Schedule 2
FORM ECSRC – OR

(Select One)

[X] QUARTERLY FINANCIAL REPORT for the period ended **March 31, 2024**
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: **BOSVG01061977SV**

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	14,999,844

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 Managing Director:
Derry Williams

Signature

DocuSigned by:
34D66ACB8C2E42B...

Date: April 29, 2024

Name of Director:
Judith Veira

Signature

DocuSigned by:
F04DF6DB54AE475...

Date: April 29, 2024

Name of Chief Financial Officer (and Deputy Managing Director:
Bennie Stapleton

DocuSigned by:
D1229C441B8D404...

Date: April 29, 2024

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 non-financial indicators.

General Discussion and Analysis of Financial Condition

Global economic expansion is poised to ease to 2.8% in 2024 (down from 3.3% in 2023), largely due to subdued prospects in key economies like the US and China. Despite facing one of the most robust periods of monetary policy tightening in decades, this achievement is significant. Coupled with positive developments on the supply side, inflation has decreased in many nations, fueling anticipation of official interest rate reductions across several economies this year. Moreover, growth remains robust, particularly in emerging markets, which are expected to outpace developed economies considerably. Asia continues to spearhead global growth trend

Yet, we must not become complacent about the upcoming year. The final stages of inflation could pose greater challenges than anticipated, and geopolitical uncertainties loom large. As we enter 2024, the ongoing conflict between Ukraine and Russia persists, heightening instability not only in Europe but also beyond. Moreover, the Middle East experiences renewed turmoil, inflicting suffering on numerous communities and causing disruptions in the Red Sea, a critical bottleneck in global supply networks.

Additionally, 2024 marks significant elections in the United States, India, and likely the United Kingdom, all of which could influence the economic landscape. With such pivotal events on the horizon, it's essential to avoid unnecessary harm to the mechanisms of growth and sustainability. Despite the prevailing uncertainties externally, we maintain confidence in our ability to navigate the challenges and capitalize on the opportunities that lie ahead in 2024.

Bank of St. Vincent and the Grenadines Ltd stayed committed to its strategic plan and achieved promising outcomes in the first quarter of the fiscal year 2024. Domestically, the economy is thriving, fueled by consistent tourism performance and the country's steady increase in revenue to address the deficit. We are delighted to announce that the Bank achieved a profit before tax of $9.8 million for the period ending March 31, 2024, compared to the corresponding period last year.

The Bank witnessed a notable increase in total operating income, rising by $8.1 million compared to the same period in the previous year. This upward trend can be attributed to increased interest income generated from the Bank's loan initiatives and the strategic investment of its surplus liquidity. Net interest income reached $14.2 million, marking a substantial increase of $3.3 million or 30% and surpassing the budgeted target by $1.3 million or 9.7%. Similarly, the Bank's non-interest revenue made a significant contribution to the overall positive variance, soaring by 94.8% to $9.9 million. This surge was primarily driven by gains on foreign exchange and core fees, fueled by heightened volumes in service fees, commissions, and merchant services.

The Bank's financial performance in the first quarter was further bolstered by reduced charges for credit impairment, amounting to $1.3 million, compared to an impairment charge of $1.5 million for the corresponding period in the previous year. This decrease in impairment charges is credited to enhancements in credit quality, as the Bank adjusted its provision assumptions based on the economy's performance and favorable indicators in its IFRS 9 model.

Maintaining asset quality remained a paramount focus as we continued to prudently manage our provisions. Provisions for loan losses decreased by $7.6 million or 18.7% compared to the same period in 2023. This reduction was primarily driven by the write-off of approximately $10 million in loans and advances, along with the release of pre-emptive provisions made in the previous year for Covid-19 support loans. Consequently, the Group's non-performing ratio improved to 4.6% compared to 6.4% in March 2023. Additionally, the Group's provision coverage ratio remained robust at 71.4%, with a total coverage ratio of 89.2%, inclusive of reserves.

