


SIGNATURES

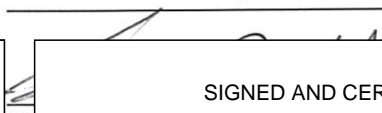
Name of General Manager:

Name of Director:

L. Everette Martin

Janice Daniel-Hodge


SIGNED AND CERTIFIED


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Date

Date

31/12/15

6th Jan 2016

1. Financial Statements

Consolidated Balance Sheet

As at March 31, 2015

(expressed in Eastern Caribbean dollars)

	Unaudited March 2015 \$	Audited June 2014 \$
Assets		
Cash / due from other banks and other financial institutions	186,906,642	190,278,427
Investment securities	128,136,813	100,833,653
Loans and advances	200,211,416	203,179,636
Other assets	6,079,529	1,775,769
Property, plant and equipment	28,268,863	27,823,558
Intangible assets	303,350	459,328
Income tax receivable	862,735	852,536
Deferred tax asset	388,663	454,729
Total Assets	551,158,011	525,657,636
Liabilities		
Customers' deposits	488,014,424	441,631,777
Other liabilities and accrued expenses	5,589,671	25,255,082
Total liabilities	493,604,095	466,886,859
Shareholders' Equity		
Share capital	9,347,687	9,347,687
Statutory reserves	10,934,354	10,934,354
Revaluation reserves	12,628,602	13,414,583
Other reserves	2,890,216	2,890,216
Retained earnings	22,183,937	22,183,937
Unaudited net profit	(430,880)	-
Total shareholders' equity	57,553,916	58,770,777
Total liabilities and shareholders' equity	551,158,011	525,657,636

1. Financial Statements ... continued

Consolidated Statement of Income For the nine months ended March 31, 2015 (expressed in Eastern Caribbean dollars)

	Unaudited March 2015 \$	Unaudited March 2014 \$
Interest income		
Income from loans and advances	8,557,694	10,168,884
Income from deposits with other banks and investments	3,821,154	4,511,933
	<u>12,378,848</u>	<u>14,680,817</u>
Interest expense		
Savings accounts	2,565,130	2,326,013
Time deposits	5,279,955	6,290,204
Current accounts	211,892	176,759
	<u>8,056,977</u>	<u>8,792,976</u>
Net interest income	<u>4,321,871</u>	<u>5,887,841</u>
Gains from sale of investment securities	<u>(28,186)</u>	<u>301,977</u>
Other operating income	<u>3,968,464</u>	<u>4,861,908</u>
Operating Income	<u>8,262,149</u>	<u>11,051,726</u>
Operating expenses		
General and administrative expenses	6,823,086	6,377,961
Provision for loan impairment	225,000	225,000
Directors' fees and expenses	424,145	409,865
Depreciation and amortization expenses	572,202	572,202
Audit fees	324,526	324,526
Correspondent bank charges	302,456	267,489
	<u>8,671,415</u>	<u>8,177,043</u>
Operating Income for the year	<u>(409,266)</u>	<u>2,874,683</u>
Taxation		
Current tax expense	21,614	351,461
	<u>21,614</u>	<u>351,461</u>
Net profit for the year	<u>(430,880)</u>	<u>2,523,222</u>
Earnings per share (annualized)	<u>(0.06)</u>	<u>0.36</u>

1. Financial Statements ... continued

Consolidated Statement of Cash Flows
For the nine months to March 31, 2015
(expressed on Eastern Caribbean dollars)

	Actual March 2015 \$	Audited June 2014 \$
Cash flows from operating activities		
Operating income / (loss) for the year	(409,266)	1,242,035
Items not affecting cash		
Provision for loan impairment	225,000	1,619,398
Provision for impairment on investment securities	-	102,576
Realized gains on investment securities	(28,186)	(128,121)
Depreciation and amortization	572,202	808,091
Net gains on disposal of fixed assets	-	(1,217)
Interest income	(12,378,848)	(19,210,912)
Interest expense	8,056,977	11,618,140
Cash flows generated from operating income before changes in operating assets and liabilities	(3,962,121)	(3,950,010)
Changes in operating assets and liabilities		
Decrease / (Increase) in mandatory deposits held with Central Bank	117,383	(6,344,902)
Increase in other assets	(4,303,760)	(93,199)
Decrease / (Increase) in loans and advances, net of payments received	2,637,179	(616,129)
Increase in customers' deposits	46,615,710	51,010,708
(Decrease) / Increase in other liabilities and accrued expenses	(19,745,785)	19,553,698
Net cash from operations before interest and tax	21,358,606	59,560,166
Interest paid	(8,305,889)	(12,383,067)
Interest received	13,945,415	19,893,514
Income tax paid	(11,415)	(88,961)
Net cash from operating activities	26,986,717	66,981,652

Cash flows from investing activities

Purchase of property, plant, equipment, and intangible assets	(861,529)	(2,394,519)
Sale of property, plant and equipment	-	3,821
Increase in Fixed Deposits	(60,436)	(2,372,332)
Increase in investment securities	(31,152,212)	(5,664,824)
Net cash from investing activities	(32,074,177)	(10,427,854)

Cash Flows from financing activities

Dividends paid	-	(1,402,153)
Net cash used in financing activities	-	(1,402,153)

(Decrease) / Increase in cash and cash equivalents (5,087,460) 55,151,645

Cash and cash equivalents, beginning of year July 1, 2014 173,420,024 118,268,379

Cash and cash equivalents March 31, 2015 168,332,564 173,420,024

Represented by:

Cash and balances due from other banks	147,213,161	98,739,524
Treasury bills	21,119,403	19,528,855
	168,332,564	118,268,379

Management's Discussion and Analysis of Financial Condition and Results of Operations

a) Liquidity

As at March 31, 2015, the Bank's portfolio of liquid assets amounted to EC\$168.33 million or 30.54% of total assets. Included in the Bank's liquid assets are correspondent bank accounts, short term deposits held with banks and other financial institutions, and treasury bills, with original maturities falling within ninety (90) days. The Bank's liquidity was stable throughout the reporting period, and the Bank was compliant with the relevant regulatory liquidity requirements.

b) Capital Resources

N/A

c) Results of Operation.

