



FINANCIAL PERFORMANCE FOR THE PERIOD ENDED MARCH 31, 2012.

The Bank's general financial position remains firm. This is evidenced by Total Assets of B\$848 million undergirded by Total Equity of B\$117 million with year to date Net Income settling at \$2.8 million. The risk weighted capital ratio stands at a healthy 22.3%, well above regulatory requirements.

Although the reduction in Nassau Prime rate significantly reduced top line interest income, sound asset and liability management enabled the Bank to improve Total Operating Income, which year to date, amounted to B\$31.2 million. Operating expenses, which totaled \$21.9 million over the same period, are well within budget expectations.

However, anemic economic realities cannot be overlooked. Consequently, the Bank has taken the conservative but prudent measure to once again set aside net operating profits to bolster its provisions for loan losses. In this regard, the Bank took the bold step and provisioned an additional amount of B\$4.4 million of loan loss reserves so as to improve internal insulation against any unrecognized risks and potential future economic shocks. As a result, the Bank experienced a net loss of B\$389 thousand for the quarter while year to date Net Income remains at a reasonable level of B\$2.8 million.

While additional loan loss provisions are expected for the remainder of the fiscal year it is anticipated that profits will advance during the final quarter of the fiscal year. However, by that time the Bank will have substantially completed its strategy, being deliberately designed to recalibrate its financial structure to better operate within the "new norm" of the general economic arena. Therefore, barring any unforeseen events, the Bank anticipates that commencing fiscal year 2013 Net Income levels will improve over the medium term to pre-recession levels and beyond.

The Bank is particularly encouraged from the new initiatives taking place in area of merchant services and e-commerce which is gaining significant traction and has the potential to become an almost immediate major revenue driver.

Again, we thank our directors, shareholders, management and our team of professionals for their undiminished support.



Paul J. I McWeeney
Managing Director

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL CONDITION

As at March 31, 2012 with comparative figures as at June 30, 2011

(Expressed in Bahamian Dollars)

	March 31, 2012	June 30, 2011
ASSETS		
Cash and account with The Central Bank	\$ 47,205,507	\$ 46,009,883
Due from banks	37,757,072	40,638,307
Investment securities	59,155,121	48,868,456
Loans and advances to customers, net	684,973,583	669,164,555
Investment property	3,882,873	3,882,873
Other assets	3,288,069	4,320,511
Property and equipment	7,875,710	6,884,863
Intangible assets, net	3,802,970	4,045,361
TOTAL	847,940,905	\$ 823,814,809
LIABILITIES		
Deposits from customers and banks	\$ 674,721,966	\$ 649,390,752
Other borrowed funds	37,000,000	37,000,000
Other liabilities	13,820,172	14,667,369
Deferred loan fees	5,489,583	5,387,213
Total liabilities	731,031,721	706,445,334
EQUITY		
Share capital	50,015,990	50,015,990
Share premium	28,587,866	28,587,866
Treasury shares	(531,767)	(473,822)
Reserves	4,247,432	4,117,767
Retained earnings	34,589,663	35,121,674
Total equity	116,909,184	117,369,475
TOTAL	\$ 847,940,905	\$ 823,814,809

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three and nine months ended March 31, 2012
with comparatives for the three and nine months ended March 31, 2011
(Expressed in Bahamian Dollars)

	Three Months		Nine Months	
	2012	2011	2012	2011
Interest and similar income	\$ 15,561,332	15,889,420	\$ 45,438,230	\$ 46,726,487
Interest and similar expenses	5,999,048	6,900,367	18,622,033	20,567,320
Net Interest income	<u>9,562,284</u>	<u>8,989,053</u>	<u>26,816,197</u>	<u>26,159,167</u>
Fees and commission income	945,585	968,102	2,568,423	3,047,471
Fees and commission expense	114,797	163,542	292,844	340,921
Net fees and commission income	<u>830,788</u>	<u>804,560</u>	<u>2,275,579</u>	<u>2,706,550</u>
Other operating income	686,770	510,390	2,144,189	2,103,076
Total operating income	11,079,842	10,304,003	31,235,965	30,968,793
Credit loss expense, net	4,425,217	2,487,822	6,640,533	5,658,038
Net operating Income	<u>6,654,625</u>	<u>7,816,181</u>	<u>24,595,432</u>	<u>25,310,755</u>
Operating expenses	7,043,884	6,373,998	21,889,275	20,575,010
Net Income	<u>\$ (389,259)</u>	<u>1,442,182</u>	<u>\$ 2,706,157</u>	<u>\$ 4,735,745</u>
Other comprehensive income				
Net gain/(loss) on available-for-sale financial assets	62,725	14,145	129,665	11,781
Total comprehensive income for the period	<u>(326,534)</u>	<u>1,456,327</u>	<u>\$ 2,835,822</u>	<u>\$ 4,747,526</u>
EARNINGS PER SHARE CALCULATION:				
NET INCOME	\$ (389,259)	\$ 1,442,182	\$ 2,706,157	\$ 4,735,745
PREFERENCE SHARE DIVIDEND	-	(1,362,500)	(2,462,498)	(1,362,500)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ (389,259)</u>	<u>\$ 79,682</u>	<u>\$ 243,659</u>	<u>\$ 3,373,245</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	<u>15,513,414</u>	<u>15,596,145</u>	<u>15,516,642</u>	<u>15,596,145</u>
EARNINGS PER SHARE	<u>\$ (0.03)</u>	<u>\$ 0.01</u>	<u>\$ 0.02</u>	<u>\$ 0.22</u>