Other operating expenses decreased by $1.5 million mostly due to non-reoccurring acquisition costs for professional fees. However, there were noticeable increases in licenses and membership fees, security, interest levy and depreciation expenses. To better serve its customers, the Bank continuously invests in its employees, physical premises, and its technology. Employee cost increased by $1.2 million to $4.8 million against $3.6 million in the previous year. This was mainly due to higher staff numbers arising from the acquisition.

The Bank's financial position remains robust with total assets of $1.950 million, of which loans and advances to customers, net accounted for $963.4 million, deposits $1.684 million and investments (excluding deposit placements) totaled $369.0 million as at March 31, 2024. Total equity closed at $174.9 million, book value per share increased 23% to $11.66 from $9.48 at March 31, 2024. Meanwhile, return on equity was 20.8%, exceeding the higher end of our 2024 guidance of between 10.5% and 11.0%. After the acquisition our post dividend capital levels remained healthy with total CET1 ratio of 15.6%, and tier 1 ratio of 12.6 % which is well above the Central Bank's minimum requirement of 10.0%. This paved the way for a proposed distribution of dividend payment of $0.77 to shareholders for the financial year 2023. This translated to a payout of 50% based on the dividend policy The Bank's liquidity position remain formidable at 28.1%.

Moving forward in 2024, BOSVG intends to maintain a steadfast commitment to pursuing new loan growth opportunities while ensuring optimal funding through diversification and retaining core deposits to support asset expansion. Key areas of focus will include investments, liquidity management, and ESG initiatives.
Concurrently, the Bank will initiate a new strategic plan aimed at enhancing productivity and efficiency, elevating customer experience, advancing digital offerings, upgrading IT infrastructure, and bolstering sustainability capabilities. Asset quality management will remain a top priority as we vigilantly monitor our loan portfolios.

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

The Group remains well capitalized. Capital ratios are well above the minimum regulatory requirements and board approved target ranges, with a total capital ratio of 15.6% and tier 1 ratio of 12.6%. (March 2023 16.2% and 14.2%). The movement in the capital ratios reflects the impact of the strategic initiative of acquiring FCIB which absorbed $7.5 million, the payment of dividend for 2022 and an increase in total risk weighted assets. The RWA increase was mainly due to movements in credit risk, market risk and operational risk.

Liquidity is managed proactively in order to ensure the Group is able to meet its financial obligations and to continue under extreme conditions. Through our ongoing focus, the Group was able to maintain healthy liquidity risk indicators, with a coverage ratio of 28.1% (March 2023:46.2%) and a loan to deposit ratio of 59.1%.

The Group’s primary source of funding is customers deposits, which totaled $1.684 million representing 86.4% of the balance sheet. A significant portion of these deposits comprises regular savings account from households and approximately 23.5% from institutional depositors.

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.

At the end of the reporting period, the Group anticipated that the undrawn credit commitments to customers would require cash outflows totaling $71.9 million compared to $81.4 million at March 31, 2023.

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

Overview of Financial Performance

Despite challenges in the operating environment, BOSVG achieved commendable financial results for the period ending March 31, 2024. The Bank strategically pursued growth opportunities within both its consumer and corporate portfolios while allocating excess liquidity to fixed income securities. Meanwhile, maintaining sufficient liquidity to support asset growth and strategic investments, including enhancing IT capabilities and leveraging synergies from the FCIB acquisition, remained a priority. Additionally, the Bank prioritized efforts to recover asset quality, implementing enhanced management initiatives resulting in a sustained recovery amounting to $0.557 million.

