

**Schedule 2
FORM ECSRC - OR**

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended June 30, 2016

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)

Issuer Registration Number: BOSVG 01061977SV

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:

Telephone number (including area code): 784-457-1844

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	10,000,000

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 Country Manager:

Name of Director:

Bernard Hamilton

Sir Errol Allen

Si SIGNED AND CERTIFIED

Si SIGNED AND CERTIFIED

Aug 5 2016
Date

Aug 5, 2016
Date

Name of Chief Financial Officer:

Bennie Stapleton

Si SIGNED AND CERTIFIED

Aug 5, 2016
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 nonfinancial indicators.

General Discussion and Analysis of Financial Condition

The Bank of St. Vincent and the Grenadines had another successful performance for the first half of the financial year ended June 30th 2016 recording a net profit of \$4.95 million.

While it is possible to sustain the performance of the institution in the short to medium term, the market imperatives are such that unless small indigenous/community banks, proactively and collectively address core issues in relation to corresponding Banking relationships, Capital Adequacy and the sharing of a common technological platform, failing to do so poses a real threat to the survival and sustainability of the indigenous banking sector.

The Management remains cognizant of the medium term systemic risks which threaten the sustainability of the institution and the wider indigenous banking sector in the sub-region. In an effort to address these issues, the Board has committed, subject to the approval of the shareholders to pursue the amalgamation of the institution with its sister bank, the Bank of St. Lucia Limited within the near term.

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

Liquidity

The bank's liquidity levels are high and will continue to remain stable for the remainder of the financial year. Cash and cash equivalents increased by \$42.4M or 27.5% over 2015, having moved from \$153.9M to \$197.6M.

All indices point to excess in liquidity due mainly to increase in customers deposits. This is due in part to the transfer of customers from our competitors who are imposing negative returns on deposits.

It is anticipated that a portion of these funds will be invested to grow the investment portfolio. Management also plans to repurchase approximately \$4.4 million of mortgage loans which were sold to the Eastern Caribbean Home Mortgage Bank. It is anticipated that this will increase the yield on loans and improve the level of profitability.

As we look forward, Management plans to constrain the rise in deposit through pricing and rationalization of the deposits and implement measures to reduce critical exposures.

Tier 1 capital ratio is currently well above the minimum ECCB prudential requirement at 21.5%.

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.

There was no material off balance sheet item at reporting date.

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

The Bank of St. Vincent and the Grenadines recorded a net profit of \$4.95million as at June 30, 2016 compared to \$3.36 million over the prior period, while total assets grew to \$949 million from \$899 million reported at December 2015.

The growth in the balance sheet was primarily attributed to an increase in the customer deposit base. The loans and advances portfolio was consistent with the December figures both in terms of quality and numbers. The overall liquidity position continues to remain relatively stable.

The positive trend in financial performance is expected to continue for the remainder of the financial year. We will continue to focus on positioning the organization in a manner that ensures its long term sustenance.

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.

Risk is the potential that events, expected or unexpected, may have an adverse impact on the bank's capital or earnings. The Bank is exposed to credit risk, market risk, operational risk, liquidity risk, reputational risk and compliance risk.

Risk Management

To effectively manage the risks identified above Risk Management is carried out by the Management Committee of BOSVG under the policies approved by the Board of Directors namely the Investment policy, Credit Policy, Anti Money Laundering Policy, Business Continuity Plan and Asset/Liability Management Policy. Specific targets, policies and strategies are monitored by our parent company East Caribbean Financial Holding Company Ltd (ECFH) through the ECFH Asset/Liability Committee and the ECFH Board Risk Committee to ensure that the financial performance of BOSVG is maintained while adequately addressing risk.

4. 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.

Case No: 1220/2008 before court of appeal of Genoa –The bank was ordered to pay cost in this matter. However, a settlement was agreed between both parties. This will not have a significant impact on the projected 2016 financial performance.

5. 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 ▪ _____

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

6. 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

7. 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.

Annual Meeting of the Shareholders of Bank of St. Vincent and the Grenadines Ltd was held on June 21, 2016. Election of Director to represent the public bloc of shareholders on the Board of Directors.

- (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.

Dr. Timothy Providence – elected by the public
Sir Errol Allen- appointed by ECFH
Mr. Omar Davis –appointed by ECFH
Mr. Andre Iton – appointed by ECFH
Mrs. Judith Veira –appointed by Government of SVG
Mr. Godwin Daniel – appointed by SVG National Insurance Services
Mr. Lennox Bowman – appointed by SVG National Insurance Services

- (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.

1. To consider and adopt the report of the auditors and audited financial statements of the company for the ended December 31, 2015.
2. To consider and adopt the Director's Report.
3. To sanction Dividends of \$0.29¢ per share paid for the financial period ended December 31, 2015.
4. To appoint Auditors for the financial period January to December 2016.
5. To elect Directors. One director nominated.
6. To discuss any other business which may be properly considered at the Annual Meeting

NB. Vote by show of hands- Motion carried for items tabled.

