

**BANK OF THE BAHAMAS LIMITED**  
**Unaudited Condensed Consolidated Financial Statements**  
**For the Period Ended March 31, 2021**

# BANK OF THE BAHAMAS LIMITED

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2021 with comparative figures as at June 30, 2020

(Expressed in Bahamian Dollars)

|  | March 31,<br>2021     | June 30,<br>2020      |
|--|-----------------------|-----------------------|
| <b>ASSETS</b>                          |                       |                       |
| Cash and account with The Central Bank | \$ 96,948,789         | \$ 111,805,644        |
| Cash equivalents - Treasury Bills      | 94,873,306            | 44,935,963            |
| Due from banks, net                    | 67,439,919            | 49,337,226            |
| Investment securities, net             | 73,030,050            | 49,515,299            |
| Loans and advances to customers, net   | 384,375,446           | 370,450,448           |
| Investment property                    | 6,463,000             | 6,463,000             |
| Other assets                           | 13,369,073            | 11,396,999            |
| Property and equipment, net            | 7,158,977             | 6,099,639             |
| Right-of-use assets                    | 2,857,443             | 3,833,240             |
| Computer software, net                 | 5,360,832             | 5,313,347             |
| Note receivable, net                   | 162,803,411           | 162,803,411           |
| <b>TOTAL</b>                           | <b>\$ 914,680,246</b> | <b>\$ 821,954,216</b> |
| <b>LIABILITIES</b>                     |                       |                       |
| Deposits from customers and banks      | \$ 720,416,077        | \$ 632,824,620        |
| Other liabilities                      | 35,649,695            | 28,340,104            |
| Lease liabilities                      | 2,992,794             | 4,073,638             |
| Deferred loan fees                     | 2,678,647             | 2,617,776             |
| <b>Total liabilities</b>               | <b>761,737,213</b>    | <b>667,856,138</b>    |
| <b>EQUITY</b>                          |                       |                       |
| Share capital                          | 42,610,505            | 42,610,505            |
| Share premium                          | 81,950,384            | 81,950,384            |
| Treasury shares                        | (1,318,224)           | (1,318,224)           |
| Net gain on FVOCI                      | 3,114,175             | 2,821,670             |
| Special retained earnings              | 172,122,932           | 172,122,932           |
| Accumulated deficit                    | (145,536,739)         | (144,089,189)         |
| <b>Total equity</b>                    | <b>152,943,033</b>    | <b>154,098,078</b>    |
| <b>TOTAL</b>                           | <b>\$ 914,680,246</b> | <b>\$ 821,954,216</b> |

# BANK OF THE BAHAMAS LIMITED

## UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended March 31, 2021  
with comparatives for the nine months ended March 31, 2020  
(Expressed in Bahamian Dollars)

