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NOTICE TO SHAREHOLDERS

Reference is made to the July 21, 2014 payment of dividends to the Bank's Preference Shareholders as referenced in Note #33 of the June 30, 2014 Financial Statements contained in the 2014 Annual Report.

As a result of loan loss provisions recognized during the fiscal year ended June 30, 2014, the Bank's overall performance resulted in a net loss to an extent that its retained earnings settled in negative territory. The negative retained earnings position affected the Bank's ability to pay its dividend obligation of \$1.1 million to its preference shareholders as generally, The Central Bank of The Bahamas' Regulatory Guidelines prevent the payment of dividends from negative retained earnings. From a liquidity standpoint, the Bank had the funds to pay the dividends, but the regulations prevented the Bank from paying from anywhere other than retained earnings. Therefore, in order to preserve goodwill, the Bank reached out to its Major Shareholder to make good the payment.

The Government in its capacity as the Major Shareholder of the Bank agreed to deploy a part of its treasury deposits directly to the paying agent for disbursement to the preference shareholders in the amount of \$1.1 million, with no obligation for repayment.

We are pleased to report that the Bank's transaction with Bahamas Resolve Limited resulted in the Bank's capital position being restored to historical levels and it is now on a new path of growth and profitability.



