

**Schedule 2
FORM ECSRC – OR**

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended March 30, 2020
Pursuant to Section 98(2) of the Securities Act, 2001

OR

TRANSITION REPORT
for the transition period from _____ to _____
Pursuant to Section 98(2) of the Securities Act, 2001
(Applicable where there is a change in reporting issuer's financial year)

BOSVG01061977SV

Issuer Registration Number: _____

Bank of St. Vincent and the Grenadines Ltd

(Exact name of reporting issuer as specified in its charter)

St. Vincent and the Grenadines

(Territory or jurisdiction of incorporation)

Reigate, Granby Street, Kingstown, St. Vincent and the Grenadines

(Address of principal executive Offices)

(Reporting issuer's: **784-457-1844**)

Telephone number (including area code): _____

Fax number: **784-456-2612**

Email address: **info@bosvg.com**

(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report. _____

CLASS	NUMBER
Common	14,999,844

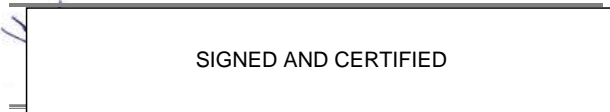
SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Managing Director:
Derry Williams

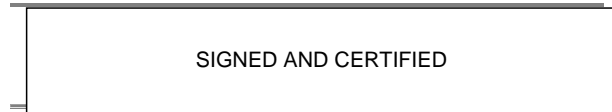
Name of Director:
Maurice Edwards

A rectangular box with a double-line border containing the text "SIGNED AND CERTIFIED". A handwritten signature is visible on the left side of the box.

Signature

May 28, 2020

Date

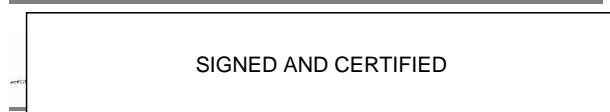
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Signature

May 28, 2020

Date

Name of Chief Financial Officer (and Deputy
Managing Director):
Bennie Stapleton

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Signature

May 28, 2020

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

1. Financial Statements

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

Despite the impact of the COVID 19 (Corona Virus), the Bank was able to realize a profit of \$3.03 million for the quarter ended March 31st, 2020. This compares to \$5.6 million for the previous quarter and \$3.13 million for the comparative quarter in 2019. Total assets as at March 31st, 2020, were \$1.19 billion in comparison to \$1.04 billion recorded at the end of the comparative period in 2019 and \$1.13 billion for the previous quarter. Asset growth during the quarter mainly reflected in cash and bank balances and was funded through increased customer deposits. Shareholders' equity increased to \$128.4 million over the previous quarter, while the Capital Adequacy Ratio remained stable at 24.2 %.

While the true impact of the pandemic on the bank's operation cannot be quantified at this time, we will continue to monitor the situation and implement the necessary measures to mitigate against the potential damaging effects on the Bank's financial health and the wellbeing of our employees and customers.

As an institution we continue to "Do More Together" during this unprecedented period. As such, we commenced a customer relief program by way of a moratorium on loan payments to qualifying customers.

It is expected that there will be some economic fallout from the pandemic. However, over the last few years, the Bank has improved its Capital Base and Risk Management Framework to strengthen its resistance to such eventualities.

We remain committed to the critical themes outlined in our Strategic Plan and will continue with the implementation of initiatives in this regard. During the first quarter, we continued with our Brand refresh exercise and the implementation of our digital transformation programme. Our risk management framework continues to develop with the approval of several policies during the quarter. As we move forward, the intention is to form alliances with strategic partners and leverage on technology and analytics.

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.**
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.**
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.**
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.**
- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.**
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.**
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.**

- viii) The issuer's material commitments for capital expenditures as of the end of the latest 'fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

The Bank's capital and liquidity metrics remain above regulatory thresholds. Shareholders' equity, which amounted to \$125.4 million at December 31, 2019 remained stable at March 31, 2020 with an increase in accumulated profits of \$2.8 million. The Bank had a capital ratio of 24.2% and a liquidity ratio of 42% at March 31, 2020, while at the end of 2019, the capital and liquidity ratios were 24.2% and 41.9% respectively.

On March 29, 2020, the Board proposed a cash dividend of \$0.47 per share effective May 6, 2020 dividend record date.

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

At the end of the reporting period the Bank had undrawn credit commitments to customers totaling \$33.2 million, this compares to \$35.4 million at December 31, 2019.

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.

- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

Overview of Results of Operations

Operating Highlights

Net profit of \$3.03 million was recorded in the first quarter of 2020, this represented a decrease of 3.19% from the corresponding period in 2019 and 46.12% from the previous quarter. The reduction in profitability was primarily due to an increase in operating expenses and a reduction in interest earned from investment in securities as a result of the volatility experience in the financial markets.

Net interest Income

Net interest income was \$9.02 million at the end of the first quarter of 2020 compared to \$9.2 million at the end of the corresponding period in 2019. Despite a reduction in net interest income, interest income from loans and advances increased and was commensurate with the growth in the loans and advances portfolio of \$14.3 million or 2.3%. This was also offset by a corresponding increase in interest expense as a result of growth in customers' deposits of \$170.4 million.

