

Consolidated Financial Statements

**BANK OF THE BAHAMAS LIMITED**

Year ended June 30, 2024

# **BANK OF THE BAHAMAS LIMITED**

## Consolidated Financial Statements

Year ended June 30, 2024

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## Independent auditors' report

To the Shareholders of Bank of The Bahamas Limited

### Report on the audit of the consolidated financial statements

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#### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Bank of The Bahamas Limited and its subsidiaries (together 'the Bank') as at June 30, 2024, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

#### **What we have audited**

The Bank's consolidated financial statements comprise:

- the consolidated statement of financial position as at June 30, 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report.

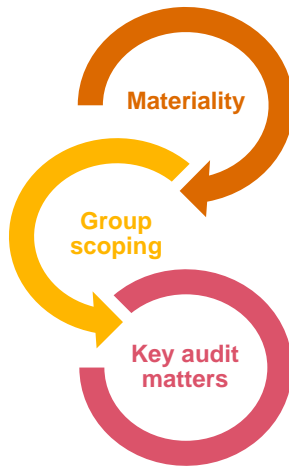
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## Our audit approach

### Overview



- Overall group materiality: \$1,940,000 which represents approximately 1% of net assets.
- The consolidated group consists of Bank of The Bahamas Limited and its wholly owned subsidiaries Multi-Card Services Ltd., West Bay Property Holdings Ltd. and BOB Property Holdings Ltd., all incorporated and registered in The Bahamas. The audit engagement team was the auditor for Bank of The Bahamas Limited and its subsidiaries.
- A full scope audit was performed on all entities in the group.
- Inputs and assumptions used in the Stage 1 and Stage 2 expected credit loss (ECL) model.
- Credit impaired (Stage 3) real estate collateralised loans.

### Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Bank, the accounting processes and controls, and the industry in which the Bank operates. All audit procedures were performed by PricewaterhouseCoopers Bahamas.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.



<b>Overall group materiality</b>	\$1,940,000
<b>How we determined it</b>	Approximately 1% of net assets
<b>Rationale for the materiality benchmark applied</b>	We chose net assets as the benchmark because, in our view, it is the benchmark against which the performance of the Bank is most commonly measured by users, and is a generally accepted benchmark. We chose 1% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit & Finance Committee that we would report to them misstatements identified during our audit above \$97,000, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Inputs and assumptions used in the Stage 1 and Stage 2 expected credit loss (ECL) model</b></p> <p><i>Refer to notes 4(d), 7, and 32 to the consolidated financial statements for disclosures of related accounting policies and balances.</i></p> <p>As at June 30, 2024, the Bank reported total Stage 1 and Stage 2 gross loans and advances to customers of \$392.4 million, with an allowance for expected credit losses of \$9 million. The Bank’s ECL model requires significant management judgement in determining the relevant assumptions. These assumptions include:</p> <ul style="list-style-type: none"> <li>• Probabilities of default (PD): This represents the likelihood that the borrower will default on its obligation over the next twelve months or over the remaining lifetime of the obligation. To determine the PD for loans and advances to customers, the Bank uses the historical days past due data to develop a transition matrix by product type, which is adjusted by forward-looking information.</li> <li>• Loss given default (LGD): LGD represents the Bank’s expectation of the extent of loss on a defaulted exposure. LGD varies</li> </ul>	<p>Our approach, with the assistance of our internal specialists, involved the following procedures, amongst others, over the inputs and assumptions used in the Stage 1 and Stage 2 ECL model:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of management’s ECL model including the relevant data inputs, assumptions and methodology.</li> <li>• Evaluated the appropriateness of the Bank’s ECL model methodology, data integrity and model performance in comparison to the Bank’s accounting policy and the relevant IFRS Accounting Standards.</li> <li>• Evaluated the design and tested the operating effectiveness of the relevant controls, including the automated calculation of days past due used to determine the PD rate in the ECL model.</li> <li>• On a sample basis, tested the date of default and the maturity date to the terms of the underlying contracts and recalculated the number of days past due.</li> </ul>



by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

- Forward-looking assumptions: Management's determination of the forward-looking assumptions incorporates unemployment rates and Gross Domestic Product (GDP) growth rates as well as the probability weightings applied to them.

We focused on this area as a result of the complexity and estimation uncertainty in the above assumptions, which form part of management's judgement and significantly impacts the result of the ECL model.

- Assessed the competence and objectivity of management's appointed real estate appraisers to determine whether they are appropriately qualified and independent of the Bank.
- On a sample basis, compared the collateral values recorded by management to the independent valuation appraisal reports.
- Compared the key assumptions used by management's real estate appraisers, being comparable sales, to actual comparable sales.
- Agreed unemployment rates and GDP growth rates used by management in the forward-looking information to externally published data.
- Recalculated the probability weightings used by management and evaluated them by comparison to industry practice and our underlying knowledge of the portfolio.
- Tested, on a sample basis, the appropriateness of the model design and formulae used by reperforming management's model calculations on selected loans.

The results of our procedures indicated that the inputs and assumptions used by management for determining the Stage 1 and Stage 2 ECL were not unreasonable.

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### **Credit impaired (Stage 3) real estate collateralised loans**

*Refer to notes 4(d), 7 and 32 to the consolidated financial statements for disclosures of related accounting policies and balances.*

The Stage 3 ECL for defaulted mortgages totalled \$22.7 million as at June 30, 2024 with a gross carrying amount of \$39.4 million.

We focused on management's impairment assessment for Stage 3 loans collateralised by real estate as management uses significant judgement in determining the valuation of real estate property pledged as collateral for loans and advances. This is the most significant repayment source for impaired collateralised

With the assistance of our real estate expert, we performed the following procedures, amongst others:

- Assessed the competence and objectivity of management's appointed real estate appraisers to determine whether they are appropriately qualified and independent of the Bank.
- On a sample basis, compared the collateral values recorded by management to the independent valuation appraisal reports.
- Compared the key assumptions used by management's real estate appraisers, being comparable sales, to actual comparable sales.



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loans. Due to the expertise and judgements required to value the collateral, management engages a number of independent experts on a periodic basis. Management's experts predominately used the comparable sales approach to determine the fair value of collateral held.

Further, management makes assumptions to discount certain collateral values based on the age of the experts report and the area the collateral is situated, which increases the estimation uncertainty surrounding the cash flows. The valuation of collateral is also impacted by estimated costs and time to sell.

- On a sample basis, calculated the cost to sell and time to sell based on historical sales.
- On a sample basis, evaluated management's applied discounts used on appraisal reports by reference to the movement in historical and current appraised value.
- Recalculated the Stage 3 provision for collateralised loans and compared to the amounts recorded in the consolidated financial statements.

The results of our procedures indicated that management's assumptions used in the Stage 3 provision for collateralised loans and advances were not unreasonable.

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### Other information

Management is responsible for the other information. The other information comprises the Bank's Annual Report 2024 (but does not include the consolidated financial statements and our auditors' report thereon), which is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Bank's Annual Report 2024, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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### Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.



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## Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.





We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Myra Lundy-Mortimer.

*PricewaterhouseCoopers*  
Chartered Accountants  
Nassau, Bahamas

September 30, 2024

# BANK OF THE BAHAMAS LIMITED


(Incorporated under the laws of the Commonwealth of The Bahamas)  
Consolidated Statement of Financial Position


As at June 30, 2024

(Expressed in Bahamian Dollars)

	Notes	2024	2023
<b>ASSETS</b>			
Cash and account with the Central Bank	5, 26	\$ 91,072,158	\$ 110,194,110
Cash equivalents - Treasury Bills, net	5, 26	67,642,772	61,818,157
Due from banks, net	5	93,111,662	83,779,906
Investment securities, net	6, 26	133,135,816	106,899,357
Loans and advances to customers, net	7, 26	401,415,699	372,306,886
Note receivable, net	8, 26	168,470,562	166,876,244
Investment property	9	6,744,000	6,744,000
Other assets	10, 26	17,664,038	22,061,992
Property and equipment, net	11	9,892,001	9,566,513
Right-of-use assets, net	12, 26	4,186,746	5,677,575
Computer software, net	13	5,163,724	6,093,477
<b>TOTAL ASSETS</b>		<b>\$ 998,499,178</b>	<b>\$ 952,018,217</b>
<b>LIABILITIES</b>			
Deposits from customers and banks	14, 26	\$ 768,268,410	\$ 738,168,202
Other liabilities	15, 26	22,380,071	24,212,364
Lease liabilities	12, 26	4,574,180	5,906,532
Deferred loan fees	26	3,620,452	2,876,542
<b>Total liabilities</b>		<b>\$ 798,843,113</b>	<b>\$ 771,163,640</b>
<b>EQUITY</b>			
Share capital	16	\$ 43,194,515	\$ 43,194,515
Share premium	16	81,950,384	81,950,384
Treasury shares	17	(1,318,224)	(1,318,224)
Special retained earnings	8	172,122,932	172,122,932
Accumulated deficit		(96,293,542)	(115,095,030)
<b>Total equity</b>		<b>\$ 199,656,065</b>	<b>\$ 180,854,577</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 998,499,178</b>	<b>\$ 952,018,217</b>

These consolidated financial statements were approved by the Board of Directors on September 26, 2024 and are signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The accompanying notes are an integral part of these consolidated financial statements.

# BANK OF THE BAHAMAS LIMITED

## Consolidated Statement of Comprehensive Income

For the Year ended June 30, 2024

(Expressed in Bahamian Dollars)

	Notes	2024	2023
Interest and similar income	19, 26	\$ 47,964,085	\$ 43,758,848
Interest and similar expense	19, 26	(4,565,450)	(4,561,157)
Net interest income		43,398,635	39,197,691
Fees and commission income	20, 26	12,743,433	11,798,789
Fees and commission expense		(452,506)	(303,959)
Net fees and commission income		12,290,927	11,494,830
Other operating income	21	4,543,948	4,802,673
Total operating income		60,233,510	55,495,194
Operating expenses	22, 26	(46,332,216)	(40,898,169)
Impairment reversals/(losses), net	23, 26	5,759,384	(3,215,806)
<b>Net income</b>		<b>19,660,678</b>	<b>11,381,219</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to net income</i>			
Movement in fair value: equity investments at FVOCI	6, 18	-	216,700
<b>Total comprehensive income for the year</b>		<b>\$ 19,660,678</b>	<b>\$ 11,597,919</b>
Earnings per share			
Basic and diluted earnings per ordinary share	29	\$ 0.46	\$ 0.26

The accompanying notes are an integral part of these consolidated financial statements.

## BANK OF THE BAHAMAS LIMITED

### Consolidated Statement of Changes in Equity

For the Year ended June 30, 2024

(Expressed in Bahamian Dollars)

	Share Capital	Share Premium	Treasury Shares	Net gain on Investments at FVOCI	Special Retained Earnings	Accumulated Deficit	Total Equity
<b>Balance, June 30, 2022</b>	\$ 42,610,505	\$ 81,950,384	\$ (1,318,224)	\$ 2,880,297	\$ 172,122,932	\$ (128,559,641)	\$ 169,686,253
Transfer of FVOCI on equity investments (Note 18)	-	-	-	(3,096,997)	-	3,096,997	-
Net income for the year	-	-	-	-	-	11,381,219	11,381,219
Movement in fair value: equity investments at FVOCI (Notes 6, 18)	-	-	-	216,700	-	-	216,700
<i>Transactions with owners of the Bank:</i>							
Transfer of preference shares issuance costs (Note 16)	584,010	-	-	-	-	(584,010)	-
Dividends paid to common shareholders (Note 29)	-	-	-	-	-	(429,595)	(429,595)
<b>Balance, June 30, 2023</b>	\$ 43,194,515	\$ 81,950,384	\$ (1,318,224)	\$ -	\$ 172,122,932	\$ (115,095,030)	\$ 180,854,577
<i>Total comprehensive income:</i>							
Net income for the year	-	-	-	-	-	19,660,678	19,660,678
<i>Transactions with owners of the Bank:</i>							
Dividends paid to common shareholders (Note 29)	-	-	-	-	-	(859,190)	(859,190)
<b>Balance, June 30, 2024</b>	\$ 43,194,515	\$ 81,950,384	\$ (1,318,224)	\$ -	\$ 172,122,932	\$ (96,293,542)	\$ 199,656,065

The accompanying notes are an integral part of these consolidated financial statements.

# BANK OF THE BAHAMAS LIMITED

## Consolidated Statement of Cash Flows

For the Year ended June 30, 2024

(Expressed in Bahamian Dollars)

	Notes	2024	2023
<b>Cash flows from operating activities:</b>			
Net income		\$ 19,660,678	\$ 11,381,219
Adjustments for:			
Interest income	19	(47,964,085)	(43,758,848)
Interest expense	12,19	4,565,450	4,561,157
Depreciation and amortisation	22	5,710,075	4,585,145
Gain on sale of investment securities FVOCI	6	-	(3,403)
Gain on revaluation of investment securities FVTPL	6,21	(389,665)	-
Gain on revaluation of investment property	21	-	(281,000)
Loss on disposal of property and equipment	11	136,715	233,135
Loss on disposal of computer software	13	109,694	-
Impairment (reversals)/losses, net	23	(5,759,384)	3,215,806
		(23,930,522)	(20,066,789)
Changes in:			
Increase in loans and advances to customers, net		(24,201,824)	(4,397,908)
Increase/(decrease) in deposits from customers and banks		30,355,276	(21,991,539)
Decrease/(increase) in other assets		4,397,955	(9,043,741)
Decrease in other liabilities		(1,832,293)	(24,780,029)
Increase in deferred loan fees		743,910	252,707
Increase in reserve deposit		(10,320)	(1,415,250)
		9,452,704	(61,375,760)
Interest received		46,481,764	45,302,784
Interest paid		(4,820,519)	(4,439,680)
<b>Net cash provided by/(used in) operating activities</b>		<b>27,183,427</b>	<b>(40,579,445)</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property and equipment	11	(2,481,280)	(2,459,039)
Acquisition of computer software	13	(923,402)	(850,312)
Purchase of investment securities	6	(44,543,208)	(49,020,200)
Proceeds from disposal of property and equipment	11	6,115	-
Proceeds from maturity of investment securities	6	19,097,208	12,194,500
Proceeds from sale of investment securities	6	320,295	3,323,089
<b>Net cash used in investing activities</b>		<b>(28,524,272)</b>	<b>(36,811,962)</b>
<b>Cash flows from financing activities:</b>			
Payment of lease liabilities, net	12	(1,795,175)	(1,737,290)
Dividends paid on common shares	29	(859,190)	(429,595)
<b>Net cash used in financing activities</b>		<b>(2,654,365)</b>	<b>(2,166,885)</b>
Net decrease in cash and cash equivalents		(3,995,210)	(79,558,292)
Cash and cash equivalents, beginning of year		227,224,445	306,782,737
<b>Cash and cash equivalents, end of year</b>	5	<b>\$ 223,229,235</b>	<b>\$ 227,224,445</b>

The accompanying notes are an integral part of these consolidated financial statements.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

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### **1. Corporate information**

Bank of The Bahamas Limited (the “Bank”), is incorporated under the laws of The Commonwealth of The Bahamas and is licensed by the Central Bank of the Bahamas to carry on banking business in The Bahamas under the provisions of the Banks and Trust Companies Regulations Act, 2020. The Bank is also licensed as an authorised dealer, pursuant to the Exchange Control Regulations Act.

