Growing With Purpose

ST. VINCENT BUILDING & LOAN ASSOCIATION

81st Annual General Meeting

Date: Wednesday December 20th, 2023

Time:4:15 pm

Kingstown Methodist Church Hall

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.

ST. VINCENT BUILDING & LOAN ASSOCIATION

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

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ST. VINCENT BUILDING & LOAN ASSOCIATION

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St. Vincent Building & Loan Association

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 81st Annual General Meeting of the St. Vincent Building & Loan Association will be held at the Methodist Church Hall, Kingstown, on
Wednesday 20th December, 2023 at 4:15 p.m.

AGENDA

1. Call to Order/Prayer
2. Welcome - President
3. Amendments and Adoption of the Minutes of the 80th Annual General Meeting, 23rd November, 2022
4. Matters Arising from the 80th 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, 2022
7. Election of Directors
8. Election of Auditors
9. Any Other Business
10. Adjournment

BY ORDER OF THE BOARD OF DIRECTORS

Pethion Greene
Acting Corporate Secretary to the Board of Directors

Attendees will be required to present a valid photo identification

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.

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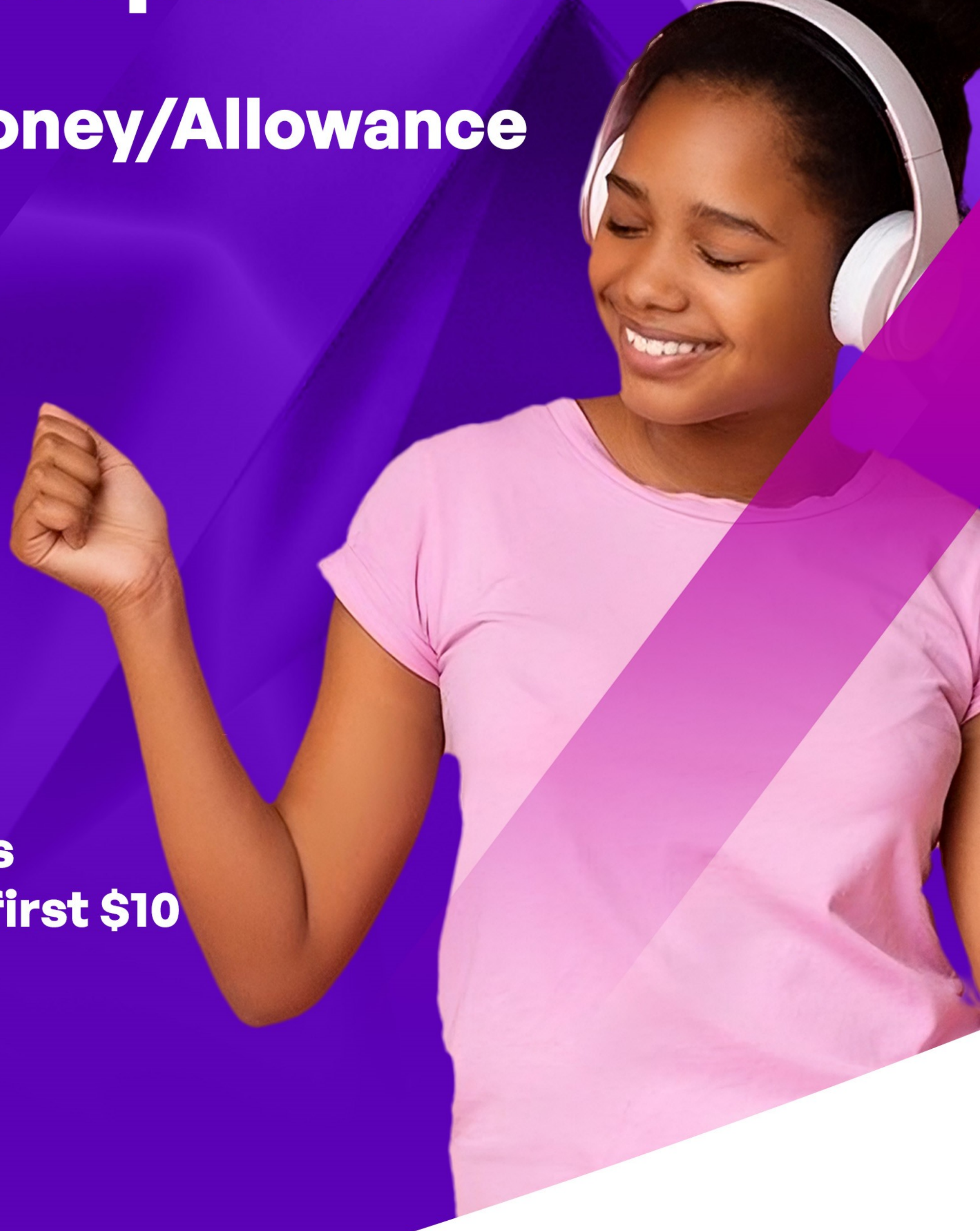

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ST. VINCENT BUILDING & LOAN ASSOCIATION

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BOARD OF DIRECTORS

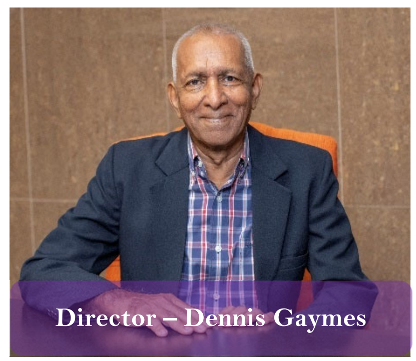

President - Colin Bacchus


Director – Trichel Allen

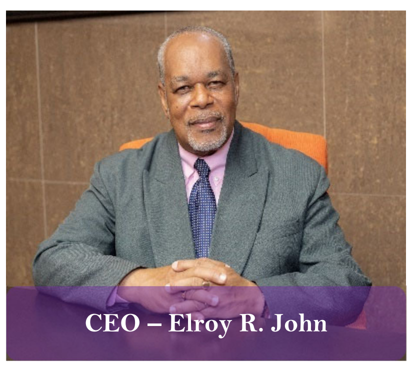

Director – Colleen Thomas


Director – Maferne Mayers-Oliver


Director – Patterson Homer


Director – Dennis Gaymes


Director – Gary Lewis


CEO – Elroy R. John

STAFF OF THE ST. VINCENT BUILDING & LOAN ASSOCIATION

Management Team of the Association

STAFF OF THE ST. VINCENT BUILDING & LOAN ASSOCIATION

Accounts and ICT Departments
Not Pictured – Tameka Da Souza

Customer Service Department
Not Pictured – Andrea Patterson

STAFF OF THE ST. VINCENT BUILDING & LOAN ASSOCIATION

Administrative, Insurance, Internal Audit, Legal, Loans and Risk and Compliance Departments
Not Pictured – Jamila Gibson 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

SVBLA HIGHLIGHTS

Membership Lounge – Customer Appreciation Day

Prizes – Customer Appreciation Day


SVBLA Sponsorship of the Art N Action Summer Programme


SVBLA Independence Day Celebrations


Support Local - Customer Appreciation Day

International Women's Day – Break the Bias

President's Address

Introduction

I am pleased to welcome our members to the St. Vincent Building & Loan Association's 81st Annual General Meeting. While 2022 was a challenging year for the Association and indeed, other financial institutions in St. Vincent and the Grenadines and across the region, we have emerged re-committed to our membership and growing the Association. Last year, the Association celebrated its 80th AGM and wound up its first three-year strategic plan. In creating the plan, we asked ourselves what future we wanted for the Association and its members and devised strategies to achieve our goals. At the centre of our plan was our membership and creating value for them. While we were not able to achieve all of our strategic goals due to external constraints such as the pandemic, volcanic eruption and global economic downturn, we have made significant progress towards them and remain steadfast in creating value for our stakeholders. In 2023, we have done a comprehensive review of the Association's operations and committed ourselves to our next three-year strategic plan for the period 2024 – 2026.

In 2022, our nation of St. Vincent and Grenadines began to return to normalcy following the eruption of the La Soufriere volcano in 2021 and continued coping with the COVID-19 pandemic which started in 2020. Financial year 2022 saw the moratoriums which were put in place to assist those affected by the pandemic come to an end in March of that year. Although the moratoriums came to an end, a significant portion of members on the program had not yet found their financial footing and were unable to service their loans as agreed. However, the Association remained persistent and worked assiduously with its members to restructure their loans where practicable. To date, $9.2 million in moratorium loans have been restructured or regularized, and we remain committed to continuing to work with our members in this regard.

Rising inflation and an economic downturn due to COVID and the Volcanic eruption had an overall downward effect on the local economy, which in turn had an effect on the Association's operations. 2022 saw an increase in our loan loss provisioning, due to the factors mentioned above. As always, the Association seeks to constrain costs where possible. While overall, we recorded a loss for the past financial year, we improved our cash flow from operations and increased our investments in order to generate additional income. We also continued our goal of reducing the NPL portfolio, although efforts were hampered by the $7.1 million in moratorium loans that became non-performing in 2022. Through the efforts of our Loans department, NPL loans decreased by 2% or $0.7 million in 2022. Overall, since 2013, the portfolio has decreased by a total of 51%. The Association will continue to work towards reducing the portfolio through means of property sales, foreclosure and restructure, where applicable.

In July 2022, the Association once again celebrated Customer Appreciation Day, in collaboration with several local businesses. The event was well-received by our members and customers, providing an opportunity for them to engage with our staff in the "Membership Lounge" and receive samples and giveaways. The Association continued to improve its marketing efforts in 2022, increasing our social media presence and engagement with advertisements, financial tips and contests centred around our products and seasonal promotions.

As we look ahead to strategic period 2024 – 2026, we plan to place renewed focus on our members, starting with the introduction of Mobile Banking services in 2024 to allow customers easier access to their account information. We will also continue to strengthen our core Loans and Customer Service functions in order to provide better service and products to our customers.

Operations Overview

The moratorium program came to an end on March 31, 2022. When the moratorium program was first introduced, there were 79 loans on moratorium with a value of $13.9 million. Subsequent to March 2022, the Association was able to restructure an additional $2.1 million in loans. We remain committed to working with our members to regularize their non-performing loans.

While the Association realized a loss in 2022, this was due to higher loan loss provisions. As always, we sought during the year to contain our expenditure, including interest costs. During 2022, the Association reduced its interest rates to be better in line with market trends, reducing rates by 0.25% on all products, with the exception of Smart Savers and Merry Money. We will continue to increase our presence in the market as we seek to grow the Association while controlling expenditure. As at December 31, 2022 the retained earnings of the Association stands at $7.7 million (2021: $8.7 million). Total equity was $38.3 million, and we are compliant with the Financial Services Authority's (FSA) regulations with a capital adequacy ratio of 22% (2021: 23%).

The non-performing loan (NPL) portfolio now stands at $39.7 million at the end of 2022 (2021: $40.5 million), a decrease of 2% from 2021. During the year, the Association managed to contain the NPL portfolio, even with the addition of the moratorium loans that became non-performing. We have continued these efforts through the customary means of monitoring to prevent migration, restructure and sale of property where applicable. The Association will continue to make steady progress in the reduction of the NPL portfolio.

