

# Bank of St. Vincent & The Grenadines Ltd

## 2023 Half Year Review

### SUMMARY OF FINANCIAL PERFORMANCE



Dear Shareholders,

We are pleased to announce the Group recorded profit before tax, of \$8.0 million for the first six months of the 2023 financial year in comparison to a loss of \$4.3 million for the comparative period in 2022.

The year-to-date performance is set in the context of the gradual improvement in the global, regional and local economy. While the overall situation is still tenuous given the relatively high inflation rate and the impact of the ongoing war in Ukraine, we have seen positive recovery in the international markets and the global tourism industry.

The improved profitability was driven by the general increase in earnings over the period. The growth in the interest income and non-interest income categories outpaced the growth in expenditure when compared to the same period last year. The Group's operating income increased by \$18.7 million or 86.1% from \$21.7 million for the first six months of June 2022 to \$40.4 million for the period ended June 30, 2023. During the same period, operating expenses increased by \$8.7 million or 40.4% from \$21.6 million to \$30.3 million.

The Group also benefited from a marginal recovery of just under \$1.0 million on the financial assets held in the investment portfolio as the international markets improved during the period. There was also some recovery in the loans and advances portfolio which were netted off against the provisions. We continue to garner improvement in asset quality in line with the general improvements in the domestic economy.

Total assets increased by \$596.0 million or 45.0% during the period under review – moving from \$1,323.2 million at the end of December 2022 to \$1,919.2 million at June 30, 2023. On March 24, 2023, the Group successfully closed the transaction to acquire the operations of CIBC First Caribbean International Bank (CIBC FCIB) in St. Vincent and the Grenadines. Following the subsequent conversion of the data, the new branch at Halifax Street was rebranded and reopened to serve customers on March 27, 2023.

This was indeed a significant milestone for the Group and we are pleased that the transition was smooth and seamless for the most part. In addition to this acquisition, the Group facilitated the effective resolution of the First St. Vincent Bank Limited through a Purchase and Assumption Agreement executed on June 1, 2023. The transition of the acquired portfolio of accounts and customers

was also seamless. Consequently, the Group now has a significantly larger and stronger balance sheet consisting of:

- Net loans and advances of \$837.7 million (June 2022: \$655.6 million) with a provision coverage of 84.8%;
- A more diversified funding base totaling \$1,672.4 million (June 2022: \$1,090.1 million), with the newly acquired entities contributing \$556.9 million or 33.3% to the portfolio;
- A strong capital position following the funding of the acquisitions, with total capital adequacy of 16.5%, (June 2022: 22.3%) exceeding regulatory benchmarks.

We remain cognizant that the expanded customer base and the surge in digital services have elevated the overall risk profile. In view of this, we continued to strengthen the risk management capabilities to effectively mitigate the associated risks. The ongoing investment in the technology infrastructure and our training and development initiatives are geared to ensure that the appropriate safeguards are in place at all levels. Additionally, the steps taken to drive a customer centric and innovation agenda, and instilling culture change across the Group, will steer us in the right direction.

The outlook for the rest of the year is positive as we anticipate the earnings to continue to grow in line with the trend over the first six (6) months. At the same time, expenses are expected to be normalized in the ensuing period. We will continue the effort to streamline the banking operations with a view to extracting the projected value from the combination of the portfolios, existing and acquired. Emphasis will be placed on the continuous improvement in asset quality while expanding the earnings of the Group through the implementation of the revised investment strategy. All critical actions will be undertaken in accordance with the established key risk appetites.

We express our gratitude to our management team and the dedicated employees who have worked tirelessly to support the transformation to date. Our valued customers and shareholders, who continue to place your trust in us, we thank you for your continued support. We also recognize the invaluable contribution of the Board of Directors on the effective oversight of the activities of the Group. Together, we will continue to build a stronger bank for St. Vincent and the Grenadines.



Judith Veira  
Chairman

**BANK OF ST. VINCENT AND THE GRENADINES LTD**  
Interim Consolidated Statement of Financial Position  
As at June 30, 2023

(expressed in Eastern Caribbean dollars)

