

# FISCALLY FIT

ANNUAL REPORT

2004



## **MISSION STATEMENT**

**To be the Institution of first choice in the provision of financial services through the proficient delivery of customer-friendly products and services, supported by innovative business and technological solutions, and driven by a team of astute and dedicated professionals.**

**Greatness lies not in being strong but in the right use of strength.**

**—Henry Ward Beecher**



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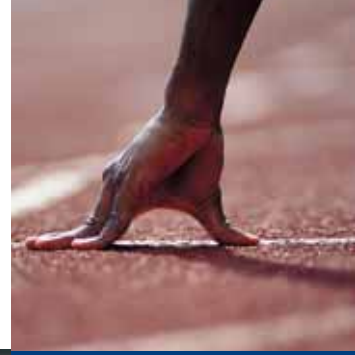


# At Bank of The Bahamas International, we are committed to fiscal fitness.

Fiscal fitness. Strength in performance. The knowledge of understanding when to use it. Physical fitness is the state of readiness that allows every fibre of our beings to perform at their personal best. Fiscal fitness is the state of readiness that allows every working component of Bank of The Bahamas International to perform at its highest level.

As a major financial institution with an integral role promoting prudent and beneficial development of The Bahamas and to assist in nation-building through a wide array of investment vehicles and financial services, we are but a body—a body of people, equipment, technology, standards and practices—ready to perform at our peak to help every Bahamian succeed and perform at his or her personal best.

Yet strength without vision is but a hollow achievement, an accomplishment without meaning. Our strength lies in our vision and our readiness. Our strength lies in our business development, in our technology, in our standards and principles, in our assets, and in our partnerships at home and abroad. Above all, our strength lies in our people.



## Letter to Shareholders

Dear Shareholder,

At the time of the 2004 Annual General Meeting of Shareholders, I will have completed eight years as Chairman of the Board of Directors of your Company. I will not be standing for re-election as a Director.

Your Company has been fortunate over the years to have had the services of experienced Directors who have given generously of their talents to the Bank. I thank them for their contribution. In particular, I express my gratitude to Mr. T. Maitland Cates. Mr. Cates, in his capacity as Deputy Chairman and Chairman of the Board's Audit Committee, has made an invaluable contribution to the Bank. I thank him for his unstinting support, dedication and loyalty. The progress of the Bank during this period is well documented. I am delighted that I have been in a position to play a part in its growth and development.

Your Company is well placed to continue to grow. Mr. Paul McWeeney, Managing Director, ably heads an Executive Management team comprised of experienced, dedicated and competent professionals. It has been a pleasure to work with Paul and his team.

I take this opportunity to recognize the enormous contribution made to the Bank by my predecessor, Mr. John O. Kenning. He and former Managing Director Mrs. Pauline Allen-Dean laid a firm foundation upon which we have been able to build with confidence.

Your Company employs staff who are committed to the realization of the Bank's vision. I thank all of them for their support and, in particular, Pauline Allen-Dean and Paul McWeeney for making my years at the Bank pleasant and productive.

My best wishes to you all.

A handwritten signature in black ink, appearing to read 'Hugh G. Sands'.

Hugh G. Sands, CMG  
Chairman



John Kenning, Chairman 1990-1996  
Pauline Allen-Dean Managing Director 1993-2000  
Paul McWeeney, Managing Director  
Hugh Sands, Chairman 1997-2004





## Executive Statement From The Managing Director

The positive results of the fiscal year clearly demonstrate that the Bank has successfully achieved key objectives pertaining to the rationalization of human resources, the fortification of fiscal integrity and the improvement of delivery and distribution channels to more efficiently meet customer demands and expectations. As a result, we have developed a platform for sustainable success.

The Bank has continued to meet the challenges presented by the panoply of regulations applicable to the sector. Our corporate governance structure was measurably enhanced and, we believe, now stands as a benchmark within the industry. While navigating through a slowly recovering economy, we have maintained our focus on strengthening loan loss provisions through the introduction of early-recognition impaired credit risk techniques coupled with an aggressive provisioning policy. These combined measures have served to better align our commercial objectives with regulatory requirements and best practice expectations.

As we move with prudent caution towards the anticipated resurgence of economic prosperity, the delivery today of next-generation demands will be key. To better prepare us in this regard, the Bank has already introduced online banking services. This has proven to be successful and during the course of the year we will expand the functionality of this service with the aim of providing even greater customer convenience and flexibility. Our already robust relationships with American Express and MoneyGram have been enhanced to provide wide opportunities for our customers. We continue to work with the relevant authorities for the establishment of a service centre in Florida and are optimistic that this initiative will bear full fruit in the not too distant future. We are also pleased to announce that the Bank will embark upon the construction of a new headquarters and retail service centre to be located on West Bay Street, Nassau, and a new branch in Exuma.

The impressive financial performance of the Bank was made possible primarily by the strong relationships cultivated with our customers to whom we pledge continued quality service so that each relationship will involve an evermore positive experience for both the customer and the bank.







**“We do not cut corners  
in building strength.”**

**—Paul J.I. McWeeney, Managing Director**

Central to all our strategic initiatives is our focus on increasing shareholder value. We continue to accomplish this and are grateful to our shareholders for the confidence they place in us. In this connection, I am also pleased to announce that the Bank has proceeded with its plans to list on the Bahamas International Securities Exchange. It is expected that this action will create a wider market for our shares and, in so doing, diversify opportunities for shareholders.

I wish to formally thank our Chairman, Mr. Hugh G. Sands, CMG, for his astute guidance and dedicated leadership over the last eight years. Under his chairmanship the Bank surpassed expectations in all areas of endeavour.

I also congratulate the Executive Management and our team of Associates for their conscientious performance during the year. Indeed, it is due in large part to their positive work ethic and team spirit that I am able to report on another good year for the Bank. I also thank my fellow Directors for their continued guidance and support.

Paul J. I. McWeeney  
Managing Director



## Our strength lies in our vision.

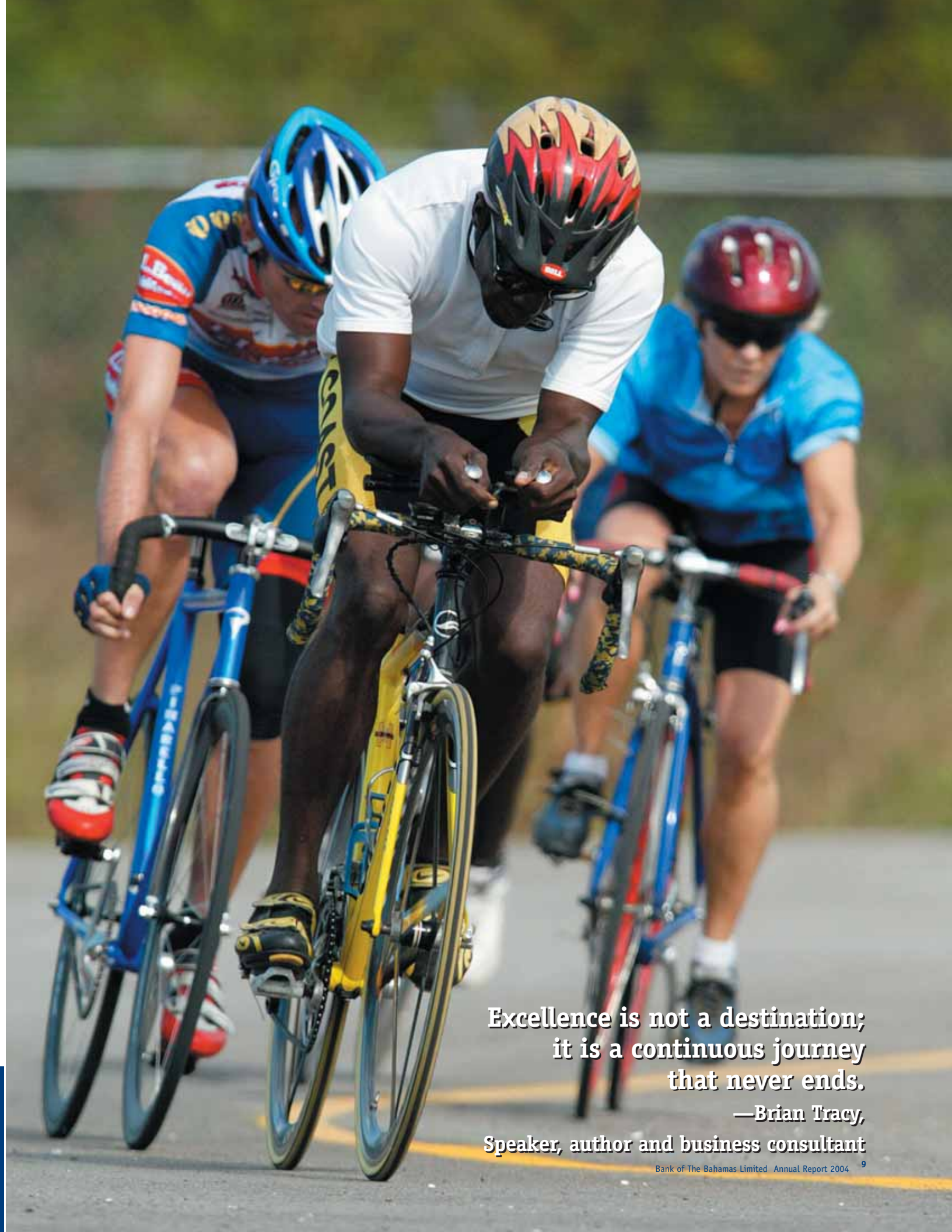
Stretching, reaching, lunging, tensing, sprinting, driving—the art of being fit means being prepared to meet every challenge. To anticipate hurdles before they become threats and opportunities before they diminish. To lead the competition. To reach the finish line with the thrill and excitement of perfection in striving. To serve better by being in the best possible shape to serve.

On a personal level, we pledge our best to grow stakeholder value:

- To become a one-stop shop financial service provider
- To achieve strategic integration throughout the Americas
- To create commercially viable synergies with dependent business sectors
- To maintain the highest level of fiscal and regulatory standards and best practices
- To establish a healthy, wholesome and opportunistic work environment for employees

Fiscal fitness to deliver a higher standard of banking services. Bringing strength after strength to your fiscal fitness, our ability and readiness to you for your life, the lives of your loved ones, your business and our community.





**Excellence is not a destination;  
it is a continuous journey  
that never ends.**

**—Brian Tracy,  
Speaker, author and business consultant**

## **BUSINESS DEVELOPMENT INITIATIVES**

In 2003, the Bank created a Business Development department to diversify its revenue stream while continuing to provide customers with consistently excellent products and services.