The Bank’s shares are publicly traded and listed on The Bahamas International Securities Exchange. As at June 30, 2024 and 2023, The Government of the Commonwealth of The Bahamas (the “Government”) and The National Insurance Board (“NIB”) owned approximately 82.6% of the issued common shares. The remaining common shares are owned by approximately 3,000 Bahamian shareholders.

The Bank’s head office is located at Cloughton House, corner of Shirley Street and Charlotte Street, Nassau, The Bahamas. The registered office is located at Sassoon House, corner of Shirley Street and Victoria Avenue, Nassau, The Bahamas.

The Bank, along with its subsidiaries (together, the “Bank”) (Notes 2b and 33), services include the provision of commercial and retail banking services, private banking and the issuance of Visa branded stored value, prepaid, debit and credit cards. The Bank is also an agent for American Express. As at June 30, 2024, the Bank had twelve branches (2023: twelve): four in New Providence, one in Grand Bahama, two in Andros, one in San Salvador, one in Inagua, one in Cat Island, one in Eleuthera, and one in Bimini.

### **2. Basis of preparation**

The Bank’s consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements are presented in Bahamian Dollars, which is the Bank’s functional currency. All amounts have been rounded to the nearest dollar, except when otherwise indicated.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

#### **(a) Going concern**

These consolidated financial statements are prepared on a going concern basis, as the Bank’s directors and management are satisfied that the Bank has the resources to continue in business for the foreseeable future. In making this assessment, a range of information relating to present and future conditions has been considered, including projections of profitability, cash flows and capital requirements.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

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### **2. Basis of preparation** *(continued)*

#### **(b) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries (Note 33) as at June 30, 2024 and 2023. ‘Subsidiaries’ are entities controlled by the Bank. The Bank ‘controls’ an entity if it is exposed to, or has rights, to variable returns from its involvement with the entity (investee) and has the ability to affect those returns through its power over the investee. Specifically, the Bank controls an investee if and only if the Bank has:

- power over the investee, namely, existing rights that give it the current ability to direct the relevant activities of the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Bank has less than a majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Bank’s voting rights and potential voting rights.

The Bank re-assesses whether it has control if there are changes to one or more of the elements of control. Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the Bank and its subsidiaries are eliminated in full on consolidation.

When the Bank loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any non-controlling interest and other components of equity.

Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

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### **2. Basis of preparation** *(continued)*

#### **(c) New standards, amendments and interpretations**

##### **Standards, amendments and interpretations adopted by the Bank**

Except as disclosed below, standards, amendments and interpretations to published standards that became effective for the Bank's financial year beginning on July 1, 2023 were either not relevant or not significant to the Bank's operations and accordingly did not have a material impact on the Bank's accounting policies or consolidated financial statements.

##### *Material accounting policy information*

The Bank adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from July 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

##### **New standards, amendments and interpretations not yet adopted by the Bank**

Except as disclosed below, the application of new standards, amendments and interpretations to existing standards that have been published but are not yet effective are not expected to have a material impact on the Bank's accounting policies or consolidated financial statements in the financial period of initial application.

##### *Amendments to IAS 1: Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued a narrow-scope amendment to IAS 1 *Presentation of Financial Statements* (IAS 1) which clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8). The amendment is effective for periods beginning on or after January 1, 2024. The amendment is not expected to have a significant impact on the Bank's consolidated financial statements.



# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

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### **2. Basis of preparation** *(continued)*

#### **(c) New standards, amendments and interpretations** *(continued)*

##### *Amendments to IFRS 18: Presentation and Disclosure in Financial Statements (IFRS 18)*

The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. The changes in presentation and disclosure required by IFRS 18 might require system and process changes for many entities.

##### *Amendments to IFRS 9: Amendments to the Classification and Measurement of Financial Instruments*

The IASB issued Amendments to the Classification and Measurement of Financial Instruments in response to feedback received as part of the post-implementation review of the classification and measurement requirements in *IFRS 9 Financial Instruments (IFRS 9)* and related requirements in *IFRS 7 Financial Instruments: Disclosures (IFRS 7)*.

The IASB amended to the requirements related to:

- settling financial liabilities using an electronic payment system; and
- assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features.

The IASB also amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs. The amendments are effective for annual reporting periods beginning on or after January 1, 2026.

# **BANK OF THE BAHAMAS LIMITED**

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### **3. Critical accounting judgments and key sources of estimation uncertainty**

Certain amounts included in or affecting the consolidated financial statements and related disclosures must be estimated, requiring management to make assumptions with respect to values or conditions that cannot be known with certainty at the time the consolidated financial statements are prepared. A “critical accounting estimate” is one that is both important to the presentation of the Bank’s financial position and results of operations and requires management’s most difficult, subjective or complex judgments, often because of the need to make estimates about the effect of matters that are inherently uncertain.

The information presented below provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

#### *Impairment of financial assets*

The allowance for loan impairment represents management’s estimate of an asset’s expected credit losses (“ECL”).

The measurement of the ECL allowance for financial assets is an area that requires the use of complex models and significant assumptions about the future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses).

ECL is defined as the weighted expected probable value of the discounted credit loss (principal and interest) determined by evaluating a range of possible outcomes and future economic conditions. It represents the present value of the difference between the contractual cash flows and the expected cash flows (including principal and interest).

The process for determining the allowance involves significant quantitative and qualitative assessments. Particularly, a number of significant judgments is also required in applying the accounting requirements for measuring ECL, such as:

- i. Determining criteria for significant increase in credit risk;
- ii. Choosing appropriate models and assumptions for the measurement of ECL;
- iii. Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- iv. Assessing the risk rating and impaired status of loans;
- v. Estimating cash flows and realisable collateral values;
- vi. Developing default and loss rates based on historical data;
- vii. Estimating the impact on this historical data by changes in policies, processes and credit strategies;
- viii. Assessing the current credit quality based on credit quality trends; and
- ix. Determining the current position in the economic cycle.

# **BANK OF THE BAHAMAS LIMITED**

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### **3. Critical accounting judgments and key sources of estimation uncertainty** *(continued)*

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 32.

#### *Recognition and measurement of provisions and contingencies*

Management uses key assumptions about the likelihood and magnitude of an outflow of resources to determine adequate provisions or disclosures in the consolidated financial statements as discussed in Note 24.

#### *Valuation of investment property*

The Bank carries its investment property at fair value, with changes in fair value being recognised in the consolidated statement of comprehensive income. The Bank assesses the fair value of its investment property through the use of independent real estate and valuation expert on a periodic basis, performing management assessments in the intervening years. Investment property was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location, and the condition of the respective property. Key assumptions used to determine the fair value of the investment property are discussed in Note 9.

### **4. Material accounting policies**

#### **(a) Revenue and expense recognition**

Interest income and expense are recognised in the consolidated statement of comprehensive income for all financial instruments measured at amortised cost as they accrue using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

The calculation of the effective interest rate includes transaction costs and fees received that are an integral part of the effective interest rate. The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

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### **4. Material accounting policies** *(continued)*

#### **(a) Revenue and expense recognition** *(continued)*

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Other fees and commission income is recognised over time as the related services are performed and revenue related to transactions is recognised at a point in time when the transaction takes place. Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

#### **(b) Cash and cash equivalents**

For purposes of the consolidated statement of cash flows, cash and cash equivalents comprise of cash on hand, short-term deposits and treasury bills with less than three months' maturity from the date of acquisition, including amounts due from banks and cash deposits with The Central Bank of The Bahamas less mandatory reserve deposit.

#### **(c) Financial instruments**

##### ***Recognition and initial measurement***

The Bank initially recognises loans and advances and deposits on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

##### ***Classification***

##### ***Financial assets***

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

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### **4. Material accounting policies** *(continued)*

#### **(c) Financial instruments** *(continued)*

##### **Classification** *(continued)*

##### **Financial assets** *(continued)*

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in FVOCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### **Business model assessment**

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

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### **4. Material accounting policies** *(continued)*

#### **(c) Financial instruments** *(continued)*

##### ***Business model assessment*** *(continued)*

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

##### ***Assessment of whether contractual cash flows are SPPI***

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank’s claim to cash flows from specified assets (e.g., non-recourse loans); and
- features that modify consideration of the time value of money (e.g., periodical reset of interest rates).

The Bank holds a portfolio of long-term fixed-rate loans for which the Bank has the option to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Bank has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

##### ***Reclassifications***

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

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### **4. Material accounting policies** *(continued)*

#### **(c) Financial instruments** *(continued)*

##### ***Modification***

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of the eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of quantitative evaluation and means that the derecognition criteria are usually not met in such cases.

##### ***Financial liabilities***

Financial liabilities include deposits from customers and banks, cardholders' liabilities and accounts payable and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Cardholders' liabilities relate to deposits received by the Bank for prepaid VISA cards and are recorded at the fair value of the proceeds received.

#### **(d) Impairment of financial assets**

The Bank recognises a loss allowance for ECL on financial assets measured at amortised cost and measures impairment losses at an amount equal to 12-month ECL or lifetime ECL, depending on the stage in which the asset is classified. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECL is the maximum contractual period over which the Bank is exposed to credit risk.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

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### **4. Material accounting policies** *(continued)*

#### **(d) Impairment of financial assets** *(continued)*

As an exception, for certain financial instruments, such as credit cards and overdrafts, that may include both a loan and an undrawn commitment component, the Bank measures ECL over the period that the Bank is exposed to credit risk based on historical experience, that is, until the ECL would be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. This is because contractual ability to demand repayment and cancel the undrawn commitment does not limit the exposure to credit losses to such contractual notice period.

Impairment of financial assets is recognised in three stages:

**Stage 1** – When a financial asset is originated, ECLs resulting from default events that are possible within the next 12 months are recognised and a loss allowance is established. On subsequent reporting dates, 12-month ECL also applies to existing financial assets with no significant increase in credit risk since their initial recognition.

**Stage 2** - If the credit quality subsequently significantly deteriorates for a particular portfolio or transaction, the Bank recognises the full lifetime ECL.

**Stage 3** - At a later date, once one or more default events have occurred on the transaction or on a counterparty resulting in an adverse effect on the estimated future cash flows, the Bank recognises the full lifetime ECL. At this stage, the financial asset is credit-impaired.

The calculation of ECL of a collateralised financial asset reflects the cash flows that may result from foreclosures less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

In determining whether a significant increase in credit risk has occurred since initial recognition, and when estimating ECLs, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and informed credit assessment and forward-looking information.

A significant increase in credit risk of investment securities measured at amortised cost is defined as a significant deterioration in credit quality represented by a financial asset's credit rating migrating from investment grade to non-investment grade or, in the case of a financial asset that is below investment grade, a two-notch downward movement in credit rating.

The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument and is not assessed based on the change in the amount of the ECL. This involves setting quantitative tests combined with additional indicators such as credit risk classification and other observable inputs. Assets that are more than 30 days past due, but not credit-impaired, are classed as Stage 2.



# **BANK OF THE BAHAMAS LIMITED**

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### **4. Material accounting policies** *(continued)*

#### **(d) Impairment of financial assets** *(continued)*

Changes in credit loss, including the impact of movements between the first stage (12-month ECL) and the second stage (lifetime ECL), are recorded in the consolidated statement of comprehensive income.

IFRS 9 requires the use of forward-looking information including reasonable and supportable forecasts of future economic conditions. The requirement to consider a range of economic scenarios and their possible impact on impairment allowances is a subjective feature of the IFRS 9 ECL model. The Bank continues to assess the number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes.

In our assessment of economic scenarios, we considered tourism projections and those sectors impacted by the pandemic as part of our forward-looking information (Note 32).

The Bank considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank through actions such as realising security (if any held);
- The financial asset is more than 90 days past due; or
- The borrower is on principal only repayment terms.

Impairment losses for financial assets measured at amortised cost are deducted from the gross carrying amount of assets through the use of an allowance account.

#### *Write-off of loans and advances*

A loan (and the related impairment allowance account) is normally written off, either partially or in full, when there is no realistic prospect of recovery of the principal amount and, for a collateralised loan, when the proceeds from realising the security have been received. Consumer installment and credit card loans are written-off after principal and/or interest payments become 270 days and 180 days contractually in arrears, respectively.

#### *Recovery of previously written-off loans*

Recoveries of principal and/or interest on previously written off loans are recognised in impairment losses, net in the consolidated statement of comprehensive income on a cash basis or when the loan is rewritten on normal terms prevailing at the time of the rewrite.

#### *Restructured loans*

Loans subject to impairment assessment, whose terms have been restructured, are subject to ongoing review to determine whether they remain impaired or should be considered past due. The carrying amount of loans that have been classified as restructured are eligible for reclassification after six consecutive months of payments.

