

BANK OF THE BAHAMAS LIMITED
Unaudited Condensed Consolidated Interim Financial Statements
For the Period Ended September 30th, 2015

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30th, 2015 with comparative figures as at June 30, 2015

(Expressed in Bahamian Dollars)

	Note	September 30, 2015	June 30, 2015
ASSETS			
Cash and account with The Central Bank	7	\$ 65,568,527	\$ 47,466,356
Due from banks	7	38,463,886	37,429,012
Investment securities		31,586,842	31,547,284
Loans and advances to customers, net		560,792,135	569,410,985
Investment property		4,340,000	4,340,000
Other assets		11,195,759	10,853,990
Notes Receivable		100,000,000	100,000,000
Property and equipment		8,824,595	9,055,871
Intangible assets, net		913,879	1,049,403
TOTAL		\$ 821,685,623	\$ 811,152,901
LIABILITIES			
Deposits from customers and banks		\$ 706,500,397	\$ 697,382,511
Other liabilities		18,265,709	16,488,911
Deferred loan fees		6,453,188	6,495,342
Total liabilities		731,219,294	720,366,764
EQUITY			
Share capital		49,238,935	49,238,935
Share premium		54,004,621	54,004,621
Treasury shares		(1,318,224)	(1,318,224)
Reserves		4,875,153	4,835,596
Special Retained Earnings		54,622,532	54,622,532
Accumulated deficit		(70,956,688)	(70,597,323)
Total equity		90,466,329	90,786,137
TOTAL		\$ 821,685,623	\$ 811,152,901

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months ended September 30, 2015
with comparatives for the three months ended September 30, 2014
(Expressed in Bahamian Dollars)

	Three Months	
	2015	2014
Interest and similar income	\$ 10,848,123	\$ 10,534,175
Interest and similar expenses	3,873,941	4,274,522
Net Interest income	<u>6,974,182</u>	<u>6,259,653</u>
Fees and commission income	1,387,120	1,192,585
Fees and commission expense	231,720	306,258
Net fees and commission income	<u>1,155,400</u>	<u>886,327</u>
Other operating income	2,013,092	588,684
Total operating income	10,142,674	7,734,664
Credit loss expense, net	(2,554,538)	(3,712,697)
Net operating income	<u>7,588,136</u>	<u>4,021,967</u>
Operating expenses	7,947,501	8,219,921
Net loss	<u>\$ (359,365)</u>	<u>\$ (4,197,954)</u>
Other comprehensive income		
Net gain on available-for-sale financial assets	39,557	5,594
Total comprehensive loss for the period	<u>(319,808)</u>	<u>(4,192,360)</u>
EARNINGS PER SHARE CALCULATION:		
NET LOSS	\$ (359,365)	\$ (4,197,954)
PREFERENCE SHARE DIVIDEND	-	-
NET LOSS AVAILABLE TO		
COMMON SHAREHOLDERS	<u>\$ (359,365)</u>	<u>\$ (4,197,954)</u>
WEIGHTED AVERAGE NUMBER OF		
COMMON SHARES	<u>21,387,924</u>	<u>21,387,924</u>
LOSS PER SHARE	<u>\$ (0.02)</u>	<u>\$ (0.20)</u>

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended September 30, 2015
 with comparatives for the three months ended September 30, 2014
 (Expressed in Bahamian Dollars)

	Share Capital	Share Premium	Treasury Shares	Reserves	Accumulated Deficit	Special Retained Earnings	Total
Balance, June 30, 2014	\$ 52,638,935	\$ 54,004,621	\$ (1,318,224)	\$ 4,612,395	\$ (40,200,556)	\$ -	\$ 69,737,171
Net loss	-	-	-	-	(4,197,954)	-	(4,197,954)
Other comprehensive income	-	-	-	5,594	-	-	5,594
Balance at September 30, 2014	\$ 52,638,935	\$ 54,004,621	\$ (1,318,224)	\$ 4,617,989	\$ (44,398,510)	\$ -	\$ 65,544,811
Balance at June 30, 2015	\$ 49,238,935	\$ 54,004,621	\$ (1,318,224)	\$ 4,835,596	\$ (70,597,323)	\$ 54,622,532	\$ 90,786,137
Net loss	-	-	-	-	(359,365)	-	(359,365)
Other comprehensive income	-	-	-	39,557	-	-	39,557
Balance at September 30, 2015	\$ 49,238,935	\$ 54,004,621	\$ (1,318,224)	\$ 4,875,153	\$ (70,956,688)	\$ 54,622,532	\$ 90,466,329

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the three months ended September 30, 2015
with comparatives for the three months ended September 30, 2014
(Expressed in Bahamian Dollars)

	September 2015	September 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (359,365)	\$ (4,197,954)
Adjustments for:		
Depreciation and amortization	647,937	652,024
Net provision for loan losses	2,554,538	3,712,697
	<u>2,843,110</u>	<u>166,767</u>
Change in operating assets and liabilities	1,866,063	(4,836,578)
Decrease in loans and advances to customers, net	6,064,312	1,614,040
Increase in deposits from customers and banks	9,117,886	18,777,973
Net cash provided by operating activities	<u>19,891,371</u>	<u>15,722,202</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(281,136)	(214,039)
Acquisition of intangible assets	-	(12,466)
Proceeds from maturity of investment securities	-	2,770,000
Net cash (used in)/provided by investing activities	<u>(281,136)</u>	<u>2,543,495</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemption of preference shares	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	19,610,235	18,265,697
Cash and cash equivalents, beginning of year	58,436,878	26,928,676
Cash and cash equivalents, end of period	<u>\$ 78,047,113</u>	<u>\$ 45,194,373</u>