The department was mandated to design innovative and sound ways to increase non-interest revenue, expand the customer base—both individuals and businesses—forge stronger relationships with clients, improve customer service and branch efficiency and seamlessly integrate all products and services offered by the Bank and Bank of The Bahamas Trust so that customers recognise Bank of The Bahamas as their one-stop shop for financial services.

The Bank has also strengthened relationships with strategic partners in offering products and services, ensuring customers derive the maximum benefits in the end.

While creating next-generation products takes vision, the Bank realizes that achieving a front-line finish still depends on people establishing a sense of trust and living up to the standards that trust imposes. Credit, debit and other bank cards, merchant services, web-based banking, cyber-financing—the combined products today labeled as digital meltdown of financial services—are only products until relationships make them work for the customer.

The Bank walks a delicate beam, balancing cost and efficiency without sacrificing quality.

Each service or product introduced or managed by Business Development was created to satisfy a specific need, from the invitation-only exclusive Platinum American Express card, affording unparalleled luxuries to those who travel extensively, to MoneyGram, affording convenience and security to those who want to send hard-earned dollars to loved ones abroad.

## **AMERICAN EXPRESS**

Through its global partnership with American Express, Bank of The Bahamas International gives citizens and residents of The Bahamas worldwide purchasing power, along with the first-rate products, benefits and services of the American Express family.

Once approved as American Express card members, Bank clients are entitled to:

- No pre-set spending limits
- Worldwide acceptance
- Access to statements online

Bank of The Bahamas International is honoured to be Amex's Preferred International Client Program affiliate in The Bahamas.





**Everything depends on execution. Having just a vision is no solution.**

—Stephen Sondheim

Award-winning composer, lyricist



The Bank will provide customer service for clients' Platinum and Gold card accounts, handling anything from account inquiries to Amex bill payments directly from your Bank of The Bahamas account.

### **AMERICAN EXPRESS PLATINUM**

*If you can dream it, you can do it with American Express International Dollar Platinum Card.®*

The American Express Platinum Card is more than just a charge card. It is a statement, a reflection of success and a key to luxury. Reserved for a select group of people who appreciate and can afford the finer things in life, it entitles members to unrestricted access to more than 400 VIP lounges in airports around the world. In case of emergency, Platinum membership provides complimentary medical assistance of up to US\$100,000 as well as legal referrals and lost luggage assistance. Its complimentary Members Rewards program entitles cardholders to a cornucopia of luxurious rewards—free flights, hotel and spa stays, golf lessons, gifts, and even fine wines.

### **MERCHANT SERVICES**

The Bank introduced vastly expanded merchant services this year, enabling more small businesses to accept credit cards for goods and services. Now, customers who open a merchant account are not only able to accept all major credit and other bank cards, they will receive complimentary training through the Bank's exclusive merchant workshops. Working with business customers is part of the Bank's commitment to performance.

Bank of The Bahamas offers comprehensive credit card services, empowering and helping businesses to grow. And helping businesses grow nurtures the future of the Bahamian economy. In the United States, as large businesses downsized and right-sized,

**“It is not the strongest of the species that survives, nor the most intelligent, it is the one that is most adaptable to change.”**

**—Charles Darwin, originator of the theory of evolution.**



small to mid-size businesses accounted for more than 90% of all new jobs created in the last decade. In The Bahamas, small or even micro-businesses not only constitute the overwhelming majority of all businesses, but are vital to the growth of the economy. They generate jobs, create cash flow and are responsible for continuous capital investment.

### **MONEYGRAM**

There is nothing more upsetting than knowing a loved one needs medical care or other immediate attention when you are not there by their side. Bank of The Bahamas International partnered with MoneyGram to make sure that for those people whose loved ones—and responsibilities—are far away, there is always an easy, safe and immediate way to get money to them. Money transfers by MoneyGram take 10 minutes or less.

MoneyGram has more than 60,000 locations in over 160 countries, enabling people who want to send money to do so instantly and easily, and recipients collecting the funds at the other end to do so immediately at any MoneyGram location, including all Wal-Mart stores in the United States. For parents whose children are studying abroad or anyone with a family member off the island, MoneyGram is a secure, convenient way to send money instantly should an emergency or other unexpected need occur.

MoneyGram will soon be available as an online banking option at [www.BankBahamasOnline.com](http://www.BankBahamasOnline.com).





## Our strength lies in our technology.

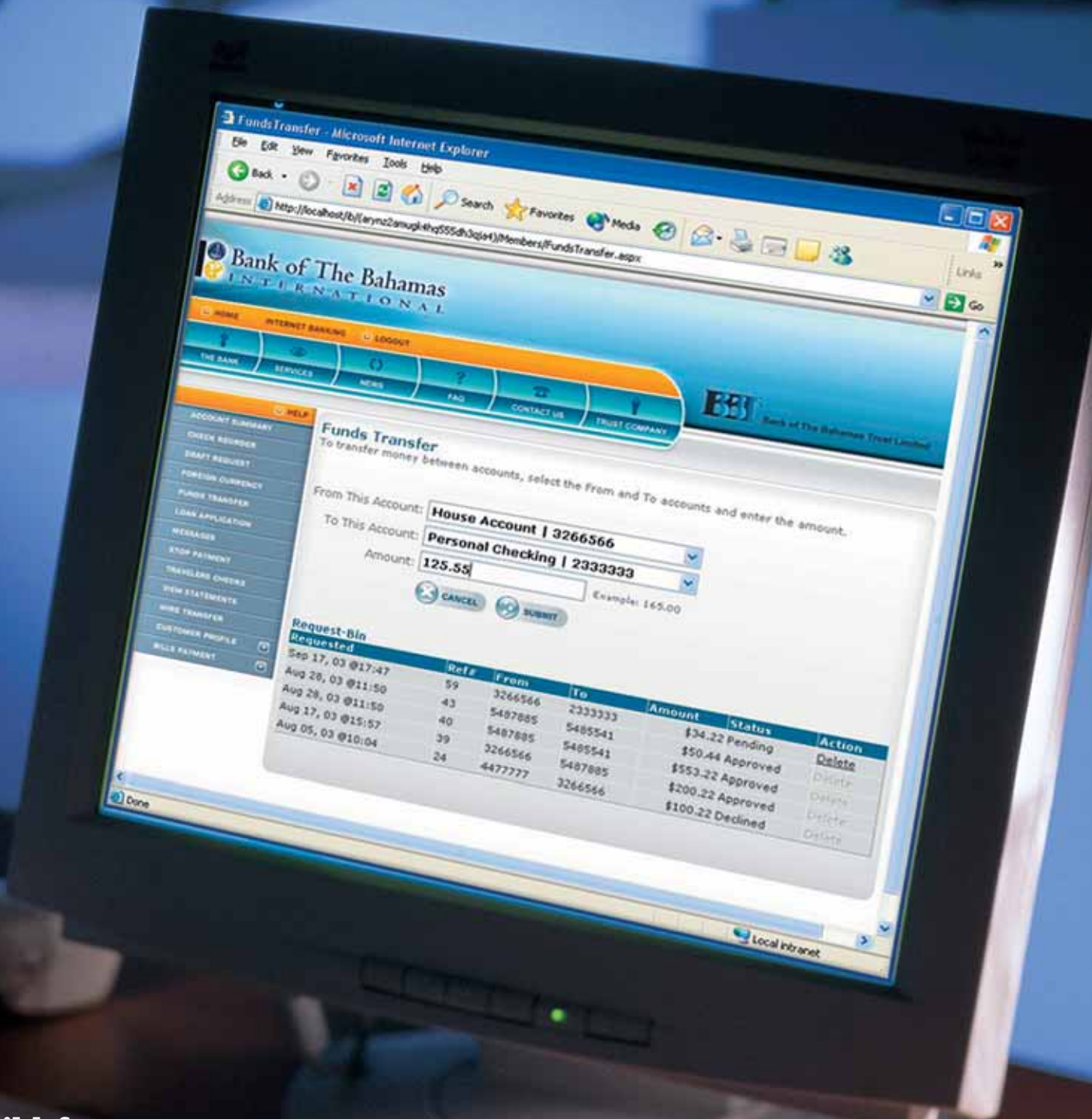
Fiscal fitness means exercising the ability to grasp the tools of a new world that allow us to help you handle your world more efficiently and conveniently.

In May, 2004 BankBahamasOnline.com went live, providing customers with the most comprehensive Bahamian financial services available online. BankBahamasOnline.com sets itself apart from the competition by catering to the specific needs of Bahamian customers and ensuring that any service they can perform at a bank counter they can perform or initiate online. Only BankBahamasOnline.com customers can apply for loans, request foreign currency and drafts, make wire transfers and open fixed deposit accounts online.

A few months ago, applying for a mortgage meant coming into the bank, meeting with a loan officer, spreading out documents, going home and waiting. Today, you can go to BankBahamasOnline.com and, within minutes, complete your application, even seeing how much your payment would be for the loan you are seeking, along with a complete amortization schedule with total payback amount. You'll also get an immediate response based on the information you submitted, advising you whether or not the loan requested is comfortable for your income. You can do all this and more—have your salary paid directly to your account, pay utility bills, transfer funds between accounts and make loan payments—without leaving home. How you spend the time you save is up to you. Making it available was up to us, another demonstration of the state of readiness we call fiscal fitness.







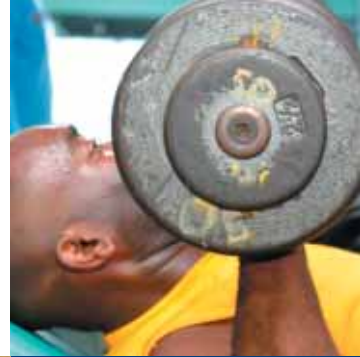
**“Build for your team a feeling of oneness of dependence on one another and of strength to be derived by unity.”**

**—Vincent Lombardi,  
Coach, Green Bay Packers**



**“With vision and hard work, we can achieve anything, play a drum better, throw a javelin further, jump higher, swim faster.”**

**—Mark Knowles,  
winner of the US Open  
Men’s Doubles  
Championship, 2004**



## Our strength lies in our people.

Fiscal fitness means ensuring that the people at the heart of Bank of The Bahamas International constitute a strong team eager to perform—the customer service representative who cashes your cheque and talks to you about savings or paying bills online, the manager who greets you by name and is ready to assist, the executives who create policies and assure standards, the many associates and assistants whose constant creativity and dedication helps fuel all of us. That is why we invest in their professional fitness so when it comes time to perform, every member of Bank of The Bahamas is at the top of his or her game—ready to sprint when it is time to do so and go the distance.

