



FINANCIAL PERFORMANCE FOR THE QUARTER ENDED MARCH 31, 2021

Bank of the Bahamas Limited's (the "Bank") third quarter marks our continuous journey as it has now been 12 months since COVID-19 has been declared as a pandemic. It was not easy to shift to a mostly virtual environment and adjust our operating model in a matter of weeks, but despite some challenges, banking operations were executed smoothly, technology deployed and unprecedented agility and resilience demonstrated; as a result, customers were served, employees were productive, and regulators were reassured. However, although we acknowledge continuing challenges before the positive impact of the ongoing vaccination is felt and the economy fully rebounds, we are optimistic of the future.

For the 9 months period ended March 31, 2021, the Bank recorded net operating income of \$6.6 million (\$10.0 million in prior period), however credit loan losses and impairment losses of \$8.0 million fully offset the Bank's net operating income, resulting in an overall net loss of \$1.4 million.

Comparing the current period ended March 31, 2021 to the prior period ended March 31, 2020, the Bank's total operating income decreased by \$0.1 million (1.25%) for the current quarter and \$0.9 million (2.60%) for the current fiscal year to date due mainly 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 \$0.4 million and \$1.6 million for the current quarter and year to date, respectively. The positive variance in net interest income of \$0.2 million and \$0.7 million for the current quarter and year to date, respectively, were attributable to higher interest income owing to the Bank's efforts in consumer loan campaigns. This was combined with a decrease in interest expense due to a decline in certain deposit balances and interest rates.

The Bank's operating expenses increased by \$0.5 million or 5.68% for the current quarter and \$2.6 million or 11.12% year to date as higher bank license fee of \$0.8 million was recorded by the Bank due to the increase in levy imposed by the Central Bank. Increases were also noted in staff costs, depreciation and IT related expenses as the Bank invested in the human resources, system innovation, and upgrades to support the Bank's planned growth and strategic initiatives. Net credit loss expenses of \$7.5 million were recorded year to date compared to \$7.7 million of net credit loss expenses during the same period of the prior fiscal year - a 3.37% positive variance.

The Bank continues to maintain a strong financial position with total assets of \$914.7 million and the composite of loans and advances, net of \$384.4 million as at March 31, 2021. Total equity closed at \$152.9 million and the Bank's liquidity position also remained strong as its cash and cash equivalents stood at \$230.2 million. The Bank's key capital ratios continued to be in compliance with regulatory requirements, with CET1 Ratio of 36.1%, well above the Central Bank's requirement of 9.6%.

Experience gained in responding to the pandemic will undoubtedly be a catalyst for further change, with an opportunity for a more streamlined and efficient banking model, moving towards a position of sustainable profitability and growth. 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