|   | Three Months                 |                            | Nine Months                  |                            |
|---|------------------------------|----------------------------|------------------------------|----------------------------|
|   | 2021                         | 2020                       | 2021                         | 2020                       |
| <b>Continuing Operations:</b>                           |                              |                            |                              |                            |
| Interest and similar income                             | \$ 10,309,543                | \$ 9,995,282               | \$ 29,499,067                | \$ 29,110,796              |
| Interest and similar expense                            | (1,738,285)                  | (1,659,738)                | (4,959,046)                  | (5,266,340)                |
| Net interest income                                     | <u>8,571,258</u>             | <u>8,335,544</u>           | <u>24,540,021</u>            | <u>23,844,456</u>          |
| Fees and commission income                              | 1,736,136                    | 1,894,979                  | 5,583,724                    | 6,140,252                  |
| Fees and commission expense                             | (85,764)                     | (99,071)                   | (203,067)                    | (276,471)                  |
| Net fees and commission income                          | <u>1,650,372</u>             | <u>1,795,908</u>           | <u>5,380,657</u>             | <u>5,863,781</u>           |
| Other operating income                                  | 916,815                      | 1,148,108                  | 2,656,257                    | 3,737,043                  |
| <b>Total operating income</b>                           | <b>11,138,445</b>            | <b>11,279,560</b>          | <b>32,576,935</b>            | <b>33,445,280</b>          |
| Operating expenses                                      | (9,024,179)                  | (8,539,171)                | (26,006,698)                 | (23,403,930)               |
| <b>Net operating income</b>                             | <u><b>2,114,266</b></u>      | <u><b>2,740,389</b></u>    | <u><b>6,570,237</b></u>      | <u><b>10,041,350</b></u>   |
| Provision for impairment losses                         | (541,325)                    | -                          | (541,325)                    | -                          |
| Credit loss expense, net                                | (3,076,812)                  | (2,659,686)                | (7,476,462)                  | (7,737,453)                |
| <b>Net (loss)/income</b>                                | <u><b>\$ (1,503,871)</b></u> | <u><b>\$ 80,703</b></u>    | <u><b>\$ (1,447,550)</b></u> | <u><b>\$ 2,303,897</b></u> |
| <b>Other comprehensive income</b>                       |                              |                            |                              |                            |
| Movement in fair value: equity investments at FVOCI     | (110,321)                    | (497,701)                  | 292,505                      | (271,545)                  |
| <b>Total comprehensive (loss)/income for the period</b> | <u><b>(1,614,192)</b></u>    | <u><b>\$ (416,998)</b></u> | <u><b>(1,155,045)</b></u>    | <u><b>\$ 2,032,352</b></u> |
| <b>EARNINGS PER SHARE CALCULATION:</b>                  |                              |                            |                              |                            |
| <b>NET (LOSS)/INCOME</b>                                | <b>\$ (1,503,871)</b>        | <b>\$ 80,703</b>           | <b>\$ (1,447,550)</b>        | <b>\$ 2,303,897</b>        |
| <b>WEIGHTED AVERAGE NUMBER OF<br/>COMMON SHARES</b>     | <u><b>42,959,494</b></u>     | <u><b>42,959,494</b></u>   | <u><b>42,959,494</b></u>     | <u><b>42,959,494</b></u>   |
| <b>(LOSS)/EARNINGS PER SHARE</b>                        | <u><b>\$ (0.04)</b></u>      | <u><b>\$ 0.00</b></u>      | <u><b>\$ (0.03)</b></u>      | <u><b>\$ 0.05</b></u>      |

# BANK OF THE BAHAMAS LIMITED

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended March 31, 2021

with comparatives for the nine months ended March 31, 2020

(Expressed in Bahamian Dollars)

|  | Share<br>Capital     | Share<br>Premium     | Treasury<br>Shares    | Net Gain<br>on FVOCI | Special<br>Retained<br>Earnings | Accumulated<br>Deficit  | Total                 |
|--|----------------------|----------------------|-----------------------|----------------------|---------------------------------|-------------------------|-----------------------|
| <b>Balance at June 30, 2019</b>                        | \$ 42,610,505        | \$ 81,950,384        | \$ (1,318,224)        | \$ 2,512,459         | \$ 172,122,932                  | \$ (136,362,716)        | \$ 161,515,340        |
| IFRS 16 Adjustments                                    | -                    | -                    | -                     | -                    | -                               | (457,949)               | (457,949)             |
| <i>Total comprehensive income:</i>                     |                      |                      |                       |                      |                                 |                         |                       |
| Net income for the period                              | -                    | -                    | -                     | -                    | -                               | 2,303,897               | 2,303,897             |
| Movement in fair value: equity<br>investments at FVOCI | -                    | -                    | -                     | (271,545)            | -                               | -                       | (271,545)             |
| <b>Balance at March 31, 2020</b>                       | <b>\$ 42,610,505</b> | <b>\$ 81,950,384</b> | <b>\$ (1,318,224)</b> | <b>\$ 2,240,914</b>  | <b>\$ 172,122,932</b>           | <b>\$ (134,516,768)</b> | <b>\$ 163,089,743</b> |
| <b>Balance at June 30, 2020</b>                        | \$ 42,610,505        | \$ 81,950,384        | \$ (1,318,224)        | \$ 2,821,670         | \$ 172,122,932                  | \$ (144,089,189)        | \$ 154,098,078        |
| <i>Total comprehensive income:</i>                     |                      |                      |                       |                      |                                 |                         |                       |
| Net income for the period                              | -                    | -                    | -                     | -                    | -                               | (1,447,550)             | (1,447,550)           |
| Movement in fair value: equity<br>investments at FVOCI | -                    | -                    | -                     | 292,505              | -                               | -                       | 292,505               |
| <b>Balance at March 31, 2021</b>                       | <b>\$ 42,610,505</b> | <b>\$ 81,950,384</b> | <b>\$ (1,318,224)</b> | <b>\$ 3,114,175</b>  | <b>\$ 172,122,932</b>           | <b>\$ (145,536,739)</b> | <b>\$ 152,943,033</b> |