Acknowledgements

This is the end of my tenure on the Board of Directors; I would like to thank our remaining Directors for their service to the Association during their tenure and I know that they will warmly welcome the new member of the Board. The Directors have shown themselves to be more than capable in continuing to serve the members of the Association and to display strong governance. We have all committed of our time and efforts to develop numerous policies during the year, helm various committees, satisfy the Association's regulatory requirements and develop a strategic roadmap for the way forward.

As always, on behalf of the entire Board, I wish to commend the Management and Staff of the Association for their hard work and commitment to the Association during the year. Their dedication to the institution is evident in the pride taken in their work and interactions with customers. We wish to commend them for their continued focus and I know that the Board looks forward to continuing to work with them in the future.

On a personal note, I would like to say that I have cherished my time as a Director and President of the Board of the St. Vincent Building and Loan Association. When assuming the mantle of Director, I did so with the knowledge that first and foremost, my responsibility was to the members of the Association. Without your belief in the founding principles and continuing forward evolution of the Association, we would not be here today. We remain grateful for your continued support and I will continue to serve the Association as I retire from the Board.

Colin B. Bacchus
President

Minutes of the 80th Annual General Meeting of the St. Vincent Building and Loan Association, held at the Methodist Church Hall on the 23rd November 2022, at 4:15 p.m.

PRESENT:

Mr. Colin Bacchus	President
Mr. Patterson Homer	Director
Mr. Dennis Gaymes	Director
Ms. Colleen Thomas	Director
Ms. Shonette Lowman	Director
Ms. Ianthi Burke	Director
Mr. Kenyatta Alleyne	Director
Mr. Elroy John	CEO

Seventy-Eight (78) members and twenty-eight (28) staff were in attendance.

1. **CALL TO ORDER**

President Colin Bacchus called the meeting to order at 4: 55 p.m.

PRAYER

Member Joe Sheridan said the opening prayer.

2. **WELCOME**

President Bacchus welcomed everyone to the 80th Annual General Meeting (AGM).
President Bacchus stated that this is the second AGM which is being held for the calendar year 2022, due to delays experienced with the Association's 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. This consequently meant that the 2021 audit commenced later than is customary.

He said that despite these challenges, the Association persevered and is proud to be celebrating its 80th AGM.

President Bacchus noted that 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 its staff, customers and all Vincentians. He further noted that as a resilient people, Vincentians navigated these difficult waters and have shown strength and unity in 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.

President Bacchus indicated that the Association also shifted from in-person to virtual meetings during the year and implemented staff rotations during COVID-19 surges.

Referring to the above-mentioned issues, he noted that the Association's calendar of activities that was scheduled for the 80th Anniversary could not be carried out in its entirety. This was due to restrictions on public gatherings that were in place for the majority of 2021. However, staff was still able to worship together to give God thanks for his continued blessings on St. Vincent and the Grenadines and the Association. He said that 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 and 80th Anniversary bursaries were issued to the children of seventeen (17) SVBLA members who applied for scholarships.

Speaking on the Association's Strategic goals and objectives, President Bacchus reported that during 2021, the Association continued to implement its three-year Strategic and Operational plans and strengthen its risk and compliance function. An Enterprise Risk Management Policy and Internal Risk Register System were developed and internal policies and procedures are continually updated. He said that 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

Addressing the Association's operational matters, President Bacchus indicated that the Association continued to weather the storms brought on by the pandemic and the volcanic eruption during the year. He said that 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. He noted that the moratoriums expired on March 31, 2022 and was a way to offer support to those who may have lost their livelihoods due to the pandemic, especially those in the tourism, hospitality and aviation divisions. He emphasized that the Association has been in contact with its customers who utilized the moratorium and is committed to working with them, where possible, to refinance or restructure their loans.

He reported that the Association remained profitable in 2021, despite the aforementioned and other challenges and indicated that there were increased investments during the year to boost interest income. He said that the retained earnings of the Association stands at $8.7 million, a $0.9 million increase over the prior year. As at December 31, 2021 total equity was $39.1 million, and the Association remains compliant with the Financial Services Authority's (FSA) regulations, with a capital adequacy ratio of 23% (2020: 23%).

President Bacchus stated that the non-performing loans (NPL) portfolio stood 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. He noted that this was achieved through the diligent work of the Loans department and CEO through collateral sales, restructures and loan repayments. He emphasized that 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. President Bacchus indicated that the Association continues to manage its non-performing loans portfolio, including monitoring and following-up of loans to ensure that they do not migrate from the performing to non-performing portfolio. He said that 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. The Board and Management strive to contain expenditure to aid in the overall profitability of the Association. He noted that as far as practicable, the Association will continue to employ cost-containment measures and as always, monitor expenses on a monthly basis.

Acknowledgements

President Bacchus expressed his thanks to the Association's retiring Directors – Ms. Ianthi Burke, Mr. Kenyatta Alleyne and Ms. Shonette Lowman, for their steadfast service to the Association during their tenure. He indicated that the Directors have worked tirelessly to serve the customers and members of the SVBLA and to aid in strengthening its internal controls and governance structure. He noted that the Directors are but a small part of the Association's 80-year history and that all Directors strive to be of service in its continued success. President Bacchus also expressed his thanks to 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.

Speaking on the history of the Association, President Bacchus noted that even as the past is acknowledged and 80 years of existence is celebrated, the Association continues to look towards the future as it embraces digital technology to better serve its customers. He noted that the Association has started digitizing certain processes, procured webcams and embraced video appointments with loans customers. The Association is in the process of implementing its online prequalification form for loan applicants and will be debuting an online budget/spending calculator on its website for Christmas 2022. President Bacchus said that the Association is also an authorized DCash financial institution and will be launching this service soon. He noted that in 2023, the Association will explore offering mobile banking and ATM services to customers.

Addressing the management and staff of the Association, President Bacchus expressed thanks on behalf of the Board, and commended them for their hard work and dedication during the year. He praised their commitment to the institution and customers. He highlighted the fact that they remained resilient and flexible throughout the pandemic while being committed to continuous training and improvement.

Speaking to the members present at the AGM, President Bacchus extended the Board's sincere thanks and gratitude for their commitment to the Association over the past 80 years. He indicated that the members have stood by the Association during good and adverse times. President Bacchus gave the assurance that during his tenure as President, he will work to ensure that the Association continues to build upon the principles of its 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. He noted that the Association looks forward to implementing innovative ways to serve its members and customers in the next 80 years and beyond.

Member St. Clair Leacock raised the point made by President Bacchus in his address pertaining to the installation of ATMs in 2023. Member Leacock stated that he is particularly influenced by the position of one of the lead financial institutions in St. Vincent and the Grenadines, the Bank of St. Vincent and the Grenadines (BOSVG) on this matter. He noted that the BOSVG has posited that the current trends suggest that ATM's as new as they are, will become obsolete in a short space of time.

Member Leacock indicated that St Vincent is recognised as one of the most cash-used societies, and driven by its own Eastern Caribbean Central Bank (ECCB), there is a concerted move to reduce the amount of cash that is used on the markets. This is consistent with the increase use of other means such as credit and debit cards, and other instruments coming on the market place. As such, Member Leacock enquired as to the extent of the investment pertaining to the ATM's which may have a limited shelf life in the face of digitization.

President Bacchus indicated that the Association is in the process of contemplating all of its options. He noted that there have been numerous complaints especially during the COVID-19 pandemic from persons not being able to transact with the Association in as smooth a way as is possible. As such, the Association is at the stage of exploring the option to enhance this access. President Bacchus also indicated that the option is being explored to reach a wider audience and to be competitive. CEO John also indicated that in exploring the option of an ATM, the Association can partner with BOSVG to use their hardware, similar to what was done in the case of General Employee Cooperative Credit Union (GECCU) and St. Vincent Cooperative Bank Ltd (Coop Bank). Therefore, the Association does not intend to purchase an ATM machine in the circumstances.

3. ADOPTION OF THE AGENDA

On a motion moved by Member Harold Lewis and seconded by Member Joe Sheridan the Agenda was adopted.

AMENDMENTS AND ADOPTION OF THE MINUTES OF THE 79TH ANNUAL GENERAL MEETING

The amendments were as follows:
Page 24- 4th paragraph- 4th line- "…the that plan" was amended to read "…. that plan".
Page 24-7th paragraph- 2nd line- the word "of" was inserted between "breach" and "contract" to read "breach of contract".
Page 26: 1st paragraph- The last word in the second sentence was amended to read "along" instead of "strong".
On a motion moved by Member Kenneth Young and seconded by Member Ernst DeFreitas, the Minutes were accepted and carried as amended.

4. MATTERS ARISING FROM THE 79TH AGM MINUTES

i. **Page 18- Interest Levy:** Member Joe Sheridan asked for an update regarding the status of the interest levy. CEO John indicated that he wrote to the Minister of Finance to request a meeting to discuss the matter of the interest levy being waived. CEO John further indicated that he is hoping to see the Honourable Minister of Finance and Honourable Prime Minister soon to discuss the matter further.

On the point of the amended Building Societies Act, CEO John indicated that the Act is still with the Attorney General's chambers. CEO John invited the FSA to elucidate on the issue. The FSA confirmed the position as stated by CEO John.

ii. **Page 18-Death Benefit**: CEO John reported that there are five hundred and fifteen (515) death benefit accounts with a balance of $134,716.46. To date, four hundred and seventy (470) accounts were withdrawn in the amount of $125,816.86 and forty-five (45) accounts remain with a balance of $8,819.60.

iii. **Page 24-Paragraph 5:** On the issue of pension and gratuity related to Luella Jackson, member Luella Jackson requested clarity from CEO John on which rules he referred to in his statement. She further stated that the rule she knows of is By-Law ten (10) that governs gratuity and pensions and allows for a pension to be paid to employees who have had fifteen (15) years of service at the Association. CEO John indicated that the same By-Law ten (10) is applicable. He however explained that the Defined Benefit Pension Plan and the Defined Contribution Pension Plan should not be confused and that in the instant case, the Defined Benefit Pension Plan is what maintains. CEO John further indicated that the Defined Benefit Pension Plan states that the employee should have served fifteen (15) continuous years. Member Luella Jackson then read By-Law ten (10).

CEO John further explained that member Luella Jackson was in the plan for just over eleven (11) years and thereafter the plan froze on December 31, 2005. As such, member Luella Jackson did not serve fifteen (15) years under this plan. The old plan was replaced by a new plan; the Defined Contribution Pension Plan. He further indicated that these are two separate and distinct plans. Member Luella Jackson indicated that she was given an appointment letter by the Association stating that she was pensionable and that she would receive a pension after fifteen (15) years and she served the Association for twenty-four (24) years. As such, she does not understand how some of her years can disappear because of the introduction of a subsequent pension plan.

CEO John informed the meeting that the Association wrote to member Luella Jackson and explained the issue citing legal precedents. CEO John emphasized that the rules are clear and that the Association will be guided by the rules. CEO John further stated that if member Luella Jackson is not satisfied with the interpretation of the rules, then she is free to seek legal advice as she may choose.

Member Bernadine Nanton-Cooke, former Legal Officer of the Association and former Corporate Secretary to the Association's Board stated that when member Luella Jackson got her appointment letter that it was a contract of the terms of her employment. She stated that the reason the Defined Benefit Pension plan and the Defined Contribution Pension plan are different is because they were two (2) separate plans. She noted that member Luella Jackson served the Association for twenty-four (24) years and if something happened to the first plan, which is the Defined Benefit Pension Plan, Ms. Jackson had no control over what happened. As such, the Association is obligated to pay Ms. Jackson for the number of years she served the Association.

