



FINANCIAL PERFORMANCE FOR THE QUARTER ENDED MARCH 31, 2020

In the past several years, we continued the journey to create a better Bank of The Bahamas working towards sustainable profitability, positive returns for our investors and financial stability for all of our stakeholders. After 5 years of consecutive net losses, the Bank returned to profitability during its fiscal year 2018 and has sustained this performance to date. While this is an achievement, the Bank and global communities alike, must now contend with the unparalleled COVID-19 pandemic as it results into global health crisis and shakes the global economy.

Amid this challenge of operating an essential business under such conditions, the Bank recorded net income of \$2.3 million for the nine months ended March 31, 2020. We remain committed to overcoming this crisis and focused on our Strategic Plan in strengthening of our systems, expanding of products and improving overall customer service.

Comparing the current period ended March 31, 2020 to the prior period ended March 31, 2019, the Bank's total operating income increased by \$1.2 million or 12.24% for the current quarter and \$3.9 million or 13.27% for the current fiscal year to date, explained largely by the \$1.7 million and \$3.7 million increases in net interest income, for the current quarter and year to date, respectively. The positive variance in net interest income year to date was due to an increase in interest revenue by \$2.7 million primarily from consumer loans interest income as a result of the Bank's continued consumer loans campaign; and lower interest expense by \$0.9 million due to a decline in certain interest rates and deposit products.

The Bank's operating expenses decreased by \$6.9 million or 44.59% for the quarter and \$5.5 million or 19.15% year to date largely owing to the provision on a legal claim during the third quarter of the previous fiscal year. With the exclusion of this provision, operating expenses continue to decline at \$1.3 million or 6.03% year to date. The Bank also recognized \$0.5 million in insurance claims from the last hurricane.

Net credit loss expense for the quarter ended March 31, 2020 increased by \$4.0 million compared to the quarter ended March 31, 2019; and \$6.9 million increase for the nine months period ended March 31, 2020 vs. March 31, 2019 due to the provision impact of Hurricane Dorian during the first quarter and IFRS 9 provision relative to the credit portfolio's overall growth and movement. Given the current situation, the Bank continues to monitor its credit portfolio and related provisions as we work through challenging times while we implement relief programs and planned recovery from the present pandemic.

The Bank continues to maintain a strong financial position with total assets of \$902.3 million, and the composite of loans and advances, net \$376.3 million as at March 31, 2020, which showed \$84.2 million or 10.30% and \$32.1 million or 9.32% increase, respectively, since June 30, 2019. The Bank's liquidity position also remained strong as its cash and cash equivalents stood at \$250.5 million, which showed a \$93.0 million or 59.06% increase since June 30, 2019. The Bank's key capital ratios continued to be in compliance with regulatory requirements, with CET1 Ratio of 40.4%, well above the Central Bank's minimum requirement of 9.6%. The Bank's total equity closed at \$163.1 million, higher than the June 30, 2019 balance of \$161.5 million, mainly as net income of \$2.3 million was reported for the period.

We continue to make considerable strides 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 quest 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 Brathwaite
Managing Director