# BANK OF THE BAHAMAS LIMITED

## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended March 31, 2021  
with comparatives for the nine months ended March 31, 2020  
(Expressed in Bahamian Dollars)

|   | 2021                         | 2020                         |
|---|------------------------------|------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>        |                              |                              |
| Net (loss)/income                                   | \$ (1,447,550)               | \$ 2,303,897                 |
| Adjustments for:                                    |                              |                              |
| Depreciation and amortization                       | 1,034,135                    | 567,665                      |
| Provision for impairment losses                     | 541,325                      | -                            |
| Net provision expense for loan losses               | 7,476,462                    | 7,737,453                    |
|   | <u>7,604,372</u>             | <u>10,609,015</u>            |
| Change in operating assets and liabilities          | 2,812,702                    | 1,136,817                    |
| Increase in loans and advances to customers, net    | (21,401,460)                 | (39,818,059)                 |
| Increase in deposits from customers and banks       | 87,591,457                   | 74,915,617                   |
| Net cash provided by operating activities           | <u>76,607,071</u>            | <u>46,843,390</u>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>        |                              |                              |
| Acquisition of property and equipment               | (1,601,654)                  | (2,855,514)                  |
| Acquisition of computer software                    | (539,303)                    | (30,139)                     |
| Proceeds from maturity of investment securities     | 6,168,500                    | 56,289,400                   |
| Purchase of investment securities                   | (30,000,000)                 | (6,204,300)                  |
| Net cash (used in)/provided by investing activities | <u>(25,972,457)</u>          | <u>47,199,447</u>            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>        |                              |                              |
| Payment of lease liabilities                        | (1,187,940)                  | (1,029,858)                  |
| Net cash used in financing activities               | <u>(1,187,940)</u>           | <u>(1,029,858)</u>           |
| Net increase in cash and cash equivalents           | 49,446,674                   | 93,012,979                   |
| Cash and cash equivalents, beginning of year        | 180,734,831                  | 157,479,873                  |
| <b>Cash and cash equivalents, end of period</b>     | <u><u>\$ 230,181,505</u></u> | <u><u>\$ 250,492,852</u></u> |
| <b>SUPPLEMENTAL INFORMATION:</b>                    |                              |                              |
| Interest received                                   | \$ 28,988,264                | \$ 29,275,050                |
| Interest paid                                       | 4,810,670                    | 5,865,508                    |

## **BANK OF THE BAHAMAS LIMITED**

### **Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements**

For the period ended March 31, 2021

(Expressed in Bahamian Dollars)

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#### **1. General 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 2000. The Bank is also licensed as an authorized dealer pursuant to the Exchange Control Regulations Act and is the holder of a broker dealer license from the Securities Commission.

The Bank’s shares are publicly traded and listed on The Bahamas International Securities Exchange. As at March 31, 2021, 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 March 31, 2021, 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.

The COVID-19 pandemic which started during the last quarter of fiscal year 2020 has affected the Bank’s operations. The restrictions imposed by Government on certain businesses, national events and activities, the periods of community lockdown and curfew, the significant increase in unemployment and the historic decline in tourism severely reduced the economic activities of the Bank, the Bank’s customers, the industry and the country, as a whole, and required the Bank to continuously adjust to the diverse challenges posed by the impact of the COVID-19 pandemic.

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

For the period ended March 31, 2021

(Expressed in Bahamian Dollars)

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**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, 2020. These consolidated interim 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.

**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 paid no dividends to the shareholders during the period.

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

For the period ended March 31, 2021  
(Expressed in Bahamian Dollars)

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**4. Cash and Cash Equivalents**

|  | March 31,<br>2021     | June 30,<br>2020      |
|--|-----------------------|-----------------------|
| Cash   | \$ 21,939,587         | \$ 19,339,409         |
| Deposits with the Central Bank- non-interest bearing   | 75,009,202            | 92,466,235            |
| Cash and account with the Central Bank                 | 96,948,789            | 111,805,644           |
| Cash equivalents - Treasury Bills                      | 94,873,306            | 44,935,963            |
| Due from Banks   | 67,439,870            | 49,370,314            |
| Cash and due from Banks                                | 259,261,965           | 206,111,921           |
| Less: Mandatory reserve deposits with the Central Bank | 29,080,460            | 25,377,090            |
| <b>Total cash and cash equivalents</b>                 | <b>\$ 230,181,505</b> | <b>\$ 180,734,831</b> |

Money market placements included in Due from banks amount to \$2.4 million (June 30, 2020: \$2.4 million), net of \$Nil allowance for impairment losses (June 30, 2020: \$0.03 million).