Assets

The March 31, 2015 total asset position of EC\$551.19 represents a contraction of EC\$10.53 million or 1.87% for the quarter. This movement was associated with net withdrawals from commercial customer accounts. Notwithstanding the decline for the quarter, the asset base has realized net growth of EC\$25.50 million or 4.85% for the financial year. The asset growth has been funded by net activity within the customers' deposit portfolio.

Loans and Advances

For the quarter under the review, the local market continued to present with weak credit conditions. Accordingly, the loans and advances portfolio was stagnant throughout the period, with the portfolio total at March 31, 2015 representing a marginal net decline of EC\$2.03 million from the position at December 31, 2014.

For the financial year, the portfolio registered a net decline of EC\$2.97 million or 1.46%.

Customers' Deposits

Total customers' deposits at March 31, 2015 amounted to EC\$488.01 million. This position represents a net decrease of EC\$9.54 million for the quarter under review. The net decline for the three month period was reflected primarily within the US dollar accounts of commercial customers.

Despite the quarter's net activity, Bank's customers' deposit base registered substantial growth of EC\$46.38 million or 10.50% for the financial year. The net growth recorded for the nine month period was due largely to net activity within the US dollar commercial account categories.

2. Management's Discussion and Analysis of Financial Condition and Results of Operations... continued

c) Results of Operation.... continued

Interest Income

During the months January 2015 to March 2015, the Bank earned interest income in the amount of EC\$4.15 million, thereby increasing the cumulative total for the financial year to EC\$12.38 million. The loans and advances portfolio was the largest contributor to year-to-date interest income, with EC\$8.56 million (EC\$2.89 million for the quarter just ended). The remaining interest income was contributed by the assets within the investment and treasury portfolio.

When compared to the earnings of the previous year, total interest income decreased by EC\$2.30 million or 15.68%. The decline in interest income for the financial year-to-date is due largely to a significant increase in non-performing loans and advances (on which no income is recognized in the financial statements). Additionally, due to the continued low interest rate environment, locally, regionally, and internationally, the Bank incurred significant declines in the yields on several of the assets within the investment and treasury portfolio.

Interest Expense

The Bank incurred total interest expenses of EC\$2.52 million during the quarter ended March 31, 2015, thereby increasing the cumulative total for the nine month period to EC\$8.06 million. When compared to the expenses as at March 31, 2014, total interest expense declined by \$735,999 or 8.37%. The year-over-year decline was attributed to the continuance of the interest rate reduction program on fixed deposit portfolio.

Other Operating Income

During the third quarter, the Bank earned other operating income in the amount of EC\$1.33 million. The total earned for the financial year was EC\$3.97 million. When compared to the earnings of the previous year, this amount represents a net decline of EC\$893,444 or 18.38% which was associated with net foreign currency losses as a result of the significant deterioration in the exchange rates on the major world currencies (Pounds sterling & Euro).

Operating Expenses

Total operating expenses for the nine months ending March 31, 2015 amounted to EC\$8.67 million. The total recorded for the period under review represents a net decline of EC\$494,372 or 6.05% in comparison to the expenses at March 31, 2014.

3. Disclosure of Risk Factors

The Bank is faced with diverse risks in the conduct of its daily operations. Risk is defined as the possibility of losses of profits foregone, which may be caused by internal or external factors. Some of the major risks facing the Bank are outlined below.

Credit Risk:

The most predominant risk factor within the Bank's environment is Credit Risk. It is the risk of incurring a financial loss in the event that any of the Bank's customers or counterparties fails to fulfill their contractual obligations to the Bank. The Bank's credit risk arises mainly from the loans and advances portfolio which constituted 36.33% of the Banks total assets at March 31, 2015. The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures from its trading activities.

Foreign Exchange Risk:

Also affecting the Bank is the effects of fluctuations in the prevailing foreign currency exchange rates (foreign exchange risk). The majority of the Bank's assets and liabilities are held in Eastern Caribbean dollars which is the local currency. Most of the assets in foreign currencies are held in United States dollars. The exchange rate of the Eastern Caribbean dollar to the United States dollar has been formally pegged at EC\$2.70 = US\$1.00 since 1974. Assets and liabilities are also held in Euro, Pound Sterling, Canadian and Barbados currencies, the exposure to which is not material to the Bank's financial position.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. This exposure arises via select assets within the investment portfolio, which at March 31, 2015 amounted to EC\$39.81 million or 7.22% of the total asset base. The market risks arising from the investment portfolio are continuously monitored by the Investment and Risk Management Committees and by Management.

Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its obligations when they fall due. The liquidity position of the Bank is closely monitored on a daily basis, and the executive management meets on a weekly basis to discuss the position as well as recent trends and projections. At March 31, 2015, the Bank's portfolio of liquid assets amounted to EC\$168.33 million or 30.54% of total assets.

4. Legal Proceedings.

There were no matters to report.

5. Changes in Securities and Use of Proceeds.

There were no changes to securities and use of proceeds.

6. Defaults Upon Senior Securities.

There were no defaults upon senior securities.

7. Submission of Matters to a Vote of Security Holders.

N/A

8. Other Information.

N/A