



FINANCIAL PERFORMANCE FOR THE QUARTER ENDED SEPTEMBER 30, 2022

With the financial services sector being the second largest industry in the Bahamas that contributes approximately 10-15% of the country's Gross Domestic Product (GDP), the Bahamian economy has been greatly impacted over the course of the pandemic. Financial sectors globally experienced challenges such as restructuring of monetary policies to stimulate the economy, eased lending conditions, and relaxed debt repayment. Despite these challenges, the Bank of the Bahamas (the "Bank") has been able to report a Net Income of \$2.5 million for the quarter ended September 30, 2022. As the Bank embarks on its new fiscal cycle, it is focused on continuing to build its brand and restoring trust in its shareholders, customers, and staff. The Bank remains steadfast in moving towards a full recovery.

Total operating income for the quarter is higher than prior year by approximately \$1.4 million (11.61%) and is due to an increase of \$0.8 million in net interest income and an increase of \$0.6 million in non-interest income. The increase in net interest income was primarily due to lower interest expense on deposit products, while interest income on loans and investments were relatively stable compared to prior year. The Bank's secondary revenue streams posted a positive variance as Fees and Commission income, Cards and Merchant Services fees all recorded increases during the quarter due to increased volumes as the economy gradually rebounded to its pre-pandemic economic activity.

Along with a higher total operating income, the Bank recorded lower impairment losses of \$1.3 million (-49.77%) compared to prior period. The decrease was primarily attributable to significantly reduced provisions expense on credit facilities by \$3.4 million, partially offset by lower recoveries of \$0.5 million. However, impairment losses on other financial assets increased by \$1.6 million primarily on account of Moody's recent downgrade on the Bahamas' credit rating. While impairment losses decreased, operating expenses reflected an increase of \$0.6 million (6.39%) for the quarter mainly as a result of higher employee expenses (\$0.3 million) as the Bank remains committed to investing in its staff, and higher depreciation expenses by \$0.2 million due to completion of certain banking projects to better serve its customers.

The Bank ended the quarter with a strong balance sheet with total assets of \$967.3 million, including loans and advances (net) of \$365.9 million as at September 30, 2022. The Bank's liquidity position also remained strong as its cash equivalents stood at \$89.6 million and investment securities at \$74.5 million. Total equity ended at \$172.4 million and the Bank's key capital ratios continued to be compliant with regulatory requirements, with a CET1 Ratio of 39.5%, well above the Central Bank's requirement of 9.6%.

The Bank continues to maintain strong prudential standards and proactively reviews long-term strategic initiatives to increase liquidity levels. We remain focused on sustainable growth for the Bank and our outlook is positive for the future of this prestigious financial institution. Achieving further operating efficiencies and increased value to each of our stakeholders are utmost commitments. Again, we say a special thank you to our BOB Team of employees, senior management, directors, shareholders and most importantly our individual and institutional customers for all the undiminishing hard work and combined supporting efforts.

Kenrick L. Brathwaite Sr., Managing Director