



The prolonged impact of the financial crises and resulting recession continues to negatively impact the Bank's financial results. Profitability for the Bank is largely dependent on the performance of the loan portfolio and the overall results highlight the ongoing challenges with systematically high loan delinquencies and reduced values on collateral holdings characteristic of the current economic environment.

Consequently, the Bank recognized a reduction in interest income caused by an increase in non-performing loans and loan restructures. In tandem with this experience, and in conformity with sound banking practices, the Bank increased its loans loss provision by \$4.7 million during the review quarter resulting in a year-to-date total of approximately \$11 million. Operating expenses continue to be managed soundly and are below previous period levels. Largely as a result of the foregoing, the Bank experienced a net comprehensive loss of \$5.975 million for the six month reporting period.

Although overall results are being adversely impacted by current economic conditions, the Bank continues to maintain a strong balance sheet with total assets of approximately \$894 million as of December 31, 2013. The capital adequacy ratios remain robust and the total risk adjusted capital ratio ended at 21.79%, well above The Central Bank's required guidelines.

Sustainable growth is a primary focus for the Bank and despite the challenged economic environment, our outlook remains positive for the medium to long term. In this context, the Bank has recently achieved positive results from credit remediation solutions and anticipates improved financial performance in the medium term. The Bank continues to make the requisite operational adjustments as it seeks to enhance its capacity especially in the area of human capital and workflow processes. We remain satisfied that our efforts will materialize in financial improvements in the very short term.

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