Member Bernadine Nanton-Cooke, former Legal Officer of the Association and former Corporate Secretary to the Association's Board stated further that where one plan went belly-up, it means that Ms. Jackson should only be entitled to fifteen (15) years and that is quite unfair and deceptive. Member Leroy Reginald Rock expressed concern over the dispute and indicated that Member Jackson should be invited to the office to settle the matter and that the legal minds should be involved in the process. Member Duane Allen, an Actuarial Consultant who stated that his forte is in pensions, indicated that he could offer his expertise to the investigations.

CEO John responded that the Association had written to Member Jackson on the issue, outlining its position and cited legal cases / precedents and these must be factored. He further stated that the rules are clear and urged that what is said in the by-laws should not be misinterpreted.

In response, Member Kenneth Young, former President of the Association stated that he has never heard the linen that is being presented, ever expounded at an AGM. He further stated that he sat at several Board meetings during his tenure where this matter came up but that some of the views that he is hearing were never expounded on at those meetings. He said that the dirty linen sounds awful and that it should end at the present meeting.

Member Desmond Pompey asked for clarity pertaining to the rules where a staff member serves a minimum of fifteen (15) years and is entitled to a pension, and whether it matters what the scheme is. He asked whether it removes the Association from any obligation to fulfill the requirement. Member Joel Poyer stated that the agreement was for the legal minds to consider the point of the pension plans. He further suggested that member Desmond Pompey could wait until after this exercise has been done to get an answer.

iv. **Any Other Business:** Member Bernadine Nanton-Cooke indicated that she was formerly the Corporate Secretary at the Association, before she was dismissed due to the Association's testing and vaccine policy. Looking at paragraphs under any other business and she noted that many things were said pertaining to the absence of the Corporate Secretary. Member Bernadine Nanton-Cooke indicated that she had no control over her absence. She would like it to be minuted that she did not proceed on vacation knowing that the AGM was upcoming, but instead she was sent on vacation because she did not test. She noted that this was even after a report was sent to the Association from Dr. St. Clair Thomas, the only ENT specialist in St. Vincent and the Grenadines. Member Nanton-Cooke further noted that when she went to Dr. Thomas, he stated that other persons were complaining of the same issues she complained of.

Member Nanton-Cooke stated that she sent a document to be signed off by the Association and she noted that it was signed off by the President as Corporate Secretary. She noted that Rule 4.11 states that the Board can appoint someone in whose presence the seal can be affixed. She further noted that as President of the Association, he cannot be two (2) persons at the same time. She noted that anyone could challenge the legality of all the documents signed by him as Corporate Secretary. She indicated that in future he should not sign any documents as Corporate Secretary and President. President Bacchus noted the comments.

5. REPORT OF THE BOARD OF DIRECTORS

President Bacchus indicated that the report of the Board of Directors stems from page 28 to page 35. He invited questions pertaining to the Board of Directors report.

Member St. Clair Leacock inquired whether the Association has an astute plan in place for the payment of dividends. He indicated that in the already narrow financial market of St. Vincent and the Grenadines, the Bank of St. Vincent and the Grenadines (BOSVG) in its acquisition of other indigenous banks occupies near eighty percent (80%) of the market place. Member Leacock noted that this leaves twenty percent (20%) for the other financial institutions to come up with strategic plans to exist in this space. Member Leacock stated that the dividends would be paid by cash which would cause some hemorrhaging for the Association. As such, Member Leacock stated that he would like an indication that these things are properly thought out by the Board and Management so that the Association's cash position is not weakened.

President Bacchus indicated that the Board has carefully thought out these matters from every possible angle. He noted that the Board asked for scenarios before any conclusions are made and that the Financial Services Authority reviews the decisions which are made. President Bacchus indicated that before any decisions that may affect the financial standing of the Association are made, he ensures that he is satisfied that they are in the best interest of the Association.

Member Christo Primus indicated that the assets of the Association have decreased by fifty percent (50%) over the last ten (10) years; from 200 million dollars to 100 million dollars. The Association had a flagship product in respect of purchasing shares. Member Primus noted that the Association no longer has a flagship product. He further stated that if the Association is operating in a tight financial space, it is imperative to identify a product that is going to be competitive and attractive. He further stated that in its deliberations, the Association should look at the flagship product from before and see how it can be tweaked. He further noted that an attractive product can be created to appeal to young public servants who may see it as an investment. He noted that it will address the cash flow issues and enhance the Association's competitive position.

Member Primus stated that the Association is overcapitalized as it has 20% in permanent shares holding for members which was initially 10% but since the assets have gone down to 50%, it has technically doubled. Member Primus inquired what is the strategy to deal with the excess capitalization now. He further inquired if the Association is considering returning some to members or considering investment opportunities. In response, CEO John noted that the issue of dividends from what was calculated would be in the region of $180,000-$190,000.00. As such, it would not have a material impact on the cash flow. CEO John further noted that at the same time, the Association is showing that it has the members' interest at heart.

CEO John noted that in terms of the reduction of the assets, it is not proper to look at the numbers in insolation and that a more in-depth analysis is needed before conclusions are made. CEO John stated that the asset base has in fact reduced by fifty percent (50%), but so too has the non-performing loan portfolio which has also reduced to less than (50%). As such, all these matters should be considered in the deliberations.

Member St. Clair Leacock noted that the Association has a twenty-three percent (23%) capital adequacy ratio which allows it to be competitive and reasonably anchored. He noted that this is something to be recognized as part of the contribution of the existing Management team. He noted that the metrics allows the Association to be in the race.

On a motion moved by Member Jethro Greene and seconded by Member St. Clair Leacock, the Board of Directors report was accepted as read.

6. AUDITORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

The Auditors' Report and Financial Statements were presented to the Members by Managing Partner of the Accounting Firm of Grant Thornton, Mr. Floyd Patterson.

Mr. Patterson addressed the audit function and the role that members play and the impact it has on the audit function. Mr. Patterson indicated that auditors are plagued with an issue in St. Vincent and the Grenadines which is critical to the audit process, and that is the circulating of confirmations and the low response rates which are received. He noted that they circulate confirmations which is a mandatory auditing international standard for members to confirm their balances, whether its loans or deposits.

Mr. Patterson indicated that when members fail to respond to those confirmations it impacts the efficiency and the timeliness with which the audit can be completed. He stated that where there are low response rates, the auditors then have to use more inefficient approaches to obtain the level of satisfaction and assurance they require to express an opinion. Mr. Patterson noted that greater assurance is provided by members responding to the confirmations, rather than the auditor having to rely on internal information to achieve the level of satisfaction and assurance that is required, in order to enable the auditor to express an opinion on the financial statements.

He indicated that this is very important as members would like their audit report to come to them in a timely fashion. He further indicated that members have a critical role to play in indicating whether they agree or disagree with the information set out in the audit confirmation request.

Opinion

Mr. Patterson noted that the auditors have audited the financial statements of the St. Vincent Building and Loan Association in accordance with international financial reporting standards. Mr. Patterson stated that they have expressed an opinion as to the fair presentation of the St. Vincent Building and Loan's financial statements more specifically its statement of financial position as at December 31, 2021, its financial performance for the year then ended December 31, 2021 as well as its cash flows. Mr. Patterson noted that those statements along with the supporting notes available to members are in accordance with the international financial reporting standards.

Mr. Patterson indicated that the auditors are complying with high standards of testing the financial statements of the entity, so that members will be comfortable and have that assurance that the financial statements present fairly.

Mr. Patterson noted that if there is an issue, the auditors will draw said issue to the members' attention. Mr. Patterson stated that during their examination at no time was restriction or constraints placed on them by management with respect to the scope of the audit. He further stated that the auditors accumulated sufficient evidentiary matter in accordance to international auditing standards which forms the basis of the auditor's opinion.

Mr. Patterson noted that the opinion was dated the October 26, 2022 and that the auditors have expressed an unqualified opinion on the financial statements of the St. Vincent Building and Loan Association. He noted that what this means is that there was no material issue found which indicates that these financial statements in all respects are in accordance with international financial reporting standards. Mr. Patterson stated that there were complexities involving the Association's financial statements, more specifically looking at the loan portfolio and assessing it to ensure that it is fairly valued in accordance with IFRS 9 which is very complicated. Mr. Patterson further stated that the investments were looked at in terms of the financial instruments to ensure that those items are fairly measured and reported, and the income that is accrued from these instruments are in accordance with the accounting standards.

Members Queries

Member St. Clair Leacock spoke to the statement of financial account on page 58, looking specifically at the loans and advances to members which amounts to $102,086,009M. He inquired as to if the $40M with respect to non-performing loans was included in this amount. Mr. Patterson stated that the $40M was included in this amount but that it is reflected as net. He further stated that when that is listed as $102,086,009, this is after impairment of the loans and that the gross component should be considered.

Mr. Patterson noted that this line item was reviewed in accordance with IFRS 9 standards and assessed what is the likely recoverable standard. Mr. Patterson indicated that this is the present value of the estimated net realizable value of the entire loan portfolio including the non-performing loans. Mr. Patterson indicated that the $40M has already been discounted from the $102,086,099 and asked Member Leacock to look at note 12.

Member St. Clair Leacock indicated that if the Association does not collect a fair amount of the non-performing loan portfolio, then it will be on the margin. As such, this is something to be mindful of.

Member Desmond Pompey indicated that when he looked at the Board report and looked at the improvement in non-performing loans, the challenges cited were the volcanic eruption of the La Soufriere and the COVID-19 pandemic. Member Pompey then asked what was the exposure for the Association in the red zone and how the Association is helping these persons. Mr. Patterson indicated that going forward perhaps the auditors can present a statement of the geographical disbursement of loans across the island. He noted that this can give an idea of the risks and opportunities that exist for the Association.

President Bacchus indicated that the impact on members in the red zone was not significant and the Association worked with members depending on what situation arose.
On a motion moved by member Aubrey Burgin and seconded by member Annis Bailey Providence, the Auditor's report was adopted.

7. ELECTION OF NEW DIRECTORS TO THE BOARD

Member Harold Lewis, indicated that he was presenting the report of the Nominations committee on behalf of the Chairman Junior Bacchus. The report noted that the committee comprised the following members in keeping with section 7.3 of the rules:

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

Member Harold Lewis noted that the committee met on three (3) occasions to set out its work activities in preparation for the selection of suitable nominees to fill three (3) vacant posts on the Board of Directors for this 80th Annual General Meeting of the Association. He stated that on November 17, 2022, the committee convened its third meeting to confirm its activities geared towards its selection of nominees.

<u>The Nomination Process:</u>

Member Harold Lewis indicated that in keeping with section 7.1 of the by-laws, over a three (3) week period, the Association advertised via the newspapers, the Association's website and on social media for members to submit official nominations for consideration to serve on the Board of Directors, in keeping with the required deadline of Friday November 11, 2022. The Committee ascertained that there were three (3) vacant posts to be filled by the required deadline. Six (6) nominations were duly received by the Committee. During the Committee's deliberations, variation checks were conducted of the nomination forms which were submitted.

Member Harold Lewis noted that it was discovered that some of the nominees did not satisfy the requirements for their nomination to be put forward and considered by the Nominations Committee. However, it must be noted that most of the nominees except for one (1) were in good standing. He noted further that the infringement occurred because the persons who nominated the nominees were in breach of the Association's rules. As such, those nominees could not be considered.

