

BANK OF THE BAHAMAS LIMITED

Shirley & Charlotte Streets

P. O. Box N -7118

Nassau, Bahamas

Tel: 242-397-3000

Email: bob.info@BankBahamas.com

Website: www.BankBahamas.com

BANK OF THE BAHAMAS LIMITED

(A COMPANY INCORPORATED UNDER THE LAWS OF THE COMMONWEALTH OF THE BAHAMAS)

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

To be held Friday, December 29, 2017

-
- **NOTICE OF ANNUAL GENERAL MEETING**
 - **PROXY FORM**
 - **PROXY STATEMENT**
 - **MINUTES OF THE LAST ANNUAL GENERAL MEETING OF SHAREHOLDERS HELD ON
AUGUST 2, 2017**
 - **ANNUAL REPORT 2017 (INCORPORATING THE CONSOLIDATED FINANCIAL STATEMENTS OF
THE COMPANY FOR THE YEAR ENDED JUNE 30, 2017)**
-

Date of Issue of Proxy Statement and Form of Proxy: December 7, 2017

NOTICE OF ANNUAL GENERAL MEETING

- TIME & DATE** 6:00 p.m., Friday, December 29, 2017
- PLACE** British Colonial Hilton, Windsor Room, Bay Street, Nassau, Bahamas
- ITEMS OF BUSINESS**
- (1) To announce the results of the examination of proxies; declare a quorum present and proceed to business;
 - (2) To read and approve the Minutes of the last Annual General Meeting, held on August 2, 2017;
 - (3) To receive and approve the Chairman's Report.
 - (4) To receive and approve the audited financial statements and the reports of the Directors and Auditors thereon;
 - (5) To elect Directors for the ensuing year and fix the remuneration of the Directors;
 - (6) To consider and approve a resolution ratifying and confirming all acts, transactions and proceedings of the Directors and Officers of the Company;
 - (7) To approve the appointment of KPMG as Auditors of the Company, and authorize the Directors to fix their remuneration;
- OTHER BUSINESS**
- (1) To vote in their discretion upon any other business which may properly come before the Meeting or any adjournment thereof
- RECORD DATE** Only holders of the outstanding voting common shares of the Company of record as at the close of business on November 29, 2017 are entitled to vote at the Meeting.
- FINANCIAL STATEMENTS** The Company's 2017 Audited Financial Statements are included in the Company's 2017 Annual Report, which you are invited to view online at the Company's website at www.bankbahamas.com.
- PROXY VOTING** It is important that your shares be represented and voted at the Meeting. You can vote your shares by appearing in person or by completing and returning the Proxy form enclosed. You can revoke a Proxy at any time prior to its exercise at the Meeting by following the instructions in the accompanying Proxy statement. You must return your Proxy not later than 48 hours before the time appointed for holding the Meeting.

By order of the Board of Directors



Secretary, Laura A. Williams
November 29, 2017

BANK OF THE BAHAMAS LIMITED
Shirley & Charlotte Streets
P. O. Box N-7118
Nassau, Bahamas.

PROXY STATEMENT

We are providing these Proxy materials in connection with the solicitation, by the Board of Directors of **Bank of The Bahamas Limited**, of proxies to be voted at the Company's 2017 Annual General Meeting of Shareholders and at any Meeting following adjournment thereof.

Shareholders are advised that no shareholder proposal has been filed. Further no action is proposed by the Board of Directors, which would create the possibility of a "dissenting shareholder" under Section 159 of The Companies Act, 1992. The Board of Directors is not aware of any solicitation of proxies by a person or group adverse to present management of this Company.

You are cordially invited to attend the Annual General Meeting on Friday, December 29, 2017 beginning at 6:00 p.m. Shareholders will be admitted beginning at 5.00 p.m. The Meeting will be held at the British Colonial Hilton, Bay Street, Nassau, Bahamas.

This financial year of **Bank of The Bahamas Limited** began on July 1, 2016 and ended June 30, 2017. References in this Proxy statement to the year 2017 or financial year 2017 refer to the above-mentioned period.

We are mailing this Proxy Statement, accompanying forms of Proxy, and voting instructions on December 7, 2017 to holders of record of the Company's voting common shares as at the close of business on November 29, 2017.

You are invited to view the Company's Annual Report online at the Company's website at www.Bankbahamas.com. The presentation of this information online replaces the mailing of physical copies of the Annual Report. However, should you require a printed copy of the Annual Report, you may obtain one free of charge by contacting us or by contacting The Bahamas Central Securities Depository, the Company's Registrar and Transfer Agent.

PROXIES AND VOTING PROCEDURES

Because there are Shareholders unable to attend the Meeting in person, it is necessary that they be represented by Proxy.

The Board of Directors and the management of the Company do not contemplate the solicitation of proxies otherwise than by mail and through advertisements in the press and other public media.

Proxy Submission

Each Shareholder has the right to appoint a person or company (who need not be a Shareholder), to represent the Shareholder at the Meeting. The Proxy may be someone other than the persons designated in the Proxy form that accompanies this statement. A Shareholder who wishes to name a different Proxy holder may do so by striking out the names of the persons so designated in the Proxy

form and inserting the name of the person such Shareholder has chosen as their Proxy holder in the blank space provided for that purpose in the form of a Proxy. A Proxy must be in writing and must be executed by the Shareholder or by an attorney authorized in writing. **The Proxy must arrive by mail or be delivered by hand to the offices of Bahamas Central Securities Depository, British Colonial Hilton Centre of Commerce, Bay Street, P.O. Box N 9307, Nassau, Bahamas or to the Secretary of the Company no later than 5:00 p.m. on December 27, 2017.**

Revocation of Proxy

A Shareholder who executes and returns the accompanying form of Proxy may revoke it by an instrument in writing (i) executed by such Shareholder or their duly authorized attorney and (ii) deposited at the offices of **Bahamas Central Securities Depository** at any time up to and including the last business day preceding the day of the Meeting, or deposited with the Chairman of the Meeting on the day of the Meeting prior to the commencement thereof.

Voting by Proxy

A Shareholder who is entitled to vote may do so at the Meeting. Alternatively, a Shareholder may be represented by his or her Proxy holder who has a properly completed proxy form that has been properly deposited prior to the Meeting and which has not been revoked. If you do not indicate how your shares should be voted on in a matter included in the Proxy form, the shares represented by your Proxy holder will be voted in the affirmative for each proposal. Where a Proxy form confers discretionary authority as to any matters that may properly come before the Meeting or any adjournments thereof, the shares represented by your Proxy holder will be voted as the Board of Directors recommends.

If any other matters are properly presented at the annual Meeting for consideration, including, among other things, consideration of a motion to adjourn the Meeting to another time or place, the persons named as proxies and acting thereunder will have discretion to vote on those matters according to their best judgment to the same extent as the person delivering the Proxy would have been entitled to vote. At the date this Proxy statement went to press, the Company does not anticipate that any other matters will be raised at the Meeting.

SHAREHOLDERS ENTITLED TO VOTE AND VOTING SECURITIES

Holders of voting common shares at the close of business on the record date, being November 29, 2017, are entitled to notice of and to vote at the Annual General Meeting in respect of matters properly brought before the Meeting.

