Schedule 2
FORM ECSRC – OR

(Select One)

[X] **QUARTERLY FINANCIAL REPORT** for the period ended **September 30, 2020**
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)

BOSVG01061977SV
Issuer Registration Number: ____

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: **784-457-1844**
Telephone number (including area code): ____

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

Date

Name of Director:
Maurice Edwards

M. Edwards

Signature

Date

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

Signature

Date

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

The COVID 19 pandemic continues to have an adverse effect on the local economy. Global economies experienced severe contractions in the first half of 2020. However, evidence has revealed that these economies have begun to recover. The economic improvement has been supported by governments, central banks and regulators through a broad range of fiscal, monetary, public health, technological and social responses. In addition to the economic challenges, COVID 19 resulted in adjustments to behavior including working conditions and customers utilizing digital channels to conduct business. However, with control restrictions still in place and very little success at containing the virus across regions, some borders still remain closed. The uncertainty surrounding the pandemic, imposes a high level of economic insecurity.

Management anticipates that the economic impact of COVID 19 will continue to affect the Bank's performance and has revised the financial target for 2020. Some level of recovery is anticipated during the fourth quarter. However, we remain cautious and have increased our loan loss provisioning reserve for potential increase in estimated future credit losses; maintained adequate liquidity; excess capital buffers and prudently managed credit and operational risks.

Despite the fluid environment, the Bank earned a profit before tax of $3.2M at the end of September 2020, which exceeded the revised target of $2.7M. The results for the period corresponded to a return on equity of 3.3%, compared to 9.9% for the corresponding period of 2019. The reduced profit at the end of September 2020 was primarily due to an increase in expected credit losses, volatility in the financial markets, low interest rates and low economic activity levels experienced during the first half of 2020.

The Bank entered the economic crisis from a position of strength and remained well capitalized with Tier 1 Capital Ratio of 22.4%. Total assets grew by $36.8M or 3.1% from the June 2020 position and $108.8M (9.9%) in comparison to September 2019. Deposit growth continues to be strong - on a quarterly basis customers deposit grew by $36.1M (3.7%) and $115.7M (13.1%) over the corresponding period, amounted to $998.8M. The inflow of deposits has helped to maintain a healthy loan to deposit ratio of 69.6% and enabled growth in loans and advances and the investment portfolios of 6.8% and 17.5 % respectively.

Non-interest income exceeded the revised forecast by $1.1M due to higher transactional volumes in card services and foreign exchange earnings during the period. Conversely, net interest income, which showed a marginal reduction of $0.1M over the second quarter, continues to be impacted by the low interest rate environment and increased funding cost due to deposit growth.

We continue to deliver on our commitment to cost containment, which is a critical leverage in the current environment. Operating expenses declined by $0.2M (2.7%) in comparison to the similar period in 2019, resulting-in an efficiency ratio of 91.1%.

During the nine months ending September 30, 2020, asset quality remained stable at 5.9%. There was a marginal growth of $1.1 M in nonperforming loans and advances over the corresponding period of 2019 and $1.9M over the preceding quarter. The provision expense for expected credit losses amounted to $1.8M in the third quarter, with a cumulative balance of $9.6M for the year to date, $5.4M of which was recognized for potential credit losses as a consequence of COVID 19. This resulted in an improvement in the coverage ratio from 50.2% at the end of September 2019 and 68.6% from June 2020 to 71.1%.

During the past six months, the Bank provided unprecedented relief of approximately $174M of the loan portfolio to customers in the form of payment deferrals on loans and advances, which represented 24.9% of the portfolio. Approximately, $76.6M of this amount related to Central Government. The Bank's direct exposure to specific industries, such as hotels, restaurants and the leisure industry, was estimated at 8.5%. We will continue to monitor the progress of the borrowers in the mortarium program during the ensuing quarter. Additionally, a number of banks in the Currency Union have agreed to extend the moratorium to customers through a review approval-based approach. After the mortarium period ends, the normal rules for designation of assets as non-performing will apply. Based on experience, we do not anticipate that the expiration of loan payment deferrals will have a significant impact on our capital position.

We continue to execute on strategic priorities, including ongoing investments in network expansion, digital offerings and strengthening the risk management framework. Our focus will remain on building resilience as we strive to deliver innovative digital solutions to our customers and optimising costs, while managing credit risks and maintaining strong capital and liquidity ratios. There is a lot to be done to mitigate the health and economic impact of the COVID 19 pandemic and we are committed to making a meaningful contribution. The new normal, demands that we adapt our strategy to guide us through the challenges occasioned by the pandemic. Accordingly, we are in the process of reviewing our priorities and accompanying budget for the 2021/2022 period.

