



FINANCIAL PERFORMANCE FOR THE QUARTER ENDED MARCH 31, 2023

According to the Central Bank of the Bahamas' monthly economic report (March 2023), indications are that the domestic economy continued to expand, although more moderated, as recovery from the adverse effects of the pandemic appears nearer completion. Tourism output further strengthened reflective of the relaxed pandemic-related restrictions and increased tourist arrivals due to pent-up demand in key source markets. We are pleased to report that these overall positive economic activities were reflected in Bank of the Bahamas Limited's (the "Bank") third quarter financial performance as the Bank recorded net income of \$9.8 million for the nine months period ended March 31, 2023, compared to \$5.8 million for the nine months period ended March 31, 2022. The \$4.0 million (68.87%) positive variance is primarily due to the increase in the Bank's total operating income by \$5.0 million (13.40%); lower net impairment losses by \$1.8 million (-40.69%); partially offset by higher operating expenses by \$2.7 million (10.2%).

Higher total operating income year to date is driven by increased net interest income and non-interest income. This improved performance is attributed to the Bank's investment of its excess liquidity in treasury bills and government registered stocks which resulted in interest income increasing by \$2.1 million (64.62%). In addition, the Bank saw revenue growth of \$0.8 million (11.53%) in other ancillary products primarily, merchant services and prepaid cards.

Net impairment losses consisted of loss on other financial assets of \$1.7 million (2022: recovery of \$0.2 million); provision on credit losses of \$4.5 million (2022: \$8.7 million) less recoveries of \$3.5 million (\$4.1 million). The overall net decrease in net impairment losses for the 9 months period ended March 31, 2023, compared to the 9 months period ended March 31, 2022 is attributable to lower provision on credit losses by \$4.2 million, as the Bank continues to focus on improving its credit asset quality; however, this was partially offset by higher impairment loss on other financial assets primarily linked to the October 2022 Bahamas' credit rating downgrade by Moody's.

Total Operating expenses increased mainly due to higher employee expenses related to salary increases and incentives. Other increases were also noted in information technology and depreciation expenses as the Bank remains committed to improving its technology and premises. An uptick on banking license fee and additional business license fee by the government were also recorded.

The Bank continues to maintain a robust financial position with total assets of \$987.6 million as at March 31, 2023, compared to \$985.27 million of the prior fiscal year ended June 30, 2022. Total equity closed at \$179.7 million, with CET1 ratio of 45.5%, which is well above the Central Bank's minimum requirement of 18.0%. The Bank's capital and liquidity positions remain strong.

Recognizing that we are still in this fluid economic environment, the Bank remains committed to executing its customer-centric strategic plan along with continued digital innovation. We are optimistic that the Bank will remain on this progressive path. We are grateful to our BOB team of employees, senior management, directors, shareholders and most importantly our customers who have remained loyal in their continued support of the Bank.

Neil Strachan, Acting Deputy Managing Director