In 2013, the Company created a separate class of 10,000,000 non-voting common shares. The National Insurance Board owns 6,022,945 non-voting common shares. The issuance of these shares allowed the Company to meet new capital standards resulting from Basel III regulations and directives of The Central Bank of The Bahamas, the Company's regulator.

During the year, pursuant to a rights offering in September 2016, the Government of The Commonwealth of The Bahamas (the "Government") acquired the majority of an additional 14,814,814 voting common shares issued by the Bank. The Government also purchased \$10 million of convertible bonds pursuant to the Bank's private placement in December, 2016. Effective June 30, 2017, this bond was converted to 6,756,756 voting common shares. As a result of these transactions, the ownership interest of the Government and the National Insurance Board ("NIB") in the Bank increased. As at June 30, 2017, the Government and NIB owned approximately 79.8% (2016 – 52%) of the issued voting

common shares. The remaining voting common shares are owned by approximately 3,000 Bahamian shareholders.

There are no other individual Shareholders that own 10% or more of the Company's issued voting common shares.

QUORUM AND REQUIRED VOTE

The presence, in person or by Proxy, of Shareholders holding or representing 30% in value of the subscribed and issued voting common shares of the Company is necessary to constitute a quorum at the Meeting.

As the Government of The Commonwealth of The Bahamas and the National Insurance Board jointly own 68.67% of the voting common shares issued and outstanding, and both entities will be represented at the Meeting, the meeting of the quorum requirement will not be an issue.

CORPORATE GOVERNANCE

Duties of the Board

The Board of Directors of the Company has the obligation to oversee the conduct of the business of the Company and to supervise senior management that is responsible for the day-to-day conduct of the business. Any responsibility that is not delegated to a committee of the Board or senior management remains with the full Board.

The Board of Directors deals with all matters that materially impact the Company. The determination as to whether Board approval needs to be sought on a particular matter is the responsibility of the Chairman and the Managing Director.

Composition of the Board of Directors

The Board of Directors of the Company is currently comprised of 5 members, including the Managing Director. Of the 5 members, 4 are not executives of the Company.

DIRECTOR AND EXECUTIVE SHAREHOLDINGS

The following tables detail the interest of the Directors and Executives of Bank of The Bahamas Limited through direct, indirect and related party holdings as at November 29, 2017:

Name	Number of Common Shares
Wayne Aranha	-
Ruth Bowe-Darville	-
Kirk Antoni	-
Timothy Brown	2,900
Renee Davis	-
Total for Directors	2,900

DIRECTOR AND EXECUTIVE SHAREHOLDINGS (Contd.)

Hubert Edwards	-
Jihanne Hosmillo-Williams	-
Vanessa Taylor	-
Total for Executives	-
Total for Directors and Executives	-
Total Voting Common Shares Outstanding	15,364,979
Percent of Total Outstanding Shares	-

DIRECTOR AND EXECUTIVE COMPENSATION

Aggregate compensation of \$225,000 for the fiscal year ended 30 June 2017 was approved at the AGM held on August 2, 2017, which amount was payable to five Directors and also included the Chairman's remuneration.

Total compensation paid out in respect of the fiscal year ending June 30, 2017 (July 1, 2016 to June 30, 2017) was \$208,544 of which \$117,683 was paid by the Government. The following table details the dates of Board members who served during the period from July 1, 2016 to June 30, 2017:

Name of Director	Date	Resigned
	Appointed/Elected	
Richard C. Demeritte	July 2012	May 2017
Don Davis	July 2012	May 2017
Donna Harding-Lee	July 2012	June 2017
Eric Gibson, Jr.	July 2012	June 2017
Bishop Roston Davis	July 2012	June 2017
Errol McKinney	July 2012	June 2017
Alexander Reckley	March 2013	June 2017
Wayne Aranha	May 2017	currently serving
Anthony Allen, OBE	May 2017	October 2017
Ruth Bowe-Darville	June 2017	currently serving
Kirk Antoni	June 2017	currently serving
Timothy Brown	August 2017	currently serving

It is proposed that the total compensation for the non-executive Directors for the fiscal year ending June 30, 2018 be set at \$225,000.

Information as to director and executive compensation is set forth in the following charts, which list compensation bands and the number of directors and executives who were or are compensated at each such band level:

CASH REMUNERATION

For the year ended June 30, 2017

	Directors (number)	Executives (number)	Remuneration waived or deferred
\$0 to \$500,000	4	4	
\$500,000 to \$1,000,000			
\$1,000,000 to \$2,000,000			
more than \$2,000,000			

DIRECTOR AND EXECUTIVE COMPENSATION (Contd.)

CASH REMUNERATION

For the year ended June 30, 2017

	Directors (number)	Executives (number)	Remuneration waived or deferred
\$0 to \$500,000	4	4	
\$500,000 to \$1,000,000			
\$1,000,000 to \$2,000,000			
more than \$2,000,000			

For the current year (proposed):

	Directors (number)	Executives (number)	Remuneration waived or deferred
\$0 to \$500,000	4	4	
\$500,000 to \$1,000,000			
\$1,000,000 to \$2,000,000			
more than \$2,000,000			

NON-CASH REMUNERATION *

For the year ended June 30, 2017

	Directors (number)	Executives (number)	Remuneration waived or deferred
\$0 to \$500,000	0	4	
\$500,000 to \$1,000,000			
\$1,000,000 to \$2,000,000			
more than \$2,000,000			

NON-CASH REMUNERATION *

For the current year (proposed):

	Directors (number)	Executives (number)	Remuneration waived or deferred
\$0 to \$500,000	0	4	
\$500,000 to \$1,000,000			
\$1,000,000 to \$2,000,000			
more than \$2,000,000			

* Non-cash remuneration includes bonuses, securities, options, insurance, pensions, the payment of expenses including automobiles, reimbursements of any kind, non-cash gifts, forgiveness of debts and extension of loans.

INDEBTEDNESS OF MANAGEMENT

No Directors or members of Executive Management are indebted to the Company outside of the normal course of business or as disclosed herein.

MANAGEMENT'S INTEREST IN TRANSACTIONS

No Director, executive officer, or senior officer of the Company, or proposed nominee for election as a director of the Company, has held or currently holds a material interest in any transaction entered into with or by the Company or its subsidiaries at any time during the year 2017.

RELATED PARTY TRANSACTIONS

Related parties include all Ministries and Departments of the Bahamas Government, Government Corporations, companies and other entities controlled by Government or over which it exercises influence, and Agencies. All ordinary transactions with related parties are based on rates and terms used in the normal course of business carried out at arms' length.

Special Purpose Vehicle: The Company entered into an extraordinary transaction with Bahamas Resolve Limited ("Resolve") a special purpose vehicle owned and controlled by the Government of The Bahamas in October 2014, pursuant to which all of the Company's rights relative to certain non-performing loans totaling approximately \$45 million net were transferred to Resolve against which the Company recognized as an asset \$100 million in unsecured promissory notes. The Government has agreed to redeem these notes between August 2017 to May 2018. The first \$50 million principal redemption was made on August 31, 2017.