# **BANK OF THE BAHAMAS LIMITED**

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### **4. Material accounting policies** *(continued)*

#### **(e) Derecognition of financial assets and financial liabilities**

##### *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The contractual rights to receive cash flows from the financial asset have expired; or
- The Bank has transferred its rights to receive the contractual cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either:
  - The Bank has transferred substantially all the risks and rewards of ownership of the financial asset, or
  - The Bank has neither transferred nor retained substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank’s continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit and loss.

##### *Financial liabilities*

A financial liability is derecognised when its contractual obligations are discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

#### **(f) Foreign currency**

The reporting and functional currency of the Bank is the Bahamian dollar (“B\$”). Transactions in foreign currencies are converted to B\$ at the rates of exchange prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are converted to B\$ at rates of exchange prevailing on the reporting date.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

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### **4. Material accounting policies** *(continued)*

#### **(f) Foreign currency** *(continued)*

The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year. Realised and unrealised foreign exchange gains and losses are included in the consolidated statement of comprehensive income. Foreign currency differences arising on trading foreign currency assets and liabilities are generally recognised in the consolidated statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost or amortised cost are recorded at the exchange rates ruling at the dates of transaction.

#### **(g) Property and equipment**

Items of property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical costs include expenditure that is directly attributable to the acquisition of the items. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Work in progress is transferred to the relevant asset class when ready to be placed in use.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank, and the cost of the item can be measured reliably. Repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Any gain or loss on disposal of an item of property and equipment is recognised within the consolidated statement of comprehensive income.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment less their estimated residual values over their estimated useful lives and is generally recognised in the consolidated statement of comprehensive income. The estimated useful lives are as follows:

Building	50 years
Leasehold improvements	3-5 years
Furniture, fixtures and equipment	3-10 years

Leasehold improvements are amortised over the shorter of the economic useful life of the asset, the lease term or five years and taking into consideration any extension of the lease term if there is reasonable expectation of renewal. Land is not depreciated.

Property and equipment are derecognised on disposal or when no future economic benefits are expected from their use. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of comprehensive income.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

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### **4. Material accounting policies** *(continued)*

#### **(h) Impairment of non-financial assets**

At each reporting date, the Bank reviews the carrying amount of non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The 'recoverable amount' is the greater of an asset's fair value less costs to sell and value in use. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### **(i) Provisions**

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Bank expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

#### **(j) Related parties**

Related parties include all Ministries and Departments of the Government, Government Corporations, Subsidiaries and Agencies as well as directors and key management personnel, entities that are controlled, jointly controlled or significantly influenced by key management personnel of the Bank and entities noted earlier.

#### **(k) Employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

The Bank operates a defined contribution plan (the "Plan") where the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive payment obligations once contributions have been paid. The Plan's costs are charged to staff costs and are funded as incurred.

# **BANK OF THE BAHAMAS LIMITED**

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### **4. Material accounting policies** *(continued)*

#### **(k) Employee benefits** *(continued)*

The Bank operates an Employee Share Ownership Plan (“ESOP”) where the Bank matches employees’ share purchases up to 25%. The matching contributions vest over 5 years. The costs of the ESOP are charged to staff costs.

#### **(l) Earnings per share**

Basic earnings per share is computed by dividing the net income attributable to common shareholders by the weighted average number of shares outstanding during the year.

#### **(m) Fiduciary activities**

The Bank acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising therefrom are excluded from these consolidated financial statements, as they are not assets of the Bank.

#### **(n) Taxes**

Under the current laws in the Commonwealth of The Bahamas, the Bank is a value-added tax (“VAT”) registrant and required to collect and remit VAT. The standard rate for VAT was 10%, charged on all goods and services that are not zero-rated or exempt as prescribed by the Value Added Tax Act. The Bank also pays business licence fees in accordance with the Business Licence Act, 2023.

#### **(o) Investment property**

Investment property is initially measured at cost including transaction costs and subsequently at fair value based on an appraisal by a local real estate appraiser. Additions to investment property are also recorded at cost. On an annual basis, the investment property is assessed for impairment with gains and losses arising from changes in the fair value of the investment property included in the consolidated statement of comprehensive income for the period in which they arise. The impairment assessment is based on fair values as determined by an independent appraisal performed every three years, and as determined by management in intervening years.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the consolidated statement of comprehensive income or loss.

When the use of property changes such that it is reclassified as property and equipment, its fair value at the date of classification becomes its cost for subsequent accounting.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

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### **4. Material accounting policies** *(continued)*

#### **(p) Computer software**

Acquired computer software costs and licenses are capitalised based on the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line basis of accounting over the expected useful life. Software has expected useful life of 5 to 10 years. Work in progress is transferred to the relevant asset class when ready to be placed in use.

#### **(q) Deferred loan fees**

Loan origination fees for loans that are likely to be drawn down are deferred and recognised as an adjustment to the effective interest rate on the loans. The Bank is presenting deferred loan fees under liabilities in the consolidated statement of financial position.

#### **(r) Share capital**

##### *(i) Share issue costs*

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

##### *(ii) Dividends on shares*

Dividends on common and preferred shares are recognised in equity in the period in which they are approved by the Bank's Directors and Regulator. Dividends that are proposed and declared after the consolidated statement of financial position are disclosed as a subsequent event note to the consolidated financial statements.

##### *(iii) Treasury shares*

Where the Bank has purchased its own equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

#### **(s) Leases**

##### *Bank as a lessee*

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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### **4. Material accounting policies** *(continued)*

#### **(s) Leases** *(continued)*

##### *Right-of-use assets*

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

##### *Lease liabilities*

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Bank:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held the Bank, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g., term, country, currency and security

#### **(t) Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. As at June 30, 2024 and 2023, there were no master netting agreements outstanding. Therefore, any related assets and liabilities are presented gross in the consolidated statement of financial position.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

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### **4. Material accounting policies** *(continued)*

#### **(u) Financial guarantees**

‘Financial guarantees’ are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the consolidated financial statements (within ‘Other liabilities’) at fair value, being the premium received. Subsequent to initial recognition, the Bank’s liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the consolidated statement of comprehensive income and an ECL allowance.

The premium received is recognised in the consolidated statement of comprehensive income in ‘Net fees and commission income’ on a straight-line basis over the life of the guarantee.

#### **(v) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is the person or group responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee of the Bank.

Income and expenses directly associated with each segment are included in determining operating segment performance. The Bank has identified its sole operating and reportable segment as retail banking which incorporates the following services lending, depository, credit and debit cards and their related services. Segment assets and liabilities comprise operating assets and liabilities, representing the consolidated statement of financial position. The Bank's operations, income and assets are all based in The Bahamas.

#### **(w) Corresponding figures**

Certain corresponding figures in the prior year have been reclassified to conform with the current year’s presentation. These include:

##### *Statement of Comprehensive Income*

Fees and commission on deposit processing services in the amount of \$1,069,391 was reclassified from other operating income to fees and commission income.

##### *Notes to Consolidated Financial Statements*

The Note receivable and lease liabilities were corrected in 2023 to update undiscounted contractual cash flows in note 32 liquidity risk.



**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**5. Cash and cash equivalents**

	2024	2023
Cash	\$ 17,064,846	\$ 15,311,876
Deposits with the Central Bank, non-interest bearing (Note 26)	74,007,312	94,882,234
Cash and account with the Central Bank	91,072,158	110,194,110
Cash equivalents - Treasury Bills (Note 26)	67,700,525	61,879,290
Due from banks	93,111,662	83,795,835
Cash, cash equivalents and due from banks	251,884,345	255,869,235
Less: mandatory reserve deposits with the Central Bank	28,655,110	28,644,790
Cash and cash equivalents	\$ 223,229,235	\$ 227,224,445

The statutory reserve account with The Central Bank of The Bahamas (“the Central Bank”) of \$28,655,110 (2023: \$28,644,790) is not included in cash and cash equivalents. Mandatory reserve deposits represent the Bank’s regulatory requirement to maintain a percentage of deposit liabilities as cash or deposits with the Central Bank. These funds are not available to finance the Bank’s day-to-day operations. All balances with the Central Bank are non-interest bearing. Government issued Treasury Bills are presented in the consolidated statement of financial position, net of \$57,753 (2023: \$61,133) allowance for impairment losses and have maturity dates extending through to September 2024 (2023: September 2023). Money market placements included in Due from banks amount to \$Nil (2023: \$15,806,024) and are presented in the consolidated statement of financial position, net of \$Nil (2023: \$15,929) allowance for impairment losses. Money market placements in 2023 had maturity dates extending through to August 2023.

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**6. Investment securities, net**

Investment securities comprise equity and debt securities classified into the following categories:

	FVTPL	Amortised cost	Total
Bahamas Registered Stock (Notes 26, 32)	\$ -	\$ 113,655,889	\$ 113,655,889
Money Market Placements (Note 32)	-	8,800,000	8,800,000
Mutual Funds (Note 30)	10,069,370	-	10,069,370
Accrued interest receivable (Notes 26, 32)	-	1,523,662	1,523,662
Less: Allowance for impairment loss (Notes 26, 32)	-	(913,105)	(913,105)
<b>At June 30, 2024</b>	<b>\$ 10,069,370</b>	<b>\$ 123,066,446</b>	<b>\$ 133,135,816</b>

	FVTPL	Amortised cost	Total
Bahamas Registered Stock (Notes 26, 32)	\$ -	\$ 98,312,800	\$ 98,312,800
Money Market Placements (Note 32)	-	8,700,000	8,700,000
Accrued interest receivable (Notes 26, 32)	-	946,033	946,033
Less: Allowance for impairment loss (Notes 26, 32)	-	(1,059,476)	(1,059,476)
<b>At June 30, 2023</b>	<b>\$ -</b>	<b>\$ 106,899,357</b>	<b>\$ 106,899,357</b>

As at year end, Bahamas Registered Stock are fixed and variable rate bonds tied to the Bahamian \$ Prime Rate issued by The Bahamas Government with interest rates ranging from 3.20% to 5.65% per annum (2023: from 3.13% to 5.65% per annum) and scheduled maturities between 2024 and 2049 (2023: between 2023 and 2049). Money market placements have interest rates ranging from 4.85% to 5.00% per annum (2023: from 4.90% to 5.00% per annum) and scheduled maturities are in June 2025 (2023: 2023 and 2025).

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**6. Investment securities, net (continued)**

The movements in the categories of investment securities are as follows:

	FVTPL	FVOCI	Amortised cost	Total
At July 1, 2023	\$ -	\$ -	\$ 106,899,357	\$ 106,899,357
Additions	10,000,000	-	34,543,208	44,543,208
Maturities	-	-	(19,097,208)	(19,097,208)
Proceeds from sale of equity investments	(320,295)	-	-	(320,295)
Movement in fair value: equity investments				
at FVTPL	389,665	-	-	389,665
Discount amortisation	-	-	(2,911)	(2,911)
Movement in accrued interest receivable	-	-	577,629	577,629
Less: Impairment losses (Notes 23, 26, 32)	-	-	146,371	146,371
<b>At June 30, 2024</b>	<b>\$ 10,069,370</b>	<b>\$ -</b>	<b>\$ 123,066,446</b>	<b>\$ 133,135,816</b>

	FVTPL	FVOCI	Amortised cost	Total
At July 1, 2022	\$ -	\$ 3,102,986	\$ 70,795,723	\$ 73,898,709
Additions	-	-	49,020,200	49,020,200
Maturities	-	-	(12,194,500)	(12,194,500)
Proceeds from sale of equity investments	-	(3,323,089)	-	(3,323,089)
Movement in fair value: equity investments				
at FVOCI (Note 18)	-	216,700	-	216,700
Gain on sale of equity securities	-	3,403	-	3,403
Movement in accrued interest receivable	-	-	220,955	220,955
Add: Impairment reversals (Notes 23, 26, 32)	-	-	(943,021)	(943,021)
<b>At June 30, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 106,899,357</b>	<b>\$ 106,899,357</b>

On July 28, 2022, the Bank sold its investment in equity shares (Note 18) and net proceeds amounted to \$3.3 million.

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**7. Loans and advances to customers, net**

	2024	2023
Mortgage residential loans	\$ 186,586,205	\$ 180,054,438
Mortgage commercial loans	10,700,739	11,801,749
Commercial loans	54,753,105	55,026,322
Consumer loans	153,545,775	126,592,321
Government (Note 26)	27,791,258	37,790,781
Credit cards	2,982,525	2,513,798
Business overdrafts	841,345	779,587
Personal overdrafts	85,907	143,059
	<b>\$ 437,286,859</b>	<b>\$ 414,702,055</b>

Provisions for loan losses are as follows:

	2024	2023
<b>Less: Provision for loan losses</b>		
At July 1	\$ 44,272,295	\$ 52,846,015
Amount written-off/charged-off	(1,617,019)	(9,420,835)
Impairment (reversals)/loss, net (Note 23)	(5,117,386)	847,115
At June 30	37,537,890	44,272,295
Accrued interest receivable, net (Note 26)	1,666,730	1,877,126
Loans and advances to customers, net	<b>\$ 401,415,699</b>	<b>\$ 372,306,886</b>

	2024	2023
<b>Provision for loan losses</b>		
Mortgage residential loans	\$ 24,545,338	\$ 25,154,055
Mortgage commercial loans	478,790	539,416
Commercial loans and overdrafts	2,400,431	7,369,553
Consumer loans and overdrafts	9,509,832	10,340,252
Government (Note 26)	268,191	527,761
Credit and prepaid cards	335,308	341,258
	<b>\$ 37,537,890</b>	<b>\$ 44,272,295</b>

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**7. Loans and advances to customers, net (continued)**

Included in the provision for loan losses on mortgage commercial, commercial and consumer loans are specific provisions for certain business and personal overdrafts.

