

**Schedule 1**  
**FORM ECSRC – K**  
**ANNUAL REPORT**  
**PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT, 2001**

For the financial year ended December 2019

Issuer Registration number  
BOSL30062001SL

BANK OF SAINT LUCIA LIMITED

(Exact name of reporting issuer as specified in its charter)

SAINT LUCIA

(Territory of incorporation)

NO. 1 BRIDGE STREET, CASTRIES, SAINT LUCIA

(Address of principal office)

**REPORTING ISSUER'S:**

Telephone number (including area code): 1-758-456-6000

Fax number: 1-758-456-6702

Email address: info@bankofsaintlucia.com

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by section 98 of the Securities Act, 2001 during the preceding 12 months

Yes

No

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 SHARES	1,478,875

## 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 Chief Executive Officer:

Medford Francis

\_\_\_\_\_  
SIGNED AND CERTIFIED

30th April 2020

\_\_\_\_\_  
Date

Name of Director:

Llewellyn Gill

\_\_\_\_\_  
SIGNED AND CERTIFIED

30th April 2020

\_\_\_\_\_  
Date

Name of Chief Financial Officer:

Ketha Auguste

\_\_\_\_\_  
SIGNED AND CERTIFIED

\_\_\_\_\_  
Signature

30th April 2020

\_\_\_\_\_  
Date

## **INFORMATION TO BE INCLUDED IN FORM ECSRC-K**

### **1. Business.**

**Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.**

The company operates in the Banking and Financial Services Sector where it offers domestic banking and investment services through its branch network. The industry in which Bank of Saint Lucia Limited operates is highly competitive with many players offering similar products and services. The bank's main competitors are the larger local, regional and international banks. Increasingly however, both insurance companies and non-bank financial institutions are now starting to encroach on markets that were strictly the domain of financial institutions.

At the start of the financial year 2020, the global markets have been impacted by the COVID-19 global pandemic. This unprecedented event will put increased pressures on our organic revenue and create significant fiscal and monetary strain on our local and regional economies. Territories in the ECCU that are primarily tourism dependent will suffer severe domestic contraction due to this virus. The local and regional Banks in the ECCU will be impacted by this pandemic and increased provisioning, along with declines in lending portfolios are anticipated.

## 2. Properties.

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed of since the beginning of the financial year for which this report is filed.

Asset Description & Location	Original Cost	Capitalized value	Net Book value
LAND - BANK PREMISES -(Soufriere)	635,000.00	635,000.00	635,000.00
BANK BUILDING -( SOUFRIERE)	1,299,427.97	1,845,662.32	1,046,628.09
INDUSTRIAL LOT -(Massade Gros Islet)	435,000.00	435,000.00	435,000.00
INDUSTRIAL BUILDING-(Archives)	472,472.00	1,275,599.79	938,819.20
COMMERCIAL LOT-(Bridgestreet Castries)	11,160,000.00	11,160,000.00	11,160,000.00
COMMERCIAL BUILDING (Financial Centre)	28,156,524.45	37,914,022.23	25,303,266.15
COMMERCIAL LOT -(New ECFH Building)	3,506,580.00	3,506,580.00	3,506,580.00
NEW ECFH BUILDING- (Gros Islet)	28,309,860.02	30,235,572.62	26,813,241.59
BUILDING-(Soufriere)	2,475,000.00	2,461,205.91	2,101,588.14
LAND (Soufriere)	825,000.00	700,000.00	700,000.00
BUILDING (Vieux Fort)	3,048,455.24	1,925,000.00	1,606,517.39
LAND (Vieux Fort)	950,000.00	950,000.00	950,000.00
LAND-CARPARK (Vieux Fort)	360,000.00	415,635.74	415,635.74
BUILDING (Gros Islet)	1,631,779.31	4,047,318.43	3,454,710.56
LAND (Gros Islet)		820,000.00	820,000.00

## 3. Legal Proceedings.

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There were no legal proceedings during the financial year.

**4. 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.

The annual meeting of shareholders was held on 16th May 2019.

- (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.

The following persons were proposed by the Board as nominees for election as directors of the company:

1. Mr. Omar Davis (Retiring)
2. Mr. Llewellyn Gill (Retiring)
3. Mrs. Pat Payne

- (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.

The other items tabled at the Annual Meeting of Shareholders were as follows and were approved by a show of hands:-

1. To consider and adopt the Report of the Auditors and the Audited Financial Statements for the year ended December 31, 2018
2. To consider and adopt the Report of Directors
3. To Appoint Auditors and authorize Directors to fix their remuneration

- (d) A description of the terms of any settlement between the registrant and any other participant.

There was no settlement between the registrant and any participant.