The Committee then proceeded to conduct a brief interview with those nominees who were eligible and informed the other nominees of their respective breaches pertaining to their nomination. The Committee recommended to those nominees that they could be nominated from the floor by full members. To this end, the following persons are recommended by the Committee to fill the vacant posts:

i. Mrs. Maferne Mayers-Oliver- nominated by Ms. Cedel Webb and seconded by Mr. Garth Oliver.
ii. Mr. Gary Lewis-nominated by Mr. Kyle Defreitas and seconded by Mrs. Debra Miller Joseph.

Member Harold Lewis highlighted their area of expertise as follows:

i. Mrs. Maferne Mayers-Oliver is a Barrister-at-Law and Solicitor, Notary Public and consultant.
ii. Mr. Gary Lewis is an accountant and project manager and works with the Inland Revenue Department.

Member Harold Lewis expressed thanks on behalf of the Committee to the Management, Board and staff of the Association for facilitating this process and encouraged all nominees to take the Association forward so that it can become stronger than ever.

President Bacchus then invited the Financial Services Authority (FSA) to conduct the elections. Mr. Jimmy Black, represented the FSA and conducted the elections. Mr. Black opened the floor for further nominations for one other person to serve on the Board of Directors. Member Dougal James nominated Ms. Trichel Allen and this nomination was seconded by member Jethro Greene. Member Joel Poyer nominated Mr. Duane Allen and this nomination was seconded by member Maria Lewis.

Member Bernadine Nanton-Cooke nominated Mr. Christo Primus and this nomination was seconded by member Ivan Vaughn. Member Garvin Jackson nominated Mr. Apollo Knights and this nomination was seconded by member Kenneth Young. There being no further nominations, a motion for the closure of nominations was made by member Joel Poyer and seconded by member Kenneth Young.

Mr. Black explained to members that they could only vote for three (3) persons maximum. Mr. Black stated that from the six (6) nominees, members would therefore place the three (3) names they wished to vote for on the ballot and make their selection. All nominees were then invited to introduce themselves.

Following the introductions, member Joel Poyer raised the issue of having the external auditor or an independent party monitor the election process conducted by the FSA. Member Kenneth Young opposed the idea as it questioned the integrity of the FSA. President Colin Bacchus supported Member Young's position and the issue raised above was not entertained.

In the interest of time, Mr. Black (FSA) indicated that the Resolution for the alteration to rule 49 may be read but not discussed in the FSA's absence, until the voting process is complete. An inquiry was subsequently made as to whether persons online were voting and this was answered in the affirmative. (Please see # 9 Any Other Business below)

Item # 8 was also dealt with prior to the completion of the voting process. (Please refer to Item # 8 below)

Following this, the FSA finalised the vote count and informed the meeting of the results as follows:

1.	Maferne Mayers-Oliver	57
2.	Gary Lewis	53
3.	Trichel Allen	46
4.	Apollo Knights	42
5.	Duane Allen	41
6.	Christo Primus	37

Members Maferne Mayers-Oliver, Gary Lewis and Trichel Allen were elected to serve as Directors, pending the FSA's fit and proper test.

Mr. Jimmy Black, on behalf of the Board, Management and staff of the Financial Services Authority, thanked the Board members who retired at the meeting for their contribution towards the Association. Mr. Black also thanked them for the time they gave to the Association over the last six (6) years. He asked that they continue to serve the Association in the future. Mr. Black then formally requested permission from the membership that the ballots be destroyed. The membership unanimously agreed with the destruction of the ballots.

President Bacchus thanked the retiring members of the Board for their dedicated service and contribution to the Association.

8. ELECTION OF AUDITORS FOR THE YEAR ENDED DECEMBER 31, 2022

Mr. Jimmy Black of the Financial Services Authority (FSA) informed the membership that the Auditing firm of Grant Thornton, was being proposed for re-election as auditors for the 2022 audit. A motion for the re-election of the Auditors, Grant Thornton was moved by member Jethro Greene and seconded by member Harold Lewis.

On a motion by member Leroy Rock and seconded by member Arifa Ryan-Charles, the nominations for auditors were closed. The Auditors were re-elected unopposed.

9. ANY OTHER BUSINESS

President Bacchus indicated that there were two (2) items to be raised under any other business as follows:

1. Resolution for alteration to rule 4.9

President 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. The amendment was sought pursuant to section 9 of the Building Societies Act, Chapter 450. The amendment reads as follows:

"Whereas Section 9 of the Building Societies Act Chapter 450 of the Revised Laws of Saint Vincent and the Grenadines 2009 provides for the alteration to rules of a Building Society by stating:

"Alterations to rules

Any society established under this Act may alter or rescind any rule, or make any additional rules, in the manner its rule direct. Every society under this Act altering or rescinding any rule, or making any additional rule, shall forward two copies of every alteration of or addition to its rules, signed by three members and the secretary, to the Authority who, if he finds that such alteration, recission or addition is in conformity with this Act, shall return one of the copies to the secretary or other officer of the society, with a certificate of registration, and retain and register the other copy".

AND WHEREAS the Board of Directors of the Saint Vincent Building and Loan Association duly convenes an Annual General Meeting on this 23rd day of November, 2022 to pass the following resolution to amend the rules of the Saint Vincent Building and Loan Association:

DO HEREBY ADOPT the following written resolution:

WHEREAS:

a) At page 21. Section 4.9 of the rules of the Association state that "The Corporate Secretary should be a Legal Officer and non-elected ex-officio member of the Board with an advisory and support role but with no voting rights at Board meetings. The Corporate Secretary shall be responsible for the preparation of minutes of meetings of the Board and for advising the Board and on whether decisions taken in accordance with the laws and rules governing the Association.

BE IT RESOLVED that page 21, section 4.9 of the rules of the Association be amended as follows:

a. The corporate secretary shall be an attorney and a non-elected ex-officio member of the Board with an advisory and support role but with no voting rights at Board meetings. The Corporate Secretary shall be responsible for the preparation of minutes of meetings of the Board and for advising the Board on decisions which are taken in accordance with the laws governing the Association.
b. Alternate Members- The Board may designate one or more of the Board of Directors members, including the CEO as an ex-officio member of the Board, as an alternate Corporate Secretary owing to the short-term absence of the corporate secretary. Prolonged absence should be considered on its merit and must be sanctioned by a vote of the board's elected members.

Following the conclusion of the voting process, President Bacchus noted that the resolution was vetted by the FSA and encouraged discussion thereon. However, there being no discussion on the resolution, Mr. Jimmy Black asked for a motion to be moved so that the resolution could be adopted as read. The motion was moved by member Kenneth Young and seconded by member Jethro Greene.

By virtue of a show of hands, Mr. Black counted twenty-seven (27) members in favour of the resolution. There were no members against the resolution or abstentions. As such, the resolution was carried.

2. Proposed Dividend- President Bacchus pointed to the fact that the Building and Loan Association made a profit of Nine Hundred Thousand Dollars ($900,000.00) in 2021. Therefore. the Board of Directors has proposed a dividend of 0.75%.

This proposal was sanctioned by the FSA. The payout would be approximately one hundred and ninety thousand dollars ($190,000.00).

On a motion moved by member Harold Lewis and seconded by member Elvin Jackson the payment of dividends at a rate of 0.75% was accepted.

The membership unanimously agreed with the proposal.

10. ADJOURNMENT

There being no further business, the meeting ended at 7:19 pm, on a motion moved by member Garvin Jackson and seconded by member Lucille Browne.

Read and sign as a true record this ……… Day of ……………………… 2023.

…………………………………

Chairman

…..……………………………

Corporate Secretary

Report of the Board of Directors to the 81st 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, 2022.

In 2022, there started to be a lessening of pandemic restrictions and the moratorium program came to a close. Customers who were placed on the moratorium program were those employed in industries that were affected by the pandemic, primarily the hospitality, aviation and cruise industries. On March 31, 2022 when the moratoriums ended, there were $13.9 million loans under the program. These loans were closely monitored and followed up by the Loans department to assess the borrowers' ability to resume payments and have the loan restructured, based on their employment status.

While the ending of the moratorium program brought its own challenges in terms of loan restructuring, the Loans department performed commendably, still managing to reduce the overall non-performing loan (NPL) portfolio by an additional 2% during the year. Overall, $9.2 million of the initial $13.9 million loans utilizing the moratorium program have been restructured. The Loans department continues to work with customers on the remaining moratorium loans that migrated to the NPL portfolio and will use the customary avenues of restructure and property sales to reduce the portfolio.

In response to market trends, the Association reduced the rates of interest on its deposit products by 0.25% (with the exception of Smart Saver and Merry Money products). This reduction brought our rates more in line with the market rates of interest offered by other membership organizations. It would also aid in reducing, over time, the interest expense of the Association and have a positive impact on the bottom line. The Association conducts semi-annual reviews of market rates and will continue to monitor developments in the market and adjust its strategies accordingly.

The Association remained committed to increasing its market presence in 2022, which bore fruit through increases in loans granted and growth in the deposit portfolio. Our strategy included increased use of social media, as well as traditional mediums such as radio, to broaden our reach in the public consciousness and is in line with our Strategic and Operational Plans. We increased our engagement with members and customers through interactive social media campaigns, customer appreciation and offering financial tips online. The Association is the only financial institution in St. Vincent and the Grenadines that has embraced video calling as a means of better connecting with our customers, both locally and overseas.

With the easing of COVID-19 restrictions, we were able to resume in-person training opportunities for staff, while still pursuing virtual training, where possible, to contain costs. In 2022, we had more staff members engaging in training opportunities in the areas of risk and compliance, cybersecurity, insurance, occupational safety and health, finance and anti-money laundering regulations, among others. The Association remains committed to the continued development of its staff members.

During the year, three new scholarships were awarded and as at December 31, 2022 there were twenty-two students enrolled in the Association's scholarship programme. The new scholarship holders were presented with their cheques at a ceremony held in their honour at the Association's offices which was attended by both past and present scholarship holders and featured guest speakers who used their past experiences to inspire the new generation. We are grateful for the opportunity to have a positive impact on the lives of the nation's young people and look forward to seeing the great things that they will accomplish.

Like the years before it, 2022 has shown us both opportunities and challenges. We have striven to exploit the opportunities presented to us, which conquering the challenges presented. The Board is committed to ensuring that the Association provides exemplary services to its members and customers, while also complying with an ever-evolving regulatory landscape. We look forward to the years ahead and growing the Association with purpose for the benefit of all members.

