

BANK OF THE BAHAMAS LIMITED
Unaudited Condensed Consolidated Financial Statements
For the Period Ended December 31, 2023

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023 with comparative figures as at June 30, 2023
(Expressed in Bahamian Dollars)

	December 31, 2023	June 30, 2023
ASSETS		
Cash and account with The Central Bank	\$ 79,799,483	\$ 110,194,110
Cash equivalents - Treasury Bills, net	54,629,649	61,818,157
Due from banks, net	79,720,109	83,779,906
Investment securities, net	130,677,149	106,899,357
Loans and advances to customers, net	372,487,580	372,306,886
Note receivable, net	168,569,607	166,876,244
Investment property	6,744,000	6,744,000
Other assets	11,926,936	22,061,992
Property and equipment, net	9,741,330	9,566,513
Right-of-use assets, net	4,720,339	5,677,575
Computer software, net	6,004,868	6,093,477
TOTAL	<u>\$ 925,021,050</u>	<u>\$ 952,018,217</u>
LIABILITIES		
Deposits from customers and banks	\$ 706,841,905	\$ 738,168,202
Other liabilities	23,431,627	24,212,364
Lease liabilities	5,027,183	5,906,532
Deferred loan fees	3,248,328	2,876,542
Total liabilities	<u>\$ 738,549,043</u>	<u>\$ 771,163,640</u>
EQUITY		
Share capital	43,194,515	43,194,515
Share premium	81,950,384	81,950,384
Treasury shares	(1,318,224)	(1,318,224)
Special retained earnings	172,122,932	172,122,932
Accumulated deficit	(109,477,600)	(115,095,030)
Total equity	<u>186,472,007</u>	<u>180,854,577</u>
TOTAL	<u>\$ 925,021,050</u>	<u>\$ 952,018,217</u>

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended December 31, 2023
with comparatives for the six months ended December 31, 2022
(Expressed in Bahamian Dollars)

	Three Months		Six Months	
	2023	2022	2023	2022
Interest and similar income	\$ 10,552,926	\$ 10,718,352	\$ 22,593,307	\$ 21,235,721
Interest and similar expense	(1,126,714)	(1,063,572)	(2,265,673)	(1,954,562)
Net interest income	<u>9,426,212</u>	<u>9,654,780</u>	<u>20,327,634</u>	<u>19,281,159</u>
Fees and commission income	2,575,473	2,560,624	5,569,924	5,096,507
Fees and commission expense	(66,844)	(54,926)	(146,251)	(100,511)
Net fees and commission income	<u>2,508,629</u>	<u>2,505,698</u>	<u>5,423,673</u>	<u>4,995,996</u>
Other operating income	1,412,445	1,115,032	2,747,542	2,153,411
Total operating income	<u>13,347,286</u>	<u>13,275,510</u>	<u>28,498,849</u>	<u>26,430,566</u>
Operating expenses	(11,423,989)	(9,316,685)	(22,863,695)	(18,601,817)
Net impairment reversals/(losses)	22,459	(1,656,558)	411,871	(3,001,121)
Net income	<u>\$ 1,945,756</u>	<u>\$ 2,302,267</u>	<u>\$ 6,047,025</u>	<u>\$ 4,827,628</u>
Other comprehensive income				
<i>Items that will not be reclassified to net income</i>				
Movement in fair value: equity investments at FVOCI	-	-	-	216,700
Total comprehensive income for the period	<u>\$ 1,945,756</u>	<u>\$ 2,302,267</u>	<u>\$ 6,047,025</u>	<u>\$ 5,044,328</u>
EARNINGS PER SHARE CALCULATION:				
NET INCOME	\$ 1,945,756	\$ 2,302,267	\$ 6,047,025	\$ 4,827,628
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>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.14</u>	<u>\$ 0.11</u>