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

N/A

**5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.**

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report.

There were no equity securities sold by BOSL during the period covered by the report.

**6. Financial Statements and Selected Financial Data.**

Attach Audited Financial Statements, which comprise the following:

**For the most recent financial year**

- (i) Auditor's report; and
- (ii) Statement of Financial Position;

**For the most recent financial year and for each of the two financial years preceding the date of the most recent audited Statement of Financial Position being filed**

- (iii) Statement of Profit or Loss and other Comprehensive Income;
- (iv) Statement of Cash Flows;
- (v) Statement of Changes in Equity; and
- (vi) Notes to the Financial Statements.

## 7. 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.

BOSL, similar to all global financial institutions, is exposed to some level of environmental and social risk through the local and global environment in which it operates, as well as its client base. If left unmanaged, these risks can lead to a decline in the health of the financial institution, along with its reputational image, costly litigation, or loss of revenue. As such, with the global pandemic and the implications on the world economy and industries, the robustness of BOSL's risk management continues to safeguard against the ability of the institution to rebound from this shock. Risk management continued to play a key role in the Bank's activities, in line with the strategic objectives defined by the Bank for the period 2018 to 2020. The mitigation of risk continued to include adherence to the updated Risk Appetite Statement which was approved by the Board of Directors in December 2019 and creating a robust risk management culture.

During the quarter, work continued towards enhancing the risk culture within the organization through internal training programmes, review and updating of policies and procedures, and the revision of job descriptions of staff, to ensure that all Officers were consistently assessed for their risk and compliance efforts to safeguard the institution. The Bank also continued to maximize the input of the internally appointed Compliance Champions, who have provided keen support to the Risk and Compliance Department in sensitizing their respective Branches and Departments on adherence to internal controls, policies and procedures, in an attempt to further mitigate risks which BOSL is exposed to.

The Bank, through the Risk Management and Audit Sub-Committees of the Board, continued to review and action timely and comprehensive reports on risk assessments, risk monitoring, risk modification, risk avoidance and risk sharing. The Bank remains committed to maintaining rigid oversight of Risk and Compliance, and continues to address emerging risks in a timely manner.

The core risks to which the Bank is exposed include credit, operational, liquidity, and market risks, which were measured at various degrees from high to low, at the end of the quarter. Risk ratings remained stable for all risk areas, with efforts continuing within the various departments, with support from the Risk Management and Compliance Services Department towards strengthening the robustness of internal controls and the safety and soundness of the institution. No new products were introduced during the review period, and cash flow and liquidity remained above the internal benchmarks, whilst ensuring that the concentration risk within both depositors and borrowers remained low to medium. In addition, the Bank continues to enhance its stress testing and scenario testing efforts, towards timely recognition of potential shocks and weak areas of the Bank's balance sheet, with a view to strengthening all internal controls to protect the Bank in this regard. The collective efforts of the very experienced Senior Management team, resulted in satisfactory and medium risk ratings in most categories, with high risk ratings assigned to the following as at 30 April 2020:

### Credit Risk in the Loan Portfolio

Credit risk remained a challenging area for the Bank, evidenced by the high non-performing portfolio. This was even more challenging in an environment of lackluster economic performance, coupled with the dated foreclosure legislation of Saint Lucia. The Bank continued to adopt major initiatives towards repayments for a significant portion of the non-performing loan portfolio and also enhancing the quality of underwriting.

### Operational Risk

The Bank remained vulnerable to operational risk. However, internal controls were continuously reviewed and strengthened to mitigate against losses which would result from failed internal processes, people, systems or external events. The main threats in this regard were the inherent level of cyber risk and the challenges associated with Correspondent Banking Relationships in the Eastern Caribbean Currency Union. Notwithstanding, the Bank continued to employ stringent insurance measures and other third party relationships to complement its efforts for 24hour IT security. Similarly, compliance efforts were significant bank-wide, towards ensuring the satisfaction of all Correspondent Banks, regulators and other stakeholders, to further mitigate against this high level of inherent risk.

### Interest Rate Risk

The potential for investment losses that result from a change in interest rates remains an ever-present factor with the conditions of the global environment. As such, daily continuous attention to the Bank's investment portfolio, are coupled with keen measures towards mitigating against potential losses, and taking timely action to limit the risk exposure of the organization.

Remaining risks are all provided with a high level of attention along with keen control measures.

**8. 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.

There were no changes in Securities and Use of Proceeds.

