Embracing a Digital Future

80th Annual General Meeting

November 23rd, 2022
at 4:15pm
Kingstown Methodist Church Hall

ST. VINCENT BUILDING &LOAN ASSOCIATION

Our Mission

To provide the best financial solutions distinguished by product innovation, sustainable earnings and community partnerships.

Our Vision

To be a successful indigenous institution delivering customized and affordable financial solutions in a sustainable manner.

CORE VALUES

THE SVBLA PROMISE

We promise to treat you equitably, provide you with access to high quality products and services and respond to your requests in a timely manner.

Guardian Group
Guardian General Insurance Limited

&

ST. VINCENT BUILDING & LOAN ASSOCIATION

Helping to protect You and Your Property from a variety of risks.

Did you know you can have your **Loan** and **Insurance Company** in the same location?

Did you know we have a **Fast Claims Processing Record?**

- Home Owners Insurance
- Motor Insurance
- Marine Insurance
- Fire & Special Perils
- Contractors All Risk

and More

Come in & see us or
Visit our website

ST. VINCENT BUILDING & LOAN ASSOCIATION

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St. Vincent Building & Loan Association

NOTICE OF ANNUAL GEN ERAL MEETING

Notice is hereby given that the 80th Annual General Meeting of the St. Vincent Building & Loan Association will be held at the Methodist Church Hall, Kingstown, on

Wednesday 23rd November, 2022 at 4:15 p.m.

AGENDA

1. Call to Order/Prayer
2. Welcome - President
3. Amendments and Adoption of the Minutes of the 79th Annual General Meeting, 7th April, 2022
4. Matters Arising from the 79th AGM Minutes
5. Report of the Board of Directors
6. To receive and consider the Auditors' Report and Audited Financial Statements for the year ended December 31st, 2021
7. Election of Directors
8. Election of Auditors
9. Any Other Business
10. Adjournment

BY ORDER OF THE BOARD OF DIRECTORS

Andrea James
Corporate Secretary to the Board of Directors

Attendees will be required to present a valid photo identification

Nominations for Directors must be submitted ten (10) working days prior to the date of the AGM. Nominations must be submitted to the Association not later than 3:00 pm on Friday 11th November, 2022. Please collect nomination forms along with the guidelines at the Association's office or visit the SVBLA's website www.svbla.com

Corporate Information

St. Vincent Building and Loan Association
108 Halifax Street, P.O. Box 252, Kingstown
St Vincent and the Grenadines
Tel: 784-457-1796 Fax: 784-457-1565
Email: info@svbla.com Website www.svbla.com

President
Colin Bacchus

Chief Executive Officer
Elroy R. John

Bankers
Bank of St. Vincent and the Grenadines

Auditors
Grant Thornton

Other institutions with which the Association has financial interest

Eastern Caribbean Home Mortgage Bank (St. Kitts)
Guardian Life of the Caribbean Limited (Trinidad and Tobago)
First Citizens Investment Services Limited
British American Insurance Company limited
CLICO (St. Vincent)
CLICO (Barbados)

VOTING PROCEDURES

Every member of the Association in good standing holding full membership at least six months prior to the meeting shall be entitled to vote. Proxies are not allowed. Each member must vote in person.

No member shall vote on any question concerning his personal conduct. The voting on any question shall in the first instance be by a show of hands, but if the majority of members present at the meeting demand a ballot, it shall be taken at once.

Full Membership

A person shall be deemed to be a full member upon the purchasing of a minimum of 100 shares at a value as may be determined by the Association from time to time. Full membership allows full access to the products and services offered by the Association, subject to the satisfaction of the specific requirements established for those products and services. Full members shall have the right to nominate candidates for the Board of Directors (the Board), be nominated as a candidate for the Board and vote at Annual General Meetings and Special Meetings in keeping with the provisions of the *Rules* of the Association.

Quorum

At all Annual General Meetings of the Association, thirty (30) full members present in person exclusive of the Directors and staff, shall form a quorum. Where there is not a quorum within one (1) hour of the scheduled start time of the meeting, the meeting will be cancelled. Another meeting must be convened within fourteen (14) calendar days however a quorum of twenty-five (25) full members would be required for this meeting to take place.

CORPORATE GOVERNANCE

External Regulators

The St. Vincent Building and Loan Association is a building society which is legislated under the Building Societies Act Cap 450 of the laws of St. Vincent and the Grenadines, Revised Edition 2009 and its various amendments and is regulated by the Financial Services Authority.

The Board of Directors

The Association's Board is made up of independent Directors with the qualifications, expertise, experience and skills to help ensure that the Association operates with ethical, legal and regulatory guidelines. The Board also ensures that high standards of corporate governance are maintained through its guidance and oversight of the Association's management. This involves ensuring that proper records, policies and procedures are established, maintained, documented and audited.

The Board, in conjunction with its various committees, approves the strategic plans of the Association and oversees its risk management framework to ensure that risks are identified, assessed and appropriately managed through the implementation of effective internal controls. In accordance with the *Rules* of the Association, a Director is eligible to serve on the Board for a term of three (3) years. Upon retirement, a Director may be re-elected to the Board. However, a Director shall only serve a maximum of two (2) consecutive terms (six years) and may be re-elected only after having retired for a minimum of three (3) years.

At present, there are seven Committees of the Board, as follows:

1. Audit, Risk and Compliance Committee
2. Credit Committee
3. Human Resources Committee
4. Information and Communications Technology Committee
5. Liquidity and Investment Committee
6. Membership Committee
7. Property Committee

These Committees all report to the Board of the Association.

A BRIEF HISTORY OF THE ASSOCIATON

The St. Vincent Building and Loan Association was incorporated on July 04, 1941 but actually began operations on January 03, 1941. At that time, there were limited options available to Vincentians who wished to finance construction of a home. The two banks in operation at that time were Barclays Bank (now CIBC FirstCaribbean International Bank) and the St. Vincent Agricultural Credit and Loan Bank Ltd. (now First St. Vincent Bank Ltd.). As the Agricultural Bank focused on providing loans to promote agriculture and Barclays catered to more established customers, there were few avenues available to Vincentians of modest economic means to finance the construction of their own homes.

Recognising the need in the market to supply mortgages at affordable terms and rates, the Association's founder Mr. Ormond C. Forde M.B.E., travelled to Trinidad to visit the Hon. Dr. A. H. Mc Shine, MD, CM, CBE who had established the former Trinidad Co-operative Bank (the TCB) – which merged with two other Trinidadian banks in 1993 to form First Citizens Bank. The TCB was known as the "penny bank" as depositors could open accounts with as little as one cent. Like its Trinidadian inspiration, the Association was founded with the intention of providing Vincentians with a means to practice thrift through regular, systematic savings and a way to experience the joy and pride of owing their own home.

The Association grew steadily after its incorporation, where in the first year of operations, it realised a surplus of $1.48 and by 2008, net earnings had climbed to $3.03 million. Likewise, total assets climbed from $3,906 as at December 31, 1941 to $246.52 million as at December 31, 2008. It had gained a reputation among Vincentians as a leading financial institution on the island offering a wide range of financial products and was the leading provider of mortgages in St. Vincent and the Grenadines. During this time, the Association also celebrated its 50th anniversary in 1991, where it reflected on its history and the hard work of its founders.

The period 2009 – 2013 was especially challenging for the Association, with the collapse of British American Insurance Company Limited (BAICO) and CLICO Barbados where the Association had significant investments of over $12 million. The Association itself also experienced a rising non-performing loan portfolio during that time period and a declining cash position. As of February 01, 2013 the Association's management was taken over by the Financial Services Authority (FSA) and a recapitalization plan was adopted at the 71st Annual General Meeting on August 29, 2013 to stabilize the Association.

While the five-year period was challenging for the Association, we believe that the Association has emerged stronger, with a renewed and increased focus on corporate governance, robust liquidity controls and greater management and Board of Directors oversight on the operations of the Association, in particular non-performing loans. For the year ended December 31, 2013 the Association realized a total comprehensive loss of $11.3 million with an accumulated deficit of $15.7 million and has made a profit each year since 2014 with an accumulated surplus as at December 31, 2021 of $8.7 million. The recovery could not have been possible without the dedication of the members of the Association and the members of staff instrumental in the turnaround.

As we reflect on the last 80 years of an Association owned by Vincentians, managed by Vincentians for the benefit of Vincentians, we also look ahead to a future of continued growth and are grateful for the loyalty and confidence of our membership.

BOARD OF DIRECTORS


President - Colin Bacchus


Director – Kenyatta Alleyne


Director – Ianthi Burke


Director – Shonette Lowman

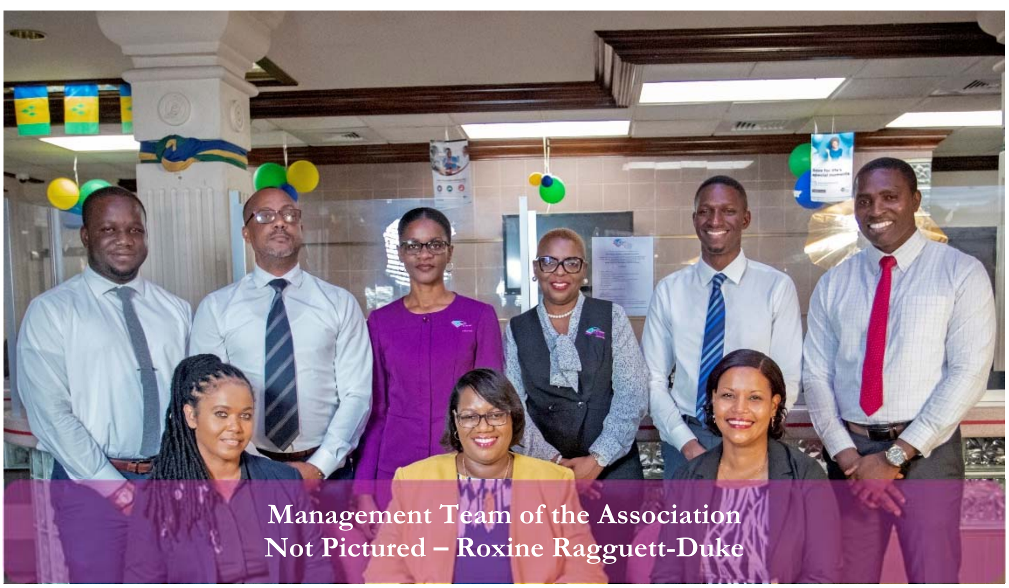

Director – Patterson Homer


Director – Dennis Gaymes


Director – Colleen Thomas

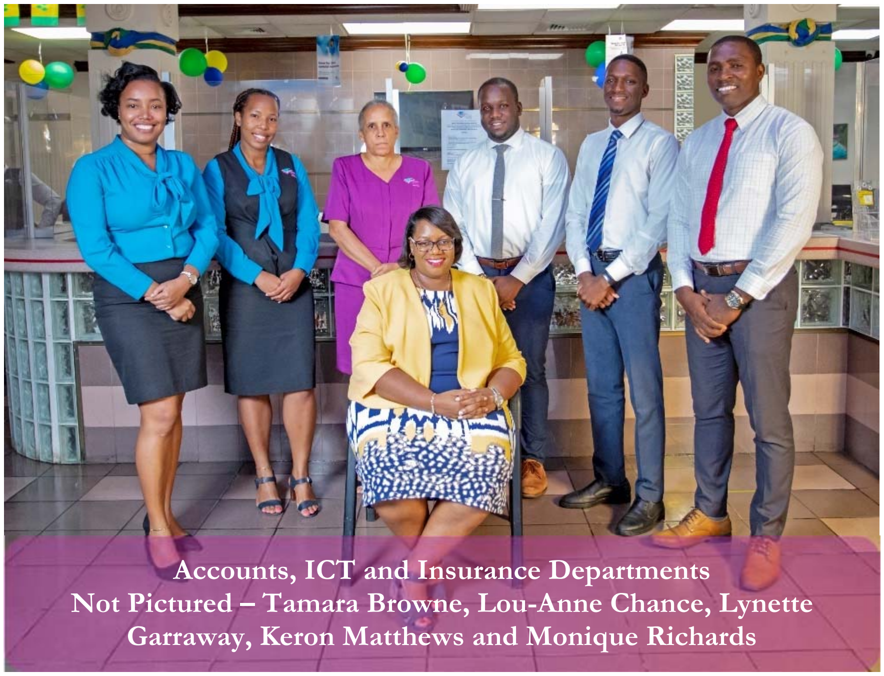

CEO – Elroy R. John

STAFF OF THE ST. VINCENT BUILDING & LOAN ASSOCIATION



Management Team of the Association
Not Pictured – Roxine Ragguett-Duke

STAFF OF THE ST. VINCENT BUILDING & LOAN ASSOCIATION



Accounts, ICT and Insurance Departments
Not Pictured – Tamara Browne, Lou-Anne Chance, Lynette Garraway, Keron Matthews and Monique Richards

Customer Service and Administrative Departments

STAFF OF THE ST. VINCENT BUILDING & LOAN ASSOCIATION

Legal, Loans and Risk and Compliance Departments
Not Pictured – Uklyn Abbott and Kenneth Peters

Recognizing the challenges of a highly competitive industry and post-modern society, SVBLA has been laying the foundation to seize the opportunities that can be derived from the integration of technology into the fabric of our business operations to ensure customer satisfaction through digitally enhanced experiences.

STAFF HIGHLIGHTS

Staff Independence Competition

At SVBLA, we view loans as an investment in our customers' future

Independence Showcase

Sponsorship of the SVGCC Economics Club

SVBLA Staff Volunteers

Customer Appreciation

Prize Winner - Customer Appreciation

STAFF HIGHLIGHTS

SVBLA Staff Volunteers

SVBLA Staff Volunteers

Spin the Wheel Promotion Winners

Spin the Wheel Promotion Winners

SVBLA Staff Volunteers

ST. VINCENT BUILDING & LOAN ASSOCIATION

President's Address

Introduction

It is my distinct honour and pleasure to welcome our members to the St. Vincent Building & Loan Association's 80th Annual General Meeting. This is our second AGM which is being held for calendar year 2022, due to delays experienced with our previous auditor, KPMG, when its St. Vincent office was closed during the year. These circumstances were outside the control of the Association and led to the late completion of the 2020 audit and consequently meant that the 2021 audit was not able to commence until much later than is customary. Despite these challenges, the Association persevered and we are proud to be celebrating our 80th AGM.

In 2021, the eruption of the La Soufriere volcano and the COVID-19 pandemic had an impact on the Association's operations as well as the daily lives of our staff, customers and all Vincentians. As a resilient people, however, our island has navigated these difficult waters and we have shown our strength and unity in our response to these natural disasters. During 2021, the Association continued with its moratorium program to extend relief to those adversely impacted by the pandemic and volcanic eruption. We also shifted from in-person to virtual meetings during the year and implemented staff rotations during COVID-19 surges.

Due to the above-mentioned issues, our full calendar of activities that was scheduled for the Association's 80th Anniversary could not be carried out in its entirety due to restrictions on public gatherings that were in place for the majority of 2021. However, our staff was still able to worship together to give God thanks for his continued blessing of our nation of St. Vincent and the Grenadines and the Association. The Association also made donations to the Leo Club of St. Vincent's breakfast feeding program and the Catholic Church's Soup Kitchen. Staff members also volunteered their time to these charitable endeavours. 80th Anniversary bursaries were issued to the children of seventeen SVBLA members who applied for scholarships.

During 2021, the Association continued to implement its three-year strategic plan and strengthen its Compliance function. An Enterprise Risk Management Policy and internal Risk Register System were developed and we also continued to update our internal policies and procedures. As is customary, the Association held its annual Customer Appreciation Day on July 30, 2021 which included promotional items giveaways, refreshments and showcases for the work of local artisans and musicians.

Operations Overview

The Association continued to weather the storms brought on by the pandemic and the volcanic eruption during the year. As at December 31, 2021 there were 79 loans on moratorium, with an aggregate balance of $14.1 million, which represents 12% of the gross loan portfolio. The moratoriums expired on March 31, 2022 and were a way to offer support to those who may have lost their livelihoods due to the pandemic, especially those in the tourism and hospitality sectors as well as aviation. The Association has been in contact with our customers who utilized the moratorium and we are committed to working with them, where possible, to refinance or restructure their loans.

The Association remained profitable in 2021, despite the many challenges brought on by the slowdown in the local economy due to the eruption and the pandemic. We increased investments during the year to boost interest income in light of the challenging lending environment. The retained earnings of the Association now stands at $8.7 million, which is a $0.9 million increase over the prior year. As at December 31, 2021 our total equity was $39.1 million, and we are compliant with the Financial Services Authority's (FSA) regulations with a capital adequacy ratio of 23% (2020: 23%).

The non-performing loan (NPL) portfolio now stands at $40.5 million at the end of 2021 (2020: $45.5 million), a decrease of 11% from 2020. The Association continues its drive to reduce the NPL portfolio, with the portfolio having been reduced by 50% since the intervention in 2013 when it stood at $81 million. This was achieved through the diligent work of the Loans department and CEO through collateral sales, restructures and loan repayments. It is commendable that this level of reduction was achieved, given the difficult economic environment experienced by so many during the financial crisis of 2018 and the pandemic which started in 2020. The Association continues to manage the non-performing portfolio, including monitoring and following-up of loans to ensure that they do not migrate from the performing to non-performing portfolio. This is an ongoing process, which has proven successful in consistently reducing the portfolio.

The Association continues to strive to manage its operating expenses, which saw a modest increase of 0.2% in 2021. Wherever possible, the Board and Management strive to contain expenditure to aid in the overall profitability of the Association. As far as practicable, we will continue to employ cost-containment measures and as always, we monitor expenses on a monthly basis.