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended December 31, 2023
with comparatives for the six months ended December 31, 2022
(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, 2022	\$ 42,610,505	\$ 81,950,384	\$ (1,318,224)	\$ 2,880,297	\$ 172,122,932	\$ (128,559,641)	\$ 169,686,253
Transfer of FVOCI on equity investments				(3,096,997)	-	3,096,997	-
<i>Total comprehensive income:</i>							
Net income for the period	-	-	-	-	-	4,827,628	4,827,628
Movement in fair value: equity investments at FVOCI	-	-	-	216,700	-	-	216,700
Balance at December 31, 2022	\$ 42,610,505	\$ 81,950,384	\$ (1,318,224)	\$ -	\$ 172,122,932	\$ (120,635,016)	\$ 174,730,581
Balance at June 30, 2023	\$ 43,194,515	\$ 81,950,384	\$ (1,318,224)	\$ -	\$ 172,122,932	\$ (115,095,030)	\$ 180,854,577
<i>Total comprehensive income:</i>							
Net income for the period	-	-	-	-	-	6,047,025	6,047,025
Dividends on common shares	-	-	-	-	-	(429,595)	(429,595)
Balance at December 31, 2023	\$ 43,194,515	\$ 81,950,384	\$ (1,318,224)	\$ -	\$ 172,122,932	\$ (109,477,600)	\$ 186,472,007

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended December 31, 2023
with comparatives for the six months ended December 31, 2022
(Expressed in Bahamian Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 6,047,025	\$ 4,827,628
Adjustments for:		
Interest income	(22,593,307)	(21,235,721)
Interest expense	2,265,673	1,954,562
Depreciation and amortization	2,753,103	1,908,016
Gain on sale of investment securities	-	(3,403)
Gain on revaluation of assets FVTPL	(196,536)	-
Loss on disposal of fixed assets	4,773	-
Impairment losses, net	(411,871)	3,001,121
Interest received	20,980,339	18,756,084
Interest paid	(2,088,386)	(2,059,993)
	<u>6,760,813</u>	<u>7,148,294</u>
(Increase)/decrease in loans and advances to customers, net	(254,286)	3,454,366
(Decrease)/increase in deposits from customers and banks	(31,503,585)	10,971,954
Decrease in other assets	10,135,055	4,847,074
Decrease in other liabilities	(780,737)	(28,991,188)
Increase in deferred loan fees	371,786	37,473
Decrease/(increase) in reserve deposit	1,671,250	(961,160)
Net cash used in operating activities	<u>(13,599,704)</u>	<u>(3,493,187)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(1,161,953)	(1,574,666)
Acquisition of computer software	(731,009)	(405,589)
Purchase of investment securities	(36,743,208)	(27,561,200)
Proceeds from maturity of investment securities	13,551,800	12,094,500
Proceeds from sale of investment securities	-	3,323,089
Proceeds from disposal of property and equipment	6,115	-
Net cash used in investing activities	<u>(25,078,255)</u>	<u>(14,123,866)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of lease liabilities	(879,349)	(904,911)
Dividends paid on common shares	(429,595)	-
Net cash used in financing activities	<u>(1,308,944)</u>	<u>(904,911)</u>
Net decrease in cash and cash equivalents	(39,986,903)	(18,521,964)
Cash and cash equivalents, beginning of period	227,224,445	306,782,737
Cash and cash equivalents, end of period	<u>\$ 187,237,542</u>	<u>\$ 288,260,773</u>

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

For the period ended December 31, 2023
(Expressed in Bahamian Dollars)

1. Corporate Information

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

The Bank’s shares are publicly traded and listed on The Bahamas International Securities Exchange. As at December 31, 2023, The Government of The Commonwealth of The Bahamas (the “Government”) and The National Insurance Board (“NIB”) owned approximately 82.6% of the issued common shares. The remaining common shares are owned by approximately 3,000 Bahamian shareholders.

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

As at December 31, 2023, 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, 2023. These consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

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

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

For the period ended December 31, 2023
(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 declared dividends of \$0.01 per share and paid dividends on November 16, 2023 in the amount of \$0.4 million to its common shareholders during the period (June 30, 2023: \$0.4 million).