	2024	2023
Provisions as a percentage of the net loan portfolio	9.35%	11.89%
Provisions as a percentage of impaired loans	80.14%	67.34%

Non-performing (impaired) loans are as follows:

	2024	2023
Mortgage residential loans	31,588,807 \$	32,876,929
Mortgage commercial loans	7,832,430	8,476,604
Commercial loans and overdrafts	1,158,414	17,937,885
Consumer loans and overdrafts	6,252,442	6,430,476
Credit cards	8,635	17,860
	\$ 46,840,728 \$	65,739,754
Percentage of loan portfolio (net)	11.67%	17.66%
Percentage of loan portfolio (gross)	10.71%	15.85%
Percentage of total assets	4.69%	6.91%

The following is an analysis of the concentration of loans and advances to customers by outstanding balances:

	2024		2023	
	Value	No. of Loans and Overdrafts	Value	No. of Loans and Overdrafts
\$0 - \$ 10,000	\$ 12,747,915	11,050	\$ 9,628,733	8,223
\$10,001 - \$ 25,000	22,910,891	1,349	18,915,178	1,085
\$25,001 - \$ 50,000	64,196,230	1,758	57,077,730	1,544
\$50,001 - \$ 100,000	77,632,262	1,173	64,713,081	991
\$100,001 - \$ 300,000	136,539,516	798	137,994,489	807
Over \$ 300,000	123,260,045	105	126,372,844	95
	\$ 437,286,859	16,233	\$ 414,702,055	12,745

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**7. Loans and advances to customers, net** *(continued)*

The following is an analysis of loans and advances by credit quality:

	<b>2024</b>	<b>2023</b>
In (\$000s)		
<b>Mortgage residential loans</b>		
Neither past due nor impaired	\$ 123,254	\$ 126,188
Past due but not impaired	31,743	20,989
Impaired	31,589	32,877
	<u>\$ 186,586</u>	<u>\$ 180,054</u>
<b>Mortgage commercial loans</b>		
Neither past due nor impaired	\$ 2,331	\$ 3,075
Past due but not impaired	538	250
Impaired	7,832	8,477
	<u>\$ 10,701</u>	<u>\$ 11,802</u>
<b>Commercial loans and overdrafts</b>		
Neither past due nor impaired	\$ 45,238	\$ 37,101
Past due but not impaired	9,198	767
Impaired	1,158	17,938
	<u>\$ 55,594</u>	<u>\$ 55,806</u>
<b>Consumer loans and overdrafts</b>		
Neither past due nor impaired	\$ 137,708	\$ 114,313
Past due but not impaired	9,671	5,992
Impaired	6,253	6,430
	<u>\$ 153,632</u>	<u>\$ 126,735</u>
<b>Government</b>		
Neither past due nor impaired	\$ 27,791	\$ 37,791
Past due but not impaired	-	-
Impaired	-	-
	<u>\$ 27,791</u>	<u>\$ 37,791</u>
<b>Credit cards</b>		
Neither past due nor impaired	\$ 2,903	\$ 2,423
Past due but not impaired	71	73
Impaired	9	18
	<u>\$ 2,983</u>	<u>\$ 2,514</u>

In the opinion of management, the credit quality of the majority of loans and advances to customers that are neither past due nor impaired is satisfactory.

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**7. Loans and advances to customers, net (continued)**

2024, In (\$000s)	Principal	Restructured	Total
Mortgage residential loans	\$ 154,503	\$ 32,083	\$ 186,586
Mortgage commercial loans	2,873	7,828	10,701
Commercial loans and overdrafts	35,223	20,371	55,594
Consumer loans and overdrafts	147,224	6,408	153,632
Government	27,791	-	27,791
Credit cards	2,983	-	2,983
	\$ 370,597	\$ 66,690	\$ 437,287

2023, In (\$000s)	Principal	Restructured	Total
Mortgage residential loans	\$ 149,192	\$ 30,862	\$ 180,054
Mortgage commercial loans	3,328	8,474	11,802
Commercial loans and overdrafts	26,374	29,432	55,806
Consumer loans and overdrafts	121,881	4,854	126,735
Government	37,791	-	37,791
Credit cards	2,514	-	2,514
	\$ 341,080	\$ 73,622	\$ 414,702

The analysis of the age of loans and advances to customers that were past due but not impaired is as follows:

In (\$000s)	2024					Total
	Mortgage Residential	Mortgage Commercial	Commercial and overdrafts	Consumer and overdrafts	Credit Card	
Past due 1 to 29 days	\$ 27,110	\$ 538	\$ 9,191	\$ 8,315	\$ -	\$ 45,154
Past due 30 - 59 days	3,454	-	4	618	49	4,125
Past due 60 - 89 days	1,179	-	3	738	22	1,942
	\$ 31,743	\$ 538	\$ 9,198	\$ 9,671	\$ 71	\$ 51,221

In (\$000s)	2023					Total
	Mortgage Residential	Mortgage Commercial	Commercial and overdrafts	Consumer and overdrafts	Credit Card	
Past due up to 29 days	\$ 17,903	\$ 250	\$ 591	\$ 4,597	\$ -	\$ 23,341
Past due 30 - 59 days	2,341	-	176	601	48	3,166
Past due 60 - 89 days	745	-	-	794	25	1,564
	\$ 20,989	\$ 250	\$ 767	\$ 5,992	\$ 73	\$ 28,071

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

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### **8. Note receivable, net and special retained earnings**

During October 2014, the Government created a special purpose vehicle, Bahamas Resolve Limited (“Resolve”), that is owned and controlled by the Government. At that time, the Bank sold to Resolve certain of its non-performing loans with a face value of \$100 million and a net book value of approximately \$45.4 million in consideration for \$100 million in unsecured promissory notes (the “Notes”). The difference between the Notes received and net book value of the assets sold, approximately \$54.6 million, was recognised directly in equity as Special Retained Earnings. The Notes which had a final maturity of October 30, 2024 were redeemed during the financial year ended June 30, 2018.

Also, during the financial year ended June 30, 2018, the Bank sold to Resolve another portfolio of non-performing loans with aggregate face value of \$134.5 million and net book value of approximately \$50.6 million, together with accrued (but suspended) interest on the loans of \$33.2 million, in consideration for an unsecured promissory note in the amount of \$167.7 million. The difference between the promissory note received and the net book value of the loans and accrued interest transferred to Resolve, amounting to approximately \$117.1 million, was credited to Special Retained Earnings and forms a part of the Bank’s regulatory capital. An additional \$0.4 million in fees and charges were recognised in Special Retained Earnings. The promissory note had a maturity date of August 31, 2022 and bore interest at a fixed rate of 3.5% per annum, payable semi-annually on the 28th day of February and the 31st day of August.

During the financial year ended June 30, 2023, this promissory note with the original maturity date of August 31, 2022 was extended by three years to August 31, 2025, at a 4% fixed interest rate, with quarterly interest payments at the end of November, February, May and August. In September 2023, the interest rate was changed to 3% with semi-annual interest payment at the end of February and August.

The Bank has transferred all of its rights relating to the non-performing loans to Resolve and will have no rights to future cash flows from the non-performing loans. Resolve, and not the Bank, will bear all the risks and rewards of the non-performing loans subsequent to the transaction and Resolve, and not the Bank, will control the non-performing loans. The Bank will not have any continuing involvement in servicing the non-performing loans, and the Bank’s only rights will relate to the cash flows associated with the promissory note. Further, the Bank will not be providing any form of future direct or indirect financing to the customers whose loans were transferred to Resolve, and these customers will no longer be customers of the Bank.

As a part of the transaction, the Bank received an irrevocable Letter of Support from the Government. The Letter of Support pledged the Government’s financial support of Resolve to enable it to satisfy its obligations under the promissory note and confirms that, in the event of default by Resolve, the Bank can seek to recover outstanding balances from the Government.



# BANK OF THE BAHAMAS LIMITED

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

### 8. Note receivable, net and special retained earnings (continued)

	2024	2023
Note receivable (Notes 26, 32)	\$ 167,700,000	\$ 167,700,000
Accrued interest receivable (Notes 26, 32)	1,677,000	559,000
Less: Allowance for impairment loss (Note 26)	(906,438)	(1,382,756)
	<b>\$ 168,470,562</b>	<b>\$ 166,876,244</b>

### 9. Investment property

Investment Property comprises land owned by the Bank. The land is located on West Bay Street, Nassau Bahamas.

The Bank engaged the services of an independent real estate and valuation expert who holds a recognised and relevant professional qualification and who has recent experience in the location and category of the investment property being valued. The fair value of the investment property of \$6,744,000 as at June 30, 2024 (2023: \$6,744,000) is based on the independent valuation from the appraisal performed in March 2023.

This investment property has been classified as Level 3 in the fair value measurement hierarchy and there were no transfers from or to Level 3 during the year. The fair value of the investment property reflects the current market conditions and is based on the appraised value using the sales comparison approach where the average sales price approximated \$1,200,000 per acre. Management believes that the appraised value continues to appropriately reflect the fair value of the investment property.

### 10. Other assets

	2024	2023
Prepaid assets	\$ 12,287,237	\$ 18,549,579
Cheques and other items in transit, net	2,738,307	1,149,389
Accounts receivable	1,572,764	1,209,996
Other assets, net	1,065,730	1,153,028
	<b>\$ 17,664,038</b>	<b>\$ 22,061,992</b>

As at June 30, 2024, prepaid assets included subscription paid in advance of \$4.0 million (2023: \$10 million). Included in accounts receivable is \$1.1 million (2023: \$1.0 million) of real property taxes with corresponding accounts payable (Notes 15 and 26). Included in other assets, net are the Bank's investments in the Bahamas Automated Clearing House Limited in the amount of \$181,967 (2023: \$182,512 Included in Clearing and other items in transit, net is a balance for B\$ cheque clearing of \$2.1 million (2023: \$1.1 million) with allowance for unresolved items of \$Nil (2023: \$4,143). Included in other assets, net is a balance for B\$ suspense items of \$184,482 (2023: \$585,648) with a provision allowance of \$259,939 (2023: \$358,856).

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**11. Property and equipment, net**

	Land and Building	Leasehold Improvements	Furniture, Fixtures and Equipment	Work in Progress	Total
<b>Cost</b>					
Balance as at June 30, 2022	\$ 3,139,782	\$ 5,935,063	\$ 13,309,414	\$ 2,395,265	\$ 24,779,524
Additions	-	132,424	572,281	1,754,334	2,459,039
Disposals/write-offs	-	(390,694)	(828,306)	-	(1,219,000)
Transfers	639,107	68,889	2,558,016	(3,266,012)	-
Balance as at June 30, 2023	3,778,889	5,745,682	15,611,405	883,587	26,019,563
Additions	-	-	779,963	1,701,317	2,481,280
Disposals/write-offs	-	-	(391,927)	-	(391,927)
Transfers	-	44,494	810,109	(854,603)	-
Balance as at June 30, 2024	\$ 3,778,889	\$ 5,790,176	\$ 16,809,550	\$ 1,730,301	\$ 28,108,916
<b>Accumulated Depreciation</b>					
Balance as at June 30, 2022	\$ 747,186	\$ 5,868,450	\$ 9,306,290	\$ -	\$ 15,921,926
Depreciation (Note 22)	51,036	43,389	1,422,564	-	1,516,989
Disposals/write-offs	-	(376,504)	(609,361)	-	(985,865)
Balance as at June 30, 2023	798,222	5,535,335	10,119,493	-	16,453,050
Depreciation (Note 22)	65,774	53,826	1,893,362	-	2,012,962
Disposals/write-offs	-	-	(249,097)	-	(249,097)
Balance as at June 30, 2024	\$ 863,996	\$ 5,589,161	\$ 11,763,758	\$ -	\$ 18,216,915
<b>Net book value:</b>					
Balance as at June 30, 2024	\$ 2,914,893	\$ 201,015	\$ 5,045,792	\$ 1,730,301	\$ 9,892,001
Balance as at June 30, 2023	\$ 2,980,667	\$ 210,347	\$ 5,491,912	\$ 883,587	\$ 9,566,513

Land in the amount of \$44,565 (2023: \$44,565) is included in land and building.

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**12. Right-of-use assets and lease liabilities**

	Right-of-use assets		Lease liabilities	
July 1, 2023	\$	5,677,575	\$	5,906,532
Additions		462,823		462,823
Depreciation expense (Note 22)		(1,953,652)		-
Interest expense (Note 19)		-		261,466
Lease payments		-		(2,056,641)
June 30, 2024	\$	4,186,746	\$	4,574,180
July 1, 2022	\$	3,592,575	\$	3,927,893
Additions		3,510,260		3,510,260
Renewals		205,669		205,669
Depreciation expense (Note 22)		(1,630,929)		-
Interest expense (Note 19)		-		345,648
Lease payments		-		(2,082,938)
June 30, 2023	\$	5,677,575	\$	5,906,532

As at June 30, 2024, the current portion of the lease liabilities amounted to \$2,024,477 (2023: \$2,148,570). In the consolidated statement of cash flows, the total cash outflow for leases amounted to \$1,795,175 (2023: \$1,737,290).

**13. Computer software, net**

	Computer software		Work in Progress		Total
<b>Cost</b>					
Balance as at June 30, 2022	\$	12,762,105	\$	1,726,360	\$ 14,488,465
Additions		117,199		733,113	850,312
Transfers		1,413,333		(1,413,333)	-
Balance as at June 30, 2023		14,292,637		1,046,140	15,338,777
Additions		455,814		467,588	923,402
Disposal/write-off		(2,854,922)		-	(2,854,922)
Transfers		899,333		(899,333)	-
Balance as at June 30, 2024	\$	12,792,862	\$	614,395	\$ 13,407,257
<b>Accumulated Amortisation</b>					
Balance as at June 30, 2022	\$	7,808,073	\$	-	\$ 7,808,073
Amortisation (Note 22)		1,437,227		-	1,437,227
Balance as at June 30, 2023		9,245,300		-	9,245,300
Amortisation (Note 22)		1,743,461		-	1,743,461
Disposal/write-off		(2,745,228)		-	(2,745,228)
Balance as at June 30, 2024	\$	8,243,533	\$	-	\$ 8,243,533
<b>Net book value:</b>					
Balance as at June 30, 2024	\$	4,549,329	\$	614,395	\$ 5,163,724
Balance as at June 30, 2023	\$	5,047,337	\$	1,046,140	\$ 6,093,477

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**14. Deposits from customers and banks**

	2024	2023
Term deposits	\$ 233,658,496	\$ 243,532,696
Demand deposits	299,084,397	298,708,065
Savings accounts	233,871,718	194,018,573
	766,614,611	736,259,334
Accrued interest payable	1,653,799	1,908,868
	\$ 768,268,410	\$ 738,168,202

As at June 30, 2024, the deposits from banks amounted to \$1,118,514 (2023: \$Nil).

