FINANCIAL PERFORMANCE FOR THE QUARTER ENDED MARCH 31, 2018

Operational efficiencies and revenue growth strategies continued to improve the Bank's financial results of operations. The Bank's year-to-date results recorded net income of $1.1 million for the 9-months period ended March 31, 2018, compared to the prior 9-months period net loss of $11.0 million. Total operating income increased by $1.0 million or 11.07% for the quarter and increased by $3.5 million or 13.53% year-to-date compared to prior year, explained largely by higher net interest income and net non-interest income. The net positive variance in net interest income of $1.9 million or 10.11% year-to-date was primarily due to the decrease in interest expense as a result of the prime rate reduction since January 2017, decrease in deposit base balances and the shift in deposit portfolio composition from higher yielding to lower yielding deposit products, while the smaller decrease in interest income was due to an overall decline in the performing loan portfolio balances. Net non-interest income increased by $1.6 million year-to-date, which was due mainly to higher fee and commission income and other miscellaneous income as the Bank strengthens its auxiliary revenue streams. In addition to growth in revenue, the Bank saw a reduction in operating expenses of $0.3 million or 3.78% compared to prior year's quarter and by $0.8 million or 3.32% compared to prior year-to-date. A positive variance was realized in net credit loss expense as the Bank recognized approximately $2.7 million for the quarter compared to $6.6 million in the prior year's quarter, a 58.89% decrease. Year-to-date, the Bank recognized net credit loss expense of approximately $6.0 million compared to $13.9 million in the prior year, a decrease of 56.60%.

During the second quarter, the Bank concluded its transaction with Bahamas Resolve Limited which resulted in an overall improvement in the Bank's credit quality and increase in its capital base. The Bank also partially redeemed its $100.0 million note receivable from the first Resolve transaction resulting in a total inflow of $88.0 million improving the Bank's liquidity position. The Bank strengthened its asset portfolio with total assets ending at $850.2 million as at March 31, 2018 compared to $755.8 million as at June 30, 2017. The Bank's key capital ratios continued to be in compliance with regulatory requirements, with Total Capital Ratio of 43.5%, well above the Central Bank's minimum requirement of 18.0%. The Bank's total equity closed at a balance of $176.7 million, up from $63.9 million as of June 30, 2017.

We continue to pursue targeted strategic initiatives around corporate governance, information technology advancement, operational efficiency, collections, cost optimization and customer care. Achieving optimal operating efficiencies and increased value creation for all stakeholders remain our primary emphasis. The Bank continues on its path of rebuilding, and we are working steadfastly to a period of sustained profitability. We are grateful to our BOB team of employees, management, directors, shareholders and most importantly our customers in their continued support of the Bank.

Jihanne Hosmillo-Williams
Chief Financial Officer