Also on August 31, 2017, Resolve purchased loans from the Bank at a price equivalent to the gross book value of those loans before provisions. Non-performing loans totaling approximately \$49 million net were transferred to Resolve against which the Company recognized as an asset \$162 million in an unsecured promissory note. The Government has issued a letter to Resolve and the Bank wherein it agrees to provide support to Resolve to enable it to satisfy the payment obligations relating to this note.

RELATED PARTY TRANSACTIONS (Contd.)

Rights Offering: In September 2016 the Company held a \$40,000,000 Rights Offering which was fully subscribed. The Rights Offering was held to facilitate the Company's operational efficiency, with the ultimate result of complying with Tier 1 capital requirements with the Central Bank of the Bahamas.

Contingent Convertible Capital Bonds: In December 2016 the Company offered a private placement of \$30,000,000 at 3.125% Fixed Rate Perpetual Contingent Convertible Bonds ("CoCo") to accredited investors only. This Private Placement was offered in three tranches of \$10,000,000 each. The first tranche was subscribed by and issued to the Government as at December 31, 2016. The offering closed on February 28, 2017 and effective June 30, 2017, the bond was converted to 6,756,756 voting common shares.

SHAREHOLDER FEEDBACK

The Company's communications policy is reviewed by the Board of Directors of the Company periodically and provides that communications with all constituents will be made in a timely, accurate and effective manner. The Company communicates regularly with its Shareholders through press releases, and annual and quarterly reports. At the Company's Shareholders' Meetings, a full opportunity is afforded to permit Shareholders to ask questions concerning the Company's activities. Investor and Shareholder concerns are addressed on an on-going basis through the office of the Corporate Secretary and the Bank's Registrar and Transfer Agent.

RESOLUTIONS OF THE MEETING AND EXPLANATORY NOTES

At the Meeting, Shareholders will be asked to consider and ratify the following resolutions:

ITEMS OF BUSINESS

- 1. Examination of Proxies and Establishment of Quorum**
- 2. Approval of Minutes of last Annual General Meeting**

The Minutes of the last Annual General Meeting of the Shareholders held on August 2, 2017 at the Breezes SuperClubs, Cable Beach, Bahamas, are included in the Proxy Statement. They may also be read at this Meeting unless such reading is waived by the Shareholders at the Meeting. The purpose of this resolution is to allow Shareholders the opportunity to scrutinize the Minutes and notify the Company should their recollection of the Meeting be different to that which is recorded in the Minutes.

- 3. Approval of the Chairman's Report**

The report of the Chairman for the year ended June 30, 2017 is included in the Company's 2017 Annual Report and is made available to Shareholders on the Company's website for inspection.

4. Approval of Audited Financial Statements for the year ended June 30, 2017 and the reports of the Directors and Auditors thereon.

The Audited Financial Statements of the Company for the year ended June 30, 2017 and the reports of the Auditors and the Directors thereon were made available to Shareholders on the Company's website. The purpose of this resolution is to allow Shareholders the opportunity to review the Audited Financial Statements and to bring forward questions or observations they may have regarding the Company's financial performance during the period covered.

Arrangements have been made for one or more representatives of KPMG to attend the Meeting.

5. Election of Directors and Approval of Remuneration

The Articles of the Company currently provide that the Board of Directors of the Company shall consist of a minimum of 5 and a maximum of 15 Directors, with the actual number of Directors to be determined from time to time by the Board of Directors or by the Shareholders at the Annual General Meeting.

Directors may be either elected annually by the Shareholders at the Annual General Meeting of Shareholders or, subject to the Articles of Association of the Company and applicable law, appointed by the Board of Directors or by Shareholders holding a majority in nominal value of voting common shares entitled to vote, between Annual General Meetings. Each Director shall hold office until the close of the next Annual General Meeting of Shareholders, having failed to be re-elected, or until he or she ceases to be a Director pursuant to the Articles or by operation of law or until his or her resignation becomes effective.

All Directors, with the exception of the Managing Director, must retire at the end of the Annual General Meeting and are eligible for re-election. Pursuant to Article 117 of the Company, Mrs. Renee Davis, as the Managing Director, will not retire at this Meeting and therefore remains on the Board of the Company in such position.

The Board of Directors held four (4) Meetings during the Company's fiscal year 2017.

The persons designated as Proxy holders in the accompanying form of Proxy will vote common shares represented by such form of Proxy for the election of the nominees whose names are set forth herein, unless specifically directed to refrain from voting.

Four of the persons proposed for nomination as Directors, are retiring from office. Each is eligible to be re-elected as a Director and each has indicated a willingness to so serve.

Article 85 of the Articles of Association was amended pursuant to a resolution passed at the Extraordinary General Meeting of the Shareholders held on 14th July, 2016. By Article 85 ***"No person other than a Director retiring at the meeting shall, unless recommended by the***

Directors for appointment, be eligible for appointment to the office of Director at any general meeting unless, there shall have been left with the Secretary, not later than 1st October preceding the general meeting, notice in writing signed by at least two (2) Common Shareholders duly qualified to attend and vote at such meeting, of their intention to propose such person for appointment accompanied by the written consent signed by the person to be proposed to serve as a Director of the Company if duly appointed.

Nominations from shareholders for persons to serve as directors, other than those proposed by the Government and the National Insurance Board, must be received by the Secretary, not later than 1st October preceding the general meeting. Each Nominee must be approved by the Central Bank of The Bahamas. A nomination form must be completed for each nominee. The forms can be obtained from the Bank's Corporate Secretary or are available on the Bank's website www.bankbahamas.com.

As a result of the amendment to Article 85 of the Articles of Association members nominated and elected a minority shareholder representative to serve on the Board of the Bank.

If it becomes known at the Meeting that a nominee is for any reason unavailable to serve (which the Directors have no reason to believe to be the case), Shareholders and the persons designated as Proxy holders in the accompanying form of Proxy shall have the right to exercise their discretion by voting for another qualified nominee.

Additionally, Bank of The Bahamas Limited is a regulated company under the Banks & Trust Companies Regulations Act 2000. As such, the prior approval of The Central Bank of The Bahamas is required before any person nominated and elected as a Director of a Bank in the Commonwealth of The Bahamas is eligible and authorized to so serve.

The following table sets forth the names of persons nominated by the Government and proposed for election as Directors, their principal occupation or employment and the date on which they became Directors of the Company.

Name and Position or Office	Principal Occupation	Director since	Term expires
Wayne J. Aranha, Director	Accountant	2017	annually
Ruth Bowe-Darville, Director	Attorney-at-law	2017	annually
Kirk Antoni, Director	Attorney-at-law	2017	annually
Timothy Brown, Director	Accountant	2017	annually

It is proposed that the total compensation for the non-executive Directors for the fiscal year ending June 30, 2018 not exceed \$225,000.

