



FINANCIAL PERFORMANCE FOR THE QUARTER ENDED DECEMBER 31, 2014

The transaction with Bahamas Resolve Limited where the Bank sold \$100 million in non-performing loans and advances including accrued interest completed during the currency of the quarter ended December 31, 2014. As a result of the sale, the Bank recognized \$100 million in unsecured promissory notes issued by government owned and controlled Bahamas Resolve Limited. The assets sold provided some relief for the Bank's balance sheet and substantially regulated the prior breaches in the Bank's regulatory capital ratios, however, the Bank's overall financial results as at December 31, 2014 still reflect the continued challenges with systematically high loan delinquencies and reduced values on collateral holdings characteristic of the current economic environment. As a consequence, the Bank recognized loan loss provisions of \$5.1 million during the quarter and \$8.8 million year to date; therefore, resulting in a net loss of \$5.7 million for the quarter and \$9.9 million for the period ended December 31, 2014.

Total operating income for the quarter and year to date decreased from prior year by approximately \$0.4 million or 4.3%, and \$4.7 million or 23.14% respectively, and is primarily owing to a net decrease in interest income and interest expense. The \$0.7 million and \$5.8 million respective reduction in interest income for the quarter and year to date is directly attributed to the challenges of increased non-performing loans plaguing the portfolio; while the \$0.5 million and \$1.3 million respective decrease in interest expense is due to an average lower deposit base year over year and reduced yields on our existing deposit obligations. The \$1.2 million or 7.9% overall increase in operating expenses year to date is primarily attributed to increased business license fees, and the Bank is pleased to have contained the growth in the other operating expenses lines during the period. Loan loss provisions of \$8.8 million for the period ended \$2.2 million or 19.75% lower than prior year to date.

The Bank continues to maintain a strong balance sheet with total assets of approximately \$832.3 million and the composite of loans and advances net, stood at \$597.3 million as at December 31, 2014. We are pleased to note that the Bank's primary capital adequacy ratios as at December 31, 2014 regularized as a result of the transaction with Bahamas Resolve Limited and the total risk adjusted capital ended at 20.18%, above the Central Bank's required guidelines.

Achieving operational efficiencies and sustainable growth remain primary focuses for the Bank and despite the challenged economic environment, our outlook is positive for the medium to long term. Increased value for each of our stakeholders is still a paramount commitment.

We thank our BOB team of employees, senior management, directors, shareholders and most importantly our individual and institutional customers who have remained loyal in their continued support of the Bank.

Paul J. I. McWeeney
Managing Director