

**BANK OF THE BAHAMAS LIMITED**  
**Unaudited Condensed Consolidated Financial Statements**  
**For the Period Ended September 30, 2021**

# BANK OF THE BAHAMAS LIMITED

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2021 with comparative figures as at June 30, 2021  
(Expressed in Bahamian Dollars)

	September 30, 2021	June 30, 2021
<b>ASSETS</b>		
Cash and account with The Central Bank	\$ 147,625,552	\$ 121,331,941
Cash equivalents - Treasury Bills, net	49,901,242	44,919,339
Due from banks, net	70,456,795	70,535,440
Investment securities, net	69,398,699	73,302,590
Loans and advances to customers, net	391,031,189	388,656,053
Note receivable, net	168,650,413	168,717,788
Investment property	6,463,000	6,463,000
Other assets	11,602,371	12,762,836
Property and equipment, net	7,336,784	7,179,902
Right-of-use assets	2,733,589	3,066,020
Computer software, net	6,713,188	6,071,011
<b>TOTAL</b>	<b>\$ 931,912,822</b>	<b>\$ 903,005,920</b>
<b>LIABILITIES</b>		
Deposits from customers and banks	\$ 723,105,058	\$ 695,855,586
Other liabilities	44,359,386	42,582,597
Lease liabilities	2,892,503	3,267,261
Deferred loan fees	2,880,073	2,832,533
<b>Total liabilities</b>	<b>773,237,020</b>	<b>744,537,977</b>
<b>EQUITY</b>		
Share capital	\$ 42,610,505	\$ 42,610,505
Share premium	81,950,384	81,950,384
Treasury shares	(1,318,224)	(1,318,224)
Net gain on investments at FVOCI	3,287,851	3,462,314
Special retained earnings	172,122,932	172,122,932
Accumulated deficit	(139,977,646)	(140,359,968)
<b>Total equity</b>	<b>158,675,802</b>	<b>158,467,943</b>
<b>TOTAL</b>	<b>\$ 931,912,822</b>	<b>\$ 903,005,920</b>

# BANK OF THE BAHAMAS LIMITED

## UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended September 30, 2021  
with comparatives for the three months ended September 30, 2020  
(Expressed in Bahamian Dollars)

	Three Months	
	2021	2020
Interest and similar income	\$ 10,447,284	\$ 9,475,550
Interest and similar expense	(1,568,403)	(1,587,421)
Net interest income	<u>8,878,881</u>	<u>7,888,129</u>
Fees and commission income	2,014,978	1,890,243
Fees and commission expense	(48,906)	(65,948)
Net fees and commission income	<u>1,966,072</u>	<u>1,824,295</u>
Other operating income	970,525	827,489
<b>Total operating income</b>	<b>11,815,478</b>	<b>10,539,913</b>
Operating expenses	(8,756,244)	(8,233,026)
Credit loss (expense)/reversals, net	(2,676,912)	60,297
<b>Net income</b>	<b><u>\$ 382,322</u></b>	<b><u>\$ 2,367,184</u></b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to net income</i>		
Movement in fair value: equity investments at FVOCI	(174,463)	107,168
<b>Total comprehensive income for the period</b>	<b><u>207,859</u></b>	<b><u>\$ 2,474,352</u></b>
<b>EARNINGS PER SHARE CALCULATION:</b>		
<b>NET INCOME</b>	<b>\$ 382,322</b>	<b>\$ 2,367,184</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES</b>	<b><u>42,959,494</u></b>	<b><u>42,959,494</u></b>
<b>EARNINGS PER SHARE</b>	<b><u>\$ 0.01</u></b>	<b><u>\$ 0.06</u></b>

# BANK OF THE BAHAMAS LIMITED

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended September 30, 2021  
with comparatives for the three months ended September 30, 2020  
(Expressed in Bahamian Dollars)

	Share Capital	Share Premium	Treasury Shares	Net Gain Investments at FVOCI	Special Retained Earnings	Accumulated Deficit	Total
<b>Balance at June 30, 2020</b>	\$ 42,610,505	\$ 81,950,384	\$ (1,318,224)	\$ 2,821,670	\$ 172,122,932	\$ (144,089,189)	\$ 154,098,078
<i>Total comprehensive income:</i>							
Net income for the period	-	-	-	-	-	2,367,184	2,367,184
Movement in fair value: equity investments at FVOCI	-	-	-	107,168	-	-	107,168
<b>Balance at September 30, 2020</b>	<b>\$ 42,610,505</b>	<b>\$ 81,950,384</b>	<b>\$ (1,318,224)</b>	<b>\$ 2,928,838</b>	<b>\$ 172,122,932</b>	<b>\$ (141,722,005)</b>	<b>\$ 156,572,430</b>
<b>Balance at June 30, 2021</b>	\$ 42,610,505	\$ 81,950,384	\$ (1,318,224)	\$ 3,462,314	\$ 172,122,932	\$ (140,359,968)	\$ 158,467,943
<i>Total comprehensive income:</i>							
Net income for the period	-	-	-	-	-	382,322	382,322
Movement in fair value: equity investments at FVOCI	-	-	-	(174,463)	-	-	(174,463)
<b>Balance at September 30, 2021</b>	<b>\$ 42,610,505</b>	<b>\$ 81,950,384</b>	<b>\$ (1,318,224)</b>	<b>\$ 3,287,851</b>	<b>\$ 172,122,932</b>	<b>\$ (139,977,646)</b>	<b>\$ 158,675,802</b>