6. Ratification of Acts, Proceedings and Transactions of Directors and Officers

Directors and Officers of the Company owe a duty to the Company to act honestly and in good faith with a view to the best interests of the Company. By voting in favor of the following resolution Shareholders will be (a) approving and adopting all of the acts of the Directors and Officers of the Company in the past fiscal year of the Company and (b) agreeing to the Company indemnifying and defending the Directors and Officers against any claims, actions and proceedings that may be brought against them as a result of any act performed or omitted to be done by any of them, acting in their respective capacities as Directors and Officers of the Company, except in the case of any fraudulent conduct on their part. The resolution as proposed reads:

“RESOLVED that the Company does hereby ratify, approve, sanction and confirm all acts, transactions and proceedings of the Directors, Officers and Employees of the Company, otherwise than in respect of fraud, from the previous fiscal year end of June 30, A.D. 2016 to the last fiscal year end June 30, 2017, A.D. and does fully and effectively indemnify, save harmless and defend all Directors, Officers and Employees of the Company against any claims, actions and proceedings that may be brought against them as a result of any act performed or omitted to be done by any of them, acting in their respective capacities as Directors, Officers or Employees of the Company provided that such Directors, Officers and Employees acted honestly and in good faith with a view to the best interest of the Company and in the case of criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his conduct is lawful.”

7. Appointment of Auditors

At the Meeting, the Shareholders will be called upon to appoint KPMG, Chartered Accountants, 5th Floor, Montague Sterling Centre, East Bay Street, P. O. Box N-123, Nassau, Bahamas as the Auditors of the Company to serve until the close of the next Annual General Meeting of the Company, and to authorize the Directors to fix KPMG's compensation therefor. To be effective, the resolution appointing KPMG as the Auditors of the Company must be approved by the majority of the votes cast by the holders of common shares present in person, or represented by Proxy, at the Meeting. The Audit Committee and the management of the Company recommend that the Shareholders vote for the appointment of KPMG.

Arrangements have been made for one or more representatives of KPMG to attend the Meeting.

OTHER BUSINESS

The management of the Company knows of no matters to come before the Meeting other than the matters referred to in the Notice of Annual Meeting. However, if any other matters, which are not known to the management of the Company, should properly come before the Meeting, forms of Proxy

given pursuant to this solicitation by the management of the Company will be voted on such matters in accordance with the best judgment of the person voting the Proxy.

DIRECTORS' APPROVAL AND CERTIFICATE

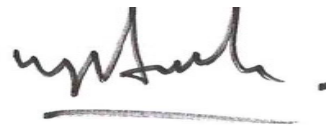
The Board of Directors of the Company has approved the contents and the sending of this Proxy Statement and Proxy Form. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Dated at the City of Nassau, New Providence Island, in The Commonwealth of The Bahamas this

7th day of December, 2017



Laura A. Williams
Secretary



Wayne J. Aranha
Chairman

MINUTES OF THE ANNUAL GENERAL MEETING
BANK OF THE BAHAMAS LIMITED
Held Wednesday, August 2, 2017

The Annual General Meeting of the Shareholders of Bank of The Bahamas Limited (“the Company”) was held on Wednesday, August 2, 2017 at 6:00 p.m. at the Breezes SuperClubs, Cable Beach, in the Seabreeze Ballroom, Nassau, The Bahamas.

The Chairman, Mr. Wayne J. Aranha, welcomed Shareholders to the Annual General Meeting and introduced the following persons:-

- ◆ Mrs. Renee Davis, Acting Managing Director, Mrs. Michelle Pindling-Sands, Partner, Graham, Thompson & Co., the Bank’s Corporate Lawyers; Mr. Anthony Allen, OBE, Deputy Chairman, Mr. Kirk Antoni, Director, Mrs. Ruth Bowe-Darville, Director, Ms. Mary Mitchell, Acting Treasurer of The Commonwealth of The Bahamas, Mr. Hubert Edwards, Chief Development Officer and Mrs. Jihanne Hosmillo-Williams, Financial Controller.

The Chairman proceeded to the business of the meeting.

The Chairman advised that the Bank’s Scrutineers, Bahamas Centralized Securities Depository Ltd. (“BCSD”) had indicated that there was a quorum. However, in the interest of time he deferred declaration of the regular constitution of the meeting and the reading of the Scrutineers’ report until later in the meeting.

The Meeting was called to order.

The Company’s Secretary read the Notice convening the Meeting.

1) **MINUTES OF THE MEETING OF APRIL 15, 2016**

The Chairman tabled the Minutes of the Annual General Meeting, which was held on April 15, 2016, and asked that their reading be dispensed with as the Minutes had been mailed to all shareholders. Upon a motion duly made by Mrs. Emily Demeritte and seconded by Mr. Franklyn Rigby, the Minutes were approved as tabled.

The resolution was put to the floor and was passed unanimously.

2) **MINUTES OF THE MEETING OF JULY 14, 2016**

The Chairman tabled the Minutes of the Extraordinary General Meeting, which was held on July 14, 2016, and asked that their reading be dispensed with as the Minutes had been mailed to all shareholders. Upon a motion duly made by Mr. Timothy Brown and seconded by Mr. James Shearer the Minutes were approved as tabled.

3) **MINUTES OF THE MEETING OF JULY 14, 2016 (Contd.)**

The resolution was put to the floor and was passed unanimously.

4) **ELECTION OF MINORITY SHAREHOLDER REPRESENTATIVE**

The Chairman noted that at the Extraordinary General Meeting in July 2016 the Company's Articles of Association were amended to facilitate the election of a Director who would be nominated by the Minority Shareholders. He further stated that the Articles were amended so that persons could be nominated provided that the Corporate Secretary received all of the requisite nomination documents not later than 1st October preceding the General Meeting.

The Chairman reported that the Corporate Secretary initially received nominations for four candidates to be elected, one of whom subsequently withdrew. He noted that the Bank's Corporate Governance Committee went through the process of reviewing the three nominees and subsequently two of these persons were approved by the Board and ultimately by the Central Bank of The Bahamas. He indicated that although two candidates (Messrs. Timothy Brown and Kevin Higgins) had been indicated on the proxy forms and were nominated to represent the minority shareholders, it was not until very recently it was discovered that the nomination made on behalf of Mr. Higgins was not aligned with the Company's articles of association and was therefore null and void.

The Chairman further stated that the Bank had spoken to Mr. Higgins and invited him to have his nomination form put forward again by two common shareholders prior to 1st October preceding the next AGM.

The Chairman then noted that Mr. Timothy Brown, a Certified General Accountant and sole proprietor of Bahamian Sea Basket, had met all of the criteria to represent the Minority shareholders. He invited a motion for the nomination of Mr. Timothy Brown to be elected as a director.

Upon a motion made by Mr. Edsel Strachan and seconded by Mr. Michael Cunningham, it was resolved that Mr. Timothy Brown be nominated to serve as a director of the Company. The motion was put to the floor and unanimously passed.

The Chairman then entertained a motion for the close of nominations.

Upon a motion by Mrs. Emily Demeritte and seconded by Mr. Arlington Hanna, the nominations were closed.

The Chairman then entertained a motion for the nomination of the Board of Directors.

5) **ELECTION OF THE BOARD OF DIRECTORS**

The following persons were nominated by Ms. Mary Mitchell, Acting Treasurer of the Government of The Commonwealth of The Bahamas and holder of the Proxy from the Government:

Mr. Wayne J. Aranha
Mr. Anthony C. Allen
Mrs. Ruth Bowe-Darville
Mr. Kirk Antoni
Mr. Timothy Brown

Upon a motion made by Ms. Mitchell and seconded by Mr. Edsel Strachan, it was resolved that the aforementioned persons be nominated to serve as Directors of the Company.