Growth trends across total assets (+1.9%), net interest income (NII) (+30%), non-interest income (+94.8%) remained robust. Levels of productivity improved, evident in our efficiency ratio declining to 59.3% from 86.5% in 2023 as operating expenses declined by 1.6% to $12.9 million on account of non-reoccurring acquisition expenses. Capital and liquidity ratios remained strong, with tier 1 ratio of 12.6%, and a liquidity ratio of 28.1%, all well above-board targets and regulatory minimums. The group's total expected credit loss (ECL) coverage ended at 89.2% as we remain conservatively provided against non-productive loans and advances of 4.6%. With these combined efforts, BOSVG recorded a profit before tax of $9.8 million.

Net profit

Earnings per share increased 3.6 times to $0.55 against $0.12 for the same period of 2023, corresponding to a net profit of $8.3 million and $1.8 million respectively. The profit for the period surpassed the budgeted target by 41.2%. The increased was fueled in particular by the acquisition of FCIB and the impact from the high interest rates and favorable financial markets.

Net interest Income

Net interest income increased by 30% to $14.3 million due in part to the high interest rate in the financial markets. The higher interest rate level has improved the return on investments and deposit placements with banks. Income in this category was in line with budget expectations at $3.7 million compared to $2.7 million a year ago. Net interest income was also supported by a 14.6% growth in loans and advances. In addition, the acquisition of FCIB also contributed considerably to the increase in net interest income.

Net interest margin increased by 60 bps to 2.9% from the 2.3% reported March 2023. This increase was propelled by an improved deposit mix. BOSVG also decreased the rate on staff deposits from 3.5% to 2.5% by the end of 2023. This adjustment was bolstered by the expansion of high-yielding assets like consumer loans and government borrowing, albeit tempered by pricing pressures on mortgages and vehicle loans. As anticipated, interest expense increased in tandem with the acquired portfolio, remaining within the budget estimate of $5.4 million.

Net fee and commission income and other income

Non-interest income increased 94.8% to $9.9 million, slightly above the Group's budgeted target of $8.1 million. The increase was underpinned by solid growth in commission and fees, the benefits of recovery income and foreign exchange gains.

Overview of Results of Operations

A larger, increasingly engaged customer base combined with higher transactional activity from merchant services resulted in 92% growth in net fee and commissions to $6.1 million. Gains on foreign exchange transactions stood at $3.2 million compared to $$1.9 million in 2023, driven mainly by transfer fees from customers activities. Recovery income continued to make a steady contribution to non-interest income of $0.558 million in recoveries from a previously written off loan and equity returns from dividend payment was $0.008 million.

Credit loss on financial assets

The charges for credit loss on financial assets totaled $1.3 million, down from $1.5 million in 2023. This modest expense corresponds to 0.14% of gross loans and advances and is primarily attributed to the anticipation of a more favorable economic outlook, resulting in reduced forward-looking adjustments relating to credit losses. The credit quality remains robust, with a decreased level of non-performing loans and advances amounting to $46.1 million, compared to $55.8 million at March 31, 2023. The Group's balance sheet expected credit loss (ECLs) decreased by 18.7% to $32.9 million, reflecting prudent provisioning in the current economic climate and the effects of write-offs totaling approximately $10 million at the end of 2023. Overall, the provision coverage remains adequate at 89.2%, inclusive of reserves, against non-performing loans and advances comprising 4.6% of the portfolio

Operating Expenses

There was a reduction of 1.6% in operating expenses to $12.9 million which reflects the impacts of acquisition cost in the prior period, higher fees linked to revenue growth and balance sheet expansion. Of note however, employee related costs increased by 34.6% to $4.8 million following union wage increase of 5% and growth in staff complement; and short-term incentive, aligned to the Group’s financial performance. Additionally, there were notable increases in the following areas:

- Interest levy- driven by the acquired deposit portfolios.
- Depreciation- reflecting the continuous investment in digital solutions and payments infrastructure such as ATMs, the growth related to depreciation charge continues to improve efficiency.
- Utilities- the continued expansion of our footprint (ATM network and new branch) led to an increase in utility cost.
- Licenses and membership fees- the growth rate in the related amortization charge related to IT contracts arising from the increase in asset size.
- Other operating expenses -mainly due to sundry gains and losses late invoices

The group’s reduction in expenses of 1.6% and the increase in revenue, resulted in the efficiency ratio decreasing to 59.3% from 86.5%.