Acknowledgements

I would like to thank our retiring Directors – Ianthi Burke, Kenyatta Alleyne and Shonette Lowman, for their steadfast service to the Association during their tenure. They have worked tirelessly to serve the customers and members of the SVBLA and to aid in strengthening its internal controls and governance structure. We are but a small part of the Association's 80-year history and all Directors strive to be of service in its continued success. I would also like to thank the remaining Directors, who while they were only elected in April of 2022, have already shown themselves to be committed to helping the Association achieve its goals.

Even as we acknowledge the past and celebrate 80 years of existence, the Association also looks toward the future and to embracing digital technology to better serve our customers. We have started digitizing certain processes, procured webcams and embraced video appointments with loans customers. We are in the process of implementing an online prequalification form for loan applicants and will be debuting an online budget/spending calculator on our website for Christmas 2022. The Association is also an authorized DCash financial institution and will be launching this service soon. For 2023, we will also be exploring offering mobile banking and ATM services to customers.

As always, on behalf of the entire Board, I wish to commend the Management and Staff of the Association for their hard work and dedication during the year. Their commitment to the institution shone through their returning to work soon after the volcanic eruption to serve customers, remaining flexible through the pandemic and being committed to continuous training and improvement. We appreciate their continued dedication to SVBLA and the role they play in offering quality service to our customers.

The Board wishes to express its sincere thanks and gratitude to our members for their commitment to the Association over the past 80 years. You have stood by us during not just the good times, but the adverse times as well. We will continue to build upon the principles of our founder Mr. Ormond C. Forde M.B.E. to provide Vincentians with a means to practice thrift through regular, systematic savings and a way to experience the joy and pride of owning their own home. We look forward to implementing innovate ways to serve our members and customers in the next 80 years and beyond.

Colin B. Bacchus
President

Minutes of the 79th Annual General Meeting of the St. Vincent Building and Loan Association, held at the Methodist Church Hall on the 7th April 2022, at 4:15 p.m.

PRESENT:

Mr. Kenneth A. Young	- President
Mr. Dougal James	- Director
Ms. Lucille Browne	- Director
Ms. Shonette Lowman	- Director
Ms. Ianthi Burke	- Director
Mr. Colin Bacchus	- Director
Mr. Elroy John	- CEO

ABSENT:

Mr. Kenyatta Alleyne	- Director
Mrs. Bernadine Nanton-Cooke	- Corporate Secretary

Fifty-six (56) members and twenty-nine (29) members of staff were in attendance.

1. CALL TO ORDER

The President, Kenneth A. Young called the meeting to order at 4: 51p.m and apologized for the absence of Director Alleyne, who was out of state.

PRAYER

Member Joe Sheridan said the opening prayer.

2. WELCOME

The President welcomed everyone to the 79th Annual General Meeting (AGM) and apologized to the membership for the AGM being delayed until 2022. He explained that the Auditors, KPMG, closed its St. Vincent office during 2021 and although the audit was underway, it remained incomplete until a new team from KPMG Barbados took over from the St. Vincent team.

The President explained that the transition was not a seamless one, as there were delays during the period within which the new audit team were familiarizing themselves with the Association's policies and procedures, as well as the Emortelle system. Despite the fact that the situation was outside of the Association's control, all efforts were diligently undertaken by the Association, to provide the information necessary to complete the audit.

The President categorized 2020 as an unprecedented year, during which Vincentians grappled with the effects of the COVID-19 pandemic; at home in St. Vincent and the Grenadines, as well as the trickle-down effects on the global economy. He remarked on everyone's ability to adapt to and navigate through, a changing world, where physical distancing, persistent hand washing, sanitization, temperature checks, COVID-19 testing and vaccines became the norm.

He notified everyone that the Association continued to implement its three-year strategic plan during 2020, which saw the creation of the post of Chief Risk and Compliance Officer, to aid in strengthening the Association's risk and compliance landscape. Despite the fact that the restrictions imposed by COVID-19 delayed original marketing plans for both the Smart Savers and the Merry Money products introduced in 2019, all marketing efforts remain in full swing, to ensure that these products are top priorities for 2022.

Commenting on the Association's celebration of its 80th year of operations and activities carried out by the Board, Management and Staff to mark the occasion, the President expressed optimism for the future of the Association. He said that the Association continues to be guided by the founding vision of Mr. Ormond C. Forde M.B.E., to provide Vincentians with a means to practice thrift through regular, systematic savings and a way of experiencing the joy and pride of owning their own home. The President emphasized that in spite of the challenges faced in recent years, this vision remains the driving force of the Association.

He further emphasized that although 2020 was a challenging year, both locally and globally, the Association was able to weather the storms brought on by the pandemic. Like all other financial institutions, the Association was mandated by Regulators to offer moratoriums on loan payments to customers, who were adversely affected by the pandemic. These moratoriums expired on March 31, 2022, and are a way to offer support to those who lost their livelihoods, particularly those in the tourism, hospitality and aviation sectors. Commenting on those customers that were able to actively make use of the Moratorium, the President said that as at December 31, 2020 there were sixty-nine (69) such customers, representing 9% of the gross loan portfolio.

The Association remained profitable in 2020, despite the many challenges brought on by the slowdown in the local economy and the Association was able to increase its cash resources by $3.7 million. This was achieved even though the Association repaid the remaining $2.9 million due to Bank of St. Vincent and the Grenadines (BOSVG), which allowed for a recognized increase in interest income from these loans and the generation of future profits.

The President announced that the accumulated surplus of the Association, now stands at $7.7 million, which is a $0.1 million increase over the prior year restated surplus. As at December 31, 2020 total equity was $38.2 million, and the Association is compliant with the Financial Services Authority's (FSA) requirements, with a capital adequacy ratio of 23% (2019: 22%).

The non-performing loan (NPL) portfolio stood at $45.5 million at the end of 2020 (2019: $50.8 million), a decrease of 10% from 2019. This was achieved through collateral sales, restructures and loan repayments.

Speaking on the continued management of the non-performing portfolio, the President stated that monitoring and following-up of loans is an ongoing and continuous process that ensures that loans do not migrate from the performing to the non-performing portfolio.

He articulated the Association's unremitting determination in managing its operating expenses, which saw a modest reduction of 2% in 2020, as the Board and Management strive to contain expenditure, to aid in the overall profitability of the Association.

The President informed everyone that the current Annual General Meeting, marked the close of his tenure as a Director and President of the St. Vincent Building and Loan Association. He affirmed that over the past six years, Directors Dougal James and Lucille Browne, - whose tenures also came to a close - placed themselves, as he did, in the service of the Association, as it strove to move forward from recapitalization.

The President expressed thanks to both Directors James and Browne, for their unwavering dedication to the Association over the past six years. The President expressed appreciativeness to the remaining Directors for their continued commitment towards helping the Association achieve its goals and for the time served with them.

Remarking on the work done during his tenure, the President made mention of the Association's success in modernizing its accounting software, significantly reducing its NPL portfolio, employing a Marketing Officer, a Chief Risk and Compliance Officer and realizing several operational improvements. The Association was also able to resume paying of dividends to members, although that had to be paused in 2020 due to the pandemic.

He expressed pride at all that was accomplished in consort with the Management and Staff of the Association, and his honour as a member to have served on the Board. He commended the Management and Staff for their hard work, dedication and commitment, as they continue to offer high level services to members, even in challenging times.

The President expressed sincere thanks and gratitude to all members, who helped the Association to persevere over the last 80 years.

3. ADOPTION OF THE AGENDA

On a motion moved by Member Elvin Jackson and seconded by Member Junior Bacchus the Agenda was adopted.

AMENDMENTS AND ADOPTION OF THE MINUTES OF THE 78TH ANNUAL GENERAL MEETING

There was no amendment to the Minutes.

On a motion moved by Member Christian Anderson and seconded by Member Cools Vanloo, the Minutes were accepted and carried.

4. MATTERS ARISING FROM THE 78TH AGM MINUTES

i. **Correspondent Banking:** The CEO stated that **t**here were no changes in relation to corresponding banking. Local financial institutions continue to bank with the Bank of St.

Vincent and the Grenadines, as the International Banks are no longer prepared to have that relationship. In relation to Zoom meetings, this was adopted, but as regulations are relaxed, there would be a gradual move back to the status quo.

ii. **Interest Levy:** This is an item in the draft Building Societies Act and until the Act is implemented, this matter is yet to be further addressed. In July 2021, the CEO and Director James visited with the Prime Minster, during which time the matter was ventilated on. At present, the matter is before both the Prime Minster and the Minister of Finance.

Member Cools Vanloo voiced a past proposal made by some members pertaining to the Association operating as a bank, instead of a building society, should the Government not withdraw the interest levy. The CEO responded that with the impending new Building Societies Act, this was not pursued, as it would be preferred that the interest levy be addressed in the Act, when the Act is implemented.

At that juncture, member Harold Lewis sought clarity on the President's claim re the modernization of the accounting system and the reduction in the NPL portfolio. He questioned whether the old system posted incorrect entries or whether strategies were used to reduce the NPLs. The CEO clarified, that while the modernized system - Emortelle - assisted in providing figures in a timely manner, strategies for engaging customers, restructuring accounts, formulating compromises and carrying out legal actions, were applied.

On the question raised by Member Desmond Pompey regarding whether or not the new system made it difficult for new members to access loans, the CEO explained that members' ability to access loans, remains unchanged. However, with an experienced lender as the CEO, rules are firmly applied and though the Association is happy to extend financing to all members, they are required to meet specified criteria and provide essential data for proper decision making. All the same, should a member fall short, the Association will work with that member to advise him / her on the way forward.

iii. **Death Benefit**: The status of the death benefit was then raised by member Cools Vanloo. The CEO explained that this product was disbanded and all relevant members advised on the matter, with portions of contributions being refunded, after deduction of the liability. He further explained that with about seventeen thousand (17,000) members, it made no economic sense to carry the product with less than one thousand (1,000) members contributing. The fact that members multi-bank, means that members with accounts at the Association, also have accounts at other Credit Unions. It therefore made no sense to transfer coverage, as members would have already been covered at these other institutions.

iv. **Permanent Shares:** Member Marcia Martin inquired about whether permanent shares would be returned to her or her family, as she had not joined the death benefit. The CEO said that at present, the Association is not in a position to refund the permanent shares to members. However, should a member locate anyone that is willing to buy his/her shares, the Association will facilitate this endeavour. He thanked members for their understanding, support and cooperation on the matter.

v. **Moratoriums:** Member Cools Vanloo asked about the Moratorium. The CEO reiterated the President's earlier submission that sixty-nine (69) members utilized the Moratorium, which came to an end on March 31, 2022. However, the Association continues to work with its members with a view to restructure and refinance where practicable, and has reduced interest rates in certain cases. This has been in an effort to show gratitude to members for their loyalty to and confidence in the Association, even throughout all the turbulent years.

Member Colleen Thomas inquired as to whether there had been any material impact on the Association, relating to delinquency and capital adequacy. The CEO made reference to the 2020 financial report which showed capital adequacy at 23% (within the adequacy ratio set by the regulators). He explained that the loans are not at a point where they would have a material impact, as the Association continues to work with its members and put steps in place to grow the books and mitigate any and all impact, including having adequate provisions.

Member Junior Bacchus commended the CEO for the tone of his presentation and his receptive responses to members. He disclosed that many of the members present, including himself, have been attending AGMs year in and year out, where there were many challenges, controversial discussions and debates. This AGM sets an uplifting tone that is both supportive and reassuring to members, who have been a part of the Association for so many years. In spite of all the challenges faced, as a members' organization, the respect given to members by the CEO and the entire team is commendable. Member Junior Bacchus voiced his continued commitment and support to the Association.

vi. **Quorum:** Member Harold Lewis remarked on the decision that was made at the last AGM to reduce the numbers that would make up a quorum, to enable the commencement of a meeting. He reflected on lessons learnt during the pandemic, in particular, the virtual approach to meetings. He advised that a hybrid approach can be used, allowing members at home and abroad access to the AGM, without pondering over travel arrangements.

The CEO agreed that it was indeed a valid point, as the Association had in fact considered the hybrid approach and the cost attached. Nonetheless, with the relaxing of rules re Covid-19, the decision was made to continue with the face-to-face meeting. All the same, as long as members are satisfied, the hybrid-approach is a route that can be explored in the future.

Road to recovery

Member Desmond Pompey postulated that with the present cash and capital adequacy position outlined in the President's report, the Association has come out of the red and is strong. He invited the CEO's comment on this. The CEO responded that the Association is getting there. Although the Association is not out of the 'red', it is still recovering, while grappling with issues of competition from the major banks, which target the Association's healthier customers, by offering below-market interest rates on loans. The Association has had to be flexible in order to retain its customers, while ensuring that those targeted, healthier ones stay loyal, advising them to look at the fine prints and consider all the relevant factors, so that they do not over-extend themselves.

In terms of the cash position, recoveries and investments are key factors. It is a challenge investing funds, as the Association can only invest locally. There is also a mis-match where the Association is borrowing short and lending long, so that a fair amount of liquid cash must be kept in the event that members need to do withdrawals. While the Association has a fixed-deposit at the Bank of St. Vincent and the Grenadines, earning 1% interest, there isn't much scope to invest safely, as there are hardly any investment opportunities.

5. REPORT OF THE BOARD OF DIRECTORS

On a motion moved by Member Harold Lewis and seconded by Member Colleen Thomas, the Board of Directors' Report was adopted.

6. AUDITORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

The Auditors' Report and Financial Statements were presented to the Members via Zoom by Ms. Lisa Braithwaite, Partner of the Accounting Firm of KPMG.

Ms. Braithwaite began by reinforcing the President's statement that the AGM was delayed as KPMG sought to close the 2020 audit, which was impacted by the closure of the KPMG St. Vincent office, which occurred before the 2020 audit was completed. She expressed thanks to the Management of the Association for the full assistance given to the new team members of the KPMG Barbados office, as they worked to close out the engagement, further to the closure of the St. Vincent office. She also extended thanks to the FSA, for their understanding, as KPMG navigated the changes to their footprint across the region, specifically in St. Vincent. She wished the members great success as the Association moves forward, while navigating through the pandemic and thanked them for having worked with KPMG over the past three years.

Ms. Braithwaite then moved to the Auditors' report and the salient aspects for which context needed to be provided.

i. **Restatement**: This related to Expected Credit Losses (ECL), on loans and advances, where for 2019, the ECL was previously understated by $3.3mil. That number had to be adjusted, with all complementary adjustments being made as well. Consequently, there were adjustments to the loans and advances to members number, because the related ECL went up and obviously, the loans balance went down. Note 31 - the accompanying note - shows the impact on loans and advances and the accumulated surplus, because there was also an impact on the 2019 profit and loss.

   Ms. Braithwaite explained that the Association first adopted IFRS 9 in 2018. This was the first year that it was mandatory to be adopted, as a new standard, that called for the recording of ECL, as opposed to the previous incurred loss approach. In the first year, entities had to consider the industry, and what other entities were doing, so as to come up with an ECL model that would be best fit for purpose.

   In 2019, after considering the model that was used in the first year, the model had to be adjusted, with tweaks being made to the model. In so doing, two aspects were missed, that were picked up in the 2020 audit and because it resulted in material adjustments, it required a restatement; being over all materiality thresholds.

Ms. Braithwaite confirmed that this was fully taken care of in the 2020 audit and should not be an issue going forward, as the Association's model is fully compliant with the requirements of IFRS 9.

Ms. Braithwaite outlined that a great deal of work went into the completion of the audit, by the KPMG team, relative to confirmation, tracing through to subsequent transactions, performing recalculations, engaging in correspondence with the regulators re extent of on-site reviews and involving of various specialists. She affirmed that all the required audit work was done, so that KPMG could sign off on the 2020 financial statements.

Opinion

Ms. Braithwaite specified that because of the restatement, an Unmodified Audit Opinion was given by KPMG.

In their opinion, the financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Members' Queries

Ms. Nuala Frank, Financial Controller opened the floor for any questions by members, concerning the Auditors' report and the financial statements.

Referring to the ECL figure, Member Desmond Pompey asked whether the restatement put the Association in a better financial position by $3.3mil. The Financial Controller explained that as it was an increase in the ECL, the profit was brought down by the amount of the restatement. However, the profit for 2019 was still substantial, so that even with the restatement, the Association still made an overall profit of $3.3mil at the end.

Member Desmond Pompey remarked that it was interesting how the system would have missed a figure of $3.3mil. The Financial Controller explained that it was not a '*miss*' necessarily, as it's an estimate. There was an error in the calculation that was not picked up during in the last audit, however, it has now been picked up and as IFRS 9 is a new standard, the Association is growing and learning with it and as it gains experience, updates are made to the model. Updates for 2021 have been done, and the process automated.

Member Cools Vanloo sought clarification relative to the adjustments made to the financial statements and their implications. The Financial Controller explained that new accounting standards come into effect from time to time, and the Association is obligated to comply with International Financial Reporting Standards (IFRSs). Every so often, depending on the need for improved reporting and clarity to the users of the financial statements, these IFRSs may be amended. To have the Association's statements comply with those standards, once it impacts operations and affects any of the items reported on, the Association would be obliged to make those amendments.

The nature of said amendments would depend on the standard itself and the way the Association is required to adjust for it. Some may be required to be adjusted retrospectively, which means a restatement would have to be made to the financial statements to bring it in line with the standards. These happen periodically and are determined by the International Accounting Standards Board, thus outside of the control of the Association, which must ensure compliance with these IFRSs.

Adjustments and restatements are not uncommon to financial statements and would be found in the financial statements of small, medium or even large international companies. Sometimes they may be favourable, while other times they may not be so favourable in the short term. The goal is always to provide more information to members and users of the financial statements as a whole. The Financial Controller continued to explain that though the adjustment did decrease the Association's profit, sufficient profit was still made, so that this did not put the Association in a worse financial position. The aim of the Association is to be as accurate as possible. Thus, where it is unavoidable that adjustments be made, this would be done as quickly as possible and the note disclosure done.

Whenever there is a new standard, the Association makes a note disclosure ahead of time, so that users of its financial statements are aware that a new standard would be implemented, on a specified future date.

