

**BANK OF THE BAHAMAS LIMITED**  
**Unaudited Condensed Consolidated Interim Financial Statements**  
**For the Period Ended September 30, 2013**

# BANK OF THE BAHAMAS LIMITED

## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2013 with comparative figures as at June 30, 2013

(Expressed in Bahamian Dollars)

	September 30, 2013	June 30, 2013
<b>ASSETS</b>		
Cash and account with The Central Bank	\$ 68,305,561	\$ 47,762,093
Due from banks	19,539,317	25,573,666
Investment securities	65,012,683	60,780,439
Loans and advances to customers, net	733,721,347	735,088,784
Investment property	3,882,873	3,882,873
Other assets	2,433,252	3,165,142
Property and equipment	10,360,953	10,683,370
Intangible assets, net	2,922,908	3,120,016
<b>TOTAL</b>	<b>\$ 906,178,894</b>	<b>\$ 890,056,383</b>
<b>LIABILITIES</b>		
Deposits from customers and banks	\$ 747,893,763	\$ 723,241,226
Other borrowed funds	-	5,000,000
Other liabilities	12,086,840	12,088,778
Deferred loan fees	7,349,677	7,543,798
<b>Total liabilities</b>	<b>767,330,280</b>	<b>747,873,802</b>
<b>EQUITY</b>		
Share capital	56,038,935	56,038,935
Share premium	54,004,621	54,004,621
Treasury shares	(1,111,485)	(930,809)
Reserves	4,530,994	4,508,851
Retained earnings	25,385,549	28,560,983
<b>Total equity</b>	<b>138,848,614</b>	<b>142,182,581</b>
<b>TOTAL</b>	<b>\$ 906,178,894</b>	<b>\$ 890,056,383</b>

# BANK OF THE BAHAMAS LIMITED

## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months ended September 30, 2013  
with comparatives for the three months ended September 30, 2012  
(Expressed in Bahamian Dollars)

	Three months	
	2013	2012
Interest and similar income	\$ 15,637,222	\$ 16,160,579
Interest and similar expenses	5,136,496	5,548,736
Net Interest income	<u>10,500,726</u>	<u>10,611,843</u>
Fees and commission income	1,042,920	946,390
Fees and commission expense	107,833	106,131
Net fees and commission income	<u>935,087</u>	<u>840,259</u>
Other operating income	657,561	675,212
Total operating income	12,093,374	12,127,314
Credit loss expense, net	(6,226,436)	(2,418,015)
Net operating Income	<u>5,866,938</u>	<u>9,709,299</u>
Operating expenses	7,811,122	7,648,889
Net (loss)/income	<u>\$ (1,944,184)</u>	<u>\$ 2,060,410</u>
<b>Other comprehensive income</b>		
Net gain on available-for-sale financial assets	22,143	41,803
Total comprehensive (loss)/income for the period	<u>\$ (1,922,041)</u>	<u>\$ 2,102,213</u>
<b>EARNINGS PER SHARE CALCULATION:</b>		
NET (LOSS)/INCOME	\$ (1,944,184)	\$ 2,060,410
PREFERENCE SHARE DIVIDEND	<u>(1,231,250)</u>	<u>(1,231,250)</u>
NET (LOSS)/ INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ (3,175,434)</u>	<u>\$ 829,160</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	<u>15,421,311</u>	<u>15,519,891</u>
(LOSS)/EARNINGS PER SHARE	<u>\$ (0.21)</u>	<u>\$ 0.05</u>

# BANK OF THE BAHAMAS LIMITED

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended September 30, 2013

with comparatives for the three months ended September 30, 2012

(Expressed in Bahamian Dollars)

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Treasury Shares</u>	<u>Reserves</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>Balance, June 30, 2012</b>	50,015,990	28,587,866	(531,768)	4,266,896	34,778,308	117,117,292
Net income	-	-	-	-	2,060,410	2,060,410
Purchase of treasury shares	-	-	(69,972)	-	-	(69,972)
Other comprehensive income	-	-	-	41,803	-	41,803
Dividends on preference shares	-	-	-	-	(1,231,250)	(1,231,250)
<b>Balance at September 30, 2012</b>	<b>\$ 50,015,990</b>	<b>\$ 28,587,866</b>	<b>\$ (601,740)</b>	<b>\$ 4,308,699</b>	<b>\$ 35,607,468</b>	<b>\$ 117,918,283</b>
Balance at June 30, 2013	\$ 56,038,935	\$ 54,004,621	\$ (930,809)	\$ 4,508,851	\$ 28,560,983	\$ 142,182,581
Net loss	-	-	-	-	(1,944,184)	(1,944,184)
Purchase of treasury shares	-	-	(180,676)	-	-	(180,676)
Other comprehensive income	-	-	-	22,143	-	22,143
Dividends on preference shares	-	-	-	-	(1,231,250)	(1,231,250)
<b>Balance at September 30, 2013</b>	<b>\$ 56,038,935</b>	<b>\$ 54,004,621</b>	<b>\$ (1,111,485)</b>	<b>\$ 4,530,994</b>	<b>\$ 25,385,549</b>	<b>\$ 138,848,614</b>