	(Unaudited) Jun 30 2023	(Audited) Dec 31 2022	(Unaudited) Jun 30 2022
	\$	\$	\$
<b>Assets</b>			
Cash and balances with Eastern Caribbean Central Bank	472,484	151,014	127,198
Deposits with other banks	264,750	271,457	271,656
Treasury bills	11,141	11,359	10,772
Investment securities	204,686	174,080	167,968
Income tax refundable	-	-	1,654
Loans & Advances to customers	837,721	637,300	655,653
Other assets	42,855	14,796	12,255
Investment properties	2,262	2,262	2,412
Goodwill	11,992	-	-
Property and equipment	68,133	57,793	56,316
Deferred tax asset	3,170	3,170	4,380
<b>Total Assets</b>	<b>1,919,194</b>	<b>1,323,231</b>	<b>1,310,264</b>
<b>Liabilities</b>			
Deposits due to banks	34,582	19,799	24,674
Due to customers	1,672,396	1,112,403	1,090,121
Corporation tax payable	651	101	-
Provisions and other liabilities	50,147	32,758	45,181
Borrowings	14,872	17,094	19,958
<b>Total Liabilities</b>	<b>1,772,648</b>	<b>1,182,155</b>	<b>1,179,934</b>
<b>Equity</b>			
Share capital	20,753	20,753	20,753
Statutory reserves	20,753	20,753	20,753
General provision reserve	5,476	5,476	5,185
Unrealised gain on investments	15,454	15,211	11,674
Retained earnings	84,110	78,883	71,965
<b>Total Equity</b>	<b>146,546</b>	<b>141,076</b>	<b>130,330</b>
<b>Total Liabilities and Equity</b>	<b>1,919,194</b>	<b>1,323,231</b>	<b>1,310,264</b>

**BANK OF ST. VINCENT AND THE GRENADINES LTD**  
Interim Consolidated Statement of Changes in Equity  
As at June 30, 2023

(expressed in Eastern Caribbean dollars)

	Share Capital	Statutory Reserves	General Provision Reserves	Unrealised Gain on investments	Retained Earnings	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at Jan 1, 2022</b>	20,753	20,753	5,185	11,726	76,266	134,683
Transfer to general provision reserves	-	-	291	-	(291)	-
Total comprehensive income	-	-	-	3,485	2,908	6,393
<b>Balance at Dec 31, 2022</b>	20,753	20,753	5,476	15,211	78,883	141,076
<b>Balance at Jan 1, 2023</b>	20,753	20,753	5,476	15,211	78,883	141,076
Total comprehensive income	-	-	-	243	6,727	6,970
Dividend paid	-	-	-	-	(1,500)	(1,500)
<b>Balance at Jun 30, 2023</b>	20,753	20,753	5,476	15,454	84,110	146,546

**BANK OF ST. VINCENT AND THE GRENADINES LTD**  
Interim Consolidated Statement of Income  
For the period ended June 30, 2023

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) Jun 30 2023	(Audited) Dec 31 2022	(Unaudited) Jun 30 2022
	\$	\$	\$
Interest income	33,260	54,428	25,691
Interest expense	(9,534)	(15,672)	(7,728)
<b>Net interest income</b>	<b>23,726</b>	<b>38,756</b>	<b>17,963</b>
Fee, commission and other income	15,750	22,349	10,632
Dividend income	66	359	147
Net (gains)/losses from financial instruments at FVTPL	822	(7,423)	(7,055)
<b>Operating Income</b>	<b>40,364</b>	<b>54,041</b>	<b>21,687</b>
Impairment losses on property & equipment	(299)	-	-
Allowances for credit losses on financial assets	(1,758)	(2,752)	(4,405)
Operating expenses	(30,299)	(45,418)	(21,583)
<b>Profit/(Loss) before income tax</b>	<b>8,008</b>	<b>5,871</b>	<b>(4,301)</b>
Income tax expense	(1,281)	(2,964)	-
<b>Profit/(Loss) for the period</b>	<b>6,727</b>	<b>2,907</b>	<b>(4,301)</b>
<b>Basic and diluted earnings/(losses) per share</b>	<b>0.45</b>	<b>0.19</b>	<b>-0.29</b>

**BANK OF ST. VINCENT AND THE GRENADINES LTD**  
Interim Consolidated Cash Flows  
For the period ended June 30, 2023

(expressed in Eastern Caribbean dollars)

	(Unaudited) 6mths to Jun 30 2023	(Audited) 12mths to Dec 31 2022	(Unaudited) 6mths to Jun 30 2022
	\$	\$	\$
<b>Operating activities</b>			
Profit/(Loss) before income tax	8,008	5,871	(4,301)
Adjustments for items not affect cash, changes in non-cash working capital components and other items net	(306)	12,614	6,231
<b>Cash flows from/ (used in) operating activities</b>	<b>324,228</b>	<b>32,283</b>	<b>(1,749)</b>
Cash flows used in investing activities	(45,535)	(116,606)	(53,839)
Cash flows used in financing activities	(3,728)	(5,668)	(2,809)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>274,965</b>	<b>(89,991)</b>	<b>(58,397)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>274,959</b>	<b>364,950</b>	<b>364,950</b>
<b>Cash and cash equivalents at end of the period</b>	<b>549,924</b>	<b>274,959</b>	<b>306,553</b>