FINANCIAL PERFORMANCE FOR THE QUARTER ENDED MARCH 31, 2014

The Bank's third quarter financial performance is again reflective of the ongoing challenges with systematically high loan delinquencies and reduced values on collateral holdings characteristic of the current economic environment. Non-accrual loans, especially commercial loans within the industry and the Bank's portfolio remain elevated. As a consequence, we recognized loan loss provisions of approximately $2.3 million during the quarter, resulting in a net loss of $1.3 million for the quarter and a loss of $7.4 million for the period ended March 31, 2014.

Total operating income for the quarter and year-to-date decreased from prior year by approximately $2.7 million or 21.44% and $7.1 million or 19.18% respectively, and is primarily owing to a net decrease in interest income and interest expense. The reduction in interest income for the period is directly attributed to the challenges of increased non-performing loans plaguing the industry; while the decrease in interest expense is due to reduced yields on our existing deposit obligations and early payout of other borrowed funds of $24 million. Despite an increase in license fees, the Bank was able to contain the growth in operating expenses to 3.81% over prior year-to-date, and we recognized loan loss provisions of $13.3 million year-to-date. Broadly, the conditions of the economy remain weak and loan delinquencies high and as a consequence considerable provisions are necessary.

Although the overall results are adversely impacted by the current economic environment, the Bank continues to maintain a strong balance sheet with total assets of approximately $859.5 million and the composite of loans and advances net, stood at $718.4 million as of March 31, 2014. The capital adequacy ratios remain robust and the total risk adjusted capital ratio ended at 21.63%, well above the Central Bank's required guidelines.

Given the fragile state of the economic recovery and a deepening softness in the real estate markets, the Bank is taking an aggressive look at its current provisioning models with the view of taking an even more conservative approach to recognizing realistic recovery values. It is expected that such changes will take place during the currency of this fiscal period. Such action, along with other strategies, will better position the Bank to return to profitability sooner rather than later.

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