# BANK OF THE BAHAMAS LIMITED

## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended September 30, 2021  
with comparatives for the three months ended September 30, 2020  
(Expressed in Bahamian Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 382,322	\$ 2,367,184
Adjustments for:		
Interest income	(10,447,284)	(9,475,550)
Interest expense	1,568,403	1,587,421
Depreciation and amortization	714,800	689,225
Credit loss expense/(reversals), net	2,676,912	(60,297)
Interest received	10,566,404	10,209,294
Interest paid	(1,433,443)	(1,689,098)
	<u>4,028,114</u>	<u>3,628,179</u>
Increase in loans and advances to customers, net	(5,053,647)	(4,867,103)
Increase in deposits from customers and banks	27,114,512	48,992,778
Decrease in other assets	1,987,797	1,958,228
Increase in other liabilities	1,824,330	1,140,853
Net cash provided by operating activities	<u>29,901,106</u>	<u>50,852,935</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(403,688)	(272,665)
Acquisition of computer software	(777,740)	(102,702)
Proceeds from maturity of investment securities	3,667,600	724,800
Net cash provided by investing activities	<u>2,486,172</u>	<u>349,433</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of lease liabilities	(374,758)	(353,269)
Net cash used in financing activities	<u>(374,758)</u>	<u>(353,269)</u>
Net increase in cash and cash equivalents	32,012,520	50,849,099
Cash and cash equivalents, beginning of year	209,245,659	180,734,831
Cash and cash equivalents, end of period	<u>\$ 241,258,179</u>	<u>\$ 231,583,930</u>



## **BANK OF THE BAHAMAS LIMITED**

### **Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements**

For the period ended September 30, 2021

(Expressed in Bahamian Dollars)

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#### **1. General Information**

Bank of The Bahamas Limited (the “Bank”) is incorporated under the laws of The Commonwealth of The Bahamas and is licensed by The Central Bank of the Bahamas to conduct banking business in The Bahamas under the provisions of the Banks and Trust Companies Regulations Act, 2020. The Bank was licensed as an authorized dealer pursuant to the Exchange Control Regulations Act and was the holder of a broker dealer license from the Securities Commission of the Bahamas until August 31, 2021 when the Bank surrendered its broker dealer license.

The Bank’s shares are publicly traded and listed on The Bahamas International Securities Exchange. As at September 30, 2021, 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, Bahamas. The registered office is located at Sassoon House, corner of Shirley Street and Victoria Avenue, Nassau, Bahamas.

As at September 30, 2021, the Bank has twelve branches: four in New Providence, one in Grand Bahama, two in Andros, one in San Salvador, one in Inagua, one in Cat Island, one in Eleuthera and one in Bimini.

The COVID-19 pandemic which started during March 2020 has affected the Bank’s operations. The restrictions imposed by Government on certain businesses, national events and activities, the periods of community lockdown and curfew, the significant increase in unemployment and the historic decline in tourism severely reduced the economic activities of the Bank, the Bank’s customers, the industry and the country, as a whole, and required the Bank to continuously adjust to the diverse challenges posed by the impact of the COVID-19 pandemic.

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

For the period ended September 30, 2021

(Expressed in Bahamian Dollars)

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**2. Significant Accounting Policies**

The significant accounting policies and methods of computation followed in the preparation of these interim consolidated financial statements are the same as those followed in the preparation of the annual consolidated financial statements of the Bank for the year ended June 30, 2021. These consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

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

**3. Dividends**

Dividends to the Bank's shareholders are recognized as a liability in the period in which they are declared by the Board of Directors and approved by the Bank's Regulator. The Bank paid no dividends to the shareholders during the period.

