changes in policies, processes and credit strategies;
- viii. Assessing the current credit quality based on credit quality trends; and
- ix. Determining the current position in the economic cycle.

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

3. Critical accounting judgments and key sources of estimation uncertainty *(continued)*

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 31.

Recognition and measurement of provisions and contingencies

Management uses key assumptions about the likelihood and magnitude of an outflow of resources to determine adequate provisions or disclosures in the financial statements as discussed in Note 23.

Valuation of investment property

The Bank carries its investment property at fair value, with changes in fair value being recognised in the consolidated statement of comprehensive income. The Bank assesses the fair value of its investment property through the use of independent real estate and valuation expert on a periodic basis, performing management assessments in the intervening years. Investment property was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location, and the condition of the respective property. Key assumptions used to determine the fair value of the investment property are discussed in Note 9.

4. Material accounting policies

(a) Revenue and expense recognition

Interest income and expense are recognised in the consolidated statement of comprehensive income for all financial instruments measured at amortised cost as they accrue using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

The calculation of the effective interest rate includes transaction costs and fees received that are an integral part of the effective interest rate. The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Other fees and commission income is recognised over time as the related services are performed and revenue related to transactions is recognised at a point in time when the transaction takes place. Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

4. Material accounting policies (*continued*)

(b) Cash and cash equivalents

For purposes of the consolidated statement of cash flows, cash and cash equivalents comprise of cash on hand, short-term deposits and treasury bills with less than three months' maturity from the date of acquisition, including amounts due from banks and cash deposits with The Central Bank of The Bahamas less mandatory reserve deposit.

(c) Financial instruments

Recognition and initial measurement

The Bank initially recognises loans and advances and deposits on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in FVOCI. This election is made on an investment-by-investment basis.

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025
(Expressed in Bahamian Dollars)

4. Material accounting policies (continued)

(c) Financial instruments (continued)

Recognition and initial measurement (continued)

Classification (continued)

Financial assets (continued)

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are SPPI

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025
(Expressed in Bahamian Dollars)

4. Material accounting policies (continued)

(c) Financial instruments (continued)

Assessment of whether contractual cash flows are SPPI (continued)

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g., non-recourse loans); and
- features that modify consideration of the time value of money (e.g., periodical reset of interest rates).

The Bank holds a portfolio of long-term fixed-rate loans for which the Bank has the option to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Bank has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

Modification

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of the eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025
(Expressed in Bahamian Dollars)

4. Material accounting policies (continued)

(c) Financial instruments (continued)

Modification (continued)

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of quantitative evaluation and means that the derecognition criteria are usually not met in such cases.

Financial liabilities

Financial liabilities include deposits from customers and banks, cardholders' liabilities and accounts payable and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Cardholders' liabilities relate to deposits received by the Bank for prepaid VISA cards and are recorded at the fair value of the proceeds received.

(d) Impairment of financial assets

The Bank recognises a loss allowance for ECL on financial assets measured at amortised cost and measures impairment losses at an amount equal to 12-month ECL or lifetime ECL, depending on the stage in which the asset is classified. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECL is the maximum contractual period over which the Bank is exposed to credit risk.

As an exception, for certain financial instruments, such as credit cards and overdrafts, that may include both a loan and an undrawn commitment component, the Bank measures ECL over the period that the Bank is exposed to credit risk based on historical experience, that is, until the ECL would be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. This is because contractual ability to demand repayment and cancel the undrawn commitment does not limit the exposure to credit losses to such contractual notice period.

Impairment of financial assets is recognised in three stages:

Stage 1 – When a financial asset is originated, ECLs resulting from default events that are possible within the next 12 months are recognised and a loss allowance is established. On subsequent reporting dates, 12-month ECL also applies to existing financial assets with no significant increase in credit risk since their initial recognition.

Stage 2 - If the credit quality subsequently significantly deteriorates for a particular portfolio or transaction, the Bank recognises the full lifetime ECL.



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

4. Material accounting policies (continued)

(d) Impairment of financial assets (continued)

Stage 3 - At a later date, once one or more default events have occurred on the transaction or on a counterparty resulting in an adverse effect on the estimated future cash flows, the Bank recognises the full lifetime ECL. At this stage, the financial asset is credit-impaired.

The calculation of ECL of a collateralised financial asset reflects the cash flows that may result from foreclosures less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

In determining whether a significant increase in credit risk has occurred since initial recognition, and when estimating ECLs, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and informed credit assessment and forward-looking information.

A significant increase in credit risk of investment securities measured at amortised cost is defined as a significant deterioration in credit quality represented by a financial asset's credit rating migrating from investment grade to non-investment grade or, in the case of a financial asset that is below investment grade, a two-notch downward movement in credit rating.

The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument and is not assessed based on the change in the amount of the ECL. This involves setting quantitative tests combined with additional indicators such as credit risk classification and other observable inputs. Assets that are more than 30 days past due, but not credit-impaired, are classed as Stage 2.

Changes in credit loss, including the impact of movements between the first stage (12-month ECL) and the second stage (lifetime ECL), are recorded in the consolidated statement of comprehensive income.

IFRS 9 requires the use of forward-looking information including reasonable and supportable forecasts of future economic conditions. The requirement to consider a range of economic scenarios and their possible impact on impairment allowances is a subjective feature of the IFRS 9 ECL model. The Bank continues to assess the number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes.

In our assessment of economic scenarios, we considered tourism projections and those sectors impacted by the pandemic as part of our forward-looking information (Note 31).

The Bank considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank through actions such as realising security (if any held);
- The financial asset is more than 90 days past due; or
- The borrower is on principal only repayment terms.

Impairment losses for financial assets measured at amortised cost are deducted from the gross carrying amount of assets through the use of an allowance account.

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

4. Material accounting policies (continued)

(d) Impairment of financial assets (continued)

Write-off of loans and advances

A loan (and the related impairment allowance account) is normally written off, either partially or in full, when there is no realistic prospect of recovery of the principal amount and, for a collateralised loan, when the proceeds from realising the security have been received. Consumer installment and credit card loans are written-off after principal and/or interest payments become 270 days and 180 days contractually in arrears, respectively.

Recovery of previously written-off loans

Recoveries of principal and/or interest on previously written off loans are recognised in impairment reversals, net in the consolidated statement of comprehensive income on a cash basis or when the loan is rewritten on normal terms prevailing at the time of the rewrite.

Restructured loans

Loans subject to impairment assessment, whose terms have been restructured, are subject to ongoing review to determine whether they remain impaired or should be considered past due. The carrying amount of loans that have been classified as restructured are eligible for reclassification after six consecutive months of payments.

(e) Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The contractual rights to receive cash flows from the financial asset have expired; or
- The Bank has transferred its rights to receive the contractual cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - The Bank has transferred substantially all the risks and rewards of ownership of the financial asset, or
 - The Bank has neither transferred nor retained substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

4. Material accounting policies (continued)

(e) Derecognition of financial assets and financial liabilities (continued)

Financial assets (continued)

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit and loss.

Financial liabilities

A financial liability is derecognised when its contractual obligations are discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(f) Foreign currency

The reporting and functional currency of the Bank is the Bahamian dollar. Transactions in foreign currencies are converted to Bahamian dollar at the rates of exchange prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are converted to Bahamian dollar at rates of exchange prevailing on the reporting date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year. Realised and unrealised foreign exchange gains and losses are included in the consolidated statement of comprehensive income. Foreign currency differences arising on trading foreign currency assets and liabilities are generally recognised in the consolidated statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost or amortised cost are recorded at the exchange rates ruling at the dates of transaction.

(g) Property and equipment

Items of property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical costs include expenditure that is directly attributable to the acquisition of the items. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Work in progress is transferred to the relevant asset class when ready to be placed in use.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank, and the cost of the item can be measured reliably. Repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

4. Material accounting policies *(continued)*

(g) Property and equipment *(continued)*

Any gain or loss on disposal of an item of property and equipment is recognised within the consolidated statement of comprehensive income.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment less their estimated residual values over their estimated useful lives and is generally recognised in the consolidated statement of comprehensive income. The estimated useful lives are as follows:

Building	40-45 years
Leasehold improvements	3-5 years
Furniture, fixtures and equipment	3-10 years

Leasehold improvements are amortised over the shorter of the economic useful life of the asset, the lease term or five years and taking into consideration any extension of the lease term if there is reasonable expectation of renewal. Land is not depreciated.

Property and equipment are derecognised on disposal or when no future economic benefits are expected from their use. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of comprehensive income.

(h) Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amount of non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The 'recoverable amount' is the greater of an asset's fair value less costs to sell and value in use. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Bank expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

4. Material accounting policies *(continued)*

(j) Related parties

Related parties include all Ministries and Departments of the Government, Government Corporations, Subsidiaries and Agencies as well as directors and key management personnel, entities that are controlled, jointly controlled or significantly influenced by key management personnel of the Bank and entities noted earlier.

(k) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

The Bank operates a defined contribution plan (the "Plan") where the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive payment obligations once contributions have been paid. The Plan's costs are charged to staff costs and are funded as incurred.

The Bank operates an Employee Share Ownership Plan ("ESOP") where the Bank matches employees' share purchases up to 25%. The matching contributions vest over 5 years. The costs of the ESOP are charged to staff costs.

(l) Earnings per share

Basic earnings per share is computed by dividing the net income attributable to common shareholders by the weighted average number of shares outstanding during the year.

(m) Fiduciary activities

The Bank acts in other fiduciary capacities that result in the holding of assets on behalf of other parties. These assets and income arising therefrom are excluded from these financial statements, as they are not assets of the Bank.

(n) Taxes

Under the current laws in the Commonwealth of The Bahamas, the Bank is a value-added tax ("VAT") registrant and required to collect and remit VAT. The standard rate for VAT is 10%, charged on all goods and services that are not zero-rated or exempt as prescribed by the Value Added Tax Act. The Bank also pays business licence fees in accordance with the Business Licence Act, 2023, as amended.

(o) Investment property

Investment property is initially measured at cost including transaction costs and subsequently at fair value based on an appraisal by a local real estate appraiser. Additions to investment property are also recorded at cost. On an annual basis, the investment property is assessed for impairment with gains and losses arising from changes in the fair value of the investment property included in the consolidated statement of comprehensive income for the period in which they arise. The impairment assessment is based on fair values as determined by an independent appraisal performed every three years, and as determined by management in intervening years.

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

4. Material accounting policies *(continued)*

(o) Investment property *(continued)*

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the consolidated statement of comprehensive income.

When the use of property changes such that it is reclassified as property and equipment, its fair value at the date of classification becomes its cost for subsequent accounting.

(p) Computer software

Acquired computer software costs and licenses are capitalised based on the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line basis of accounting over the expected useful life. Software has expected useful life of 3 to 10 years. Work in progress is transferred to the relevant asset class when ready to be placed in use.

(q) Deferred loan fees

Loan origination fees for loans that are likely to be drawn down are deferred and recognised as an adjustment to the effective interest rate on the loans. The Bank is presenting deferred loan fees under liabilities in the statement of financial position.

(r) Share capital

(i) *Share issue costs*

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(ii) *Dividends on shares*

Dividends on common and preferred shares are recognised in equity in the period in which they are approved by the Bank's Directors and Regulator. Dividends that are proposed and declared after the statement of financial position are disclosed as a subsequent event note to the financial statements.

(iii) *Treasury shares*

Where the Bank has purchased its own equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(s) Leases

Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

4. Material accounting policies (continued)

(s) Leases (continued)

Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Bank:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held the Bank, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g., term, country, currency and security

(t) Credit card rewards program

The Bank participates in the Visa MyRewards program in which customers accumulate points, which entitle the customers to goods and services provided by third parties. Revenue from the points is recognised when the points are redeemed. The amount of the revenue is estimated based on the number of points redeemed relative to the total number expected to be redeemed. A contract liability is recognised for the amount of the fair value of points expected to be redeemed until they are actually redeemed or expire.

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

4. Material accounting policies *(continued)*

(u) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. As at June 30, 2025 and 2024, there were no master netting agreements outstanding. Therefore, any related assets and liabilities are presented gross in the statement of financial position.

(v) Financial guarantees

‘Financial guarantees’ are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within ‘Other liabilities’) at fair value, being the premium received. Subsequent to initial recognition, the Bank’s liability under each guarantee is measured at the higher of the amount initially recognised, less cumulative amortisation recognised in the consolidated statement of comprehensive income and an ECL allowance.

The premium received is recognised in the consolidated statement of comprehensive income in ‘Net fees and commission income’ on a straight-line basis over the life of the guarantee.

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is the person or group responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee of the Bank.

Income and expenses directly associated with each segment are included in determining operating segment performance. The Bank has identified its sole operating and reportable segment as retail banking which incorporates the following services lending, depository, credit and debit cards and their related services. Segment assets and liabilities comprise operating assets and liabilities, representing the statement of financial position. The Bank’s operations, income and assets are all based in The Bahamas.



