

BANK OF THE BAHAMAS LIMITED
Unaudited Condensed Consolidated Financial Statements
For the Quarter Ended December 31, 2024

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024 with comparative figures as at June 30, 2024
(Expressed in Bahamian Dollars)

| | December 31, 2024 | June 30, 2024 |
|--|--------------------------------|------------------------------|
| ASSETS | | |
| Cash and account with The Central Bank | \$ 107,118,841 | \$ 91,072,158 |
| Cash equivalents - Treasury Bills, net | 40,855,055 | 67,642,772 |
| Due from banks | 91,005,666 | 93,111,662 |
| Investment securities, net | 136,893,944 | 133,135,816 |
| Loans and advances to customers, net | 430,029,267 | 401,415,699 |
| Note receivable, net | 166,779,520 | 168,470,562 |
| Investment property | 6,744,000 | 6,744,000 |
| Other assets | 16,476,774 | 17,664,038 |
| Property and equipment, net | 10,330,771 | 9,892,001 |
| Right-of-use assets, net | 3,190,706 | 4,186,746 |
| Computer software, net | 6,030,101 | 5,163,724 |
| TOTAL | <u>\$ 1,015,454,645</u> | <u>\$ 998,499,178</u> |
| LIABILITIES | | |
| Deposits from customers and banks | \$ 773,810,461 | \$ 768,268,410 |
| Other liabilities | 27,517,447 | 22,380,071 |
| Lease liabilities | 3,383,047 | 4,574,180 |
| Deferred loan fees | 3,527,548 | 3,620,452 |
| Total liabilities | <u>808,238,503</u> | <u>798,843,113</u> |
| EQUITY | | |
| Share capital | 43,194,515 | 43,194,515 |
| Share premium | 81,950,384 | 81,950,384 |
| Treasury shares | (1,318,224) | (1,318,224) |
| Special retained earnings | 172,122,932 | 172,122,932 |
| Accumulated deficit | (88,733,465) | (96,293,542) |
| Total equity | <u>207,216,142</u> | <u>199,656,065</u> |
| TOTAL | <u>\$ 1,015,454,645</u> | <u>\$ 998,499,178</u> |

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended December 31, 2024
with comparatives for the six months ended December 31, 2023
(Expressed in Bahamian Dollars)

| | Three Months | | Six Months | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Interest and similar income | \$ 13,776,554 | \$ 10,552,926 | \$ 26,448,805 | \$ 22,593,307 |
| Interest and similar expense | (1,063,617) | (1,126,714) | (2,141,920) | (2,265,673) |
| Net interest income | <u>12,712,937</u> | <u>9,426,212</u> | <u>24,306,885</u> | <u>20,327,634</u> |
| Fees and commission income | 3,810,801 | 2,575,473 | 7,232,435 | 5,569,924 |
| Fees and commission expense | (58,865) | (66,844) | (206,228) | (146,251) |
| Net fees and commission income | <u>3,751,936</u> | <u>2,508,629</u> | <u>7,026,207</u> | <u>5,423,673</u> |
| Other operating income | 1,390,844 | 1,412,445 | 2,564,351 | 2,747,542 |
| Total operating income | <u>17,855,717</u> | <u>13,347,286</u> | <u>33,897,443</u> | <u>28,498,849</u> |
| Operating expenses | (12,348,381) | (11,423,989) | (23,722,984) | (22,863,695) |
| Net impairment (losses)/reversals | (1,389,918) | 22,459 | (1,755,192) | 411,871 |
| Net income | <u>\$ 4,117,418</u> | <u>\$ 1,945,756</u> | <u>\$ 8,419,267</u> | <u>\$ 6,047,025</u> |
| EARNINGS PER SHARE CALCULATION: | | | | |
| NET INCOME | \$ 4,117,418 | \$ 1,945,756 | \$ 8,419,267 | \$ 6,047,025 |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES | <u>42,959,494</u> | <u>42,959,494</u> | <u>42,959,494</u> | <u>42,959,494</u> |
| EARNINGS PER SHARE | <u>\$ 0.10</u> | <u>\$ 0.05</u> | <u>\$ 0.20</u> | <u>\$ 0.14</u> |

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended December 31, 2024
with comparatives for the six months ended December 31, 2023
(Expressed in Bahamian Dollars)

| | Share Capital | Share Premium | Treasury Shares | Special Retained Earnings | Accumulated Deficit | Total |
|---------------------------------------|--------------------------|--------------------------|----------------------------|--|--------------------------------|-----------------------|
| Balance at June 30, 2023 | \$ 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 period | - | - | - | - | 6,047,025 | 6,047,025 |
| Dividends paid to common shareholders | - | - | - | - | (429,595) | (429,595) |
| Balance at December 31, 2023 | \$ 43,194,515 | \$ 81,950,384 | \$ (1,318,224) | \$ 172,122,932 | \$ (109,477,600) | \$ 186,472,007 |
| | | | | | | |
| Balance at June 30, 2024 | \$ 43,194,515 | \$ 81,950,384 | \$ (1,318,224) | \$ 172,122,932 | \$ (96,293,542) | \$ 199,656,065 |
| <i>Total comprehensive income:</i> | | | | | | |
| Net income for the period | - | - | - | - | 8,419,267 | 8,419,267 |
| Dividends paid to common shareholders | - | - | - | - | (859,190) | (859,190) |
| Balance at December 31, 2024 | \$ 43,194,515 | \$ 81,950,384 | \$ (1,318,224) | \$ 172,122,932 | \$ (88,733,465) | \$ 207,216,142 |