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

For the period ended September 30, 2021  
(Expressed in Bahamian Dollars)

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**4. Cash and Cash Equivalents**

	September 30, 2021	June 30, 2021
Cash	\$ 20,123,890	\$ 16,513,314
Deposits with the Central Bank- non-interest bearing	127,501,662	104,818,627
Cash and account with the Central Bank	147,625,552	121,331,941
Cash equivalents - Treasury Bills	49,911,700	44,929,797
Due from Banks	70,475,197	70,553,841
Cash and due from Banks	268,012,449	236,815,579
Less: Mandatory reserve deposits with the Central Bank	26,754,270	27,569,920
<b>Total cash and cash equivalents</b>	<b>\$ 241,258,179</b>	<b>\$ 209,245,659</b>

Government issued Treasury Bills presented in the consolidated statement of financial position as net of \$0.01 million (June 30, 2021: \$0.01 million) allowance for impairment losses. Money market placements included in Due from banks amount to \$7.4 million (June 30, 2021: \$12.4 million) recorded \$0.02 million allowance for impairment losses (June 30, 2021: \$0.02 million).

As at September 30, 2021 the Bank's statutory reserve deposits with The Central Bank of The Bahamas were above Central Bank's regulatory requirement.



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

For the period ended September 30, 2021

(Expressed in Bahamian Dollars)

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

	September 30, 2021	June 30, 2021
Mortgage residential loans	\$ 201,299,192	\$ 201,973,783
Mortgage commercial loans	12,877,197	13,001,352
Commercial loans	68,530,298	66,964,607
Consumer loans	126,813,659	123,732,413
Government	43,879,866	42,941,726
Credit cards	1,562,052	1,365,891
Business overdrafts	491,002	309,927
Personal overdrafts	167,088	158,384
	<u>455,620,354</u>	<u>450,448,083</u>
<b>Less: Provision for loan losses</b>		
Provision at beginning of year	\$ 64,030,099	\$ 68,262,712
Amount written back/(written-off/charged off)	118,624	(14,378,418)
Credit loss expense, net	<u>2,676,912</u>	<u>10,145,805</u>
<b>Provision at end of year</b>	66,825,635	64,030,099
Accrued interest receivable	<u>2,236,470</u>	<u>2,238,069</u>
<b>Loans and advances to customers, net</b>	<u><u>\$ 391,031,189</u></u>	<u><u>\$ 388,656,053</u></u>
 Provisions as a percentage of the net loan portfolio	 17.09%	 16.47%
Non-accrual loans as a percentage of the net loan portfolio	21.48%	19.09%

The COVID-19 pandemic significantly impacted the Bank's economic outlook, which has a high degree of uncertainty given the evolving environment. The provision for loan losses reflects the Bank's economic outlook as at September 30, 2021. Subsequent changes to these forecasts and related estimates will be reflected in the provision for loan losses in future periods.

## **BANK OF THE BAHAMAS LIMITED**

### **Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements**

For the period ended September 30, 2021

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#### **6. Note Receivable, net and Special Retained Earnings**

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

- Non-performing loans with a total net book value of approximately \$50.6 million was derecognized. Unsecured promissory note of \$167.7 million was received and \$117.1 million was recognized directly in equity as Special Retained Earnings.
- The Bank has transferred all of its rights and obligations relating to the non-performing loans to Resolve without recourse and will have no rights to future cash flows from the non-performing loans.
- The Bank received an irrevocable Letter of Support from the Government.
- The promissory note bears fixed interest at 3.5%, payable semi-annually on the 28th day of February and the 31st day of August. Accrued interest receivable as at September 30, 2021 amounted to \$1.5 million (June 30, 2021: \$1.6 million).
- Provision for impairment losses amounted to \$0.5 million as at September 30, 2021 (June 30, 2021: \$0.5 million).

On September 17, 2021, Moody’s downgraded the Bahamas credit rating from Ba2 to Ba3. Management assessed the impact of this credit downgrade on its sovereign exposures and it was determined to not have material impact on the related financial assets during the period.

#### **7. Regulatory Capital**

Regulatory capital consists of Tier 1 and Tier 2 capital. Total Tier 1 capital comprises of Common Equity Tier 1. CET1 ratio must be at least 9.6% of the total Risk Weighted Assets. The Bank is compliant with this capital requirement at 35.9% as at September 30, 2021 (June 30, 2021: 36.1%).

**BANK OF THE BAHAMAS LIMITED**

**Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements**

For the period ended September 30, 2021

(Expressed in Bahamian Dollars)

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**8. Commitments and Contingencies**

*Commitments*

The commitment for loans and advances at September 30, 2021 was \$6.2 million (June 30, 2021: \$7.5 million).

The commitment for capital expenditures at September 30, 2021 was \$1.4 million (June 30, 2021: \$2.0 million).

The commitment for letters of credit and guarantees at September 30, 2021 was \$4.7 million (June 30, 2021: \$4.2 million)

*Contingencies and Provision*

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

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