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025
(Expressed in Bahamian Dollars)

5. Cash and cash equivalents

	2025	Consolidated 2024
	\$	\$
Cash	18,068,713	17,064,846
Deposits with the Central Bank, non-interest bearing (Note 25)	64,338,582	74,007,312
Cash and account with the Central Bank	82,407,295	91,072,158
Cash equivalents - Treasury Bills Gross (Note 25)	54,847,210	67,700,525
Due from banks	76,736,877	93,111,662
Cash, cash equivalents and due from banks	213,991,382	251,884,345
Less: mandatory reserve deposits with the Central Bank	30,560,530	28,655,110
Cash and cash equivalents	183,430,852	223,229,235

The statutory reserve account with The Central Bank of The Bahamas (“the Central Bank”) of \$30,560,530 (2024: \$28,665,110) is not included in cash and cash equivalents. Mandatory reserve deposits represent the Bank’s regulatory requirement to maintain a percentage of deposit liabilities as cash or deposits with the Central Bank. These funds are not available to finance the Bank’s day-to-day operations. All balances with the Central Bank are non-interest bearing. Government issued Treasury Bills are presented in the statement of financial position, net of \$35,303 (2024: \$57,753) allowance for impairment losses and have maturity dates extending through to August 2025 (2024: September 2024).

6. Investment securities, net

Investment securities comprise equity and debt securities classified into the following categories:

	FVTPL	Amortised cost	Total
	\$	\$	\$
Bahamas Registered Stock (Notes 25, 31)	-	104,947,613	104,947,613
Money Market Placements (Note 31)	-	9,600,218	9,600,218
Mutual Funds (Note 29)	10,067,448	-	10,067,448
Investment in Preference Shares	-	4,000,000	4,000,000
Accrued interest receivable (Notes 25, 31)	-	1,209,049	1,209,049
Less: Allowance for impairment loss (Notes 25, 31)	-	(673,712)	(673,712)
At June 30, 2025	10,067,448	119,083,168	129,150,616

	FVTPL	Amortised cost	Total
	\$	\$	\$
Bahamas Registered Stock (Notes 25, 31)	-	113,655,889	113,655,889
Money Market Placements (Note 31)	-	8,800,000	8,800,000
Mutual Funds (Note 29)	10,069,370	-	10,069,370
Accrued interest receivable (Notes 25, 31)	-	1,523,662	1,523,662
Less: Allowance for impairment loss (Notes 25, 31)	-	(913,105)	(913,105)
At June 30, 2024 - Consolidated	10,069,370	123,066,446	133,135,816

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

6. Investment securities, net *(continued)*

As at year end, Bahamas Registered Stock are fixed and variable rate bonds tied to the Bahamian Dollar Prime Rate issued by The Bahamas Government with interest rates ranging from 3.31% to 5.65% per annum (2024: from 3.20% to 5.65% per annum) and scheduled maturities between 2025 and 2049 (2024: between 2024 and 2049). Money market placements have an interest rate at 3.4% per annum (2024: from 4.85% to 5.00% per annum) and scheduled maturities are in June 2026 (2024: June 2025).

The movements in the categories of investment securities are as follows:

	FVTPL	Amortised cost	Total
	\$	\$	\$
At July 1, 2024	10,069,370	123,066,446	133,135,816
Additions	-	41,600,218	41,600,218
Maturities	-	(45,491,200)	(45,491,200)
Realised gain on investment securities	(394,933)	-	(394,933)
Movement in fair value: investment at FVTPL (Note 20)	393,011	-	393,011
Discount amortisation	-	(17,077)	(17,077)
Movement in accrued interest receivable	-	(314,613)	(314,613)
Add: Impairment reversals (Notes 22, 25, 31)	-	239,394	239,394
At June 30, 2025	10,067,448	119,083,168	129,150,616

	FVTPL	Amortised cost	Total
	\$	\$	\$
At July 1, 2023	-	\$106,899,357	\$106,899,357
Additions	10,000,000	34,543,208	44,543,208
Maturities	-	(19,097,208)	(19,097,208)
Realised gain on investment securities	(320,295)	-	(320,295)
Movement in fair value: investment at FVTPL (Note 20)	389,665	-	389,665
Discount amortisation	-	(2,911)	(2,911)
Movement in accrued interest receivable	-	577,629	577,629
Add: Impairment reversals (Notes 22, 25, 31)	-	146,371	146,371
At June 30, 2024 - Consolidated	10,069,370	123,066,446	133,135,816



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

7. Loans and advances to customers, net

Loans and advances to customers are as follows:

	2025	Consolidated 2024
	\$	\$
Mortgage residential loans	216,895,833	186,586,205
Mortgage commercial loans	4,454,953	10,700,739
Commercial loans	74,867,291	54,753,105
Consumer loans	211,448,973	153,545,775
Government (Note 25)	16,393,800	27,791,258
Credit cards	3,808,623	2,982,525
Business overdrafts	1,768,258	841,345
Personal overdrafts	170,943	85,907
	529,808,674	437,286,859

Provision for loan losses are as follows:

	2025	Consolidated 2024
	\$	\$
Less: Provision for loan losses		
At July 1	37,537,890	44,272,295
Amount written-off/charged-off	(201,746)	(1,617,019)
Impairment reversals, net (Note 22)	(3,180,243)	(5,117,386)
At June 30	34,155,901	37,537,890
Accrued interest receivable, net (Note 25)	1,954,857	1,666,730
Loans and advances to customers, net	497,607,630	401,415,699

	2025	Consolidated 2024
	\$	\$
Provision for loan losses		
Mortgage residential loans	20,455,169	24,545,338
Mortgage commercial loans	352,811	478,790
Commercial loans and overdrafts	1,885,786	2,400,431
Consumer loans and overdrafts	10,977,192	9,509,832
Government (Note 25)	134,233	268,191
Credit and prepaid cards	350,710	335,308
	34,155,901	37,537,890

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

7. Loans and advances to customers, net *(continued)*

Included in the provision for loan losses on mortgage commercial, commercial and consumer loans are specific provisions for certain business and personal overdrafts.

	2025	2024
Provisions as a percentage of gross loan portfolio	6.45%	8.58%
Impaired loan provisions as a percentage of impaired loans	73.30%	61.52%

Non-performing (impaired) loans are as follows:

	2025	Consolidated 2024
	\$	\$
Mortgage residential loans	27,884,556	31,588,807
Mortgage commercial loans	472,858	7,832,430
Commercial loans and overdrafts	961,274	1,158,414
Consumer loans and overdrafts	7,119,326	6,252,442
Credit cards	16,737	8,635
	36,454,751	46,840,728
Percentage of loan portfolio (net)	7.33%	11.67%
Percentage of loan portfolio (gross)	6.88%	10.71%
Percentage of total assets	3.46%	4.69%

The following is an analysis of the concentration of loans and advances to customers by outstanding balances:

				Consolidated	
2025				2024	
\$				\$	
			No. of Loans	No. of Loans	
Value			and Overdrafts	Value	and Overdrafts
0	-	10,000	15,725,486	14,540	12,747,915
10,001	-	25,000	26,676,624	1,566	22,910,891
25,001	-	50,000	70,973,685	1,958	64,196,230
50,001	-	100,000	120,236,086	1,687	77,632,262
100,001	-	300,000	144,790,205	841	136,539,516
Over		300,000	151,406,588	146	123,260,045
			529,808,674	20,738	437,286,859
					16,233



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

7. Loans and advances to customers, net *(continued)*

The following is an analysis of loans and advances by credit quality:

	2025	Consolidated 2024
In (\$000s)	\$	\$
Mortgage residential loans		
Neither past due nor impaired	157,177	123,254
Past due but not impaired	31,834	31,743
Impaired	27,884	31,589
	216,895	186,586
Mortgage commercial loans		
Neither past due nor impaired	3,384	2,331
Past due but not impaired	598	538
Impaired	473	7,832
	4,455	10,701
Commercial loans and overdrafts		
Neither past due nor impaired	72,853	45,238
Past due but not impaired	2,821	9,198
Impaired	961	1,158
	76,635	55,594
Consumer loans and overdrafts		
Neither past due nor impaired	191,269	137,708
Past due but not impaired	13,232	9,671
Impaired	7,119	6,253
	211,620	153,632
Government		
Neither past due nor impaired	16,394	27,791
Past due but not impaired	-	-
Impaired	-	-
	16,394	27,791
Credit cards		
Neither past due nor impaired	3,683	2,903
Past due but not impaired	109	71
Impaired	17	9
	3,809	2,983

In the opinion of management, the credit quality of the majority of loans and advances to customers that are neither past due nor impaired is satisfactory.

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

7. Loans and advances to customers, net (continued)

2025, In (\$000s)	Principal	Restructured	Total
	\$	\$	\$
Mortgage residential loans	184,322	32,573	216,895
Mortgage commercial loans	3,981	474	4,455
Commercial loans and overdrafts	49,733	26,902	76,635
Consumer loans and overdrafts	204,931	6,689	211,620
Government	16,394	-	16,394
Credit cards	3,809	-	3,809
	463,170	66,638	529,808

2024, In (\$000s) - Consolidated	Principal	Restructured	Total
	\$	\$	\$
Mortgage residential loans	154,503	32,083	186,586
Mortgage commercial loans	2,873	7,828	10,701
Commercial loans and overdrafts	35,223	20,371	55,594
Consumer loans and overdrafts	147,224	6,408	153,632
Government	27,791	-	27,791
Credit cards	2,983	-	2,983
	370,597	66,690	437,287

The analysis of the age of loans and advances to customers that were past due but not impaired is as follows:

2025						
In (\$000s)	Mortgage Residential	Mortgage Commercial	Commercial and overdrafts	Consumer and overdrafts	Credit Card	Total
	\$	\$	\$	\$	\$	\$
Past due 1 to 29 days	29,916	598	2,818	11,474	-	44,806
Past due 30 - 59 days	1,296	-	2	1,172	74	2,544
Past due 60 - 89 days	622	-	1	586	35	1,244
	31,834	598	2,821	13,232	109	48,594

2024 - Consolidated						
In (\$000s)	Mortgage Residential	Mortgage Commercial	Commercial and overdrafts	Consumer and overdrafts	Credit Card	Total
	\$	\$	\$	\$	\$	\$
Past due 1 to 29 days	27,110	538	9,191	8,315	-	45,154
Past due 30 - 59 days	3,454	-	4	618	49	4,125
Past due 60 - 89 days	1,179	-	3	738	22	1,942
	31,743	538	9,198	9,671	71	51,221



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

8. Note receivable, net and special retained earnings

During October 2014, the Government created a special purpose vehicle, Bahamas Resolve Limited (“Resolve”), that is owned and controlled by the Government. At that time, the Bank sold to Resolve certain of its non-performing loans with a face value of \$100 million and a net book value of approximately \$45.4 million in consideration for \$100 million in unsecured promissory notes (the “Notes”). The difference between the Notes received and net book value of the assets sold, approximately \$54.6 million, was recognised directly in equity as Special Retained Earnings. The Notes which had a final maturity of October 30, 2024 were redeemed early during the fiscal year ended June 30, 2018.

During fiscal year ended 2018, the Bank sold to Resolve another portfolio of non-performing loans with an aggregate face value of \$134.5 million and net book value of approximately \$50.6 million, together with accrued (but suspended) interest on the loans of \$33.2 million, in consideration for an unsecured promissory note in the amount of \$167.7 million. The difference between the promissory note received and the net book value of the loans and accrued interest transferred to Resolve, amounting to approximately \$117.1 million, was credited to Special Retained Earnings and forms a part of the Bank’s regulatory capital. An additional \$0.4 million in fees and charges were recognised in Special Retained Earnings. The promissory note had a maturity date of August 31, 2022 and bore interest at a fixed rate of 3.5% per annum, payable semi-annually at the end of February and August. In December 2024, the interest rate was changed to 3.25% with semi-annual interest payment at the end of February and August.

During fiscal year June 2023, the original maturity date of August 31, 2022 was extended by two years along with changes to the interest rate and payment terms. In September 2023, the interest rate was changed to 3% with semi-annual interest payment at the end of February and August. In December 2024, the maturity date was further extended to August 31, 2027 and interest fixed at 3.25% with semi-annual interest payment at the end of February and August along with annual principal payments of \$2.0 million commencing from November 30, 2025. During the year, early principal payments of \$1.0 million were received.

The Bank has transferred all of its rights relating to the non-performing loans to Resolve and will have no rights to future cash flows from the non-performing loans. Resolve, and not the Bank, will bear all the risks and rewards of the non-performing loans subsequent to the transaction and Resolve, and not the Bank, will control the non-performing loans. The Bank will not have any continuing involvement in servicing the non-performing loans, and the Bank’s only rights will relate to the cash flows associated with the promissory note. Further, the Bank will not be providing any form of future direct or indirect financing to the customers whose loans were transferred to Resolve, and these customers will no longer be customers of the Bank.

As a part of the transaction, the Bank received an irrevocable Letter of Support from the Government. The Letter of Support pledged the Government’s financial support of Resolve to enable it to satisfy its obligations under the promissory note and confirms that, in the event of default by Resolve, the Bank can seek to recover outstanding balances from the Government.

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

8. Note receivable, net and special retained earnings *(continued)*

	2025	Consolidated 2024
	\$	\$
Note receivable (Notes 25, 31)	166,687,490	167,700,000
Accrued interest receivable (Notes 25)	1,811,266	1,677,000
Less: Allowance for impairment loss (Note 25)	(1,661,244)	(906,438)
At June 30, 2025	166,837,512	168,470,562

The movements in the note receivable are as follows:

	2025	Consolidated 2024
	\$	\$
At July 1, 2024	167,700,000	167,700,000
Principal payment, November 2024, May 2025	(1,012,510)	-
At June 30, 2025	166,687,490	167,700,000

9. Investment property

Investment Property comprises land owned by the Bank. The land is located on West Bay Street, Nassau Bahamas.

