

BANK OF THE BAHAMAS LIMITED
Unaudited Condensed Consolidated Financial Statements
For the Year Ended June 30, 2022

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022 with comparative figures as at June 30, 2021
(Expressed in Bahamian Dollars)

	June 30, 2022	June 30, 2021
ASSETS		
Cash and account with The Central Bank	\$ 173,751,000	\$ 121,331,941
Cash equivalents - Treasury Bills, net	81,594,321	44,919,339
Due from banks, net	72,062,588	70,535,440
Investment securities, net	73,898,709	73,302,590
Loans and advances to customers, net	368,531,747	388,656,053
Note receivable, net	170,171,425	168,717,788
Investment property	6,463,000	6,463,000
Other assets	13,018,137	12,762,836
Property and equipment, net	8,841,948	7,179,902
Right-of-use assets, net	3,592,575	3,066,020
Computer software, net	6,680,392	6,071,011
TOTAL	<u>\$ 978,605,842</u>	<u>\$ 903,005,920</u>
LIABILITIES		
Deposits from customers and banks	\$ 753,856,147	\$ 695,855,586
Other liabilities	48,511,691	42,582,597
Lease liabilities	3,927,892	3,267,261
Deferred loan fees	2,623,836	2,832,533
Total liabilities	<u>\$ 808,919,566</u>	<u>744,537,977</u>
EQUITY		
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	2,880,297	3,462,314
Special retained earnings	172,122,932	172,122,932
Accumulated deficit	(128,559,618)	(140,359,968)
Total equity	<u>169,686,276</u>	<u>158,467,943</u>
TOTAL	<u>\$ 978,605,842</u>	<u>\$ 903,005,920</u>

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2022
with comparatives for the year ended June 30, 2021
(Expressed in Bahamian Dollars)

	Three Months		Twelve Months	
	2022	2021	2022	2021
Interest and similar income	\$ 10,144,712	\$ 10,600,251	\$ 40,941,462	\$ 40,099,318
Interest and similar expense	(1,105,342)	(1,623,341)	(5,183,201)	(6,582,387)
Net interest income	<u>9,039,370</u>	<u>8,976,910</u>	<u>35,758,261</u>	<u>33,516,931</u>
Fees and commission income	2,317,988	2,009,625	9,683,731	7,593,349
Fees and commission expense	(50,529)	(86,771)	(267,236)	(289,838)
Net fees and commission income	<u>2,267,459</u>	<u>1,922,854</u>	<u>9,416,495</u>	<u>7,303,511</u>
Other operating income	1,063,076	885,724	4,220,584	3,541,981
Total operating income	<u>12,369,905</u>	<u>11,785,488</u>	<u>49,395,340</u>	<u>44,362,423</u>
Operating expenses	(10,432,107)	(9,821,982)	(37,235,903)	(35,828,680)
Impairment reversals/(losses), net	4,035,282	3,213,265	(359,087)	(4,804,522)
Net income	<u>\$ 5,973,080</u>	<u>\$ 5,176,771</u>	<u>\$ 11,800,350</u>	<u>\$ 3,729,221</u>
Other comprehensive income				
<i>Items that will not be reclassified to net income</i>				
Movement in fair value: equity investments at FVOCI	(392,109)	348,139	(582,017)	640,644
Total comprehensive income for the year	<u>\$ 5,580,971</u>	<u>\$ 5,524,910</u>	<u>\$ 11,218,333</u>	<u>\$ 4,369,865</u>
EARNINGS PER SHARE CALCULATION:				
NET INCOME	\$ 5,973,080	\$ 5,176,771	\$ 11,800,350	\$ 3,729,221
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	<u>42,959,494</u>	<u>42,959,494</u>	<u>42,959,494</u>	<u>42,959,494</u>
EARNINGS PER SHARE	<u>\$ 0.14</u>	<u>\$ 0.12</u>	<u>\$ 0.27</u>	<u>\$ 0.09</u>

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2022
with comparatives for the year ended June 30, 2021
(Expressed in Bahamian Dollars)

	Share Capital	Share Premium	Treasury Shares	Net Gain Investments at FVOCI	Special Retained Earnings	Accumulated Deficit	Total
Balance at June 30, 2020	\$ 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 year	-	-	-	-	-	3,729,221	3,729,221
Movement in fair value: equity investments at FVOCI	-	-	-	640,644	-	-	640,644
Balance at June 30, 2021	\$ 42,610,505	\$ 81,950,384	\$ (1,318,224)	\$ 3,462,314	\$ 172,122,932	\$ (140,359,968)	\$ 158,467,943
Balance at June 30, 2021	\$ 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 year	-	-	-	-	-	11,800,350	11,800,350
Movement in fair value: equity investments at FVOCI	-	-	-	(582,017)	-	-	(582,017)
Balance at June 30, 2022	\$ 42,610,505	\$ 81,950,384	\$ (1,318,224)	\$ 2,880,297	\$ 172,122,932	\$ (128,559,618)	\$ 169,686,276