Loans and advances

Gross loans and advances increased by 14.6% to $995.8 million driven by temporary growth in government lending coupled with the consumer loan campaigns and demand from corporate customers, indicative of the level of confidence returning to the sector and an improvement in business sentiment. Mortgages accounted for 46.6%, term loans 10.0%, corporate loans 30.6%, overdrafts 11.7 %, credit credits 1.1 % of which 4.6% are non-performing.

Investments

The investment portfolio amounted to $508.7 million against $334.5 million at the end of March 2023. The change over the period was affected by the deployment of cash from the acquisition, positive market returns and high interest rate environment. At the end of the reporting period $212.2 million or 41.7% of the portfolio was held in the international market.

Deposits

Deposits decrease marginally by 0.5% to $1.695 million and the loans to deposit ratio increased to 59.1% (March 2023: 51.5%). The development during the period was fueled by the redemption of time deposits from statutory bodies and due to banks, where as demand depositors migrated to saving products with higher deposit rates. Bank deposits were $699.5 million higher than loans and advances at the end of March 2024.

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.

In its 2024 Global Risk Report released on January 10, 2024, the World Economic Forum (WEF) emphasized misinformation and disinformation as the foremost global risk in terms of impact over the next two years. Additionally, the EY/IIF global bank risk management survey, published in February 2024, underscored cybersecurity as a primary concern for organizations, with regulatory, financial, and operational concerns following closely behind. Climate and geopolitical risks are also gaining urgency and complexity, with high-velocity, high-impact risks such as extreme weather events, heightened geopolitical tensions, and emerging digital risks (including crypto assets and generative artificial intelligence) at the forefront of risk management priorities.

Structural changes within the financial services sector, driven by geopolitics, climate issues, and technological advancements, are reshaping the global business landscape and operating conditions. The focus on risk management within organizations is evolving to address these shifts, with a particular emphasis on enhancing operational resilience due to increased reliance on third-party vendors and persistent cyber and fraud threats.

Despite the challenging external environment, the overall Internal Control Environment and risk assessments across the Group provide assurance that the control framework supports a high level of safety and soundness. Positivity remains evident around corporate governance, risk management practices, internal controls, and regulatory and balance sheet profiles. Known risks across the Group are identified, assessed, documented, managed, reported, and reviewed in line with the Group's Enterprise Risk Management Framework (ERMF) and governance protocols

Capital and Liquidity Risk

The Group has established a robust balance sheet, reinforced by solid capital and liquidity ratios, complete with sufficient buffers to meet both regulatory mandates and internal risk thresholds. Our concerted efforts have bolstered financial performance through proactive risk management, fostering business expansion, delivering value to customers and stakeholders, ensuring capital sufficiency, and instilling confidence in the market.

As of March 31, 2024, the Group maintained a liquidity coverage ratio (LCR) of 28.1% and a Tier 1 Capital ratio of 12.6%. We continuously reassess contingent funding strategies, forecasting methods, and early warning indicators to ensure their relevance and adequacy, drawing from lessons learned during the pandemic. Nonetheless, residual risks persist, particularly concerning funding costs, inflation, and potential investment downgrades amid market volatility.

Recognizing resilience as a cornerstone of sustainability and success, the Group is committed to formulating a comprehensive capital plan and its effective execution. Leveraging our strong balance sheet position, we will pursue growth opportunities while prioritizing optimization of risk-weighted assets and enhancing forecasting accuracy.