Member Cools Vanloo retorted that while everything the Financial Controller explained is good from an accounting standpoint, he queried as to the impact on the provision of dividends to members. Member Junior Bacchus interjected that in that regard, and based on his observation, the impact was not significant, since by his same observation, the Association did not pay dividend in that year, for which the adjustment was made. The Financial Controller concurred with member Junior Bacchus and went further to explain that in terms of the impact, it is an estimate, of what the Association thinks future credit losses would be, which may or may not be the case.

In terms of the metrics that the Association monitors as a financial institution, liquidity position and capital adequacy remain well within and exceed the guidelines, as such, there was no severe impact on either.

Member St. Clair Leacock reminded members that in focusing on the ability of the Association to pay dividends, they ought not confuse income with cash. He advised that members focus on the cash position and capital adequacy of the Association, which speaks to its ability to withstand any inherent financial shocks, continue in operation and remain in good standing.

Member Cools Vanloo questioned whether there was a restatement for non-performing loans (NPLs) and the impact of NPLs on the Association's model. The Financial Controller clarified that no restatement was needed. NPLs are part of the loan staging process in which NPLs are those stage three loans that are already accounted for in the model, all that would have been done is to increase the provision on that, which is a non-cash item.

Member St. Clair Leacock enquired as to whether or not the OECS stock market has ever been considered by the Association, as an avenue for investing, so that a better return is realized on members' investments.

The Financial Controller stated that while the Association does invest in a range of products, it only invests locally. However, with the state of the world at the moment, and the volatility being experienced, this gives a bit of a pause at the moment. All the same, through the appropriate internal channels, with relevant proposals, as well as Committee and Board reviews, this is an avenue that can be explored in the future, once economic conditions, both regionally and globally stabilize.

On a motion moved by member Junior Bacchus and seconded by member St. Clair Leacock, the Auditors' report was adopted.

7. ELECTION OF NEW DIRECTORS TO THE BOARD

Member Junior Bacchus, Chairman of the Nominations Committee informed everyone that on March 30, 2022, the Committee met and finalized activities re the selection of nominees to fill the three vacant positions available on the Association's Board of Directors.

The Committee consists of the following persons:

- Junior Bacchus- Chairman
- Felix Lewis- Member
- Harold Lewis- Member
- Nuala Frank- Staff Member
- Sebastian Forde- Staff Member

In keeping with section 7.1 of the by-laws, the Association advertised for members to submit official nominations for the consideration of the Committee, in keeping with the required timelines. Three nominations were received within the required timeframe and officially signed by the nominee and seconder.

The Committee reached out to the nominees to confirm their consent and consider whether these persons met the fit and proper test, required by the Financial Services Authority. Two of the nominees were found eligible and one found ineligible.

The eligible nominees were member Colleen Thomas, nominated by member Jeremy Jackson and seconded by member Lucille Browne, and member Dennis Gaymes, nominated by member Dominic Sutherland and seconded by member Luella Jackson, both of whom the Committee recommended for consideration by the membership.

The Chairman explained that the Committee was advised of a pending dispute between member Luella Jackson (former employee) and the Association.

The Committee, having verified the matter with the management and member Luella Jackson, deemed it inappropriate to recommend member Luella Jackson, nominated by member Joel Poyer and seconded by member Franklyn Shan Bowens, for consideration by the membership.

The Chairman confirmed that the FSA was also advised of the Committee's position and advised that the meeting can accept further nominations from members present, since there are three vacant positions to be filled on the Board.

Following the Chairman's report, Mr. Jimmy Black of the FSA proceeded to conduct the election procedures, in which he explained the formalities, before opening the floor for further nominations by members. Member Luella Jackson interjected, requesting that members be informed on what the dispute was between herself and the Association.

Mr. Black acknowledged her appeal for an audience with members, and subsequently permitted her the opportunity to disclose the details. Member Luella Jackson stated that the issue related to her pension and gratuity, which she said she had not yet received from the Association. She further stated that she had written to the Trustees of Association in July 2021. In that correspondence, she had explained that she was due a pension and gratuity after fifteen (15) years of service with the Association, where she had been employed for twenty-four (24) years. Having received no acknowledgment or reply, she wrote to the Board of Directors on December 5, 2021, but received no acknowledgement or reply.

Subsequent to her name being submitted for nomination to the Board, she received a call from Nominations Committee Chairman Junior Bacchus, who notified her that he had been informed of an issue involving her and that he was awaiting a legal opinion. On April 7, 2022, she received a call from the FSA, notifying her that there is a legal opinion that was received in 2021. Member Luella Jackson claimed that she has yet to see said legal opinion.

In response, the CEO explained that the Association initially had a Defined Benefit Pension Plan, under which, an employee needed to work fifteen (15) years, in order to qualify for a pension. In December 2005, that plan was frozen, and a new plan called the Defined Contribution Plan started on January 1, 2006. Member Luella Jackson had eleven (11) years under the that plan. Based on the rules and the by-laws of the pension, she does not qualify for a pension, she instead qualifies for a gratuity.

The CEO went on to explain that member Luella Jackson is fully aware of the rules, as she was the Accountant of the Association. As a members' organization, the Association fully abides by all rules and regulations.

Member Junior Bacchus made the request that the election be addressed, and that other nominations can be taken from the floor. He suggested that should members wish to nominate member Luella Jackson; they can do so. He urged that should the matter necessitate dialogue/discussion, this can be done under "Any Other Business", as it cannot be addressed under the election process.

Member Luella Jackson promptly raised a point of order, stating that she has a legal opinion that says that after twenty-four (24) years of service with the Association, it is a breach contract. While Mr. Jimmy Black acknowledged her point of order, he indicated that the opportunity will be given to her subsequent to the nomination and election process, to discuss the matter further.

There were three positions for election, and in addition to the two already approved nominees, two members were nominated from the floor. Member Patterson Homer, was nominated by member Elvin Jackson, this was seconded by member Luzette King. member Trichel Allen, was nominated by member Junior Bacchus and this was seconded by member Jethro Greene.

As there were no further nominations, Mr. Black asked that a motion be moved for nominations to be closed. This was moved by member Glenroy Providence and seconded by member Clarence Harry.

All nominees were invited to introduce themselves, after which members were invited to vote for a maximum of three members of their choosing.

The results were as follows:

1. Colleen Thomas 55
2. Patterson Homer 50
3. Dennis Gaymes 43
4. Trichel Allen 41

Members Patterson Homer, Dennis Gaymes and Colleen Thomas were elected to serve as Directors, pending the FSA's fit and proper test.

Mr. Jimmy Black of the FSA thanked the exiting Directors for their service to the Association and encouraged them to continue supporting the Association. He then formally requested permission from the membership that the ballots be destroyed. This was moved by member Colleen Thomas and seconded by member Cools Vanloo, with the unanimous agreement of the membership.
Member Cools Vanloo requested that the next time there is an election, a member of the Association be invited to observe the counting of the vote.

The President at that point urged the new and existing Directors to give of their best to the Association they were nominated to serve. He reminded them that their stewardship is to the members who have trusted the Association with their money. He asked that prudence be exercised in all deliberations, especially when it comes to giving credit and reminded them to act fairly. He cautioned that each Director gives of his/her time, attends meetings and not expect that the position of Director is about filling one's pocket with poor people's money.

He emphasized the importance of working together for the interest of the members, without dispute among Directors. He wished the new Directors well and thanked the existing Directors for their time.

Member Cools Vanloo commended the Board for their hard work, dedication and support given over the past six (6) years to the Association, to bring it back to a state of stability. He stated that this Board gained the confidence of the membership, that had been lacking in years gone by. He acknowledged the contribution of the Board in the repositioning of the Association over the past six (6) years. He recalled the level of imposition that once existed during many meetings and emphasized how contentious things were, prior to the existence of the present Board.

He informed everyone that he had been attending AGMs since 1972, and like President Young, he never missed a meeting, except when he was overseas. He commended member Kenneth Young for a good job as President and welcomed him back to the floor as a member. Member Cools Vanloo was applauded by the members present.

Member Junior Bacchus voiced his agreement with member Cools Vanloo and reminded everyone that Kenneth Young as President, came from the floor, among the membership and as an ordinary

Vincentian he came and fixed a lot within and for the Association. He encouraged everyone to continue supporting local people, as the Association, an indigenous organization, supports its own local folks and carries them strong.

8. ELECTION OF AUDITORS FOR THE YEAR ENDED DECEMBER 31, 2021

The President informed the membership that the Board of Directors was recommending for approval, the Auditing firm of Grant Thornton, as Auditors. He explained that advertisements were sent out requesting auditors, and that Grant Thornton was the only firm that met the criteria advertised.

Members were asked to vote by a showing of hands. Fifty-six (56) members voted in favour and no member voted against the auditing firm of Grant Thornton.

9. ANY OTHER BUSINESS

a. Resolution for alteration to rule 4.9

Chairman of the Nominations Committee, member Junior Bacchus, requested that an amendment be made to rule 4.9, so that the position of Corporate Secretary is not limited to only a legal officer. He explained that the rule as it exists, hinders the progress of the Association in finding someone who is a legal officer to act in the absence of the Corporate Secretary. This, he said, has been complicating the operations of the Association.

Director James shared the opinion that an amendment to rule 4.9 will in fact enrich the Association, so that operations are not stalled in the absence of the Corporate Secretary. The CEO stated that in order for the Association to be dynamic, the resolution must be made. He made reference to the present situation where the Corporate Secretary who is a legal officer, is out of office and in order for the work to go on, other competent officers and external parties have to be engaged to act. Where the requirement does not exist that the position be filled by a legal officer, the operation of the Association can advance freely and be unobstructed, even in the absence of the Corporate Secretary.

Discussion pursued in which members asked questions, shared insights and gave their views on how best to reformat the resolution so that it reflected in the best interests of the Association.

The discussion was however stopped by Mrs. Nyasha Browne of the FSA, who indicated that as the resolution was not first submitted to the FSA, it cannot be taken. She however encouraged that as there is an AGM that shall be held for the 2021 accounts, that would hopefully be coming up in 2022, the matter can be ventilated then. She emphasized that it is the normal procedure that a resolution be submitted to the Authority first, before being brought to the membership for further discussion and passage. As that was not done on this occasion, she asked that the discussion be stopped.

The President encouraged that as the Association always works to ensure that it is compliant with rules, regulations and laws, the procedures as reminded by Mrs. Browne, be adhered to.

b. Point of Order by Member Luella Jackson

Member Luzette King raised the concern that member Luella Jackson's matter be addressed, as she had indicated that though she had reached out to the Association, she had not received an acknowledgement or a reply.
The President stated that as a final act before exiting as president, he urged the management and new Board, to look into the matter and have it resolved in as short a time as is humanly possible.

10. ADJORNMENT

There being no further business, the meeting ended at 7:40 pm, on a motion moved by member Junior Bacchus and seconded by member Jethro Greene.

Read and sign as a true record this ……… Day of ………………………….………

…………………………….
Chairman

……………………………
for Corporate Secretary

Prepared by:

………………………..
Pethion E. Greene

Report of the Board of Directors to the 80th Annual General Meeting

1.0 Introduction

1.1 Fellow members, the Board of Directors (the Board), is pleased to present the report on the operations and performance of the St. Vincent Building & Loan Association for the financial year ended December 31, 2021.

2021 saw the eruption of the La Soufriere volcano here in St. Vincent as well as the continuation of the COVID-19 pandemic worldwide. These two disasters presented an opportunity for us to show our resilience and ingenuity as Vincentians. We have been able to emerge with a greater understanding of what makes us unique as a people. The Association was not immune to these challenges and we have had to modify our business practices to suit the new reality and continue offering quality service to our customers.

The Association continued to protect staff and members through physical distancing measures, routine temperature checks and sanitizing. We also offered customers the opportunity to conduct loan interviews virtually. In these difficult times, we also ensured that through our commitment to corporate social responsibility, we found ways to give back to those in need. During 2021, as in previous years, we were able to make great strides in reducing our non-performing loan (NPL) portfolio despite the economic headwinds faced by St. Vincent and the Grenadines and the wider global economy.

The Association continues to implement its Strategic and Operational Plan, which was implemented in 2019 and is effective until December 31, 2022. The post of Chief Risk and Compliance Officer was created in 2021 and that individual has responsibility for the strategic risk management of the Association. We also strove to enhance our internal reporting structures and revise a number of policies during the year. Due to the pandemic, there were reduced opportunities for in-person training, however, we were able to successfully switch to a primarily virtual training format. We also achieved our goal of reducing the NPL portfolio by a further 11% during the year and continued to monitor our loans to prevent their migration to NPL status.

The Association celebrated 80 years of operations in 2021 and commemorated the occasion with a Church service which was attended by both staff and the Board. The Association made contributions to both the Catholic Church's Soup Kitchen and the Leo Club of St. Vincent's breakfast feeding program. Our staff members also volunteered their time at these charitable endeavours. In December 2021, the Association launched its "Gift of Hope" campaign, which was a toy and book drive to collect new or fairly new, unwrapped toys and books for less fortunate children. We collaborated with Red Root SVG, a non-profit organization dedicated to empowering and supporting women and children who are victims of violence, inequality and sexual abuse in St. Vincent and the Grenadines. Barrels were placed in the Association's lobby as well as at Coreas City Store for individuals to drop off their toy/book contributions.

Staff members assisted by wrapping the gifts and accompanying Red Root SVG to distribute the approximately 300 gifts to children in need.

The Board remains committed to continuous engagement with members in an effort to strengthen the services and operations of the Association. Through its new Marketing Officer, the Association has substantially increased both its traditional and social media advertising. We were able to use social media avenues to extend our reach to prospective members and have greater engagement with customers. They were kept informed of our loan and other seasonal promotions and provided with financial tips via our social media platforms. The Association remains committed to our scholarship programme and for our 80th Anniversary, we awarded 17 bursaries in addition to our regular merit and needs-based scholarships. Throughout the year, we made donations to various charitable organizations within St. Vincent and the Grenadines as part of our commitment to corporate social responsibility.

Like 2020 before it, 2021 has shown us new challenges that we have been able to conquer. These challenges were not unique to the Association but applied to all financial institutions as we continue to adjust to living with COVID-19 and rebuilding after the eruption. As with all challenges over the past 80 years, we believe that the Association will continue to prevail with the support of our members. The Board is grateful to have had the opportunity to serve you and our retiring Board members are confident that the Association will continue to serve its members over the next 80 years and beyond.

2.0 Directors

2.1 At the close of the financial year the complement of Directors was as follows:

Mr. Kenneth A. Young	-	President (retired April 07, 2022)
Mr. Dougal James	-	Vice President (retired April 07, 2022)
Ms. Lucille Browne	-	Director (retired April 07, 2022)
Mr. Kenyatta Alleyne	-	Director
Ms. Shonette Lowman	-	Director
Ms. Ianthi Burke	-	Director
Mr. Colin Bacchus	-	Director

3.0 Meetings and Attendance

3.1 The Board meets at least once a month for regular board meetings and from time to time will also schedule special board meetings. During the financial period there was a total of twenty (20) such meetings, comprised of thirteen (13) board meetings and seven (07) special meetings. Attendance of Directors was as follows:

Director	Regular Meetings (Total 13)	Special Meetings (Total 07)	Total Meetings Attended (Total 20)
Kenneth A. Young	13	05	18
Dougal James	13	07	20
Lucille Browne	12	07	19
Kenyatta Alleyne	12	06	18
Shonette Lowman	13	06	19
Ianthi Burke	13	05	18
Colin Bacchus	13	07	20

3.2 Directors' Interest

Director	Minimum Permanent Shares	Does Director have Loan(s)?	Are Accounts up to date?
Kenneth A. Young	YES	NO	N/A
Dougal James	YES	NO	N/A
Lucille Browne	YES	NO	N/A
Kenyatta Alleyne	YES	NO	N/A
Shonette Lowman	YES	NO	N/A
Ianthi Burke	YES	NO	N/A
Colin Bacchus	YES	NO	N/A

3.3 Statement on Directors' Activities with the Association

There are no contract(s) that existed during or at the end of the financial year in which the Directors either solely or jointly held any material interest that related directly or indirectly to the Association. Furthermore, there was no significant transaction conducted by any Director during the financial period.

4.0 Performance Related to Critical Areas

4.1 The Association's Strategic and Operational Plans continue to guide the Association's strategy which provides a roadmap of the way forward. They were developed with the input of the Board, Management and Staff of the Association. The Plans identify key areas of focus for the Association over the next three years, with the ultimate goal of increasing long-term shareholder value. For financial year 2021, the Board focused on seven (7) critical areas of operations that are key to the Association's business.

4.2 **Critical Area 1 – Increased Long-Term Shareholder Value:** The economic effects of the ongoing COVID-19 pandemic as well as the volcanic eruption in 2021 led to a slow-down in economic activity in St. Vincent and the Grenadines, with the economy estimated to have grown by a modest 1.35%, which was the second-lowest GDP growth rate of all islands in the ECCU in 2021. In spite of this, the Association was still able to reduce its NPL portfolio by

11% during 2021 and increase its profitability and retained earnings. Operating expenses increased slightly by 0.2% during the year, but are still being monitored and controlled by the Association.

Like all indigenous financial institutions in St. Vincent and the Grenadines, the Association continues to experience challenges in the area of third-party transactions where customers who reside outside St. Vincent are no longer able to make their loan payments via draft or wire transfer. However, we have been able to manage the process successfully through the use of postal money orders and in 2022, the Association participated in the Eastern Caribbean Central Bank's DCash pilot project. Once launched, this will give customers a more convenient avenue to effect transfer of funds.

As part of the Association's response to the Covid-19 pandemic, a moratorium was offered to 79 affected loans customers which expired on March 31, 2022. These have been granted to customers employed in the Tourism and Hospitality industry whose livelihoods have been negatively impacted by the travel restrictions brought about by the pandemic. Our Loans Officers have remained in contact with those customers utilizing the moratorium to assess their ability to service their loans once the moratorium expired. To date, 39 of these loans have either seen regular payments resume, been restructured, or repaid. The Loans department continues to work assiduously to ensure that these loans are regularized.

