



## FINANCIAL PERFORMANCE FOR THE QUARTER ENDED SEPTEMBER 30, 2016

The Bank's financial results for the quarter ended September 30, 2016 posted a net loss of \$3.5 million versus a net loss of \$0.4 million for the same period in the prior year. The Bank ended the quarter with a strengthened balance sheet, including total assets of approximately \$770.3 million and a higher total equity of \$100.2 million. The Bank raised \$40 million in incremental capital through a successful rights offering during September 2016, shoring up the Bank's capital ratios. Tier 1 Capital and Total Capital are now in compliance with Central Bank's minimum requirement of Total Risk Weighted Assets ending at 13.2% (minimum of 12.8%) and 19.1% (minimum of 18.0%) respectively as at September 30, 2016.

This capital will enable the Bank to continue its execution of its long-term transformation plan, including improvements to risk management, increasing operational efficiency, and restoring top line growth.

In the short term, the Bank's performance is largely dependent on the performance of our loan portfolio which we continue to manage closely. Though we have made significant strides to mitigate losses, the Bank recognized net loan loss provisions of approximately \$4.4 million during the quarter, which is up by \$1.8 million from the same quarter last year. The Bank continues to focus its efforts on actively monitoring and managing our portfolio.

Total operating income decreased from prior year by \$1.8 million or 17.3% for the quarter, primarily owing to a decrease in other operating income by \$1.4 million for an extraordinary income recorded in prior year. The net interest income decreased with a minimal \$0.8 million due to a \$0.9 million reduction in interest income for the quarter primarily related to the overall decrease in the loan portfolio, partially offset by a \$0.2 million decrease in interest expense. The Bank continued to manage its resources effectively and efficiently by successfully reducing operating expenses by 5.48% overall.

Improving operational efficiencies, sustainable growth, and effectively managing our non-performing loans remain the primary focus for the Bank. As we prudently, systematically and urgently improve in these areas, the Bank will return to profitability. Increased value for each of our stakeholders is a paramount commitment.

We are grateful to 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.

Renee Davis (Mrs.)  
Acting Managing Director