The Chairman then entertained a motion to close the nomination for persons to serve as Directors of the Company.

Upon a motion by Ms. Mitchell and seconded by Mrs. Emily Demeritte, the nominations were closed.

The Chairman proposed a resolution to elect the persons nominated to serve as members of the Board of Directors.

Upon a motion duly made by Ms. Mary Mitchell and seconded by Mrs. Emily Demeritte, it was resolved that the following persons be duly elected to serve as Directors of the Bank until the next Annual General Meeting:

Mr. Wayne J. Aranha
Mr. Anthony C. Allen
Mrs. Ruth Bowe-Darville
Mr. Kirk Antoni
Mr. Timothy Brown

The resolution was put to the floor and was passed unanimously.

The Chairman confirmed that the Directors, along with the Acting Managing Director, Mrs. Renee Davis, for the ensuing year were therefore as follows:

Mr. Wayne J. Aranha
Mr. Anthony C. Allen
Mrs. Ruth Bowe-Darville
Mr. Kirk Antoni
Mr. Timothy Brown

6) **FINANCIAL STATEMENTS**

The Audited Consolidated Financial Statements of the Company for the year ended June 30, 2016 and the Report of the Auditors were tabled.

Mrs. Michaela Bethell of KPMG confirmed the Auditors' Opinion that the Consolidated Financial Statements presented fairly, in all material respects, the financial position of the Company as of June 30, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Mrs. Bethell referred to the Emphasis of Matter statement. She made the following statement, "Without qualifying our opinion we draw your attention to Notes 2(a) *Going Concern* and 29 *Regulatory Capital*. The Bank has experienced continuing operating losses for the last several years and was also non-compliant with certain of its externally imposed regulatory capital requirements as at June 30, 2016 and 2015. Management does not expect that the continued operating losses or regulatory capital deficiencies will impact the Bank's continuing ability to operate as a going concern.

Mrs. Bethell noted that the auditor's opinion was not qualified in respect of this matter. She further stated that the consolidated financial statements of the Bank as at and for the year ended June 30, 2015 were audited by another auditor who expressed an unqualified opinion on those statements on December 29, 2015.

The Chairman then entertained a motion to approve, ratify and confirm the Annual Report, Consolidated Financial Statements and Report of the Directors and Report of the Auditors of Bank of The Bahamas Limited for the year ended June 30, 2016.

On a motion by Mr. Darron Cash and seconded by Mr. Reginald Grant it was resolved that the Annual Report, Consolidated Financial Statements and Report of the Directors and Report of the Auditors of Bank of The Bahamas Limited for the year ended June 30, 2016 be approved as tabled.

Dr. Rodgers referred to the annual report which indicated a value of the shares as \$5.22; however, he remarked that upon further analysis the value of the shares were close to zero and questioned how the auditors could indicate such a high share value for the shares.

The Chairman commented that he was not certain that the auditor's report extended to the valuation of the shares. He noted Dr. Rodgers' comments and intimated that they could discuss this matter later in the meeting.

Mr. Cash referred to the comments made by the auditors and their confidence of the Bank continuing to be a going concern and asked if the Chairman could give the shareholders some insight as to why this confidence had been expressed.

The Chairman indicated that in his experience as an auditor, statements made as it related to 'going concern' were management's representations and the auditors would test whether those representations were supported by evidence and, where not so supported, would not issue an unqualified opinion.

5) **FINANCIAL STATEMENTS (Contd.)**

There being no further discussion the resolution to approve, ratify and confirm the Annual Report, Consolidated Financial Statements and Report of the Directors and Report of the Auditors of Bank of The Bahamas Limited for the year ended June 30, 2016 was put to the floor and passed unanimously.

6) **SCRUTINEERS' REPORT**

The Chairman then requested BCSD to provide the Scrutineers' Report. Mr. Alson Ferguson, Assistant Manager, BCSD advised that the total number of shares represented at this meeting by shareholders present in person and by proxy were 33,495,271, which represented 90.11% of the issued and outstanding shares of the Company. As such, it was confirmed that a quorum was present and the meeting duly constituted.

7) **REMUNERATION OF NON-EXECUTIVE DIRECTORS**

The Chairman advised the Meeting that under the terms of the Articles of Association, the Shareholders would determine the remuneration of the Non-Executives Directors.

It was proposed that the remuneration for Non-Executive Directors of Bank of The Bahamas Limited be set at \$225,000 to be divided among them as they see fit.

Dr. Rodgers asked how much of the proposed remuneration would be allocated per director.

The Chairman advised that the Board had not yet met on this matter as he would have wanted the minority shareholder representative included in this process. However, he intimated that the Director's remuneration should be similar to those of other institutions like the Bank, i.e. in the range of \$20,000 to \$25,000 per annum.

Dr. Rodgers asked if there would be club memberships as in the previous year there had been \$500M in club memberships that two directors had been receiving.

The Chairman indicated that he nor this current Board would have club memberships paid for by the Bank.

Mr. Michael Lightbourn asked if he or any of the other directors would have bank vehicles.

The Chairman advised that he along with the other directors would not have a bank issued vehicle. He stated that he and the Board members were serious about austerity and the belt-tightening would start at the top.

Mr. Lightbourn asked if the Board would have a flat fee as its stipend.

7) **REMUNERATION OF NON-EXECUTIVE DIRECTORS (Contd.)**

The Chairman intimated that there might be a flat fee as well as a fee for attendance. However, he stated that this was a decision that would be made by the Board collectively.

On a motion duly moved, by Mr. Edsel Strachan and seconded by Mr. Franklyn Rigby it was resolved that the Directors' remuneration of \$225,000 be approved and divided among them as they see fit.

The resolution was put to the floor and was passed unanimously.

8) **DIVIDENDS**

The Chairman then advised that in respect of the fiscal year ended June 30, 2016, no dividends were paid by the Bank to ordinary or preference shareholders and none were approved by the company's regulators.

9) **RATIFICATION OF DIRECTORS AND OFFICERS ACTS, TRANSACTIONS AND PROCEEDINGS**

The Chairman tabled a resolution to ratify and confirm all acts, transactions and proceedings of the Directors and Officers of the Company as follows:

“Resolved that the Company does ratify, approve, sanction and confirm all acts, transactions and proceedings of the Directors and Officers of the Company from the previous fiscal year end June 30, 2015 to fiscal year end June 30, 2016 and further that the Company does fully and effectively indemnify and save harmless all Directors and Officers of the Company, otherwise than in respect of fraud, and the Directors notwithstanding the personal interest of all of them, be authorized to execute on behalf of the Company an indemnity or indemnities in favour of such Directors and Officers as and when necessary and that in the event of any claim or necessity to defend proceedings against the Directors and Officers or any of them, such defence is to be undertaken by the Company.”

Dr. Rodgers asked if Directors had indemnity insurance.

The Chairman confirmed that the Bank had Directors' & Officers' Liability Insurance.

Dr. Rodgers asked how much the coverage was.

The Chairman indicated that he did not know the amount of the insurance and that he was not one minded to advertise the existence or amount of insurance cover.

There being no further discussion on a motion made by the Acting Treasurer and seconded by Mrs. Jillian Ferreira it was resolved that the acts, transactions and proceedings of the Directors and Officers of the Company be ratified.