We do not merely pay lip service to fitness. In 2003-2004, Bank of The Bahamas staff underwent more than 3,000 hours of training, upgrading skills, communications effectiveness and learning new systems and technology.



**“There are two ways  
of exerting one’s  
strength. One is  
pushing down,  
the other is  
pulling up.”**

**—Booker T. Washington,  
Born into slavery, rose to  
respected educator**





## Our strength lies in our standards.

### CORPORATE GOVERNANCE PRINCIPLES

The following principles have been approved by the Board of Directors (“the Board”) and along with the charters of Board committees provide the framework for corporate governance at Bank of The Bahamas Limited (“the Bank”). The Board recognizes that the issues relevant to corporate governance are dynamic and as such will review these principles at least on an annual basis and make any changes necessary.

### ROLE OF BOARD OF DIRECTORS

The Board is ultimately responsible for the conduct of the Bank’s affairs and as such reviews policies, procedures, and the performance of management. While the Board delegates day-to-day operations to management, it remains accountable for ensuring that these operations are carried out in compliance with applicable laws and regulations and the strategy it adopts is consistent with sound banking practices.

Accordingly, the Board monitors the Bank’s operations and ensures that management meets the challenges presented as the Bank grows, as its operations become more complex, and as its goals change.

In July 2002, a Corporate Governance Handbook was developed which details the duties and potential liabilities of Directors and Officers of the Bank. This handbook, which is revised annually, outlines relevant Bahamian legislation and evolving best practice standards to ensure that Directors and Officers of the Bank conduct themselves in accordance with those guidelines.

### BOARD COMPOSITION, STRUCTURE AND POLICIES

#### I. Board Size

The Articles of the Bank provide that the Board shall consist of a minimum of 5 and a maximum of 12 Directors. The Board currently comprises 11 Non-Executive Directors and one Executive Director, the Managing Director, who is responsible for the general supervision of the business affairs and concerns of the day-to-day operations of the Bank.



## 2. Annual Election of Directors

All Non-Executive Directors are elected annually at the Bank's Annual General Meeting. Any casual vacancy in the Board may be filled during the course of the year; however, such appointed Directors serve only until the next Annual General Meeting when they must stand for election by the shareholders.

## 3. Conflict of Interest

If a Director has a direct or indirect personal interest in a matter before the Board, the Director must abstain from voting or participating directly or indirectly in any related deliberations. It is expected that any Director who is an interested party will disclose to the Board all relevant material and non-confidential information regarding such transaction for the purpose of allowing full and adequate evaluation of the same by the Board.

## 4. Compensation of Directors

The Executive Director receives no remuneration for services performed in his capacity as Director. The sum of \$155,000 is paid to the remaining Board of Directors to be shared in a manner approved by the Board.

## 5. Director Education

Each Director is expected to be knowledgeable about concepts being discussed and to ensure that decisions made by the Board are reasonable.

Therefore, the Bank provides ongoing educational opportunities for its Directors through seminars, meetings and regulatory update services. In addition, on a continuing basis, Directors receive presentations on the Bank's strategic plans, financial performance, compliance, risks and regulatory issues among other matters.

## INDEPENDENCE OF DIRECTORS

The Board is aware of its unique position as it relates to The Government, which is the majority shareholder. However, the Board comprises a substantial majority of Directors who meet The Central Bank of The Bahamas' criteria for independence.

## BOARD MEETINGS

### I. Frequency of Meetings

Regular meeting dates are established and communicated to the Directors at least one year in advance. The first meeting following the Annual General Meeting is the organizational meeting at which officers, members and chairs of Board Committees are elected or appointed.



## 2. Strategic Plan Review

The Strategic Plan is developed by the Executive Management of the Bank and approved by the Board. The Strategic Plan is a revolving instrument covering periods ranging from two to five years. The Board is kept fully abreast of all matters relative to the attainment or otherwise of specific objectives.

## 3. Attendance at Meetings

Directors are expected to attend all Board meetings in order to stay informed and provide the opportunity for meaningful input in the decision-making process. Regular attendance at all board meetings, together with committee meetings and the Annual General Meeting, is expected of all Directors.

## 4. Preparation for Board Meetings

Board materials are expected to be prepared and distributed approximately 5 days in advance of a meeting to give Directors an opportunity to review reports, and where possible to obtain additional information from management or pose any questions or concerns they may have prior to the meetings.





### 5. Selection of Agenda Items

The Chairman along with the Managing Director prepares the agenda for each meeting. Directors may request that certain items be added to the Agenda for discussion at the Board level.

### BOARD COMMITTEES

The Board has established a number of Committees as follows:

1. Audit, Controls, & Procedures Committee
2. Credit Risk Committee
3. Corporate Finance & Capital Development Committee
4. Risk, Compliance & KYC Committee
5. Information & Technology Committee
6. Human Resources Committee

Ad Hoc Committees are formed if and when special projects arise that require the Board's oversight. Board Committee meetings are held at least once quarterly.

### THE MISSION OF EACH BOARD COMMITTEE IS OUTLINED BELOW:

#### 1. Audit, Controls & Procedures Committee

The Audit Committee provides direct oversight of the Bank's internal and external audit functions. The Committee evaluates and examines all aspects of the workings of the Bank to ensure that the fullest protection is given to the Bank's assets. The Committee works to ensure that the Bank's policies and procedures are maintained in a manner that reflects industry best practices and achieves the highest degree of assurance that the Bank is 'In Control'. It assesses the Bank's control environment taking into account the Bank's character, approach to governance, management, organizational structure, resource availability, staff conduct, procedures and controls. It is responsible for assisting the Board in providing for independent review of the effectiveness of the reporting processes, internal controls systems and risk management.

#### 2. Credit Risk Committee

The Credit Risk Committee's mandate is to seek to create an optimum balance of controlled credit expansion, sound asset quality and improved return on risk assets within the

context of a highly competitive marketplace and evolving regulatory environment. Managing risk is of paramount importance to banking. It is therefore important that the Bank's credit function is conducted in an environment that is highly structured and where common sense and good judgment prevail. Branch credit meetings are held regularly and the Credit Risk Committee meets at least once per quarter to review and/or authorize credit transactions requiring their level of approval as well as credit policies and procedures.

### **3. Corporate Finance & Capital Development Committee**

The Corporate Finance & Capital Development Committee's role is to review the overall financial performance of the Bank, approve its business strategies and ensure that the highest level of fiscal integrity is maintained. The primary responsibilities of the Committee include financial analysis, approval of business objectives, approval of capital expenditures within a set limit, oversight of liquidity and capital, recommendation of dividend payment and review of ongoing relationship between the Bank, its regulators, and correspondent banking partners.

### **4. Risk, Compliance & KYC Committee**

The Risk, Compliance and KYC Committee's mandate is focused on the identification and assessment of all major areas of risk that may impact the Bank so as to ensure that risk is given sufficient prominence in the decision-making process at all times. In fulfillment of its mandate, the Committee has in place a robust compliance regime designed to promote adherence to relevant legislation and guidelines issued from time to time by the appropriate regulatory and supervisory bodies. Of equal significance, the Committee has strong advisory and proactive components that keep pace with evolving best practices relative to procedures and systems of proper conduct.

### **5. Information & Technology Committee**

The Information & Technology Committee's mandate is to leverage the latest information technology tools, techniques and systems to build a scalable and adaptable platform to maximize staff productivity and company-wide operations efficiency. The Committee's role is integral to the Bank's Vision Statement. Therefore, it must be advised of all existing and proposed business plans and initiatives. It also has access to internal and external audit reports in order to ensure that current industry-specific technology resources and data are employed to create the most efficient IT solutions.

### **6. Human Resources Committee**

The Human Resources Committee's mandate is to review, ratify and approve matters pertinent to staff at all levels including the development, approval and implementation of Human Resources initiatives. The Committee functions internally to develop the highest level of employee skills and satisfaction; it functions externally to spearhead the Community Awareness role of the Bank.

Specifically, areas of internal interest include Training Programs and Professional Development, Employee Compensation and Benefits, Succession Plans, Social Concerns and other special requirements. The Committee's external role addresses Awareness through Community Service and Social Programs.

## **ANNUAL EVALUATION AND SUCCESSION PLANNING**

### **I. Annual Self-Assessment**

In August, 2003, the firm of Deloitte & Touche was commissioned to assist with a thorough review of the Bank's Corporate Governance structure. Deloitte & Touche was also consulted relative to a self-assessment exercise undertaken by the Board of Directors and Executive Management. This review included an evaluation of the Board's compliance with its corporate governance guidelines and highlighted areas where improvement was needed.

As part of this exercise, each division of the Bank developed 'In-Control' statements. Essentially, these documents capture the specific minimum reporting requirements for each division and its internal control systems, which ensure that each area is 'in control'. These reports are generated quarterly and presented at each Board meeting for review and ratification.

### **2. Succession Planning**

The Human Resources Committee is responsible for reviewing and assisting with the development of executive succession plans. The Committee is mandated to identify individuals, at all levels who are promising, who have the greatest potential for accomplishment and leadership, and who are capable of directing the Bank's activities to ensure that its goals and objectives are met.

### **3. Board Certification**

Each year the Board is required to issue a Corporate Governance Statement to The Central Bank of The Bahamas (The Central Bank) confirming that it is familiar with the contents of the Guidelines for the Corporate Governance of Banks and Trust Companies licensed to do business within and from within The Bahamas, and is adhering to the guidelines as outlined. On April 30, 2004, the Board submitted its Annual Certification to The Central Bank confirming its compliance with those Guidelines.