- (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

We have received preliminary approval from the Eastern Caribbean Central Bank to proceed with the amalgamation of the Bank of St. Vincent and the Grenadines Ltd and the Bank of St. Lucia Ltd. However, final consent has to be gained from the minority shareholding interest in Bank of St. Vincent and the Grenadines Ltd.

8. 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.

N/A

BANK OF ST. VINCENT & THE GRENADINES LIMITED

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016 (expressed in Eastern Caribbean dollars)



REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

to the Shareholders of Bank of St. Vincent and the Grenadines Limited

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2016, the summary consolidated statement of income, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended and related notes, are derived from the complete audited consolidated financial statements of Bank of St. Vincent and the Grenadines Limited ("Parent") and its subsidiary ("the Group") for the year ended 31 December 2016.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 1.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards ("IFRSs"). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 27 March 2017. That report also includes the communication of Key Audit Matters. Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

The audited consolidated financial statements and the summary consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

Responsibilities of Management for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with Note 1.

Auditor's Responsibilities for the Audit of the Summary Consolidated Financial Statements

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Ernst & Young

Castries,
ST. LUCIA
27 March 2017

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT:

	Dec 31 2016 \$	Dec 31 2015 \$
Assets		
Cash and balances with Central Bank and due from banks	264,963,024	185,428,683
Treasury bills	10,173,836	10,167,671
Loans and receivables - loans and advances to customers	578,813,735	586,006,095
Investment securities	52,749,171	49,283,171
Other assets	64,581,336	68,303,028
Total assets	971,281,102	899,188,648
Liabilities		
Customers deposits and other borrowed funds	802,203,932	745,840,915
Other liabilities	63,245,512	49,448,854
Total liabilities	865,449,444	795,289,769
Equity		
Reserves	31,036,499	31,140,091
Retained earnings	74,795,159	72,758,788
Total equity	105,831,658	103,898,879
Total liabilities and equity	971,281,102	899,188,648

Approved by the Board of Directors on March 27, 2017

[Signature] Director

[Signature] Director

SUMMARY STATEMENT OF CHANGES IN EQUITY

	Share Capital \$	Reserves \$	Unrealised gain/(loss) on investments \$	Retained Earnings \$	Total \$
Balance at 1 January 2015	14,753,306	14,753,306	1,560,610	68,399,834	99,467,056
Total comprehensive income	-	-	72,869	5,858,954	5,931,823
Dividend paid	-	-	-	(1,500,000)	(1,500,000)
Balance at 31 December 2015	14,753,306	14,753,306	1,633,479	72,758,788	103,898,879
Balance at 1 January 2016	14,753,306	14,753,306	1,633,479	72,758,788	103,898,879
Total comprehensive income	-	-	(103,592)	4,936,371	4,832,779
Dividend paid	-	-	-	(2,900,000)	(2,900,000)
At 31 December 2016	14,753,306	14,753,306	1,529,887	74,795,159	105,831,658

SUMMARY STATEMENT OF INCOME

	2016 \$	2015 \$
Net interest income	32,244,987	30,655,310
Other operating income	12,540,550	12,290,053
Net interest and other income	44,785,537	42,945,363
Operating expenses	(30,990,513)	(30,861,766)
Impairment losses on loans and advances	(6,159,722)	(3,607,851)
Impairment losses on investment securities	-	(410,408)
Profit before income tax	7,635,302	8,065,338
Income tax expense	(2,698,931)	(2,206,384)
Profit for the year	4,936,371	5,858,954
Earnings per share	0.49	0.58

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	2016 \$	2015 \$
Profit for the year	4,936,371	5,858,954
Other comprehensive (loss)/income:		
Unrealised (loss)/gain on available for sale securities	(103,592)	72,869
Other comprehensive (loss)/income for the year, net of tax	(103,592)	72,869
Total comprehensive income for the year, net of tax	4,832,779	5,931,823

SUMMARY STATEMENT OF CASH FLOWS

	2016 \$	2015 \$
Net cash generated from operating activities	88,434,056	3,118,801
Net cash (used in)/from investing activities	(5,254,220)	4,359,756
Net cash used in financing activities	(6,998,703)	(19,262,816)
Net increase/(decrease) in cash and cash equivalents	76,181,133	(11,842,073)
Effects of exchange rate changes on cash and cash equivalents	(292,998)	(57,814)
Cash and cash equivalents at beginning of year	153,850,081	165,692,154
Cash and cash equivalents at end of year	229,738,216	153,850,081

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

Note 1. Basis of Preparation:

The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summary consolidated statement of financial position, summary consolidated statement of income, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows. These summary financial statements are derived from, and should be read in conjunction with the audited consolidated financial statements of Bank of St. Vincent & the Grenadines Limited and its subsidiary for the year ended 31 December 2016.

These summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the 31 December 2016 audited financial statements consistently applied from period to period. Any new Accounting Standards or interpretations which became effective in this financial year have had no material impact on the Group. The areas of critical accounting estimate and judgement as disclosed in "Note 4" of the 31 December 2016 audited financial statements, have also remained unchanged.