The resolution to ratify the acts, transactions and proceedings of the Directors and Officers of the Company was passed by a majority of shareholders. Mr. Darron Cash opposed the resolution.

10) **APPOINTMENT OF AUDITORS**

The Chairman entertained a motion that KPMG be appointed as auditors of the Company to hold office until the next Annual General Meeting of Shareholders and that the remuneration of the Auditors for such period be fixed by the Directors of the Company.

Dr. Rodgers asked why the Company had changed its auditors from Ernst & Young to KPMG.

The Chairman stated that he did not know the answer and referred the question to the Acting Managing Director. The Acting Managing Director advised that this was a normal rotation of auditors.

There being no further discussion, on a motion by Mr. Edsel Strachan and seconded by Mr. James Shearer, it was resolved that KPMG be appointed Auditors of the Company for the fiscal year 2017 until the next Annual General Meeting and that the remuneration of the Auditors for such period be fixed by the Directors of the Company.

The resolution was put to the floor and was passed unanimously.

11) **TERMINATION OF MEETING**

There being no further business, the Chairman thanked the Shareholders for attending and for their interest in the proceedings and called for a motion to terminate the meeting.

On a motion by Mr. Edsel Strachan and seconded by Mrs. Emily Demeritte, the meeting was terminated at 6:45 p.m.

The resolution to terminate the meeting was put to the floor and approved unanimously.

It was agreed that questions and answers would be allowed after the Chairman's Remarks were made.

CHAIRMAN'S REMARKS

The chairman then made his remarks as follows:-

1. Financial Position and Performance

At 30th June 2017, the Bank's total assets amounted to \$757.678 million, and its liabilities totaled \$691.186 million. Total equity at the end of fiscal 2017 amounted to \$66.492 million; the major changes in equity during the period 1st July 2016 and 30th June 2017 were as follows:

Total equity, 1 st July 2016	64.090
Net proceeds from rights offer	39.517
Conversion of CoCo notes	10.000
Redemption of preference shares	(3.400)
Net loss for the year	(43.873)
Other changes (including valuation reserve)	.158
Total equity, 30 th June 2017	<u>66.492</u>

The Bank's performance before credit losses during the year ended 30th June 2017 showed some improvement relative to the year ended 30th June 2016 as income before provisions increased from approximately \$1.092 million to \$5.271 million. This favourable increase - \$4.179 - is due to an increase in total operating income of \$2.822 million and a decrease in total operating expenses of \$1.357 million.

The Bank, however, continued to have major challenges with its loans and advances, particularly its commercial exposure. The credit loss expense amounted to \$49.144 million for the year ended 30th June 2017. The net loss for the year ended 30th June 2017 amounted to \$43.873 million.

2. Capital Ratios

The performance during the year resulted in the Bank not complying with the required capital ratios at 30th June 2017; the ratios, with the 30th June 2016 comparatives, were as follows:

	For the year ended 30 th June 2017 - Unaudited	For the year ended 30 th June 2016 Audited
CET1 of TRWA (min. 9.6%)	8.5%	6.0%
Total Tier 1 Capital of TRWA (min. 12.8%)	8.5%	6.0%
Total Capital must of TWRA (min. 18%)	14.3%	11.7%
CET1 of Total Tier 1 Capital (min. 75%)	100.0%	100.0%
Total Tier 1 of Total Capital (min. 75%)	59.4%	51.7%

Subsequent to the year end 2017, as more fully described below, the Government (as the major shareholder) agreed to further support the Bank, which support, inter alia, will have the effect of enabling the Bank to cure the capital deficiencies.

The Central Bank of The Bahamas (Central Bank), the primary regulator, and the Bank have had a major disagreement as to the nature and extent of the Bank's compliance with regulatory requirements, including the timeliness of implementing certain directives issued by Central Bank. One of the Central Bank's directives was to the effect that the Bank should increase its bad debt provisions by \$50 million. The Bank's initial response, based in part on the absence of specific loans to which the \$50 million provision should be allocated, was to resist strongly the passing of such provision. This resistance extended to the Bank's application to the Supreme Court of the Bahamas, in April 2017, for a judicial review of the Central Bank's order. The Bank withdrew its application on 30th May 2017.

In June 2017, the Board and management re-assessed the specific provisions on the Bank's top non-accrual exposures which resulted in significant additional provision being recorded.

The Bank has not yet satisfactorily addressed all deficiencies noted by the Central Bank. However, an action plan has been submitted to and agreed with the Central Bank's Inspector, and remedial action continues to be taken. The Board will ensure that resources are put in place to accelerate the curing of all deficiencies.

3. Major Shareholder's Support

The Government has agreed with the Bank for the purchase of certain impaired commercial loans by Bahamas Resolve Ltd. (Resolve), the special purpose vehicle that was previously used to acquire certain of the Bank's non-performing loans, at a price equivalent to the gross book value of the loans, approximating \$166 million. The consideration for this purchase would be the issuance of Promissory Notes by Resolve.

In addition, the Government has agreed to facilitate Resolve retiring up to \$107 million of the Promissory Notes in fiscal year ending 30th June 2018, in accordance with the following schedule:

August 2017	\$ 50 million
30 th November 2017	\$ 19 million
28 th February 2018	\$ 19 million
31 st May 2018	\$ 19 million

The other terms and conditions of the Promissory Notes would have to be agreed as between the Bank and the Board of Resolve. Steps are being taken to consummate the transaction on or about 10th August 2017.

4. Future focus

A comprehensive transformation exercise has been underway at the Bank as is noted in the Annual Report. The Board will re-assess the key elements of the plan with a view to ensuring that the necessary focus is given to critical areas, including credit policies, compliance, cost control and growth.

From initial reviews, there is a need to engage a more aggressive approach to reducing delinquencies. There is room for improving the collection of non-performing loans, and the strict implementation of improved policies and procedures inclusive of possible resource adjustments, which when implemented will imminently ensure that improvements are realised. Asset realization will be employed more frequently; the provisions established at 30th June 2017 reflect a more aggressive approach in this regard. Facilities will be restructured where appropriate; serial restructuring will likely be indicative of a situation where restructuring would be inappropriate.

Focus will be placed on implementing systems and controls that ensure that compliance with applicable laws, regulations, guidelines and directives takes place as part of day-to-day processes. The support of the Government, referred to above, cures the capital and solvency requirements, at least in the near/immediate- term. The Board will ensure that other deficiencies are addressed in short order so that management's time can be devoted to managing the Bank for profit!

The Bank has shown marginal success in reducing costs; however, its efficiency ratio is below that of its competitors. Thus, focus will be placed on costs control and revenue enhancing opportunities. Stringent cost control measures will be implemented, consistent with the need to ensure that risks are appropriately managed and customer service is not sacrificed. The Bank will seek cost recovery from Government in those cases where loss-making operations continue as a social or national service in a Family Island.

The Chairman then invited questions from the shareholders.

Mr. Cash requested that the slide presentation and the text of the Chairman's presentation be posted to the Company's website.

The Chairman agreed that this could be done.

Dr. Rodgers asked what the game plan was for the Bank in terms of where they saw it taking on the market i.e. what would be the focus - consumer loans, commercial loans or mortgages.

