

SUMMARY OF FINANCIAL PERFORMANCE



Dear Shareholders,

Bank of St. Vincent and the Grenadines Ltd, the largest financial institution by assets in SVG, delivered a strong performance in the first half of 2024.

The Group's profit before tax of \$19.5 million was an increase of 143.5% from \$8.0 million in the prior period June 2023. The commendable half year earnings were supported by a robust topline, driven by strong growth in non-interest income and market gains which collectively bolstered the Group's net operating income. Additionally, the Group's targeted expense management efforts and maintenance of stable asset quality contributed to this outcome.

The Group has been performing in a challenging operating environment, characterized by external conflicts, heightened de-risking of banks, sustained inflationary pressure and high interest rates. However, our strategy of expanding operation and prudent risk management processes has fostered sustainability and scalability. This puts us in a good position to exceed our set targets and to purposefully diversify our loan portfolio in deploying sustainable financing solutions, expanding the investment portfolio and curating a suite of tailored digital products and services to meet the needs of our customers. In addition, we have identified several strategic executable and scalable growth opportunities which we are confident will create value in the long term.

The acquisition of CIBC FCIB in March 2023, continues to yield synergies. The cash resources acquired through the acquisition have been strategically deployed. Additionally, the strengthening of our core banking system has necessitated enhancements of a more stable, secure, and dependable infrastructure. This focused effort is essential to ensuring the seamless operation of our Bank by protecting sensitive customer data and enhancing overall operating efficiency. By investing in advanced technologies and robust security measures, we aim to create an infrastructure that not only supports our current needs but also anticipates future demands. This commitment to a fortified infrastructure is a critical step towards maintaining trust with

our clients, adapting to evolving market conditions, and positioning our organization for long-term success. The transition from legacy systems is designed to mitigate current and future risks.

Consequently, we continue to allocate our spending to bolster investment in modern infrastructure to enhance speed and agility. As such, procuring advanced data analytics and highly secure IT systems has been prioritized to ensure that the Bank's customers enjoy optimal banking experience.

The growth of our balance sheet is progressing well, delivering the anticipated benefits contemplated from the recent acquisitions. Highlights of the Group's notable financial achievements are:

- Total assets increased by 4.4% from \$1,919.2 million in the period June 2023 to \$2,004.0 million at the end of June 2024.
- Net advances of \$976.3 million (June 23: \$837.7 million), with growth of 16.5% in this reporting period.
- A stable funding base that has further diversified with corporate business and retail deposits making up 94.6% (June 23: 94.3%) of total funding of \$1,832.6 million in comparison to \$1,772.6 million in the same period of 2023.
- Adequate levels of liquidity totaling \$221 million or 26.8% of deposits with excess cash reserves of \$48.0 million; additionally, we maintain statutory reserve requirements of \$105.6 million.
- A strong capital adequacy position, notwithstanding the two acquisitions successfully completed in the prior year and dividend distribution of \$11.5 million. The total capital adequacy ratio was 15.8%, well above our regulatory and internal minimums.
- Net interest income increased by 40.0% to \$33.2 million (June 23: \$23.7 million), mainly as a result of strategic portfolio growth in high yielding lending segments and investment placements benefiting from favorable market conditions; this resulted in a net interest margin of 3.3% (June 23: 2.4%).
- Non-interest income grew by 47.7% to \$17.0 million (June 23: \$11.5 million) as usage of the digital payment platforms and card payments by customers



BANK OF ST. VINCENT & THE GRENADINES LTD

2024 HALF YEAR REVIEW

increased, and value-added services offered by the Group through the enhancement of Mobilearth/Online customer base.

- Effective delinquency management efforts, which led to notable recoveries of \$1.1 million in line with the reduction in the non-performing portfolio.
- A reduction in the non-performing loan ratio to 4.6% (June 2023: 6.5%). This was mainly due to extensive management focus and intervention in credit underwriting and our collections and rehabilitation processes.
- The Group's increase in operating expenses of 4.8% was lower than the 41.1% increase in operating income, resulting in an improvement in the efficiency ratio to 62% from 81.2% in June 2023. The increase in expenses of 4.8% to \$27.6 million is primarily due to higher employee benefit costs as the group executes its succession and performance management plans. The investment in human resources reflects our commitment to nurturing talent and ensuring smooth transitions in leadership roles, which are essential for maintaining operational excellence and driving future growth. Additionally, the increase in customer deposits led to related volume increases in expenses.

The continued and accelerated growth of Bank of St. Vincent and the Grenadines is an encouraging signpost, especially when one considers the economic context in which growth has been achieved. Though we are cautiously optimistic that the remaining months will realize friendlier market conditions, the diversification of our balance sheet and prudent financial management have imbued BOSVG with the necessary balance sheet to withstand economic fluctuations. However, given the recent devastation caused by hurricane Beryl to our Grenadines infrastructure and mortgage customers, the Group will be strategic and mindful in providing support to our impacted customers as we continue to closely monitor credit quality metrics and adjust for expected credit losses. Together, the Bank and its customers, will navigate through these difficult times in our restoration efforts.

Looking ahead, while being ever mindful of our risk management and regulatory requirements, the Group will be committed to the successful monitoring and implementation of our Strategic Plan. This will include executing our customer-focused objectives, exploring new loan growth opportunities, ensuring optimal funding through diversification, retaining core deposits to support asset expansion and also prioritizing prudent investment and liquidity management, and ESG (Environmental, Social, and Governance) initiatives.