Stress Testing

In assessing the resilience of our balance sheet, liquidity, and capital adequacy, and to glean actionable insights into the credit portfolio's performance, we subjected both credit and deposit portfolios to stress tests across a range of scenarios. These scenarios factored in the increased volume stemming from the CIBC FCIB acquisition. Concurrently, we persist in assessing the potential ramifications of the Basel II and III proposals on our capital ratios, systems, and procedures.

Analysis outcomes reveal our capacity to recognize, activate, and navigate recovery measures in response to liquidity or capital-related disruptions. However, we recognize the imperative of ongoing evolution to meet evolving challenges and maintain robustness.

Change Management
People risk remains elevated as the Group seeks to undertake a range of change programs and transformation activities exacerbated by external challenges and internal operating structural changes. During the quarter the group commenced its succession plan and talent development programs. Our proactive talent management efforts have effectively preserved organizational value. By integrating enterprise-wide succession planning, alongside targeted engagement interventions such weekly staff engagement, MetaCompliance learning hub and enhanced human resource function to manage change processes, as well as an oversight framework to address operational and capacity challenges.

Customer Support & Management
The Group has in place a functional back-office support center and customer help desk as well as social media platforms to resolve complaints and disputes from customers. In order to cope with the additional volumes resulting from the acquisition extra resources were deployed towards managing the transition of customers. During the quarter the Group continue to make significant investment in enhancing its mobile banking platform, deployed additional merchant terminals and provided training to customers on how to use the available technological platforms.

Credit Administration
Credit administration processes across the Group remained efficiently and effectively managed. The focus during the quarter was primarily on assessing the quality of the acquired portfolio as well as managing the remnants from Covid 19 and other legacy issues. Large exposures and key concentrations were continuously monitored to ensure that the exposures remained within acceptable ranges and that provisions were adequate. However, overall delinquency deteriorated during the year, the ratio moved from 9.4% at March 2023 to 7.7% at the end of March 24 with a slight improving over the December 2023 ratio of 7.8%.

Credit Risk
Credit risk remains a principal concern inherent in our lending operations. During the period, we observed no significant fluctuations in our portfolios concerning specific industries, or major borrowers, apart from the government. Additionally, the Group's asset quality indicators have shown a marked improvement throughout the period with focused management interventions, including improved collection and loan origination processes.

As at March 31, 2024, stage 3 loans and advances of $46.1 million represented 4.6% of total loans and advances and provisions held reflected 89.2% coverage (December 2023, 5.1% and 86.2%). On a yearly basis the Group's stage 3 loans and advances was 6.4% with provision coverage of 82.4%. This was reflected of approximately $10 million in amounts written off at the end of 2023.

Stage 1 represents $5.4 million (16.7%), Stage 2 loans $8.3 million (25.9%) and stage 3 $18.5 million (57.4%) and $1.3 million in provision expense is being held to cover potential asset quality deterioration on the BOSVG legacy portfolio.

Operational Risk
The Group managed to achieve its operational risks objectives in all material areas, including maintaining a strong internal control environment. Operational risk continued to be well managed and within the approved risk appetite limits. The Group continued to comply with the new and rapidly changing regulatory standards, including reporting to internal and external stakeholders. Our information technology capability remained stable and resilient in the restoration of IT services from system disruption with minimal impact to customers and our operations. Additionally, the Group has heightened its IT risk management program with increased focus on new IT digital risks, data management, third party vendor management and IT risk appetite.

Cybersecurity remained robust, with no breaches detected despite heightened risks. Continuous improvements and updates to prevention, detection, investigation, and risk management processes against fraud underscore our commitment to safeguarding the Group's assets. Furthermore, a business impact assessment was conducted to further fortify the Group's resilience.

Interest Rate

There's a looming likelihood of interest rate peaks across most financial markets in 2024, accompanied by anticipated monetary policy easing. Our proactive approach to consistently monitoring market conditions and associated risks in the global markets business has empowered us to strategically navigate through volatile periods. Engagements persist throughout the Group to comprehend both current and future liquidity and capital demands, fostering proactive risk management in investment decisions.