# Our Strength is in Our People

## BOARD OF DIRECTORS



**Hugh Gordon Sands,**  
CMG, Chairman



**Allan J. Benjamin**  
Director  
Chairman, Risk, Compliance  
& KYC Committee



**Ruth R. Millar, CMG**  
Director  
Audit, Controls & Procedures  
Committee



**Lourey Smith**  
Deputy Chairman  
Risk, Compliance & KYC  
Committee



**Lennox Clayton McCartney**  
Director  
Chairman, Credit Risk  
Committee; Chairman,  
Finance & Capital Development  
Committee



**Robert D.L. Sands**  
Director  
Credit Risk Committee;  
Finance & Capital  
Development Committee



**Paul Joseph McWeeney**  
Managing Director



**Maxwell E. Gibson**  
Director  
Chairman, Human Resources  
Committee



**Patrick Sherman Bain**  
Director  
Human Resources  
Committee



**Thomas Maitland Cates**  
Director  
Chairman, Audit, Controls &  
Procedures Committee



**Dr. L. Barry Russell**  
Director  
Chairman, Information &  
Technology Committee



**Lester Smith**  
Director  
Finance & Capital  
Development Committee

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## MANAGING DIRECTOR

**Paul J. I. McWeeney**

## DEPUTY MANAGING DIRECTORS



**Vaughn Delaney**  
Deputy Managing Director,  
Information & Technology  
and Human Resources



**Beverly Farquharson**  
Deputy Managing Director,  
Operations



**Lynden Nairn**  
Deputy Managing Director,  
Credit and Finance

## EXECUTIVE MANAGEMENT

**Darryl Bartlett**  
Credit Risk Consultant

**E. A. Demeritte**  
Manager, Human Resources & Training

**Tameka Forbes**  
Risk Manager

**Alice Josey**  
Manager, Data Centre

**Terry Murray**  
Financial Controller

**George Thompson**  
Manager, Corporate Credit

**Tanya Wright**  
Manager, Bank of The Bahamas Trust  
Limited; Business Development and  
Public Relations

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**Kirvy Ferguson**  
Chief Internal Auditor

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## BRANCH/SERVICE CENTRE MANAGERS

**Trevor Bethel**  
Shirley Street

**Alaasis Braynen**  
Thompson Boulevard

**Paula Harris**  
Area Manager, Grand Bahama Division  
(Freeport & Eight Mile Rock)

**Julie Reckley**  
Harrold Road

**Franklyn Rigby**  
Village Road

## OFFICERS-IN-CHARGE

**Kevita Ferguson**  
Andros

**Judith Missick**  
Inagua

**Amanda Walker**  
San Salvador



## Management Discussion

### OVERVIEW

DESCRIPTION	2004	2003	Change
Interest Income	\$ 26.67	\$ 23.03	Up 15.80%
Net Interest Revenue	\$ 15.81	\$ 13.01	Up 21.55%
Non Interest Expenses	\$ 12.98	\$ 11.90	Up 9.08%
Net Income	\$ 6.03	\$ 5.64	Up 6.93%
EPS	\$ 0.50	\$ 0.47	Up 7.27%
Total assets	\$384.78	\$358.68	Up 7.28%
Loans and Advances to Customers	\$299.32	\$276.70	Up 8.18%
Total Liabilities	\$345.45	\$322.00	Up 7.28%
Shareholders Equity	\$ 39.33	\$ 36.68	Up 7.21%
Capital Ratio	10.22%	10.23%	Down 0.06%

All amounts are shown in millions, except for EPS.

The above schedule clearly underscores the solid performance of the Bank during the year. This achievement was realized within the context of economic uncertainties and the continuation of The Central Bank-imposed lending cap. Moreover, operating results were substantially reduced by a dramatic rise in new Net Provisions occasioned by the Bank's decision to further strengthen its internal insulation through the adoption of a more rigorous provisioning and write-off regime.

The impact of those events was softened by the continued growth in Interest Revenue and the resultant jump in Net Interest Income, which is particularly noteworthy.

Meanwhile, as foreshadowed last year, cost containment continued to be a primary focus of the Bank. This was evidenced by the ongoing review of operational systems and service delivery methods. The Bank now has the capacity to significantly increase its business without incurring an equivalent or greater proportionate increase in expenses.





### **INTEREST INCOME**

Despite declining Risk Asset Yields, Interest Income rose 15.80% reflecting strong growth in average Loans & Advances to Customers in B\$ and US\$ currencies.

During the year, increased liquidity, weak credit demand and intensified competition for certain types of credits resulted in a marked reduction in Risk Asset Yields. This event was moderated by the rise in average Risk Assets and recoveries of interest on advances that were previously classified as non-accrual.

### **INTEREST EXPENSE**

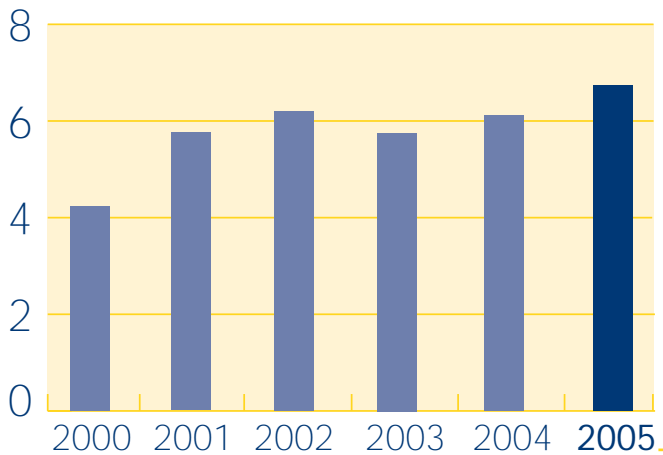
Interest Expense moved up 8.34% as deposits from customers and banks grew 15.17%. The rise in this component lagged behind Interest Revenue growth and indicates an ongoing improvement in the Bank's funding mechanism as well as high liquidity.

In view of recent increases in the Federal Reserve Funds Rate, substantial advances in US\$ Interest Expense occurred. However there was a simultaneous rise in US\$ Interest Revenue.

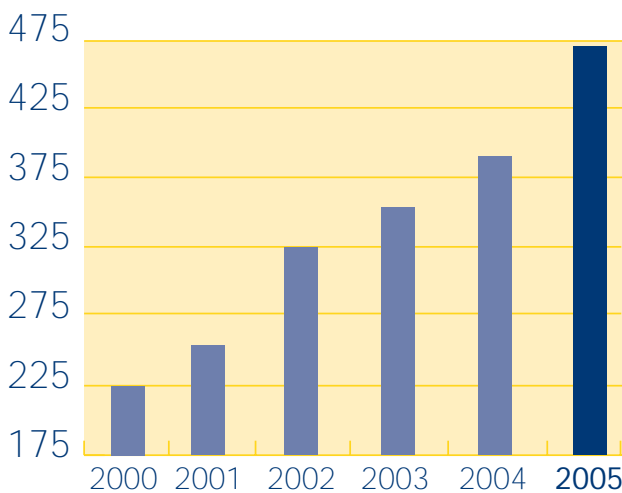
### **NON INTEREST REVENUE**

Non Interest Revenue grew 2.86% driven mainly by a rise in earnings from investments in Bahamas Government Registered Stocks. This growth compensated for the drop in other components of Non Interest Revenue particularly foreign exchange revenue and loan origination fees. This latter result was prevalent throughout the sector during the year. Management's response has been to place increased emphasis on this key area as evidenced by the introduction of new initiatives. Such actions are expected to offset future declines in those areas.

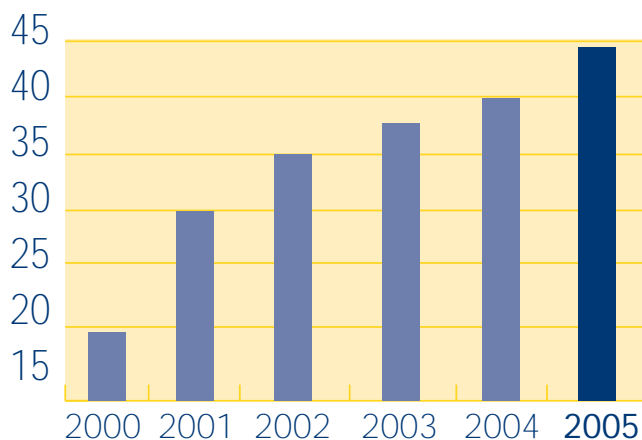
## NET INCOME



## TOTAL ASSETS



## SHAREHOLDERS' EQUITY



## NON INTEREST EXPENSES

Non Interest Expenses increased 9.08% or \$1,080,939 as the Bank developed new systems to improve customer service and implemented a corporate governance structure that meets international standards. In addition, the rise in Non Interest Expenses was impacted by a onetime adjustment of depreciation and amortization expense last year.

However, the rise in Net Interest Income, which substantially outpaced the drop in Non Interest Revenue as well as the increase in Non Interest Expenses, resulted in an appreciable improvement in the efficiency ratio from 65.02% last year to 61.07% this year.

## NET INCOME

Net Income rose 6.93% or \$391,096 to \$6,033,537 from \$5,642,441 predominately reflecting the rise in Net Interest Income. This result is even more impressive when the 194.66% or \$1,483,089 increase in new Net Provisions is considered.

Thereafter Earnings Per Share (EPS) grew 7.27% from 47 cents to 50 cents.

## TOTAL ASSETS

Total Assets grew 7.28% or \$26,096,322 to \$384,778,051 driven mainly by the 8.18% growth in Loans & Advances to Customers.

Except for the increase in Account with The Central Bank of The Bahamas, as described in the section marked Liquidity, there were no other major changes in asset balances.



ROA remained unchanged at 1.62% as Net Income growth essentially mirrored the rise in Total Assets.

### **LOANS & ADVANCES TO CUSTOMERS**

Loans & Advances to Customers grew 8.18% or \$22,625,818 to \$299,322,634. The more significant increases occurred in mortgage and commercial loans and business overdrafts.

Further, asset quality improved as non-accrual loans declined from 4.83% of total Loans & Advances to Customers to 4.27%. This achievement was due largely to the strengthening of the Bank's Collections Department.

During the year the Bank wrote off loans aggregating \$6,010,064. Of those loans \$1,463,823 were written off against general provision and \$4,546,241 against specific provision. Recoveries of loans written off amounted to \$579,493 offsetting the dramatic rise in new provisions, which totaled \$2,824,487. The resultant new Net Provisions of \$2,244,994 exceeded last year by \$1,483,089.

### **LIQUIDITY**

Total Liabilities grew 7.28% to \$345,447,894 as Deposits from Customers & Banks rose 15.17%. During the year, the Bank's and sector's liquidity were well in excess of the required levels due largely to the lending cap and secondarily to

improvements in the economy.

As a result, the Bank's non interest bearing account with The Central Bank grew by \$3,338,383 to \$33,392,798 since there were fewer opportunities to invest in productive assets.

### **TOTAL SHAREHOLDERS' EQUITY**

Total Shareholders' Equity increased 7.21% from \$36,684,370 to \$39,330,157 reflecting the fact that the Bank's Net Income exceeded dividends paid. Indeed, the dividend payout ratio was 51.71%.

ROE stood at 15.87% compared to 15.93% last year. This reduction reflects the fact that average Total Shareholders' Equity grew at a slightly higher rate than Net Income.