The following is an analysis of the concentration of deposits from customers and banks by size of deposits:

	2024		2023	
	Value	No. of Deposits	Value	No. of Deposits
\$0 - \$ 10,000	\$ 55,977,217	98,940	\$ 52,570,483	93,590
\$10,001 - \$ 25,000	41,639,309	2,692	40,233,689	2,596
\$25,001 - \$ 50,000	43,755,140	1,253	40,442,966	1,156
\$50,001 - \$100,000	53,290,848	781	50,840,944	749
\$100,001 - \$300,000	88,944,941	553	83,258,724	526
Over \$300,000	483,007,156	357	468,912,528	339
	\$ 766,614,611	104,576	\$ 736,259,334	98,956

In 1999, The Central Bank established the Deposit Insurance Corporation (the "Corporation"). The Bank paid an annual premium of \$408,187 (2023: \$259,989) to the Corporation, which insures the funds of all individual Bahamian dollar depositors of the Bank up to a maximum of \$50,000 per depositor.

**15. Other liabilities**

	2024	2023
Accounts payable	\$ 4,589,502	\$ 6,315,522
Other provision (Note 24)	6,900,000	6,900,000
Cardholders liability	3,957,450	6,259,927
Cheques and other items in transit	5,823,399	3,896,532
Clearing in transit	948,980	627,720
Deferred revenue	160,740	212,663
	\$ 22,380,071	\$ 24,212,364

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**16. Share capital**

	2024	2023
Authorized:		
45,000 Preference shares of B\$1,000 each	\$ 45,000,000	\$ 45,000,000
105,000,000 Voting common shares of B\$1 each	105,000,000	105,000,000
10,000,000 Non-voting common shares of B\$1 each	10,000,000	10,000,000
	\$ 160,000,000	\$ 160,000,000
Issued and fully paid:		
37,171,570 Voting common shares of B\$1 each	\$ 37,171,570	\$ 37,171,570
6,022,945 Non-voting common shares of B\$1 each	6,022,945	6,022,945
	\$ 43,194,515	\$ 43,194,515

*Preference shares*

The Bank's shareholders approved resolutions to increase the authorised share capital of the Bank and allow the issuance of non-voting cumulative preference shares, redeemable at the discretion of the Board of Directors. On June 30, 2006 and May 7, 2009, the Bank issued a total of B\$15,000,000 and B\$20,000,000 in redeemable preference shares at a rate of 2.00% and 2.50% above the Bahamian dollar prime rate. In accordance with IFRS, the preference shares were classified as equity. Costs totaling \$235,010 and \$349,000 related to the preference share offering respectively were netted against the proceeds. In fiscal year 2023, the preference share offering costs were transferred to retained earnings.

From fiscal years 2014 to 2017, the Bank redeemed \$3,400,000 of preference shares annually and \$6,150,000 by fiscal year 2018, with the final redemption of \$15,250,000 during fiscal year 2019.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

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### **16. Share capital** *(continued)*

#### *Voting common shares*

Effective January 2006, the Bank had a rights offering resulting in the increase in voting common shares from \$12,000,000 to \$15,600,000 and share premium from \$7,589,064 to \$28,587,866.

On April 15, 2016, the Bank's shareholders approved the reclassification of the authorised and unissued preference shares of the Bank comprising 80,000 shares having a par value of \$1,000 per share into 80,000,000 voting common shares having a par value of \$1.00 per share. The total authorised capital of the Bank remained unchanged at \$160,000,000.

During the period from September 6 - 12, 2016, the Bank entered into a common shares' rights offering for an aggregate amount of \$40 million for 14,814,814 voting common shares. For each 1.44 common shares held as at record date of September 5, 2016, shareholders had the right to purchase an additional 1 share. At the end of the offer period, the Government subscribed for the majority of the offering, and the Bank issued a total of 39,517,333 in voting common shares to its shareholders at a price of \$2.70 per share. Costs totaling \$482,667 related to this common share offering were netted against the proceeds and resulted in additional share premium of \$24,702,519.

During the period December 31, 2016 to February 28, 2017, the Bank offered a private placement of \$30 million at 3.125% Fixed Rate Perpetual Contingent Convertible Bonds to accredited investors only. This private placement was offered in three tranches of \$10 million each. As at December 31, 2016, the first tranche was subscribed by and issued to the Government. Effective June 30, 2017, this bond in the amount of \$10 million was converted to 6,756,756 voting common shares at a price of \$1.48 per share which resulted in additional share premium of \$3,243,244.

#### *Non-voting common shares*

During 2013, the Bank's shareholders approved resolutions to increase the authorised share capital of the Bank and allow for the issuance of a separate class of B\$10,000,000 non-voting common shares. On June 28, 2013 the Bank issued a total of 6,022,945 Class B non-voting common shares to NIB at a share price of \$5.23. Costs totaling \$60,300 related to this common share offering were netted against the proceeds and resulted in additional share premium of \$25,416,755.

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**17. Treasury shares**

During each of the fiscal years 2011 and 2013, the Bank's Board of Directors approved the repurchase of 750,000 of the Bank's own shares. The implementation of the share repurchase plan was a strategy to enhance the shareholder value of then existing shareholders. There have not been any repurchase of shares since fiscal 2013.

The balance in treasury shares at year end is as follows:

	No. of Shares	Value
Balance as at June 30, 2024 and 2023	235,021	\$ 1,318,224

**18. Net gain on investments at FVOCI**

	2024	2023
Balance at July 1	\$ -	\$ 2,880,297
Movement in fair value: equity investments at FVOCI (Note 6)	-	216,700
Transfer of FVOCI on equity investments	-	(3,096,997)
<b>Balance at June 30</b>	<b>\$ -</b>	<b>\$ -</b>

**19. Net interest income**

	2024	2023
<b>Interest and similar income</b>		
<i>Interest income calculated using the effective interest method:</i>		
Loans and advances to customers	\$ 32,956,831	\$ 29,629,137
Notes receivable	5,310,500	6,568,250
Investment securities	4,250,782	3,274,069
Cash and short term investments	5,445,972	4,287,392
	47,964,085	43,758,848
<b>Interest and similar expense</b>		
Banks and customers	(4,303,984)	(4,215,509)
Lease liabilities (Note 12)	(261,466)	(345,648)
	(4,565,450)	(4,561,157)
<b>Total net interest income</b>	<b>\$ 43,398,635</b>	<b>\$ 39,197,691</b>

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**20. Fees and commission income**

	<b>2024</b>	<b>2023</b>
Deposit services fees and commission	\$ 6,538,011	\$ 6,271,096
Card services fees and commission	5,364,058	4,742,508
Credit services fees and commission	192,943	255,566
Other fees and commission	648,421	529,619
<b>Total fees and commission income</b>	<b>\$ 12,743,433</b>	<b>\$ 11,798,789</b>

**21. Other operating income**

	<b>2024</b>	<b>2023</b>
Foreign exchange	\$ 3,611,245	\$ 3,090,750
Revaluation gain on investment securities (Note 6)	389,665	-
Revaluation gain on investment property (Note 9)	-	281,000
Other	543,038	1,430,923
<b>Total other operating income</b>	<b>\$ 4,543,948</b>	<b>\$ 4,802,673</b>

**22. Operating expenses**

	<b>2024</b>	<b>2023</b>
Staff costs (Note 27)	21,463,925	\$ 20,494,344
Licenses and other fees	7,021,029	6,127,488
Information technology	4,578,069	4,108,239
Other administrative expenses	3,435,243	2,045,128
Occupancy	2,976,291	2,542,196
Telecommunication and postage	525,535	513,237
Advertising, marketing and donations	361,586	331,168
Travel and entertainment	260,463	151,224
<b>Operating expenses before depreciation and amortisation</b>	<b>\$ 40,622,141</b>	<b>\$ 36,313,024</b>
Depreciation of property and equipment (Note 11)	2,012,962	1,516,989
Depreciation of right-of-use assets (Note 12)	1,953,652	1,630,929
Amortisation of software (Note 13)	1,743,461	1,437,227
<b>Depreciation and amortisation</b>	<b>5,710,075</b>	<b>4,585,145</b>
<b>Total operating expenses</b>	<b>\$ 46,332,216</b>	<b>\$ 40,898,169</b>

Audit fees for the consolidated financial statements the year ended June 30, 2024 amounted to \$380,000 (2023: \$420,000). Audit related fees amounted to \$25,000 (2023: \$Nil). Other fees to the auditor and related network firms for non-assurance services amounted to \$55,000 (2023: \$156,940).



# BANK OF THE BAHAMAS LIMITED

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

### 23. Impairment (reversals)/losses, net

	2024	2023
Loans and advances to customers, net (Notes 7, 26)	\$ (5,117,386)	\$ 847,115
Note receivable (Notes 8, 26)	(476,318)	1,362,931
Investment securities (Notes 6, 26)	(146,371)	943,021
Cash equivalents - Treasury Bills (Note 5, 26)	(3,380)	51,640
Money market placements (Note 5)	(15,929)	11,099
Impairment (reversals)/losses during the year	\$ (5,759,384)	\$ 3,215,806

### 24. Contingencies

To meet the financial needs of customers, the Bank enters various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act.

#### *Legal claims*

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. As a result of the litigation risk inherent in its operations, the Bank is involved in various litigation proceedings in the ordinary course of its business. The Bank has internal and external legal counsel, and formal controls and policies for managing legal claims. With the benefit of professional legal advice, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing and/or discloses amounts in accordance with its accounting policies.

As at year end, the Bank had several ongoing legal claims. Various legal proceedings are pending that challenge certain actions of the Bank. Most of these proceedings are loan-related and are reactions to steps taken by the Bank to collect delinquent loans and enforce its rights against collateral securing such loans.

In fiscal year 2019, the Bank was made aware of a significant legal claim against the Bank in respect of a judgment in default and related damages of approximately \$6 million plus interest and costs for which the Bank recorded provision as at June 30, 2019. The Bank has filed the necessary applications to set aside the default judgment and to set aside the said damages. The Bank has also filed papers to stay the enforcement of damages and in certain circumstances to strike out enforcement steps. In fiscal year 2020, the Bank was successful in having the judgement in default of defense set aside. In fiscal year 2022, the Bank was successful again in the Supreme Court appeal brought about by the plaintiff. In fiscal year 2023, an appeal was filed at the Court of Appeal which was subsequently withdrawn by the Plaintiffs as the requisite certificate was not obtained by them. The Plaintiffs thereafter filed an application to obtain the certificate in an attempt to pursue the appeal against the Bank once again. As at June 30, 2024, the Bank maintained the related provision recorded since June 2019 while management awaits the ruling for the certificate. Management considers that adequate provision has been made in these consolidated financial statements, included in accounts payable (Note 15), for any loss that might ultimately be determined (Note 3).

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**25. Commitments**

The commitments for loans and advances at June 30, 2024 were \$40,382,605 (2023: \$10,076,990). The allowance for impairment loss as at June 30, 2024 amounted to \$18,152 (2023: \$4,367).

The Bank has a commitment for future capital expenditure of \$557,803 (2023: \$232,158).

The Bank has letters of credit and guarantees outstanding of \$3,528,119 (2023: \$3,370,119). The allowance for impairment loss as at June 30, 2024 amounted to \$7,784 (2023: \$10,396).

**26. Transactions and balances with related parties**

	Government	Other Government Entities	Key Management	Total 2024	Total 2023
<b>Assets</b>					
Deposits with the Central Bank (Note 5)	\$ -	\$ 74,007,312	\$ -	\$ 74,007,312	\$ 94,882,234
Treasury bills, net (Note 5)	67,642,772	-	-	67,642,772	61,818,157
Investment securities, net (Note 6)	113,951,755	-	-	113,951,755	98,249,600
Loans and advances to customers, net	27,864,212	-	2,282,454	30,146,666	40,882,087
Note receivable, net (Note 8)	-	168,470,562	-	168,470,562	166,876,244
Right-of-use assets, net (Note 12)	293,491	-	-	293,491	586,981
Other assets	946,090	-	-	946,090	3,169,116
<b>Total</b>	<b>\$ 210,698,320</b>	<b>\$ 242,477,874</b>	<b>\$ 2,282,454</b>	<b>\$ 455,458,648</b>	<b>\$ 466,464,419</b>
<b>Liabilities</b>					
Deposits from customers and banks	\$ 84,094,084	\$ 80,717,396	\$ 1,018,007	\$ 165,829,487	\$ 168,844,224
Other liabilities	3,169,930	97,931	-	3,267,861	5,644,224
Lease liabilities (Note 12)	394,867	-	-	394,867	716,386
Deferred loan fees	456,789	-	-	456,789	304,031
<b>Total</b>	<b>\$ 88,115,670</b>	<b>\$ 80,815,327</b>	<b>\$ 1,018,007</b>	<b>\$ 169,949,004</b>	<b>\$ 175,508,865</b>
<b>Revenues</b>					
Interest Income	\$ 7,818,498	\$ 5,861,983	\$ 85,728	\$ 13,766,209	\$ 14,426,136
Fees and commission income	383,309	-	-	383,309	385,787
<b>Total</b>	<b>\$ 8,201,807</b>	<b>\$ 5,861,983</b>	<b>\$ 85,728</b>	<b>\$ 14,149,518</b>	<b>\$ 14,811,923</b>
<b>Expenses and Impairment losses</b>					
Interest Expense	\$ 154,550	\$ 264,218	\$ 35,859	\$ 454,627	\$ 444,168
Directors fees	-	-	255,476	255,476	244,500
Impairment (reversals)/losses	(409,321)	(476,318)	-	(885,639)	2,798,746
Other operating expenses	1,401,322	4,989,642	-	6,390,964	6,772,781
Short-term employee benefits	-	-	3,062,131	3,062,131	3,056,766
Pension expense	-	-	145,182	145,182	181,462
<b>Total</b>	<b>\$ 1,146,551</b>	<b>\$ 4,777,542</b>	<b>\$ 3,498,648</b>	<b>\$ 9,422,741</b>	<b>\$ 13,498,423</b>

# BANK OF THE BAHAMAS LIMITED

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

### 26. Transactions and balances with related parties *(continued)*

The allowance for impairment loss against any of the related party balances as at June 30, 2024 amounted to \$2,077,376 (2023: \$2,953,200).