2.0 Directors

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

Mr. Colin Bacchus	-	President (retired December 20, 2023)
Mr. Patterson Homer	-	Vice President (elected April 07, 2022)
Ms. Colleen Thomas	-	Director (elected April 07, 2022)
Mr. Dennis Gaymes	-	Director (elected April 07, 2022)
Mrs. Maferne Mayers-Oliver	-	Director (elected November 23, 2022)
Ms. Trichel Allen	-	Director (elected November 23, 2022)
Mr. Gary Lewis	-	Director (elected November 23, 2022)

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 thirteen (13) such meetings, comprised of ten (10) board meetings and three (03) special meetings. Attendance of Directors was as follows:

Director	Regular Meetings (Total 10)	Special Meetings (Total 03)	Total Meetings Attended (Total 13)
Colin Bacchus	10	03	13
Patterson Homer	08	02	10
Colleen Thomas	08	02	10
Dennis Gaymes	08	02	10
Maferne Mayers-Oliver	01	0	01
Trichel Allen	01	0	01
Gary Lewis	01	0	01

3.2 Directors' Interest

Director	Minimum Permanent Shares	Does Director have Loan(s)?	Are Accounts up to date?
Colin Bacchus	YES	NO	N/A
Patterson Homer	YES	NO	N/A
Colleen Thomas	YES	NO	N/A
Dennis Gaymes	YES	YES	YES
Maferne Mayers-Oliver	YES	NO	N/A
Trichel Allen	YES	NO	N/A
Gary Lewis	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 During 2022, the Association's Strategic and Operational Plans continued to guide its strategy. 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 2022, the Board continued to focus on the 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 downturn caused by COVID and the volcanic eruption continued to affect the Association's operations. During 2022, while the economy grew by 4.9%, inflation also grew by 6.7%, which had a negative effect on the Association's loan loss provisioning. The Association's performance remained steady except in the area of impairment loss on loans, which increased by $1.4 million although non-performing loans decreased by 2%. This increase was due to the high rate of inflation experienced in 2022 and the expectation that these increased levels of inflation will continue in the near future. The Association wrote off $0.9 million on loans during the year. The increase in loan loss provisions directly impacted the Association's profitability, leading to a loss for financial year 2022.

In response to this, the Association recalibrated its interest rates during 2022, based on its market review of all deposit products, except Smart Savers and Merry Money. We will continue to carefully review market rates of interest with a view towards simultaneously offering good value for our members while being in line with market rates. During 2022, the Association also increased its investments by $3.7 million, which has a positive effect on interest income. We also expanded our marketing efforts, which has increased the Association's public profile and introduced our seasonal "Merry Money" loan which is offered during the holiday season.

The moratorium which was introduced in 2020 came to an end in March 2022. As at that date, there were $13.9 million loans on moratorium. To date, that amount has been reduced to $5.1 million. Our Loans department continues to work with our customers on the remaining loans that were under the program to bring them back to the performing loan portfolio. This reduction was achieved through the tireless efforts of the Loans officers, which played a key role in containing the Association's NPL portfolio and allowed members to restructure their loans.

As part of its strategic approach towards NPLs, the Association was able to restructure $3.1 million of NPLs during 2022. 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. While there was a modest 2% reduction of the portfolio during the year, this is commendable given that $7.1 million of the moratorium loans were initially transferred to the NPL portfolio three months after the program ended.

Of key focus for the Association is bringing to our customers, value in loans and deposit products while offering exceptional customer service. Through our agency relationship with Guardian General Insurance and bill payment service, we also seek to offer a wider variety of products and convenience to our customers.

4.3 **Critical Area 2 – Improve and Increase the Customer Base:** During the year, the Association continued its thrust to increase its market presence. This was done through our 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. During the year, the Association hosted several radio interviews about its loan and deposit products and conducted promotional giveaways to loans and deposit customers. We continued our support of youth, sports and culture through a variety of partnerships and showed our commitment to women's empowerment and supporting local entrepreneurs.

The Association held its annual Customer Appreciation Day on July 15, 2022 which allowed us to engage with customers and show our appreciation for their continued patronage. The event included a food station, Membership Lounge (where a team member was on hand to answer membership related questions), Wellness Zone (with nurses on hand to perform blood pressure and blood sugar tests), live music by renowned local violinist Samuel Tonka as well as customer giveaways and prizes. To bring our members a rewarding experience, we partnered with local businesses Vincy Fresh, Oh So! Products, Emmanie's Home-made Products, Jazzy's All Natural Products and JR Biz Services.

The "Merry Money Loan" promotion was launched for the Christmas 2022 season as well as the "Pay It Back to Those Who Always Pay It Forward" initiative where the public was asked to submit video nominations of someone who they saw as selfless and inspirational. The Association partnered with Fine Things and Sugar Apple Inn to provide prizes to the winner of the initiative. SVBLA's first Game Show took place on December 21, 2022. Six loan customers were randomly selected to go head-to-head to win prizes. The Game Show was broadcast live on our social media page, garnering over 3,000 views and reaching close to 10,000 persons.

During 2024, the Association plans to conduct a comprehensive review and update of its Customer Database. This is supplementary to the ongoing updates that take place during the year. We look forward to the co-operation of all members as we undertake this exercise when they may be contacted by our Customer Service Department.

4.4 **Critical Area 3 – Improving and Enhancing Internal and External Reporting Structures:** The Risk and Compliance Department worked extensively in 2022 to ensure that the Association was compliant in all anti-money laundering and counter-financing of terrorism (AML/CFT) regulations. Training sessions were held with staff members during the year to refresh their understanding of the regulatory framework which the Association operates within. A Risk Register was established in 2022 to provide an internal mechanism by which all stakeholders can document and track issues related to Enterprise Risk Management.

4.5 **Critical Area 4 – Implementation and use of Information Technology**: The ICT Department focused on upgrading the Association's infrastructure during 2022 and sought avenues to broaden the digital services offered to customers. A cyber-security awareness program and an upgrade of network security equipment was undertaken during the year to improve information security management and to enhance the overall cybersecurity posture of the Association.

4.6 **Critical Area 5 – Corporate Social Responsibility and Community Relations:** During 2022, the Association continued it support of youth, cultural and sporting endeavours within St. Vincent and the Grenadines. Our scholarship program gives 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-two (22) active scholarship recipients as at the end of 2022.

Three (3) scholarships were awarded in 2022 as follows:

No.	YEAR	NAME OF AWARDEE	SCHOOL ATTENDING
1	2022	EnnaBelle Mc Master	Girls' High School
2	2022	Treece Oliver	Girls' High School
3	2022	Lucah Melville	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	2016	Jahlani Bacchus	St. Vincent Grammar School
2	2016	Alyssa Trotman	Girls' High School
3	2016	Karen Bellingy	Thomas Saunders Secondary School
4	2017	Mya John	Girls' High School
5	2017	Nicholai Williams	St. Vincent Grammar School
6	2018	Skye Williams	Girls' High School
7	2018	Denelle McBurnett-Blake	Bishop's College Kingstown
8	2018	K'Juandre Richards	Girls' High School
9	2019	Jaden Edwards-Barry	Girls' High School
10	2019	Ethan Balcombe	St. Vincent Grammar School
11	2019	Devenae Lyttle	St. Joseph's Convent Kingstown
12	2019	Samara Allen	Bethel High School
13	2020	Josel Da Silva	Girls' High School
14	2020	Ky-mani Johnson	St. Vincent Grammar School
15	2020	Olivia Prescott	Girls' High School
16	2020	Sakeri Burnett	St. Vincent Grammar School
17	2021	Zeph John	St. Vincent Grammar School
18	2021	Jayson John	St. Vincent Grammar School
19	2021	Ramon Matthews	St. Vincent Grammar School
20	2022	EnnaBelle Mc Master	Girls' High School
21	2022	Treece Oliver	Girls' High School
22	2022	Lucah Melville	St. Vincent Grammar School

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.

We remain committed to executing our corporate social responsibility and have made donations to educational and social causes such as the National Society of Persons with Disabilities, Tambran Tree Productions, Girls' High School, the Methodist Church, Faith Temple Church, Art N Action, SVG Masters Cricket Committee, Island Boy Entertainment, Belair Government School, Lions Club, Rotary Clubs, Salvation Army and Barrouallie Evangelical Church, among others.

4.7 **Critical Area 6 – Human Resources:** During the year, a mix of virtual / in-person training sessions were undertaken as follows:

Training/Workshop/Seminar/Course	Participants	Date	Facilitator
PECB Certified ISO 31000- Risk Manager	Pethion Greene	February 21-22, 2022	International Business & Economic Forum
Strategic Management Certificate Program (SMCP) - Risk Management	Pethion Greene	March 09, 2022	CPA Canada
DCash Training	Accounts Department Customer Service Department	March 15-23, 2022	Eastern Caribbean Central Bank (ECCB)
Orchestrating Customer Experience in the Digital Age	Pethion Greene Ava Weekes Joanne Richardson	March 17, 2022	KPMG
CompTia Security+SYO-601	Camraul Cadogan	March – December 2022 (various dates)	National Centre of Technological Innovation Inc. (NCTI)
Design Thinking Workshop	Candice Sealey	April 25-29, 2022	Centre for Enterprise Development (CED)
Marine, Burglary and Money	Lynette Garraway	May 09, 2022	Guardian Group
Marine, Burglary and Money	Jamila Gibson	May 10, 2022	Guardian Group
Liability Training	Lynette Garraway	May 12, 2022	Guardian Group
Liability Training	Jamila Gibson	May 13, 2022	Guardian Group
Digital Transformation - Leveraging Digital Technology for MSME Management	Camraul Cadogan Candice Sealey	May 17-19, 2023	Centre for Enterprise Development (CED)
Understanding and Embracing Ethics in the Workplace	Nuala Frank	May 24, 2022	CPA Canada
Anti-money Laundering (AML)	All Staff	June 01, 2022	Financial Intelligence Unit (FIU)
Fortinet and CW Business Cybersecurity Seminar	Camraul Cadogan Nuala Frank	June 09, 2022	Flow (Cable & Wireless)
Creating Value Through Budgeting	Nuala Frank	June 13, 2022	CPA Canada
Cybersecurity Awareness Seminar	All Staff	June 21, 2022	Camraul Cadogan
Fraud Happens - What to do When You Suspect Fraud	Roxine Ragguett-Duke	June 21, 2022	CPA Canada
Customer Due Diligence and Source of Funds	All Staff	July 14, 2022	Pethion Greene
Becoming a Skilled Negotiator	Roxine Ragguett-Duke	August 09, 2022	CPA Canada
Critical Thinking for Financial Controllers	Nuala Frank	August 12, 2022	CPA Canada
Communication Skills	Nuala Frank Roxine Ragguett-Duke	August 26, 2022	CPA Canada
Enterprise Risk Management (Refresher Training)	All Staff	September 08, 2022	Pethion Greene
IFRS Update Seminar	Nuala Frank Dilshorn Peters Tameka Da Souza Renata Sutherland	September 21, 2022	KPMG
Total Quality Management	Camraul Cadogan Candice Sealey Tameka Da Souza	September 19-23, 2022	Centre for Enterprise Development (CED)
Understanding and Implementing the Occupational Safety and Health Act	Joanne Richardson	September 28-29, 2022	Jaric St. Vincent
Non-Regulatory Service Provider Certificate Requirements	All Staff	September 29, 2022	Pethion Greene
AML/CFT Consultation workshop	Ava Weekes Sebastian Forde Andrea James Joanne Richardson Monique Richards Lynette Garraway Sarina Jack Rickisha Wynne	November 03, 2022	Financial Services Authority (FSA)
Financial Literacy Workshop	Tameka Da Souza	November 22-23, 2022	Centre for Enterprise Development (CED)

4.8 **Critical Area 7 – Compliance:** During 2022, the Risk and Compliance Department devoted time and effort towards ensuring that the compliance landscape of the Association is strong and that all policies are fully implemented. Attention has been paid to the AML/CFT structure of the Association to ensure that it is in line with applicable laws and regulations. A risk-based approach is always applied when conducting the operations of the Association. To solidify their knowledge, several training sessions and tests were conducted with staff members during the year, which were facilitated by the Chief Risk and Compliance Officer. These training sessions focused on the areas of risk and compliance, as well as anti-money laundering financing matters. The training is supplemented by the Association's Legislative Compliance Register and Policy, which are updated on an annual basis. In addition, the Department has been instrumental in the process of drafting the Association's strategic plan for the period 2024 – 2026 as well as the review of Association policies and procedures.

