



FINANCIAL PERFORMANCE FOR THE QUARTER ENDED DECEMBER 31, 2022

The rebound of the Bahamas tourism sector has been one of the key driving forces to the recovery of the Bahamian economy to pre-pandemic levels. According to The Central Bank of The Bahamas (*Monthly Economic and Financial Developments November 2022*), the Ministry of Tourism reported an increase in visitor levels from 1.2 million to 5.3 million as at October 2022 compared to the prior year. This dynamic upturn has resulted in the decline of unemployment numbers and an increase in consumer spending. The same is observed in our financial performance, as Bank of the Bahamas Limited (the “Bank”) recorded Net Income of \$4.8 million at the end of the second quarter ended December 31, 2022. The Bank continues its journey towards sustainable profitability, positive returns for our investors and financial stability for our stakeholders.

When compared to a similar period of December 31, 2021, the bank recorded higher net income of \$4.4 million which was primarily due to increases to the Bank’s total operating income of \$1.1 million and \$2.4 million for the current quarter and year to date respectively, due mainly to higher net interest and non-interest incomes. The year-to-date net interest increase was contributed by higher interest income from investment securities and cash equivalents plus some increase in the residential mortgages and consumer loans portfolios due to the impact of ongoing campaigns coupled with a decrease in interest expenses as a result of an observed shift to shorter terms by depositors. The increase in non-interest income is mainly attributable to increase in fees associated with our card products as consumers gradually embrace the move to a cashless environment.

Also contributing to the positive results were lower impairment losses (\$1.1 million) for the quarter and year to date (\$2.5 million). The year-to-date positive result was attributable to significantly reduced provisions expense on credit facilities by \$4.5 million, owing to remediation and recovery efforts, offset by higher impairment losses on other financial assets of \$1.8 million as a result of the recent downgrade to the country’s credit rating in October 2022.

Operating expenses remained stable quarter over quarter, while there was a slight increase of \$0.5 million year to date due mainly to higher staff costs. Other increases were also noted in software amortization and equipment depreciation due to the purchase of new ATMs and computer equipment to support customer service initiatives.

The Bank continues to maintain a strong financial position with total assets of \$971.5 million with the composite of loans and advances of \$363.8 million (net) and cash & cash equivalents of \$288.3 million as at December 31, 2022. Total equity closed at \$174.7 million, with total regulatory capital ratio of 45.2% well above the Central Bank’s minimum requirement of 18%. The Bank’s capital and liquidity positions remain strong.

Sustainable growth continues to be a primary focus for the Bank and despite certain economic and industry challenges, our position remains positive for the longevity of the organization. We take this opportunity to thank our BOB team of committed employees, senior management, directors, shareholders and most importantly our individual and institutional customers for their continued support.

Kenrick Brathwaite, Managing Director