



FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2022

According to the Inter-American Development Bank (IDB), the U.N. Economic Commission for Latin America and the Caribbean (ECLAC)'s report, *Assessment of the Effects and Impacts of the COVID-19 Pandemic in The Bahamas*, it is predicted that the Bahamian economy is not expected to return to its pre-pandemic level until 2024. This delay will mainly be as a result of the gradual pace of recovery and the long-lasting effects of COVID-19 in the tourism sector. Despite the ongoing mutations of the COVID-19 virus, Bank of the Bahamas Limited (the "Bank") has continued to persevere as it closes another fiscal year with a stronger financial position and overall performance. The Bank has remained resilient during this pandemic period which has resulted in the achievement of positive results despite facing adversities coupled with the global economic challenges. Our focus continues in providing more sustainable growth opportunities to ensure the Bank's success over the long term and to build a brand that restores trust, strengthen our products, empowers customers, and promotes responsible banking for years to come. The Bank remains positive about the future and will continue to take strides towards a full recovery.

For the year ended June 30, 2022, the Bank recorded Net Income of \$11.8 million compared to a net income of \$3.7 million for the year ended June 30, 2021, representing a significant increase of \$8.1 million (216.43%). This increase is primarily due to the increase in the Bank's total operating income of \$5.0 million (11.34%), together with lower impairment losses of \$4.4 million (-92.53%) year to date. The significant decrease in net impairment losses year to date was primarily attributable to reduced provisions expense on credit facilities and other financial assets, along with significantly higher loan recoveries as the Bank allotted significant resources on its loan collection efforts resulting in improved overall delinquency management.

Higher total operating income year to date is driven by higher net interest income and non-interest income. The increase in interest income was due to the overall growth in consumer loans as a result of our loan campaigns while interest expense decreased due to the shift in customer deposit balances to shorter-term/lower interest rate products. The Bank's auxiliary revenue streams posted a positive variance as fees and commission income, Card fees and Merchant Services fees all recorded increases during the year due to increased volumes as the economy showed a gradual recovery.

Operating expenses reflected an increase of \$1.4 million (3.93%) year to date as a result of higher IT related expenses due to the Bank investing in system innovation and upgrades to support planned growth and strategic objectives. Other increases were also noted in occupancy and depreciation expenses as the Bank remains committed to improving its products and customer service while improving its physical presence in an effort to maintain a safe environment for its staff and customers.

The Bank's financial position remains strong with total assets of approximately \$978.6 million with the composite of loans and advances (net) at \$368.5 million as at June 30, 2022. The Bank's liquidity position also remained strong as its cash equivalents grew by \$90.9 million while investment securities stood at \$73.9 million. Total equity ended at \$169.7 million and the Bank's key capital ratios continued to be in compliance with regulatory requirements, with a CET1 Ratio of 39.3% which is well above the Central Bank's requirement of 9.6%.

We continue to make significant advances towards achieving our strategic goals, however there is still much more that is required to ensure that the Bank reaches a position of sustainable profitability and growth for many years to come. Our mission has not been an easy one, but we pledge our commitment to keep paramount the safety of our dedicated and qualified BOB team of employees, management, directors, shareholders and most importantly our customers.

Kenrick L. Brathwaite Sr., Managing Director