5.0 Conclusion

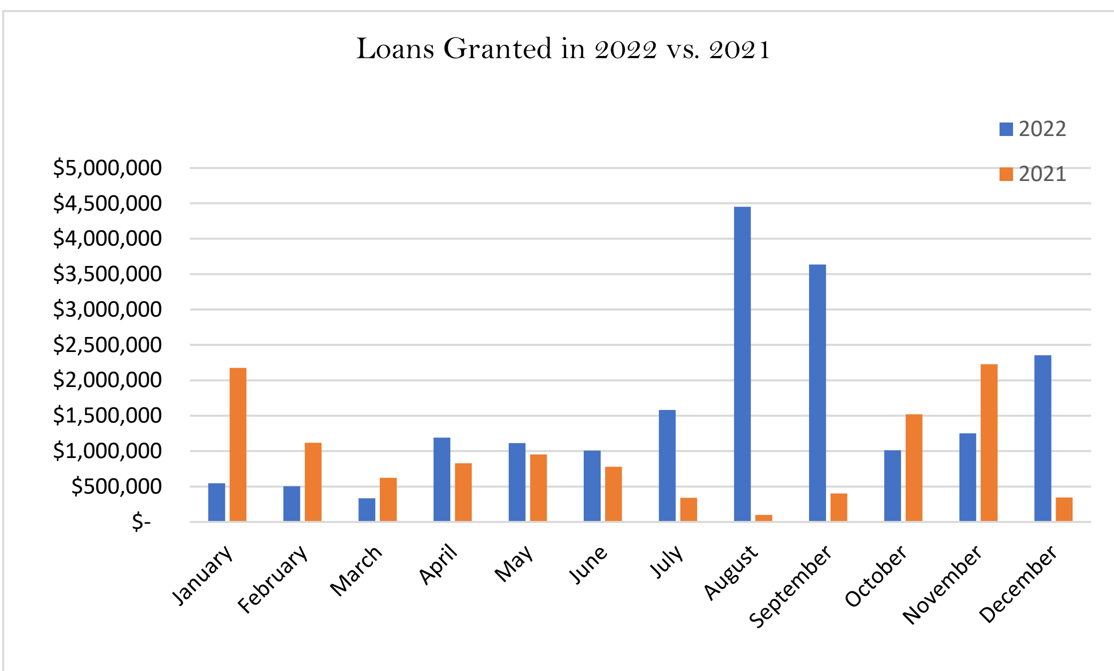
As we reflect on the past and look forward to the future, the Board of Directors acknowledges the significant and dedicated contributions of the Management and Staff towards the continued success of the Association. We also thank our members and customers for their support over the years. Those retiring from the Board are thankful to have had the opportunity to serve over the past five years and wish the new member of the Board a fruitful tenure. Our remaining Board members remain committed to serving the Association and look forward to growing the Association with purpose in the years ahead.

....

Colin B. Bacchus
President

PERFORMANCE HIGHLIGHTS

Loans Report							
2022			2021				
Date	Total Loans granted		Date	Total Loans granted		Budgeted 2022	Budgeted 2021
	Number	Value		Number	Value		
Jan-22	15	$ 545,897	Jan-21	8	$ 2,176,350	$ 1,000,000	$ 1,000,000
Feb-22	14	504,026	Feb-21	11	1,118,917	1,000,000	1,000,000
Mar-22	12	334,334	Mar-21	14	622,221	1,000,000	1,000,000
Apr-22	14	1,190,312	Apr-21	9	828,100	1,000,000	1,000,000
May-22	18	1,113,440	May-21	11	953,462	1,000,000	1,000,000
Jun-22	13	1,007,305	Jun-21	15	779,997	1,000,000	1,000,000
Jul-22	26	1,581,853	Jul-21	13	341,650	1,000,000	1,000,000
Aug-22	26	4,451,305	Aug-21	6	98,120	1,000,000	1,000,000
Sep-22	34	3,635,713	Sep-21	11	402,980	1,000,000	1,000,000
Oct-22	18	1,011,816	Oct-21	13	1,519,397	1,000,000	1,000,000
Nov-22	33	1,251,201	Nov-21	17	2,226,988	1,000,000	1,000,000
Dec-22	52	2,354,672	Dec-21	33	344,700	1,000,000	1,000,000
TOTAL	275	$18,981,874		161	$ 11,412,882	$ 12,000,000	$ 12,000,000
	Total Loans restructured			Total Loans restructured			
	16	$ 3,080,261		13	$ 2,995,188		
Total new and restructured - 2022				291	$ 22,062,135		



PERFORMANCE HIGHLIGHTS

Customer Accounts Report				
Product Category	***2022***		***2021***	
	Count	***Jan - Dec***	***Count***	***Jan - Dec***
Fixed Deposits+	12,039	$ 69,457,300	10,707	$ 55,696,781
Regular Savings	325	675,548	205	589,575
Super Savers	124	125,387	253	214,729
Smart Savers	57	41,386	43	12,997
Merry Money	42	30,623	12	57,941
Permanent Shares*	121	319,140	166	383,990
Subtotal	**12,708**	**$ 70,649,384**	**11,386**	**$ 56,956,013**

+ 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 2022***		***New Business 2021***	
	Number	***Sum Insured***	***Number***	***Sum Insured***
Fire	-	$ -	2	$ 4,249,500
Homemakers	24	12,121,407	26	9,108,097
Motor	69	1,516,647	78	1,748,104
Marine	-	-	-	-
Product & Public Liability	2	1,150,000	2	1,150,000
Burglary	-	-	-	-
Misc Accident	-	-	-	-
Contract Works	4	3,210,000	8	3,513,400
Subtotal	**99**	**$ 17,998,054**	**116**	**$ 19,769,101**
Group Life	21	3,587,030	25	4,360,762
TOTAL	**120**	**$ 21,585,084**	**141**	**$ 24,129,863**

Grant Thornton

The Saint Vincent Building and Loan Association

Financial Statements
Year Ended December 31, 2022
(in Eastern Caribbean dollars)

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Corporate Information

REGISTERED OFFICE

108 Halifax Street
Kingstown
St. Vincent and the Grenadines

DIRECTORS

Mr. Colin B. Bacchus – President
Ms. Colleen C. Thomas
Mr. Patterson A. Homer
Mr. Dennis K. Gaymes
Mr. Gary T. Lewis
Mrs. Maferne T. Mayers-Oliver
Ms. Trichel J. Allen

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
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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, 2022, 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, 2022, 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 the 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 Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2022 but does not include the financial statements and our auditors' report thereon. The directors are responsible for the other information contained with the Annual 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.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statement themselves. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

December 12, 2023

The Saint Vincent Building and Loan Association

Statement of Financial Position

As of December 31, 2022

(in Eastern Caribbean dollars)

	Notes	**2022** **$**	2021 $
ASSETS			
Cash and cash equivalents	10	**19,547,022**	21,312,627
Other receivables and prepayments	11	**953,473**	814,094
Loans and advances to members	12	**101,425,382**	102,086,009
Investment securities	13	**15,275,045**	11,585,077
Property and equipment	14	**7,849,992**	7,662,380
Total Assets		**145,050,914**	143,460,187
LIABILITIES			
Retirement benefit liability	15	**630,171**	657,929
Accounts payable and accrued liabilities	16	**1,034,995**	1,266,303
Other liabilities	17	**143,030**	108,191
Interest levy payable	18	**1,966,992**	1,532,394
Deposits due to members	19	**103,020,325**	100,820,634
Total Liabilities		**106,795,513**	104,385,451
EQUITY			
Permanent shares	20	**24,870,395**	24,854,284
Revaluation reserve	21	**5,677,391**	5,558,247
Retained earnings		**7,707,615**	8,662,205
Total Equity		**38,255,401**	39,074,736
TOTAL LIABILITIES AND EQUITY		**145,050,914**	143,460,187

These financial statements were approved by the Board of Directors and authorized for issue on December 12, 2023, and signed on its behalf by:

Colin B. Bacchus
Director

Colleen C. Thomas
Director

The Saint Vincent Building and Loan Association

Statement of Changes in Equity

For the Year Ended December 31, 2022

(in Eastern Caribbean dollars)

	Notes	Permanent Shares $	Revaluation Reserve $	Retained Earnings $	Total $
Balance as of January 1, 2021, as restated		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
Loss for the year		-	-	(817,054)	(817,054)
Revaluation of property		-	166,680	-	166,680
Other Comprehensive Income					
Remeasurement of retirement benefit liability	15	-	-	-	-
Amortization of revaluation surplus	21	-	(47,536)	47,536	-
Total Comprehensive Income		-	119,144	(769,518)	(650,374)
Transactions with Owners Recorded Directly in Equity					
Issuance of permanent shares	20	16,111	-	-	16,111
Dividends paid		-	-	(185,072)	(185,072)
Balance as of December 31, 2022		**24,870,395**	**5,677,391**	**7,707,615**	**38,255,401**

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, 2022

(in Eastern Caribbean dollars)

	Notes	**2022** **$**	2021 $
Interest income	22	**6,592,125**	6,740,866
Interest expense	22	**(2,980,966)**	(3,051,364)
Net Interest Income		**3,611,159**	3,689,502
Fees and commissions income, net	23	**370,928**	338,825
Other operating income	24	**203,539**	230,815
		4,185,626	4,259,142
Impairment (loss) recovery on financial assets, net	25	**(1,082,813)**	344,246
Net unrealized (loss) gain on FVTPL investments		**(37,568)**	110,303
Operating expenses	26	**(3,865,280)**	(3,797,196)
Finance charges		**(17,019)**	(13,045)
(Loss) Profit for the Year		**(817,054)**	903,450
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss			
Net change in revaluation reserve – property and equipment		**166,680**	-
Total Other Comprehensive Income for the Year		**166,680**	-
Total Comprehensive (Loss) Income for the Year		**(650,374)**	903,450

The Saint Vincent Building and Loan Association

Statement of Cash Flows

For the Year Ended December 31, 2022

(in Eastern Caribbean dollars)

	Notes	**2022** **$**	2021 $
Cash Flows from Operating Activities			
Profit for the year		**(817,054)**	903,450
Adjustments for:			
Depreciation expense	14	**144,077**	164,582
Interest levy		**434,598**	354,580
Impairment loss (recovery) on financial assets, net	25	**1,082,813**	(344,246)
Interest income	22	**(6,592,125)**	(6,740,866)
Loss on disposal of property and equipment		**6,028**	2,075
Dividend income	24	**(10,243)**	(6,199)
Interest expense	22	**2,980,966**	3,051,364
Cash Flows before Changes in Operating Assets and Liabilities		**(2,770,940)**	(2,615,260)
Change in other receivables and prepayments		**(139,379)**	68,563
Change in loans and advances to members		**(549,172)**	1,547,830
Change in retirement benefit liability, net		**(27,758)**	(27,759)
Change in accounts payable and accrued liabilities		**(231,308)**	15,679
Change in deposits due to members		**2,721,049**	(1,916,146)
Change in other liabilities		**34,839**	(81,516)
Cash Used in Operations		**(962,669)**	(3,008,609)
Interest received		**6,611,941**	6,164,694
Dividends received		**10,243**	6,199
Interest paid		**(3,502,324)**	(3,190,984)
Net Cash Generated from (Used in) Operating Activities		**2,157,191**	(28,700)
Cash Flows from Investing Activities			
Purchase of property and equipment	14	**(171,037)**	(143,172)
Change in investment securities, net		**(3,582,798)**	(1,628,532)
Net Cash Used in Investing Activities		**(3,753,835)**	(1,771,704)
Cash Flows from Financing Activities			
Proceeds from issuance of permanent shares		**16,111**	19,600
Dividends paid		**(185,072)**	-
Net Cash (Used in) Generated from Financing Activities		**(168,961)**	19,600
Net Decrease in Cash and Cash Equivalents		**(1,765,605)**	(1,780,804)
Cash and Cash Equivalents, Beginning of Year	10	**21,312,627**	23,093,431
Cash and Cash Equivalents, End of Year	10	**19,547,022**	21,312,627

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

The Saint Vincent Building and Loan Association

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(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, 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*

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, 2022, 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 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 7 – Financial risk review

Note 8 – 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, 2022.