- (b) 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)

\_\_\_\_\_

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

\_\_\_\_\_

- Name and address of underwriter(s)

\_\_\_\_\_

\_\_\_\_\_

- Amount of expenses incurred in connection with the offer \_\_\_\_\_

- Net proceeds of the issue and a schedule of its use

\_\_\_\_\_

\_\_\_\_\_

- Payments to associated persons and the purpose for such payments

\_\_\_\_\_

\_\_\_\_\_



- (c) **Report any working capital restrictions and other limitations upon the payment of dividends.**

There are no working capital restrictions and other limitations upon the payment of dividends.

**9. 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.**

There were no defaults upon Senior Securities.

- (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

## 10. 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 financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

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 Bank achieved many successes in 2019 and has delivered a third consecutive and incrementally stronger financial performance. This was facilitated through significant strides in achieving some of our strategic priorities and the efforts of our hard working employees. We remain steadfast on executing the remainder of our strategic plans with focus on our core banking activities to ensure we deliver sustainable profits in the long term.

Notwithstanding the financial turnaround of the company, we continue to be mindful and focused on both internal and external factors which can affect our performance. The competitive landscape is evolving with new ownership structures, the entry of financial technology firms (fintechs) and changing customer preferences and behaviors. The Bank has expended significant time, research and capital outlay in improving its current suite of convenience banking services to introduce modern digital technology to keep pace with updated trends in the financial services sector and enhance our customer experience. Within the coming months, we expect to see upgrades to our ATM network which will improve reliability and enhance customer experience.

We continue to review our Strategic Plan on an annual basis in light of the ever changing environment.

Our balance sheet benefited from the rally in the financial market during 2019 due to the dovish stance of the Federal Reserve on interest rates and the general easing of trade tensions between the United States and China.

The global and regional economy however, continues to be thwart with instability as these encouraging developments are over-shadowed by potential challenges with Brexit, global slowdown and the Corona Virus.

In St. Lucia, increased economic activity with the new airport development project and the St. Jude's Hospital was expected to fuel growth in 2020 and spill-over benefits to the financial sector. This is now dominated with doubt as the Corona Virus forces government to close the borders and partial shutdown of the island to non-essential services.

The bank continues to direct resources towards ensuring compliance with new statutory and regulatory requirements including Foreign Account Tax Compliance (FATCA), Common Reporting Standards (CRS), General Data Protection Regulation (GDPR) and efforts to counter money laundering and Combating Financing of Terrorism (CFT). The Central Bank will be implementing BASEL II/III in the near future and the Group have been working with the ECCB in that regard.

## **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*

Liquidity continued to remain high for the group. At the year end, the Bank had excess liquidity of \$20.8M with the central bank. The Bank held in excess of \$258.3M with other financial institutions. This represented an increase of \$57,668M or 28.7%.

The Bank was able to record an increased return on assets from 2.1% to 2.15% partly through prudent asset liability management as more idle funds were placed on investment securities and short term certificate of deposits.

A reduction of \$8.1M or 0.44% was recorded in customer deposits and this decline was due to institutional customer deposits held on call which tend to be volatile. The core deposit base including savings deposits recorded increases year on year.

The contraction of the net loans portfolio by \$10.5 million or 1.2%, was evident in corporate loans as repayments surpassed disbursements for the year. However, there was success in the growth of the Retail portfolio. The Bank remains mindful to exercise due care in its underwriting practices and not to forfeit quality at the expense of achieving targets. The quality of the portfolio improved as the ratio of non-performing loans to total loans declined 1.3 percentage points to 10%.

### Shareholders' Equity

Total shareholder's equity was up 32.1% or \$60.9 million. This arose from profits for the year and fair value gains recorded on investment held at fair value through other comprehensive income. Book value of ordinary shares has increased from \$7.76 in 2018 to \$10.25. During the year, the Group paid dividends on ordinary shares of \$0.30 per share relating to the results of 2018. The board has proposed a dividend of 25 cents per share for the year ended 2019. Notwithstanding our accumulated deficit, the Group's dividend allocation policy ensures that sufficient profits are retained for growth purposes and to eliminate the deficit over time.

Return on average equity of 19.64% was down from 20.20% in 2018. Although growth in profits, the reduction in ROE was attributed to unrealized gains on the portfolio of investments held at fair value through Other Comprehensive Income causing a disproportionate increase in average equity. The Bank's ROE has been recorded above its 15% internal benchmark for the past three years.

Bank of St. Lucia's capital adequacy ratios remain well above regulatory benchmarks with the tier 1 ratio at 17.1% a 2.24 percentage point improvement from 2018 and total capital ratio (Tier 1 and Tier 2) of 22.7%.