The Bank engaged the services of an independent real estate and valuation expert who holds a recognised and relevant professional qualification and who has recent experience in the location and category of the investment property being valued. The fair value of the investment property of \$6,744,000 as at June 30, 2025 (2024: \$6,744,000 - Consolidated) is based on the independent valuation from the appraisal performed in March 2023.

This investment property has been classified as Level 3 in the fair value measurement hierarchy and there were no transfers from or to Level 3 during the year. The fair value of the investment property reflects the current market conditions and is based on the appraised value using the sales comparison approach where the average sales price approximated \$1,200,000 per acre. Management believes that the appraised value continues to appropriately reflect the fair value of the investment property.



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(Expressed in Bahamian Dollars)

10. Other assets

	2025	Consolidated 2024
	\$	\$
Prepaid assets	8,831,111	12,287,237
Cheques and other items in transit, net	216,211	2,738,307
Accounts receivable	1,924,349	1,572,764
Other assets, net	2,067,171	1,065,730
	13,038,842	17,664,038

As at June 30, 2025, prepaid assets included subscription paid in advance of \$Nil (2024: \$4.0 million). Included in accounts receivable is \$1.0 million (2024: \$1.1 million) of real property taxes with corresponding accounts payable (Notes 15 and 25). Included in other assets, net are the Bank's investments in the Bahamas Automated Clearing House Limited in the amount of \$197,034 (2024: \$181,967). Included in Cheques and other items in transit, net is a balance for cheque clearing of \$197,653 (2024: \$2.1 million). Included in other assets, net is a balance for suspense items of \$1,187 (2024: \$184,482) with a provision allowance of \$Nil (2024: \$259,939).

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Notes to Financial Statements

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(Expressed in Bahamian Dollars)

11. Property and equipment, net

	Land and Building	Leasehold Improvements	Furniture, Fixtures and Equipment	Work in Progress	Total
	\$	\$	\$	\$	\$
Cost					
Balance as at June 30, 2023 - Consolidated	3,778,889	5,745,682	15,611,405	883,587	26,019,563
Additions	-	-	779,963	1,701,317	2,481,280
Disposals/write-offs	-	-	(391,927)	-	(391,927)
Transfers	-	44,494	810,109	(854,603)	-
Balance as at June 30, 2024 - Consolidated	3,778,889	5,790,176	16,809,550	1,730,301	28,108,916
Additions	6,688,688	24	463,455	1,398,391	8,550,558
Disposals/write-offs	-	-	(7,336)	-	(7,336)
Transfers	-	220,100	1,561,159	(1,781,259)	-
Balance as at June 30, 2025	10,467,577	6,010,300	18,826,828	1,347,433	36,652,138
Accumulated Depreciation					
Balance as at June 30, 2023 - Consolidated	798,222	5,535,335	10,119,493	-	16,453,050
Depreciation (Note 21)	65,774	53,826	1,893,362	-	2,012,962
Disposals/write-offs	-	-	(249,097)	-	(249,097)
Balance as at June 30, 2024 - Consolidated	863,996	5,589,161	11,763,758	-	18,216,915
Depreciation (Note 21)	96,491	100,528	1,958,016	-	2,155,035
Disposals/write-offs	-	-	(7,336)	-	(7,336)
Balance as at June 30, 2025	960,487	5,689,689	13,714,438	-	20,364,614

Net book value:

Balance as at June 30, 2025	9,507,090	320,611	5,112,390	1,347,433	16,287,524
Balance as at June 30, 2024 - Consolidated	2,914,893	201,015	5,045,792	1,730,301	9,892,001

Land in the amount of \$1,586,474 (2024: \$44,565) is included in land and building.



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

12. Right-of-use assets and lease liabilities

	Right-of-use assets	Lease liabilities
	\$	\$
July 1, 2024 - Consolidated	4,186,746	4,574,180
Additions / Renewals	3,024,393	3,024,393
Cancellations	-	-
Depreciation expense (Note 21)	(2,003,642)	-
Interest expense (Note 18)	-	186,553
Lease payments	-	(2,421,884)
June 30, 2025	5,207,497	5,363,242

	Right-of-use assets	Lease liabilities
	\$	\$
July 1, 2023 - Consolidated	5,677,575	5,906,532
Additions	462,823	462,823
Depreciation expense (Note 21)	(1,953,652)	-
Interest expense (Note 18)	-	261,466
Lease payments	-	(2,056,641)
June 30, 2024 - Consolidated	4,186,746	4,574,180

As at June 30, 2025, the current portion of the lease liabilities amounted to \$1,494,667 (2024: \$2,024,477). In the consolidated statement of cash flows, the total cash outflow for leases amounted to \$2,235,331 (2024: \$1,795,175).

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

13. Computer software, net

	Computer software	Work in Progress	Total
	\$	\$	\$
Cost			
Balance as at June 30, 2023 - Consolidated	14,292,637	1,046,140	15,338,777
Additions	455,814	467,588	923,402
Disposal/write-off	(2,854,922)	-	(2,854,922)
Transfers	899,333	(899,333)	-
Balance as at June 30, 2024 - Consolidated	12,792,862	614,395	13,407,257
Additions	27,712	2,255,835	2,283,547
Transfers	305,378	(305,378)	-
Balance as at June 30, 2025	13,125,952	2,564,852	15,690,804
Accumulated Amortisation			
Balance as at June 30, 2023 - Consolidated	9,245,300	-	9,245,300
Amortisation (Note 21)	1,743,461	-	1,743,461
Disposal/write-off	(2,745,228)	-	(2,745,228)
Balance as at June 30, 2024 - Consolidated	8,243,533	-	8,243,533
Amortisation (Note 21)	1,895,768	-	1,895,768
Balance as at June 30, 2025	10,139,301	-	10,139,301
Net book value:			
Balance as at June 30, 2025	2,986,651	2,564,852	5,551,503
Balance as at June 30, 2024 - Consolidated	4,549,329	614,395	5,163,724

14. Deposits from customers and banks

	2025	Consolidated 2024
	\$	\$
Term deposits	231,759,072	233,658,496
Demand deposits	327,508,703	299,084,397
Savings accounts	238,772,783	233,871,718
	798,040,558	766,614,611
Accrued interest payable	1,493,024	1,653,799
	799,533,582	768,268,410

As at June 30, 2025, the deposits from banks amounted to \$2,133,783 (2024: \$1,118,514).



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

14. Deposits from customers and banks *(continued)*

The following is an analysis of the concentration of deposits from customers and banks by size of deposits:

			Consolidated	
			2025	2024
			\$	\$
		No. of		
		Deposits	Value	Value
0	-	25,000	103,155,665	101,361
25,001	-	100,000	101,905,367	2,122
100,001	-	500,000	145,456,093	735
500,001	-	1,000,000	72,525,268	110
Over		1,000,000	374,998,165	124
			798,040,558	104,452
				766,614,611
				104,576

In 1999, The Central Bank established the Deposit Insurance Corporation (the "Corporation"). The Bank paid an annual premium of \$551,029 (2024: \$408,187) to the Corporation, which insures the funds of all individual Bahamian dollar depositors of the Bank up to a maximum of \$50,000 per depositor.

15. Other liabilities

		Consolidated
		2025
		\$
Cheques and other items in transit	7,627,117	5,823,399
Accounts payable	4,685,542	4,615,370
Cardholders liability	3,236,678	3,957,450
Clearing in transit	963,172	948,980
Deferred revenue	113,642	160,740
Other provision (Note 23)	-	6,874,132
	16,626,151	22,380,071

Other provision related to a legal matter as disclosed in Note 23 and has been fully reversed and recorded in operating expenses in the consolidated statement of comprehensive income.

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

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16. Share capital

	2025	Consolidated 2024
	\$	\$
Authorised:		
45,000 Preference shares of B\$1,000 each	45,000,000	45,000,000
105,000,000 Voting common shares of B\$1 each	105,000,000	105,000,000
10,000,000 Non-voting common shares of B\$1 each	10,000,000	10,000,000
	160,000,000	160,000,000
Issued and fully paid:		
37,171,570 Voting common shares of B\$1 each	37,171,570	37,171,570
6,022,945 Non-voting common shares of B\$1 each	6,022,945	6,022,945
	43,194,515	43,194,515

Preference shares

The Bank's shareholders approved resolutions to increase the authorised share capital of the Bank and allow the issuance of non-voting cumulative preference shares, redeemable at the discretion of the Board of Directors. On June 30, 2006 and May 7, 2009, the Bank issued a total of \$15,000,000 and \$20,000,000 in redeemable preference shares at a rate of 2.00% and 2.50% above the Bahamian dollar prime rate. In accordance with IFRS, the preference shares were classified as equity. Costs totaling \$235,010 and \$349,000 related to the preference share offering respectively were netted against the proceeds.

From fiscal years 2014 to 2017, the Bank redeemed \$3,400,000 of preference shares annually and \$6,150,000 by fiscal year 2018, with the final redemption of \$15,250,000 during fiscal year 2019.

Voting common shares

Effective January 2006, the Bank had a rights offering resulting in the increase in voting common shares from \$12,000,000 to \$15,600,000 and share premium from \$7,589,064 to \$28,587,866.

On April 15, 2016, the Bank's shareholders approved the reclassification of the authorised and unissued preference shares of the Bank comprising 80,000 shares having a par value of \$1,000 per share into 80,000,000 voting common shares having a par value of \$1.00 per share. The total authorised capital of the Bank remained unchanged at \$160,000,000.



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025
(Expressed in Bahamian Dollars)

16. Share capital (continued)

Voting common shares (continued)

During the period from September 6 - 12, 2016, the Bank entered into a common shares' rights offering for an aggregate amount of \$40 million for 14,814,814 voting common shares. For each 1.44 common shares held as at record date of September 5, 2016, shareholders had the right to purchase an additional 1 share. At the end of the offer period, the Government subscribed for the majority of the offering, and the Bank issued a total of \$39,517,333 in voting common shares to its shareholders at a price of \$2.70 per share. Costs totaling \$482,667 related to this common share offering were netted against the proceeds and resulted in additional share premium of \$24,702,519.

During the period December 31, 2016 to February 28, 2017, the Bank offered a private placement of \$30 million at 3.125% Fixed Rate Perpetual Contingent Convertible Bonds to accredited investors only. This private placement was offered in three tranches of \$10 million each. As at December 31, 2016, the first tranche was subscribed by and issued to the Government. Effective June 30, 2017, this bond in the amount of \$10 million was converted to 6,756,756 voting common shares at a price of \$1.48 per share which resulted in additional share premium of \$3,243,244.

Non-voting common shares

During 2013, the Bank's shareholders approved resolutions to increase the authorised share capital of the Bank and allow for the issuance of a separate class of \$10,000,000 non-voting common shares. On June 28, 2013 the Bank issued a total of 6,022,945 Class B non-voting common shares to NIB at a share price of \$5.23. Costs totaling \$60,300 related to this common share offering were netted against the proceeds and resulted in additional share premium of \$25,416,755.

17. Treasury shares

During each of the fiscal years 2011 and 2013, the Bank's Board of Directors approved the repurchase of 750,000 of the Bank's own shares. The implementation of the share repurchase plan was a strategy to enhance the shareholder value of then existing shareholders. There have not been any repurchase of shares since fiscal 2013.

The balance in treasury shares at year end is as follows:

	No. of Shares	Value
Balance as at June 30, 2025 and 2024 - Consolidated	235,021	\$1,318,224

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Year ended June 30, 2025
(Expressed in Bahamian Dollars)

18. Net interest income

	2025	2024
	\$	\$
Interest and similar income		
<i>Interest income calculated using the effective interest method:</i>		
Loans and advances to customers	39,094,108	32,956,831
Notes receivable	5,230,711	5,310,500
Investment securities	4,784,048	4,250,782
Cash and short term investments	4,590,659	5,445,972
	53,699,526	47,964,085
Interest and similar expense		
Banks and customers	(4,160,731)	(4,303,984)
Lease liabilities (Note 12)	(186,553)	(261,466)
	(4,347,284)	(4,565,450)
Total net interest income	49,352,242	43,398,635

19. Fees and commission income

	2025	2024
	\$	\$
Card services fees and commission	7,856,501	5,364,058
Deposit services fees and commission	5,667,281	6,538,011
Credit services fees and commission	205,303	192,943
Other fees and commission	590,561	648,421
Total fees and commission income	14,319,646	12,743,433

20. Other operating income

	2025	2024
	\$	\$
Foreign exchange	3,710,317	3,611,245
Revaluation gain on investment securities (Note 6)	393,011	389,665
Other	960,852	543,038
Total other operating income	5,064,180	4,543,948



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

21. Operating expenses

	2025	2024
	\$	\$
Staff costs (Note 26)	23,175,812	21,463,925
Licenses and other fees	7,183,500	7,021,029
Information technology	4,295,144	4,578,069
Other administrative expenses	2,591,246	3,435,243
Occupancy	2,984,370	2,976,291
Telecommunication and postage	648,299	525,535
Advertising, marketing and donations	341,895	361,586
Travel and entertainment	308,099	260,463
Reversal for legal provision (Note 23)	(6,874,132)	-
Operating expenses before depreciation and amortisation	34,654,233	40,622,141
Depreciation of property and equipment (Note 11)	2,155,035	2,012,962
Depreciation of right-of-use assets (Note 12)	2,003,642	1,953,652
Amortisation of software (Note 13)	1,895,768	1,743,461
Depreciation and amortisation	6,054,445	5,710,075
Total operating expenses	40,708,678	46,332,216

Audit fees for the financial statements the year ended June 30, 2025 amounted to \$391,000 (2024: \$380,000). Audit related fees amounted to \$31,000 (2024: \$25,000). Other fees to the auditor and related network firms for non-assurance services amounted to \$25,000 (2024: \$80,000).

