BANK OF THE BAHAMAS LIMITED

FINANCIAL PERFORMANCE FOR THE QUARTER ENDED SEPTEMBER 30, 2013.

The overall weakness of the economy, coupled with an anemic outlook, continues to negatively influence financial results as a consequence of having to make additional specific and general loan loss provisions aimed at insulating the balance sheet against the realization of risks.

Total operating income for the quarter of $12.1 million remained consistent with amounts reported in the prior year and despite growth in our deposit base, we were able to reduce interest expense for the period by 7.4%. The reduction in interest expense is primarily attributed to the early retirement of the Bank's other borrowed funds obligation of $27.5 million. Whereas net provisions grew by $3.8 million over prior year, the Bank was able to contain the growth in operating expenses to 2.12% for the period.

It is important to note that contained within provision expense is a credit portfolio assessment in the amount of $1.6 million which is attributable to the weak short term outlook. Without this, the net loss would have been reduced to $300 thousand. However, the bank remains optimistic that over the medium term the economy will improve, therefore, enabling it to claw back such provisions into income.

Although the overall results are adversely affected by the current economic environment, the Bank continues to maintain a strong balance sheet with total assets of approximately $906 million as of September 30, 2013. The capital adequacy ratios remain robust and the total risk adjusted capital ratio ended at 23.49%, well above the Central Bank's required guidelines.

Sustainable growth remains a primary focus for the Bank and despite the challenged economic environment, our outlook is positive for the medium to long term.

We thank our BOB team of employees, senior management, directors, shareholders and most importantly our individual and institutional customers for their continued support.

Paul J. I. McWeeney
Managing Director