### 27. Employee benefits

The Bank has a defined contribution plan (the “Plan”) in which eligible employees (those having attained 18 years of age and employed on a full-time basis for a continuous period of twelve months) contribute a minimum of 3.50% of their annual salaries and the Bank contributes 6.50%. Employees become fully vested after 5 years of plan membership. The Plan is managed by two Trustees that are independent of the Bank. Effective June 6, 2024, the Trustees appointed a corporate trustee to manage the assets of the Plan. Contributions for the year ended June 30, 2024 totaled \$801,296 (2023: \$831,346) recorded as staff costs (Note 22).

The Plan’s investment strategy is fully employed on a low risk and conservative bond fund.

### 28. Assets under administration

The Bank has assets under administration for clients in the Bank’s fiduciary capacity as follows:

	2024	2023
Government guaranteed hurricane relief loans	\$ 3,300,115	\$ 3,433,461

The Bank recognised fees totaling \$48,030 (2023: \$48,605) for the administration of the Government Guaranteed Hurricane Relief Loans program.

### 29. Dividends and earnings per share

Dividends to the Bank’s shareholders are recognised as a liability in the period in which they are declared by the Board of Directors and approved by the Bank’s Regulator. The Bank declared dividends in the amount of \$0.01 per share for shareholders of record on November 13, 2023 and paid dividends on November 16, 2023 in the amount of \$429,595 to its common shareholders. The Bank declared additional dividends in the amount of \$0.01 per share for shareholders of record on May 20, 2024 and paid dividends on May 23, 2024 in the amount of \$429,595 to its common shareholders (2023: \$429,595).

	2024	2023
Net income attributable to ordinary shareholders	\$ 19,660,678	\$ 11,381,219
Weighted average number of ordinary shares outstanding	42,959,494	42,959,494
Basic earnings per ordinary share	\$ 0.46	\$ 0.26
Dividends per ordinary share	\$ 0.02	\$ 0.01

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

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### **30. Fair value of assets and liabilities**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The best evidence of fair value is the quoted price in an active market.

IFRS 13 requires that the classification of financial assets and liabilities at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following methods and assumptions have been used in determining fair value:

#### **Cash and cash equivalents, other assets and other liabilities**

Due to their short-term maturity, the carrying values of these financial instruments approximate their fair values and have been classified as Level 2.

#### **Investment securities**

The estimated fair values of the Bank's investments are determined based on quoted market prices, when available. If quoted market prices are not available, management's best estimate of the fair value is based on significant market observable inputs. The Bank's debt investments are subsequently measured at amortised cost and are tied to the Bahamian \$ Prime Rate issued by The Bahamas Government and therefore the carrying values of these financial instruments approximate their fair values. The debt securities are classified as Level 2 and there were no transfers made during the year for any investments between the hierarchies.

As of June 30, 2024, the Bank held mutual funds as FVTPL totaling \$10,069,370 (2023: \$Nil). The estimated fair values are determined based on the net asset value and are classified as Level 2 investment (Notes 6 and 32) and there were no transfers made during the year for any investments between the hierarchies.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

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### **30. Fair value of assets and liabilities (continued)**

#### **Loan and advances to customers**

Loans and advances to customers bear interest at variable rates tied to the Bahamian dollar prime rate and are therefore subject to re-pricing based on periodic changes to market interest rates. As such, fair values are assumed to be equal to their carrying values and are disclosed in Note 7. Loans and advances have been classified as Level 3 and the risk adjusted discount rate was used as unobservable inputs to value these loans.

#### **Deposits from customers**

The estimated fair values of deposits from customers were determined by valuing the deposits based on current market interest rates relative to the Bank's interest rates. Given that deposits are principally short term in nature and have interest rates that reset to market rates, the fair values of deposits from customers approximate their carrying values and are disclosed in Note 14. Deposits from customers have been classified as Level 3 and the risk adjusted discount rate was used as unobservable inputs to value these deposits.

#### **Investment property**

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair values of the Bank's investment property portfolio every three years.

The fair value measurements for the investment property have been categorised as Level 3 fair value measurements. The valuation model used is the Sales Comparison Approach to estimate the Market Value of the subject site. The model considered three comparable transactions which were adjusted for the sales price for differences in location and size. Investment property has been classified as Level 3 (Note 9).

### **31. Regulatory capital**

The Bahamas Capital Regulations, 2022 came into effect on July 15, 2022. The Bank's total regulatory capital consists of the sum of total Common Equity Tier 1 ("CET1") capital only, net of regulatory adjustments. CET1 plus capital buffers must be at least 18% and the minimum leverage ratio of 6% has been introduced. The Bank remains compliant with total regulatory capital at 43.4% as at June 30, 2024 (June 30, 2023: 44.7%) and a leverage ratio of 18.7% as at June 30, 2024 (2023: 17.2%).

Capital regulatory requirements for subsidiary companies are managed through the Bank. The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by The Central Bank. As at June 30, 2024 and 2023, the Bank was compliant with all of the externally imposed capital ratio requirements.

#### **Capital risk management**

The primary objectives of the Bank's capital management are to comply with externally imposed capital requirements, maintain strong capital ratios to support its business and to maximise shareholders' value.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

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### **31. Regulatory capital** *(continued)*

The Bank typically manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

The capital structure is designed to provide optimal risk absorption consistent with the risk profile of the Bank's consolidated statement of financial position. The capital mix is intended to maximise the return for shareholders. The Bank utilizes equity issuances to achieve an ideal capital structure.

At June 30, 2024 and 2023, the capital structure of the Bank consists of equity held by common shareholders, including issued capital, share premium, special retained earnings and accumulated deficit. Ongoing capital management includes the payment of dividends, common share issuances, maintenance of reserves and special retained earnings.

### **32. Risk management**

There are a number of risks inherent in banking that the Bank manages on an ongoing basis. Among these risks, the more significant are credit, operational, currency, liquidity, capital and interest rate risks.

#### **Credit risk**

Credit risk arises from the failure of a counterparty to perform according to the terms of the contract. From this perspective, the Bank's significant exposure to credit risk is primarily concentrated in cash and due from banks, investments, notes receivable and loans. Cash, due from banks and investments are predominantly in Bahamian and United States dollars and have been placed with high quality institutions. The Bank maintains deposits in foreign currencies with a minimum of lower medium grade rated correspondent banks in the United States, Canada and the United Kingdom.

The Bank evaluates the concentration of risk with respect to the note receivable in the same manner as balances with the Government, as the interest and principal sum is payable by Bahamas Resolve Limited ("Resolve"), which is a company wholly owned and controlled by the Government. The Bank recognises an ECL based on the credit rating of the Government, given that the Government has undertaken to support Resolve, as more fully described in Note 8.

Credit risk arising from loans is mitigated through the employment of a credit risk management regime that sets limits for sector concentration, as well as single and related party exposure. The Board of Directors approves credit granting limits. In addition, the credit policies provide for credit facilities to be reviewed regularly by the Bank's credit risk management department, internal audit department and annual review by credit officers. Most of the Bank's loans are collateralised and guaranteed, thus providing further mitigation of credit risk. The Bank's procedures are designed to ensure collateral is appropriately managed, is legally enforceable, conservatively valued by a Bank approved independent appraiser and adequately insured for the full replacement value, where possible.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

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### **32. Risk management** *(continued)*

#### **Credit risk** *(continued)*

The Bank assesses credit exposure on loans by utilising risk ratings. The ratings are categorized into a variety of segments such as minimal risk, moderate risk, high risk and non-performing. The purpose of credit rating is to provide a simple, but effective and ongoing system of credit risk gradation by which relative credit worthiness of borrowers may be identified and accordingly the level of credit enhancements, degree of monitoring, frequency of reviews, level of provisioning, and pricing can be determined. The credit rating would reflect both the likelihood of default and the potential extent of loss given default.

The credit worthiness of most borrowers is not constant over time. For this reason, changes in ratings must reflect changes in the relative strength of the borrowers and in their obligations. Appropriate credit ratings must be assigned to every borrowing relationship. A rating must be assigned at the time of credit extension and reviewed and updated in each periodic review or if the situation warrants a change at any other time.

A rating change highlights a change in credit worthiness or corrects a previous rating that did not fully reflect the quality of the credit. Because of their very nature, changes are to be expected more frequently among credits with lower ratings than among credits of higher ratings. Typically loans within the retail credit portfolio which are performing are not assessed for changes in ratings, unless the customer approaches the Bank for additional credit.

The assigning of a risk rating calls for professional judgment and can involve subjective elements. When a credit rating is assigned, all relevant information concerning the risk profile of the borrower is considered, including but not limited to, industry trends, economic climate, business environment and earnings track record. Consideration is given to much less quantifiable items such as opinion of management, perception of trustworthiness and character, hidden reserves and other factors.

The Bank conducts an impairment assessment on each of its loans. The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue or there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Bank addresses impairment on an individual and portfolio basis. In managing credit risk, the Bank takes a holistic approach in assessing its impact and implications from a regulatory standpoint and potential consequences for liquidity and its capital.

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**32. Risk management** *(continued)***Credit risk** *(continued)*

Concentration of risks and financial assets with credit risk exposure are as follows:

	<b>2024</b>	<b>2023</b>
In (\$000s)		
<b>Cash, cash equivalents and due from banks (Note 5)</b>		
Neither past due nor impaired	\$ 234,819	\$ 240,557
<b>Investment securities (Note 6)</b>		
Neither past due nor impaired	\$ 123,980	\$ 107,959
<b>Loans and advances to customers (Note 7)</b>		
Neither past due nor impaired	\$ 339,225	\$ 320,891
Past due but not impaired	51,221	28,071
Impaired	46,841	65,740
Accrued interest receivable, net	1,667	1,877
	\$ 438,954	\$ 416,579
<b>Note receivable (Note 8)</b>		
Neither past due nor impaired	\$ 167,700	\$ 167,700
Accrued interest receivable	1,677	559
	\$ 169,377	\$ 168,259
<b>Loan commitments, credit lines and guarantees (Note 25)</b>		
Neither past due nor impaired	\$ 43,911	\$ 13,447

Financial assets are past due when a counterparty has failed to make a payment when contractually due.

***Expected Credit Loss Measurement***

ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL are the discounted product of probability of default (PD), exposure at default (EAD), and loss given default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.



# **BANK OF THE BAHAMAS LIMITED**

Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

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## **32. Risk management** *(continued)*

### **Credit risk** *(continued)*

#### ***Expected Credit Loss Measurement*** *(continued)*

- LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

The Bank uses a Point-in-Time ("PIT") analysis while having regard to historical loss data and forward looking macro-economic data.

#### ***Incorporation of forward-looking information***

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Bank has performed historical analysis and identified the key economic variables impacting credit risk ECL for each portfolio. The Bank formulates three economic scenarios (base case, upside and downside). Once an ECL calculation has been developed for each scenario, a weight is applied to each estimate based on the likelihood of occurrence to arrive at a final weighted ECL.

# BANK OF THE BAHAMAS LIMITED

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

### 32. Risk management *(continued)*

#### Credit risk *(continued)*

##### *Incorporation of forward-looking information (continued)*

The weighting assigned to each economic scenario as at June 30, 2024 was as follows:

	Base scenario	Upside scenario	Downside scenario
Sovereign exposures (Investments and Note Receivable)	91.00%	8.00%	1.00%
Loans and advances to customers	90.00%	9.00%	1.00%

The weighting assigned to each economic scenario as at June 30, 2023 was as follows:

	Base scenario	Upside scenario	Downside scenario
Sovereign exposures (Investments and Note Receivable)	91.00%	8.00%	1.00%
Loans and advances to customers	85.00%	8.00%	7.00%

The provision for loan losses reflects the Bank's economic outlook as of June 30, 2024. Tourism, the main economic driver, registered strong growth, supported by robust gains in both air and sea arrivals from key international markets. Additionally, inflation moderated for 2024 when compared to the previous year. Allowance for impairment losses on all sovereign exposures and money market placements recorded reversals of impairment due to improvement of the International Monetary Fund's ("IMF") prediction on GDP growth rate for 2024 and 2025.

The Bank considered for its loan portfolio the appropriate economic factors to be the Bahamas' unemployment rate. When considering its macroeconomic factors, Management applied a uniform unemployment rate to the entire portfolio.

The Bank determined its forward-looking economic factors for the purposes of the ECL calculation based on its expectation of the performance of the Bahamian economy. The assumptions are based on a continuation of the economy returning to normalcy.

#### *Base Case Scenario*

The Bank considered the IMF's forecast for 2025 for the base scenario, which it determined to be an indication of the continued economic growth driven by strong Tourism numbers.

#### *Upside Scenario*

The Bank determined that the upside scenario would be the unemployment rate for 2024, which along with 2023 represented the lowest unemployment data point for the past 15 years.

#### *Downside Scenario*

The Bank considered the unemployment rate for 2011 as the downside scenario, which was the highest unemployment data point excluding the pandemic period.