22. Impairment reversals, net

	2025	2024
	\$	\$
Loans and advances to customers, net (Notes 7, 25)	(3,180,243)	(5,117,386)
Note receivable (Notes 8, 25)	754,806	(476,318)
Other assets (Note 10)	(259,939)	-
Investment securities (Notes 6, 25)	(239,394)	(146,371)
Cash equivalents - Treasury Bills (Note 5, 25)	(22,450)	(3,380)
Money market placements (Note 5)	-	(15,929)
Impairment reversals during the year	(2,947,220)	(5,759,384)

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Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

23. Contingencies

To meet the financial needs of customers, the Bank enters various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act.

Legal claims

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. As a result of the litigation risk inherent in its operations, 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 makes adjustments to account for any adverse effects which the claims may have on its financial standing and/or discloses amounts in accordance with its accounting policies.

As at year end, the Bank had several ongoing legal claims. Various legal proceedings are pending that challenge certain actions of the Bank. Most of these proceedings are loan-related and are reactions to steps taken by the Bank to collect delinquent loans and enforce its rights against collateral securing such loans.

In fiscal year 2019, the Bank recorded provision of \$6.9 million related to a legal claim against the Bank in respect of a judgment in default and related damages. The Bank has filed the necessary applications to set aside the default judgment and to set aside the said damages. The Bank has also filed papers to stay the enforcement of damages and in certain circumstances to strike out enforcement steps. In fiscal year 2020, the Bank was successful in having the judgement in default of defense set aside. In fiscal year 2022, the Bank was successful again in the Supreme Court appeal brought about by the plaintiff. In fiscal year 2023, an appeal was filed at the Court of Appeal which was subsequently withdrawn by the Plaintiffs as the requisite certificate was not obtained by them. The Plaintiffs thereafter during fiscal year 2024 filed an application to obtain the certificate in an attempt to pursue the appeal against the Bank once again, which was also subsequently withdrawn in February 2025 and the Bank then reversed the previously recorded provision of \$6.9 million (Notes 15 and 21).

Management considers that adequate provision has been made in these financial statements for any loss that might ultimately be determined (Note 3).

24. Commitments

The commitments for loans and advances at June 30, 2025 were \$28,652,179 (2024: \$40,382,605). The allowance for impairment loss as at June 30, 2025 amounted to \$10,336 (2024: \$18,152).

The Bank has a commitment for future capital expenditure of \$544,571 (2024: \$557,803).

The Bank has letters of credit and guarantees outstanding of \$3,593,119 (2024: \$3,528,119). The allowance for impairment loss as at June 30, 2025 amounted to \$8,350 (2024: \$7,784).

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Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

25. Balances and transactions with related parties

	Government	Government Entities	Key Management	Total 2025	Consolidated Total 2024
	\$	\$	\$	\$	\$
Assets					
Deposits with the Central Bank (Note 5)	-	64,338,582	-	64,338,582	74,007,312
Treasury bills, net (Note 5)	54,811,907	-	-	54,811,907	67,642,772
Investment securities, net (Note 6)	105,482,951	-	-	105,482,951	113,951,755
Loans and advances to customers, net (Note 7)	16,447,388	-	2,071,457	18,518,845	30,146,666
Note receivable, net (Note 8)	-	166,837,512	-	166,837,512	168,470,562
Right-of-use assets, net (Note 12)	184,055	-	-	184,055	293,491
Other assets	926,147	-	-	926,147	946,090
Total	177,852,448	231,176,094	2,071,457	411,099,999	455,458,648
Liabilities					
Deposits from customers and banks	74,521,892	123,216,075	994,647	198,732,614	165,829,487
Other liabilities	3,347,783	-	-	3,347,783	3,724,650
Lease liabilities (Note 12)	394,867	-	-	394,867	394,867
Total	78,264,542	123,216,075	994,647	202,475,264	169,949,004
Revenues				2025	2024
Interest Income	7,887,180	5,410,745	91,563	13,389,488	13,766,209
Fees and commission income	344,418	-	-	344,418	383,309
Total	8,231,598	5,410,745	91,563	13,733,906	\$14,149,518
Expenses and Impairment losses					
Interest expense	154,550	232,232	1,595	388,377	454,627
Directors fees	-	-	292,443	292,443	255,476
Impairment (reversals)/losses	(413,179)	754,806	-	341,627	(885,639)
Other operating expenses	1,200,045	5,119,630	-	6,319,675	6,390,964
Short-term employee benefits	-	-	3,248,792	3,248,792	3,062,131
Pension expense	-	-	162,038	162,038	145,182
Total	941,416	6,106,668	3,704,868	10,752,952	9,422,741



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

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25. Balances and transactions with related parties *(continued)*

The allowance for impairment loss against any of the related party balances as at June 30, 2025 amounted to \$2,419,003 (2024: \$2,077,376).

26. Employee benefits

The Bank has a defined contribution plan (the “Plan”) in which eligible employees (those having attained 18 years of age and employed on a full-time basis for a continuous period of twelve months) contribute a minimum of 3.50% of their annual salaries and the Bank contributes 6.50%. Employees become fully vested after 5 years of plan membership. The Plan is managed by two Trustees that are independent of the Bank. Effective June 6, 2024, the Trustees appointed a corporate trustee to manage the assets of the Plan. Contributions for the year ended June 30, 2025 totaled \$864,766 (2024: \$801,296) recorded as staff costs (Note 21).

The Plan’s investment strategy is fully employed in a low risk and conservative bond fund.

27. Assets under administration

The Bank has assets under administration for clients in the Bank’s fiduciary capacity as follows:

	2025	2024
	\$	\$
Government guaranteed hurricane relief loans	3,234,639	3,300,115

The Bank recognised fees totaling \$48,009 (2024: \$48,030) for the administration of the Government Guaranteed Hurricane Relief Loans program.

28. Dividends and earnings per share

Dividends to the Bank’s shareholders are recognised 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 declared dividends in the amount of \$0.02 per share for shareholders of record on November 18, 2024 and paid dividends on November 21, 2024 in the amount of \$859,190 (2024: \$429,595) to its common shareholders. The Bank declared additional dividends in the amount of \$0.02 per share for shareholders of record on May 19, 2025 and paid dividends on May 22, 2025 in the amount of \$859,190 to its common shareholders (2024: \$429,595).

	2025	2024
	\$	\$
Net income attributable to ordinary shareholders	30,554,790	19,660,678
Weighted average number of ordinary shares outstanding	42,959,494	42,959,494
Basic earnings per ordinary share	0.71	0.46
Dividends per ordinary share	0.04	0.02



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Notes to Financial Statements

Year ended June 30, 2025

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29. Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

IFRS 13 requires that the classification of financial assets and liabilities at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following methods and assumptions have been used in determining fair value:

Cash and cash equivalents, other assets and other liabilities

Due to their short-term maturity, the carrying values of these financial instruments approximate their fair values and have been classified as Level 2.

Investment securities

The estimated fair values of the Bank's investments are determined based on quoted market prices, when available. If quoted market prices are not available, management's best estimate of the fair value is based on significant market observable inputs. The Bank's debt investments are subsequently measured at amortised cost and are tied to the Bahamian Dollar Prime Rate issued by The Central Bank of The Bahamas and the Bahamian Dollar Prime rate had not experienced any changes since January 2017 therefore the carrying values of these financial instruments approximate their fair values. The debt securities are classified as Level 2 and there were no transfers made during the year for any investments between the hierarchies.

As of June 30, 2025, the Bank held mutual funds as FVTPL totaling \$10,067,448 (2024: \$10,069,370 - Consolidated). The estimated fair values are determined based on the net asset value and are classified as Level 2 investment (Notes 6 and 31) and there were no transfers made during the year for any investments between the hierarchies.

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Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

29. Fair value of assets and liabilities *(continued)*

Loan and advances to customers

Loans and advances to customers bear interest at variable rates tied to the Bahamian Dollar Prime Rate and are therefore subject to re-pricing based on periodic changes to market interest rates. As such, fair values are assumed to be equal to their carrying values and are disclosed in Note 7. Loans and advances have been classified as Level 3 and the risk adjusted discount rate was used as unobservable inputs to value these loans.

Deposits from customers and banks

The estimated fair values of deposits from customers were determined by valuing the deposits based on current market interest rates relative to the Bank's interest rates. Given that deposits are principally short term in nature and have interest rates that reset to market rates, the fair values of deposits from customers approximate their carrying values and are disclosed in Note 14. Deposits from customers and banks have been classified as Level 3 and the risk adjusted discount rate was used as unobservable inputs to value these deposits.

Investment property

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair values of the Bank's investment property portfolio every three years.

The fair value measurements for the investment property have been categorised as Level 3 fair value measurements. The valuation model used is the Sales Comparison Approach to estimate the Market Value of the subject site. The model considered three comparable transactions which were adjusted for the sales price for differences in location and size. Investment property has been classified as Level 3 (Note 9).

Note receivable

Note receivable which has no comparable instruments or valuation inputs, and, therefore, require significant unobservable market inputs, are classified as Level 3. The fair value of note receivable is estimated using discounted cash flow techniques, applying the Bahamian \$ Prime Rate and terms and approximate its fair values is \$167 million.

30. Regulatory capital

The Bank's total regulatory capital consists of the sum of total Common Equity Tier 1 ("CET1") capital only, net of regulatory adjustments. CET1 plus capital buffers must be at least 18% and the leverage ratio must be at least 6%. The Bank remains compliant with total regulatory capital at 42.0% as at June 30, 2025 (2024: 43.4% - Consolidated) and a leverage ratio of 20.6% as at June 30, 2025 (2024: 18.7% - Consolidated).

Capital regulatory requirements for subsidiary companies are managed through the Bank. The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by The Central Bank. As at June 30, 2025 and 2024, the Bank was compliant with all of the externally imposed capital ratio requirements.



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

30. Regulatory capital (continued)

Capital risk management

The primary objectives of the Bank's capital management are to comply with externally imposed capital requirements, maintain strong capital ratios to support its business and to maximise shareholders' value.

The Bank typically manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

The capital structure is designed to provide optimal risk absorption consistent with the risk profile of the Bank's statement of financial position. The capital mix is intended to maximise the return for shareholders. The Bank utilizes equity issuances to achieve an ideal capital structure.

At June 30, 2025 and 2024, the capital structure of the Bank consists of equity held by common shareholders, including issued capital, share premium, special retained earnings and accumulated deficit. Ongoing capital management includes the payment of dividends, common share issuances, maintenance of reserves and special retained earnings.

31. Risk management

There are a number of risks inherent in banking that the Bank manages on an ongoing basis. Among these risks, the more significant are credit, operational, currency, liquidity, capital and interest rate risks.

Credit risk

Credit risk arises from the failure of a counterparty to perform according to the terms of the contract. From this perspective, the Bank's significant exposure to credit risk is primarily concentrated in cash and due from banks, investments, notes receivable and loans. Cash, due from banks and investments are predominantly in Bahamian and United States dollars and have been placed with high quality institutions. The Bank maintains deposits in foreign currencies with a minimum of lower medium grade rated correspondent banks in the United States, Canada and the United Kingdom.

The Bank evaluates the concentration of risk with respect to the note receivable in the same manner as balances with the Government, as the interest and principal sum is payable by Bahamas Resolve Limited ("Resolve"), which is a company wholly-owned and controlled by the Government. The Bank recognises an ECL based on the credit rating of the Government, given that the Government has undertaken to support Resolve, as more fully described in Note 8.

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Notes to Financial Statements

Year ended June 30, 2025
(Expressed in Bahamian Dollars)

31. Risk management *(continued)*

Credit risk *(continued)*

Credit risk arising from loans is mitigated through the employment of a credit risk management regime that sets limits for sector concentration, as well as single and related party exposure. The Board of Directors approves credit granting limits. In addition, the credit policies provide for credit facilities to be reviewed regularly by the Bank's credit risk management department, internal audit department and annual review by credit officers. Most of the Bank's loans are collateralised and guaranteed, thus providing further mitigation of credit risk. The Bank's procedures are designed to ensure collateral is appropriately managed, is legally enforceable, conservatively valued by a Bank approved independent appraiser and adequately insured for the full replacement value, where possible.

The Bank assesses credit exposure on loans by utilising risk ratings. The ratings are categorized into a variety of segments such as minimal risk, moderate risk, high risk and non-performing. The purpose of credit rating is to provide a simple, but effective and ongoing system of credit risk gradation by which relative credit worthiness of borrowers may be identified and accordingly the level of credit enhancements, degree of monitoring, frequency of reviews, level of provisioning, and pricing can be determined. The credit rating would reflect both the likelihood of default and the potential extent of loss given default.

The credit worthiness of most borrowers is not constant over time. For this reason, changes in ratings must reflect changes in the relative strength of the borrowers and in their obligations. Appropriate credit ratings must be assigned to every borrowing relationship. A rating must be assigned at the time of credit extension and reviewed and updated in each periodic review or if the situation warrants a change at any other time.

A rating change highlights a change in credit worthiness or corrects a previous rating that did not fully reflect the quality of the credit. Because of their very nature, changes are to be expected more frequently among credits with lower ratings than among credits of higher ratings. Typically loans within the retail credit portfolio which are performing are not assessed for changes in ratings, unless the customer approaches the Bank for additional credit.