During the year the Bank acquired 45,000 of its shares for the purpose of establishing an employee stock incentive plan. This acquisition was consistent with the October 28, 2002 Board of Directors approval to create an employee stock incentive plan for all employees with a grant of up to 100,000 shares through June 2007. Under the plan employees are granted options to acquire shares at a defined price over a period of two years. On June 30, 2004 the Bank issued 25,000 share options to employees entitling them to acquire 25,000 shares.

The Bank's Tier I and total capital ratios were 16.31% and 16.69% respectively. These ratios are well within regulatory



> INDEPENDENT AUDITORS' REPORT & CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

## INDEPENDENT AUDITORS' REPORT

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**Deloitte  
& Touche**

To the Shareholders of  
Bank of The Bahamas Limited:

We have audited the accompanying consolidated balance sheet of Bank of The Bahamas Limited (the "Bank") as of June 30, 2004, and the related consolidated statements of income, changes in equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank as of June 30, 2004, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Deloitte & Touche*

July 30, 2004

# BANK OF THE BAHAMAS LIMITED

## CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2004 (EXPRESSED IN BAHAMIAN DOLLARS)

	2004	2003
<b>ASSETS</b>		
Cash and due from banks (Note 3)	\$ 13,694,256	\$ 13,560,704
Account with The Central Bank of The Bahamas (Note 3)	33,392,798	30,054,415
Investments (Note 4)	25,509,500	26,644,601
Loans and advances to customers, net (Notes 5, 14 and 19)	299,322,634	276,696,816
Accrued interest receivable (Note 14)	2,887,810	1,594,490
Fixed assets, net (Note 6)	3,947,105	4,453,439
Prepaid expenses and other assets	3,829,553	3,630,520
Goodwill, net (Note 7)	1,115,277	1,263,981
Customers' liabilities under acceptances, guarantees and letters of credit	1,079,118	782,763
<b>TOTAL</b>	<b>\$384,778,051</b>	<b>\$358,681,729</b>
<b>LIABILITIES</b>		
Deposits from customers and banks (Notes 8 and 14)	\$ 319,928,319	\$ 277,798,001
Bonds payable (Note 9)	17,000,000	17,000,000
Cheques and other items in transit, net	203,689	367,507
Accounts payable and other liabilities (Note 19)	2,509,133	21,646,323
Accrued interest payable (Note 14)	2,807,635	2,482,765
Dividends payable	1,920,000	1,920,000
Acceptances, guarantees and letters of credit	1,079,118	782,763
<b>Total liabilities</b>	<b>345,447,894</b>	<b>321,997,359</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	12,000,000	12,000,000
Share premium	7,589,064	7,589,064
Treasury shares (Note 11)	(267,750)	-
General reserve	1,400,000	1,400,000
Retained earnings	18,608,843	15,695,306
<b>Total shareholders' equity</b>	<b>39,330,157</b>	<b>36,684,370</b>
<b>TOTAL</b>	<b>\$384,778,051</b>	<b>\$358,681,729</b>

See notes to consolidated financial statements.

These consolidated financial statements were approved on behalf of the Board of Directors and authorized for issue on July 30, 2004:



Director



Director



# BANK OF THE BAHAMAS LIMITED

## CONSOLIDATED STATEMENT OF INCOME YEAR ENDED JUNE 30, 2004 (EXPRESSED IN BAHAMIAN DOLLARS)

	2004	2003
<b>NET INTEREST AND OTHER INCOME:</b>		
Interest income (Note 14)	\$26,673,554	\$23,033,977
Interest expense (Note 14)	10,860,857	10,024,795
Net interest income	15,812,697	13,009,182
Less net provision for loan losses (Note 5)	2,244,994	761,905
Net interest income after provision for loan losses	13,567,703	12,247,277
Service fees and commissions	2,239,700	2,126,317
Foreign exchange	966,170	1,142,722
Other banking income	565,596	642,789
Interest income from investments (Note 14)	1,678,916	1,386,945
<b>Total</b>	<b>19,018,085</b>	<b>17,546,050</b>
<b>NON-INTEREST EXPENSES:</b>		
General and administrative (Note 16)	11,568,964	11,098,333
Depreciation and amortization (Note 6)	1,266,880	656,572
Amortization of goodwill (Note 7)	148,704	148,704
<b>Total</b>	<b>12,984,548</b>	<b>11,903,609</b>
<b>NET INCOME</b>	<b>\$6,033,537</b>	<b>\$5,642,441</b>
<b>AVERAGE NUMBER OF COMMON SHARES</b>	<b>11,962,500</b>	<b>12,000,000</b>
<b>EARNINGS PER SHARE</b>	<b>\$ 0.50</b>	<b>\$ 0.47</b>

See notes to consolidated financial statements.

## BANK OF THE BAHAMAS LIMITED

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED JUNE 30, 2004

(EXPRESSED IN BAHAMIAN DOLLARS)

	Share Capital	Share Premium	Treasury Shares	General Reserve	Retained Earnings	Total
Balance at June 30, 2002	\$ 12,000,000	\$ 7,589,064	\$ -	\$ 1,400,000	\$ 13,172,865	\$ 34,161,929
Net income	-	-	-	-	5,642,441	5,642,441
Dividends:						
Paid (\$0.10 per share)	-	-	-	-	(1,200,000)	(1,200,000)
Proposed (\$0.16 per share)	-	-	-	-	(1,920,000)	(1,920,000)
Balance at June 30, 2003	12,000,000	7,589,064	-	1,400,000	15,695,306	36,684,370
Net income	-	-	-	-	6,033,537	6,033,537
Acquisition of treasury shares (Note 11)	-	-	(267,750)	-	-	(267,750)
Dividends:						
Paid (\$0.10 per share)	-	-	-	-	(1,200,000)	(1,200,000)
Proposed (\$0.16 per share)	-	-	-	-	(1,920,000)	(1,920,000)
<b>Balance at June 30, 2004</b>	<b>\$12,000,000</b>	<b>\$7,589,064</b>	<b>\$(267,750)</b>	<b>\$1,400,000</b>	<b>\$18,608,843</b>	<b>\$39,330,157</b>

See notes to consolidated financial statements.

# BANK OF THE BAHAMAS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2004 (EXPRESSED IN BAHAMIAN DOLLARS)

	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 6,033,537	\$ 5,642,441
Adjustments for:		
Depreciation and amortization (Note 6)	1,266,880	656,572
Amortization of goodwill (Note 7)	148,704	148,704
(Gain) loss on disposal of fixed assets	(5,999)	142,765
Write-down of investments (Note 4)	35,101	90,000
Net provision for loan losses (Note 5)	2,244,994	761,905
	<b>9,723,217</b>	<b>7,442,387</b>
Change in operating assets and liabilities (Note 17)	(20,468,491)	18,150,872
Increase in loans and advances to customers, net	(24,870,812)	(25,193,687)
Increase (decrease) in deposits from customers and banks, net	42,130,318	(270,494)
<b>Net cash from operating activities</b>	<b>6,514,232</b>	<b>129,078</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of fixed assets (Note 6)	(760,546)	(1,208,753)
Purchase of investments	-	(7,746,300)
Proceeds from disposal of fixed assets	5,999	32,430
Proceeds from maturity of investments	1,100,000	500,000
<b>Net cash from (used in) investing activities</b>	<b>345,453</b>	<b>(8,422,623)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Dividends paid	(3,120,000)	(3,120,000)
Acquisition of treasury shares (Note 11)	(267,750)	-
<b>Net cash used in financing activities</b>	<b>(3,387,750)</b>	<b>(3,120,000)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>3,471,935</b>	<b>(11,413,545)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>43,615,119</b>	<b>55,028,664</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 3)</b>	<b>\$47,087,054</b>	<b>\$43,615,119</b>

See notes to consolidated financial statements.

# BANK OF THE BAHAMAS LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2004

### NOTE 1 - GENERAL

Bank of The Bahamas Limited (the "Bank") is incorporated under the laws of the Commonwealth of The Bahamas. The Bank is licensed under the provisions of the Bank and Trust Companies Regulations Act 2000. The Bank is also licensed as an authorized dealer pursuant to the Exchange Control Regulations Act.

The Government of the Commonwealth of The Bahamas owns 51% of the issued shares. The remaining shares are owned by approximately 4,000 Bahamian shareholders. The Bank's head office is located at Cloughton House, Shirley and Charlotte Streets.

The principal business of the Bank is providing commercial banking services through ten branches: four in New Providence, two in Grand Bahama, two in Andros, one in San Salvador and one in Inagua. A wholly owned subsidiary of the Bank, Bank of The Bahamas Trust Limited, was formed in September 2000 to provide trust and related services. During October 2002, the Bank launched a new logo and trading name, Bank of The Bahamas International.

The Bank carries out international business through its correspondent bank relationships with Bank of America, JP Morgan Chase, Bank of Montreal and Lloyds Bank PLC. The Bank is also an agent for American Express and MoneyGram.

The number of persons employed by the Bank at June 30, 2004 was 198 (2003: 183) of which 1 (2003: 5) was temporary.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

#### *The significant accounting policies are as follows:*

- a. **Principles of consolidation** - These consolidated financial statements include the Bank's wholly owned subsidiary, Bank of The Bahamas Trust Limited. Intercompany balances have been eliminated upon consolidation.
- b. **Recognition of income** - Income is recognized on an accrual basis, except for loans and advances to customers placed on non-accrual basis and fees, which are recognized on a cash basis.
- c. **Cash and cash equivalents** - Cash and cash equivalents consist of cash, due from banks and account with The Central Bank of The Bahamas.
- d. **Loans and advances to customers** - Loans and advances to customers are stated at the principal amounts outstanding, net of unearned income and provisions for losses.

*Unearned income* - Unearned income on consumer loans is accrued monthly to income using the Rule of 78 method, which yields a level rate of return over the life of the loan. Consumer loans granted after July 1994 are calculated on a simple interest basis.

*Non-accrual loans* - Loans are identified as impaired and placed on a cash (non-accrual) basis when it is determined that the payment of interest or principal is doubtful of collection, or when interest or principal is past due 90 days or more, except for loans that are fully secured and in the process of collection. A loan is fully secured when the net realizable value of the collateral equals or exceeds the principal and outstanding interest. A loan is considered to be in the process of collection if the collection efforts are reasonably expected to result in repayment of principal and interest, or restoration to current status.