SUPPLEMENTAL INFORMATION:

Interest received	\$ 10,782,117	\$ 10,835,471
Interest paid	\$ 5,488,159	\$ 4,513,719

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

For the period ended September 30, 2015
(Expressed in Bahamian Dollars)

1. General Information

Bank of The Bahamas Limited (the “Bank”), trading as Bank of The Bahamas International, is incorporated under the laws of The Commonwealth of The Bahamas. The Bank is licensed under the provisions of the Bank and Trust Companies Regulations Act 2000. The Bank is also licensed as an authorized dealer pursuant to the Exchange Control Regulations Act. The Bank 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. The Government of The Commonwealth of The Bahamas (the “Government”) and The National Insurance Board own approximately 65% 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, Shirley and Charlotte Streets. The registered office is located at Sassoon House, Shirley Street, Victoria Avenue, Nassau, The Bahamas.

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, 2015 with the exception of those noted below. The annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) and under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and investment property that are required to be remeasured at estimated fair value.

3. Dividends per Share

Dividends are typically paid out of retained earnings. Due to the Bank’s negative retained earnings position, on July 10, 2015 the Government in its capacity as the major shareholder of the Bank agreed to deploy a part of its treasury deposits directly to the paying agent for disbursement to the preference shareholders as at June 30, 2015 in the amount of \$0.985 million. There is no obligation for the Bank to repay the amounts remitted. The Bank declared and paid preference shares dividends from retained earnings of \$Nil (2014: \$Nil) during the period.

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

For the period ended September 30, 2015
(Expressed in Bahamian Dollars)

4. Provision for Loan Losses

	September 30, 2015	September 30, 2014
At beginning of year	\$ 72,441,789	\$ 96,095,481
Amount written-off	(62,629)	(495,175)
Net recoveries	58,292	78,519
Provision charged to expense	2,496,246	3,634,178
Provision at the end of period	<u>\$ 74,933,698</u>	<u>\$ 99,313,003</u>

5. Commitments and Contingencies

Various legal proceedings are pending that challenge certain actions of the Bank. Most of these proceedings are loan-related and are reactions to steps taken by the Bank to collect delinquent loans and enforce its rights against collateral securing such loans. Management considers that the aggregate liability resulting from these proceedings will not be material.

The commitment for loans at September 30, 2015 was \$2,298,195 (2014: \$5,213,759).

6. Regulatory Capital

Regulatory capital consists of Tier 1 capital, which comprises share capital, reserves less goodwill, special retained earnings and retained earnings/(accumulated deficit) including current year's financial results. The other component of regulatory capital is Tier 2 capital, which comprises long term debt, revaluation reserves on available-for-sale securities and general provisions.

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

For the period ended September 30, 2015
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6. Regulatory Capital (Continued)

The Central Bank of The Bahamas regulations requires that the Bank maintains Total Tier 1 Capital and Total Capital of Total Risk Weighted Assets ratios equal to or greater than 12.80% and 17.00% respectively. The Bank's risk adjusted tier 1 capital ratio and risk adjusted capital ratio as at September 30, 2015 was 11.36% (2014: 4.37%) and 18.20% (2014: 10.54%) respectively.

(in \$'000s)	September 30, 2015	September 30, 2014
Tier 1 capital	\$ 57,976	\$ 28,836
Tier 2 capital	34,867	40,680
Total capital	<u>\$ 92,843</u>	<u>\$ 69,516</u>
Total qualifying assets	<u>\$ 896,619</u>	<u>\$ 883,911</u>
Risk weighted assets	<u>\$ 510,158</u>	<u>\$ 659,382</u>
Tier 1 capital ratio	6.47%	3.26%
Total capital ratio	10.35%	7.86%
<u>Ratios</u>		
CET1 must be at least 9.60% of total Risk Weighted Assets	11.36%	4.54%
Total Tier 1 Capital must be at least 12.80% of Total Risk Weighted Assets	11.36%	4.37%
Total Capital must be at least 17% of Total Risk Weighted Assets	18.20%	10.54%
CET1 must be at least 75% of Total Tier 1 Capital	100.00%	103.73%
Total Tier 1 Capital must be a minimum of 75% of Total Capital	62.45%	41.48%

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(Expressed in Bahamian Dollars)

7. Cash and Cash Equivalents

	September 30, 2015	September 30, 2014
Cash	\$ 11,900,165	\$ 9,628,542
Deposits with the Central Bank- non-interest bearing	53,668,362	31,185,184
Due from Banks	38,463,886	29,755,187
Cash and due from Banks	<u>104,032,413</u>	<u>70,568,913</u>
Less: Mandatory reserve deposits with the Central Bank	<u>(25,985,300)</u>	<u>(25,374,540)</u>
Total cash and cash equivalents	<u><u>\$ 78,047,113</u></u>	<u><u>\$ 45,194,373</u></u>

As at September 30, 2015 the Bank's statutory reserve deposits with The Central Bank of The Bahamas were above Central Bank's regulatory requirements.