The assigning of a risk rating calls for professional judgment and can involve subjective elements. When a credit rating is assigned, all relevant information concerning the risk profile of the borrower is considered, including but not limited to, industry trends, economic climate, business environment and earnings track record. Consideration is given to much less quantifiable items such as opinion of management, perception of trustworthiness and character, hidden reserves and other factors.

The Bank conducts an impairment assessment on each of its loans. The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue or there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Bank addresses impairment on an individual and portfolio basis. In managing credit risk, the Bank takes a holistic approach in assessing its impact and implications from a regulatory standpoint and potential consequences for liquidity and its capital.



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Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

31. Risk management (continued)

Credit risk (continued)

Concentration of risks and financial assets with credit risk exposure are as follows:

	2025	Consolidated 2024
In (\$000s)	\$	\$
Cash, cash equivalents and due from banks (Note 5)		
Neither past due nor impaired	195,923	234,819
Investment securities (Note 6)		
Neither past due nor impaired	118,548	122,456
Accrued interest receivable	1,209	1,524
	119,757	123,980
Loans and advances to customers (Note 7)		
Neither past due nor impaired	444,760	339,225
Past due but not impaired	48,594	51,221
Impaired	36,454	46,841
Accrued interest receivable	1,955	1,667
	531,763	438,954
Note receivable (Note 8)		
Neither past due nor impaired	166,687	167,700
Accrued interest receivable	1,811	1,677
	168,498	169,377
Loan commitments, credit lines and guarantees (Note 24)		
Neither past due nor impaired	32,245	43,911

Financial assets are past due when a counterparty has failed to make a payment when contractually due.

Expected Credit Loss Measurement

- ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL are the discounted product of probability of default (PD), exposure at default (EAD), and loss given default (LGD), defined as follows:
- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

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Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

31. Risk management *(continued)*

Credit risk *(continued)*

Expected Credit Loss Measurement (continued)

- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

The Bank uses a Point-in-Time ("PIT") analysis while having regard to historical loss data and forward looking macro-economic data.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Bank has performed historical analysis and identified the key economic variables impacting credit risk ECL for each portfolio. The Bank formulates three economic scenarios (base case, upside and downside). Once an ECL calculation has been developed for each scenario, a weight is applied to each estimate based on the likelihood of occurrence to arrive at a final weighted ECL.



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

31. Risk management (continued)

Credit risk (continued)

Incorporation of forward-looking information (continued)

The weighting assigned to each economic scenario as at June 30, 2025 was as follows:

	2025		
	Base scenario	Upside scenario	Downside scenario
Sovereign exposures (Investments and Note Receivable)	91.00%	8.00%	1.00%
Loans and advances to customers	90.00%	9.00%	1.00%

The weighting assigned to each economic scenario as at June 30, 2024 was as follows:

	2024		
	Base scenario	Upside scenario	Downside scenario
Sovereign exposures (Investments and Note Receivable)	91.00%	8.00%	1.00%
Loans and advances to customers	90.00%	9.00%	1.00%

The provision for loan losses reflects the Bank's economic outlook as of June 30, 2025. The Tourism sector is expected to continue to moderate growth for 2025. This growth is bolstered by cruise ships arrivals and offset by modest growth in the stopover market. Employment conditions are projected to improve further, with job opportunities focused in the construction and tourism sectors. However, it is expected that inflation could increase in the short term, as a result of higher import costs from the United States of America. Additionally, the International Monetary Fund's ("IMF") has projected that real economic growth in The Bahamas will grow moderate to 1.8 percent in 2025.

The Bank considered for its loan portfolio the appropriate economic factors to be The Bahamas' unemployment rate. When considering its macroeconomic factors, management applied a uniform unemployment rate to the entire portfolio.

The Bank determined its forward-looking economic factors for the purposes of the ECL calculation based on its expectation of the performance of The Bahamian economy. The assumptions are based on a continuation of the economy returning to normalcy.

Base Case Scenario

The Bank considered the IMF's projected unemployment rate for 2025 for the base scenario. Management considered this reasonable based on the available statistical data and as a reflection of the moderate growth in the economy.

Upside Scenario

The Bank determined that the upside scenario would be the IMF's predicted unemployment rate for the upcoming three-year period (2026 to 2028). Management considered this reasonable based on the data available.

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Notes to Financial Statements

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31. Risk management (continued)

Incorporation of forward-looking information (continued)

Credit risk (continued)

Downside Scenario

The Bank considered the IMF's average unemployment rate for the previous three year period (2022 to 2024) for the downside scenario. Management utilised this data as it represented the highest unemployment rate excluding the pandemic years 2020 and 2021.

Unemployment Rate	2025	2024
	Total Portfolio	Total Portfolio
Base	9.3%	8.9%
Upside	9.1%	8.8%
Downside	10.1%	15.9%

Maximum Exposure to Credit Risk

For financial assets recognised on the statement of financial position, the exposure to credit risk equals their carrying amount. For standby letters of credit, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the standby letters of credit are called upon. For mortgage commitments and revolving credit lines that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities. The maximum exposure to standby letters of credit and loan commitments are disclosed in Note 24. The following table contains an analysis of the credit risk exposure of financial assets for which an ECL allowance is recognised. The gross carrying amount of the financial assets represents the Bank's maximum exposure to the credit risk of these assets.

	Stage 1	Stage 2	Stage 3	Total 2025	Consolidated Total 2024
	\$	\$	\$	\$	\$
Loans and accrued interest receivable	442,887,838	46,921,836	36,314,951	526,124,625	435,238,859
Overdrafts and accrued interest receivable	1,796,274	98,601	123,062	2,017,937	1,011,853
Credit cards	2,437,541	1,354,345	16,737	3,808,623	2,970,404
	447,121,653	48,374,782	36,454,750	531,951,185	439,221,116
Loan commitments, credit lines and guarantees	32,245,298	-	-	32,245,298	43,910,724
Note receivable	-	168,498,756	-	168,498,756	169,377,000
Investment securities	70,262,206	49,494,674	-	119,756,880	123,979,551



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(Expressed in Bahamian Dollars)

31. Risk management (*continued*)

Credit risk (*continued*)

Transfers between Stages

At each reporting date, the Bank assesses whether the credit risk on its financial assets has increased significantly since initial recognition. The assessment of whether an asset is in Stage 1 or 2 considers the relative change in the PD occurring over the expected life of the instrument and is not assessed based on the change in the amount of the ECL. This involves setting quantitative tests combined with additional indicators such as credit risk classification and other observable inputs.

Transfers between Stages 1 and 2 are based on the assessment of significant increases in credit risk relative to initial recognition. The impact of moving from 12-month ECL to lifetime ECL, or vice versa, varies by portfolio and is dependent on the expected remaining life at the date of the transfer. Stage transfers may result in significant fluctuations in the Bank's ECL. Transfers from Stage 3 are addressed in the Bank's Non-Accrual Provisioning and Write-off Policy. Transfers from Stage 3 to lower stages is not automatic but is rather subject to an assessment or review period. The facility must meet the contractual repayments for six (6) consecutive months before reclassification.

Movement in Impairment Allowances by Stage

The impairment allowance recognised in the period is impacted by a variety of factors, including but not limited to:

- Transfers between Stage 1 and 2 or 3 due to financial assets experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- There is an exception for Stage transfers for credit cards. If a credit card moves to Stage 2 or 3 and is subsequently brought current the Stage status does not revert to Stage 1. Rather, the status remains at Stage 2 for its lifetime ECL.
- Additional allowances for new financial assets recognised during the period, as well as releases for financial assets derecognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs, and LGDs in the period, arising from regular refreshing of inputs to the model;
- Impact on the measurement of ECL due to changes made to the model and assumptions; and
- Financial assets derecognised during the period and write-offs of allowances related to the assets that were written off during the period.

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31. Risk management (continued)

Credit risk (continued)

The following table explains the changes in the impairment allowance by portfolio between the beginning and the end of the annual period due to these factors.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total 2025	Consolidated Total 2024
	\$	\$	\$	\$	\$
Investment securities at amortised cost:					
Gross carrying amount	70,262,206	49,494,674	-	119,756,880	123,979,551
Loss allowance	(258,586)	(415,125)	-	(673,711)	(913,105)
Carrying amount	70,003,620	49,079,549	-	119,083,169	123,066,446

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total 2025	Consolidated Total 2024
	\$	\$	\$	\$	\$
Investment securities at amortised cost:					
Gross carrying amount as at July 1, 2024	62,652,559	61,326,992	-	123,979,551	107,958,833
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	41,815,782	-	-	41,815,782	34,820,591
Financial assets fully derecognised					
during the year	(35,003,398)	(11,910,995)	-	(46,914,393)	(19,270,246)
Changes in principal and interest	797,263	78,677	-	875,940	470,373
Foreign exchange adjustment	-	-	-	-	-
Gross carrying amount as at June 30, 2025	70,262,206	49,494,674	-	119,756,880	123,979,551

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total 2025	Consolidated Total 2024
	\$	\$	\$	\$	\$
Investment securities at amortised cost:					
Loss allowance as at July 1, 2024	269,184	643,921	-	913,105	1,059,476
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	173,178	-	-	173,178	107,563
Financial assets fully derecognised					
during the year	(139,249)	(24,440)	-	(163,689)	(38,220)
Changes to inputs used in ECL calculation	(44,527)	(204,356)	-	(248,883)	(215,714)
Foreign exchange adjustment	-	-	-	-	-
Loss allowance as at June 30, 2025	258,586	415,125	-	673,711	913,105



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31. Risk management (continued)

Credit risk (continued)

Mortgage residential and mortgage commercial loans					Consolidated
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total 2025	Total 2024
	\$	\$	\$	\$	\$
Loans and advances to customers at amortised cost:					
Gross carrying amount	184,084,749	9,514,557	28,357,414	221,956,720	197,893,354
Loss allowance	(1,551,390)	(763,118)	(18,526,027)	(20,840,535)	(25,066,026)
Carrying amount	182,533,359	8,751,439	9,831,387	201,116,185	172,827,328
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total 2025	Total 2024
	\$	\$	\$	\$	\$
Loans and advances to customers at amortised cost:					
Gross carrying amount as at July 1, 2024	151,939,708	6,532,409	39,421,237	197,893,354	192,440,976
Transfers:					
Transfer from Stage 1 to Stage 2	(2,940,782)	2,940,782	-	-	-
Transfer from Stage 1 to Stage 3	(703,276)	-	703,276	-	-
Transfer from Stage 2 to Stage 1	2,954,562	(2,954,562)	-	-	-
Transfer from Stage 2 to Stage 3	-	(949,043)	949,043	-	-
Transfer from Stage 3 to Stage 1	417,937	-	(417,937)	-	-
Transfer from Stage 3 to Stage 2	-	4,819,098	(4,819,098)	-	-
New financial assets originated or purchased	45,329,925	-	-	45,329,925	25,768,503
Financial assets fully derecognised during the year	(5,619,384)	(582,540)	(11,891,522)	(18,093,446)	(11,890,774)
Changes in principal and interest	(7,293,941)	(291,587)	4,412,415	(3,173,113)	(8,425,351)
Gross carrying amount as at June 30, 2025	184,084,749	9,514,557	28,357,414	221,956,720	197,893,354
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total 2025	Total 2024
	\$	\$	\$	\$	\$
Loans and advances to customers at amortised cost:					
Loss allowance as at July 1, 2024	1,441,082	926,354	22,698,590	25,066,026	25,729,408
Transfers:					
Transfer from Stage 1 to Stage 2	(4,465)	4,465	-	-	-
Transfer from Stage 1 to Stage 3	(75,488)	-	75,488	-	-
Transfer from Stage 2 to Stage 1	521,726	(521,726)	-	-	-
Transfer from Stage 2 to Stage 3	-	(126,192)	126,192	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	405,436	(405,436)	-	-
New financial assets originated or purchased	101,758	-	-	101,758	298,506
Financial assets fully derecognised during the year	(9,355)	(35,787)	(2,518,124)	(2,563,266)	(2,593,394)
Changes to inputs used in ECL calculation	(423,868)	110,568	(1,450,683)	(1,763,983)	1,631,506
Loss allowance as at June 30, 2025	1,551,390	763,118	18,526,027	20,840,535	25,066,026

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(Expressed in Bahamian Dollars)

31. Risk management (continued)

Credit risk (continued)

