BANK OF ST. VINCENT AND THE GRENADINES LIMITED

BankofStVincent &theGrenadines
The Bank That Gives Me more

BOARD OF DIRECTORS

Errol Allen – Chairman

Andre Iton

Judith Veira

Godwin Daniel

Lennox Bowman

Timothy Providence

Lisle Chase

Omar Davis

Esther Brown-Weekes

Derry Williams

PROFILE OF SENIOR MANAGEMENT

1. **Derry Williams**, MBA Finance Managing Director
2. **Bennie Stapleton**, BSc Accounting, ACCA – Chief Financial Officer
3. **Bernard Hamilton**, MBA Business Administration – Manager Credit Administration
4. **Nandi Williams**, LLM International Trade Law – Corporate Secretary
5. **Cerlian Russell**, MBA Business Management Administration Manager Operations
6. **La Fleur Hall**, Manager, Risk and Compliance

Not in photos:

Wendell Davis, MSc Computer information Systems – Manager Information Technology

Charron Dos Santos, Diploma in General Management – Senior Human Resource Officer

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Bank of St. Vincent and the Grenadines Limited

Consolidated Statement of Financial Position **As at 31 December 2014**

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(expressed in Eastern Caribbean dollars)

	2014 $	2013 $
Assets		
Cash and balances with Central Bank	**117,771,589**	63,027,459
Treasury bills	**-**	5,981,449
Deposits with other banks	**90,164,941**	69,426,904
Financial assets held for trading	**40,502**	45,518
Investment Securities	**43,077,581**	51,240,589
Loans and receivables - loans and advances to customers	**577,997,867**	564,081,530
- bonds	**10,032,877**	10,032,877
Property and equipment	**58,002,725**	58,639,831
Investment property	**4,331,000**	4,331,000
Other assets	**5,914,212**	5,084,321
Income tax recoverable	**1,769,363**	2,359,150
Total assets	**909,102,657**	834,250,628
Liabilities		
Deferred tax liability	**652,890**	244,563
Deposits from banks	**40,212,066**	42,788,717
Due to customers	**651,341,735**	589,139,473
Borrowings	**71,650,451**	66,289,814
Other liabilities	**45,778,459**	35,572,347
Total liabilities	**809,635,601**	734,034,914
Equity		
Share capital	**14,753,306**	14,753,306
Reserves	**14,753,306**	14,753,306
Unrealised gains on investments	**1,560,610**	1,703,817
Retained earnings	**68,399,834**	69,005,285
Total equity	**99,467,056**	100,215,714
Total liabilities and equity	**909,102,657**	834,250,628

Bank of St. Vincent and the Grenadines Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2014

BankofStVincent &theGrenadines
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(expressed in Eastern Caribbean dollars)

	2014 $	2013 $
Interest income	**48,640,918**	47,825,394
Interest expense	**(22,244,978)**	(21,884,437)
Net interest income	**26,395,940**	25,940,957
Other operating income	**12,988,563**	12,038,029
Dividend Income	**66,096**	49,414
Impairment losses – investments	**-**	(770,900)
Recoveries of loans and advances, net	**77,150**	1,195,762
Operating expenses	**(30,748,138)**	(29,415,268)
Profit before income tax	**8,779,611**	9,037,994
Income tax expense	**(5,685,062)**	(1,547,259)
Profit for the year	**3,094,549**	7,490,735
Other comprehensive income		
Other comprehensive income to be reclassified to		
Profits or loss in subsequent periods:		
Unrealised losses on available-for-sale securities	**(143,207)**	(156,530)
Total comprehensive income for the year	**2,951,342**	7,334,205
Earnings Per Share	**0.31**	0.75

Bank of St. Vincent and the Grenadines Limited

2014 was a particularly challenging year for St. Vincent and the Grenadines. Beyond usual limitations and challenges occasioned by a modest 1.1% economic growth for the year, the Country was badly impacted by the devastating storm of December 24, 2013, which resulted in damages and losses in excess of EC $330 million or 17% of GDP. This has hampered the prospects of any near term economic stabilisation as the recovery effort which begun in 2014 will continue well into the immediate years ahead. In addition to this natural disaster, the prolonged drought from January 2014 to May 2014 and the debilitating effects of the Chikungunya disease which affected most of the territories of the Eastern Caribbean, have negatively impacted output during the year.

Given this context, the financial performance of the Bank during the year can be considered as very commendable. Profit before taxes was $8.8M compared to $9.0M in 2013, while after tax profit was $3.1M and $7.5 respectively. After tax profits were impacted by the settlement of $2.7M reached with the Inland Revenue Department on the computation of the Bank's tax liability relating to the periods 2009- 2013. Additionally, the computation of the taxes from 2014 was also impacted by the application of the methodology that was agreed with the Inland Revenue

Total assets grew from $834.3M at December 31, 2013 to $909.1M at the end of the financial year. This represents an increase of 8.97%. The growth in assets was mainly attributable to the increase in the Bank's deposit portfolio. With respect to the growth in loans, the portfolio remained relatively stable as the Bank continued to be cautious in its approach to lending and has sought during the year to pay close attention to the quality of loan underwriting and oversight given the weak economic climate. Accordingly, the overall asset quality remained consistent with that of previous years with loan assets maintaining a non performing ratio of approximately 6.5% of the total loan portfolio. The overall quality of the investment portfolio was also maintained during the year.

During the year, the Bank also continued its focus during the year on the other critical issues including, improving the overall efficiency of the operations and advancing the customer service improvements across the branch network. Operating expenses were slightly above the prior year due mainly to the support provided through the Corporate Social Responsibility (CSR) Program. During the year, the Bank, in partnership with the National Insurance Services donated a new CT Scan Machine to the Milton Cato Memorial Hospital to replace the one that was destroyed in the December 24, 2013 floods. This was, and still remains, the only CT Scan facility serving the entire Country. The new machine was installed in October 2014. An allocation of $500,000 representing 50% of the total estimated cost of the new machine was therefore made during the year. Additionally, there was a settlement of withholding taxes in the amount of $542,000 relating to the period 2011 to 2014.

The projected growth in operating income for the year was negatively impacted by the reduction in foreign exchange income and loan recoveries. This was due mainly to the slowdown in foreign currency remittances and the sale of distressed properties respectively. We however continued our effort to streamline the operations of the Bank. During the year, the focus was on reviewing the back office operations, mainly in credit administration and central services, with a view to improving the overall quality and efficiency within these critical functions.

The development of the required competences and capabilities to achieve the overall objective of continuous improvement in customer service delivery is a central pillar of the Bank's overall strategy. To this end, we continued during the year to support the development and advancement of our employees through on-going investment in targeted training programs including, leadership development, customer service delivery and risk management. Also, as noted above, the targeted review and subsequent streamlining of a number of the key functional areas during the year was geared towards improving the capabilities across the entire value chain of the Bank.

Overall, the Bank performed considerably well given the economic conditions that prevailed during the year under review. The continued confidence and trust of the public evidenced by the level of balance sheet growth in 2014 is a noteworthy achievement. Based on the performance trend established over the past four (4) years, it is clear that the Bank remains on a sustainable growth path that will continue to translate into greater value for all of its stakeholders.