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended December 31, 2024
with comparatives for the six months ended December 31, 2023
(Expressed in Bahamian Dollars)

| | 2024 | 2023 |
|--|------------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 8,419,267 | \$ 6,047,025 |
| Adjustments for: | | |
| Interest income | (26,448,805) | (22,593,307) |
| Interest expense | 2,141,920 | 2,265,673 |
| Depreciation and amortization | 2,986,194 | 2,753,103 |
| Gain on revaluation of investment securities FVTPL | (158,678) | (196,536) |
| Loss on disposal of property and equipment | - | 4,773 |
| Impairment losses/(reversals), net | 1,755,192 | (411,871) |
| | <u>(11,304,910)</u> | <u>(12,131,140)</u> |
| Changes in: | | |
| Increase in loans and advances to customers, net | (29,043,368) | (254,286) |
| Increase/(decrease) in deposits from customers and banks | 5,675,442 | (31,503,585) |
| Decrease in other assets | 1,210,789 | 10,135,055 |
| Increase/(decrease) in other liabilities | 5,137,376 | (780,737) |
| (Decrease)/ increase in deferred loan fees | (92,904) | 371,786 |
| Decrease in reserve deposit | 464,200 | 1,671,250 |
| | <u>(16,648,465)</u> | <u>(20,360,517)</u> |
| Interest received | 25,888,927 | 20,980,339 |
| Interest paid | (2,275,311) | (2,088,386) |
| Net cash used in operating activities | <u>(4,339,759)</u> | <u>(13,599,704)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of property and equipment | (1,491,459) | (1,161,953) |
| Acquisition of computer software | (1,803,842) | (731,009) |
| Purchase of investment securities | (28,000,000) | (36,743,208) |
| Proceeds from disposal of property and equipment | - | 6,115 |
| Proceeds from maturity of investment securities | 24,766,800 | 13,551,800 |
| Net cash used in investing activities | <u>(6,528,501)</u> | <u>(25,078,255)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payment of lease liabilities | (1,191,134) | (879,349) |
| Dividends paid on common shares | (859,190) | (429,595) |
| Redemption of notes receivable | 506,255 | - |
| Net cash used in financing activities | <u>(1,544,069)</u> | <u>(1,308,944)</u> |
| Decrease in cash and cash equivalents | (12,412,329) | (39,986,903) |
| Cash and cash equivalents, beginning of period | 223,229,235 | 227,244,445 |
| Cash and cash equivalents, end of period | <u>\$ 210,816,906</u> | <u>\$ 187,257,542</u> |

BANK OF THE BAHAMAS LIMITED
Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements

For the period ended December 31, 2024
(Expressed in Bahamian Dollars)

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 conduct banking business in The Bahamas under the provisions of the Banks and Trust Companies Regulations Act, 2020. The Bank is also licensed as an authorized 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 December 31, 2024, 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 Claughton House, corner of Shirley Street and Charlotte Street, Nassau, Bahamas. The registered office is located at Sassoon House, corner of Shirley Street and Victoria Avenue, Nassau, Bahamas.

As at December 31, 2024, the Bank has twelve branches: 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. Significant Accounting Policies

The significant accounting policies and methods of computation followed in the preparation of these interim consolidated financial statements are the same as those followed in the preparation of the annual consolidated financial statements of the Bank for the year ended June 30, 2024. These consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). 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.

BANK OF THE BAHAMAS LIMITED
Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements

For the period ended December 31, 2024
(Expressed in Bahamian Dollars)

3. Dividends

Dividends to the Bank's shareholders are recognized 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 of \$0.02 per share and paid dividends on November 21, 2024, totaling \$0.9 million to its common shareholders during the year (June 30, 2024: \$0.9 million).

4. Cash and Cash Equivalents

| | December 31, 2024 | June 30, 2024 |
|--|------------------------------|------------------------------|
| Cash | \$ 23,582,301 | \$ 17,064,846 |
| Deposits with the Central Bank- non-interest bearing | 83,536,540 | 74,007,312 |
| Cash and account with the Central Bank | <u>107,118,841</u> | <u>91,072,158</u> |
| Cash equivalents - Treasury Bills | 40,883,309 | 67,700,525 |
| Due from banks | <u>91,005,666</u> | <u>93,111,662</u> |
| Cash, cash equivalents and due from banks | 239,007,816 | 251,884,345 |
| Less: Mandatory reserve deposits with the Central Bank | <u>28,190,910</u> | <u>28,655,110</u> |
| Total cash and cash equivalents | <u>\$ 210,816,906</u> | <u>\$ 223,229,235</u> |

Government issued Treasury Bills are presented in the consolidated statement of financial position, net of \$28,254 (June 30, 2024: \$57,753) allowance for impairment losses.

