



FINANCIAL PERFORMANCE FOR THE QUARTER ENDED SEPTEMBER 30, 2018

In the past two fiscal years, the Bank has embarked on a transformation plan which has yielded a number of successes, including stronger liquidity and capital positions and return to profitability by the year ended June 30, 2018 after 5 years of consecutive net losses. As the Bank began its new fiscal cycle, our focus shifted to providing more sustainable growth opportunities to ensure the Bank's success over the long term. Additionally, we must build a brand that restores trust, empowers our customers and promotes responsible banking. Under the theme: Building a Better BOB... Building a Better Bahamas, a comprehensive three-phased strategic plan has been implemented.

For the first quarter ended September 30, 2018, the Bank recorded net income of \$2.0 million, compared to the \$0.7 million net income for the period ended September 30, 2017, or a 199.00% increase.

Total operating income increased by \$0.4 million or 3.85% for the quarter, explained largely by higher net interest income and net non-interest income. The net positive variance in net interest income was primarily due to the decrease in interest expense of \$0.3 million as a result of the decrease in deposit base balances and the continued shift in the deposit portfolio composition from higher yielding to lower yielding deposit products, partially offset by a \$0.2 million decrease in interest income due to an overall decline in the performing loans portfolio. Net non-interest income increased by \$0.3 million or 10.45% mainly due to higher volume of transactions on products and services as the Bank strengthens its auxiliary revenue streams. In addition to growth in revenue, the Bank reduced operating expenses by \$0.5 million or 6.59%. A positive variance was realized in net credit loss expense as the Bank recognized approximately \$1.1 million for the quarter ended September 30, 2018 compared to \$1.6 million for the quarter ended September 30, 2017, a decrease of \$0.5 million or 29.69%.

The Bank continues to maintain a strong financial position with total assets of approximately \$819.5 million and the composite of loans and advances net, stood at \$331.3 million as at September 30, 2018. The Bank's liquidity position also remained robust as its cash and cash equivalents recorded an increase of \$7.5 million while investment securities grew by \$2.4 million. The Bank's key capital ratios continued to be in compliance with regulatory requirements, with Total Capital Ratio of 47.0%, which is well above the Central Bank's minimum requirement of 18.0%. The Bank's total equity closed at \$174.9 million, lower than the June 30, 2018 balance of \$177.8 million primarily due to \$4.7 million charge against retained earnings for the implementation of IFRS 9 effective July 1, 2018, partially offset by the \$2.0 million net income for the period ended September 30, 2018.

We at Bank of the Bahamas, are joining forces, the best of each of us, to create a stronger, better BOB. With our Mission, we are "Working Together to Consistently Provide Exceptional Customer Experience and Superior Financial Solutions", our goal is to be "YOUR ULTIMATE PARTNER FOR BANKING SOLUTIONS".

We are grateful to our BOB team of employees, management, directors, shareholders and most importantly our customers in their continued support of the Bank.

Kenrick Brathwaite
Managing Director