Net interest margin decreased from 3.2 % at December 31, 2019 to 3.0% at the end of March 2020, there was also a decrease of 0.5% from the March 31, 2019 net interest margin. The reduced net interest margin was due in part to the strategy of increasing liquidity buffers, ahead of the implementation of Basel II & III.

Net interest income was consistent with the \$8.92 million earned in the fourth quarter of 2019. While there was an increase of \$0.496 million in contribution from loans and advances, there was a parallel reduction of \$0.305 million in contribution from investment securities.

Non-Interest Income

Total non-interest of \$4.85 million was relatively consistent with the comparative period in 2019 and a reduction of \$0.229 million compared to the previous quarter. The reduction from the previous quarter was mainly due to:

- Adverse impact on foreign exchange income as a result of the Covid 19 pandemic.
- Recovery income of \$0.205 million was \$0.09 million lower than the comparative period in 2019 and \$0.184 million in the fourth quarter of 2019. The Bank, like the financial industry, continues to be challenged by high asset inventory and a reduction in sale of collateral.

Operating Expenses

Operating expenses of \$9.2 million remained consistent with the fourth quarter of 2019, although there was an increase of \$0.580 million or 6.7% over the comparative period in 2019. The increase, which was primarily in support of the strategic agenda for the planned period was reflected in the following areas:

- Higher regulatory and compliance costs to support the digital transformation.
- Interest levy expense, which reflects the growth in the deposit base.
- Marketing expenses relating to the ongoing rebranding exercise and community engagement.
- Professional fees for continuous development of the human resource.

Provision for Credit Impairment

Provisions for impairment losses of \$1.05 million, was relatively consistent with the comparative period in 2019, however there was an increase of \$0.958 from the fourth quarter of 2019. Future provisioning will incorporate the impact of the COVID 19, on the Bank's interest earning assets.

Balance Sheet Review

Total assets at March 31, 2020 was \$1.19 billion compared to \$1.04 billion in the first quarter of 2019 and \$1.13 billion in the fourth quarter of 2019, which indicates growth of 13.9% and 5.6% respectively. Assets at March 31, 2020 reflected increases in cash and bank balances of \$131.5 million from the comparative period in 2019. The increase in assets over the prior period was funded through growth in deposit liabilities of \$170.4 million.

Loans and advances

Total loans and advances to customers increased by 6.5% when compared to \$603.1 million at the end of December 2019 and by 2.3% or \$14.5 million in comparison to March 2019. The modest growth in the portfolio was attributed to additional public sector lending. The composition of gross loans and advances consists of mortgages 49%, term loans 14.3%, corporate loans 7.3%, government credit 20%, overdrafts 2.6%, NPLs 5.8% and accrued interest and credit card balances 1%.

Customers' Deposits

Customers' deposits of \$972.8 million, increased by \$170.4 million over the comparative period in 2019 and by \$62.5 million compared to the previous quarter. The increases were mainly reflected in foreign demand deposits of \$84.7 million and savings deposits of \$64.9 million.

Investments

Investment securities for the first quarter of 2020 decreased by \$7.9 million from the comparative period in 2019, but was relatively unchanged from the fourth quarter of 2019. The reduction was primarily as a result of principal repayments and maturity of sovereign debt securities.

Asset Quality

Asset quality deteriorated slightly in the first quarter of 2020 in comparison to the same period of 2019. At March 31, 2020, the non-performing loan ratio moved to 6%, this compared to 5.6% for the corresponding period in 2019. There was a slight improvement over the 6.5% recorded at the end of the fourth quarter of 2019.

In accordance with the Eastern Caribbean Central Bank (ECCB) guidelines relating to COVID 19, the Bank initiated a program where a moratorium on payments was granted to qualifying borrowers. For such accounts where the moratorium is granted, the asset classification shall remain unchanged during the moratorium period.

The Bank held total provisions of \$20.8 million and General Provision Reserves of \$4.5 million, which provided an overall coverage of 64.3% of non-performing loans as at March 31, 2020.

3. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

A comprehensive training and development program geared towards the implementation of the Enterprise Risk Management Framework is scheduled for the third quarter of 2020. This engagement, which will commence with an initial assessment of proficiency levels and risk identification will establish gated processes to build risk models and functional dashboards to facilitate the timely reporting and identification of risks.

Credit Risk

The Bank's loans and advances portfolio remained stable despite the weak macroeconomic environment, reflecting the success of cautious profitable growth and proactive credit risk management. The Bank's non-performing ratio increased to 6% at March 31, 2020 from 5.6% in the comparative period in 2019. However, it was an improvement over 6.5% at December 31, 2019, which was due to ongoing monitoring of monthly watch lists and governance processes.

Liquidity Risk

Liquidity buffers continued to be well managed through high quality liquid assets that are readily available and convertible under stressed conditions. The liquidity measures applied by the Bank remained above the respective regulatory limits at an aggregate level of medium.