# BANK OF THE BAHAMAS LIMITED

## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the three months ended September 30, 2013  
with comparatives for the three months September 30, 2012  
(Expressed in Bahamian Dollars)

	September 30, 2013	September 30, 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss)/income	\$ (1,944,184)	\$ 2,060,410
Adjustments for:		
Depreciation and amortization	759,153	580,025
Net provision for loan losses	6,226,436	2,418,015
	<u>5,041,405</u>	<u>5,058,450</u>
Change in operating assets and liabilities	(5,030,218)	(21,250,630)
Increase in loans and advances to customers, net	(4,858,999)	(24,971,774)
Increase in deposits from customers and banks	24,652,537	7,261,078
Net cash provided by/(used in) operating activities	<u>19,804,725</u>	<u>(33,902,876)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	\$ (239,628)	\$ (1,376,395)
Purchase of investment securities	(4,210,100)	(10,000,000)
Proceeds from maturity of investment securities	-	4,000,000
Net cash used in investing activities	<u>(4,449,728)</u>	<u>(7,376,395)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Dividends on preference shares	\$ (1,231,250)	\$ (1,231,250)
Increase in interest payable on bonds	-	374,551
Purchase of treasury shares	(180,676)	(69,972)
Net cash used in financing activities	<u>(1,411,926)</u>	<u>(926,671)</u>
Net increase/(decrease) in cash and cash equivalents	13,943,071	(42,205,942)
Cash and cash equivalents, beginning of year	45,662,497	66,169,279
<b>Cash and cash equivalents, end of period</b>	<u><b>\$ 59,605,568</b></u>	<u><b>\$ 23,963,337</b></u>

### SUPPLEMENTAL INFORMATION:

Interest received	\$ 20,341,256	\$ 14,824,046
Interest paid	\$ 5,840,761	\$ 6,016,995
Dividends paid	\$ 1,231,250	\$ 1,231,250

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

For the period ended September 30, 2013  
(Expressed in Bahamian Dollars)

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**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 approximately 65% of the issued shares. The remaining shares are owned by approximately 4,000 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, 2013 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 \$1,231,250 during the current period.

**BANK OF THE BAHAMAS LIMITED**  
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**Statements**

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**4. Provision for Loan Losses**

	September 30, 2013	September 30, 2012
At beginning of year	\$ 30,138,432	\$ 26,117,805
Amount written-off	(409,636)	(137,446)
Net recoveries	3,640	(86,356)
Provision charged to expense	6,222,796	2,504,371
<b>Provision at the end of period</b>	<b><u>\$ 35,955,232</u></b>	<b><u>\$ 28,398,374</u></b>

**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, 2013 was \$7,116,151 (2012: \$10,195,055).

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**6. Regulatory Capital**

Regulatory capital consists of Tier 1 capital, which comprises share capital, less goodwill and retained earnings including current year profit or loss. 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, 2013 was 15.74% (2012: 14.18%) and 23.49% (2012: 21.14%) respectively.

(in \$'000s)	September 30, 2013	September 30, 2012
Tier 1 capital	\$ 98,887	\$ 78,117
Tier 2 capital	43,914	41,937
Total capital	<u>\$ 142,801</u>	<u>\$ 120,054</u>
Total qualifying assets	<u>\$ 907,255</u>	<u>\$ 846,414</u>
Risk weighted assets	<u>\$ 607,912</u>	<u>\$ 567,895</u>
Tier 1 capital ratio	10.90%	9.23%
Total capital ratio	15.74%	14.18%
Risk adjusted tier 1 capital ratio	16.27%	13.76%
Risk adjusted total capital ratio	23.49%	21.14%



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**7. Cash and Cash Equivalents**

	September 30, 2013	September 30, 2012
Cash	\$ 9,776,807	\$ 8,247,644
Deposits with the Central Bank- non-interest bearing	58,528,754	19,671,866
Due from Banks	19,539,317	21,649,617
Cash and due from Banks	<u>87,844,878</u>	<u>49,569,127</u>
Less: Mandatory reserve deposits with the Central Bank	(28,239,310)	(25,605,790)
<b>Total cash and cash equivalents</b>	<b><u>\$ 59,605,568</u></b>	<b><u>\$ 23,963,337</u></b>