As at March 31, 2021 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 March 31, 2021

(Expressed in Bahamian Dollars)

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

|   | March 31,<br>2021     | June 30,<br>2020      |
|---|-----------------------|-----------------------|
| Mortgage residential loans                                  | \$ 200,094,380        | \$ 212,613,763        |
| Mortgage commercial loans                                   | 13,110,972            | 12,129,575            |
| Commercial loans  | 67,248,068            | 70,556,396            |
| Consumer loans  | 118,912,006           | 100,856,108           |
| Government  | 44,321,770            | 37,286,348            |
| Credit cards  | 1,374,384             | 1,563,211             |
| Business overdrafts   | 476,933               | 554,730               |
| Personal overdrafts   | 160,533               | 147,821               |
|   | <b>445,699,046</b>    | <b>435,707,952</b>    |
| <b>Less: Provision for loan losses</b>                      |                       |                       |
| Provision at beginning of year                              | \$ 68,262,712         | \$ 61,505,934         |
| Amount written-off/charged off                              | (11,829,604)          | (8,591,165)           |
| Net provision expense                                       | 7,476,462             | 15,347,943            |
| <b>Provision at end of year</b>                             | <b>63,909,570</b>     | <b>68,262,712</b>     |
| Accrued interest receivable                                 | 2,585,970             | 3,005,208             |
| <b>Loans and advances to customers, net</b>                 | <b>\$ 384,375,446</b> | <b>\$ 370,450,448</b> |
| Provisions as a percentage of the net loan portfolio        | 16.63%                | 18.43%                |
| Non-accrual loans as a percentage of the net loan portfolio | 19.75%                | 22.65%                |

The COVID-19 pandemic significantly impacted the Bank's economic outlook, which has a high degree of uncertainty given the evolving environment. The provision for loan losses reflects the Bank's economic outlook as at March 31, 2021. Subsequent changes to these forecasts and related estimates will be reflected in the provision for loan losses in future periods.

The Bank has established relief programs to help borrowers manage through challenges of COVID-19 primarily through payment deferrals. During the last quarter of the fiscal year 2020, the Bank temporarily extended the credit terms by up to 90 days and subsequently further extended up to March 31, 2021 for specific customers with liquidity constraints arising as a direct result of the COVID-19 pandemic. In cases where borrowers have opted to participate in payment deferral programs as a result of COVID-19, deferral of payments is not considered past due and such loans are not aged further during the deferral period.

## **BANK OF THE BAHAMAS LIMITED**

### **Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements**

For the period ended March 31, 2021

(Expressed in Bahamian Dollars)

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#### **6. Notes Receivable 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.
- The promissory note bears fixed interest at 3.5%, payable semi-annually on February 28 and August 31, commencing in August 2018. Of the \$2.9 million accrued interest receivable due on February 28, partial payment of \$0.7 million was collected as at March 31, 2021 with the remaining balance on scheduled payments until May 2021. Accrued interest receivable as at March 31, 2021 amounted to \$2.7 million (June 30, 2020: \$2.0 million).
- Provision for impairment losses amounted to \$4.9 million as at March 31, 2021 (June 30, 2020: \$4.9 million).

#### **7. Regulatory Capital**

Regulatory capital consists of Tier 1 and Tier 2 capital. Total Tier 1 capital comprises of Common Equity Tier 1. CET1 ratio must be at least 9.6% of the total Risk Weighted Assets. The Bank is in compliance with this capital requirement at 36.1% as at March 31, 2021 (June 30, 2020: 37.5%).

**BANK OF THE BAHAMAS LIMITED**

**Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements**

For the period ended March 31, 2021

(Expressed in Bahamian Dollars)

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**8. Commitments and Contingencies**

*Commitments*

The commitment for loans and advances at March 31, 2021 was \$10.7 million (June 30, 2020: \$5.7 million).

The commitment for capital expenditures at March 31, 2021 was \$1.0 million (June 30, 2020: \$2.1 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 period 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.