Although these new standards and amendments were applied for the first time in 2022, 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, 2022, 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 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 is yet to be determined

(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.

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.

(in Eastern Caribbean dollars)

7. Financial Risk Review …..*Cont'd*

a) Credit Risk …..*Cont'd*

Collateral …..*Cont'd*

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.

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 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 forecast economic conditions.

(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 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 allowance 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. 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	
	2022	2021
	$	$
Cash and cash equivalents	**19,392,195**	21,157,667
Other receivables	**912,202**	792,567
Loans and advances to members	**101,425,382**	102,086,009
Investment securities	**15,275,045**	11,585,077
	137,004,824	135,621,320
Credit risk exposures relating to off-balance sheet items:		
Loan commitments	**3,990,424**	915,358
	140,995,248	136,536,678

(in Eastern Caribbean dollars)

7. Financial Risk Review …..*Cont'd*

a) Credit Risk …..*Cont'd*

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

Loans and Advances to Members

Loans and advances to members are summarized as follows.

	2022	2021
	$	$
Performing loans	**72,880,593**	73,221,770
Non-performing loans	**39,704,654**	40,456,769
Gross	**112,585,247**	113,678,539
Less: allowance for impairment	**(11,159,865)**	(11,592,530)
Net	**101,425,382**	102,086,009

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, 2022	**64,645,228**	**2,730,336**	**67,375,564**
At December 31, 2021	66,379,130	2,188,834	68,567,964

(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 - 2022		
	Mortgage Loans $	**Personal Loans $**	**Total $**
Secured – Past due under 90 days	**4,417,372**	**30,014**	**4,447,386**
Unsecured – Past due 30 to 59 days	**16,035**	**20,517**	**36,552**
Unsecured – Past due 60 to 89 days	**7,712**	**33,523**	**41,235**
	4,441,119	**84,054**	**4,525,173**

	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

Loans and Advances to Members (Stage 3)

	Mortgage Loans $	Personal Loans $	Total $
At December 31, 2022	**39,129,969**	**1,554,541**	**40,684,510**
At December 31, 2021	40,314,211	1,256,736	41,570,947

(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, 2022:

	2022	2021
	$	$
Stage 1	**-**	14,127,688
Stage 2	**-**	-
Stage 3	**-**	-
	-	14,127,688

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, 2022		
Lower than A-	**6,678,332**	**6,678,332**
Not rated	**8,233,759**	**8,233,759**
Total	**14,912,091**	**14,912,091**

	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

Repossessed Collateral

At the end of December 31, 2022 and 2021 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, 2022					
Cash and cash equivalents	**19,392,195**	**-**	**-**	**-**	**19,392,195**
Other receivables	**-**	**-**	**-**	**912,202**	**912,202**
Loans and advances to members	**-**	**-**	**101,425,382**	**-**	**101,425,382**
Investment securities:					
At amortized cost	**12,105,65**	**2,807,026**	**-**	**-**	**14,912,091**
At FVTPL	**362,954**	**-**	**-**	**-**	**362,954**
	31,860,214	**2,807,026**	**101,425,382**	**912,202**	**137,004,824**
Credit Risk - Off Balance Sheet Items					
Loan commitments	**-**	**-**	**3,990,424**	**-**	**3,990,424**
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

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 the 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, 2022			
Financial Assets			
Cash and cash equivalents	**19,547,022**	**-**	**19,547,022**
Other receivables	**912,202**	**-**	**912,202**
Loans and advances to members	**101,425,382**	**-**	**101,425,382**
Investment securities: amortized cost	**14,912,091**	**-**	**14,912,091**
Investment securities: FVTPL	**34,580**	**328,374**	**362,954**
Total Financial Assets	**136,831,277**	**328,374**	**137,159,651**
Financial Liabilities			
Accounts payable and accrued liabilities	**1,034,995**	**-**	**1,034,995**
Other liabilities	**143,030**	**-**	**143,030**
Deposits due to members	**103,020,325**	**-**	**103,020,325**
	104,198,350	**-**	**104,198,350**
Net on Balance Sheet Financial Position	**32,632,927**	**328,374**	**32,961,301**
Credit Commitments	**3,990,424**	**-**	**3,990,424**

(in Eastern Caribbean dollars)

7. Financial Risk Review …..*Cont'd*

c) Currency Risk …..*Cont'd*

	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

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, 2022							
Financial Assets							
Cash and cash equivalents	-	1,985,155	-	-	-	17,561,867	19,547,022
Other receivables	9,633	-	-	-	-	902,569	912,202
Loans and advances to members	6,903,337	438,119	1,862,089	12,615,215	79,606,622	-	101,425,382
Investment securities: amortized cost	1,372,742	6,481,583	3,005,816	4,051,950	-	-	14,912,091
Investment securities: FVTPL	-	-	-	-	-	362,954	362,954
Total Financial Assets	8,285,712	8,904,857	4,867,905	16,667,165	79,606,622	18,827,390	137,159,651
Financial Liabilities							
Accounts payable and accrued liabilities	-	-	-	-	-	1,034,995	1,034,995
Other liabilities	-	-	-	-	-	143,030	143,030
Deposits due to members	15,438,748	9,778,850	41,980,506	34,826,178	-	996,043	103,020,325
Total Financial Liabilities	15,438,748	9,778,850	41,980,506	34,826,178	-	2,174,068	104,198,350
Net Interest Re-Pricing Gap	(7,153,036)	(873,993)	(37,112,601)	(18,159,013)	79,606,622	16,653,322	32,961,301

(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*

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, 2022						
Financial Liabilities						
Accounts payable and accrued liabilities	**1,034,995**	**-**	**-**	**-**	**-**	**1,034,995**
Deposits due to members	**16,316,550**	**9,897,649**	**43,250,405**	**36,662,563**	**-**	**106,127,167**
Other liabilities	**143,030**	**-**	**-**	**-**	**-**	**143,030**
Total Financial Liabilities	**17,494,575**	**9,897,649**	**43,250,405**	**36,662,563**	**-**	**107,305,192**
Assets Held for Managing Liquidity Risk	**27,936,774**	**6,919,702**	**4,867,905**	**16,667,165**	**79,606,622**	**135,998,168**
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

(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.

	2022	2021
	$	$
Loan commitments	**3,990,424**	915,358

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.

	2022	2021
	$	$
Permanent shares	**24,870,395**	24,854,284
Accumulated surplus	**7,707,615**	8,662,205
Total Capital	**32,578,010**	33,516,489
Total Assets	**145,050,914**	143,460,187
Minimum Capital Requirement (10%)	**14,505,091**	14,346,019

(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**	
	2022	2021	**2022**	2021
	$	$	**$**	$
Financial Assets				
Investment securities	**14,912,091**	11,184,555	**14,912,091**	11,184,555
Other receivables	**912,202**	792,567	**912,202**	792,567
Loans and advances to members	**101,425,382**	102,086,009	**88,185,467**	80,904,863
Financial Liabilities				
Accounts payable and accrued liabilities	**1,034,995**	1,266,303	**1,034,995**	1,266,303
Deposits due to members	**103,020,325**	100,820,634	**106,127,167**	106,294,537
Other liabilities	**143,030**	108,191	**143,030**	108,191
Interest levy payable	**1,966,992**	1,532,394	**1,966,992**	1,532,394

(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, 2022			
Investment securities: FVTPL	**328,373**	**34,581**	**362,954**
As of December 31, 2021			
Investment securities: FVTPL	365,941	34,581	400,522

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**
Asset based approach with discounts applied where prudent, with subsequent consideration of the Association's shareholding	Net assets Shareholding percentage	The estimated fair value would increase/(decrease) if: Net assets were higher/(lower) 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, 2022	
Property and equipment: Land and buildings	**7,358,680**
Total Non-Financial Assets	**7,358,680**
December 31, 2021	
Property and equipment: Land and buildings	7,250,903
Total Non-Financial Assets	7,250,903

Fair value of the Association's main property assets was revalued on December 31, 2022 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 a 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.

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

	2022	2021
	$	$
Cash on hand	**154,827**	154,960
Current accounts	**9,491,854**	9,168,371
Fixed deposits, net	**2**	2
Savings account	**7,915,184**	9,999,834
Treasury bills	**1,985,155**	1,989,460
	19,547,022	21,312,627

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

	2022	2021
	$	$
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

	2022	2021
	$	$
Home mortgage premiums receivable	**556,134**	616,143
Rent receivable	**27,855**	33,578
Insurance claims receivable	**218,897**	17,487
Commissions receivable	**22,614**	22,701
Other receivables	**189,198**	205,154
	1,014,698	895,063
Allowance for impairment losses	**(102,496)**	(102,496)
	912,202	792,567
Prepayments	**41,271**	21,527
	953,473	814,094

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:

	2022	2021
	$	$
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

	2022	2021
	$	$
Mortgage loans	**106,861,364**	108,199,625
Personal loans	**3,960,809**	3,588,854
Interest and fines receivables on loans	**1,763,074**	1,890,060
	112,585,247	113,678,539
Allowance for impairment	**(11,159,865)**	(11,592,530)
	101,425,382	102,086,009

The weighted average interest rate on loans and advances to members as of December 31, 2022 is 8% (2021: 8%).