Despite the unprecedented market conditions, our management and monitoring of market risks remain robust, with no significant balance sheet exposures observed. However, as the Bank's deposit base expands and investment opportunities dwindle, careful consideration is given to pricing this risk. These dynamics pose potential challenges to long-term profitability, requiring vigilant attention and strategic adaptation.

IT Security Risk

The Group has continuously implemented effective IT strategies to enable the Group to remain competitive and resilient. As the financial industry continues to face a dynamic interplay of technology and cyber risk. Artificial Intelligence and machine learning promise efficiency and innovation however, their complexity creates new vulnerabilities and new variants of fraud. Ransomware attacks remain a major threat, targeting critical infrastructure and requires high investment. The overall trend points towards increasingly sophisticated attacks exploiting interconnected systems and human weaknesses.

Through its risk governance oversight of enterprise IT systems with the relevant frameworks, policies and procedures to manage and monitor technology and cyber risk. The Group continued to prioritized robust cybersecurity, ensuring data, operations, and customer data remain safe. We continue to leveraged advance technology such as MobilEarth, multi-factor authentication, and rigorous employee training to promote cyber risk hygiene, fostering a stable and resilient technological foundation while staying ahead of evolving risks.

In addition, the Group completed an independent security assessment to determine the vulnerability of its security risk posture to suspicious activities and implemented appropriate safeguards. Continued focus was also placed on aligning processes to international standards and best practices, such as the re-certification ISO 27001 and updated aging infrastructure, while acquiring new technology for the future. The Group did not record any significant cyber related breaches.

Of note also, the Group continues to enhance and advance its insights, data management, reporting and decisions through ongoing improvement and investment in data governance, data privacy and architecture. Our work to modernize our data infrastructure also includes cloud management which would increase flexibility and scalability as the regulatory landscape evolves around data storage but would require increased management of our IT risks.

Information technology security remains timely and successful with no breaches to cyber defenses, despite greater digital adoption and remote work.

Reputational Risk

The Group continues to keep abreast of changes in legislation and industry best practices. There were no reported events that had an adverse effect on the Group's reputation over the period ended March 31, 2024.

Financial Crime

The Group continues to make significant investment in upgrading financial crime controls, anti-money laundering, counter-terrorism and proliferation measures, customer risk assessment screening and transaction monitoring. Additionally, the Group is undertaking a business impact risk assessment, which will form the basis of the application of a risk-based approach and determine adequate allocation of resources based on assed risk. The Group continuously enhances its fraud security rules for our online, card and transaction services to ensure that its fraud monitoring and detection capabilities are optimal.

Regulatory Change

The Group remains steadfast in fulfilling all regulatory obligations and adhering to best practices. Emerging from the effects of the COVID-19 pandemic, our commitment to staying current with new and revised regulations is unwavering. We continuously adapt our risk management policies to align with evolving regulatory landscapes.

Initiating the implementation of the ICAAP for initial reporting in FY 2024 signifies our proactive approach to regulatory compliance and risk management. Additionally, we acknowledge that regulatory changes regarding Environmental, Social, and Governance (ESG) factors may influence how businesses secure funding, potentially impacting our business practices and viability. As such, we remain vigilant and responsive to these developments to ensure our continued compliance and sustainability.

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.

CATHERINE ANESTA JOHN V BANK OF ST. VINCENT AND THE GRENADINES LTD. – CLAIM # SVGHCV2023/0121

This matter was heard on January 16, 2024 and adjourned to March 6, 2024.

The matter was subsequently heard on March 06, 2024 and it was ordered that:

1. The Application of the Defendant to strike out the claim is granted and the claim is hereby struck out.
2. The Defendant is to serve a copy of this order and the order of the 17th January 2024 on the Claimant via her email address Catherinej619@gmail.com
3. The Defendant is awarded prescribed costs under Appendix B of Part 65, reduced to 55% under Appendix C. The costs to be paid by the Claimant to the Defendant within 21 days is the sum $7,397.50
4. The Defendant shall have carriage of this order.

