



FINANCIAL PERFORMANCE FOR THE QUARTER ENDED SEPTEMBER 30, 2011

In the midst of significant economic and financial challenges the Bank remains strong and continues to create long term value for its stakeholders.

Weak macro-economic trends persists and contribute to an overall anemic economy while prospects for a near term recovery remain fragile. Consequently, loan delinquencies remain high and continue to exert pressure on improving financial conditions while the demand for new credit remains weak. Despite these on-going challenges, intensified competition and systemic weaknesses in the sector, the Bank continues to seek positive lending and investment opportunities. Additionally, there is consistent and ongoing assessment of long term strategic alternatives geared towards enhancing stakeholder value.

Notwithstanding the aforementioned negative influences the Bank's net income settled at \$1.089 million for the quarter compared to \$1.107 million in the prior year. While the results are slightly lower than last year's experience the Bank is encouraged by this performance given that it immediately passed on the reduction in the prime lending rate to respective customers causing a significant reduction in interest revenue.

Moreover, we are pleased to report slight growth in overall net operating income due to decreases in certain critical expenses and the net credit loss expense. On a comparative basis, overall operating expenses increased approximately 7.4%. However, this was well within expectations and forecasts and is reflective of the continued expansion in the Bank's customer oriented offerings.

In light of the constraints faced throughout the present market, the Bank remains committed to the long term strengthening of its Balance Sheet. Within this context, risk rated capital ratio stood at 21.4%, well ahead of regulatory requirements. Total assets stood at \$825 million and deposits from customers and banks stood at approximately \$651 million.

Management will continue to aggressively respond to the current economic trends which are anticipated to continue in the medium term, offering solutions to help customers through this difficult period. Concurrently, the Bank will continue its focus on introducing new business solutions aimed at enhancing customer service convenience and efficiency such as with the introduction of "BOB Express" one of the fastest ABMs available equipped with image-capturing software, a first in The Bahamas, multi-lingual and handicap friendly features. This along with other new and exciting product solutions will better position the Bank and its customers for the overall economic recovery.

Again, we continue to say a special thank you to all and recognize the unselfishness and undiminishing hard work of our committed BOB Team of employees, senior management, directors, shareholders and most importantly our individual and institutional customers.

Paul J. I. McWeeney
Managing Director

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL CONDITION

As at September 30, 2011 with comparative figures as at June 30, 2011

(Expressed in Bahamian Dollars)

	September 30, 2011	June 30, 2011
ASSETS		
Cash and account with The Central Bank	45,106,798	\$ 46,009,883
Due from banks	37,869,874	40,638,307
Investment securities	51,862,182	48,868,456
Loans and advances to customers, net	671,517,545	669,164,555
Investment property	3,882,873	3,882,873
Other assets	3,842,937	4,320,511
Property and equipment	7,260,392	6,884,863
Intangible assets, net	3,936,108	4,045,361
TOTAL	825,278,709	\$ 823,814,809
LIABILITIES		
Deposits from customers and banks	\$ 651,315,532	\$ 649,390,752
Other borrowed funds	37,000,000	37,000,000
Other liabilities	14,316,434	14,667,369
Deferred loan fees	5,459,268	5,387,213
Total liabilities	708,091,234	706,445,334
EQUITY		
Share capital	50,015,990	50,015,990
Share premium	28,587,866	28,587,866
Treasury shares	(508,472)	(473,822)
Reserves	4,112,093	4,117,767
Retained earnings	34,979,998	35,121,674
Total equity	117,187,475	117,369,475
TOTAL	\$ 825,278,709	\$ 823,814,809

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months ended September 30, 2011
with comparatives for the three months ended September 30, 2010
(Expressed in Bahamian Dollars)

	Three Months	
	2011	2010
Interest and similar income	\$ 14,507,181	\$ 14,831,375
Interest and similar expenses	6,438,429	7,070,291
Net Interest income	<u>8,068,753</u>	<u>7,761,084</u>
Fees and commission income	704,405	1,025,403
Fees and commission expense	90,880	122,319
Net fees and commission income	<u>613,525</u>	<u>903,084</u>
Other operating income	625,163	642,037
Total operating income	9,307,440	9,306,205
Credit loss expense, net	1,055,326	1,532,067
Net operating Income	<u>8,252,114</u>	<u>7,774,138</u>
Operating expenses	7,162,541	6,666,568
Net Income	<u>\$ 1,089,573</u>	<u>\$ 1,107,570</u>
Other comprehensive income		
Net (loss)/gain on available-for-sale financial assets	(5,674)	14,736
Total comprehensive income for the period	<u>\$ 1,083,899</u>	<u>\$ 1,122,306</u>
EARNINGS PER SHARE CALCULATION:		
NET INCOME	\$ 1,089,573	\$ 1,107,570
PREFERENCE SHARE DIVIDEND	(1,231,249)	-
NET INCOME AVAILABLE TO		
COMMON SHAREHOLDERS	<u>\$ (141,676)</u>	<u>\$ 1,107,570</u>
WEIGHTED AVERAGE NUMBER OF		
COMMON SHARES	<u>15,519,891</u>	<u>15,596,145</u>
EARNINGS PER SHARE	<u>\$ (0.01)</u>	<u>\$ 0.07</u>

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended September 30, 2011
with comparatives for the three months ended September 30, 2010
(Expressed in Bahamian Dollars)