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 Bank maintained strong capital and liquidity positions and exceeded regulatory thresholds. At September 30, 2020 Tier 1 Capital ratio was 22.4% (June 2020: 22.7%), and liquidity coverage ratio was 36.6% (June 2020: 38.8%). Customer deposits remain the Bank's largest source of funding amounting to $998.8M, which represents 91.9% of total funding. The reduction in the liquidity buffer during the quarter was primarily caused by the growth in loans and advances. Shareholders' equity at September 30, 2020 was $121.3M compared to $119.7M in the prior period, as a result of the retained profits for the period, which was offset by the impact of COVID 19 specific provisions.

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 Bank anticipated that the undrawn credit commitments to customers would require cash outflows totaling $31.5M compared to $31.7M at June 30, 2020.

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

Operating Highlights

Net profit of $2.3M for the third quarter of 2020 rebounded from an operating loss of $2.4M recorded in the second quarter of 2020, the. The year to date net profit of $3.0M was significantly lower than the $8.5M earned at the end of September 2019. The reduction in profitability was primarily due to higher provisions for expected credit losses recorded at $9.6M (September 2019: $3.2M). Profitability was also impacted by lower returns from investment securities and deposit placements due to interest rate reduction. Moreover, activity levels were adversely affected by COVID 19, hence non-interest income declined by $0.4M (2.9%) relative to September 2019.

The Bank was able to achieve improvements in the financial results for the third quarter of 2020 in comparison to the previous quarter. The performance for the third quarter was driven by higher non-interest income as a result of more favorable foreign exchange earnings and fee and commission income due to higher transactional volumes in card services. These positive impacts were supported by cost reduction and lower provisions for expected credit losses which were partially offset by lower interest income.

Net interest Income

Net interest income of $8.8M was marginally lower than the second quarter of 2020 ($8.9M) and the comparative period of 2019 ($9.5M). At the end of September 2020 net interest income amounted to $26.8M, which is a 3.3% reduction over the comparative period in 2019 of $27.7M. This reduction was the result of two factors:

1. Growth of $115.6M in interest earning deposit liabilities, which resulted in interest expense increasing by $0.5M (4.2%) and surplus liquidity.
2. Excess liquidity holdings held largely in cash and bank balances, which attracted zero or lower interest yield due to market conditions.

The net interest margin has shown a steady decline from 3.4% in the comparative period in 2019. At December 31, 2019 the margin was 3.3%, which reduced to 3.1% at June 2020 and further declined to 3.0% at September 2020. Lower yields on earning assets due to competitive loan pricing and interest rate reduction on investment securities and deposit placement was compounded by increased funding cost, resulting in margin compression.

Non-Interest Income

Non-interest income for the period was $5.0M, this surpassed the second quarter of 2020 by 67.8% ($3.0M) and the comparative period in 2019 by 13.7% ($4.4M). On a yearly basis however, non-interest income declined by $0.4M (2.9%). The reduction was primarily due to challenges imposed by COVID 19 relative to income from card payments and foreign exchange earnings, which fell significantly during the second quarter of 2020. The effect from the turbulent financial market also resulted in downwards fair value adjustments during the period.

The Bank showed improvements in non -interest income in comparison to the quarter ending June 30, 2020 and September 30, 2019 in the following revenue streams.

1. Foreign exchange income increased strongly by $0.7M (82.7%) to $1.6M over the second quarter amount of $0.9M and by $0.1M (9.7%) over the third quarter of 2019 given increased transactional volumes and revaluation gains from exchange rates on variable currencies.
2. Value adjustment on investment securities were benefitted from developments in the financial markets, including narrowing of spreads and rising equity. It is anticipated that the losses experienced at the end of June 2020 will be fully recovered by the end of 2020.
3. Fee and commission income and other income increased to $3.4M compared to $2.1M in the preceding quarter and $2.9M for the September 2019 period due to an increase in transfer service and card service fees, as demand for services begin to show signs of normality.

Operating Expenses.