As part of its strategic approach towards NPLs, the Association was able to restructure $3.4 million of NPLs during 2021. Those customers who qualified to have their loans restructured satisfied the requirements of the Association's loan policy, including demonstrating their ability to pay, having extenuating circumstances or requiring an extension of the loan repayment period. Monitoring is done of the loan portfolio on a monthly basis and customers who are 0 – 89 days in arrears are scrupulously followed up on by a member of the Loans Department. This allows the Association to closely monitor the repayment activities of its members and identify any issues before the loans advance to NPL status.

For financial year 2021, the Association continued to execute its Strategic and Operational Plans, with a focus on strengthening its Risk and Compliance department and Marketing function and managing moratoriums while continuing to manage the non-performing loan portfolio.

4.3 **Critical Area 2 – Improve and Increase the Customer Base:** The Association employed a new Marketing Officer in August 2021 and she has been instrumental in increasing the Association's public profile. This has included an increased social media presence on Instagram and Facebook as well as radio segments aimed at increasing public awareness of the Association's products and seasonal promotions.

As is customary, the Association held its annual Customer Appreciation Day on July 30, 2021 which is our way of showing appreciation to our customers for their patronage during the year. Despite the challenges of the pandemic, the Association was able to give back to our customers with packaged refreshments, promotional item giveaways and local artisan and musician showcases.

We continue to rely on our staff as the first line of contact with members and customers; providing excellent service to our members is a key component of achieving the Association's objectives. While we had to modify our business practices during the pandemic to incorporate temperature checks and sanitization on entry to the building, we still strove to deliver the best possible customer service experience.

4.4 **Critical Area 3 – Improving and Enhancing Internal and External Reporting Structures:** In 2021, the post of Chief Risk and Compliance Officer was created to ensure a centralized approach to the Association's reporting structures. We also commenced an overhaul of our policies and procedures, an exercise which has continued into 2022. The Association has also embedded in its Strategic and Operational Plans the internal reporting structures necessary to ensure effective communication. Once approved by the Board, policies are shared with staff members and if necessary, periodic meetings and training sessions are held with staff to ensure that they are aware of the Association's policies and the legal framework which we operate within.

4.5 **Critical Area 4 – Implementation and use of Information Technology**: The Association continues to seek ways to streamline its processes and increase the use of IT in its day-to-day operations. A key component of this is ensuring that staff at all levels are aware of and trained in using the systems at our disposal. The ICT Department has designated infrastructure upgrades and cybersecurity as some of its key focus areas for 2021 and has continued this drive in 2022. Implementation of DCash is also one of the Association's key goals for 2022. In order to achieve these objectives, staff training in these key areas has been conducted and our budget includes the upgrades necessary to our infrastructure to support their efficient operation. Looking forward, the Association is investigating the implementation of mobile banking and ATM services.

4.6 **Critical Area 5 – Corporate Social Responsibility and Community Relations:** During 2021, the Association continued it support of educational and cultural endeavours within St. Vincent and the Grenadines. We continue to focus on giving back to our members and the wider Vincentian community by providing scholarships to the children of our members, from the secondary right through to the community college level. We can proudly boast of having twenty-four (24) active scholarship recipients as at the end of 2021.

Three (3) scholarships were awarded in 2021 as follows:

No.	YEAR	NAME OF AWARDEE	SCHOOL ATTENDING
1	2021	Zeph John	St. Vincent Grammar School
2	2021	Jayson John	St. Vincent Grammar School
3	2021	Ramon Matthews	St. Vincent Grammar School

As at the end of 2021, the full list of current scholarship recipients is as follows:

No.	YEAR	NAME OF AWARDEE	SCHOOL ATTENDING
1	2015	Taylor Oliver	SVG Community College
2	2015	Jerona Mapp	SVG Community College
3	2015	Nathalia Charles	SVG Community College
4	2015	Renee Jackson	SVG Community College
5	2016	Jahlani Bacchus	St. Vincent Grammar School

No.	YEAR	NAME OF AWARDEE	SCHOOL ATTENDING
6	2016	Alyssa Trotman	Girls' High School
7	2016	Karen Bellingy	Thomas Saunders Secondary School
8	2017	Genevieve McMaster	Girls' High School
9	2017	Mya John	Girls' High School
10	2017	Nicholai Williams	St. Vincent Grammar School
11	2018	Skye Williams	Girls' High School
12	2018	Denelle McBurnett-Blake	Bishop's College Kingstown
13	2018	K'Juandre Richards	Girls' High School
14	2019	Jaden Edwards-Barry	Girls' High School
15	2019	Ethan Balcombe	St. Vincent Grammar School
16	2019	Devenae Lyttle	St. Joseph's Convent Kingstown
17	2019	Samara Allen	Bethel High School
18	2020	Josel Da Silva	Girls' High School
19	2020	Ky-mani Johnson	St. Vincent Grammar School
20	2020	Olivia Prescott	Girls' High School
21	2020	Sakeri Burnett	St. Vincent Grammar School
22	2021	Zeph John	St. Vincent Grammar School
23	2021	Jayson John	St. Vincent Grammar School
24	2021	Ramon Matthews	St. Vincent Grammar School

In addition, a total of seventeen (17) bursaries were awarded as part of our 80th Anniversary celebrations. The recipients were as follows:

No.	NAME OF AWARDEE
1	Isaiah Toney
2	Mikayla Durrant
3	Korey James
4	Ramazzotti Matthews
5	Mikaila Corridon
6	Jadon Fraser
7	Ciandra Scarborough
8	Jeshan Ollivierre
9	Wyatt Williams
10	Areyanna Balcombe
11	Rafael Lewis
12	Jhawanie Laidlow
13	Zion Lewis
14	Malia Jack
15	Chay-ah Browne
16	Kyle Williams
17	Che Davis

Due to the ongoing Covid-19 pandemic, the Association was regrettably unable to offer its annual internship programme. However, we hope to be able to resume the program once the situation has improved and it is safe to do so. The Association continues to play an active role in local cricket and in partnership with Guardian General Insurance, we have continued our sponsorship of the Guardian Saints Cricket team and the Hope International football team.

During the year, we have made donations to a number of educational and social causes such as the St. Benedict's Day Nursery, Our Lady of Guadeloupe Home for Girls, the Kingstown Methodist Church, Catholic Soup Kitchen, Leo Club of St. Vincent, Voice of the Disabled, the Salvation Army, Red Root SVG and the Community College Economics Club, among others.

4.7 **Critical Area 6 – Human Resources:** Due to the pandemic, opportunities for training were primarily virtual during 2021. Where possible, staff members were given the opportunity to attend virtual training sessions during the year. The following training / consultation activities were undertaken during 2021:

Training/Workshop/Seminar/Course	Participants	Date	Facilitator
Global Association of Risk Professionals Convention	Pethion Greene	February 22 – 24, 2021	Global Association of Risk Professionals
Caribbean Anti-Money Laundering Conference	Bernadine Nanton-Cooke	March 16, 2021	NEM Leadership Consultants
Workmen's Compensation & Employer's Liability	Sebastian Forde Lynette Garraway Jamila Gibson Joanne Richardson	April 28 – 29, 2021	Guardian Group
Enterprise Risk Management Training	Pethion Greene	May 05 – 07, 2021	Certified Professional Accountants of British Columbia
Enterprise Risk Management Training	Heads of Department	May 12, 2021	Pethion Greene
Enterprise Risk Management Training	All Staff	May 26, 2021	Pethion Greene
Change Management for Risk Training	All Staff	May 27, 2021	Pethion Greene
ICAC Caribbean Conference of Accountants	Nuala Frank	June 24 – 25, 2021	Institute of Chartered Accountants of the Caribbean
Effective Minute Preparation	Bernadine Nanton-Cooke Roxine Ragguett-Duke Sharret Feddows Aisha Holder Joanne Richardson	July 05 – 06, 2021	Technovators Marketing Limited
ECCB Digital Cash (DCash) Training	Accounts Department Customer Service Department Insurance Department Loans Department	September 14, 2021	Eastern Caribbean Central Bank
ECCB Digital Cash (DCash) Training	Accounts Department Customer Service Department ICT Department	September 15, 2021	Eastern Caribbean Central Bank
SpiceWorld Virtual 2021 IT Conference	Camraul Cadogan Keron Matthews	September 27 – 28, 2021	SpiceWorks Inc.
ECCB Digital Cash (Dcash) Training	Heads of Department	September 28, 2021	Eastern Caribbean Central Bank
Certified Anti-money Laundering Specialist	Bernadine Nanton-Cooke	October 05, 2021 – November 09, 2021	Association of Certified Anti-Money Laundering Specialists

4.8 **Critical Area 7 – Compliance:** The Association's Risk and Compliance Department, which has oversight of the compliance function within the Association carried out several staff trainings during the year. These served to refresh staff knowledge, as well as introduce them to new concepts surrounding Enterprise Risk Management and Change Management. The department reviewed and refined the Association's compliance framework to ensure that we are in full compliance with anti-money laundering and know your customer best practices. This is an ongoing process, with periodic refresher trainings being carried out and updates to the Association's policies. The Association continues to work along with and benefit from the guidance and expertise of the Financial Services Authority (FSA) and the Financial Intelligence Unit (FIU) to ensure that all reporting requirements and obligations are performed in a timely, accurate and efficient manner.

5.0 Conclusion

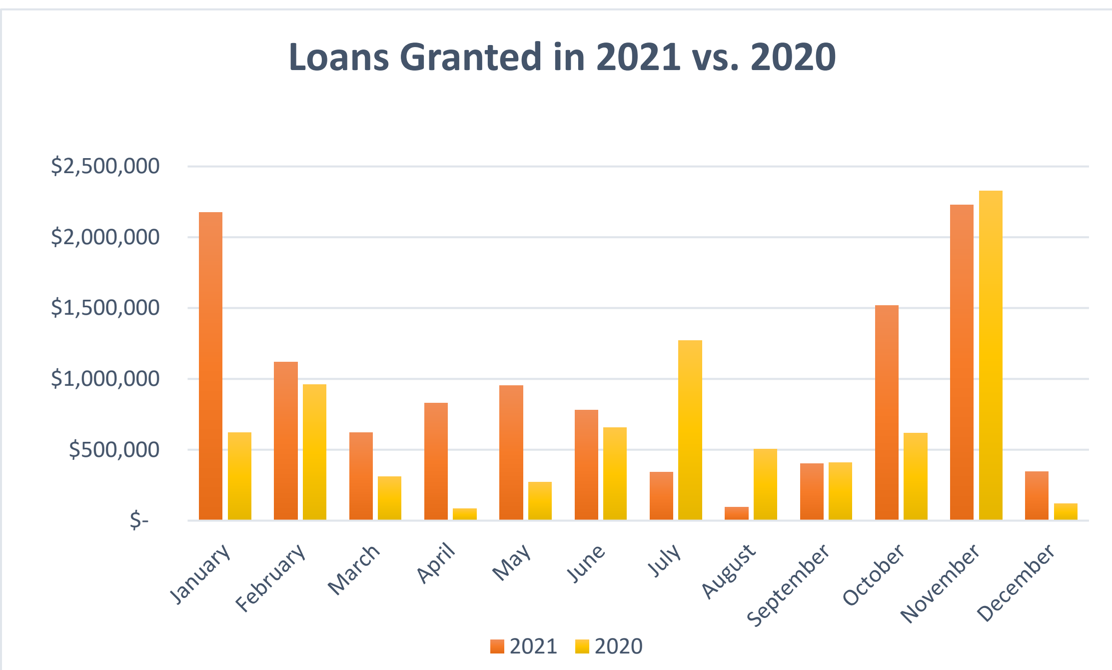
The Board of Directors is grateful for the continued support of our members and stakeholders over the last 80 years. Without your commitment to the success of the Association, we would not be here today. The Board would also like to acknowledge the hard work and dedication of the staff and management of the Association, both past and present. They are the backbone of our organization and continue to embody its founding principle to serve the Vincentian public. The retiring members of the Board are thankful to have had the opportunity to serve an organization that is near and dear to our hearts and we wish those who will be joining the Board a fruitful tenure. As we continue to build lives one step at a time over the next 80 years and beyond, we are confident that with the support of our members, management and staff, the Association will continue to thrive in the future.

……………………………………

Colin B. Bacchus
President

PERFORMANCE HIGHLIGHTS

Loans Report							
2021			2020				
Date	Total Loans granted		Date	Total Loans granted		Budgeted 2021	Budgeted 2020
	Number	Value		Number	Value		
Jan-21	8	$ 2,176,350	Jan-20	16	$ 622,300	$ 1,000,000	$ 1,000,000
Feb-21	11	1,118,917	Feb-20	15	962,133	1,000,000	1,000,000
Mar-21	14	622,221	Mar-20	10	311,896	1,000,000	1,000,000
Apr-21	9	828,100	Apr-20	5	86,660	1,000,000	1,000,000
May-21	11	953,462	May-20	13	271,268	1,000,000	1,000,000
Jun-21	15	779,997	Jun-20	16	655,950	1,000,000	1,000,000
Jul-21	13	341,650	Jul-20	19	1,270,885	1,000,000	1,000,000
Aug-21	6	98,120	Aug-20	19	506,069	1,000,000	1,000,000
Sep-21	11	402,980	Sep-20	10	409,768	1,000,000	1,000,000
Oct-21	13	1,519,397	Oct-20	8	619,794	1,000,000	1,000,000
Nov-21	17	2,226,988	Nov-20	16	2,325,018	1,000,000	1,000,000
Dec-21	33	344,700	Dec-20	16	120,516	1,000,000	1,000,000
TOTAL	161	$11,412,882		163	$ 8,162,257	$ 12,000,000	$ 12,000,000
	Total Loans restructured		Total Loans restructured				
	13	$ 2,995,188		17	$ 2,364,567		
Total new and restructured - 2021				174	$ 14,408,070		



PERFORMANCE HIGHLIGHTS

Customer Accounts Report				
Product Category	***2021***		***2020***	
	Count	***Jan - Dec***	***Count***	***Jan - Dec***
Fixed Deposits+	10,707	$ 55,696,781	8,047	$ 43,347,228
Regular Savings	205	589,575	211	1,231,611
Super Savers	253	214,729	132	94,888
Smart Savers	43	12,997	47	70,512
Merry Money	12	57,941	-	-
Permanent Shares*	166	383,990	102	113,820
Subtotal	**11,386**	**$ 56,956,013**	**8,539**	**$ 44,858,059**

+ Includes items rolled during the year and new fixed deposits

*Includes what was transferred between customer accounts and newly issued shares

GENERAL INSURANCE REPORT				
Categories of Insurance Product	***New Business 2021***		***New Business 2020***	
	Number	***Sum Insured***	***Number***	***Sum Insured***
Fire	2	$ 4,249,500	2	$ 1,797,000
Homemakers	26	9,108,097	46	15,743,111
Motor	78	1,748,104	89	2,472,879
Marine	-	-	10	1,391,783
Product & Public Liability	2	1,150,000	6	3,900,000
Burglary	-	-	-	-
Misc Accident	-	-	-	-
Contract Works	8	3,513,400	4	1,092,345
Subtotal	**116**	**$ 19,769,101**	**157**	**$ 26,397,118**
Group Life	25	4,360,762	16	1,312,260
TOTAL	**141**	**$ 24,129,863**	**173**	**$ 27,709,378**

The Saint Vincent Building and Loan Association

Financial Statements
Year Ended December 31, 2021
(in Eastern Caribbean dollars)

Contents

Corporate Information

REGISTERED OFFICE

108 Halifax Street
Kingstown
St. Vincent and the Grenadines

DIRECTORS

Mr. Colin Bacchus – President
Mr. Kenyatta Alleyne
Ms. Shonette Lowman
Ms. Ianthi Burke
Mr. Dennis Gaymes
Ms. Colleen Thomas
Mr. Patterson Homer

CORPORATE SECRETARY

Ms. Andrea James

BANKER

Bank of St. Vincent and the Grenadines Ltd.

AUDITORS

Grant Thornton
Chartered Accountants
Sergeant-Jack Drive
Arnos Vale
St. Vincent

INDEPENDENT AUDITORS' REPORT

Grant Thornton
Sergeant-Jack Drive, Arnos Vale
P.O. Box 35
Kingstown, St. Vincent
West Indies
T +1 784 456 2300
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www.grantthornton.lc

The Shareholders
The Saint Vincent Building and Loan Association
Kingstown

Opinion

We have audited the financial statements of The Saint Vincent Building and Loan Association ("the Association"), which comprise the statement of financial position as at December 31, 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Eastern Caribbean, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of The Saint Vincent Building and Loan Association for the year ended December 31, 2020, were audited by another auditor who expressed an unqualified opinion on those statements on March 15, 2022.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2021 but does not include the financial statements and our auditors' report thereon. The Annual Report 2021 is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report 2021, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton

October 26, 2022

The Saint Vincent Building and Loan Association

Statement of Financial Position
As of December 31, 2021

(in Eastern Caribbean dollars)

	Notes	**2021** **$**	2020 $
Assets			
Cash and cash equivalents	10	**21,312,627**	23,093,431
Other receivables and prepayments	11	**814,094**	882,657
Loans and advances to members	12	**102,086,009**	102,811,695
Investment securities	13	**11,585,077**	9,858,271
Property and equipment	14	**7,662,380**	7,685,865
Total Assets		**143,460,187**	144,331,919
Liabilities			
Retirement benefit liability	15	**657,929**	685,688
Accounts payable and accrued liabilities	16	**1,266,303**	1,250,624
Other liabilities	17	**108,191**	189,707
Interest levy payable	18	**1,532,394**	1,177,814
Deposits due to members	19	**100,820,634**	102,876,400
Total Liabilities		**104,385,451**	106,180,233
Equity			
Permanent shares	20	**24,854,284**	24,834,684
Revaluation reserve	21	**5,558,247**	5,606,754
Retained earnings		**8,662,205**	7,710,248
Total Equity		**39,074,736**	38,151,686
Total Liabilities and Equity		**143,460,187**	144,331,919

APPROVED BY THE BOARD OF DIRECTORS ON OCTOBER 26, 2022.