	Share Capital	Share Premium	Treasury Shares	Reserves	Retained Earnings	Total
Balance at July 1, 2010	\$ 50,015,990	\$ 28,587,866	\$ (30,244)	\$ 4,057,051	\$ 33,798,404	\$ 116,429,067
Net income	-	-	-	-	1,107,570	1,107,570
Other comprehensive income	-	-	-	14,736	-	14,736
Balance at September 30, 2010	\$ 50,015,990	\$ 28,587,866	\$ (30,244)	\$ 4,071,787	\$ 34,905,974	\$ 117,551,373
Balance at July 1, 2011	\$ 50,015,990	\$ 28,587,866	\$ (473,822)	\$ 4,117,767	\$ 35,121,674	\$ 117,369,475
Net income	-	-	-	-	1,089,573	1,089,573
Purchase of treasury shares	-	-	(34,650)	-	-	(34,650)
Other comprehensive income	-	-	-	(5,674)	-	(5,674)
Dividends on preference shares	-	-	-	-	(1,231,249)	(1,231,249)
Balance at September 30, 2011	\$ 50,015,990	\$ 28,587,866	\$ (508,472)	\$ 4,112,093	\$ 34,979,998	\$ 117,187,475

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the three months ended September 30, 2011
with comparatives for the three months September 30, 2010
(Expressed in Bahamian Dollars)

	September 30, 2011	September 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,089,573	\$ 1,107,570
Adjustments for:		
Depreciation and amortization	410,413	379,178
Net provision for loan losses	1,055,326	1,426,783
	<u>2,555,312</u>	<u>2,913,531</u>
Change in operating assets and liabilities	(76,071)	(4,489,735)
Increase in loans and advances to customers, net	(3,408,317)	(16,348,215)
Increase in deposits from customers and banks	1,924,780	16,823,202
Net cash provided by/(used in) operating activities	<u>995,704</u>	<u>(1,101,217)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	\$ (625,945)	\$ (197,857)
Acquisition of intangible assets	(50,744)	(10,756)
Purchase of investment securities	(2,999,400)	-
Net cash used in investing activities	<u>(3,676,089)</u>	<u>(208,613)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends on preference shares	\$ (1,231,249)	\$ -
Increase in interest payable on bonds	531,206	601,150
Purchase of treasury shares	(34,650)	-
Net cash (used in)/provided by financing activities	<u>(734,693)</u>	<u>601,150</u>
Net decrease in cash and cash equivalents	(3,415,078)	(708,680)
Cash and cash equivalents, beginning of year	62,334,520	57,895,699
Cash and cash equivalents, end of period	<u><u>\$ 58,919,442</u></u>	<u><u>\$ 57,187,019</u></u>

SUPPLEMENTAL INFORMATION:

Interest received	\$ 13,898,429	\$ 15,544,298
Interest paid	\$ 6,249,223	\$ 6,177,574

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

For the period ended September 30, 2011
(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 a 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 and The National Insurance Board own 51% of the issued shares. The remaining shares are owned by approximately 4,000 Bahamian shareholders. The Banks 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, 2011 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

The Bank declared and paid preference shares dividends of \$1,231,249 during the current period.

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

For the period ended September 30, 2011
(Expressed in Bahamian Dollars)

4. Provision for Loan Losses

	September 30, 2011	September 30, 2010
At beginning of year	\$ 18,422,242	\$ 12,327,511
Amount written-off	(275,162)	(2,097,911)
Net recoveries	(93,987)	38,962
Provision charged to expense	1,149,313	1,493,105
Provision at the end of period	<u>\$ 19,202,406</u>	<u>\$ 11,761,667</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, 2011 was \$8,886,735 (2010: \$17,045,255).

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

For the period ended September 30, 2011
(Expressed in Bahamian Dollars)

6. Regulatory Capital

Regulatory capital consists of Tier 1 capital, which comprises share capital, less goodwill and retained earnings including current year profit. The other component of regulatory capital is Tier 2 capital, which comprises revaluation reserves on available-for-sale securities and general reserves.

The Central Bank of The Bahamas regulations requires that the Bank maintains total capital and risk adjusted capital to asset ratio equal to or greater than 14% and 17% respectively. The Bank's total capital and risk adjusted capital ratio at September 30, 2011 was 16.02% (2010: 15.99%) and 23.01% (2010: 23.88%) respectively.

(in \$'000s)	September 30, 2011	September 30, 2010
Tier 1 capital	\$ 118,729	\$ 118,462
Tier 2 capital	135,314	128,237
Total capital	<u>\$ 254,042</u>	<u>\$ 246,699</u>
Total qualifying assets	<u>\$ 844,481</u>	<u>\$ 801,738</u>
Risk weighted assets	<u>\$ 555,854</u>	<u>\$ 518,824</u>
Tier 1 capital ratio	14.06%	14.78%
Total capital ratio	16.02%	15.99%
Risk adjusted tier 1 capital ratio	21.36%	22.83%
Risk adjusted total capital ratio	23.01%	23.88%

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

For the period ended September 30, 2011
(Expressed in Bahamian Dollars)

7. Cash and Cash Equivalents

	September 30, 2011	September 30, 2010
Cash	\$ 7,730,675	\$ 7,378,084
Deposits with the Central Bank- non-interest bearing	37,376,123	34,954,032
Due from Banks	37,869,874	37,539,028
Cash and due from Banks	<u>82,976,672</u>	<u>79,871,144</u>
Less: Mandatory reserve deposits with the Central Bank	<u>(24,057,230)</u>	<u>(22,684,125)</u>
Total cash and cash equivalents	<u>\$ 58,919,442</u>	<u>\$ 57,187,019</u>

8. Comparatives

Certain corresponding figures have been reclassified to conform to the financial statement presentation adopted in the current year.