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended March 31, 2012

with comparatives for the nine months ended March 31, 2011

(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	-	-	-	-	4,735,744	4,735,744
Purchase of treasury shares	-	-	(175,869)	-	-	(175,869)
Other comprehensive income	-	-	-	11,781	-	11,781
Dividends on preference shares	-	-	-	-	(1,362,500)	(1,362,500)
Dividends on ordinary shares	-	-	-	-	(1,559,615)	(1,559,615)
Balance at March 31, 2011	\$ 50,015,990	\$ 28,587,866	\$ (206,113)	\$ 4,068,832	\$ 35,612,033	\$ 118,078,608
Balance at July 1, 2011	\$ 50,015,990	\$ 28,587,866	\$ (473,822)	\$ 4,117,767	\$ 35,121,674	\$ 117,369,475
Net income	-	-	-	-	2,706,157	2,706,157
Purchase of treasury shares	-	-	(57,945)	-	-	(57,945)
Other comprehensive income	-	-	-	129,665	-	129,665
Dividends on preference shares	-	-	-	-	(2,462,498)	(2,462,498)
Dividends on ordinary shares	-	-	-	-	(775,670)	(775,670)
Balance at March 31, 2012	\$ 50,015,990	\$ 28,587,866	\$ (531,767)	\$ 4,247,432	\$ 34,589,663	\$ 116,909,184

BANK OF THE BAHAMAS LIMITED

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the nine months ended March 31, 2012
with comparatives for the nine months ended March 31, 2011
(Expressed in Bahamian Dollars)

	March 31, 2012	March 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 2,706,157	\$ 4,735,745
Adjustments for:		
Depreciation and amortization	1,354,086	1,106,207
Gain on disposal of fixed assets	(324)	-
Net provision for loan losses	6,640,533	5,658,038
	<u>10,700,452</u>	<u>11,499,990</u>
Change in operating assets and liabilities	(741,483)	(2,808,264)
Increase in loans and advances to customers, net	(22,449,561)	(43,970,271)
Increase in deposits from customers and banks	25,331,215	46,343,553
Net cash provided by operating activities	<u>12,840,623</u>	<u>11,065,008</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	\$ (1,833,266)	\$ (2,043,840)
Acquisition of intangible assets	(269,632)	(28,677)
Purchase of investment securities	(10,157,000)	(1,777,100)
Proceeds from disposal of property and equipment	680	-
Proceeds from maturity of investment securities	-	683,500
Net cash used in investing activities	<u>(12,259,218)</u>	<u>(3,166,117)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends on preference shares	\$ (2,462,498)	\$ (1,362,500)
Dividends paid on common stock	(775,670)	(1,559,616)
Increase in interest payable on bonds	533,418	597,178
Purchase of treasury shares	(57,945)	(175,869)
Net cash used in financing activities	<u>(2,762,695)</u>	<u>(2,500,807)</u>
Net (decrease)/increase in cash and cash equivalents	(2,181,290)	5,398,084
Cash and cash equivalents, beginning of year	62,334,520	57,895,699
Cash and cash equivalents, end of period	<u><u>\$ 60,153,230</u></u>	<u><u>\$ 63,293,783</u></u>

SUPPLEMENTAL INFORMATION:

Interest received	\$ 42,640,023	\$ 46,437,842
Interest paid	\$ 18,795,162	\$ 20,037,122
Dividends paid on preference shares	\$ 2,462,498	\$ 1,362,500

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

For the period ended March 31, 2012
(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 Cloughton 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 dividends of \$2,462,498 and \$775,670 respectively to preference and ordinary shareholders during the current fiscal period.

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

For the period ended March 31, 2012
(Expressed in Bahamian Dollars)

4. Provision for Loan Losses

	March 31, 2012	March 31, 2011
At beginning of year	18,422,244	12,327,511
Amount written-off	(1,975,211)	(2,797,114)
Net recoveries	(70,843)	39,043
Provision charged to expense	6,711,376	5,618,995
Provision at the end of period	<u>\$ 23,087,566</u>	<u>\$ 15,188,435</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 March 31, 2012 was \$10,050,548 (2011: \$11,940,238).

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

For the period ended March 31, 2012
(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 preference shares, 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 March 31, 2012 was 15.93% (2011: 15.64%) and 22.60% (2011: 22.98%) respectively.

(in \$'000s)	March 31, 2012	March 31, 2011
Tier 1 capital	\$ 84,266	\$ 84,242
Tier 2 capital	138,920	131,484
Total capital	<u>\$ 223,186</u>	<u>\$ 215,726</u>
Total qualifying assets	<u>\$ 872,104</u>	<u>\$ 840,740</u>
Risk weighted assets	<u>\$ 575,005</u>	<u>\$ 547,644</u>
Tier 1 capital ratio	9.66%	10.02%
Total capital ratio	15.93%	15.64%
Risk adjusted tier 1 capital ratio	14.65%	15.38%
Risk adjusted total capital ratio	22.60%	22.98%

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

For the period ended March 31, 2012
(Expressed in Bahamian Dollars)

7. Cash and Cash Equivalents

	March 31, 2012	March 31, 2011
Cash	8,242,888	\$ 8,693,960
Deposits with the Central Bank- non-interest bearing	38,962,620	37,229,073
Due from Banks	<u>37,757,072</u>	<u>40,614,451</u>
Cash and due from Banks	84,962,580	86,537,484
Less: Mandatory reserve deposits with the Central Bank	<u>(24,809,350)</u>	<u>(23,243,700)</u>
Total cash and cash equivalents	<u>\$ 60,153,230</u>	<u>\$ 63,293,784</u>

8. Comparatives

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