Colin B. Bacchus
Director

Kenyatta A. Alleyne
Director

The Saint Vincent Building and Loan Association

Statement of Changes in Equity

For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

	Notes	Permanent Shares $	Revaluation Reserve $	Retained Earnings $	Total $
Balance as of January 1, 2020, as restated		24,803,664	5,656,251	7,639,687	38,099,602
Profit for the year		-	-	143,920	143,920
Other Comprehensive Income					
Remeasurement of retirement benefit liability	15	-	-	(122,856)	(122,856)
Amortization of revaluation surplus	21	-	(49,497)	49,497	-
Total Comprehensive Income		-	(49,497)	70,561	21,064
Transactions with Owners Recorded Directly in Equity					
Issuance of permanent shares	20	31,020	-	-	31,020
Balance as of December 31, 2020		24,834,684	5,606,754	7,710,248	38,151,686
Profit for the year		-	-	903,450	903,450
Other Comprehensive Income					
Remeasurement of retirement benefit liability	15	-	-	-	-
Amortization of revaluation surplus	21	-	(48,507)	48,507	-
Total Comprehensive Income		-	(48,507)	951,957	903,450
Transactions with Owners Recorded Directly in Equity					
Issuance of permanent shares	20	19,600	-	-	19,600
Balance as of December 31, 2021		**24,854,284**	**5,558,247**	**8,662,205**	**39,074,736**

The accompanying notes form an integral part of these financial statements.

The Saint Vincent Building and Loan Association

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

	Notes	**2021** **$**	2020 $
Interest income	22	**6,740,866**	6,793,797
Interest expense	22	**(3,405,944)**	(3,476,965)
Net Interest Income		**3,334,922**	3,316,832
Fees and commissions income, net	23	**338,825**	353,219
Other operating income	24	**230,815**	273,010
		3,904,562	3,943,061
Impairment recovery (loss) on financial assets, net	25	**344,246**	(338,881)
Net unrealized gain (loss) on FVTPL investments		**110,303**	(8,720)
Operating expenses	26	**(3,442,616)**	(3,435,721)
Finance charges		**(13,045)**	(15,819)
Profit for the Year		**903,450**	143,920
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss			
Remeasurement of retirement benefit liability	15	**-**	(122,856)
Net change in revaluation reserve – property and equipment		**-**	-
Total Other Comprehensive Income for the Year		**-**	(122,856)
Total Comprehensive Income for the Year		**903,450**	21,064

The Saint Vincent Building and Loan Association

Statement of Cash Flows

For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

	Notes	**2021** **$**	2020 $
Cash Flows from Operating Activities			
Profit for the year		**903,450**	143,920
Adjustments for:			
Depreciation expense	14	**164,582**	164,888
Impairment loss (recovery) on financial assets, net	25	**(344,246)**	338,881
Interest income	22	**(6,740,866)**	(6,793,797)
Loss on disposal of property and equipment		**2,075**	10,541
Dividend income	24	**(6,199)**	(8,966)
Interest expense	22	**3,405,944**	3,476,965
Cash Flows before Changes in Operating Assets and Liabilities		**(2,615,260)**	(2,667,568)
Change in other receivables and prepayments		**68,563**	71,200
Change in loans and advances to members		**1,547,830**	6,022,474
Change in retirement benefit liability, net		**(27,759)**	17,802
Change in accounts payable and accrued liabilities		**15,679**	21,891
Change in deposits due to members		**(1,916,146)**	(633,013)
Change in other liabilities		**(81,516)**	(2,862,268)
Cash Used in Operations		**(3,008,609)**	(29,482)
Interest received		**6,164,694**	6,187,680
Dividends received	25	**6,199**	8,966
Interest paid		**(3,190,984)**	(2,152,038)
Net Cash (Used in) Generated from Operating Activities		**(28,700)**	4,015,126
Cash Flows from Investing Activities			
Purchase of property and equipment	14	**(143,172)**	(117,795)
Change in investment securities, net		**(1,628,532)**	(180,609)
Net Cash Used in Investing Activities		**(1,771,704)**	(298,404)
Cash Flows from Financing Activities			
Proceeds from issuance of permanent shares	20	**19,600**	31,020
Dividends paid		**-**	-
Net Cash Generated from Financing Activities		**19,600**	31,020
Net Increase (Decrease) in Cash and Cash Equivalents		**(1,780,804)**	3,747,742
Cash and Cash Equivalents, Beginning of Year	10	**23,093,431**	19,345,689
Cash and Cash Equivalents, End of Year	10	**21,312,627**	23,093,431

The accompanying notes form an integral part of these financial statements.

(in Eastern Caribbean dollars)

1. Reporting Entity

The Saint Vincent Building and Loan Association ("the Association") is a permanent Building Society, incorporated on July 4, 1941, under the Building Societies Act, No. 9 of 1941.

2. Principal Activities

The Association is primarily involved in receiving deposits from members and assisting them in acquiring property by providing mortgage loans and loans secured by deposits.

3. Basis of Accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position that are measured at fair value:

- Equity investments measured at fair value through profit or loss
- Land and buildings measured at revalued amounts
- Net defined benefit liability, which is measured at the fair value of plan assets less the present value of the defined benefit obligation

4. Functional and Presentation Currency

These financial statements are presented in Eastern Caribbean dollars, which is the Association's functional currency.

Foreign Currency Transactions and Balances

Foreign currency transactions are translated into Eastern Caribbean Dollars using the closing rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5. Use of Judgements and Estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Association's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The Association makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(in Eastern Caribbean dollars)

5. Use of Judgements and Estimates ……*Cont'd*

COVID-19, a global pandemic, has materially impacted and continues to materially impact the markets in which the Association operates. Governments around the world imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, quarantines and cancellations of gatherings and events. These measures have caused increased volatility and uncertainty in financial markets. This has given rise to heightened uncertainty as it relates to the key areas of estimation uncertainty. The Association has utilized estimates, assumptions and judgments that reflect this uncertainty. While management makes its best estimates and assumptions, given the dynamic and evolving nature of COVID-19 and limited recent experience of the economic and financial impacts of such a pandemic, the actual outcomes for the Association in the future may differ from assumptions that have been applied in the measurement of the Association's assets and liabilities.

The Association has taken into account the impact of COVID-19 and related market volatility in preparing these financial statements. While the methodologies and assumptions applied in the measurement of various items within the financial statements remain unchanged from those applied in the 2019 financial statements, the impact of COVID-19 has resulted in the application of further judgement and the incorporation of estimates and assumptions specific to the impact of COVID-19. Principally this has resulted in updates to the Association's economic assumptions used in determining expected credit losses (ECL).

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Note 8(b): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- Note 8(b): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit losses (ECL) and selection and approval of models used to measure ECL.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended December 31, 2021 is included in the following notes.

- Note 8(b): impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.
- Note 15: measurement of retirement benefit liability: the present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of key actuarial assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

A number of the Association's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Management performs the significant fair value measurements including Level 3 fair values and reports to the Audit Committee through the internal auditor.

Given market volatility during the year, the Association reviewed the appropriateness of the inputs to its fair values. As a result, and as part of the process to determine fair values of financial instruments since the onset of the pandemic, the Association has applied a heightened level of judgement to a broader population of financial instruments than would otherwise generally be required with the objective of determining the fair value that is most representative of those financial instruments.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 6 – Financial risk review

Note 7 – Fair value of financial assets and liabilities

Note 8 – Fair value of property and equipment carried at valuation

(in Eastern Caribbean dollars)

6. Adoption of New and Amended Standards and Interpretations

6.1 Changes in Accounting Policies

The Association applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2021.

Although these new standards and amendments were applied for the first time in 2021, they did not have a material impact on the financial statements of the Association. The nature and the impact of each new standard or amendment is described below:

Amendments to IFRS 3

The Association has initially applied Amendments to IFRS 3 *Definition of a Business* from January 1, 2021.

The Association applied *Definition of a Business* (Amendments to IFRS 3) to business combinations whose dates of acquisition are on or after January 1, 2020, in assessing whether it had acquired a business or a group of assets. The amendments do not have a material effect on the Association's financial statements because the Association has not acquired any subsidiaries during the year.

Definition of Material (Amendments to IAS 1 and IAS 8)

The Association adopted the amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which provide a definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements. The adoption of the amendments have not had any material effect on the Association's financial statements.

6.2 Standards Issued but not Yet Effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2021, and earlier application is permitted; however, the Association has not early adopted these new or amended standards in preparing these financial statements.

The new and amended standards listed below are not expected to have a significant impact on the Association's performance, financial position or disclosures in the period of adoption.

- Amendments to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract – effective January 1, 2022
- Annual Improvements to IFRS Standards 2018 – 2020 – effective January 1, 2022
- Amendments to IFRS 3 - Reference to the Conceptual Framework – effective January 1, 2022
- Amendments to IAS 1 – Classification of liabilities as current or non-current – effective January 1, 2023
- Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2) – effective January 1, 2023
- Definition of Accounting Estimate (Amendments to IAS 8) – effective January 1, 2023
- IFRS 17 Insurance Contracts – effective January 1, 2023
- Amendments to IAS 28 – Equity Method Procedures – the effective date in yet to be determined
- Amendments to IFRS 9 – Derecognition of Financial Liabilities - effective January 1, 2022

(in Eastern Caribbean dollars)

7. Financial Risk Review

The Association's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Association's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Association's financial performance.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Association's risk management framework.

The Association's risk management policies are established to identify and analyze the risks faced by the Association, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Association, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Governments and regulatory bodies in affected areas, including St. Vincent and the Grenadines, have imposed a number of measures designed to contain the outbreak, including government-mandated social distancing measures and restrictions on public gatherings. The breadth and depth of the impact of COVID-19 on the global economy and financial markets continues to evolve with disruptive effects. The specific impact on the economy of St. Vincent and the Grenadines, which is largely driven by tourism has been significant. This has resulted in increased unemployment, hotel closures/hotel operations at reduced occupancy levels for those which remained opened and reduced revenue for businesses, financial institutions and the Government.

While some of the Government and Regulatory measures have been eased across regions and the economy has started to recover, subsequent spikes in the virus have caused some measures to be reinstated and future economic activity to be uncertain. This has also been the case in St. Vincent and the Grenadines, and the Government continues to monitor the number of active cases.

COVID-19 continues to impact the Association's employees, customers and community, impacting the operations, financial results and present and future risks to the Association's business. The Association is closely monitoring the potential effects and impact of the pandemic, which is an evolving situation.

The Government of St. Vincent and the Grenadines and the Association's regulator, the Financial Services Authority, have taken, and are continuing to take, significant measures to provide economic assistance to individual households and businesses, stabilize the market, and support economic growth. The effectiveness of these programs will depend on the duration and scale of COVID-19.

The Association's risk and capital management framework continues to be applied and the Association continues to monitor the impact of COVID-19 on its risk and capital profile. Non-financial risks emerging from global movement restrictions, and remote working by staff, counterparties and customers are being identified, assessed, managed and governed through timely application of the Association's Risk Management Framework.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

(in Eastern Caribbean dollars)

7. Financial Risk Review *…..Cont'd*

a) Credit Risk

The Association takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Association by failing to discharge an obligation. Credit risk is the most important risk for the Association's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other financial instruments into the Association's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments.

Management of Credit Risk

The Board of Directors on approval of the Association's credit risk policy, delegates the responsibilities for the management of credit risk to a Credit Committee. This Committee is responsible for oversight of the Association's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities.
- Reviewing and assessing credit risk. The Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to members by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

Some specific control and mitigation measures are outlined below.

Collateral

The Association employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for fund advances, which is common practice. The Association implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties; and
- Loans secured by members' deposits.

The Association's risk management policies include requirements relating to collateral valuation and management, including verification requirements and legal certainty. Valuations are updated periodically depending upon the nature of the collateral. Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement during its periodic review of loan accounts in arrears. Policies are in place to monitor the existence of undesirable concentration in the collateral supporting the Association's credit exposure.

In addition, in order to minimize the credit loss, the Association will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

(in Eastern Caribbean dollars)

7. Financial Risk Review …..*Cont'd*

a) Credit Risk …..*Cont'd*

Impairment and Allowance Policies

The internal rating systems focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognized for financial reporting purposes using an expected loss model. This impairment model measures credit loss allowance using a three-stage approach based on the extent of credit deterioration since initial recognition as summarized in the diagram below:

Change in Credit Quality since Initial Recognition

Stage 1	Stage 2	Stage 3
Initial Recognition 12 month expected credit loss	Significant increase in credit risk (SICR) Lifetime expected credit loss	Credit impaired Lifetime expected credit loss

The Association's policy requires the review of individual financial assets that are above the materiality threshold at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including reconfirmation of its enforceability) and the anticipated receipts for that individual account.

Financial instruments that are not already credit impaired are originated into stage 1 and a 12-month expected credit loss provision is recognized.

Instruments will remain in stage 1 until they are repaid, unless they experience significant credit deterioration (stage 2) or they become credit impaired (stage 3).

Instruments will transfer to stage 2 and a lifetime expected credit loss provision recognized when there has been a significant increase in credit risk compared with what was expected at origination.

The COVID-19 pandemic's significant impact to the economy and the different stages of lockdown and re-opening resulted in continued uncertainty on timing of recovery. This required additional considerations to determine the allowance for credit losses this year.

In response to the pandemic, and based on regulatory support, during the period the Association introduced a support mechanism for customers impacted by COVID-19, including the deferral of payments for an initial period of six months. The option to extend for an additional twelve months is available to all customers who still display challenges in meeting their loan commitments.

The ECL methodology, model inputs, significant increase in credit risk (SICR) thresholds, and definition of default remain consistent with those used as at December 31, 2019. Forward-looking information, scenarios and associated weightings, were revised to reflect the unprecedented impact of the COVID-19 pandemic, and the resulting significant uncertainty as it relates to current conditions and outlook.

(in Eastern Caribbean dollars)

7. Financial Risk Review …..*Cont'd*

a) Credit Risk …..*Cont'd*

Impairment and Allowance Policies …..*Cont'd*

IFRS 9 requires the consideration of past events, current conditions and reasonable and supportable forward-looking information over the life of the exposure to measure expected credit losses. Furthermore, to assess significant increase in credit risk, the Standard requires that entities assess changes in the risk of a default occurring over the expected life of a financial instrument when determining staging. The IASB and global regulators issued guidance for entities, consistent with IFRS 9, to consider the exceptional circumstances of the COVID-19 pandemic. This includes consideration of significant Government support and the high degree of uncertainty around historical long-term economic trends used in determining reasonable and supportable forward-looking information.

The Association's models are calibrated to consider past performance and macroeconomic forward-looking variables as inputs. Expert credit judgement is applied to consider the exceptional circumstances this period, including consideration of Government assistance programs, in the assessment of underlying credit deterioration and migration of balances to progressive stages.

Consistent with requirements of IFRS 9, the Association considered both quantitative and qualitative information in the assessment of significant increase in risk. First time utilization of a payment deferral program was not considered an immediate trigger, in keeping with IASB and regulatory guidance, for an account to migrate to a progressive stage, given the purpose of these programs is to provide temporary cashflow relief to the Association's customers. Early observations of payment behaviour of expiries for this year were considered in the assessment of the longer-term probability of the customers' ability to pay, a key input in determining migration.

A key input into the Association's expected credit loss provisioning model is the incorporation of forward-looking macroeconomic sensitivity as required per the IFRS 9 guidance. The Association continues to utilize an economic scorecard model based on qualitative rationale and management judgment to calculate a "Forward Looking Factor" (FLF). During this period, the Association considered whether there were any other macroeconomic factors that would most likely impact credit risk given the impacts of COVID-19. Based on this assessment, the Association continued to consider the following macroeconomic projections:

- Gross Domestic Product (GDP)
- Inflation

Maximum Credit Risk Exposure

Credit risk exposures relating to on-balance sheet assets are as follows:

	Maximum Exposure	
	2021	2020
	$	$
Cash and cash equivalents	**21,157,667**	22,982,598
Other receivables	**792,567**	847,645
Loans and advances to members	**102,086,009**	102,811,695
Investment securities	**11,585,077**	9,858,271
	135,621,320	136,500,209
Credit risk exposures relating to off-balance sheet items:		
Loan commitments	**915,358**	880,918
	136,536,678	137,381,127

(in Eastern Caribbean dollars)

7. Financial Risk Review …..*Cont'd*

a) Credit Risk …..*Cont'd*

Maximum Credit Risk Exposure …..*Cont'd*

As shown above, 75% (2020: 75%) of the total maximum exposure is derived from loans and advances to members; 8% (2020: 7%) represents investment securities.

Management is confident in its ability to continue to control and sustain minimal exposure to credit risk resulting from its loans and advances to members' portfolio based on the following:

Loans and Advances to Members

Loans and advances to members are summarized as follows.

	2021	2020
	$	$
Performing loans	**73,221,770**	70,237,794
Non-performing loans	**40,456,769**	45,518,913
Gross	**113,678,539**	115,756,707
Less: allowance for impairment	**(11,592,530)**	(12,945,012)
Net	**102,086,009**	102,811,695

The value of identifiable collateral for credit impaired loans and advances was $117,058,591 (2020: $161,879,537).

Loans and Advances to Members (Stage 1)

The credit quality of the portfolio of loans and advances to members that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Association.