In response to slower revenue growth, operating expenses declined by $0.2M (2.7%) to $26.5M at September 30, 2020. On a quarterly basis operating expenses totalled $8.9, this was an increase of $0.2M over the second quarter of 2020. However, in the comparison to the third quarter amount of $9.0M spending was $0.2M lower, as discretionary spending was well managed and optimisation initiatives continued. Staff related costs decreased by $0.2M (8.5%) following a reduction in staff numbers due to the restructuring initiative and savings from overseas training and travelling costs, which have been suspended, given the current environment. Other cost lines including donations, stationery and utilities which were partially offset by strategic expenses and projects aimed at improving operational efficiencies and enhancing revenue accretive capabilities as follows:

- Higher regulatory and compliance costs to support the digital transformation;
- Interest levy expense, which reflected the growth in the deposit base;
- Marketing expenses relating to the ongoing rebranding exercise and community engagement;
- Professional fees for continuous development of human resources.

This decline of 2.7% in expenses did not exceed the 3.3% decline in operating income, resulting in the net interest income and efficiency ratios increasing to 100.8% and 91.1% respectively (September 2019: 96.3% and 72.1%).

Provision for Credit Impairment

Total provisions for impairment losses increased by $9.1M to $29.3M, and was attributed to the application of management overlays to the Bank's IFRS 9 model due to expected economic effects from COVID 19 during the second quarter. This includes a charge of $5.4M for specific loans under mortarium, for which the Bank has conservatively provided $2M during the quarter for credit strains within the portfolio. A coverage ratio of 71.1% was implemented as follows: Stage 1 loans and advances - $3.7M, stage 2 loans and advances - $4.6M, stage 3 loans and advances - $16.8M and $4.2M to cover contingencies and interest income.

Balance Sheet Review

Total assets of $1.2B at September 2020 increased by $108.8M (9.9%) over the corresponding period of 2019 and by $36.5M (3.1%) over the second quarter of 2020. This growth was driven by a $45.3M (14.6%) increase in cash and bank balances and a growth of $42.6M (6.8%) in loans and advances. Cash and bank balances, loans and advances and investment securities account for 94.2% of total assets (September 2019: 93.9%).

Loans and advances

Total loans and advances to customers (net) was $665.5M, which was an increase of $28.2M (4.4%) over the second quarter of 2020 and $ 42.6M (6.8%) over the September 2019 period. The growth was driven largely by public sector borrowing and mortgages as the Bank continues to create a healthy risk asset portfolio towards a stronger balance sheet. The composition of gross loans and advances consists of mortgages 37.2%, term loans 11.2%, corporate loans 5.1%, government credit 11.5%, overdrafts 2.5%, NPLs 5.9%, loans under mortarium 24.9% and accrued interest and credit card balances 1.7%.

At September 30, 2020, the total value of loans under mortarium was $174M, this comprised $53.1M in relation to mortgages, $10.4M in term loans $33.2M for corporate loans and $76.6M for statutory bodies.

Asset Quality

There was an improvement in the asset quality metrics during the last year owing to loan growth, recoveries and restructuring. The Bank achieved a non-performing loan (NPL) ratio of 5.9% in comparison to 6.3% at September 2019 and 6.0% in the previous quarter. The goal is to further reduce the NPLs and maintain the NPL ratio at the regulatory threshold of 5% .

Customers' Deposits

Customers' deposits of $998.8M accounted for 91.9% of total funding at September 30, 2020, which reflected a growth of $108.8M (9.9%) over the comparative period in 2019 and $35.6M (3.7%) at June 2020. The growth in the Bank's deposit base stemmed from an increase in special deposits private and saving deposits of $22.5M and $97.8M respectively, driven by foreign inflows to the public sector for stimulus programmes. Customers also bolstered their liquidity by utilizing the relief program and curtailed spending in light of the pandemic. There was a notable reduction in time deposits of $12.7M, which comprised 10.5% of the portfolio, demand deposits 34% and savings deposits 55.5%.

Investments

Investments, which totaled $117.0M, increased by 18.33% from $98.9M due to the placement of $13.5M in money market mutual funds and purchase of $4.6M in Government of St. Vincent 3year bonds.

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.

The overall state of the Bank's risk profile, balance sheet and internal controls remains strong despite the adverse impact of the COVID 19 pandemic that has resulted in significant charges for expected credit losses and downward valuation on investments, due to market volatility during the first half of 2020. There have not been any significant adverse changes to risk management, governance, compliance and the internal controls, and known risks across the Bank's operation were identified, assessed, documented, managed, reported and reviewed during the period.