The Chairman commented that a decision in this regard had not been fully made. He indicated that the Bank had a transformation plan which had begun in 2016 and they would have to assess the successes. He noted that in some respects the Bank had been putting out fires and the longer term need related to enhancing revenue and reducing costs, which would improve the efficiency ratios. He agreed that the Bank needed to implement strategies to compete. He indicated that the Board's first meeting was set for August 10, 2017 where they would deal with the most critical issues.

The Chairman noted that Government was injecting another \$166 million via Resolve which would issue a Note to the Bank. He noted that the Bank had to collect on non-performing loans and this was something the Deputy Chairman had begun focusing on and this would be given the Board's close attention.

The Chairman continued that another fire the Bank had to deal with was the Central Bank and they would seek to comply as quickly as they could with their directives.

The Chairman referred to the question about the Bank's ability to compete and intimated that there was a lot of banking experience on the Board and the Government had announced that another seasoned Banker would be added to the Board.

Dr. Rodgers asked what would be done about the management of the Bank. He commented that the management team had not done what it should have done, particularly in the last five years. He said that there was a Chinese wall between the management and directors and the Bank needed a management that was capable of carrying out the directives of the Board and the Central Bank. He commented that his understanding was that there were many deficiencies in management, the remediation of which was crucial to turn the Bank around. He said that he would have thought that they would have brought in a new slate of management who were prepared to do what was necessary to get the Bank back in shape very quickly.

The Chairman said that one of the areas the Board would focus on would be resources. He stated that the Bank would not be run by the Directors, as the Board was there to support and to share its knowledge with management and otherwise empower management to run the Bank. He stated that goals would be set and if management performed they would remain. He advised that he had indicated to the majority shareholder representatives that he did not expect calls coming directly to him concerning the business of the Bank and similarly did not expect directors to be instructing or requesting management to do favors for them. He said that there had to be a clear separation between the owners, the Board and managers. He noted that he had been given assurance that they would be allowed to act as directors, absent the interference from Government.

Dr. Rodgers referred to the Chairman's presentation that the Bank had \$750 million in assets. He recalled that at a previous general meeting the Managing Director had said that 50% of the assets would be downgraded. He queried how the assets could be \$750 million now. He stated that he had a real problem with this point in particular and in his opinion, BISX was guilty of the most egregious situation with markets as there was price fixing going on and there was no way the shares could be valued at \$5.29/\$5.69 and a proper assessment of what the shares were actually worth should be done. He indicated that he had looked at Bank statements before and most statements would show the accountants' assessment of what the shares were worth. He remarked that if the shares were allowed to float for what they were worth persons may be willing to buy them.

The Chairman noted his criticism of BISX and intimated that he could not add to this. He referred to a comment made in a news articles which related to price fixing and the insinuation was that some persons received information before others and was accusing persons of arbitrage. He intimated that he was not too sure if that was a pure case of arbitrage. He intimated that BISX was not the NYSE and there was little activity with regard to prices. He noted that there was no ready market for the shares.

Dr. Rodgers commented that BISX had a band and would not let share prices go below or above that band, therefore, shares would not change in value. The Chairman advised that this was an issue he should discuss with BISX.

Dr. Rodgers stated that the auditors should do a valuation of the shares as this was done in the United States and the U.K.

The Chairman explained that the auditors would not normally perform a valuation of shares, although the financial statements would disclose the market value of the shares on the date of the accounts. He noted that an accountant might value shares when acting as a liquidator.

Mr. Rigby noted that Mr. Aranha had been serving as chairman for a few months. He asked how enthusiastic was he on assuming this chairmanship. He further commented that a good indication of the interest of the Board of directors was how many shares they owned in the Bank. He indicated that from the reports he had seen they did not own shares in the Bank. He stated that he would like to see that changed.

The Chairman commented that he had taken on the assignment as he felt he could help. Further he likes to succeed and he would not have taken it on if this was doomed to failure. He stated that he did not own shares in the Bank but his father held shares in the Bank and he estimated this to be about 10,000 shares. He added that as a director he had to think about the shareholders as a group or a body, and if he were a shareholder he could not think of what he would do to enhance the value of his shareholding if such decision may not be in good faith and for the benefit of company and the shareholders as a whole. He further noted that he was a proponent of persons having some interest in the Bank and would encourage other directors to become depositors as he would.

Mr. Benjamin Dames questioned how the previous directors and chairman had allowed the Bank, which was almost a billion dollar Bank now to have assets of \$750 million. He expressed concern as to how the chairman allowed the previous Government (PLP and FNM) to abuse the people's bank and use it as a political football. He commented that he hoped when the auditors came in to look at the books if they found there was corruption they would deal with persons, whether as directors or the chairman according to the law. He stated that he hoped that the Bank would succeed and that the new chairman and the Board would allow the staff to do their job and to make sure that when persons were not qualified and denied a loan, that the Board would not step over them and allow the staff to do their job.

Mr. Darron Cash congratulated the chairman and the directors on their election to the Board and wished them well. He requested that the chairman put as a priority more timely reporting on the release of financial information and the return to a more timely AGM.

The Chairman advised that the Bank had recently released its third quarter results. However, he noted that the results for the fourth quarter were substantially worse than those that had been reported for the third quarter. He added that he felt they were on target for the unaudited results to be published by August 15, 2017. He further advised that he expected to have an Annual General Meeting in December.

Mr. Cash noted that management team of BISX was present. He intimated that this may be the time to strongly urge them to have the proxy material available to shareholders on the internet. He indicated that although he was not a shareholder he was able to access proxy related information from BankAmerica's website.

Mr. Cash referred to the issue of disclosure. He asked if the majority shareholder had knowledge of the regulatory issues and why Bank of The Bahamas went to court against the Central Bank of The Bahamas.

The Chairman said that from the information he had read the application was made with the acquiescence of the majority shareholder.

Mr. Cash said that he had raised this to underscore the importance of public dissemination of information and the right of minority shareholders to have access to the same information that the majority shareholder has. He stated that on more than one occasion he had heard the Prime Minister as Minister of Finance disclose information about the Bank which he would have had as Minister and representative of the majority shares.

The Chairman noted this point. He indicated that the Bank had to go to the Government as its major shareholder to take over \$166 million of loans and it was a delicate balance between making a presentation on this matter without disclosing customer information. He intimated that in order for the Bank to approach the Government for assistance they would have to at least disclose some information that the minority shareholder may not be aware of. He added that he was cognizant of the point being made that as a rule the minority shareholder would be entitled to information at the same time as the major shareholder.

Mr. Cash said that everyone appreciated that the Board walked a delicate balance when it came to communication. However, he encouraged them to strive for greater balance. He referred to the comment that shareholders received regular information through annual reports and press releases. He said that as far as he was aware, when the action was taken in the court, it was only through an internal reporting in the newspaper when everyone became aware and not specifically a communication made to the shareholders. He reiterated that minority shareholders had a right to know that if the Bank had taken issue with the Central Bank specifically with regard to its position relative to regulatory requirements.