	Stage 1		
	Mortgage Loans	Personal Loans	Total
	$	$	$
At December 31, 2021	**66,379,130**	**2,188,834**	**68,567,964**
At December 31, 2020	54,195,370	2,469,729	56,665,099

(in Eastern Caribbean dollars)

7. Financial Risk Review …..*Cont'd*

a) Credit Risk …..*Cont'd*

Loans and Advances to Members …..*Cont'd*

Loans and Advances to Members (Stage 2)

Loans and advances past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances that were past due but not impaired were as follows:

	Stage 2 - 2021		
	Mortgage Loans $	**Personal Loans $**	**Total $**
Secured – Past due under 90 days	**3,322,123**	**194,951**	**3,517,074**
Unsecured – Past due 30 to 59 days	**-**	**11,684**	**11,684**
Unsecured – Past due 60 to 89 days	**-**	**10,870**	**10,870**
	3,322,123	**217,505**	**3,539,628**

	Stage 2 - 2020		
	Mortgage Loans $	Personal Loans $	Total $
Secured – Past due under 90 days	1,549,893	31,934	1,581,827
Unsecured – Past due 30 to 59 days	123,480	-	123,480
Unsecured – Past due 60 to 89 days	169,704	-	169,704
	1,843,077	31,934	1,875,011

Loans and Advances to Members (Stage 3)

	Mortgage Loans $	Personal Loans $	Total $
At December 31, 2021	**40,314,211**	**1,256,736**	**41,570,947**
At December 31, 2020	56,062,342	1,154,255	57,216,597

(in Eastern Caribbean dollars)

7. Financial Risk Review …..*Cont'd*

a) Credit Risk …..*Cont'd*

Loans and Advances to Members …..*Cont'd*

Impact of Deferral Programs

The table below sets out the gross credit risk exposures which remain on deferral at December 31, 2021:

	2021	2020
	$	$
Stage 1	**14,127,688**	7,899,661
Stage 2	**-**	-
Stage 3	**-**	2,345,859
	14,127,688	10,245,520

Options that will be available for customers upon expiry of the deferral period include:

- resuming regular repayments
- extension of loan terms
- consolidation of debt

The deferred program expired on March 31, 2022.

Debt Securities

The table below presents an analysis of debt securities, by rating agency designation at December 31, based on Moody's rating.

	Other Debt Securities at Amortized Cost	**Total**
	$	**$**
At December 31, 2021		
Lower than A-	**4,372,024**	**4,372,024**
Not rated	**6,812,531**	**6,812,531**
Total	**11,184,555**	**11,184,555**

	Other Debt Securities at Amortized Cost	Total
	$	$
At December 31, 2020		
Lower than A-	2,776,570	2,776,570
Not rated	6,791,482	6,791,482
Total	9,568,052	9,568,052

Repossessed Collateral

At the end of December 31, 2021 and 2020 the Association had no repossessed collateral.

(in Eastern Caribbean dollars)

7. Financial Risk Review …..*Cont'd*

a) Credit Risk …..*Cont'd*

Economic Concentrations of Assets

	Financial Institutions $	Government $	Personal $	Other Industries $	Total $
At December 31, 2021					
Cash and cash equivalents	**21,157,667**	**-**	**-**	**-**	**21,157,667**
Other receivables	**-**	**-**	**-**	**792,567**	**792,567**
Loans and advances to members	**-**	**-**	**102,086,009**	**-**	**102,086,009**
Investment securities:					
At amortized cost	**8,744,517**	**2,440,038**	**-**	**-**	**11,184,555**
At FVTPL	**400,522**	**-**	**-**	**-**	**400,522**
	30,302,706	**2,440,038**	**102,086,009**	**792,567**	**135,621,320**
Credit Risk - Off Balance Sheet Items					
Loan commitments	**-**	**-**	**915,358**	**-**	**915,358**
At December 31, 2020					
Cash and cash equivalents	22,982,598	-	-	-	22,982,598
Other receivables	-	-	-	847,645	847,645
Loans and advances to members	-	-	102,811,695	-	102,811,695
Investment securities:					
At amortized cost	6,005,364	3,562,688	-	-	9,568,052
At FVTPL	290,219	-	-	-	290,219
	29,278,181	3,562,688	102,811,695	847,645	136,500,209
Credit Risk - Off Balance Sheet Items					
Loan commitments	-	-	880,918	-	880,918

b) Market Risk

The Association takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Association has a non-trading portfolio which arises from the interest rate management of the Association's assets and liabilities.

(in Eastern Caribbean dollars)

7. Financial Risk Review …..*Cont'd*

c) Currency Risk

The Association takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Association's exposure to currency risk is minimal since most of its assets and liabilities are held in Eastern Caribbean dollars. The following table summarizes the Association's exposure to foreign currency exchange rate risk at December 31:

	ECD $	TTD $	Total $
At December 31, 2021			
Financial Assets			
Cash and cash equivalents	**21,312,627**	**-**	**21,312,627**
Other receivables	**792,567**	**-**	**792,567**
Loans and advances to members	**102,086,009**	**-**	**102,086,009**
Investment securities: amortized cost	**11,184,555**	**-**	**11,184,555**
Investment securities: FVTPL	**34,581**	**365,941**	**400,522**
Total Financial Assets	**135,410,339**	**365,941**	**135,776,280**
Financial Liabilities			
Accounts payable and accrued liabilities	**1,266,303**	**-**	**1,266,303**
Other liabilities	**108,191**	**-**	**108,191**
Deposits due to members	**100,820,634**	**-**	**100,820,634**
	102,195,128	**-**	**102,195,128**
Net on Balance Sheet Financial Position	**33,215,211**	**365,941**	**33,581,152**
Credit Commitments	**915,358**	**-**	**915,358**

(in Eastern Caribbean dollars)

7. Financial Risk Review …..*Cont'd*

c) Currency Risk …..*Cont'd*

	ECD $	TTD $	Total $
At December 31, 2020			
Financial Assets			
Cash and cash equivalents	23,093,431	-	23,093,431
Other receivables	847,645	-	847,645
Loans and advances to members	102,811,695	-	102,811,695
Investment securities: amortized cost	9,568,052	-	9,568,052
Investment securities: FVTPL	34,581	255,638	290,219
Total Financial Assets	136,355,404	255,638	136,611,042
Financial Liabilities			
Accounts payable and accrued liabilities	1,250,624	-	1,250,624
Other liabilities	189,707	-	189,707
Deposits due to members	102,876,400	-	102,876,400
	104,316,731	-	104,316,731
Net on Balance Sheet Financial Position	32,038,673	255,638	32,294,311
Credit Commitments	880,918	-	880,918

d) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Association takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise.

The table below summarizes the Association's exposure to interest rate risks. Included in the table are the Association's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

(in Eastern Caribbean dollars)

7. Financial Risk Review …..*Cont'd*

d) Interest Rate Risk …..*Cont'd*

	Up to 1 Month $	1-3 Months $	3-12 Months $	2-5 Years $	Over 5 Years $	Non-Interest Bearing $	Total $
Concentration of Financial Assets and Financial Liabilities							
At December 31, 2021							
Financial Assets							
Cash and cash equivalents	**-**	**1,989,460**	**-**	**-**	**-**	**19,323,167**	**21,312,627**
Other receivables	**15,356**	**-**	**-**	**-**	**-**	**777,211**	**792,567**
Loans and advances to members	**5,931,554**	**478,657**	**899,937**	**13,704,219**	**81,071,642**	**-**	**102,086,009**
Investment securities: amortized cost	**1,321,724**	**6,231,962**	**1,337,337**	**2,293,532**	**-**	**-**	**11,184,555**
Investment securities: FVTPL	**-**	**-**	**-**	**-**	**-**	**400,522**	**400,522**
Total Financial Assets	**7,268,634**	**8,700,079**	**2,237,274**	**15,997,751**	**81,071,642**	**20,500,900**	**135,776,280**
Financial Liabilities							
Accounts payable and accrued liabilities	**-**	**-**	**-**	**-**	**-**	**1,266,303**	**1,266,303**
Other liabilities	**-**	**-**	**-**	**-**	**-**	**108,191**	**108,191**
Deposits due to members	**13,726,685**	**8,787,954**	**41,198,649**	**36,131,885**	**-**	**975,461**	**100,820,634**
Total Financial Liabilities	**13,726,685**	**8,787,954**	**41,198,649**	**36,131,885**	**-**	**2,349,955**	**102,195,128**
Net Interest Re-Pricing Gap	**(6,458,051)**	**(87,875)**	**(38,961,375)**	**(20,134,134)**	**81,071,642**	**18,150,945**	**33,581,152**

(in Eastern Caribbean dollars)

7. Financial Risk Review …..*Cont'd*

d) Interest Rate Risk …..*Cont'd*

	Up to 1 Month $	1-3 Months $	3-12 Months $	2-5 Years $	Over 5 Years $	Non-Interest Bearing $	Total $
Concentration of Financial Assets and Financial Liabilities							
At December 31, 2020							
Financial Assets							
Cash and cash equivalents	-	-	-	-	-	23,093,431	23,093,431
Other receivables	6,086	-	-	-	-	841,559	847,645
Loans and advances to members	4,150,734	101,390	2,569,028	13,011,083	82,979,460	-	102,811,695
Investment securities: amortized cost	1,310,370	5,232,244	1,263,667	1,761,771	-	-	9,568,052
Investment securities: FVTPL	-	-	-	-	-	290,219	290,219
Total Financial Assets	5,467,190	5,333,634	3,832,695	14,772,854	82,979,460	24,225,209	136,611,042
Financial Liabilities							
Accounts payable and accrued liabilities	-	-	-	-	-	1,250,624	1,250,624
Other liabilities	-	-	-	-	-	189,707	189,707
Deposits due to members	12,508,133	19,625,375	32,193,424	37,377,030	-	1,172,438	102,876,400
Total Financial Liabilities	12,508,133	19,625,375	32,193,424	37,377,030	-	2,612,769	104,316,731
Net Interest Re-Pricing Gap	(7,040,943)	(14,291,741)	(28,360,729)	(22,604,176)	82,979,460	21,612,440	32,294,311

(in Eastern Caribbean dollars)

7. Financial Risk Review …..*Cont'd*

e) Liquidity Risk

Liquidity risk is the risk that the Association is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

Liquidity Risk Management

The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation.

Non-Derivative Cash Flows

The table below presents the cash flows payable by the Association under non-derivative financial liabilities by remaining contractual maturities at the statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Association manages the inherent liquidity risk based on expected undiscounted cash inflows.

	Up to 1 Month $	1-3 Months $	3-12 Months $	2-5 Years $	Over 5 Years $	Total $
At December 31, 2021						
Financial Liabilities						
Accounts payable and accrued liabilities	**1,266,303**	**-**	**-**	**-**	**-**	**1,266,303**
Deposits due to members	**14,711,347**	**8,966,151**	**41,202,063**	**41,414,975**	**-**	**106,294,536**
Other liabilities	**108,191**	**-**	**-**	**-**	**-**	**108,191**
Total Financial Liabilities	**16,085,841**	**8,966,151**	**41,202,063**	**41,414,975**	**-**	**107,669,030**
Assets Held for Managing Liquidity Risk	**28,393,715**	**6,710,619**	**2,237,274**	**15,997,751**	**81,071,642**	**134,411,001**
At December 31, 2020						
Financial Liabilities						
Accounts payable and accrued liabilities	1,250,624	-	-	-	-	1,250,624
Deposits due to members	13,660,527	19,623,537	32,192,760	44,805,723	-	110,282,547
Other liabilities	189,707	-	-	-	-	189,707
Total Financial Liabilities	15,100,858	19,623,537	32,192,760	44,805,723	-	111,722,878
Assets Held for Managing Liquidity Risk	28,364,994	5,333,634	3,832,695	14,772,854	82,979,458	135,283,635

(in Eastern Caribbean dollars)

7. Financial Risk Review …..*Cont'd*

e) Liquidity Risk …..*Cont'd*

Off-Balance Sheet Items

Loan Commitments

The contractual amounts of the Association's off-balance sheet financial instruments that commit it to extend credit to members are summarized in the table below.

	2021	2019
	$	$
Loan commitments	**915,358**	880,918

f) Capital Management

The Saint Vincent Building and Loan Association is subject to the Financial Services Regulations as directed by the Financial Services Authority. The Association's objectives when managing capital are:

- To comply with the capital requirements of the Financial Services Regulations;
- To safeguard the Association's ability to continue as a going concern so that it can continue to provide returns for members and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Regulatory Capital Requirements

The Financial Services Authority requires non-banking financial institutions to hold the minimum level of the regulatory capital of 10% of total assets.

The Association's regulatory capital includes permanent shares, accumulated surplus and general reserves.

The table below summarizes the composition of regulatory capital of the Association for the year ended December 31.

	2021	2020
	$	$
Permanent shares	**24,854,284**	24,834,684
Accumulated surplus	**8,662,205**	7,710,248
Total Capital	**33,516,489**	32,544,932
Total Assets	**143,460,187**	144,331,919
Minimum Capital Requirement (10%)	**14,346,019**	14,433,192

(in Eastern Caribbean dollars)

8. Fair Value of Financial Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Association has access at that date. The fair value of a liability reflects its non-performance risk. The following methods and assumptions were used to estimate the fair value of financial instruments.

The fair values of cash resources, other assets and liabilities, cheques and other items in transit are assumed to approximate their carrying values due to their short-term nature. The fair value of off-balance sheet commitments is also assumed to approximate the carrying amounts due to their short-term nature.

Loans and Advances to Members

Loans and advances are net of provisions for expected credit losses. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rate to determine fair value.

Investment Securities

Investment securities include only interest-bearing assets measured at fair value.

Other Receivables

The carrying value of other receivables approximates the estimated fair value due to their short-term nature.

Deposits Due to Members

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. Deposits payable on a fixed date are at rates, which reflect market conditions. Expected cash flows are discounted at current market rate to determine fair values.

The table below summarizes the carrying amounts and fair values of those financial assets and financial liabilities not presented on the Association's statement of financial position at their fair value. They are categorized at Level 2 in the fair value hierarchy.

	Carrying Value		Fair Value	
	2021	2020	**2021**	2020
	$	$	**$**	$
Financial Assets				
Investment securities	**11,184,555**	9,568,052	**11,184,555**	9,568,052
Other receivables	**792,567**	847,645	**792,567**	847,645
Loans and advances to members	**102,086,009**	102,811,695	**102,086,009**	102,811,695
Financial Liabilities				
Accounts payable and accrued liabilities	**1,266,303**	1,250,624	**1,266,303**	1,250,624
Deposits due to members	**100,820,634**	102,876,400	**100,820,624**	102,876,400
Other liabilities	**108,191**	189,707	**108,191**	189,707
Interest levy payable	**1,532,394**	1,177,814	**1,532,394**	1,177,814

(in Eastern Caribbean dollars)

8. Fair Value of Financial Assets and Liabilities …..*Cont'd*

Fair Value Hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Association's market assumptions. These two types of inputs have created the following fair value hierarchy:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on actively traded exchanges.

- **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg.

- **Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Association considers relevant and observable market prices in its valuations where possible.

Financial assets and liabilities measured at fair value:

	Level 2 $	Level 3 $	Total $
As of December 31, 2021			
Investment securities: FVTPL	**365,941**	**34,581**	**400,522**
As of December 31, 2020			
Investment securities: FVTPL	255,638	34,581	290,219

The Association's management performs valuations of financial items for financial reporting purposes, including Level 2 and 3 fair values.

The Association's investment securities at FVTPL classified as Level 2 have been fair valued using observable prices on an inactive market. Investments at FVTPL classified as Level 3 are based on valuation techniques selected based on the characteristics of each instrument, using discounted cash flows. Valuation processes and fair value changes are undertaken at least every year, in line with the Association's reporting dates.

Unobservable Inputs Used in Measuring Fair Values - Level 3 Fair Value Measurements

Valuation Technique	**Significant Unobservable Inputs**	**Inter-Relationship between Key Unobservable Inputs and Fair Value Measurement**
		The estimated fair value would increase/(decrease) if:
Asset based approach with discounts applied where prudent, with subsequent consideration of the Association's shareholding	Net assets	Net assets were higher/(lower)
	Shareholding percentage	Shareholding increases/(decreases)

(in Eastern Caribbean dollars)

8. Fair Value of Financial Assets and Liabilities …..*Cont'd*

Fair Value Hierarchy …..*Cont'd*

Fair Value Measurement of Non-Financial Assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at December 31:

	Level 3 $
December 31, 2021	
Property and equipment: Land and buildings	**7,250,903**
Total Non-Financial Assets	**7,250,903**
December 31, 2020	
Property and equipment: Land and buildings	7,303,911
Total Non-Financial Assets	7,303,911

Fair value of the Association's main property assets was revalued on December 31, 2019 by an independent, professionally qualified property valuator. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and Audit Committee at each reporting date.

The valuation approach used prices and other relevant information generated by market transactions involving identical or comparable assets. Under the market approach, the value is determined based on comparable transactions. Management is of the opinion that these properties fair value will estimate the current market value.

The value for the property was determined using the following methodology which best reflects the nature of the property: the comparable sales approach.

Land and building shown at revalued amounts are included in Level 3 on the fair value hierarchy. There were no transfers between levels for both years.

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used:

Category	**Valuation Technique**	**Significant Unobservable Inputs**	**Inter-Relationship between Key Unobservable Inputs and Fair Value Measurement**
Land and Commercial Property	Sales Comparable Approach	• Details of sales of comparable properties – Sale price EC$2.7m to EC$3.9m • Comparable adjustment	The estimated fair value would increase /(decrease) if: • Sales value of comparable properties were higher/(lower) • Comparability adjustment were higher/(lower)

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies

a. Cash and Cash Equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including: cash on hand, deposits with other banks and other short-term and highly liquid investments.

b. Financial Instruments

Recognition and Initial Measurement

The Association initially recognizes loans and advances, deposits and debt securities on the date they are originated. Financial assets are measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Measurement Categories of Financial Assets

The Association classifies all of its financial assets into one of the following categories:

- Amortized cost as explained in Note 8;
- Fair value through profit or loss (FVTPL) as explained in Note 8; or
- Fair value through other comprehensive income (FVOCI) as explained in Note 8.