## **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.

Off-Balance Sheet assets under management as at December 31, 2019 amounted to \$128.1 million an increase of \$25.3 million from 2018. This comprised investment securities managed on behalf of clients. Under such arrangements, BOSL advises the client in the formulation of an investment policy and is given a discretionary investment management mandate to act in accordance with the approved policy. It is important to note that although BOSL has a fiduciary responsibility to these clients, there are adequate disclaimers and indemnifications against possible claims related to investment losses that may arise.

More than two thirds of these off-balance sheet funds comprise company retirement funds while the balance comprises statutory reserves of insurance companies and other corporate entities. Investments include all the major asset classes of fixed income, equity and money market facilities with at least 90% invested in fixed income. In addition, there is a predominance of investments in Commonwealth Caribbean sovereign and corporate entities to as much as 80% in keeping with existing restrictions in legislation governing the investment of pension and insurance assets.

## 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*

The Bank reported solid profits for the year of \$47.94 million, represents an enhancement of 20.81% from the previous year. This performance, in addition to other comprehensive income of \$14.75 million largely arising from market value increases on financial instruments carried at fair value, has further solidified the Group's capital and accordingly value creation for our shareholders. Removing the impact of tax, the profits grew by 24.1% from \$40.3 million to \$49.49 million.

Return on equity was 25% compared to 26.6 % in the prior year.

Net interest income of \$59.4 million grew by \$3.1M or 5.6% mainly due to an increase of \$5.2M or 20.7% in interest on investments and short term certificate of deposits (Cds') arising from the continued redirection of idle funds to long and short term investment instruments. This was subdued by a decline in loan interest income of \$1.12 million or 1.9% because 2018 benefited from the receipt of long outstanding interest on non-performing loans. Interest expense increased by \$0.94M or 3.3% to correspond with growth in the savings portfolio and an allocation for a share of returns on the portfolio of the retirement savings funds.

There was a 14.1% (\$8.1 million) increase in non-interest income to \$65.3 million. This was largely due a \$4.8 million increase in realized and unrealized gains on internationally traded investments arising from a buoyant international market. Recovery income was up \$2.7 million due to continued persistent efforts to regain some of the funds lost from bad creditors in prior periods. Commission and fee income was up \$1.8 million primarily from growth in credit card business. Reductions in foreign exchange gains and rental income totaling \$1 million partially offset the increases above.

The operating efficiency was 58.8% compared to 59.6% in the prior year as the increase in operating income more than compensated for the increases in operating expenses. The 7.2% (\$4.6 million) increase in operating expenses, was largely attributed to \$2.5 million increase in staff costs due to settlement of wage negotiations for the triennium period 2016 to 2019, increase pension cost from annual revaluation of defined benefit pension liability and other strategic expenses to engender staff development and engagement. Other noteworthy increases in other operating expenses included Heating, Ventilation and Air Conditioning (HVAC) costs to correct air quality issues and technical and professional costs related to improved operational efficiency and service delivery.

Impairment losses on loans was down by \$2.3 million from \$8.7 million in 2018 to \$6.4 million in 2019. This is due to a general reduction in the migration rate of loans to Non- performing status from 1.6% to 1% in 2019 as the Bank continues to aggressively pursue delinquent clients to safeguard our depositors' funds and shareholder wealth. The Bank continued to apply prudent provisioning measures by ensuring that provisions on non-performing loans and loans with increased credit risk accurately reflects recoverability based on historical trends and the particulars of the credit. To this end, the provisions for loan losses to non-performing loans increased to 69.7% compared to 60.8% last year. In addition, this year the Group achieved its targeted ratio of 100% provisioning plus contingency reserve to Non-performing loans.

**11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.**

Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

There were no changes in auditors or disagreements with auditors during the period.

**12. Directors and Executive Officers of the Reporting Issuer. (*Complete Biographical Data Form attached in Appendix 1 and Appendix 1(a) for each director and executive officer*)**

Furnish biographical information on directors and executive officers indicating the nature of their expertise.

**13. Other Information.**

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report provided that the material change occurred within seven days of the due date of the Form ECSRC – K 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.

N/A



**14. List of Exhibits**

List all exhibits, financial statements, and all other documents filed with this report.

See Attached

**APPENDIX 1 – BIOGRAPHICAL DATA FORMS**

**DIRECTORS OF THE COMPANY**

Name: SAME AS ECFH Position: \_\_\_\_\_

Mailing Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).  
Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

*Use additional sheets if necessary.*

**APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS**

**EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY**

Name: SAME AS ECFH Position: \_\_\_\_\_

Mailing Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_

List jobs held during past five years (including names of employers and dates of employment).  
Give brief description of **current** responsibilities.

Education (degrees or other academic qualifications, schools attended, and dates):

Also a Director of the company  Yes  No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

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*Use additional sheets if necessary.*