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

	2022	2021
	$	$
Balance at beginning of year	**11,592,530**	12,945,012
Allowances made during the year	**489,494**	120,000
Recoveries during the year	**-**	(846,612)
Write-offs during the year	**(922,159)**	(625,870)
Balance at end of year	**11,159,865**	11,592,530

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, 2022			
Gross Loans before Allowance	**108,216,316**	**4,368,931**	**112,585,247**
Stage 1: 12 month ECL	**(181,380)**	**(24,984)**	**(206,364)**
Stage 2: Lifetime ECL	**(162,417)**	**(9,456)**	**(171,873)**
Stage 3: Credit Impaired Financial Assets: Lifetime ECL	**(10,431,427)**	**(350,201)**	**(10,781,628)**
	97,441,092	**3,984,290**	**101,425,382**

	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)	(17,863)	(231,777)
Stage 2: Lifetime ECL	(76,332)	(936)	(77,268)
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

(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:

	2022			
	Stage 1 12 Months ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Mortgage				
Loss Allowance as at January 1	**213,914**	**76,332**	**10,948.584**	**11,238,830**
Changes in the loss allowance				
- Transfer to stage 1	**(135,913)**	**35,310**	**100,603**	**-**
- Transfer to stage 2	**(143,598)**	**141,200**	**2,398**	**-**
- Transfer to stage 3	**(1,205,921)**	**(9,936)**	**1,215,857**	**-**
- Net remeasurement of loss allowance	**1,398,282**	**(81,168)**	**(954,458)**	**362,656**
- New financial assets originated	**60,726**	**679**	**27,797**	**89,202**
- Write-offs	**(6,110)**	**-**	**(909,354)**	**(915,464)**
Loss Allowance as at December 31	**181,380**	**162,417**	**10,431,427**	**10,775,224**

	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

(in Eastern Caribbean dollars)

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

	2022			
	Stage 1 12 Months ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Personal				
Loss Allowance as at January 1	**17,862**	**937**	**334,901**	**353,700**
Changes in the loss allowance				
- Transfer to stage 1	**(583)**	**583**	**-**	**-**
- Transfer to stage 2	**(5,702)**	**5,702**	**-**	**-**
- Transfer to stage 3	**(55,026)**	**(4,794)**	**59,820**	**-**
- Net remeasurement of loss allowance	**47,753**	**4,497**	**(54,994)**	**(2,744)**
- New financial assets originated	**20,680**	**2,531**	**17,168**	**40,379**
- Write-offs	**-**	**-**	**(6,694)**	**(6,694)**
Loss Allowance as at December 31	**24,984**	**9,456**	**350,201**	**384,641**

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

(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:

	2022 Stage 1 12 Months ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Total ECL				
Loss Allowance as at January 1	**231,776**	**77,269**	**11,283,485**	**11,592,530**
Changes in the loss allowance				
- Transfer to stage 1	**(136,496)**	**35,893**	**100,603**	**-**
- Transfer to stage 2	**(149,300)**	**146,902**	**2,398**	**-**
- Transfer to stage 3	**(1,260,947)**	**(14,730)**	**1,275,677**	**-**
- Net remeasurement of loss allowance	**1,446,035**	**(76,671)**	**(1,009,452)**	**359,912**
- New financial assets originated	**81,407**	**3,210**	**44,965**	**129,582**
- Write-offs	**(6,110)**	**-**	**(916,049)**	**(922,159)**
Loss Allowance as at December 31	**206,364**	**171,873**	**10,781,627**	**11,159,865**

	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	102,134	11,041	66,330	179,505
- Write-offs	-	(3,124)	(622,746)	(625,870)
Loss Allowance as at December 31	231,777	77,268	11,283,485	11,592,530

(in Eastern Caribbean dollars)

13. Investment Securities

	2022	2021
	$	$
Securities Measured at Amortized Cost		
Debt securities:		
Unlisted	**20,905,545**	17,124,413
Interest receivable	**135,240**	128,156
	21,040,785	17,252,569
Less: expected credit losses	**(6,128,694)**	(6,068,014)
	14,912,091	11,184,555
Securities Measured at FVTPL		
Equity securities:		
Listed	**328,373**	365,941
Unlisted	**544,580**	544,580
	872,953	910,521
Less: expected credit losses	**(509,999)**	(509,999)
	362,954	400,522
Total Investment Securities	**15,275,045**	11,585,077

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

	2022	2021
	$	$
Balance at beginning of year	**6,068,014**	6,056,182
Recoveries during the year	**-**	-
Allowance made during the year	**60,680**	11,832
Balance at end of year	**6,128,694**	6,068,014

Debt securities measured at amortized cost have interest rates of 1.0% to 7.5% (2021: 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 7 and 8.

All investments are classified as stage 1, except for investments in BAICO, which have a gross carrying value of $6M and are classified as stage 3.

(in Eastern Caribbean dollars)

14. Property and Equipment

	Freehold Land $	Freehold Building $	Furniture, Fixtures & Equipment $	Computer Software $	Total $
Cost/revaluation					
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
Balance at January 1, 2022	3,449,000	3,909,000	1,580,532	728,178	9,666,710
Additions	-	-	136,008	35,029	171,037
Revaluation	680	-	-	-	680
Disposals	-	-	(29,157)	-	(29,157)
Balance at December 31, 2022	3,449,680	3,909,000	1,687,383	763,207	9,809,270
Accumulated depreciation					
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
Balance at January 1, 2022	-	107,097	1,244,775	652,458	2,004,330
Depreciation for the year	-	58,903	77,836	7,338	144,077
Revaluation	-	(166,000)	-	-	(166,000)
Disposals	-	-	(23,129)	-	(23,129)
Balance at December 31, 2022	-	-	1,299,482	659,796	1,959,278
Carrying amounts					
Balance at January 1, 2021	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
Balance at December 31, 2022	**3,449,680**	**3,909,000**	**387,901**	**103,411**	**7,849,992**

The Association's freehold land and buildings were revalued on December 31, 2022, by Chris Browne, an independent valuator at an open market value of $7,358,680. 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 fifteen 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.

	2022 **$**	2021 $
Balance at beginning of the year	**657,929**	685,688
Included in profit or loss:		
Interest cost	**-**	-
Included in OCI:	**-**	
Effect of changes in financial assumptions	**-**	-
Effect of experience adjustments	**-**	-
Other:		
Benefits paid	**(27,758)**	(27,759)
	630,171	657,929
Plan assets	**-**	-
Balance at end of year	**(630,171)**	(657,929)
Number of Participants		
Active	**8**	9
Inactive	**26**	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, 2022, the impaired pension assets were valued at $1.5 million (2021: $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

	2022	2021
	$	$
Accrued liabilities	**834,323**	831,283
Accounts payable – utilities	**2,967**	19,298
Payroll (receivables) accruals	**42,255**	6,270
Creditors / prepaid rent	**1,009**	-
Guardian General insurance payable	**95,818**	271,811
Group life mortgage insurance	**52,340**	131,737
Excess cash	**6,283**	5,904
	1,034,995	1,266,303

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

	2022	2021
	$	$
Other	**143,030**	108,191
	143,030	108,191

	2022	2021
	$	$
Current	**143,030**	108,191
	143,030	108,191

18. Interest Levy Payable

	2022	2021
	$	$
Interest levy on special deposits	**1,966,992**	1,532,394

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

	2022	2021
	$	$
Savings	**12,692,388**	11,813,761
Other deposits	**1,940,711**	1,123,591
Fixed deposits	**76,775,806**	76,743,031
Super Savers accounts	**9,038,656**	8,525,079
Death benefit fund	**8,820**	51,228
Interest payable	**2,563,944**	2,563,944
	103,020,325	100,820,634

(in Eastern Caribbean dollars)

19. Deposits Due to Members …..*Cont'd*

	2022	2021
	$	$
Current	**68,194,147**	64,688,749
Non-current	**34,826,178**	36,131,885
	103,020,325	100,820,634

20. Permanent Shares

	2022	2021
	$	$
Authorized:		
Unlimited permanent shares of no value		
Issued and fully paid:		
2,487,040 (2021: 2,485,428)	**24,870,395**	24,854,284
Number of shares issued	**2,487,040**	2,485,428

During the year, the Association issued 1,611 (2021: 1,960) shares at $10 each to its members for cash consideration of $16,110 (2021: $19,600).

21. Revaluation Reserve

The movement on the revaluation reserve is as follows:

	2022	2021
	$	$
Beginning of year	**5,558,247**	5,606,754
Revaluation	**166,680**	-
Amortization of revaluation surplus during the year	**(47,536)**	(48,507)
End of year	**5,677,391**	5,558,247

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

	2022	2021
	$	$
Interest Income		
Loans and advances to members	**6,238,839**	6,396,476
Deposits and investments	**353,286**	344,390
	6,592,125	6,740,866
Interest Expense		
Savings accounts	**(307,488)**	(291,872)
Supersaver accounts	**(261,491)**	(254,861)
Fixed deposits	**(2,411,987)**	(2,504,631)
	(2,980,966)	(3,051,364)
Net Interest Income	**3,611,159**	3,689,502

(in Eastern Caribbean dollars)

23. Fees and Commissions Income, Net

	2022	2021
	$	$
Fines income	**24,503**	15,838
Commissions earned on insurance	**285,611**	280,647
Commissions earned on ECHMB and BOSVG loans	**-**	-
Commission earned on payment services	**51,413**	32,473
Other fees income	**9,401**	9,867
	370,928	338,825

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

	2022	2021
	$	$
Rental income	**98,084**	98,291
Dividend income	**10,243**	6,199
Legal fees income	**95,192**	125,496
Other income	**20**	829
	203,539	230,815

(in Eastern Caribbean dollars)

25. Impairment Loss (Recovery) on Financial Assets

	2022 $	2021 $
Net remeasurement of loss allowance - loans and advances to members	**489,494**	(726,612)
Net remeasurement of loss allowance - investments	**60,680**	11,831
Write-off of loans and advances to members	**532,639**	370,535
	1,082,813	(344,246)

26. Operating Expenses

	2022 $	2021 $
Advertising and promotion	**68,819**	43,847
Annual general and special meeting expenses	**49,395**	9,162
Audit fees	**136,219**	125,202
Bank and other licenses	**1,500**	1,625
Cleaning services	**80,620**	73,270
Computer expenses	**55,995**	34,150
Depreciation expense **(Note 14)**	**144,077**	164,582
Directors' fees **(Note 28)**	**54,000**	64,800
Donations and subscriptions	**23,693**	25,546
Electricity	**124,244**	124,651
Employee benefit expenses **(Note 27)**	**2,064,086**	2,049,257
Insurance	**32,021**	31,375
Interest levy	**434,598**	354,580
Legal and professional fees	**13,957**	76,294
Loss on disposal of property and equipment	**6,028**	2,075
Office expenses	**124,293**	117,318
Other expenses	**77,883**	74,343
Postage, printing and stationery	**42,908**	42,526
Rates and taxes	**17,316**	18,557
Rental expenses	**11,136**	11,136
Repairs and maintenance	**29,174**	77,614
Scholarships	**28,908**	32,700
Security	**138,126**	131,379
Staff expenses and uniforms	**20,204**	13,809
Telephone	**73,807**	77,184
Training expenses	**12,273**	20,214
	3,865,280	3,797,196

27. Employee Benefit Expenses

	2022 $	2021 $
Salaries and wages	**1,723,417**	1,668,568
Travelling, telephone and housing allowance	**82,177**	82,185
National insurance contributions	**71,955**	74,721
Gratuity and other staff benefits	**186,537**	223,783
	2,064,086	2,049,257

(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

	2022	2021
	$	$
Loans and Advances to Directors		
Loans outstanding at end of year	**341,382**	-
Interest income earned	**19,055**	-
Loans to Other Related Parties		
Principal balance	**745,749**	103,277
Interest income	**30,446**	8,769
Deposits Due to Related Parties		
Principal balance	**135,079**	177,341
Interest expense	**2,433**	3,795

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:

	2022	2021
	$	$
Salaries and other short-term benefits	**393,000**	390,600
Gratuity expense	**36,000**	52,248
Directors' remuneration	**54,000**	64,800

29. Loan Commitments

Loans approved but not yet drawn down at December 31, 2022, amounted to $3,990,424 (2021: $915,358).

30. Comparative Figures

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