Judith Veira
Chairman



BANK OF ST. VINCENT & THE GRENADINES LTD

2024 HALF YEAR REVIEW

BANK OF ST. VINCENT AND THE GRENADINES LTD

Interim Consolidated Statement of Financial Position

As at June 30, 2024

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) Jun 30 2024	(Audited) Dec 31 2023	(Unaudited) Jun 30 2023
	\$	\$	\$
Assets			
Cash and balances with Eastern Caribbean Central Bank	180,963	235,234	472,484
Deposits with other banks	283,557	255,650	264,750
Treasury bills	10,096	10,391	11,141
Investment securities	396,872	364,493	204,686
Loans & Advances to customers	976,267	863,348	837,721
Other assets	81,584	63,323	42,855
Investment properties	2,262	2,262	2,262
Intangible assets	6,224	6,224	11,992
Property and equipment	62,988	61,673	68,133
Deferred tax asset	3,229	3,229	3,170
Total Assets	2,004,042	1,865,827	1,919,194
Liabilities			
Deposits due to banks	17,098	17,606	34,582
Due to customers	1,733,954	1,623,097	1,672,396
Corporation tax payable	3,120	3,605	651
Provisions and other liabilities	68,121	42,313	50,147
Borrowings	10,282	12,596	14,872
Total Liabilities	1,832,575	1,699,217	1,772,648
Equity			
Share capital	20,753	20,753	20,753
Statutory reserves	20,753	20,753	20,753
General provision reserve	7,797	7,797	5,476
Unrealised gain on investments	19,055	19,029	15,454
Retained earnings	103,109	98,278	84,110
Total Equity	171,467	166,610	146,546
Total Liabilities and Equity	2,004,042	1,865,827	1,919,194

BANK OF ST. VINCENT AND THE GRENADINES LTD

Interim Consolidated Statement of Changes in Equity

As at June 30, 2024

(expressed in thousands of Eastern Caribbean dollars)

	Share Capital \$	Statutory Reserves \$	General Provision Reserves \$	Unrealised Gain on investments \$	Retained Earnings \$	Total \$
Balance at Jan 1, 2023	20,753	20,753	5,475	15,211	78,883	141,075
Transfer to general provision reserves	-	-	2,322	-	(2,322)	-
Dividend paid	-	-	-	-	(1,500)	(1,500)
Total comprehensive income	-	-	-	3,818	23,217	27,035
Balance at Dec 31, 2023	20,753	20,753	7,797	19,029	98,278	166,610
Balance at Jan 1, 2024	20,753	20,753	7,797	19,029	98,278	166,610
Total comprehensive income	-	-	-	26	16,381	16,407
Dividend paid	-	-	-	-	(11,550)	(11,550)
At Jun 30, 2024	20,753	20,753	7,797	19,055	103,109	171,467

BANK OF ST. VINCENT AND THE GRENADINES LTD

Interim Consolidated Statement of Income

For the period ended June 30, 2024

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) Jun 30 2024	(Audited) Dec 31 2023	(Unaudited) Jun 30 2023
	\$	\$	\$
Interest income	45,376	73,619	33,260
Interest expense	(12,163)	(20,539)	(9,534)
Net interest income	33,213	53,080	23,726
Fee, commission and other income	16,860	26,136	11,469
Dividend income	178	508	66
Net gains from financial instruments at FVTPL	661	2,641	822
Operating Income	50,912	82,365	36,083
Allowances for credit losses on financial assets	(3,817)	(746)	(1,758)
Operating expenses	(27,593)	(53,702)	(26,317)
Profit before income tax	19,502	27,917	8,008
Income tax (benefit)/expense	(3,120)	(4,700)	(1,281)
Profit for the period	16,382	23,217	6,727
Basic and diluted earnings per share	1.09	1.55	0.45

BANK OF ST. VINCENT AND THE GRENADINES LTD

Interim Consolidated Cash Flows

For the period ended June 30, 2024

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) 6mths to Jun 30 2024	(Audited) 12mths to Dec 31 2023	(Unaudited) 6mths to Jun 30 2023
	\$	\$	\$
Operating activities			
Profit before income tax	19,502	27,917	8,008
Adjustments for items not affect cash, changes in non-cash working capital components and other items, net	(4,107)	215,482	316,220
Net Cash Generated from Operating Activities	15,395	243,399	324,228
Net Cash Used in Investing Activities	(74,394)	(218,523)	(45,535)
Net Cash Used in Financing Activities	(13,852)	(5,992)	(3,728)
Net (decrease)/increase in cash and cash equivalents	(72,851)	18,884	274,965
Cash and cash equivalents at beginning of the period	293,843	274,959	274,959
Cash and cash equivalents at end of the period	220,992	293,843	549,924

Note 1

These summary consolidated financial statements are prepared in accordance with the 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 summaries of consolidated financial statements are derived from the consolidated financial statements of Bank of St. Vincent and the Grenadines Ltd. for the period ended June 30, 2024, which are prepared in accordance with International Financial Reporting Standards (IFRSs). The accounting policies that we applied for these interim consolidated financial statements are consistent with those described on pages 43 to 73 of the Annual Report and Accounts 2023, as are the method of computation.