To date, the Bank has been highly resilient throughout COVID 19 and has accelerated its risk management strategy, in light of the significant risks that emerged in the environment. Management continues to assess the impact of COVID 19 and remains focused on the health and safety of employees and customers, proactively managing credit risk, capital and liquidity risks, maintaining information technology, operational stability and cost management thereby ensuring the Bank's business continuity.

The Enterprise Risk Management Framework (ERMF) is nearing completion, the fully embedded ERMF covers the Bank's risk universe and major risk classifications, with Board and Management responsibility assigned in accordance with risk weighting outcomes. The framework provides a structural approach to implementing risk management across the Bank, to support its earnings and capital growth strategy. Appropriate controls are embedded in each business process and Management is responsible for managing risk within the risk appetite having established risk management strategies and monitoring practices for each principal risk.

Rank	2020 ERA Risk Profile	Risk Category	Residual
1	IT Security	Operational	5.4
2	Third party providers	Operational	0.60
3	Customer Support & management	Operational	6.40
4	Electronic channel banking fraud	Operational	5.25
5	Credit administration	Financial	6.75
6	Change management	Strategic	5.40
7	Succession planning	Operational	5.40
8	Liquidity risk	Financial	5.40
9	Financial crime	Compliance	15.75
10	Control environment	Strategic	3.38
11	Skills & competence	Operational	4.00
12	Credit risk	Financial	7.20
13	Performance Management	Operational	12.00
14	Regulatory change	Compliance	2.40
15	Customer trends	Operational	16.00
16	Interest rate risk	Financial	3.20

Credit Administration Top 16 #5

Credit administration and processes across the Bank remained efficiently and effectively managed. The immediate focus was on measures to manage risks emanating from COVID 19 and the impact on IFRS 9 expected credit losses. Large exposures and key concentrations were monitored continuously to ensure that the exposures remained within acceptable ranges and provisions were adequate. Key movements in the Bank's watchlist remained stable during the period. The Bank is also nearing completion of the annual review of the credit portfolio.

Credit Risk Top 16 #12
Gross loans and advances increased by 6.8% to $694.8M, and was driven primarily by an increase in public sector borrowing. Provisions for expected credit losses increased significantly, due to the impact of COVID 19 on customers and businesses and the deteriorating economy. The expense for impairment losses increased by 200% compared to the previous period to $9.6M and the Bank's provision coverage ratio increased from 50.2% to 71.1%. The increase included a $5.4M charge for COVID 19 related Management overlays, which were in line with IFRS 9 requirements.

The Bank's non-performing ratio remained stable at 5.9% and was consistent with the quarter ending June 2020. This was an improvement from 6.0% in the comparative period in 2019 and 6.5% at December 31, 2019.

Liquidity Risk Top 16 #8
The Bank continued to maintain a strong liquidity position and remained well funded, with adequate liquidity buffers to meet both prudential liquidity requirements and internal targets. At the end of September 2020, the loans to deposits and liquid assets to deposits ratios stood at 69.9% and 36.7% respectively, remaining at an aggregate level of medium. The pandemic continues to impact our operations and key risk metrics and early warning indicators are closely monitored. The Bank regularly forecasts its liquidity position and can access the required funding to withstand anticipated near term liquidity risks.

Operational Risk
The exposure to operational risk while elevated remains well managed, as the Bank deals with normal operations and implements measures to limit the spread of the current pandemic. Operational losses were contained within the approved limits. In addition, there is an increased focus on the Information Technology (IT) environment as the demand for more IT enablement in the market has increased significantly since COVID 19. The Bank has increased activities of monitoring and supporting the IT operations including system stability, resilience capability, controlling the cadence of changes and security against cyber security and fraud.

The uncertainty regarding COVID 19 has accelerated the need for operational and process changes. The environment demands a far more agile Bank and flexible workforce, which implies more change and uncertainty. Given the extensive use of and reliance on vendors and third parties, the risk in this area has been heightened and remains a key focus area due to COVID 19. The issues of de-risking of correspondent banking relationship; digital transformation; cyber-security; regulatory changes and the emerging medicinal cannabis industry, all have potential impacts on the execution of the Bank's strategy, governance, reputational and financial risks. Consequently, the Bank continues to invest in strengthening its people, technology, processes, policies and controls to ensure that they remain robust and in place to mitigate any impact and ensure timely recovery from any major incidents including pandemics.