4. Cash and Cash Equivalents

	December 31, 2023	June 30, 2023
Cash	\$ 21,717,775	\$ 15,311,876
Deposits with the Central Bank- non-interest bearing	58,081,708	94,882,234
Cash and account with the Central Bank	<u>79,799,483</u>	<u>110,194,110</u>
Cash equivalents - Treasury Bills	54,687,897	61,879,290
Due from banks	<u>79,723,702</u>	<u>83,795,835</u>
Cash, cash equivalents and due from banks	214,211,082	255,869,235
Less: Mandatory reserve deposits with the Central Bank	<u>26,973,540</u>	<u>28,644,790</u>
Total cash and cash equivalents	<u>\$ 187,237,542</u>	<u>\$ 227,224,445</u>

Government issued Treasury Bills are presented in the consolidated statement of financial position, net of \$58,248 (June 30, 2023: \$61,133) allowance for impairment losses. Money market placements of \$4.5 million (June 30, 2023: \$15.8 million) are included in Due from banks. Due from banks are presented in the consolidated statement of financial position, net of \$3,593 (June 30, 2023: \$15,929) allowance for impairment losses.

As at December 31, 2023, 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
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For the period ended December 31, 2023
(Expressed in Bahamian Dollars)

5. Loans and advances to customers, net

	December 31, 2023	June 30, 2023
Mortgage residential loans	\$ 179,671,223	\$ 180,054,438
Mortgage commercial loans	11,351,288	11,801,749
Commercial loans	47,145,567	55,026,322
Consumer loans	138,987,299	126,592,321
Government	32,859,836	37,790,781
Credit cards	2,900,059	2,513,798
Business overdrafts	808,328	779,587
Personal overdrafts	163,779	143,059
	\$ 413,887,379	\$ 414,702,055
Less: Provision for loan losses		
Provision at beginning of year	\$ 44,272,295	\$ 52,846,015
Amount written-off/charged off	(1,068,962)	(9,420,835)
Credit loss expense, net	147,745	847,115
Provision at end of year	43,351,078	44,272,295
Accrued interest receivable, net	1,951,279	1,877,126
Loans and advances to customers, net	\$ 372,487,580	\$ 372,306,886
Provisions as a percentage of the net loan portfolio	11.64%	11.89%
Non-accrual loans as a percentage of the net loan portfolio	14.41%	17.66%

BANK OF THE BAHAMAS LIMITED

Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements

For the period ended December 31, 2023

(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.
- In 2022, the original maturity of August 31, 2022 had been extended by 3 years to August 31, 2025 at 4% fixed interest rate with quarterly interest payments. In September 2023, the interest rate was changed to 3% with semi-annual interest payment at the end of February and August. Accrued interest receivable as at December 31, 2023 amounted to \$1.7 million (June 30, 2023: \$0.6 million).
- Provision for impairment losses amounted to \$0.8 million as at December 31, 2023 (June 30, 2023: \$1.4 million).

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(Expressed in Bahamian Dollars)

7. Regulatory Capital

Bahamas Capital Regulations, 2022 came into effect on July 15, 2022. The Bank's total regulatory capital consists of the sum of total Common Equity Tier 1 capital only, net of regulatory adjustments. CET1 plus capital buffers must be at least 18% and the minimum leverage ratio of 6% has been introduced. The Bank remains compliant with total regulatory capital at 45.5% as at December 31, 2023 (June 30, 2023: 44.7%) and leverage ratio of 19.1% as at December 31, 2023 (June 30, 2023: 17.2%).

8. Commitments and Contingencies

Commitments

The commitment for loans and advances at December 31, 2023 was \$17.3 million (June 30, 2023: \$10.1 million).

The commitment for capital expenditures at December 31, 2023 was \$1.3 million (June 30, 2023: \$0.2 million).

The commitment for letters of credit and guarantees at December 31, 2023 was \$3.5 million (June 30, 2023: \$3.4 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.