Mr. Cash said that he asked earlier about the plan being presented to the Central Bank. He remarked that in normal circumstances a persistent pattern of not reaching or satisfying regulatory requirements would result in a Bank being ordered to shut its doors. He asked what confidence did they have that this was not the directive that the Central Bank had given to the Bank or the wink or nod that it has given to the Government of The Bahamas.

The Chairman responded that he was unaware of any such directive, wink or nod and that this is something Mr. Cash would have to ask the Government.

Mr. Cash asked who within the Bank had charge of investor relations. He said if that person was known, would he invite that person to have a meeting with interested shareholders for a discussion on how they could get the shares of BISX to flow more freely and more accurately and more consistently reflect the true underlying value of the company.

The Chairman noted these comments.

Mr. Wellington Dames stated that he had been a customer of the Bank from its inception. He indicated that a lot of negative things were being said about the Bank. He said that two things came to mind and he was anticipating that this team would be better. He said that the Bank in the past five years in his opinion has

been a disgrace. He intimated that leadership and political interference came to mind and the time had come for the Bank to be one of the best Banks in The Bahamas and the quality of leadership would determine whether this Bank went forward or backward. He stated that this was the people's bank and he would encourage the Government to stay out of the Bank and to place competent people in the Bank who knew banking and not their families or friends.

Mr. Michael Lightbourn stated that he felt more confident this year than in the previous AGMs and felt this Board was more competent. He suggested that the Chairman should place the presentation made to shareholders on the Bank's website.

Mr. Lightbourn asked about the Marlatte Report and if the Chairman had seen it.

The Chairman said he had not seen a Marlatte Report and his understanding was that there was no Marlatte report.

Mr. Lightbourn queried this as Marlatte had been paid \$1 million for this report.

The Chairman indicated that his understanding was that there was a Mr. Marlatte who had been retained as an advisor to the Bank. He intimated that he had asked for written reports of consultants and he had not received a Marlette Report and he was told that there was no Marlatte report. The Chairman, recalling from his review of last year's AGM minutes, noted that the previous chairman, Mr. Demeritte, was asked whether this report had been given to the Government and his response at the time was that he could "not speak to this".

Mr. Lightbourn reiterated that he knew that there was a Marlatte report but this may not have been presented to the Board as one of the Board members at the time indicated that they had never seen it.

The Chairman advised that he would follow up with the present Government to find out if there was a Marlatte report.

Dr. Rodgers injected that there was a Marlatte report which had been presented to the former Prime Minister.

The Chairman indicated that he would inquire about the report and perhaps they would let him see it. He cautioned that, even if there was a report, the response might be that the Marlatte report was meant for the Government and was confidential and he may not be allowed to see it or share it.

Mr. Lightbourn inquired about the PEP toxic loans and asked what was being done about them.

The Chairman stated that he could not comment on any PEP loan as customer information was private. However, he added that if the PEP's loan was delinquent he/she would be treated like any other customer.

Mr. Lightbourn asked if any of the previous directors had loans with the Bank.

The Chairman said that he had no firsthand knowledge of this.

The external auditor indicated that this information was in the annual report under the "related party" note.

Mr. Lightbourn asked what the Board's lending limit was. He also asked what limit branch managers had to grant loans.

The Chairman indicated that loans \$1 million and above went to the Board. He added that the Board would revamp the credit policies so that the Bank was more effective in the collection and loan granting processes.

Mr. Lightbourn noted that the Bank had opened a branch in Eleuthera where Scotia had moved out (intimating that the Bank would lose more money). He inquired about the Bank opening a branch in Bimini.

The Chairman confirmed that the Bank was opening a branch in Bimini. He stated that he had discussed with the Government that it could not operate branches at a loss (although there may be a social or national rationale for having a branch at these locations); therefore, they would have to come to some arrangement whereby the Bank would be compensated for opening branches in these islands.

| Mr. Lightbourn said that instead of subsidizing the Bank the Government could subsidize another Bank for a lesser amount.

| Mr. Lightbourn commented that he was very happy to have this new Board in place and felt some confidence in the air. He wished them well.

Dr. Rodgers asked about the Bank's relationship with its correspondent Banks. He said that the Canadian Banks and Commonwealth Bank had made the determination that they would not take in any deposits from the numbers houses. He asked what the Bank's position was on accepting monies from the numbers houses given the issues with correspondent banks and the issues that the Bank has had with correspondent banks in the past.

The Chairman said that his information relative to the correspondent Banks and the Bank's relationship with its U.S. correspondent Bank was that it was sound.

Mr. Wilfred Adderley congratulated Mr. Aranha on his new position as Chairman. He asked about the law that was passed to protect depositors' interest and the insurance that was in place.

The Chairman advised that the Deposit Insurance premium was required to be paid by the commercial Banks, and the deposit fund would protect a depositor's account(s) up to \$50,000.

Mr. Adderley referred to the \$166 million that the Government infused into the Bank and that it had taken over some bad loans.

The Chairman indicated that this transaction had not yet taken place.

Mr. Adderley noted that a new Government was in place and asked whether this transaction had to be honored.

The Chairman explained that this commitment by Government had come into place since their appointment to the Board and it was not a question of the new Government honoring a contract or agreement of the old

Government. He said that they were in the process of trying to consummate the deal on or before August 10, 2017.

Mr. Cash asked if the managing director had been confirmed in her role as managing director or was the position still an acting one.

The Chairman advised that the position was still an acting one.

Mr. Cash said that he had a report from November 2014 which stated that the Bank would be profitable within 12 months which was a statement made by the previous managing director. He commented that the Bank had a new Board but he was curious about the composition of the existing executive leadership team. He noted that the Bank had a Risk or Credit Risk Executive and a Business Development Executive among the executive team and he did not get how this would transform the organization.

The Chairman said that the Board would have addressed these matters by August 10 or thereabouts.

Mr. Cash said that he recalled mention of BOB suing or threatening to sue the Punch in 2014 in relation to some revelations that had appeared about bad loans and credit schemes and asked if the Bank had pursued legal action against the Punch.

The Chairman said he was not familiar with this and from the documents he had read he had not seen reference to the Bank being in litigation with the Punch. After consulting with the Acting Managing Director, he confirmed that the Bank did not file suit against the Punch.

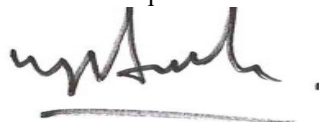
Dr. Rodgers asked if he knew what amount was in the Deposit Insurance. He stated that his knowledge was that there was not enough money to pay depositors if the Bank were to dissolve. He referred to the question about letting shareholders know about the politically exposed persons' bad debt. He said that there was a law on the books that allowed for that information to be made public if the national security of the country was compromised, if it could be shown that shareholders had lost because of these bad loans and if it had been shown that there was any criminal activity within the Bank. He stated that the World Bank had guidelines as it related to politically exposed persons and that they should be reviewed every three months and if there is any irregular activity it should be reported to the authorities. He asked if the Bank followed these guidelines.

The Chairman noted that the Central Bank's Guidelines were aligned with the various international regulatory bodies and the Bank sought to abide by the Central Bank's guidelines. He added that he did not want to respond to the World Bank's guidelines specifically in this regard.

The question, answer and discussion period then came to an end at 7:58 p.m.



Laura A. Williams
Secretary



Wayne J. Aranha
Chairman