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022
with comparatives for the year ended June 30, 2021
(Expressed in Bahamian Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 11,800,350	\$ 3,729,221
Adjustments for:		
Interest income	(40,941,462)	(40,099,318)
Interest expense	5,556,738	6,777,421
Depreciation and amortization	3,378,041	2,723,964
Loss on disposal of fixed assets	67,557	16,426
Impairment losses, net	359,087	4,804,522
Interest received	40,557,338	41,081,556
Interest paid	(5,268,960)	(6,345,050)
	<u>15,508,689</u>	<u>12,688,742</u>
Decrease/(increase) in loans and advances to customers, net	18,299,894	(29,118,549)
Increase in deposits from customers and banks	58,086,320	62,793,629
Decrease in other assets	106,920	(3,120,243)
Increase in other liabilities	5,720,396	11,556,508
Net cash provided by operating activities	<u>97,722,219</u>	<u>54,800,087</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(2,840,103)	(1,847,733)
Acquisition of computer software	(1,536,641)	(1,400,859)
Purchase of investment securities	(21,773,700)	(30,000,000)
Proceeds from maturity of investment securities	20,955,000	8,520,800
Net cash used in investing activities	<u>(5,195,444)</u>	<u>(24,727,792)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of lease liabilities	(1,579,742)	(1,563,916)
Net cash used in financing activities	<u>(1,579,742)</u>	<u>(1,563,916)</u>
Net increase in cash and cash equivalents	90,947,033	28,508,379
Cash and cash equivalents, beginning of year	209,245,659	180,737,280
Cash and cash equivalents, end of year	<u><u>\$ 300,192,692</u></u>	<u><u>\$ 209,245,659</u></u>

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

For the year ended June 30, 2022
(Expressed in Bahamian Dollars)

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 June 30, 2022, 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 June 30, 2022, the Bank has twelve branches: four in New Providence, one in Grand Bahama, two in Andros, one in San Salvador, one in Inagua, one in Cat Island, one in Eleuthera and one in Bimini.

2. Significant Accounting Policies

The significant accounting policies and methods of computation followed in the preparation of these interim consolidated financial statements are the same as those followed in the preparation of the annual consolidated financial statements of the Bank for the year ended June 30, 2022. These consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

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

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

For the year ended June 30, 2022
(Expressed in Bahamian Dollars)

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 its shareholders during the year.

4. Cash and Cash Equivalents

	June 30, 2022	June 30, 2021
Cash	\$ 64,459,952	\$ 16,513,314
Deposits with the Central Bank- non-interest bearing	109,291,048	104,818,627
Cash and account with the Central Bank	173,751,000	121,331,941
Cash equivalents - Treasury Bills	81,603,814	44,929,797
Due from banks	72,067,418	70,553,841
Cash, cash equivalents and due from banks	327,422,232	236,815,579
Less: Mandatory reserve deposits with the Central Bank	27,229,540	27,569,920
Total cash and cash equivalents	\$ 300,192,692	\$ 209,245,659

Government issued Treasury Bills are presented in the consolidated statement of financial position, net of \$0.01 million (June 30, 2021: \$0.01 million) allowance for impairment losses. Money market placements of \$7.4 million (June 30, 2021: \$12.4 million) are included in Due from banks. Due from banks are presented in the consolidated statement of financial position, net of \$4,830 (June 30, 2021: \$18,402) allowance for impairment losses.

As at June 30, 2022, 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 year ended June 30, 2022
(Expressed in Bahamian Dollars)

5. Loans and advances to customers, net

	June 30, 2022	June 30, 2021
Mortgage residential loans	\$ 187,679,360	\$ 201,973,783
Mortgage commercial loans	12,642,103	13,001,352
Commercial loans	59,537,060	66,964,607
Consumer loans	121,111,797	123,732,413
Government	36,299,813	42,941,726
Credit cards	1,649,776	1,365,891
Business overdrafts	619,184	309,927
Personal overdrafts	141,687	158,384
	\$ 419,680,780	\$ 450,448,083
Less: Provision for loan losses		
Provision at beginning of year	64,030,099	\$ 68,262,712
Amount written-off/charged off	(12,467,409)	(14,378,418)
Credit loss expense, net	1,283,325	10,145,805
Provision at end of year	52,846,015	64,030,099
Accrued interest receivable	1,696,982	2,238,069
Loans and advances to customers, net	\$ 368,531,747	\$ 388,656,053
Provisions as a percentage of the net loan portfolio	14.34%	16.47%
Non-accrual loans as a percentage of the net loan portfolio	19.20%	19.09%

BANK OF THE BAHAMAS LIMITED

Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements

For the year ended June 30, 2022

(Expressed in Bahamian Dollars)

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 June 30, 2022 amounted to \$2.5 million (June 30, 2021: \$1.6 million).
- Provision for impairment losses amounted to \$0.02 million as at June 30, 2022 (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 a material impact on the related financial assets during the year.

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 39.3% as at June 30, 2022 (June 30, 2021: 36.1%).

BANK OF THE BAHAMAS LIMITED

Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements

For the year ended June 30, 2022

(Expressed in Bahamian Dollars)

8. Commitments and Contingencies

Commitments

The commitment for loans and advances at June 30, 2022 was \$5.8 million (June 30, 2021: \$7.5 million).

The commitment for capital expenditures at June 30, 2022 was \$1.5 million (June 30, 2021: \$2.0 million).

The commitment for letters of credit and guarantees at June 30, 2022 was \$3.5 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 year end, the Bank had several ongoing legal claims. Various legal proceedings are pending that challenge certain actions of the Bank. Management considers that adequate provision has been made in these financial statements for any loss that might ultimately be determined.

9. Comparatives

Certain corresponding figures in the prior year have been reclassified in the current comparative consolidated financial statements to conform with the current year's presentation. These include:

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Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements

For the year ended June 30, 2022
(Expressed in Bahamian Dollars)

9. Comparatives *(continued)*

Cashflow Statement

Impairment reversals from financial assets and net credit loss expense were combined in operating activities.

Interest received and paid were moved from a supplemental presentation into operating activities.

10. Subsequent event

On July 28, 2022, the Bank sold its investment in Visa shares.