FERRAND CLOUDEN WALTERS V BANK OF ST. VINCENT AND THE GRENADINES LTD. – CLAIM # SVGHCV2023/0133

This matter was heard on January 17, 2024 and adjourned to March 6, 2024.

The matter was subsequently heard on March 06, 2024 and it was ordered that:

1. The Application of the Defendant to strike out the claim is granted and the claim is hereby struck out.
2. The Defendant is to be served a copy of this order and the order of 17th January 2024 via his email address faithfulferrand@gmail.com
3. The Defendant is awarded prescribed costs under Appendix B of Part 65, reduced to 55% under Appendix C. The costs to be paid by the Claimant to the Defendant within 21 days is the sum $5,500.00
4. The Defendant shall have carriage of this order.

JOHN CARMILLA JACINTHA V BANK OF ST. VINCENT AND THE GRENAINES LTD.– CLAIM #SVGHCV2023/0146

The matter was heard on January 17, 2024 and adjourned to March 06, 2024. The matter was subsequently heard on March 06, 2024 and it was ordered that:

1. The Application of the Defendant to strike out the claim is granted and the claim is hereby struck out
2. The Defendant is to serve a copy of this order and the order of the 17th January 2024 on the claimant via her email address catherinej619@gmail.com
3. The Defendant is awarded prescribed costs under Appendix B of Part 65, reduced to 55% under Appendix C. The costs to be paid by the Claimant to the Defendant within 21 days is the sum $7,307.50
4. The Defendant shall have carriage of this order.

STANDARD GROCERY LIMITED, STANGRO ENTERPRISES LIMITED AND NEW MONTROSE APARTMENT HOTEL LIMITED AND BOSVG CLAIM # SVGHCV:2019/0211 - Transferred from CIBC FCIB Acquisition

This trial which began on May 02, 2023, concluded on 21st February 2024. It was ordered that:

1. The claimants' claim against BOSVG is dismissed
2. The claimants claim against Phillips & Williams is dismissed
3. The claimants are liable to repay to BOSVG the sums claimed of $5,934,517.65 in respect of loan number 1006624259; $2,074,753.77 in respect of loan number 106624275 and $1,344,466.12 in respect of loan number 106828835 with interest at the agreed annual rate of 10% up to today's date, less any payments made by the claimants towards those amounts since the date of filing of the counterclaim.
4. The BOSVG shall on or before May 31st 2024 provide to each of the claimants a statement of accounts outlining all payments made and credited to the respective loan accounts, all interest accrued, the daily rate of interest and the outstanding balances as at February 21st 2024.
5. The claimants shall within 6 months of receipt of the statement of accounts from the BOSVG under sub-paragraph 4 of this order, or on or before December 2nd 2024 (whichever is later) pay BOSVG the outstanding balances referenced in sub-paragraph 3 and 4 of this order together with interest.
6. The claimants shall pay BOSVG prescribed costs pursuant to CPR 65.5(1) and (2)(b)(i) to be calculated based on the aggregated outstanding balance of the respective loans referenced in sub-paragraph 3 of this order.
7. The claimants shall pay Phillips and Williams prescribed costs of $7,500.00
8. A penal notice in terms of CPR 53.3 (b) applicable to a body corporate is to be attached to this order in respect of the claimants obligations under subparagraph 3,5,6 and 7 of this order.

CHERRYLYN SIMMONS AND CIBC FCIB -CLAIM # SVGHCVV2023/0026 – Transferred from CIBC FCIB Acquisition

This matter was discontinued in the court of law and an out of court settlement was agreed and finalised on April 23, 2024.

4. 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 N/A

- 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

5. 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

6. 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.

N/A

(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.

N/A

(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.

N/A

(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.

N/A

7. 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.