A loan that is contractually 180 days in arrears is classified as non-accrual in all situations, except for loans to or guaranteed by The Government of The Commonwealth of The Bahamas. When a loan is identified as non-accrual, the accrual of interest is discontinued and any previously accrued, but unpaid interest is charged against current earnings. Thereafter, interest is included in earnings only to the extent actually received in cash. When there is doubt regarding the ultimate collectibility of principal, all cash receipts are applied to reduce the principal. Further, while interest continues to accrue, it is not added to the principal nor recognized as income, but rather is suspended.

Cash basis loans are returned to accrual status when all contractual principal and interest amounts are reasonably assured of repayment and/or there is a sustained period of repayment performance in accordance with contractual terms.

*Provision for credit losses* - Provision for credit losses represents management's estimate of probable losses inherent in the loan portfolio. The provision for possible loan losses is increased by charges to operating expense net of recoveries. Provision for credit losses is comprised of specific provision and general provision.

Specific provision is maintained to reflect anticipated losses related to specific loans, or in the case of consumer loans, on the aggregate portfolio. Specific provision is established for non-consumer loans individually when, in management's view, collection of interest and/or principal is doubtful. The amount of specific provision is based on the extent to which the principal is judged to be uncollectible.

The specific provision for an impaired collateral-dependent non-consumer loan, where repayment is expected to be provided solely by the sale of the underlying collateral, is set at an amount equal to the difference between the principal balance and the net realizable value of the collateral. Net realizable value represents the discounted market price of the collateral less all costs associated with its disposition. For consumer loans, the Bank calculates the provision applying factors based on the past due status of the loans.

The general provision represents management's estimate of probable but unrealized losses inherent in the loan portfolio against which specific provisions have not been established.

*Loan write-off* - Consumer loans are written-off when they are contractually in arrears more than 180 days. All other loans are written-off when the following conditions exist: i) contractually in arrears; ii) underlying collateral has been exhausted; and iii) no payment has been received within 180 days thereafter. Where a loan is being written-off, specific provision is increased to the principal amount of the loan and thereafter the loan is written-off against the provision for credit losses.

- e. **Investments** - Investments classified as held-to-maturity are carried at cost. Investments classified as available-for-sale are initially recognized at cost and subsequently re-measured at fair value. All unrealized gains and losses are included in the consolidated statement of income as they arise.
- f. **Goodwill** - Goodwill represents the excess of cost of the acquisition over the net book value of assets acquired by the Bank, and is amortized on a straight-line basis over 10 years.
- g. **Foreign currency translation** - Assets and liabilities in foreign currencies are translated at year-end exchange rates. Income and expenses in other currencies have been translated at rates of exchange prevailing at the end of the month in which the income or expense is recognized. Foreign currency gains and losses are taken into income.
- h. **Fixed assets** - Fixed assets (excluding building) are stated at cost less accumulated depreciation and amortization. Building is stated at estimated salvage value of \$290,150 with subsequent additions at cost less accumulated depreciation. Depreciation and amortization are calculated on a straight-line basis using the following annual rates:

Building	20%
Leasehold improvements	20 - 33.33%
Furniture, fixtures and equipment	20 - 50%

Leasehold improvements are amortized over the unexpired portion of the lease or their estimated useful lives, whichever period is shorter.

- i. **Acceptances, guarantees, and letters of credit** - The contingent liability of the Bank under acceptances, guarantees and letters of credit is recorded as a liability in the consolidated balance sheet. An offsetting asset is recorded to reflect the Bank's recourse against customers in the case of a call on any of these commitments.
- j. **Related party transactions** - Related parties include all Ministries and Departments of The Bahamas Government, Government Corporations, Subsidiaries and Agencies. All transactions with related parties are based on rates and terms used in the normal course of business.
- k. **Pension costs** - Pension costs are charged to general and administrative expenses and are funded as accrued.
- l. **Earnings per share** - Earnings per share is computed by dividing the net income by the weighted average number of shares outstanding during the year.
- m. **Assets and liabilities under administration** - Assets and liabilities under administration on behalf of clients are not included in the consolidated balance sheet.

**NOTE 3 - CASH AND DUE FROM BANKS**

The following is an analysis of cash and cash equivalents in order of maturity:

	2004	2003
Under 16 days	\$ 46,437,054	\$ 42,165,194
16 - 30 days	-	94,510
31 - 90 days	650,000	1,115,430
91 - 180 days	-	239,985
	<b>\$ 47,087,054</b>	<b>\$43,615,119</b>

Included in cash and cash equivalents is the statutory reserve account with The Central Bank of The Bahamas of \$33,392,798 (2003: \$30,054,415), which is non-interest bearing.

**NOTE 4 - INVESTMENTS**

All investments are held with related parties and consist of the following:

**HELD TO MATURITY****BAHAMAS MORTGAGE CORPORATION BONDS**

Maturity	Interest Rate	Series	2004	2003
2007	2.00% below prime	K	\$ 2,700,000	\$ 2,700,000

**BAHAMAS GOVERNMENT REGISTERED STOCKS**

2004	.9375% above prime		-	1,100,000
2005	.875% above prime		1,500,000	1,500,000
2005	1.25% above prime		257,500	257,500
2006	1.25% above prime		86,300	86,300
2007	1% above prime		1,000,000	1,000,000
2008	6.375%		3,000,000	3,000,000
2010	.625% above prime		683,500	683,500
2011	7.000%		3,000,000	3,000,000
2012	.750% above prime		4,000,000	4,000,000
2013	1% above prime		675,000	675,000
2015	.1875% above prime		459,900	459,900
2018	.5625% above prime		244,000	244,000
2019	.46875% above prime		273,600	273,600
2019	.25% above prime		1,546,100	1,546,100
2020	.5% above prime		1,600	1,600
2020	.34375% above prime		884,600	884,600
2021	.375% above prime		869,000	869,000
2022	.3125% above prime		2,352,300	2,352,300
2022	.40625% above prime		216,000	216,000
2022	.34375% above prime		1,418,400	1,418,400
			<b>22,467,800</b>	<b>23,567,800</b>

**BRIDGE AUTHORITY BOND**

2019	1.25% above prime		136,500	136,500
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**DEPOSIT INSURANCE CORPORATION BOND**

2004	1.25% above prime		205,000	205,000
2004	0.25% above prime		200	200
			<b>205,200</b>	<b>205,200</b>

**Available for sale**

<b>SHARE IN THE BAHAMAS INTERNATIONAL SECURITIES EXCHANGE</b>			-	<b>35,101</b>
			<b>\$ 25,509,500</b>	<b>\$26,644,601</b>

**NOTE 5 - LOANS AND ADVANCES TO CUSTOMERS, NET**

Loans and advances to customers are as follows:

	<b>2004</b>	<b>2003</b>
Mortgage loans	\$ 112,628,670	\$ 97,590,919
Commercial loans	123,383,755	119,797,165
Consumer loans	18,152,336	25,691,798
Business overdrafts	23,043,842	13,332,131
Personal overdrafts	4,263,423	3,790,335
Government guaranteed student loans	20,133,805	21,964,370
Unearned income	(509)	(1,637)
	<b>301,605,322</b>	<b>282,165,081</b>
<b>LESS PROVISION FOR LOAN LOSSES:</b>		
At beginning of year	5,468,265	3,271,944
Provision on portfolio acquired	-	1,463,823
Amounts written-off	(6,010,064)	(29,407)
Recoveries	579,493	-
Provision charged to expense	2,244,994	761,905
<b>At end of year</b>	<b>2,282,688</b>	<b>5,468,265</b>
	<b>\$299,322,634</b>	<b>\$276,696,816</b>

During the year, the Bank wrote-off loans totaling \$6,010,064 (2003: \$29,407). Of this amount \$1,463,823 was written off against general provision and \$4,546,241 against specific provision. These loans will be subject to the Bank's ongoing collections efforts.

	<b>2004</b>	<b>2003</b>
<b>PROVISION FOR LOAN LOSSES IS AS FOLLOWS:</b>		
Specific provisions:		
Mortgage loans	\$ 323,303	\$ 104,743
Commercial loans	644,193	359,898
Consumer loans	424,124	2,925,826
	<b>1,391,620</b>	<b>3,390,467</b>
General provision	891,068	2,077,798
	<b>\$ 2,282,688</b>	<b>\$ 5,468,265</b>
<b>NON-ACCRUAL LOANS ARE AS FOLLOWS:</b>		
Mortgage loans	\$ 5,816,494	\$ 4,283,463
Commercial loans	6,284,949	2,287,409
Consumer loans	778,570	7,049,881
	<b>\$ 12,880,013</b>	<b>\$ 13,620,753</b>
<b>EXPRESSED AS A PERCENTAGE OF LOAN PORTFOLIO</b>	<b>4.27%</b>	<b>4.83%</b>

The following is an analysis of loans and advances to customers in order of maturity:

	<b>2004</b>	<b>2003</b>
0 - 2 years	\$ 116,491,459	\$ 101,287,642
3 - 5 years	50,164,458	53,980,831
6 - 10 years	62,764,642	53,203,126
Over 10 years	72,184,763	73,693,482
	<b>\$301,605,322</b>	<b>\$282,165,081</b>

As at year end, loans to senior management employees amounted to \$560,617 (2003: \$276,950).