Commercial loans, overdrafts and Government					Consolidated
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total 2025	Total 2024
	\$	\$	\$	\$	\$
Loans and advances to customers at amortised cost:					
Gross carrying amount	56,742,098	35,721,114	961,274	93,424,486	83,879,313
Loss allowance	(438,223)	(1,027,822)	(558,211)	(2,024,256)	(2,799,801)
Carrying amount	56,303,875	34,693,292	403,063	91,400,230	81,079,512
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total 2025	Consolidated Total 2024
	\$	\$	\$	\$	\$
Loans and advances to customers at amortised cost:					
Gross carrying amount as at July 1, 2024	45,471,013	37,249,886	1,158,414	83,879,313	94,445,961
Transfers:					
Transfer from Stage 1 to Stage 2	(93,277)	93,277	-	-	-
Transfer from Stage 1 to Stage 3	(9,369)	-	9,369	-	-
Transfer from Stage 2 to Stage 1	2,567,036	(2,567,036)	-	-	-
Transfer from Stage 2 to Stage 3	-	(360)	360	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	7,775,682	(7,775,682)	-	-
New financial assets originated or purchased	18,909,643	-	-	18,909,643	20,749,107
Financial assets fully derecognised during the year	(4,778,641)	(1,020,872)	(190,768)	(5,990,281)	(16,721,762)
Changes in principal and interest	(5,324,307)	(5,809,463)	7,759,581	(3,374,189)	(14,593,993)
Gross carrying amount as at June 30, 2025	56,742,098	35,721,114	961,274	93,424,486	83,879,313
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total 2025	Consolidated Total 2024
	\$	\$	\$	\$	\$
Loans and advances to customers at amortised cost:					
Loss allowance as at July 1, 2024	347,507	1,370,298	1,081,996	2,799,801	8,028,492
Transfers:					
Transfer from Stage 1 to Stage 2	(5,602)	5,602	-	-	-
Transfer from Stage 1 to Stage 3	(9,369)	-	9,369	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	(22)	22	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	10	(10)	-	-
New financial assets originated or purchased	112,708	-	-	112,708	1,026,247
Financial assets fully derecognised during the year	(17,628)	(4,034)	(190,768)	(212,430)	(5,903,408)
Changes to inputs used in ECL calculation	10,607	(344,032)	(342,398)	(675,823)	(351,530)
Loss allowance as at June 30, 2025	438,223	1,027,822	558,211	2,024,256	2,799,801



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Notes to Financial Statements

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31. Risk management (continued)

Credit risk (continued)

Consumer loans, overdrafts and credit cards					Consolidated
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total 2025	Total 2024
	\$	\$	\$	\$	\$
Loans and advances to customers at amortised cost:					
Gross carrying amount	206,294,806	3,139,111	7,136,063	216,569,980	157,448,449
Loss allowance	(5,361,139)	(880,576)	(5,237,049)	(11,478,764)	(9,939,590)
Carrying amount	200,933,667	2,258,535	1,899,014	205,091,216	147,508,859
Loans and advances to customers at amortised cost:					
Gross carrying amount as at July 1, 2024	148,675,625	2,511,747	6,261,077	157,448,449	129,954,382
Transfers:					
Transfer from Stage 1 to Stage 2	(2,096,731)	2,096,731	-	-	-
Transfer from Stage 1 to Stage 3	(4,262,867)	-	4,262,867	-	-
Transfer from Stage 2 to Stage 1	301,916	(301,916)	-	-	-
Transfer from Stage 2 to Stage 3	-	(256,313)	256,313	-	-
Transfer from Stage 3 to Stage 1	68,422	-	(68,422)	-	-
Transfer from Stage 3 to Stage 2	-	17,168	(17,168)	-	-
New financial assets originated or purchased	101,064,055	-	-	101,064,055	61,500,498
Financial assets fully derecognised during the year	(28,790,902)	(1,058,145)	(3,370,987)	(33,220,034)	(26,684,147)
Changes in principal and interest	(8,664,712)	129,839	(187,617)	(8,722,490)	(7,322,284)
Gross carrying amount as at June 30, 2025	206,294,806	3,139,111	7,136,063	216,569,980	157,448,449
Loans and advances to customers at amortised cost:					
Loss allowance as at July 1, 2024	4,150,043	751,403	5,038,144	9,939,590	10,776,533
Transfers:					
Transfer from Stage 1 to Stage 2	(248,813)	248,813	-	-	-
Transfer from Stage 1 to Stage 3	(447,338)	-	447,338	-	-
Transfer from Stage 2 to Stage 1	109,147	(109,147)	-	-	-
Transfer from Stage 2 to Stage 3	-	(100,933)	100,933	-	-
Transfer from Stage 3 to Stage 1	9,501	-	(9,501)	-	-
Transfer from Stage 3 to Stage 2	-	10,682	(10,682)	-	-
New financial assets originated or purchased	2,660,711	-	-	2,660,711	2,078,136
Financial assets fully derecognised during the year	(793,911)	(348,329)	(2,462,867)	(3,605,107)	(3,618,029)
Changes to inputs used in ECL calculation	(78,201)	428,087	2,133,684	2,483,570	702,950
Loss allowance as at June 30, 2025	5,361,139	880,576	5,237,049	11,478,764	9,939,590

BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

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31. Risk management (continued)

Credit risk (continued)

ECL sensitivity analysis

Set out below are changes to the Bank's ECL as at June 30, 2025 and 2024 that would result from reasonably possible changes in these parameters from the actual assumptions used by the Bank as key ECL drivers.

The ECL are sensitive to judgments and assumptions made regarding formulation of forward-looking scenarios and collateral values, and how scenarios are incorporated into the calculations. Management performs a sensitivity analysis of the ECL.

	2025 ECL Impact of		
	Change in threshold	Increase in ECL allowance \$	Decrease in ECL allowance \$
Collateral haircut loans and advances to customers	(+/- 5)%	1,395,919	1,292,876
Unemployment rate	(+/- 5)%	4,061,441	2,618,538

	2024 ECL Impact of		
	Change in threshold	Increase in ECL allowance \$	Decrease in ECL allowance \$
Collateral haircut loans and advances to customers	(+/- 5)%	1,579,670	1,469,673
Unemployment rate	(+/- 5)%	2,889,584	1,924,251

The Bank holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

	Percentage of exposure that is subject to collateral requirements		Principal type of collateral held
	2025	2024	
Investment securities (Note 6)	100%	100%	Marketable securities
Loans and advances to customers (Note 7)			
Mortgage residential loans	97%	97%	Residential Property
Mortgage commercial loans	99%	99%	Commercial Property
Commercial loans	94%	92%	Commercial Property
Consumer loans	22%	24%	Residential Property
Government	100%	100%	Guarantee
Credit cards	-	-	None
Business overdrafts	92%	85%	Commercial Property
Personal overdrafts	14%	28%	Residential Property
Note receivable (Note 8)	100%	100%	Guarantee



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31. Risk management (continued)

Credit risk (continued)

ECL sensitivity analysis (continued)

The Bank's physical assets as well as real estate collateral are impacted as a result of climate risk, most notably the risk of loss due to natural disasters. While the Bank does not have a formal climate related policy in place, the Bank mitigates against this risk by ensuring insurance policies are in place for its physical assets as well as assets held as collateral for loan facilities.

Foreign exchange risk

The Bank holds assets and liabilities denominated in currencies other than Bahamian dollars, the measurement currency of the Bank. Consequently, the Bank is exposed to foreign exchange risk since the values of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Bank manages these positions by matching assets with liabilities wherever possible. The table below summarises the Bank's exposure to foreign currency exchange risk at June 30, 2025 and 2024. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.

Concentrations of currency risk

In (\$000s)	2025					Total
	B\$	US\$	CAD\$	GBP£	Other	
Assets						
Cash and account with the Central Bank	79,272	3,134	-	1	-	82,407
Cash equivalents - Treasury Bills, net	54,812	-	-	-	-	54,812
Due from banks, net	722	75,853	162	-	-	76,737
Investment securities, net	119,618	9,533	-	-	-	129,151
Loans and advances to customers, net	491,916	5,692	-	-	-	497,608
Note receivable, net	166,838	-	-	-	-	166,838
Other assets	2,957	4,341	-	-	-	7,298
Total financial assets	916,135	98,553	162	1	-	1,014,851
Liabilities						
Deposits from customers and banks	760,854	38,680	-	-	-	799,534
Other liabilities	15,342	1,137	28	3	2	16,512
Lease liabilities	5,363	-	-	-	-	5,363
Total financial liabilities	781,559	39,817	28	3	2	821,409
Net financial position	134,576	58,736	134	(2)	(2)	193,442
Loan commitments, credit lines and guarantee	32,245	-	-	-	-	32,245

In (\$000s)	2024 - Consolidated					Total
	B\$	US\$	CAD\$	GBP£	Other	
Total financial assets	848,517	111,377	84	2	-	959,980
Total financial liabilities	743,342	44,414	50	13	342	788,161
Net financial position	105,175	66,963	34	(11)	(342)	171,819
Loan commitments, credit lines and guarantee	43,911	-	-	-	-	43,911

Operational risk

Operational risk relates to the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. It is mitigated by documented policies and procedures, staff training and a risk-based internal audit regime.

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Notes to Financial Statements

Year ended June 30, 2025
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31. Risk management *(continued)*

Interest rate risk

Interest rate risk is the potential for a negative impact on the statement of financial position and/or consolidated statement of comprehensive income arising from adverse changes in the value of financial instruments as a result of changes in interest rates.

Interest rate sensitivity or interest rate risk results from differences in the maturities or repricing dates of assets and liabilities. Interest rate risk exposures or “gaps” may produce favorable or unfavorable effects on interest margins depending on the nature of the gap and the direction of interest rate movement and/or the expected volatility of those interest rates. Interest rate gaps are carefully monitored, and scenario tests are performed to determine the potential impact of various gap exposures. When assets have a shorter average maturity than liabilities, an increase in interest rates would have a positive impact on net interest margins, and conversely, if more liabilities than assets mature or are repriced in a particular time interval then a negative impact on net interest margin would result. The consolidated gap position shows more assets than liabilities repriced in periods greater than one year. This is a typical position for a financial institution with a large personal customer base.

The Bank analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration changes in interest rates. Based on these scenarios, the Bank calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. Based on the simulations performed, the impact on net income and consequently shareholders’ equity of a 100-basis point shift would be a maximum increase or decrease of \$1.1million (2024: \$0.8 million).

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Notes to Financial Statements

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31. Risk management (continued)

Interest rate risk (continued)

The table below summarises the Bank's financial instruments at carrying amounts, categorised by the interest rate sensitivity.

2025									
In (\$000s)	Immediate repricing \$	Within 3 months \$	Over 3-12 months \$	Over 1-5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$		
Assets									
Cash and account with the Central Bank	-	-	-	-	-	82,407	82,407		
Cash equivalents - Treasury Bills, net	-	54,812	-	-	-	-	54,812		
Due from banks, net	76,015	-	-	-	-	722	76,737		
Investment securities, net	-	17,151	49,444	45,440	7,049	10,067	129,151		
Loans and advances to customers, net	-	36,323	40,294	202,305	218,686	-	497,608		
Note receivable, net	-	1,811	2,000	163,027	-	-	166,838		
Other assets	-	-	-	-	3,306	3,992	7,298		
Total financial assets	76,015	110,097	91,738	410,772	229,041	97,188	1,014,851		
Liabilities									
Deposits from customers and banks	-	648,520	62,885	67,404	20,725	-	799,534		
Other liabilities	-	-	-	-	-	16,512	16,512		
Lease liabilities	-	292	1,202	3,869	-	-	5,363		
Total financial liabilities	-	648,812	64,087	71,273	20,725	16,512	821,409		
Interest repricing gap	76,015	(538,715)	27,651	339,499	208,316	80,676	193,442		
2024 - Consolidated									
In (\$000s)	Immediate repricing \$	Within 3 months \$	Over 3-12 months \$	Over 1-5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$		
Total financial assets	679,842	67,643	35,149	66,164	1,665	109,517	959,980		
Total financial liabilities	772,225	617	-	-	-	15,319	788,161		
Interest repricing gap	(92,383)	67,026	35,149	66,164	1,665	94,198	171,819		



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Notes to Financial Statements

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31. Risk management (continued)

Liquidity risk

Liquidity risk is the potential for loss if the Bank is unable to meet financial commitments in a timely manner at reasonable prices as they fall due. Financial commitments include liabilities to depositors and suppliers, and lending, pledging and investment commitments. Managing liquidity and funding risk is essential to maintaining both depositor confidence and stability in earnings.

The Bank maintains a portion of its deposits in cash and other liquid assets to mitigate this risk. On a daily basis, the Bank monitors its cash and other liquid assets to check that they sufficiently meet the Bank's requirements. In addition, the Bank performs regular gap analyses showing the maturity exposure arising from the different maturity of assets and liabilities. As is the case throughout the sector, those gap analyses show that the Bank is liability-sensitive in the short term. Regular scenario tests are performed to determine the extent to which the Bank can withstand unforeseen withdrawals and the cost associated with meeting such demands should they arise.

Based on the Bank's liquidity position as at the date of authorization of these financial statements, management believes that the Bank has sufficient funding to meet its financial obligations.

