



FINANCIAL PERFORMANCE FOR THE QUARTER ENDED SEPTEMBER 30, 2020

The spread of COVID-19 and the actions to contain it have had a dramatic impact on the local economy and on many other countries around the world. The pandemic has resulted in travel and border restrictions, quarantines, curfews and lockdowns causing lower consumer demand and general market uncertainty. Notwithstanding, Bank of the Bahamas Limited (the “Bank”) recorded Net Income of \$2.4 million for the first quarter ended September 30, 2020. The Bank remains committed to overcoming this crisis, focused on our Strategic Plan in strengthening of our systems, expanding of products, and improving overall customer service.

The Bank’s total operating income during Q1 FY2021 showed a slight net decrease of \$0.08 million (-0.71%) compared to Q1 FY2020 due to lower net non-interest income, partially offset by higher net interest income. The impact of the pandemic was immediately felt by the Bank on its non-interest income resulting in an overall decline of \$0.3 million. While the positive variance in net interest income of \$0.2 million was primarily due to lower interest expense owing to a decline in certain interest rates and deposit products.

The Bank’s operating expenses increased by \$0.8 million (+10.18%) for the quarter mainly on higher bank license fees of \$0.4 million due to the increase in levy imposed by the Central Bank. Increases were also noted in staff, depreciation expense and IT related costs as the Bank invested in the human resources, system innovation, and upgrades to support the Bank’s planned growth and strategic initiatives. While a net recovery in credit losses of \$0.06 million was recorded in the current quarter compared to \$2.7 million of net credit loss expenses during first quarter of the prior fiscal year - a 102.27% positive variance, thereby resulting in an overall net income of \$2.4 million for the quarter compared to \$0.5 million for the same period in the prior fiscal year.

The Bank continues to maintain a strong financial position with total assets of \$874.1 million and the composite of loans and advances, net of \$375.1 million as at September 30, 2020. Total equity closed at \$156.6 million and the Bank’s liquidity position also remained strong as its cash and cash equivalents stood at \$231.6 million. The Bank’s key capital ratios continued to be in compliance with regulatory requirements, with CET1 Ratio of 37.9%, well above the Central Bank’s requirement of 9.6%.

We continue to make considerable strides to reach a position of sustainable profitability and growth for many years to come. Our quest has not been an easy one, but we pledge our commitment to keep paramount the safety and health of our dedicated and qualified BOB team of employees, management, directors, shareholders and most importantly our customers.

Kenrick Brathwaite
Managing Director