

BANK OF ST. VINCENT AND THE GRENADINES LTD

**Unaudited Consolidated Statement of Income
For the six months ended June 30, 2018**

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) June 30 2018 \$'000	Audited December 31 2017 \$'000	(Unaudited) June 30 2017 \$'000	12mths Change %
Interest income	24,795	49,659	24,620	0.7
Interest expense	(7,866)	(17,382)	(8,587)	-8.4
Net interest income	16,929	32,277	16,033	5.6
Other operating income	7,853	12,836	6,064	29.5
Net interest and other income	24,782	45,113	22,097	12.2
Impairment losses on property and equipment	-	(1,825)	-	0
Impairment losses on loans and advances Net	(1,728)	(8,503)	(9,084)	-81.0
Operating expenses	(16,001)	(31,995)	(15,442)	3.6
Profit/Losses before income tax	7,053	2,790	(2,429)	390.4
Provision for Income Tax	(1,904)	(1,994)	-	100
Profit for the period	5,149	796	(2,429)	312.0
Earnings per share	0.34	0.05	(0.16)	

BANK OF ST. VINCENT AND THE GRENADINES LTD

**Unaudited Consolidated Statement of Cash Flows
For the six months ended June 30, 2018**

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) 6mths to June 30 2018 \$'000	(Audited) 12 mths to December 31 2017 \$'000	(Unaudited) 6mths to June 30 2017 \$'000
Operating activities			
- Profit/(loss) before income tax	7,053	2,790	(2,429)
- Adjustments for items not affect cash ,changes in non-cash working capital components and other items net	2,457	11,532	9,926
Cash flows from/ (used in) operating activities	19,314	(11,769)	49,795
Cash flows used in investing activities	(24,695)	(13,759)	(26,403)
Cash flows used in financing activities	(4,873)	(6,855)	(4,694)
Net decrease/ (increase) in cash and cash equivalents	(10,254)	(32,383)	18,698
Cash and cash equivalents at beginning of year	197,355	229,738	229,738
Cash and cash equivalents at end of the period	187,101	197,355	248,436

Bank of St. Vincent & The Grenadines Ltd
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2018



BANK OF ST. VINCENT AND THE GRENADINES LTD
UNAUDITED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2018

SUMMARY OF FINANCIAL PERFORMANCE

DEAR SHAREHOLDERS

For the half year ended June 30, 2018, profit before tax totaled \$7.05M while profit after tax amounted to \$5.15M compared to the first half of 2017 which recorded a loss of \$2.43M. The Bank was able to further strengthen its balance sheet and enhance its income generating activities over the six-month period. This was due mainly to the implementation of a number of strategic initiatives outlined in the strategic plan that covers the period 2018 – 2020. This plan focuses on advancing five strategic priorities of Enhancing Financial Prosperity, Customer Value, Brand Value, Process Excellence, People and Culture.

There was an increase of \$1.79M (29.5%) in other operating income when compared to the same period last year. Additionally, total cost of funds was reduced by 20 basis points over the six- month period, moving from 2.1% as at December 31, 2017 to 1.9% as at the end of June 2018, representing a reduction of \$.721M in interest expense. Operating expenses were slightly higher than the 2017 level primarily due to costs associated with the implementation of a number of strategic initiatives and higher cost for licenses and membership fees.

The overall quality of the lending portfolio showed improvement with the non-performing loans and advances moving from 7.3% at December 31, 2017 to 6.6% at June 30, 2018. Our intention over the short to medium term is to bring this ratio within the international benchmark of 5%. The Bank also remained well capitalized with Tier One Capital ratio of 21.2%, well above the regulatory capital requirement of 8%.

The Bank is at an advanced stage regarding the transition from IAS39 *Financial Instruments: Recognition and Measurement* to IFRS 9 *Financial Instruments*. It is anticipated that the model will be adopted well before the 2018 financial year end. The assessment of loan loss expenses as included in the half year results were in accordance with the IAS 39. Our estimates have shown that there would be no material impact on reported income had the assessment been done under IFRS 9.

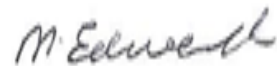
As we move towards the second half of the year, based on our forecast, the performance for the ensuing period is expected to be consistent with that of the first six months. The Board of Directors in conjunction with management will continue to ensure that the Bank's overall risk management framework is robust enough to withstand the threats in the external environment while ensuring that the institution is positioned to capitalized on opportunities being presented.

BANK OF ST. VINCENT AND THE GRENADINES LTD
Unaudited Consolidated Statement of Financial Position
As at June 30, 2018

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) June 30 2018 \$'000	(Audited) December 31 2017 \$'000	(Unaudited) June 30 2017 \$'000	12mths Change %
Assets				
Cash and balances with Central Bank	119,079	118,625	143,079	-16.8
Treasury bills	10,175	10,402	10,175	0
Deposits with other banks	117,640	115,573	151,878	-22.5
Originated Loans - Loans & Advances to customers	618,472	605,030	592,889	4.3
- Bonds	10,029	10,033	10,031	0
Investment securities - held-to-maturity	67,681	55,025	57,484	17.7
Property and equipment	52,837	53,190	56,204	-6.0
Investment Properties	2,412	2,412	2,780	-13.2
Other assets	5,515	4,293	6,782	-18.7
Income tax recoverable	-	-	590	-100
Total assets	1,003,840	974,583	1,031,892	-2.7
Liabilities				
Deposits from banks	38,735	35,249	68,163	-43.2
Due to customers	770,614	745,783	742,171	3.8
Deferred tax Liabilities	47	47	298	-84.2
Borrowed funds	39,900	42,095	44,246	-9.8
Other liabilities	47,794	47,136	76,076	-37.2
Total liabilities	897,090	870,310	930,954	-3.6
Equity				
Share capital	20,753	20,753	20,753	0
Reserves	14,913	14,913	14,753	1.1
Unrealised gain on investments	1,604	1,726	1,616	-0.7
Retained earnings	69,480	66,881	63,816	8.9
	106,750	104,273	100,938	5.8
Total liabilities and equity	1,003,840	974,583	1,031,892	-2.7

Approved by the Board of Directors on July 27, 2018



Director



Director