**NOTE 5 - LOANS AND ADVANCES TO CUSTOMERS, NET (CONTINUED)**

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

	2004		2003	
	Value	No. of Loans	Value	No. of Loans
\$0 - \$10,000	\$7,925,753	2,371	\$10,498,912	3,043
\$10,001 - \$20,000	15,548,433	1,035	19,354,362	1,307
\$20,001 - \$30,000	8,122,253	333	10,563,988	434
\$30,001 - \$40,000	9,112,991	259	9,608,871	274
\$40,001 - \$50,000	7,834,727	174	7,572,744	168
Over \$50,000	253,061,165	1,087	224,566,204	1,138
	<b>\$301,605,322</b>	<b>5,259</b>	<b>\$282,165,081</b>	<b>6,364</b>

**NOTE 6 - FIXED ASSETS, NET**

The movement of fixed assets during the year is as follows:

	Land and Building	Leasehold Improvements	Furniture, Fixtures and Equipment	Construction in Progress	Total
<b>COST:</b>					
Beginning balance	\$ 1,166,207	\$ 1,679,600	\$ 4,995,275	\$ 1,174,829	\$ 9,015,911
Additions/transfers	155,051	1,086,657	693,667	(1,174,829)	760,546
Disposals	-	-	(16,600)	-	(16,600)
<b>Ending balance</b>	<b>\$ 1,321,258</b>	<b>\$ 2,766,257</b>	<b>\$ 5,672,342</b>	<b>\$ -</b>	<b>\$ 9,759,857</b>
<b>ACCUMULATED DEPRECIATION AND AMORTIZATION:</b>					
Beginning balance	\$ 739,173	\$ 1,047,211	\$ 2,776,088	\$ -	\$ 4,562,472
Depreciation expense	34,320	224,560	1,008,000	-	1,266,880
Disposals	-	-	(16,600)	-	(16,600)
<b>Ending balance</b>	<b>\$ 773,493</b>	<b>\$ 1,271,771</b>	<b>\$ 3,767,488</b>	<b>\$ -</b>	<b>\$ 5,812,752</b>
<b>NET BOOK VALUE:</b>					
<b>June 30, 2004</b>	<b>\$ 547,765</b>	<b>\$ 1,494,486</b>	<b>\$ 1,904,854</b>	<b>\$ -</b>	<b>\$ 3,947,105</b>
<b>June 30, 2003</b>	<b>\$ 427,034</b>	<b>\$ 632,389</b>	<b>\$ 2,219,187</b>	<b>\$ 1,174,829</b>	<b>\$ 4,453,439</b>

**NOTE 7 - GOODWILL, NET**

Goodwill is as follows:

	2004	2003
<b>GOODWILL AT COST</b>	<b>\$ 1,488,625</b>	<b>\$ 1,488,625</b>
<b>AMORTIZATION:</b>		
At beginning of year	224,644	75,940
Amortized during the year	148,704	148,704
<b>At end of year</b>	<b>373,348</b>	<b>224,644</b>
	<b>\$ 1,115,277</b>	<b>\$ 1,263,981</b>

Goodwill represents the cost of acquisition of the business of the former Workers Bank Limited. This transaction was accounted for using the purchase method of accounting. Consideration given represented the negative net assets assumed.

## NOTE 8 - DEPOSITS FROM CUSTOMERS AND BANKS

Deposits from customers and banks are as follows:

	2004	2003
Demand deposits	\$ 61,658,443	\$ 55,721,118
Savings accounts	21,835,380	19,663,323
Term deposits	236,434,496	202,413,560
	<b>\$319,928,319</b>	<b>\$277,798,001</b>

The following is an analysis of deposits from customers and banks in order of maturity:

	2004	2003
Under 31 days	\$ 173,814,427	\$ 158,226,978
31 - 90 days	73,716,246	54,702,407
91 - 180 days	35,130,417	35,625,974
Over 180 days	37,267,229	29,242,642
	<b>\$319,928,319</b>	<b>\$277,798,001</b>

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

	2004		2003	
	Value	No. Of Deposits	Value	No. Of Deposits
\$0 - \$10,000	\$ 15,205,965	18,494	\$ 14,742,891	19,333
\$10,001 - \$20,000	7,787,787	570	7,688,287	558
\$20,001 - \$30,000	5,985,966	246	5,646,248	230
\$30,001 - \$40,000	5,668,452	164	5,246,564	151
\$40,001 - \$50,000	3,798,907	85	3,254,234	72
Over \$50,000	281,481,242	625	241,219,777	581
	<b>\$319,928,319</b>	<b>20,184</b>	<b>\$ 277,798,001</b>	<b>20,925</b>

In 1999, The Central Bank of The Bahamas established the Deposit Insurance Corporation (the "Corporation"). The Bank pays an annual premium to the Corporation, which insures the funds of all Bahamian dollar depositors of the Bank up to a maximum of \$50,000.

## NOTE 9 - BONDS PAYABLE

Bonds payable were issued to the National Insurance Board on May 1, 2002, and bear interest at the Bahamian dollar prime rate which at year end was 6% (2003: 6%). These bonds are secured under a trust agreement by specific performing loans granted under the Government Guaranteed Advanced Education Loan Scheme as per terms of the Education Guarantee Fund Act, 2001.

The amounts and maturity dates are as follows:

Description	Maturity	2004	2003
Prime bond series A	Due December 31, 2012	\$ 3,500,000	\$3,500,000
Prime bond series B	Due December 31, 2013	4,800,000	4,800,000
Prime bond series C	Due December 31, 2014	2,600,000	2,600,000
Prime bond series D	Due December 31, 2015	6,100,000	6,100,000
		<b>\$ 17,000,000</b>	<b>\$ 17,000,000</b>

## NOTE 10 - SHARE CAPITAL

Share capital consists of the following:

	2004	2003
Preference shares:		
Authorized - 25,000 shares of B\$1,000 each		
Issued - Nil	\$ -	\$ -
Common shares:		
Authorized - 25,000,000 shares of B\$1 each		
Issued and fully paid - 12,000,000 shares	12,000,000	12,000,000
	<b>\$ 12,000,000</b>	<b>\$ 12,000,000</b>

At the Bank's Annual General Meeting on November 18, 2003, the Bank's shareholders approved a resolution to increase the authorized share capital of the Bank and allow for the issuance of non-voting redeemable preference shares. When issued, such preference shares will be redeemable at the discretion of the Board of Directors.

#### NOTE 11 - TREASURY SHARES

During the year, the Bank acquired 45,000 of its shares for the purpose of establishing an employee stock incentive plan (see Note 20).

#### NOTE 12 - CONTINGENCIES

Various legal proceedings are pending that challenge certain actions of the Bank. Most of these proceedings are loan-related and are in reaction to steps taken by the Bank to collect delinquent loans and enforce rights against collateral securing such loans. Management considers that the aggregate liability resulting from these proceedings will not be material.

#### NOTE 13 - COMMITMENTS

a. The approximate minimum rental commitments (exclusive of the effect of escalation clauses as to taxes, maintenance, etc.) under operating leases for the next five fiscal years ending June 30, are as follows:

2005	\$660,870
2006	\$660,870
2007	\$409,221
2008	\$409,221
2009	\$409,221

Rental expense (including service charges) totaled \$747,550 (2003: \$706,382) net of rental income of \$36,194 (2003: \$31,200).

b. The commitment for loans at June 30, 2004 was \$8,287,945 (2003: \$36,792,138).

c. The Bank has a commitment for future capital expenditure of \$3,150,000 (2003: Nil).

#### NOTE 14 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Transactions and balances with related parties are as follows:

	2004	2003
<b>LOANS AND ADVANCES TO CUSTOMERS</b>		
Related parties	\$ 32,991,231	\$ 26,457,297
Others	268,614,091	255,707,784
	<b>\$301,605,322</b>	<b>\$282,165,081</b>
<b>ACCRUED INTEREST RECEIVABLE</b>		
Related parties	\$ 1,780,345	\$ 1,028,429
Others	1,107,465	566,061
	<b>\$ 2,887,810</b>	<b>\$ 1,594,490</b>
Included in accrued interest receivable from related parties is interest receivable on Bahamas Government Registered Stocks, Bahamas Mortgage Corporation Bonds and Deposit Insurance Corporation Bonds.		
<b>DEPOSITS FROM CUSTOMERS AND BANKS</b>		
Related parties	\$ 106,617,267	\$ 95,154,784
Others	213,311,052	182,643,217
	<b>\$319,928,319</b>	<b>\$277,798,001</b>
<b>ACCRUED INTEREST PAYABLE</b>		
Related parties	\$ 1,385,814	\$ 1,325,540
Others	1,421,821	1,157,225
	<b>\$ 2,807,635</b>	<b>\$ 2,482,765</b>
<b>INTEREST INCOME</b>		
Related parties	\$ 1,793,464	\$ 1,669,579
Others	24,880,090	21,364,398
	<b>\$ 26,673,554</b>	<b>\$ 23,033,977</b>
<b>INTEREST INCOME FROM INVESTMENTS</b>	<b>\$ 1,678,916</b>	<b>\$ 1,386,945</b>
<b>INTEREST EXPENSE</b>		
Related parties	\$ 4,232,874	\$ 3,326,858
Others	6,627,983	6,697,937
	<b>\$ 10,860,857</b>	<b>\$ 10,024,795</b>

#### NOTE 15 - PENSION PLAN

The Bank has a defined contribution plan (the "Plan") in which eligible employees (those having attained 25 years of age and confirmed in their positions) contribute a minimum of 3.5% of their annual salaries and the Bank contributes 6.5%. Employees become fully vested after 2 years of plan membership.

Contributions for the year ended June 30, 2004 totaled \$303,395 (2003: \$303,662).

The Plan owns 210,826 (2003: 210,826) shares of the Bank. The holdings represent approximately 30% (2003: 42%) of the Plan's net assets.

The Plan has deposits totaling \$2,829,947 (2003: \$2,357,821) with the Bank.

#### NOTE 16 - GENERAL AND ADMINISTRATIVE

	2004	2003
Staff costs	\$ 6,963,902	\$ 6,621,559
Retirement and redundancy benefits	104,133	640,237
Other	4,500,929	3,836,537
	<b>\$ 11,568,964</b>	<b>\$11,098,333</b>

#### NOTE 17 - CHANGES IN OPERATING ASSETS AND LIABILITIES

	2004	2003
Increase in accrued interest receivable	\$ (1,293,320)	\$ (84,883)
Increase in prepaid expenses and other assets	(199,033)	(2,280,073)
Decrease in cheques and other items in transit, net	(163,818)	(257,267)
(Decrease) increase in accounts payable and other liabilities	(19,137,190)	20,946,899
Increase (decrease) in accrued interest payable	324,870	(173,804)
	<b>\$(20,468,491)</b>	<b>\$18,150,872</b>

#### NOTE 18 - ASSETS UNDER ADMINISTRATION

Assets under administration for clients in the Bank's fiduciary capacity are as follows:

	2004	2003
<b>STUDENT EDUCATION LOANS</b>	<b>\$ 36,678,905</b>	<b>\$23,270,949</b>
<b>TRUST ASSETS</b>	<b>\$ 2,960,000</b>	<b>\$ 2,960,000</b>

#### NOTE 19 - SIGNIFICANT EVENT

On June 2, 2003, the Bank signed a loan purchase agreement to acquire loans aggregating \$22,459,682 from Citibank N.A., Bahamas Branch (seller) at a cost of \$20,995,859. The closing of the contract, which included full payment to the seller, occurred on July 1, 2003, and has been accounted for in these consolidated financial statements using the purchase method of accounting.

The purchase resulted in an increase in the loan portfolio of \$22,459,682, and a liability of \$20,995,859. The excess of the face value of the acquired loans over the cost of \$1,463,823 was initially transferred to the provision for loan losses and written off during 2004. Under the contract, within one year from the date of the same, the Bank was entitled to resell to the seller loans that have title defects, where the total amount necessary to cure such defects was material. No loans were sold to the seller during the year.