Market Risk
Despite the unprecedented market conditions, market risks remain well managed and monitored. As such, the pricing of this risk is being considered carefully as the Bank's deposit base continues to expand and investment opportunities are limited. These factors may challenge the long-term profitability.

The Bank is also monitoring the international developments relating to the benchmarks for key Interbank Offer Rates (LIBOR). Regulators have reiterated that banks cannot rely on LIBOR being published after 2021 but acknowledge that COVID 19 may impact the transition plans to alternative benchmark rates. Currently, the Bank does not use LIBOR in the pricing of its products.

Based on the foregoing, the Bank continues to conduct its trading activities within policy guidelines, which allows market risk to be maintained at a low exposure.

IT Security Risk Top 16 #1
The information technology environment is dynamic and fast changing and as such presents significant challenges to the Bank. The Bank has adopted a rigorous programme to mitigate material effects of evolving threats. Employee awareness is continuous and is tested regularly by targeting users of the Bank's email system by engineering attacks such as (phishing and vishing) as well as testing of network vulnerabilities and red team testing.

The Bank continues to invest in IT security, to effectively detect and respond to cyber-attacks and applies a wide range of strong technical controls, such as patching of systems against vulnerabilities, network security controls, password management controls and software development. This is supported by non-technical controls using training tools to educate employees on network security.

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

The Bank is in the process of conducting a third-party risk assessment to better identify, understand, mitigate and manage risks that arise from third party services. The assessment, which is scheduled to conclude by the end of 2020, aims to ensure adherence to the Bank's policy and security framework. The Bank continues to work closely with its third-party providers who are facing various constraints on their operations during the ongoing COVID 19 crisis. There has been no major impact to services during the period.

Reputational Risk
The Bank continues to keep abreast of changes in legislation and industry best practices. There were no reported events that had an adverse effect on the Bank's reputation over the period ended September 30, 2020.

Regulatory Change Top 16 #14
Regulators have issued guidance in response to the COVID 19 outbreak. Measures have been put in place to ensure these guidelines are implemented effectively and in a timely manner. The Bank's comprehensive review of policies is near completion. The following policies were approved by the Board of Directors during the quarter.

Amended Policies:
- Business Continuity Policy
- Provision Reserve Policy
- Liquidity Management and Contingency Policy
- Asset and Liability Management Policy
- Investment Policy
- Capital Management Policy

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.

Claim No. SVGHCV2014/0179 - Bank of Saint Vincent and the Grenadines Ltd (Claimant), and Clint Hazel, Mildred Hazel & Hazeco Cottages Limited (Defendants)

The Bank filed the subject claim against the Defendants to deliver up possession of their mortgaged premises to the Bank; sale of properties to satisfy mortgage debt; an order for foreclosure; an order for the defendants to pay $3,160,230.76 due and owing under the mortgage; costs and; any further relief in 2014. Subsequently, the Defendants filed a counterclaim stating that the Bank had fiduciary and contractual duties to the Defendants and that it breached those duties. Additionally, an order setting aside the transactions and; damages among other requests. The Bank received judgment in this matter from the High Court on July 09, 2020 which was reported to the ECSRC. Both parties have filed an Appeal.

Claim No. SVGHCV2020/92 – In the Matter of Section 17 of the Registration of Documents Chapter 132 of the Revised Laws of Saint Vincent and the Grenadines 2009 Edition Act and in the Matter of an Application by Kenroy Questelles and Vasilca Cato-Morgan (formerly Vasilka Questelles) for an Order to Rectify Deed of Reconveyance Number 90 of 2001 made between National Commercial Bank (SVG) Ltd to Kenroy Questelles and Vasilka Questelles Between Kenroy Questelles and Vasilca Cato-Morgan (formerly Vasilka Questelles) (Claimant) And Bank of Saint Vincent and the Grenadines (formerly National Commercial Bank (SVG)Ltd.) (Defendant)

National Commercial Bank reconveyed a property to both Kenroy and Vasilka Questelles who were, at the time, going through a divorce. The divorce was finalised and there was a Deed of Transfer of the wife's interest to the husband. Therefore, when the property was reconveyed, it should have only been reconveyed to the husband.

The Claim is for an Order to rectify deed of reconveyance No: 90 of 2001 made between National Commercial Bank (SVG)Ltd to Kenroy Questelles and Vasilka Questelles.

Counsel for BOSVG agrees with Counsel for the Claimant that the application is uncontroversial.

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.