The following table summarises the undiscounted contractual amounts of financial assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

In (\$000s)	2025				Total \$
	Within 3 months \$	Over 3-12 months \$	Over 1-5 years \$	Over 5 years \$	
Cash and account with the Central Bank	82,407	-	-	-	82,407
Cash equivalents - Treasury Bills	55,000	-	-	-	55,000
Due from banks	76,737	--	-	-	76,737
Investment securities	18,160	51,631	50,009	9,501	129,301
Loans and advances to customers	65,337	69,036	338,056	345,911	818,340
Note receivable	1,366	6,014	170,900	-	178,280
Other assets	3,992	-	-	3,306	7,298
Total financial assets	302,999	126,681	558,965	358,718	1,347,363
Deposits from customers and banks	647,803	65,113	78,327	21,899	813,142
Other liabilities	16,512	-	-	-	16,512
Lease liabilities	292	1,202	3,869	-	5,363
Total financial liabilities	664,607	66,315	82,196	21,899	835,017
Net position	(361,608)	60,366	476,769	336,819	512,346
Loan commitments, credit lines and and guarantees	32,245	-	-	-	32,245



BANK OF THE BAHAMAS LIMITED

Notes to Financial Statements

Year ended June 30, 2025

(Expressed in Bahamian Dollars)

31. Risk management (continued)

Liquidity risk (continued)

In (\$000s)	2024 - Consolidated				Total
	Within 3 months	Over 3-12 months	Over 1-5 years	Over 5 years	
	\$	\$	\$	\$	\$
Total financial assets	\$336,887	131,804	488,610	269,069	1,226,370
Total financial liabilities	654,235	74,904	50,913	18,122	798,174
Net position	(317,348)	56,900	437,697	250,947	428,196
Loan commitments, credit lines and and guarantees	43,911	-	-	-	43,911

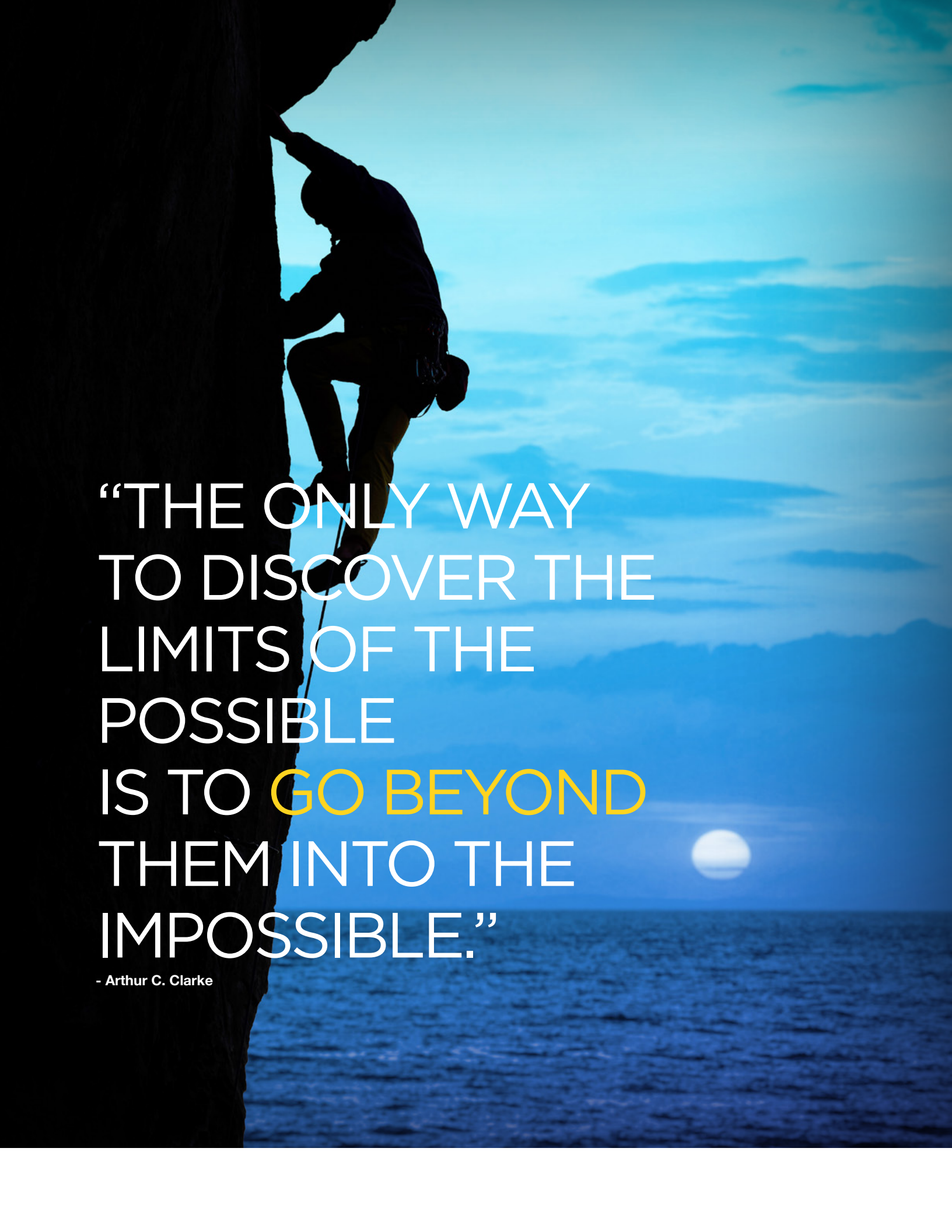
32. Subsidiaries

Name	Place of Incorporation	Shareholding	Nature of business
Multi-Card Services Ltd.	Commonwealth of The Bahamas	100%	Card processing and services
West Bay Property Holdings Ltd.	Commonwealth of The Bahamas	100%	Investment Property
BOB Property Holdings Ltd.	Commonwealth of The Bahamas	100%	Property Holding

On May 1, 2025, the Board of Directors approved the dissolution of all the Bank's wholly-owned subsidiaries, which were inactive and held no significant operations, transactions, or material balances. This action was taken with approval from the relevant regulatory authority and the registrar general's department. As of June 30, 2025, these subsidiaries were officially dissolved. The dissolution had no material financial impact, resulting in no material gains, losses, or other effects on the Bank's financial statements.

33. Subsequent event

Effective August 1, 2025, the Bank discontinued its acceptance and processing of American Express cardholder payments under the card remittance service agreement. The discontinuation of this agreement had no material financial impact.

A silhouette of a person climbing a dark, vertical rock face on the left side of the image. The person is wearing a backpack and is positioned about halfway up the cliff. The background is a vast, blue sky with scattered clouds, transitioning from a lighter blue at the top to a darker blue near the horizon. A bright, circular sun or moon is visible on the horizon line, partially obscured by the text. The ocean is visible at the bottom of the frame, with a dark blue surface and some whitecaps.

“THE ONLY WAY
TO DISCOVER THE
LIMITS OF THE
POSSIBLE
IS TO GO BEYOND
THEM INTO THE
IMPOSSIBLE.”

- Arthur C. Clarke



CORPORATE GOVERNANCE PRINCIPLES

The following principles were adopted by the Board of Directors (“the Board”) of Bank of The Bahamas Limited (“the Bank”) and provide the framework for corporate governance of the Bank.

Role Of Board Of Directors

The Bank’s corporate governance structure seeks to protect the stakeholders of the Bank to ensure a lasting legacy for its shareholders, staff and the Bahamian community. The Board is ultimately responsible for the conduct of the Bank’s affairs and operations. In light of this mandate, the Board provides oversight of the risks identified and ensures that they are adequately monitored and managed. Whilst the management of the day-to-day operations are delegated to the Bank’s executives, the Board reviews policies and procedures and monitors the Bank’s activities to ensure that its operations are carried out in compliance with applicable laws and regulations and are consistent with sound banking practices.

The Bank’s **“Directors & Officers Corporate Governance Handbook”** addresses the powers, duties, responsibilities and roles of Directors such as:- the appointment of the Managing Director and all other Board appointments, approvals of the Budget, Strategic Plan, Remuneration Policies, assessing management’s performance against approved objectives and strategies and providing the annual certification of compliance with the Central Bank’s Corporate Governance Guidelines to the Inspector of Banks & Trust Companies.

BOARD COMMITTEES

The Board has implemented and maintains an effective corporate governance framework, which is facilitated by Board Committees, to ensure transparency and accountability to its stakeholders. These Committees assist the Board in carrying out its responsibilities and provide oversight to major functional areas. Each Committee is governed by a Mandate setting out matters relevant to the composition, responsibilities and administration of the Committee, and other matters that the Board may consider appropriate.

The Bank has six Board Committees and one Subcommittee, namely:

- **Corporate Governance Committee**
- **Enterprise Risk Committee**
- **Operations Board Committee**
- **HR & Compensation Board Committee**
- **Audit & Finance Board Committee**
- **Credit Risk Management Board Committee**
- **IT Steering Committee (subcommittee of the Board)**

Director Attestations

As part of the Bank’s corporate governance framework, Directors are required to submit attestations relative to their independence as well as an attestation on the control environment of the Bank. Therefore, on an annual basis, the Board completes attestations which determine whether there are any possible conflicts of interest that may have arisen during the course of their term and attestations which seek to confirm their fiduciary responsibility to provide the necessary corporate governance oversight required.

Compensation of Directors

The remuneration of the Board is approved by the shareholders at the Bank’s Annual General Meeting (“AGM”) and may be divided among members as they see fit.

Director Education

Each Director is expected to be knowledgeable about concepts

discussed and to ensure that decisions made by the Board are reasonable. Toward this end, the Bank provides ongoing educational opportunities for its directors through seminars and regulatory updates. In fiscal 2025 the Board participated in a Corporate Governance Refresher Course, which was facilitated by Gem Management and Advisory Services. In addition, Directors completed the AML/CFT training via the Bank's Learning Management System ("LMS").

Independence of Directors

As part of the evaluation process, each candidate nominated to serve on the Board is required to complete, prior to onboarding and on an annual basis, the "Determinations with Respect to Independence, Conflicts of Interest & Related Party Transactions of Directors" questionnaire to determine their independence in accordance with best practices and within the Central Bank of The Bahamas' "Guidelines for the Corporate Governance of Banks and Trust Companies Licensed to do Business within and from within The Bahamas". We note that whilst a majority of the Board would not be considered independent according to the aforementioned Guidelines each member of the Board seeks to conduct themselves in accordance with the prevailing laws of The Bahamas and evolving best practice standards. It is incumbent upon the Directors and Officers of the Bank to view their own actions and intentions objectively in that they are accountable not only to the Bank's shareholders and depositors, but also to the Bank's regulatory supervisors. Bank directors are required to exercise reasonable care in governing the Bank's affairs and must consider the Bank's interest before their own.

Preparation for, and Business of, Meetings

The Chairman along with the Corporate Secretary and Managing Director prepares the agenda for each meeting. In addition, the Management team provides reports on key issues to their respective Board Committees on the various units of the Bank. Directors may also request that certain items be added to the agenda for discussion at the Board level.

Board Certification

Each year the Board is required to issue a Corporate Governance Statement to The Central Bank of The Bahamas ("CBOB") in accordance with the Guidelines for the Corporate Governance of Banks and Trust Companies Licensed to do Business Within and from Within The Bahamas ("Corporate Governance Guidelines"). Prior to submission of this statement, the Board meets with the Internal Audit Department to discuss the controls tested via the audits performed

under the Bank's Internal Audit Plan. The purpose of this exercise is to validate the Bank's compliance with the criteria as set out in the Corporate Governance Guidelines.

The Board provides oversight to management to seek remediation of issues that may be highlighted by the Central Bank. The Bank is generally in compliance with the laws, regulations, and guidelines to which it is subject. An action plan to implement the requirements or remedy the deficiencies stated in the most recent Central Bank reports was prepared and submitted to the Inspector, and the agreed remedial actions are being taken.

BOARD MEETINGS

Board Committee meetings held during fiscal 2025 are as follows:

Summary of Board Committee Meetings Held for the Year Ended June 30, 2025

CORPORATE GOVERNANCE BOARD COMMITTEE	1
AUDIT & FINANCE BOARD COMMITTEE	6
OPERATIONS BOARD COMMITTEE	4
HUMAN RESOURCES & COMPENSATION BOARD COMMITTEE	4
ENTERPRISE RISK BOARD COMMITTEE	4
CREDIT RISK MANAGEMENT COMMITTEE	8
IT STEERING COMMITTEE	2



ATTENDANCE AT MEETINGS

Regular attendance at all Board meetings, together with Board Committee meetings and the Annual General Meeting, is expected of all Directors. Following is a record of attendance of Directors at the quarterly Board Meetings during the 2025 fiscal year:

FOR THE PERIOD JULY 1, 2024 TO JUNE 30, 2025

Director	Sept. 3, 2024	Sep. 26, 2024	Dec. 3, 2024	Dec. 12, 2024	Jan. 31, 2025	Mar. 4, 2025
Donna Harding-Lee	P	P	P	P	P	P
Errol McKinney	P	P	P	P	P	P
Neil T. Strachan	P	P	P	P	P	P
Timothy Brown	P	P	P	P	P	P
Whitney Patton	P	P	P	P	P	P
Dywan Rodgers	P	X	P	P	P	P
Taran Mackey	P	X	X	P	P	P
Anastasia Ferguson-Pratt	P	P	P	P	P	P
Cornel Mortimer	n/a	n/a	n/a	P	P	P
Annamaria DeGregory	n/a	n/a	n/a	P	P	P
Raymond Wells	n/a	n/a	n/a	P	P	P

P = Present X = Apologies n/a= was not a Director at that time

Director	Apr. 24, 2025	May 12, 2025	June 17, 2025	June 24, 2025
Donna Harding-Lee	P	P	P	P
Errol McKinney	P	P	P	P
Neil T. Strachan	P	P	P	P
Timothy Brown	P	P	P	P
Whitney Patton	P	P	X	P
Dywan Rodgers	P	P	P	P
Taran Mackey	X	P	P	P
Anastasia Ferguson-Pratt	P	X	P	X
Cornel Mortimer	P	P	P	P
Annamaria DeGregory	X	P	P	P
Raymond Wells	X	P	X	P

P= Present X = Apologies



CORPORATE GOVERNANCE BOARD COMMITTEE

Following is a summary of Board Committee activities throughout the past fiscal year.

CORPORATE GOVERNANCE BOARD COMMITTEE

The Corporate Governance Committee is chaired by Mrs. Donna Harding-Lee, Chairperson of the Board of Directors. The members of this Committee include the Chairman of the HR & Compensation Board Committee and the Managing Director. The primary purpose of this Committee is to support and enhance the effectiveness of the Board of Directors. Therefore, its objective is to ensure that the Board functions in accordance with relevant laws and regulations by providing oversight of the Board composition, its performance and development as well as adopting best practices in corporate governance.