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

Financial Assets

Deposits with Other Financial Institutions, Treasury Bills, Loans and Advances to Customers and Investment Securities

The Association measures deposits with other financial institutions, treasury bills, loans and advances to customers and investment securities at amortized cost if the following criteria are met:

- the financial asset is held within a business model with the objective to hold the financial asset in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Equity Instruments

Equity instruments under IFRS 9 are always reported at fair value since they fail the SPPI test. Where the Association's management has elected to present fair value gains or losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as investment income when the Association's right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gain (loss) in the statement of profit or loss as applicable.

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies …..*Cont'd*

b. Financial Instruments …..*Cont'd*

Debt Instruments

Debt instruments, including loans and debt securities, are classified into one of the following measurement categories:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL).

Investments in debt instruments are measured at amortized cost if they meet both of the following conditions and are not designated as FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the outstanding principal balance.

Business Model Assessment

The Association makes an assessment of the objective of the business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Association's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed; and
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected).

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies …..*Cont'd*

b. Financial Instruments …..*Cont'd*

The SPPI Test

As a second step of the classification process, the Association assesses the contractual terms of financial assets to identify whether they meet the SPPI criteria.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Association applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

In contrast, the contractual terms that introduce a more than de minimis exposure to risk or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases the financial asset is required to be measured at FVTPL or FVOCI without recycling.

Debt Instruments Measured at Amortized Cost

Debt instruments are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost. Interest income on these instruments is recognized in interest income using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated by taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

Impairment on debt instruments measured at amortized cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortized cost are presented net of the allowance for expected credit losses (ECL) in the statement of financial position.

Debt Instruments Measured at Fair Value through Other Comprehensive Income (FVOCI)

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI), unless the instrument is designated in a fair value hedge relationship. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in non-interest income in the statement of profit or loss and other comprehensive income on an average cost basis. Foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognized in the statement of profit or loss and other comprehensive income.

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies *…..Cont'd*

b. Financial Instruments *…..Cont'd*

Debt Instruments Measured at Fair Value through Other Comprehensive Income (FVOCI) *…..Cont'd*

Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to interest income in the statement of profit or loss and other comprehensive income using the effective interest rate method.

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss approach. The ECL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the statement of financial position, which remains at its fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI with a corresponding charge to provision for credit losses in the statement of profit or loss and other comprehensive income. The accumulated allowance recognized in OCI is recycled to the statement of profit or loss and other comprehensive income upon derecognition of the debt instrument.

Debt Instruments Measured at Fair Value through Profit or Loss (FVTPL)

Debt instruments are measured at FVTPL for assets:

- held for trading purposes;
- held as part of a portfolio managed on a fair value basis; or
- whose cash flows do not represent payments that are SPPI.

These instruments are measured at fair value in the statement of financial position, with transaction costs recognized immediately in the statement of profit or loss and other comprehensive income as part of non-interest income. Realized and unrealized gains and losses are recognized as part of non-interest income in the statement of profit or loss and other comprehensive income.

Debt Instruments Designated at FVTPL

Financial assets classified in this category are those that have been designated by the Association upon initial recognition, and once designated, the designation is irrevocable. The FVTPL designation is available only for those financial assets for which a reliable estimate of fair value can be obtained.

Financial assets are designated at FVTPL if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognized in non-interest income in the statement of profit or loss and other comprehensive income.

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies …..*Cont'd*

b. Financial Instruments …..*Cont'd*

Derecognition of Financial Assets

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all risks and rewards are transferred, or when the Association neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control, over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Association is recognized as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities.

Impairment of Financial Assets

The Association recognizes expected credit losses (ECLs) on the following financial assets that are not measured at FVTPL:

- debt instruments measured at amortized cost and fair value through other comprehensive income;
- lease receivables;
- loan commitments.

The measurement of expected credit loss involves increased complex judgement that includes:

Determining a Significant Increase in Credit Risk since Initial Recognition

The assessment of significant deterioration since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12 months ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition. The Association applies a three-stage approach based on the change in credit quality since initial recognition.

Expected Credit Loss Impairment Model

The Association's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either:

(i) over the following twelve months; or

(ii) over the expected life of a financial instrument depending on credit deterioration since origination.

The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. This impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination.

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies …..*Cont'd*

b. Financial Instruments …..*Cont'd*

Impairment of Financial Assets …..*Cont'd*

To assess whether there is significant increase in credit risk, the Association compares the risk of default occurring on the asset at the reporting date with the risk of default at initial recognition. It considers available reasonable and supportive forward-looking information. A summary of the assumptions underpinning the assessment of significant increase in credit risk is as follows:

Category	**Definition of Category**	**Basis of Recognition of Expected Credit Loss**
Stage 1: Performing	Customers who have low risk of default and strong capacity to meet contractual cash flows	12 months expected credit loss. Where the expected lifetime of an asset is less than 12 months, expected losses are measured as its expected lifetime.
Stage 2: Non-Performing	Loans for which there is significant increase in credit risk as evidenced by: - Absence of up-to-date financial information on file - Inadequate credit documentation to support borrowing which may result in losses if not corrected - Breach of loan covenant - Other potential weakness that deserves management's attention but do not expose the Association to significant risk.	Lifetime expected losses
Stage 3: Credit Impaired	All or most of the weaknesses of 'non-performing' in stage 2. - Full liquidation or collection of debt improbable - Significant financial difficulty of the borrower or issuer; a breach of contract such as a default or being more than 90 days past due; - The restructuring of a loan or advance by the Association on terms that the Association would not consider otherwise; - It is probable that the borrower will enter bankruptcy or other financial reorganization; or - The disappearance of an active market for a security because of financial difficulties.	Lifetime expected losses
Write-Off	Cases in which the Association determines that the borrower does not have assets or source of income that could generate sufficient cash flows to repay the amount subject to write off	Asset is written off

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies …..*Cont'd*

b. Financial Instruments …..*Cont'd*

Measurement of Expected Credit Loss

Expected credit losses are computed as unbiased, probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information including that which is forward looking.

ECLs are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Association in accordance with the contract and the cash flows that the Association expects to receive.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- For undrawn loan commitments the Association estimates the expected portion of the loan commitment that will be drawn down over its expected life and calculates the ECL as the present value of the difference between the contractual cash flows that are due to the Association if the commitment is drawn down and the cash flows that the Association expects to receive.
- Financial guarantee contracts as the expected payments to reimburse the holder less any amounts the Association expects to recover.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- **PD:** The Probability of Default is an estimate of the likelihood of default over a given period of time. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
- **EAD:** The Exposure at Default is an estimate of the loss arising at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD:** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Incorporation of Forward-Looking Information

The standard requires the incorporation of forward-looking information in the estimation of expected credit losses for each stage and the assessment of significant increases in credit risk, consideration of information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies …..*Cont'd*

b. Financial Instruments …..*Cont'd*

Assessment of Significant Increase in Credit Risk (SICR)

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Association compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument. In making this assessment, the Association considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that was available. The assessment of an increase in credit risk included macroeconomic outlook, management judgement, and delinquency and monitoring. With regards to delinquency and monitoring, there was a rebuttable presumption that the credit risk of a financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue.

Some of the indicators which were incorporated included:

(i) Internal credit rating

(ii) External credit rating (as far as available)

(iii) Actual or expected significant adverse changes in businesses, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.

This includes but is not limited to evidence of one or more of the following:

a. Delinquency in contractual payments of principal or interest;

b. Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);

c. Breach of loan covenants or conditions;

d. Initiation of bankruptcy proceedings; and

e. Deterioration of the borrower's competitive position.

(iv) Actual or expected changes in the operating results of the borrower

(v) Significant increase in credit risk or other financial instrument of the same borrower

(vi) Significant change in the value of the collateral supporting the obligation

(vii) Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group and changes in the operating result of the borrower

(viii) Deterioration in the value of collateral

Quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime determined PD by comparing the remaining lifetime PD at reporting date with the remaining lifetime PD at the point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies …..*Cont'd*

b. Financial Instruments …..*Cont'd*

Assessment of Significant Increase in Credit Risk (SICR) …..*Cont'd*

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Association still considers separately some qualitative factors to assess if credit risk has increased significantly. For loans and advances there is particular focus on assets that are included on a 'watch list' once there is a concern that the creditworthiness of the specific counterparty has deteriorated. Events such as unemployment, bankruptcy or death are also considered.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD. Financial assets that are 30 or more days past due and are not credit impaired will always be considered to have experienced a significant increase in credit risk. For less material portfolios where a loss rate or churn rate approach is applied to compute expected credit losses, significant increase in credit risk is primarily based on 30 days past due on the contractual payment.

Improvement in Credit Risk/Curing

A period may elapse from the point at which financial instruments enter lifetime expected credit losses (stage 2 and stage 3) and are reclassified back to 12 month expected credit losses (stage 1). For financial assets that are credit impaired (stage 3), a transfer to stage 2 or stage 1 is only permitted where the instrument is no longer considered to be credit impaired. An instrument will no longer be considered credit impaired when there is no shortfall of cash flows compared to the original contractual terms.

For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where a significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the original transfer criteria are no longer valid. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to stage 1.

A forborne loan can only be removed from the category (cured) if the loan is performing (stage 1 or 2) and a further one-year probation is met.

In order for a forbearance loan to become performing, the following criteria have to be satisfied:

- At least a year has passed with no default upon the forborne contract terms
- The customer is likely to repay its obligations in full without realizing security
- The customer has no accumulated impairment against amount outstanding

Subsequent to the criteria above being met, probation continues to assess if regular payments are made by the customer and none of the exposures to the customer are more than 30 days past due.

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies …..*Cont'd*

b. Financial Instruments …..*Cont'd*

Expected Life

When measuring expected credit loss, the Association considers the maximum contractual period over which the Association is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, extension and rollover options.

Presentation of Allowance for Credit Losses in the Statement of Financial Position

Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the financial assets.

Debt instruments measured at fair value through other comprehensive income: no allowance is recognized in the statement of financial position because the carrying values of these assets is their fair values. However, the allowance determined is presented in accumulated other comprehensive income.

Off-balance sheet credit risks including undrawn lending commitments, letters of credit and letters of guarantee are presented as: as a provision in other liabilities.

Modifications of financial assets and financial liabilities

Financial Assets

If the terms of a financial asset are modified, then the Association evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Association plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Association first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies …..*Cont'd*

b. Financial Instruments …..*Cont'd*

Modifications of Financial Assets and Financial Liabilities …..*Cont'd*

Financial Liabilities

The Association derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

c. Impairment of Non-Financial Assets

At each reporting date, the Association reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors. Impairment losses are recognized in profit or loss.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

d. Offsetting Financial Instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when, and only when, there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

e. Property and Equipment

Land and buildings are stated at revalued amounts. Revalued amounts are fair values based on appraisals prepared by external professional valuators once every three years or more frequently if market factors indicate a material change in fair value. Any revaluation surplus is recognized in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases, or impairment loss has previously been recognized in the statement of profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognized in other comprehensive income. Downward revaluations of land and buildings are recognized upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognized in the statement of profit or loss and other comprehensive income.

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies …..*Cont'd*

e. Property and Equipment …..*Cont'd*

Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Other items of property and equipment are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Land is not depreciated as no finite useful life can be determined.

Depreciation is calculated using the straight-line method on computer software and reducing balance on the other assets to allocate their cost over their estimated useful lives, as follows:

Freehold building	2%
Furniture, fixtures and equipment	20%
Computer software	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

f. Income Tax

The Association is exempt from the payment of income tax under Section 25 of the Income Tax Act of St. Vincent and the Grenadines.

g. Financial Liabilities

The Association's financial liabilities include deposits due to members, accounts payable and accrued liabilities and other liabilities.

Financial liabilities are subsequently measured at amortized cost using the effective interest method. Financial liabilities are derecognized when extinguished.

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies …..*Cont'd*

h. Provisions, Contingent Assets and Contingent Liabilities

Provisions for restructuring costs and legal claims are recognized when: the Association has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Timing or amount of the outflow may still be uncertain. A provision for levies is recognized when the condition that triggers the payment of the levy is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognized when that minimum activity threshold is reached.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Any reimbursement that the Association is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

i. Equity, Reserves and Dividends

Permanent shares represent a membership ownership of or members' equity in the Association. This amount cannot be withdrawn while the person remains a member but could be transferred from one member to another through the Association.

Other components of equity include the following:

- Fair value reserve – comprises gains and losses from the revaluation of land and buildings.
- Reserves for FVOCI financial assets – comprises gains and losses relating to financial instruments classified as FVOCI.
- Accumulated surplus includes all current and prior period retained profits.

Dividend Distribution

Dividends on permanent shares are recognized in equity in the period in which they are approved by the Association's Board of Directors.

j. Interest Income and Expense

Interest income and expense for all interest-bearing financial instruments are recognized within 'interest income' and 'interest expense' in the statement of profit or loss and other comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Association estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies …..*Cont'd*

j. Interest Income and Expense …...*Cont'd*

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Amortized Cost and Gross Carrying Amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of Interest Income and Expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 8 (b).

k. Fee and Commission Income and Revenue Recognition

Fees and commission income include fines and penalties charged for late payments, servicing fees and commissions. Fees and commissions are generally recognized on an accruals basis when the service has been provided.

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

l. Dividend Income

Dividend income is recognized in profit or loss when the right to receive payment is established.

m. Employee Benefits

Defined Contribution Plan

Pursuant to the by-laws made under article 44 of the Rules of the Association, the Association's employees benefit from a defined contribution pension plan. The Association contributes 7.0% of the total annual pensionable emoluments with each employee contributing 2.5% to the plan.

The Plan is generally funded through payments to trustee-administered funds, determined by the provisions of the plan. A defined contribution plan is a pension plan under which the Association pays fixed contributions into a separate entity. The Association has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies …..*Cont'd*

m. Employee Benefits …..*Cont'd*

Defined Contribution Plan …..Cont'd

Obligations for contributions to the defined contribution plan are expensed as the related services is provided and recognized in as employee benefit in profit or loss.

n. Leases

At inception of a contract, the Association assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Association uses the definition of a lease in IFRS 16.

As a Lessee

At commencement or on modification of a contract that contains a lease component, the Association allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Association has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Association recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Association by the end of the lease term.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Association's incremental borrowing rate. Generally, the Association uses its incremental borrowing rate as the discount rate.

The Association determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Association is reasonably certain to exercise, lease payments in an optional renewal period if the Association is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Association is reasonably certain not to terminate early.

(in Eastern Caribbean dollars)

9. Summary of Significant Accounting Policies …..*Cont'd*

n) Leases …..*Cont'd*

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Association's estimate of the amount expected to be payable under a residual value guarantee, if the Association changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Association presents right-of-use assets and lease liabilities separately in the statement of financial position.

Short-Term Leases and Leases of Low-Value Assets

The Association has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and low-value assets. The Association recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

o) Loan Commitments

'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Loan commitments issued are measured at the sum of (i) the loss allowance determined in accordance with IFRS 9 and (ii) the amount of any fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognized.

The Association has issued no loan commitments that are measured at FVTPL.

Liabilities arising from loan commitments are included within "other liabilities" on the statement of financial position.

(in Eastern Caribbean dollars)

10. Cash and Cash Equivalents

	2021	2020
	$	$
Cash on hand	**154,960**	110,833
Current accounts	**9,168,371**	9,686,794
Fixed deposits, net	**2**	2
Savings account	**9,999,834**	13,295,802
Treasury bills	**1,989,460**	-
	21,312,627	23,093,431

Fixed deposits represent amounts with original maturities of less than 3 months. Fixed deposits impaired at the reporting date are as follows:

	2021	2020
	$	$
Fixed deposits	**3,158,300**	3,158,300
Less: allowance for impairment losses	**(3,158,298)**	(3,158,298)
	2	2

11. Other Receivables and Prepayments

	2021	2020
	$	$
Home mortgage premiums receivable	**616,143**	668,127
Rent receivable	**33,578**	24,308
Insurance claims receivable	**17,487**	65,077
Commissions receivable	**22,701**	21,724
Other receivables	**205,154**	170,905
	895,063	950,141
Allowance for impairment losses	**(102,496)**	(102,496)
	792,567	847,645
Prepayments	**21,527**	35,012
	814,094	882,657

All amounts are short-term. The carrying values of other receivables are considered to be a reasonable approximation of fair value.

The movement of the allowance for impairment on other receivables is as follows:

	2021	2020
	$	$
Balance at beginning of year	**102,496**	102,496
Recoveries during the year	**-**	-
Written off during the year	**-**	-
Balance at end of year	**102,496**	102,496

(in Eastern Caribbean dollars)

12. Loans and Advances to Members

	2021	2020
	$	$
Mortgage loans	**108,199,625**	110,707,366
Personal loans	**3,588,854**	3,637,179
Interest and fines receivables on loans	**1,890,060**	1,412,162
	113,678,539	115,756,707
Allowance for impairment	**(11,592,530)**	(12,945,012)
	102,086,009	102,811,695

The weighted average interest rate on loans and advances to members as of December 31, 2021 is 8% (2020: 8%).