The loans to deposit ratio ended at 66% and liquid assets to deposits at 42%.

Operational Risk

Operational risk remained elevated over the first quarter of 2020 due to the significant changes in the local and regional financial landscape and the high level of digitization and technological modifications. De-risking by correspondent banks, digital transformation, cyber-security, regulatory changes and the emerging medicinal cannabis industry also contributed to the heightened risk profile.

The outbreak of the COVID 19 pandemic has resulted in a slowdown in the global economy and has revolutionised digital technology in unprecedented ways. The working environment has become more volatile and complex with accelerated changes, internally and externally during the period. In response to these developments and expectations of stakeholders, the Bank adopted various measures to reengineer working from home by ensuring access to its network while guarding against the vulnerabilities of data breaches and cybersecurity risk.

Notwithstanding, overall, operational risk was well managed and monitored across the network and was within the approved risk parameters.

Market Risk

Market risk and all its sub risk components remain well managed and monitored and are within established limits. The market continued to report negative returns as international interest rates were again lowered and was further compounded by extreme market volatility since the outbreak of COVID 19. The Bank is also monitoring the international developments relating to the benchmarks for key Interbank Offer Rates (LIBOR).

Based on the foregoing, the Bank continues to conduct its trading activities within policy guidelines, which allows market risk to be maintained at a low exposure.

Cyber-Security Risk

Cyber security remains a priority, to Management and the Board of Directors, to ensure that known and emerging gaps are suitably addressed through various initiatives that will reduce operational risk. Various components of the IT Governance Framework are being implemented with focus on data privacy. New initiatives are added as emerging threats are identified in accordance with changes in the cyber security environment.

The response to cybersecurity incidents and vulnerabilities, identified by the Bank's IT Governance, remains timely and successful, with minimal impact to the Bank and specific cybersecurity insurance.

Reputational Risk

The Bank continues to keep abreast of changes in legislation and industry best practices. There were no reported events that had an adverse effect on the Bank's reputation over the period ended March 31, 2020.

Regulatory and Compliance Risk

The Bank’s comprehensive review of policies is near completion. The following policies were approved by the Board of Directors during the quarter,

Annual revisions:

- AML / CFT Policy

New Policies:

- Market Risk Policy
- Whistleblower Policy
- Related Party Transactions Policy
- Wire Transfer Policy
- Risk Rating Policy
- Anti-Bribery and Corruption Policy

Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

N/A

4. Changes in Securities and Use of Proceeds.

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

N/A

- (a) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

N/A

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

N/A

- Name and address of underwriter(s)

N/A

-
-
- Amount of expenses incurred in connection with the offer N/A
 - Net proceeds of the issue and a schedule of its use
N/A
-
- Payments to associated persons and the purpose for such payments
N/A
-

(c) Report any working capital restrictions and other limitations upon the payment of dividends.

N/A

5. Defaults upon Senior Securities.

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

N/A

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

N/A

6. Submission of Matters to a Vote of Security Holders.

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

N/A

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

N/A

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

N/A

- (d) A description of the terms of any settlement between the registrant and any other participant.

N/A

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

N/A

7. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

Previously reported in letter dated March 10, 2020 to the ECSRC:

New management structure was implemented on February 21, 2020. The appointments which are set out in the table below took effect from January 1, 2020.

Name of Officer	Previous Position	Current Position	New Management Grade
Derry Williams	Managing Director	Managing Director	MD
Bennie Stapleton	Chief Financial Officer	Deputy Managing Director	M1
Cerlian Russell	Senior Manager Business & Operations	Senior Manager Retail	M2
Monifa Latham	Officer-in-Charge, Credit	Senior Manager, Lending (Ag.)	M2
Nandi Williams-Morgan	Corporate Secretary	Senior Manager Legal and Corporate Services (remains Company Secretary)	M3
La Fleur Hall	Manager Risk & Compliance	Senior Manager, Risk & Compliance (Ag.)	M3
Lisa Sheen -Henry	Senior Human Resources Officer	Senior Manager, Human Resources (Ag.)	M3
Nicole Fernandez	Senior Information Technology Officer	Senior Manager, Information Technology	M3
Celestine Jackson	Senior Accountant	Senior Manager, Finance	M3
Patricia John	Sales & Services Manager	Manager Customer Service	M4
Gillian Da Silva	Snr. Supervisor Foreign Business Dept.	Manager Payment Solutions (Ag.)	M4
La Fleur Durrant	Lending Officer 1	Manager Corporate Banking (Ag.)	M4
Chez Quow-Williams	Corporate Assistant/ECSE Licensed Representative	Manager, Initiatives & Transformation (Ag.)	M4
F. Irvia Haynes	Internal Auditor 1	Manager, Audit Operations	M5
Nadine Billingy	Securities Officer	Manager, Credit Administration & Securities (Ag.)	M5
Leroy Rose Jr	Senior Supervisor Facilities & Procurement	Manager, Facilities & HSE (Ag.)	M5
Inderia Walker Toney	Operations Supervisor	Manager, Risk Services (Ag.)	M5