During the year, the Committee addressed the following matters:

- Provided oversight of appointments to the Board that provided skillsets in information technology, banking operations and credit business;
- Reviewed Board Committees and its membership taking into consideration skill sets, knowledge and experience of directors;
- Reviewed and amended the Board Committee mandates;
- Reviewed and amended the Directors & Officers Corporate Governance Handbook to ensure that it is aligned with evolving best practices;
- Arranged Board Evaluations;
- Ensured requisite training on AML/CFT and Corporate Governance was provided
- Provided oversight to the succession planning of key executive positions.

OPERATIONS BOARD COMMITTEE



OPERATIONS BOARD COMMITTEE

The Operations Board Committee is chaired by Mrs. Annamaria DeGregory. This Committee is primarily responsible for ensuring that the operations of the Bank are consistent with its business objectives and strategies, efficient and effective customer service and internal controls.

In order to achieve its vision, the Bank identified several strategic initiatives to drive its strategic objective of “Market Leadership”. To this end, we are pleased to report that the Bank pursued several initiatives that we have seen come to fruition:

- Accelerated drive toward service innovation.
- Deployment of the corporate digital banking solution.
- Digitization of new customer records.
- Improvement in ATM cash management and uptime.
- Completion of self-paced digital learning modules for cash management staff.
- Establishment of an Agency Banking location in Abaco.
- Debit Card activation rate of 75% resulting in 14% growth in cards profitability.
- Upgrades to call management system
- Redirecting customer engagement toward digital channels
- A 94% completion rate for policy approvals.

As the strategic objective, “Market Leadership” continues, the Bank will continue its focus on the following operational initiatives:

- New/Improved card related products.
- Improved and expanded service delivery.
- Improved operating efficiency.
- Continued development of a well-trained workforce.
- Focus on adding value to stakeholder expectations.



AUDIT & FINANCE BOARD COMMITTEE

The Audit and Finance Board Committee's primary purpose is to assist the Board in fulfilling its oversight responsibilities relating to financial reporting, external and internal audit functions, finance and compliance with legal and regulatory requirements. This Committee is chaired by Mrs. Anastasia Ferguson-Pratt.

During the fiscal year, the Audit & Finance Committee, amongst others, reviewed and addressed the following matters: -

- Considered the issues and findings presented by the internal and external audit teams during the fiscal year and satisfied itself that management had resolved, or is in the process of effectively resolving, any outstanding issues or concerns on a timely basis. Issues deemed unduly delayed were specifically highlighted and followed up.
- Reviewed the regulatory reporting requirements and ensured that all matters were effectively addressed.
- Reviewed and approved the publication of quarterly unaudited financial statements.
- Oversaw the relationship between the Bank and external auditors.
- Approved the Annual Internal Audit Plan, ensuring that it was risk based and appropriately addressed the Board approved Strategic Plan
- Quarterly reviewed the work of the internal audit function in executing the Audit Plan.

CREDIT RISK MANAGEMENT BOARD COMMITTEE



CREDIT RISK MANAGEMENT BOARD COMMITTEE

The Credit Risk Management Committee is chaired by Mr. Timothy Brown. This Committee provides guidance to the Board as to the credit risk appetite for the Bank and oversees the identification, assessment, monitoring and management of credit risk impacting the Bank.

The Committee is primarily responsible for providing oversight with respect to:

- Adequacy of credit policies;
- Establishment and approval of lending limits for the Bank and the adherence thereof;
- Ensuring that credit is extended in accordance with established policies and relevant laws, regulations, guidelines, accepted business practices and ethical standards;
- Ensuring that the credit process is managed appropriately and effectively;
- Authorizing and approving loans of credit applications in excess of the Board approved risk appetite delegated to the Adjudication Function but within the Credit Committee's lending limit upon recommendation by Credit Risk Management; and
- Oversight of Management's administration of the Bank's credit portfolio and compliance with applicable credit risk related policies, procedures and tolerances.

During the past year the Committee focused on the following initiatives:

- Enhancing the Bank's Credit Risk Management by updating policies relative to Corporate and Commercial Services, Large Exposures & Credit Concentration, Residential Mortgage, and Collections;
- Strengthening the Credit Governance Structure of the Bank along with the Credit Risk appetite; and
- Updating the Bank's provisioning processes, procedures and practices.



HUMAN RESOURCES AND COMPENSATION BOARD COMMITTEE

HUMAN RESOURCES AND COMPENSATION BOARD COMMITTEE

Mr. Errol McKinney, Chair of the Human Resources and Compensation Board Committee, provides oversight to the Human Resources and Training Department, and directions on the strategic alignment of the Mission, Vision and Core Values of the Bank. Under the theme, “Enhancing the Employee Experience” the team was restructured to focus on the three pillars of the Human Resources and Training Department including: Employee Relations, Compensation and Benefits, and Talent Management and Development.

Leadership Development and Succession

Our focus on leadership development was to enhance leadership skills in the five dimensions of leadership, including:

- Emotional Intelligence;
- Trust;
- Building Relationships;
- Developing Others; and
- Producing Results.

The department recognizes that to develop leaders, it is important for leaders to be assessed individually and as a group. As such, all leaders are being assessed on Behavioral Traits and the 360 Review Process. Based on the results, a systematic process of training, mentoring, and coaching, focused on developing these core competencies is on-going with the aim of creating a pipeline of capable leaders who can navigate challenges, foster teamwork, and contribute to the Bank’s long-term growth. The leadership training programs are now a part of the Bank’s ongoing development and planning for succession and feed into the new Succession Planning Model which the Bank launched this year.

Employee Engagement

The Bank conducted a comprehensive Employee Engagement Survey which will be used as a benchmark for assessing the level of employee engagement throughout the Bank and this will also provide feedback on how we can continuously improve the level of engagement. We have communicated the results to all employees, and each unit was provided with its individual results to review and analyze to identify key areas for improvement. Action plans have already been developed and are in the



process of implementation. The Human Resources and Training Department will follow up and provide quarterly feedback, updates and reports. To monitor and track our progress, the Employee Engagement Survey will be conducted on an annual basis. Our key areas of focus will include:

- Development and Growth;
- Compensation and Benefits;
- Recognition and Rewards; and
- Communication and Feedback.

Development and Growth

We have implemented four development streams as follows:

1. **Leadership** – The Inspired Leaders and Five Levels of Leadership were the core elements of our leadership training and development programs. Through these programs, leaders can gain insight into progressing through the levels of leadership from positional leaders to relational leaders.
2. **Management** – The program, Managing for Productivity, takes managers and those aspiring to be managers, on a strategic journey that focuses on optimizing how individuals and teams work to achieve goals efficiently and effectively.
3. **BOBFIT** – FIT is an acronym for Focus, Invest and Track. The program is for all employees to guide our approach to individual development and creating team synergy and a growth culture.
4. **Customer Service** – We have implemented Customer Service standards and have focused on service delivery in all of our functional and technical programs to increase customer satisfaction and to live up to our vision of being the “best”.

Compensation and Benefits

We conducted Manpower Assessments and Salary Surveys by Ernst & Young to propose a new organizational structure and salary scales for the Bank. This is in keeping with the overall objective of competitive, fair and equitable compensation and benefits as outlined in our Compensation Strategy and Framework.

Training, Development and Application

For Training and Development, the testing and assessment component has become a critical part of ensuring that

employees not only understand the knowledge that they have attained in our signature programs but also to assist them to develop, grow and apply that knowledge to their functional, career and succession roles. Monitoring is also used to ensure that our learning model, the Experiential Learning Theory, developed by David Kolb, “emphasizes learning through experience and reflection, viewing it as a cyclical process”. According to the theory, we are facilitating programs and sessions that insist on active participation, technical banking operations, and self-awareness to foster long lasting and more practical learning.

Recognitions and Celebrations

The Bank continues to celebrate employee achievements and contributions in meaningful ways. Our merit increases, incentives and bonuses demonstrate that as the bank grows, we recognize employees in a tangible way. Additionally, we provide recognition to individuals and teams in several categories based on their accomplishments against established targets and service deliverables. We are also encouraging management at every level to include management and peer recognition as a part of their daily activities. We have relaunched our cornerstone Annual Employee Awards and Recognition Program to execute these values corporately.

Communication and Feedback

We continue to encourage open communication through our “Coffee with Leadership” and “Fireside Chats,” to provide employees with direct access to senior leadership, creating open forums to address important matters, including the Bank’s overall direction, financial performance and strategic initiatives. We are looking to enhance our flow of communication in the three main directions, upward, downward, and horizontally. Mastering these directions will lead to a more effective information flow, collaboration, teamwork, and promoting a positive work environment.

Strategic Focus

Our strategic focus for the Bank is employee engagement. We understand the impact of the level of engagement based on key drivers as identified by the correlation coefficients from the Engagement Survey and we are prepared to build on the foundation that we have reinforced in FY25. These drivers include building a positive workplace culture, trust in leadership, and providing a clear link between the vision, mission and core values of the Bank and our employees.

ENTERPRISE RISK BOARD COMMITTEE

ENTERPRISE RISK BOARD COMMITTEE

All committee Chairpersons are members of the Enterprise Risk Board Committee, which is chaired by Mr. Whitney Patton. Its mandate is to provide guidance to the Board in defining the risk appetite for the Bank and overseeing the identification, assessment, monitoring and managing of all major risks that may impact the Bank. The responsibilities include:

- Review and recommend for Board approval, after consultation with Senior Management, the risk appetite of the Bank, the bank's inherent risks and tolerance levels, the bank's strategic direction and the overall risk management strategy.
- Oversee the management of key policies and procedures for an effective risk management strategy.
- Ensure that the Enterprise Risk Management framework is embedded into the Bank's culture.
- Ensure that the Bank's Strategic Priorities are reviewed and assessed at minimum annually.

The Bank has completed the assessment of its enterprise-related risks; inclusive of its Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation Financing (AML/CFT/PF) risks. The comprehensive analysis and documentation of the Bank's AML/CFT/PF risk management framework embeds into the Bank's policies the following new and amended AML legislation, regulations and guidelines:

- Financial Transactions Reporting Act, 2018.
- Proceeds of Crime Act, 2018.
- Financial Transactions Reporting (wire transfer) Regulations, 2018.
- Financial Transactions Reporting Regulations, 2018.
- Anti-Terrorism Act, 2018
- Streamline Requirements for Account Opening, Provisions of Financial Services and Customer Identification.

During the year, the committee also reviewed and approved the Bank's existing Enterprise Risk Management Framework, including but not limited to, the Risk Appetite Framework, as developed by Senior Management; the Charter of Expectations relative to the Operational Risk Department (encompassing the monitoring of Credit Risk, Information Security and Operational Risk); significant policies and procedures relating to Enterprise Risk Management, Compliance and Legal Risks.

The Board Committee ensured that adequate attention was paid to the management of Compliance Risk, which represents risks related to the failure to comply with or to adapt to current and changing regulations and laws.

NOTES



NOTES





BRANCH LOCATIONS

ANDROS Kemp's Bay Branch* Mangrove Cay	(242) 369-1787 (242) 369-0502
BIMINI Alice Town*	(242) 347-2106
CAT ISLAND Knowles*	(242) 342-2230
ELEUTHERA Rock Sound*	(242) 334-2620
GRAND BAHAMA Freeport*	(242) 350-3600
INAGUA Matthew Town*	(242) 339-1264
NEW PROVIDENCE Shirley Street Branch* Carmichael Road* JFK Drive* ** Village Road*	(242) 397-3400 (242) 461-3500 (242) 397-3200 (242) 396-6000
SAN SALVADOR Cockburn Town*	(242) 331-2237

* ATM(s) at location

** Drive Through ATM at location

OFFSITE ATM LOCATIONS

ABACO Cash N Go Resilience Plaza Don McKay Blvd., Marsh Harbour
GRAND BAHAMA FOCOL Service Station Queen's Highway, Eight-Mile-Rock
NEW PROVIDENCE Ministry of Education Building Thompson Boulevard University Drive
The Island Luck Building Cable Beach
The Bahamas Development Bank Robinson Road
RUBiS Gladstone Road
Arawak Cay West Bay Street
Quality Home Centre Carmichael Road Prince Charles Drive
Porky's RUBiS Service Station ATM, East Street South

CUSTOMER CARE

LOCAL
(242) 225-5262 OR (242) 461-3510

FAMILY ISLAND TOLL FREE
(242) 300-0111

INTERNATIONAL TOLL FREE
(877) 204-5110

Email

bob.info@bankbahamas.com
card.center@bankbahamas.bs

CUSTOMER EXPERIENCE UNIT
(242) 397-3038

Email

Customer.Experience@bankbahamas.bs

AUTO FINANCING
CONSUMER FINANCING
MORTGAGE FINANCING
SMALL BUSINESS LENDING
COMMERCIAL LENDING
OVERDRAFT FACILITIES
ONLINE BANKING

MOBILE BANKING
WIRE TRANSFERS
CERTIFICATES OF DEPOSIT
B\$ INVESTMENT CERTIFICATES
SAVINGS ACCOUNTS
CHEQUING ACCOUNTS
CARD SERVICES

CHRISTMAS CLUB ACCOUNTS
AUTOMATED TELLER MACHINES
MERCHANT SERVICES
PAYROLL SERVICES
SAFETY DEPOSIT BOXES
PREMIER & PRIVATE BANKING