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**32. Risk management** *(continued)**Incorporation of forward-looking information* *(continued)***Credit risk** *(continued)*

<b>Unemployment Rate</b>	<b>2024</b>	<b>2023</b>
	<b>Total</b>	<b>Total</b>
	<b>Portfolio</b>	<b>Portfolio</b>
Base	8.9%	11.8%
Upside	8.8%	11.7%
Downside	15.9%	25.6%

**Maximum Exposure to Credit Risk**

For financial assets recognised on the consolidated statement of financial position, the exposure to credit risk equals their carrying amount. For standby letters of credit, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the standby letters of credit are called upon. For mortgage commitments and revolving credit lines that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities. The maximum exposure to standby letters of credit and loan commitments are disclosed in Note 25. The following table contains an analysis of the credit risk exposure of financial assets for which an ECL allowance is recognised. The gross carrying amount of the financial assets represents the Bank's maximum exposure to the credit risk of these assets.

				<b>Total</b>	<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>2024</b>	<b>2023</b>
Loans and accrued interest receivable	\$ 343,418,788	\$ 45,150,425	\$ 46,669,646	\$ 435,238,859	\$ 413,355,441
Overdrafts and accrued interest receivable	824,907	24,499	162,447	1,011,853	972,080
Credit cards	1,842,651	1,119,118	8,635	2,970,404	2,513,798
	\$ 346,086,346	\$ 46,294,042	\$ 46,840,728	\$ 439,221,116	\$ 416,841,319
Loan commitments, credit lines and guarantees	\$ 43,910,724	\$ -	\$ -	\$ 43,910,724	\$ 13,447,109
Note receivable	\$ -	\$ 169,377,000	\$ -	\$ 169,377,000	\$ 168,259,000
Investment securities	\$ 62,652,559	\$ 61,326,992	\$ -	\$ 123,979,551	\$ 107,958,833

**Transfers between Stages**

At each reporting date, the Bank assesses whether the credit risk on its financial assets has increased significantly since initial recognition. The assessment of whether an asset is in Stage 1 or 2 considers the relative change in the PD occurring over the expected life of the instrument and is not assessed based on the change in the amount of the ECL. This involves setting quantitative tests combined with additional indicators such as credit risk classification and other observable inputs.

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

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### **32. Risk management** *(continued)*

#### **Credit risk** *(continued)*

##### **Transfers between Stages** *(continued)*

Transfers between Stages 1 and 2 are based on the assessment of significant increases in credit risk relative to initial recognition. The impact of moving from 12-month ECL to lifetime ECL, or vice versa, varies by portfolio and is dependent on the expected remaining life at the date of the transfer. Stage transfers may result in significant fluctuations in the Bank's ECL. Transfers from Stage 3 are addressed in the Bank's Non-Accrual Provisioning and Write-off Policy. Transfers from Stage 3 to lower stages is not automatic but is rather subject to an assessment or review period. The facility must meet the contractual repayments for six (6) consecutive months before reclassification.

##### **Movement in Impairment Allowances by Stage**

The impairment allowance recognised in the period is impacted by a variety of factors, including but not limited to:

- Transfers between Stage 1 and 2 or 3 due to financial assets experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- There is an exception for Stage transfers for Credit Cards. If a credit card moves to Stage 2 or 3 and is subsequently brought current the Stage status does not revert to Stage 1. Rather, the status remains at Stage 2 for its lifetime ECL.
- Additional allowances for new financial assets recognised during the period, as well as releases for financial assets derecognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs, and LGDs in the period, arising from regular refreshing of inputs to the model;
- Impact on the measurement of ECL due to changes made to the model and assumptions; and
- Financial assets derecognised during the period and write-offs of allowances related to the assets that were written off during the period.

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**32. Risk management (continued)****Credit risk (continued)**

The following table explains the changes in the impairment allowance by portfolio between the beginning and the end of the annual period due to these factors.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total 2024	Total 2023
<b>Investment securities at amortised cost:</b>					
Gross carrying amount	\$ 62,652,559	\$ 61,326,992	\$ -	\$ 123,979,551	\$ 107,958,833
Loss allowance	(269,184)	(643,921)	-	(913,105)	(1,059,476)
Carrying amount	\$ 62,383,375	\$ 60,683,071	\$ -	\$ 123,066,446	\$ 106,899,357
<b>Investment securities at amortised cost:</b>					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total 2024	Total 2023
Gross carrying amount as at July 1, 2023	\$ 8,727,683	\$ 99,231,150	\$ -	\$ 107,958,833	\$ 70,912,178
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	22,189,463	(22,189,463)	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	34,820,591	-	-	34,820,591	49,312,532
Financial assets fully derecognized during the year	(3,529,165)	(15,741,081)	-	(19,270,246)	(12,267,484)
Changes in principal and interest	443,987	26,386	-	470,373	-
Foreign exchange adjustment	-	-	-	-	1,607
Gross carrying amount as at June 30, 2024	\$ 62,652,559	\$ 61,326,992	\$ -	\$ 123,979,551	\$ 107,958,833

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**32. Risk management (continued)****Credit risk (continued)**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total 2024	Total 2023
<b>Investment securities at amortised cost:</b>					
Loss allowance as at July 1, 2023	\$ 77,926	\$ 981,550	\$ -	\$ 1,059,476	\$ 116,455
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	93,982	(93,982)	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	107,563	-	-	107,563	350,848
Financial assets fully derecognized during the year	(28,904)	(9,316)	-	(38,220)	(2,465)
Changes to inputs used in ECL calculation	18,617	(234,331)	-	(215,714)	594,986
Foreign exchange adjustment	-	-	-	-	(348)
Loss allowance as at June 30, 2024	269,184	643,921	-	913,105	\$ 1,059,476

**Mortgage residential and mortgage commercial loans**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total 2024	Total 2023
<b>Loans and advances to customers at amortised cost:</b>					
Gross carrying amount	\$ 151,939,708	\$ 6,532,409	\$ 39,421,237	\$ 197,893,354	\$ 192,440,976
Loss allowance	(1,441,082)	(926,354)	(22,698,590)	(25,066,026)	(25,729,408)
Carrying amount	\$ 150,498,626	5,606,055	\$ 16,722,647	\$ 172,827,328	\$ 166,711,568

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**32. Risk management (continued)****Credit risk (continued)**

Mortgage residential and mortgage commercial loans					
	Stage 1	Stage 2	Stage 3	Total	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	2024	2023
<b>Loans and advances to customers at amortised cost:</b>					
Gross carrying amount as at July 1, 2023	\$ 147,228,399	\$ 3,859,044	\$ 41,353,533	\$ 192,440,976	\$ 200,881,677
Transfers:					
Transfer from Stage 1 to Stage 2	(3,724,322)	3,724,322	-	-	-
Transfer from Stage 1 to Stage 3	(2,689,616)	-	2,689,616	-	-
Transfer from Stage 2 to Stage 1	1,752,810	(1,752,810)	-	-	-
Transfer from Stage 2 to Stage 3	-	(775,942)	775,942	-	-
Transfer from Stage 3 to Stage 1	614,410	-	(614,410)	-	-
Transfer from Stage 3 to Stage 2	-	1,714,786	(1,714,786)	-	-
New financial assets originated or purchased	25,768,503	-	-	25,768,503	20,698,834
Financial assets fully derecognized during the year	(7,281,489)	(214,673)	(4,394,612)	(11,890,774)	(22,159,821)
Changes in principal and interest	(9,728,987)	(22,318)	1,325,954	(8,425,351)	(6,979,714)
Gross carrying amount as at June 30, 2024	151,939,708	6,532,409	39,421,237	197,893,354	\$ 192,440,976

Mortgage residential and mortgage commercial loans					
	Stage 1	Stage 2	Stage 3	Total	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	2024	2023
<b>Loans and advances to customers at amortised cost:</b>					
Loss allowance as at July 1, 2023	\$ 2,017,981	\$ 440,484	\$ 23,270,943	\$ 25,729,408	\$ 28,095,710
Transfers:					
Transfer from Stage 1 to Stage 2	(132,438)	132,438	-	-	-
Transfer from Stage 1 to Stage 3	(20,731)	-	20,731	-	-
Transfer from Stage 2 to Stage 1	128,931	(128,931)	-	-	-
Transfer from Stage 2 to Stage 3	-	(3,089)	3,089	-	-
Transfer from Stage 3 to Stage 1	2,225	-	(2,225)	-	-
Transfer from Stage 3 to Stage 2	-	205,274	(205,274)	-	-
New financial assets originated or purchased	298,506	-	-	298,506	43,051
Financial assets fully derecognized during the year	(28,851)	(132)	(2,564,411)	(2,593,394)	(6,355,441)
Changes to inputs used in ECL calculation	(824,541)	280,310	2,175,737	1,631,506	3,946,088
Loss allowance as at June 30, 2024	1,441,082	926,354	22,698,590	25,066,026	\$ 25,729,408

# BANK OF THE BAHAMAS LIMITED

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

### 32. Risk management (continued)

#### Credit risk (continued)

Commercial loans, overdrafts and Government					
	Stage 1	Stage 2	Stage 3	Total	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	2024	2023
<b>Loans and advances to customers at amortised cost:</b>					
Gross carrying amount	\$ 45,471,013	\$ 37,249,886	\$ 1,158,414	\$ 83,879,313	\$ 94,445,961
Loss allowance	(347,507)	(1,370,298)	(1,081,996)	(2,799,801)	(8,028,492)
Carrying amount	45,123,506	35,879,588	\$ 76,418	\$ 81,079,512	\$ 86,417,469

Commercial loans, overdrafts and Government					
	Stage 1	Stage 2	Stage 3	Total	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	2024	2023
<b>Loans and advances to customers at amortised cost:</b>					
Gross carrying amount as at July 1, 2023	\$ 21,933,142	\$ 54,574,933	\$ 17,937,886	\$ 94,445,961	\$ 97,023,341
Transfers:					
Transfer from Stage 1 to Stage 2	(16,507)	16,507	-	-	-
Transfer from Stage 1 to Stage 3	(14,185)	-	14,185	-	-
Transfer from Stage 2 to Stage 1	14,996,487	(14,996,487)	-	-	-
Transfer from Stage 2 to Stage 3	-	(200)	200	-	-
Transfer from Stage 3 to Stage 1	509,279	-	(509,279)	-	-
Transfer from Stage 3 to Stage 2	-	7,135,143	(7,135,143)	-	-
New financial assets originated or purchased	20,749,107	-	-	20,749,107	21,015,816
Financial assets fully derecognized during the year	(395,293)	(39,721)	(16,286,748)	(16,721,762)	(13,874,823)
Changes in principal and interest	(12,291,017)	(9,440,289)	7,137,313	(14,593,993)	(9,718,373)
Gross carrying amount as at June 30, 2024	45,471,013	37,249,886	1,158,414	\$ 83,879,313	\$ 94,445,961

Commercial loans, overdrafts and Government					
	Stage 1	Stage 2	Stage 3	Total	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	2024	2023
<b>Loans and advances to customers at amortised cost:</b>					
Loss allowance as at July 1, 2023	\$ 171,602	\$ 999,998	\$ 6,856,892	\$ 8,028,492	\$ 8,807,619
Transfers:					
Transfer from Stage 1 to Stage 2	(2,109)	2,109	-	-	-
Transfer from Stage 1 to Stage 3	(14,185)	-	14,185	-	-
Transfer from Stage 2 to Stage 1	210,967	(210,967)	-	-	-
Transfer from Stage 2 to Stage 3	-	(16)	16	-	-
Transfer from Stage 3 to Stage 1	18,471	-	(18,471)	-	-
Transfer from Stage 3 to Stage 2	-	906,618	(906,618)	-	-
New financial assets originated or purchased	1,026,247	-	-	1,026,247	504,410
Financial assets fully derecognized during the year	(943)	(950)	(5,901,515)	(5,903,408)	(1,187,246)
Changes to inputs used in ECL calculation	(1,062,543)	(326,494)	1,037,507	(351,530)	(96,291)
Loss allowance as at June 30, 2024	347,507	1,370,298	1,081,996	\$ 2,799,801	\$ 8,028,492



# BANK OF THE BAHAMAS LIMITED

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

### 32. Risk management (continued)

#### Credit risk (continued)

Consumer loans, overdrafts and credit cards					
	Stage 1	Stage 2	Stage 3	Total	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	2024	2023
<b>Loans and advances to customers at amortised cost:</b>					
Gross carrying amount	\$ 148,675,625	\$ 2,511,747	\$ 6,261,077	\$ 157,448,449	\$ 129,954,382
Loss allowance	(4,150,043)	(751,403)	(5,038,144)	(9,939,590)	(10,776,533)
Carrying amount	\$ 144,525,582	\$ 1,760,344	\$ 1,222,933	\$ 147,508,859	\$ 119,177,849

Consumer loans, overdrafts and credit cards					
	Stage 1	Stage 2	Stage 3	Total	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	2024	2023
<b>Loans and advances to customers at amortised cost:</b>					
Gross carrying amount as at July 1, 2023	\$ 121,015,557	\$ 2,490,490	\$ 6,448,335	\$ 129,954,382	\$ 123,529,596
Transfers:					
Transfer from Stage 1 to Stage 2	(1,663,344)	1,663,344	-	-	-
Transfer from Stage 1 to Stage 3	(3,246,493)	-	3,246,493	-	-
Transfer from Stage 2 to Stage 1	218,645	(218,645)	-	-	-
Transfer from Stage 2 to Stage 3	-	(76,586)	76,586	-	-
Transfer from Stage 3 to Stage 1	42,715	-	(42,715)	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	61,500,498	-	-	61,500,498	41,302,529
Financial assets fully derecognized during the year	(22,107,424)	(1,438,118)	(3,138,605)	(26,684,147)	(28,007,519)
Changes in principal and interest	(7,084,529)	91,262	(329,017)	(7,322,284)	(6,870,224)
Gross carrying amount as at June 30, 2024	\$ 148,675,625	\$ 2,511,747	\$ 6,261,077	\$ 157,448,449	\$ 129,954,382

Consumer loans, overdrafts and credit cards					
	Stage 1	Stage 2	Stage 3	Total	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	2024	2023
<b>Loans and advances to customers at amortised cost:</b>					
Loss allowance as at July 1, 2023	\$ 4,730,380	\$ 865,398	\$ 5,180,755	\$ 10,776,533	\$ 15,942,686
Transfers:					
Transfer from Stage 1 to Stage 2	(368,010)	368,010	-	-	-
Transfer from Stage 1 to Stage 3	(961,301)	-	961,301	-	-
Transfer from Stage 2 to Stage 1	18,460	(18,460)	-	-	-
Transfer from Stage 2 to Stage 3	-	(3,399)	3,399	-	-
Transfer from Stage 3 to Stage 1	231	-	(231)	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	2,078,136	-	-	2,078,136	1,802,886
Financial assets fully derecognized during the year	(830,724)	(617,002)	(2,170,303)	(3,618,029)	(8,546,681)
Changes to inputs used in ECL calculation	(517,129)	156,856	1,063,223	702,950	1,577,642
Loss allowance as at June 30, 2024	\$ 4,150,043	\$ 751,403	\$ 5,038,144	\$ 9,939,590	\$ 10,776,533

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

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(Expressed in Bahamian Dollars)

**32. Risk management** *(continued)***Credit risk** *(continued)****ECL sensitivity analysis***

Set out below are changes to the Bank's ECL as at June 30, 2024 and 2023 that would result from reasonably possible changes in these parameters from the actual assumptions used by the Bank as key ECL drivers.