As at December 31, 2024, the Bank's statutory reserve deposits with The Central Bank of The Bahamas were above Central Bank's regulatory requirement.

BANK OF THE BAHAMAS LIMITED
Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements

For the period ended December 31, 2024
(Expressed in Bahamian Dollars)

5. Loans and advances to customers, net

| | 2024 | 2024 |
|---|------------------------------|------------------------------|
| Mortgage residential loans | \$ 204,757,056 | \$ 186,586,205 |
| Mortgage commercial loans | 4,669,833 | 10,700,739 |
| Commercial loans | 63,396,594 | 54,753,105 |
| Consumer loans | 169,195,136 | 153,545,775 |
| Government | 19,716,655 | 27,791,258 |
| Credit cards | 3,442,404 | 2,982,525 |
| Business overdrafts | 1,200,217 | 841,345 |
| Personal overdrafts | 95,100 | 85,907 |
| | <u>\$ 466,472,995</u> | <u>\$ 437,286,859</u> |
| Less: Provision for loan losses | | |
| Provision at beginning of year | \$ 37,537,890 | \$ 44,272,295 |
| Amount written-off/charged off | 142,767 | (1,617,019) |
| Credit loss expense/(reversals), net | 671,340 | (5,117,386) |
| Provision at end of period | <u>38,351,997</u> | <u>37,537,890</u> |
| Accrued interest receivable, net | 1,908,269 | 1,666,730 |
| Loans and advances to customers, net | <u><u>\$ 430,029,267</u></u> | <u><u>\$ 401,415,699</u></u> |
| Provisions as a percentage of the net loan portfolio | 8.92% | 9.35% |
| Non-accrual loans as a percentage of the net loan portfolio | 8.14% | 11.67% |
| Non-accrual loans as a percentage of the gross loan portfolio | 7.51% | 10.71% |

BANK OF THE BAHAMAS LIMITED

Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements

For the period ended December 31, 2024

(Expressed in Bahamian Dollars)

6. Note Receivable, net and Special Retained Earnings

On August 31, 2017, Bahamas Resolve Limited (“Resolve”), a special purpose vehicle owned and controlled by the Government, purchased another portfolio of loans from the Bank at a price equivalent to the gross book value of those loans before provisions. This transaction consisted of three tranches and the results are as follows:

- Non-performing loans with a total net book value of approximately \$50.6 million was derecognized. Unsecured promissory note of \$167.7 million was received and \$117.1 million was recognized directly in equity as Special Retained Earnings.
- The Bank has transferred all of its rights and obligations relating to the non-performing loans to Resolve without recourse and will have no rights to future cash flows from the non-performing loans.
- The Bank received an irrevocable Letter of Support from the Government.
- In fiscal 2023, the original maturity of August 31, 2022 had been extended by 3 years to August 31, 2025 at 4% fixed interest rate with quarterly interest payments. In September 2023, the interest rate was changed to 3% with semi-annual interest payment at the end of February and August. Accrued interest receivable as at December 31, 2024 amounted to \$1.7 million (June 30, 2024: \$1.7 million).
- Provision for impairment losses amounted to \$2.1 million as at December 31, 2024 (June 30, 2024: \$0.9 million).

BANK OF THE BAHAMAS LIMITED
Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements

For the period ended December 31, 2024
(Expressed in Bahamian Dollars)

7. Regulatory Capital

The Bank's total regulatory capital consists of the sum of total Common Equity Tier 1 capital only, net of regulatory adjustments. CET1 plus capital buffers must be at least 18% and the minimum leverage ratio must be at 6%. The Bank remains compliant with total regulatory capital at 42.7% as at December 31, 2024 (June 30, 2024: 43.4%) and leverage ratio of 19.3% as at December 31, 2024 (June 30, 2024: 18.7%).

8. Commitments and Contingencies

Commitments

The commitment for loans and advances at December 31, 2024 was \$36.3 million (June 30, 2024: \$40.4 million).

The commitment for capital expenditures at December 31, 2024 was \$5.9 million (June 30, 2024: \$0.6 million).

The commitment for letters of credit and guarantees at December 31, 2024 was \$3.5 million (June 30, 2024: \$3.5 million)

Contingencies and Provision

The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent in its operations. As a result, 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 provides and/or discloses amounts in accordance with its accounting policies.

As at the year end, the Bank had several ongoing legal claims. Various legal proceedings are pending that challenge certain actions of the Bank. Management considers that adequate provision has been made in these financial statements for any loss that might ultimately be determined.