The movement on the impairment allowance on loans and advances to members is as follows:

	2021	2020
	$	$
Balance at beginning of year	**12,945,012**	13,293,046
Allowances made during the year	**120,000**	182,103
Recoveries during the year	**(846,612)**	-
Write-offs during the year	**(625,870)**	(530,137)
Balance at end of year	**11,592,530**	12,945,012

A breakdown of the staging of loans and advances and the related ECLs for loans and advances is illustrated below:

	Mortgage	Personal	Total
	$	$	$
December 31, 2021			
Gross Loans before Allowance	**110,015,464**	**3,663,075**	**113,678,539**
Stage 1: 12 month ECL	**(213,914)**	**(17,862)**	**(231,776)**
Stage 2: Lifetime ECL	**(76,332)**	**(937)**	**(77,269)**
Stage 3: Credit Impaired Financial Assets: Lifetime ECL	**(10,948,584)**	**(334,901)**	**(11,283,485)**
	98,776,634	**3,309,375**	**102,086,009**

	Mortgage	Personal	Total
	$	$	$
December 31, 2020			
Gross Loans before Allowance	112,100,789	3,655,918	115,756,707
Stage 1: 12 month ECL	(437,647)	(31,544)	(469,191)
Stage 2: Lifetime ECL	(89,626)	(331)	(89,957)
Stage 3: Credit Impaired Financial Assets: Lifetime ECL	(11,604,032)	(781,832)	(12,385,864)
	99,969,484	2,842,211	102,811,695

(in Eastern Caribbean dollars)

12. Loans and Advances to Members …..*Cont'd*

The following tables show reconciliations from the opening to the closing balance of the loss allowance by loan category:

	2021			
	Stage 1 12 Months ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Mortgage				
Loss Allowance as at January 1	**437,647**	**89,626**	**11,604,032**	**12,131,305**
Changes in the loss allowance				
- Transfer to stage 1	**933,960**	**(58,654)**	**(875,306)**	**-**
- Transfer to stage 2	**(28,088)**	**68,920**	**(80,365)**	**(39,533)**
- Transfer to stage 3	**11,445**	**(2,912)**	**31,000**	**39,533**
- Net remeasurement of loss allowance	**(1,230,962)**	**(28,005)**	**809,440**	**(449,527)**
- New financial assets originated	**89,912**	**10,480**	**66,330**	**166,722**
- Write-offs		**(3,123)**	**(606,547)**	**(609,670)**
Loss Allowance as at December 31	**213,914**	**76,332**	**10,948,584**	**11,238,830**

	2020			
	Stage 1 12 Months ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Mortgage				
Loss Allowance as at January 1	587,925	182,747	12,062,977	12,833,649
Changes in the loss allowance				
- Transfer to stage 1	432,967	(67,531)	(365,436)	-
- Transfer to stage 2	(69,318)	69,318	-	-
- Transfer to stage 3	(274,306)	(133,874)	408,180	-
- Net remeasurement of loss allowance	(192,280)	38,966	(364,949)	(518,263)
- New financial assets originated	65,564	-	259,362	324,926
- Write-offs	(112,905)	-	(396,102)	(509,007)
Loss Allowance as at December 31	437,647	89,626	11,604,032	12,131,305

(in Eastern Caribbean dollars)

12. Loans and Advances to Members …..*Cont'd*

	2021			
	Stage 1 12 Months ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Personal				
Loss Allowance as at January 1	**31,544**	**331**	**781,832**	**813,707**
Changes in the loss allowance				
- Transfer to stage 1	**11,409**	**(35)**	**(11,374)**	**-**
- Transfer to stage 2	**(1,403)**	**6,124**	**(4,721)**	**-**
- Transfer to stage 3	**1,277**	**(186)**	**(1,091)**	**-**
- Net remeasurement of loss allowance	**(37,186)**	**(5,858)**	**(413,546)**	**(456,590)**
- New financial assets originated	**12,221**	**561**	**-**	**12,782**
- Write-offs	**-**	**-**	**(16,199)**	**(16,199)**
Loss Allowance as at December 31	**17,862**	**937**	**334,901**	**353,700**

	2020			
	Stage 1 12 Months ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Personal				
Loss Allowance as at January 1	27,120	-	432,277	459,397
Changes in the loss allowance				
- Transfer to stage 1	-	-	-	-
- Transfer to stage 2	(287)	-	-	-
- Transfer to stage 3	(12,514)	-	12,514	-
- Net remeasurement of loss allowance	(4,233)	(142)	288,903	284,528
- New financial assets originated	21,458	186	69,268	90,912
- Write-offs	-	-	(21,130)	(21,10)
Loss Allowance as at December 31	31,544	331	781,832	813,707

(in Eastern Caribbean dollars)

12. Loans and Advances to Members …..*Cont'd*

The following table shows reconciliations from the opening to the closing balance of the loss allowance for all loan categories in total:

	2021			
	Stage 1 12 Months ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Total ECL				
Loss Allowance as at January 1	**469,191**	**89,957**	**12,385,864**	**12,945,012**
Changes in the loss allowance				
- Transfer to stage 1	**945,369**	**(58,689)**	**(886,680)**	**-**
- Transfer to stage 2	**10,042**	**75,044**	**(85,086)**	**-**
- Transfer to stage 3	**(26,811)**	**(3,098)**	**29,909**	**-**
- Net remeasurement of loss allowance	**(1,268,148)**	**(33,863)**	**395,894**	**(906,117)**
- New financial assets originated	**102,133**	**11,041**	**66,330**	**179,504**
- Write-offs	**-**	**(3,123)**	**(622,746)**	**(625,869)**
Loss Allowance as at December 31	**231,776**	**77,269**	**11,283,485**	**11,592,530**

13. Investment Securities

	2021 $	2020 $
Securities Measured at Amortized Cost		
Debt securities:		
Unlisted	**17,124,413**	15,519,223
Interest receivable	**128,156**	105,011
	17,252,569	15,624,234
Less: expected credit losses	**(6,068,014)**	(6,056,182)
	11,184,555	9,568,052
Securities Measured at FVTPL		
Equity securities:		
Listed	**365,941**	255,638
Unlisted	**34,581**	34,581
	400,522	290,219
Total Investment Securities	**11,585,077**	9,858,271

The movement in the expected credit loss allowance is as follows:

	2021 $	2020 $
Balance at beginning of year	**6,056,182**	6,034,670
Recoveries during the year	**-**	-
Allowance made during the year	**11,832**	21,512
Balance at end of year	**6,068,014**	6,056,182

Debt securities measured at amortized cost have interest rates of 1.0% to 7.5% (2020: 1.0% to 7.5%) and mature in one to six years. The total includes $1.7M of securities purchased under resale agreements.

Information about the Association's exposure to credit and market risks, and fair value measurement is included in notes 6 and 7.

(in Eastern Caribbean dollars)

13. Investment Securities …..*Cont'd*

All investments are classified as stage 1, except for investments in BAICO and CLICO, which have a gross carrying value of $7.8M and are classified as stage 3.

14. Property and Equipment

	Freehold Land $	Freehold Building $	Furniture, Fixtures & Equipment $	Computer Software $	Total $
Cost/revaluation					
Balance at January 1, 2020	3,449,000	3,909,000	1,429,836	701,214	9,489,050
Additions	-	-	117,795	-	117,795
Disposals	-	-	(65,278)	-	(65,278)
Balance at December 31, 2020	3,449,000	3,909,000	1,482,353	701,214	9,541,567
Balance at January 1, 2021	3,449,000	3,909,000	1,482,353	701,214	9,541,567
Additions	-	-	116,208	26,964	143,172
Disposals	-	-	(18,029)	-	(18,029)
Balance at December 31, 2021	3,449,000	3,909,000	1,580,532	728,178	9,666,710
Accumulated depreciation					
Balance at January 1, 2020	-	-	1,186,504	559,047	1,745,551
Depreciation for the year	-	54,089	64,094	46,705	164,888
Disposals	-	-	(54,737)	-	(54,737)
Balance at December 31, 2020	-	54,089	1,195,861	605,752	1,855,702
Balance at January 1, 2021	-	54,089	1,195,861	605,752	1,855,702
Depreciation for the year	-	53,008	64,868	46,706	164,582
Disposals	-	-	(15,954)	-	(15,954)
Balance at December 31, 2021	-	107,097	1,244,775	652,458	2,004,330
Carrying amounts					
Balance at January 1, 2020	3,449,000	3,909,000	243,332	142,167	7,743,499
Balance at December 31, 2020	3,449,000	3,854,911	286,492	95,462	7,685,865
Balance at December 31, 2021	3,449,000	3,801,903	335,757	75,720	7,662,380

The Association's freehold land and buildings were revalued on December 31, 2019, by Chris Browne, an independent valuator at an open market value of $7,358,000. The Directors have agreed to carry the property at the appraised value. The resulting revaluation surplus was credited to the revaluation reserve in the statement of financial position.

(in Eastern Caribbean dollars)

15. Retirement Benefit Liability

The Association's defined benefit plan was frozen as at December 31, 2005 and is closed to new entrants. Members of the defined benefit plan were eligible to participate in the Association's defined contribution plan effective January 1, 2006. Any service and pensionable emoluments earned after December 31, 2005, were not considered in determining benefits due to members. To be eligible to receive a pension under the defined benefit plan, members must have had twelve years of continuous service with the Association. Members who did not meet the threshold for service would be eligible for a gratuity in accordance with By-law 11 of the By-Laws for the Granting of Pensions, Gratuities and Other Allowances made by the Board of Directors under Article 19 of the Rules of the Association effective January 1, 1962. An actuarial evaluation of the defined benefit plan is carried out every three years. The plan was first actuarially valued as at December 31, 2017.

The actuarial liability of the Plan, is the value of the retirement and ancillary benefits payable at the Members' retirement dates, taking into account the probabilities of contingencies occurring (such as, resignations and deaths) and estimated projected pensionable salaries. Values so determined are then discounted to reflect the time value of money.

Movement in the Retirement Benefit Liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components.

	2021	2020
	$	$
Balance at beginning of the year	**685,688**	545,030
Included in profit or loss:		
Interest cost	**-**	45,561
Included in OCI:		
Effect of changes in financial assumptions	**-**	116,971
Effect of experience adjustments	**-**	5,885
Other:		
Benefits paid	**(27,759)**	(27,759)
	657,929	685,688
Plan assets	**-**	-
Balance at end of year	**(657,929)**	(685,688)
Number of Participants		
Active	**9**	9
Inactive	**25**	25
Assumptions		
Discount rate	**7.00%**	7.00%
Actuarial gains / losses	**-**	-

Initially, the funds were placed on fixed deposits at the Association and later the funds were invested with CLICO Barbados. Due to the financial difficulties of CLICO, the investment was fully impaired in 2013. As at December 31, 2021, the impaired pension assets were valued at $1.5 million (2020: $1.5 million).

Sensitivity

Reasonably possible changes at the reporting date to the discount rate holding other assumptions constant, would have affected the retirement benefit liability. A decrease in the valuation rate by 50 basis points, all other assumptions unchanged, will increase the actuarial liability by 6% (and vice-versa).

(in Eastern Caribbean dollars)

16. Accounts Payable and Accrued Liabilities

	2021 $	2020 $
Group life insurance payable	**131,737**	191,076
Other payables	**303,283**	281,629
Accrued liabilities	**831,283**	777,919
	1,266,303	1,250,624

All amounts are short-term. The carrying values of trade payables and accrued liabilities are considered to be a reasonable approximation of fair value.

17. Other Liabilities

	2021 $	2020 $
Other	**108,191**	189,707
	108,191	189,707

	2021 $	2020 $
Current	**108,191**	189,707
	108,191	189,707

18. Interest Levy Payable

	2021 $	2020 $
Interest levy on special deposits	**1,532,394**	1,177,814

Effective January 1, 2009, the Association is required, under the provisions of the Interest Levy Act 314, to pay an interest levy of half of one percent (0.5%) on the average monthly special deposits' balances, adjusted for amounts lent for home construction.

19. Deposits Due to Members

	2021 $	2020 $
Savings	**11,813,761**	11,191,095
Other deposits	**1,123,591**	1,109,944
Fixed deposits	**76,743,031**	79,799,112
Super Savers accounts	**8,525,079**	7,870,127
Death benefit fund	**51,228**	132,987
Interest payable	**2,563,944**	2,773,135
	100,820,634	102,876,400

	2021 $	2020 $
Current	**64,688,749**	65,499,370
Non-current	**36,131,885**	37,377,030
	100,820,634	102,876,400

(in Eastern Caribbean dollars)

20. Permanent Shares

	2021	2020
	$	$
Authorized:		
Unlimited permanent shares of no value		
Issued and fully paid:		
2,485,428 (2020: 2,483,468)	**24,854,284**	24,834,684

During the year, the Association issued 1,960 (2020: 3,102) shares at $10 each to its members for cash consideration of $19,600 (2020: $31,020).

21. Revaluation Reserve

The movement on the revaluation reserve is as follows:

	2021	2020
	$	$
Beginning of year	**5,606,754**	5,656,251
Amortization of revaluation surplus during the year	**(48,507)**	(49,497)
End of year	**5,558,247**	5,606,754

The revaluation reserve relates to the Association's property (note 14). This reserve is not available for distribution to the members of the Association.

22. Net Interest Income

	2021	2020
	$	$
Interest Income		
Loans and advances to members	**6,396,476**	6,491,671
Deposits and investments	**344,390**	302,126
	6,740,866	6,793,797
Interest Expense		
Levy on special deposits, net	**(354,580)**	(380,426)
Interest – BOSVG	**-**	(24,319)
Savings accounts	**(291,872)**	(277,849)
Supersaver accounts	**(254,861)**	(230,233)
Fixed deposits	**(2,504,631)**	(2,564,138)
	(3,405,944)	(3,476,965)
Net Interest Income	**3,334,922**	3,316,832

(in Eastern Caribbean dollars)

23. Fees and Commissions Income, Net

	2021	2020
	$	$
Fines income	**15,838**	23,953
Commissions earned on insurance	**280,647**	289,991
Commissions earned on ECHMB and BOSVG loans	**-**	3,554
Commission earned on payment services	**32,473**	27,857
Other fees income	**9,867**	7,864
	338,825	353,219

Performance Obligations and Revenue Recognition Policies

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Association recognises revenue when it transfers control over a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

For the accounting policy for fees and commissions in the scope of IFRS 9, see Note 8 (k).

Type of Service	**Nature and Timing of Satisfaction of Performance Obligations, including Significant Payment Terms**	**Revenue Recognition Policies under IFRS 15**
Deposit services	The Association provides banking services to customers, including account management and foreign currency transactions. Fees for account management are charged to the customer on an on-going basis as required. The Association sets the rates on an annual basis. Transaction-based fees for foreign currency and other transactions are charged to the customer's account when the transaction takes place.	Revenue related to transactions is recognised at the point in time when the transaction takes place.

24. Other Operating Income

	2021	2020
	$	$
Rental income	**98,291**	98,281
Dividend income	**6,199**	8,966
Legal fees income	**125,496**	110,294
Other income	**829**	55,469
	230,815	273,010

(in Eastern Caribbean dollars)

25. Impairment Recovery (Loss) on Financial Assets

	2021	2020
	$	$
Net remeasurement of loss allowance - loans and advances to members	**(726,612)**	182,103
Net remeasurement of loss allowance - investments	**11,831**	21,512
Write-off of loans and advances to members	**370,535**	155,088
Recoveries - other receivables	**-**	(19,822)
	(344,246)	338,881

26. Operating Expenses

	2021	2020
	$	$
Advertising and promotion	**43,847**	45,210
Annual general and special meeting expenses	**9,162**	11,035
Audit fees	**125,202**	127,200
Bank and other licenses	**1,625**	1,500
Cleaning services	**73,270**	64,985
Computer expenses	**34,150**	51,869
Depreciation expense **(Note 14)**	**164,582**	164,888
Directors' fees **(Note 28)**	**64,800**	61,950
Donations and subscriptions	**25,546**	17,374
Electricity	**124,651**	113,144
Employee benefit expenses **(Note 27)**	**2,049,257**	2,074,343
Insurance	**31,375**	27,945
Legal and professional fees	**76,294**	86,910
Loss on disposal of property and equipment	**2,075**	10,541
Office expenses	**117,318**	101,003
Other expenses	**74,343**	53,061
Postage, printing and stationery	**42,526**	35,761
Rates and taxes	**18,557**	54,873
Rental expenses	**11,136**	11,136
Repairs and maintenance	**77,614**	47,422
Scholarships	**32,700**	28,150
Security	**131,379**	137,768
Staff expenses and uniforms	**13,809**	31,566
Telephone	**77,184**	70,510
Training expenses	**20,214**	5,577
	3,442,616	3,435,721

27. Employee Benefit Expenses

	2021	2020
	$	$
Salaries and wages	**1,668,568**	1,686,626
Travelling, telephone and housing allowance	**82,185**	75,200
National insurance contributions	**74,721**	73,334
Gratuity and other staff benefits	**223,783**	239,183
	2,049,257	2,074,343

(in Eastern Caribbean dollars)

28. Related Party Transactions and Balances

a. Definition of Related Party

A related party is a person or entity that is related to the Association.

A person or a close member of that person's family is related to the Association if that person:

(i) has control or joint control over the Association;

(ii) has significant influence over the Association; or

(iii) is a member of the key management personnel of the Association.

An entity is related to the Association if any of the following conditions applies:

(i) The entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part provides key management personnel services to the Association.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

b. Transactions and Balances with Related Parties

	2021	2020
	$	$
Loans and Advances to Directors		
Loans outstanding at end of year	**-**	-
Interest income earned	**-**	-
Loans to Other Related Parties		
Principal balance	**103,277**	139,198
Interest income	**8,769**	10,128
Deposits Due to Related Parties		
Principal balance	**177,341**	119,955
Interest expense	**3,795**	3,201

During the period, no provisions were made against any amounts due from related parties.

(in Eastern Caribbean dollars)

28. Related Party Transactions and Balances …..*Cont'd*

c. Key Management Compensation

The compensation paid or payable to key management for employee services is shown below:

	2021	2020
	$	$
Salaries and other short-term benefits	**390,600**	284,400
Gratuity expense	**52,248**	48,658
Directors' remuneration	**64,800**	61,950

29. Loan Commitments

Loans approved but not yet drawn down at December 31, 2021 amounted to $915,358 (2020: $880,918).

30. Management Overlay – COVID-19

As at December 31, 2021, the Association made allowances amounting to $1,890,927 (December 2020: $1,184,000) for expected credit losses (ECLs) relating to management overlays in connection with uncertainties surrounding the ongoing pandemic.

Management overlays were applied as follows:

1. Thirty percent (30%) provisioning on all consumer moratoriums; and
2. Thirty percent (30%) allowance on all non-performing loans.

31. Comparative Figures

Certain comparative figures were restated to conform with the current year's presentation.

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