The ECL are sensitive to judgments and assumptions made regarding formulation of forward-looking scenarios and collateral values, and how scenarios are incorporated into the calculations. Management performs a sensitivity analysis of the ECL.

	<b>2024 ECL Impact of</b>		
	Change in threshold	Increase in ECL allowance	Decrease in ECL allowance
Collateral haircut loans and advances to customers	( +/- 5)%	\$ 1,579,670	\$ 1,469,673
Unemployment rate	( +/- 5)%	2,889,584	1,924,251

	<b>2023 ECL Impact of</b>		
	Change in threshold	Increase in ECL allowance	Decrease in ECL allowance
Collateral haircut loans and advances to customers	( +/- 5)%	\$ 2,575,695	\$ 1,672,301
Unemployment rate	( +/- 5)%	2,766,669	1,801,825

# BANK OF THE BAHAMAS LIMITED

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

### 32. Risk management (continued)

#### Credit risk (continued)

#### ECL sensitivity analysis (continued)

The Bank holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

	Percentage of exposure that is subject to collateral requirements		Principal type of collateral held
	2024	2023	
<b>Investment securities (Note 6)</b>	100%	100%	Marketable securities
<b>Loans and advances to customers (Note 7)</b>			
Mortgage residential loans	97%	97%	Residential Property
Mortgage commercial loans	99%	97%	Commercial Property
Commercial loans	92%	93%	Commercial Property
Consumer loans	24%	23%	Residential Property
Government	100%	100%	Guarantee
Credit cards	-	-	None
Business overdrafts	85%	80%	Commercial Property
Personal overdrafts	28%	15%	Residential Property
<b>Note receivable (Note 8)</b>	100%	100%	Guarantee

The Bank's physical assets as well as real estate collateral are impacted as a result of climate risk, most notably the risk of loss due to natural disasters. While the Bank does not have a formal climate related policy in place, the Bank mitigates against this risk by ensuring insurance policies are in place for its physical assets as well as assets held as collateral for loan facilities.

#### Foreign exchange risk

The Bank holds assets and liabilities denominated in currencies other than Bahamian dollars, the measurement currency of the Bank. Consequently, the Bank is exposed to foreign exchange risk since the values of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Bank manages these positions by matching assets with liabilities wherever possible. The table below summarises the Bank's exposure to foreign currency exchange risk at June 30, 2024 and 2023. Included in the table are the Bank's financial instruments at carrying amounts, categorized by currency.

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**32. Risk management (continued)****Foreign exchange risk (continued)**

The Bank holds assets and liabilities denominated in currencies other than Bahamian dollars, the measurement currency of the Bank. Consequently, the Bank is exposed to foreign exchange risk since the values of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Bank manages these positions by matching assets with liabilities wherever possible. The table below summarises the Bank's exposure to foreign currency exchange risk at June 30, 2024 and 2023. Included in the table are the Bank's financial instruments at carrying amounts, categorized by currency.

**Concentrations of currency risk**

In (\$000s)	2024					
	B\$	US\$	CAD\$	GBP£	Other	Total
<b>Assets</b>						
Cash and account with the Central Bank	\$ 88,765	\$ 2,306	\$ -	\$ 1	\$ -	91,072
Cash equivalents - Treasury Bills, net	67,643	-	-	-	-	67,643
Due from banks, net	255	92,773	84	-	-	93,112
Investment securities, net	124,021	9,115	-	-	-	133,136
Loans and advances to customers, net	395,009	6,406	-	1	-	401,416
Note receivable, net	168,471	-	-	-	-	168,471
Other assets	4,353	777	-	-	-	5,130
<b>Total financial assets</b>	<b>\$ 848,517</b>	<b>\$ 111,377</b>	<b>\$ 84</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ 959,980</b>
<b>Liabilities</b>						
Deposits from customers and banks	\$ 724,823	\$ 43,104	\$ -	\$ -	\$ 341	768,268
Other liabilities	13,945	1,310	50	13	1	15,319
Lease liabilities	4,574	-	-	-	-	4,574
<b>Total financial liabilities</b>	<b>743,342</b>	<b>\$ 44,414</b>	<b>\$ 50</b>	<b>\$ 13</b>	<b>\$ 342</b>	<b>\$ 788,161</b>
<b>Net financial position</b>	<b>\$ 105,175</b>	<b>\$ 66,963</b>	<b>\$ 34</b>	<b>\$ (11)</b>	<b>\$ (342)</b>	<b>\$ 171,819</b>
<b>Loan commitments, credit lines and guarantees</b>	<b>\$ 43,911</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,911</b>
<b>2023</b>						
In (\$000s)	B\$	US\$	CAD\$	GBP£	Other	Total
Total financial assets	\$ 802,553	\$ 102,605	\$ -	\$ 1	\$ -	905,159
Total financial liabilities	716,078	44,675	44	29	348	761,174
Net financial position	\$ 86,475	\$ 57,930	\$ (44)	\$ (28)	\$ (348)	143,985
Loan commitments, credit lines and guarantees	\$ 13,447	\$ -	\$ -	\$ -	\$ -	13,447

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

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### **32. Risk management** *(continued)*

#### **Operational risk**

Operational risk relates to the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. It is mitigated by documented policies and procedures, staff training and a risk-based internal audit regime.

#### **Interest rate risk**

Interest rate risk is the potential for a negative impact on the consolidated statement of financial position and/or consolidated statement of comprehensive income or loss arising from adverse changes in the value of financial instruments as a result of changes in interest rates.

Interest rate sensitivity or interest rate risk results from differences in the maturities or repricing dates of assets and liabilities. Interest rate risk exposures or “gaps” may produce favorable or unfavorable effects on interest margins depending on the nature of the gap and the direction of interest rate movement and/or the expected volatility of those interest rates. Interest rate gaps are carefully monitored, and scenario tests are performed to determine the potential impact of various gap exposures. When assets have a shorter average maturity than liabilities, an increase in interest rates would have a positive impact on net interest margins, and conversely, if more liabilities than assets mature or are repriced in a particular time interval then a negative impact on net interest margin would result. The consolidated gap position shows more assets than liabilities repriced in periods greater than one year. This is a typical position for a financial institution with a large personal customer base.

The Bank analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration changes in interest rates. Based on these scenarios, the Bank calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. Based on the simulations performed, the impact on net income and consequently shareholders’ equity of a 100-basis point shift would be a maximum increase or decrease of \$0.8 million (2023: \$1.6 million).

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**32. Risk management (continued)****Interest rate risk (continued)**

The table below summarises the Bank's financial instruments at carrying amounts, categorised by the interest rate sensitivity.

In (\$000s)	2024						Total
	Immediate repricing	Within 3 months	Over 3-12 months	Over 1-5 years	Over 5 years	Non-interest bearing	
<b>Assets</b>							
Cash and account with the Central Bank	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,072	\$ 91,072
Cash equivalents - Treasury Bills, net	-	67,643	-	-	-	-	67,643
Due from banks, net	92,857	-	-	-	-	255	93,112
Investment securities, net	20,089	-	35,149	66,164	1,665	10,069	133,136
Loans and advances to customers, net	398,425	-	-	-	-	2,991	401,416
Note receivable, net	168,471	-	-	-	-	-	168,471
Other assets	-	-	-	-	-	5,130	5,130
<b>Total financial assets</b>	<b>\$ 679,842</b>	<b>\$ 67,643</b>	<b>\$ 35,149</b>	<b>\$ 66,164</b>	<b>\$ 1,665</b>	<b>\$ 109,517</b>	<b>\$ 959,980</b>
<b>Liabilities</b>							
Deposits from customers and banks	\$ 767,651	\$ 617	\$ -	\$ -	\$ -	\$ -	\$ 768,268
Other liabilities	-	-	-	-	-	15,319	15,319
Lease liabilities	4,574	-	-	-	-	-	4,574
<b>Total financial liabilities</b>	<b>772,225</b>	<b>\$ 617</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,319</b>	<b>\$ 788,161</b>
<b>Interest repricing gap</b>	<b>\$ (92,383)</b>	<b>\$ 67,026</b>	<b>\$ 35,149</b>	<b>\$ 66,164</b>	<b>\$ 1,665</b>	<b>\$ 94,198</b>	<b>\$ 171,819</b>
<b>2023</b>							
In (\$000s)	Immediate repricing	Within 3 months	Over 3-12 months	Over 1-5 years	Over 5 years	Non-interest bearing	Total
Total financial assets	\$ 717,941	\$ -	\$ 2,759	\$ 69,335	\$ 1,645	\$ 113,479	\$ 905,159
Total financial liabilities	742,170	-	1,505	400	-	17,099	761,174
<b>Interest repricing gap</b>	<b>\$ (24,229)</b>	<b>\$ -</b>	<b>\$ 1,254</b>	<b>\$ 68,935</b>	<b>\$ 1,645</b>	<b>\$ 96,380</b>	<b>\$ 143,985</b>

# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

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### **32. Risk management** *(continued)*

#### **Liquidity risk**

Liquidity risk is the potential for loss if the Bank is unable to meet financial commitments in a timely manner at reasonable prices as they fall due. Financial commitments include liabilities to depositors and suppliers, and lending, pledging and investment commitments. Managing liquidity and funding risk is essential to maintaining both depositor confidence and stability in earnings.

The Bank maintains a portion of its deposits in cash and other liquid assets to mitigate this risk. On a daily basis, the Bank monitors its cash and other liquid assets to check that they sufficiently meet the Bank's requirements. In addition, the Bank performs regular gap analyses showing the maturity exposure arising from the different maturity of assets and liabilities. As is the case throughout the sector, those gap analyses show that the Bank is liability-sensitive in the short term. Regular scenario tests are performed to determine the extent to which the Bank can withstand unforeseen withdrawals and the cost associated with meeting such demands should they arise.

Based on the Bank's liquidity position as at the date of authorization of these consolidated financial statements, management believes that the Bank has sufficient funding to meet its financial obligations.

**BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

**32. Risk management (continued)****Liquidity risk (continued)**

The following table summarises the undiscounted contractual amounts of financial assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date.

						2024				
In (\$000s)		Within 3 months	Over 3-12 months	Over 1-5 years	Over 5 years	Total				
Cash and account with the Central Bank	\$	91,072	\$ -	\$ -	\$ -	\$ 91,072				
Cash equivalents - Treasury Bills		68,000	-	-	-	68,000				
Due from banks		93,112	-	-	-	93,112				
Investment securities		1,903	38,537	76,733	8,964	126,137				
Loans and advances to customers		65,993	58,236	283,059	260,105	667,393				
Note receivable		11,677	35,031	128,818	-	175,526				
Other assets		5,130	-	-	-	5,130				
<b>Total financial assets</b>	<b>\$</b>	<b>336,887</b>	<b>131,804</b>	<b>488,610</b>	<b>269,069</b>	<b>\$ 1,226,370</b>				
In (\$000s)		Within 3 months	Over 3-12 months	Over 1-5 years	Over 5 years	Total				
Deposits from customers and banks	\$	638,355	\$ 73,441	\$ 48,522	\$ 18,122	\$ 778,440				
Other liabilities		15,319	-	-	-	15,319				
Lease liabilities		561	1,463	2,391	-	4,415				
<b>Total financial liabilities</b>	<b>\$</b>	<b>654,235</b>	<b>\$ 74,904</b>	<b>\$ 50,913</b>	<b>\$ 18,122</b>	<b>\$ 798,174</b>				
Net position	\$	(317,348)	\$ 56,900	\$ 437,697	\$ 250,947	\$ 428,196				
Loan commitments, credit lines and guarantees	\$	43,911	\$ -	\$ -	\$ -	\$ 43,911				
						2023				
In (\$000s)		Within 3 months	Over 3-12 months	Over 1-5 years	Over 5 years	Total				
Total financial assets	\$	346,690	\$ 85,030	\$ 486,411	\$ 290,328	\$ 1,208,459				
Total financial liabilities		611,689	72,018	65,040	22,575	771,322				
Net position	\$	(264,999)	\$ 13,012	\$ 421,371	\$ 267,753	\$ 437,137				
Loan commitments, credit lines and guarantees	\$	13,447	\$ -	\$ -	\$ -	\$ 13,447				



# **BANK OF THE BAHAMAS LIMITED**

## Notes to Consolidated Financial Statements

Year ended June 30, 2024

(Expressed in Bahamian Dollars)

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### **33. Subsidiaries**

Subsidiaries of the Bank as at June 30, 2024 and 2023 are as follows:

<b>Name</b>	<b>Place of Incorporation</b>	<b>Shareholding</b>	<b>Nature of business</b>
Multi-Card Services Ltd.	Commonwealth of The Bahamas	100%	Card processing and services
West Bay Property Holdings Ltd.	Commonwealth of The Bahamas	100%	Investment Property
BOB Property Holdings Ltd.	Commonwealth of The Bahamas	100%	Property Holding