#### NOTE 20 - EMPLOYEE STOCK INCENTIVE PLAN

On October 28, 2002, the Board of Directors approved an employee stock incentive plan for all employees with a grant of up to 100,000 shares through June 2007. Under the plan employees are granted options to acquire shares at a defined price over a maximum of two years. On June 30, 2004 the Bank issued 25,000 share options to employees entitling them to acquire 25,000 shares.

#### NOTE 21 - COMPARATIVE FIGURES

Prior year figures included in Note 5 - Loans and advances to customers, net have been reclassified to conform with the current year's pres-

entation.

#### **NOTE 22 - FINANCIAL ASSETS AND LIABILITIES**

The estimated fair values represent values at which financial instruments could be exchanged in a current transaction between willing parties. Where there is no available trading market, fair values are estimated using appropriate valuation techniques. The fair values of non-financial instruments, such as fixed assets, are not explained below.

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

**Cash resources, other assets and other liabilities** - Due to their short-term maturity, the carrying values of these financial instruments are assumed to approximate their fair values.

**Investments** - The estimated fair values of investments are based on quoted market prices, when available. If quoted market prices are not available, fair values are estimated using quoted market prices of similar securities, or by appropriate valuation techniques.

**Loans** - For floating rate loans that are subject to repricing within a short period of time, fair values are assumed to be equal to the carrying values.

**Deposits** - The estimated fair values of deposits are assumed to be equal to their carrying values due to their short-term nature.

#### **NOTE 23 - REGULATORY CAPITAL**

The Bank is subject to regulatory capital requirements defined by The Central Bank of The Bahamas. Two measures of capital strength are employed, capital-to-asset ratio and risk-adjusted capital ratios.

The Bank's capital-to-asset ratio was 10.22% (2003: 10.23%) at the end of the fiscal year, substantially above the 5% standard established by The Central Bank of The Bahamas.

In the evaluation of risk-adjusted capital ratios, best standards require the Bank to maintain Tier 1 and total capital ratios of 4% and 8% respectively. At June 30, 2004 the Bank's Tier 1 and total capital ratios were 16.31% and 16.69% respectively (2003: 14.45% and 15.29% respectively).

#### **NOTE 24 - RISK MANAGEMENT**

There are a number of risks inherent in commercial banking that the Bank manages on an ongoing basis. Among these risks, the more significant are credit, operational, liquidity, 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 current accounts, investments and loans. The deposits and investments are predominantly in Bahamian dollars and have been placed with high quality institutions. Credit risk arising from loans is mitigated through the employment of a comprehensive credit policy 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, credits are subject to regular review by the Bank's internal audit department and annual review by credit officers. The vast majority of the Bank's loans are collateralized and guaranteed thus providing further mitigation of credit.

**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 rigorous risk-based internal audit regime.

**Liquidity risk** - Liquidity risk reflects the risk that the Bank will not be able to meet an obligation when it becomes due or honor a deposit withdrawal request or service loans. The Bank maintains an optimum percentage 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 ensure that they sufficiently meet the Bank's standards. 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 analysis show that the Bank is heavily 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.

**Interest rate risk** - Interest rate sensitivity or interest rate risk results from differences in the maturities or repricing dates of earning assets and paying liabilities. Interest rate risk exposures 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 performed to determine the potential impact of various gap

The following table summarizes the carrying amount of consolidated balance sheet assets, liabilities and equity to arrive at the Bank's interest rate sensitivity gap based on the earlier of contractual repricing or maturity date:

As of June 30, 2004	Within 3 Months	3-6 months	7-12 months	1-5 Years	Over 5 years	Not interest rate sensitive	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,087,054	\$ 47,087,054
average yield	-	-	-	-	-	-	-
Investments	-	205,200	1,757,500	6,786,300	16,760,500	-	25,509,500
average yield	-	6.25%	6.77%	5.81%	6.57%	-	-
Loans and advances to customers, net	57,288,673	2,774,767	28,731,367	79,616,383	120,375,513	10,535,931	299,322,634
average yield	8.19%	7.38%	10.96%	7.69%	9.12%	-	-
Fixed assets, net	-	-	-	-	-	3,947,105	3,947,105
Other assets	-	-	-	-	-	8,911,758	8,911,758
<b>TOTAL</b>	<b>57,288,673</b>	<b>2,979,967</b>	<b>30,488,867</b>	<b>86,402,683</b>	<b>137,136,013</b>	<b>70,481,848</b>	<b>384,778,051</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
Deposits from customers and bank	164,034,237	35,135,634	37,271,347	-	-	83,487,065	319,928,319
average yield	3.76%	4.38%	4.64%	-	-	-	-
Bonds payable	-	-	-	-	17,000,000	-	17,000,000
average yield	-	-	-	-	6.00%	-	-
Other Liabilities	-	-	-	-	-	8,519,575	8,519,575
Shareholders' equity	-	-	-	-	-	39,330,157	39,330,157
<b>TOTAL</b>	<b>164,034,273</b>	<b>35,135,634</b>	<b>37,271,347</b>	<b>-</b>	<b>17,000,000</b>	<b>131,336,797</b>	<b>384,778,051</b>
<b>INTEREST RATE SENSITIVITY GAP</b>	<b>(106,745,600)</b>	<b>(32,155,667)</b>	<b>(6,782,480)</b>	<b>86,402,683</b>	<b>120,136,013</b>	<b>(60,854,949)</b>	<b>-</b>
<b>CUMULATIVE INTEREST RATE SENSITIVITY GAP</b>	<b>\$(106,745,600)</b>	<b>\$(138,901,267)</b>	<b>\$(145,683,747)</b>	<b>\$(59,281,064)</b>	<b>\$60,854,949</b>	<b>\$ -</b>	<b>-</b>
Average Yield - Earning Assets	8.19%	7.30%	10.72%	7.54%	8.81%	-	8.52%
Average Yield - Earning Liabilities	3.76%	4.38%	4.64%	0.00%	6.00%	-	4.12%
<b>NET INTEREST MARGIN 2004</b>	<b>4.43%</b>	<b>2.92%</b>	<b>6.08%</b>	<b>7.54%</b>	<b>2.81%</b>	<b>-</b>	<b>4.40%</b>
<b>NET INTEREST MARGIN 2003</b>	<b>4.88%</b>	<b>3.10%</b>	<b>3.62%</b>	<b>4.36%</b>	<b>3.01%</b>	<b>-</b>	<b>4.41%</b>





**To be trusted is a  
greater compliment  
than to be loved.  
—George MacDonald  
Author and poet**





## Bank of The Bahamas Trust

When Bank of The Bahamas took the visionary step of introducing trust services to Bahamians in 2000, opening a new chapter in national financial services, the challenge was to familiarize the market with the advantages and benefits of placing present and anticipated assets in trust. Two years of targeted marketing and educational campaigns netted rewarding results. Many Bahamians recognised the importance of proper estate planning. They began to take advantage of the benefits of holding real estate, insurance, pension and other assets in trust, reducing the risk of public exposure, legal challenge and/or court delays and allowing the smooth, confidential and efficient transfer of assets to beneficiaries at the appointed time.

With personal trusts and client satisfaction established, Bank of The Bahamas Trust Limited (BBT), continuing the Bank's commitment to meeting next-generation needs, has expanded its focus to the control and safekeeping of pension funds.

### PENSION FUNDS

Pension funds are tantamount to the very meaning of trust and paramount to the well-being and security of a nation.

Contributors spend a lifetime believing that funds they contribute, along with matching or other contributions from employers, will be there for them when they retire. In this country, thousands of Bahamians contribute to private (non-NIB) pension funds now estimated at about \$793 million. Every one of them believes—and has a right to believe—that the money they invested in their pension fund will work for them when they are no longer working themselves.

Like employees, employers deserve to contribute to pension funds with confidence, knowing that their contributions are secure. As more employers realise the value of offering a strong pension plan to attract and keep the best qualified staff, the security of those funds becomes increasingly important.

*continued*



Seated: Tanya Wright, Manager; L.B. Johnson, Chairman.  
Standing: William Wallace, Director; Paul J.I. McWeeney, Managing Director.



With private pension funds expected to top the \$1 billion mark by the year 2005, concern with how funds are handled is mounting. The Attorney-General's Office has drafted a bill that would set stricter standards for the industry. That bill is being circulated for comment and whatever the outcome, there is certain to be additional control over this quickly multiplying and highly vulnerable resource.

BBT is not awaiting the passage of legislation to step up to and into the role of pension fund watchdog. This focus is a natural progression following the successful launching of trusts for Bahamians. We believe the safeguarding of pension funds is critical to the future security of our nation and we take this role solemnly and seriously. Toward that end, we have dedicated and trained additional staff.

In our capacity as watchdog, our role is custodial. We are the 'lions by the gate,' ensuring that funds do not escape and that those charged with the responsibility of managing and investing pension funds do so in full accordance with the plan, investment guidelines and industry best practices. This watchdog role is critical given the temptation to use pension funds to stimulate economic growth, a significant driver of the US economy, for instance, where private pension funds now total \$1063 billion.

Safeguarding pension funds and administering private, group and corporate trusts—one more way Bank of The Bahamas International and its subsidiary Bank of The Bahamas Trust demonstrate their commitment to the Bahamian people. Our clients, our shareholders, our employees.



**Bank of The Bahamas International**  
**Proud winner of the**  
**2004-2005 IAAP Award for Corporate Excellence**  
**Would like to thank:**

**Tonique Williams-Darling – Olympic Gold Medalist 2004 (Track & Field)**

**Mark Knowles – U.S. Open Men's Doubles Champion 2004 (Tennis)**

**Lorenzo Carter – Basketball**

**Lionel Haven – Referee/Soccer**

**Cameron Hepple – Soccer**

**Roger Huber – Kite Boarding**

**Teisha Lightbourne – Swimming**

**Mark Moyle – Kite Boarding**

**Monique Moyle – Pilates**

**Barron Musgrove – Cycling**

**Julian Rolle – Karate**

**Marcus Rolle – Karate**

**Patrick Smith – Volleyball**

**Arianna Vanderpool-Wallace – Swimming**

**Kendrick Wilson – Weightlifting**

**Special thanks to:**

**Heath Anderson**

**Judy Cancino**

**Debbie Lewis**

**Fred Sturup**

**Bahamas Olympic Association**

**Better Bodies**

**Body Connection**

**Curves**

**Gold's Gym**

**Vision Photography**



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