ST. VINCENT BUILDING & LOAN ASSOCIATION

82nd Annual General Meeting

Let's Stay Connected!

September 30th, 2024
Kingstown Methodist Church Hall

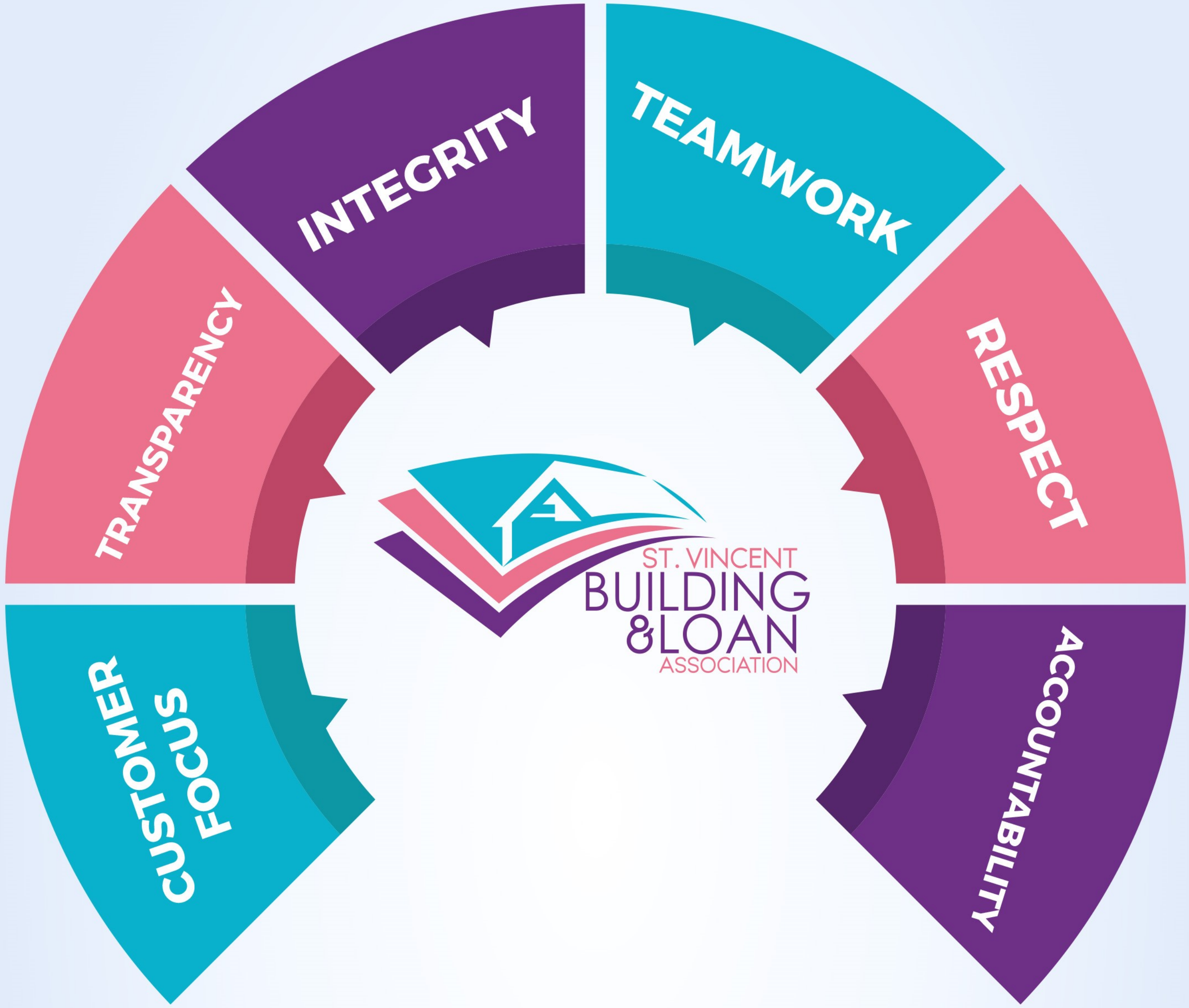
ST. VINCENT BUILDING & LOAN ASSOCIATION

Our Mission

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

Our Vision

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


INTEGRITY
TEAMWORK
RESPECT
ACCOUNTABILITY
CUSTOMER FOCUS
TRANSPARENCY
ST. VINCENT
BUILDING
&LOAN
ASSOCIATION


Core
Values

Life as we know it today has dramatically changed with the evolution of technology. To date, smartphones have become an inseparable part of our daily lives. With one touch, you can instantly connect with friends and family anywhere in the world, keep abreast of current events or conduct a transaction with one's financial institution. Your account balance, statements and more would soon be available with one touch...

SVBLA in keeping with this year's theme, **'Let's stay connected'** takes this opportunity to advise you of our soon to be introduced digital services under the brand umbrella eConnect

Whilst we maintain our personal touch with you, our membership, our service will be dramatically improved anywhere and anytime with increased connectivity.

eConnect

eConnect Mobile

eConnect Money

eConnect Video

TABLE OF CONTENTS

St. Vincent Building & Loan Association

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 82nd Annual General Meeting of the St. Vincent Building & Loan Association will be held at the Methodist Church Hall, Kingstown, on

Monday 30th September, 2024 at 4:15 p.m.

AGENDA

1. Call to Order/Prayer
2. Welcome - President
3. Amendments and Adoption of the Minutes of the 81st Annual General Meeting, 20th December, 2023
4. Matters Arising from the 81st 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, 2023
7. Election of Directors
8. Election of Auditors
9. Any Other Business
10. Adjournment

BY ORDER OF THE BOARD OF DIRECTORS

Dannielle A. J. France
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
Gary Matthias

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. Internal 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.

BOARD OF DIRECTORS

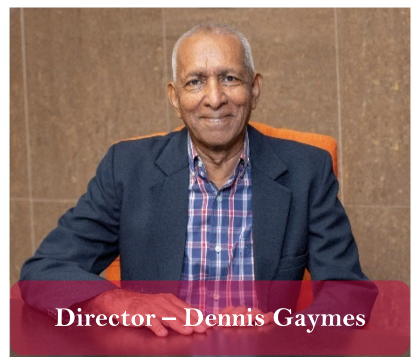

President – Gary Matthias


Director – Trichel Allen

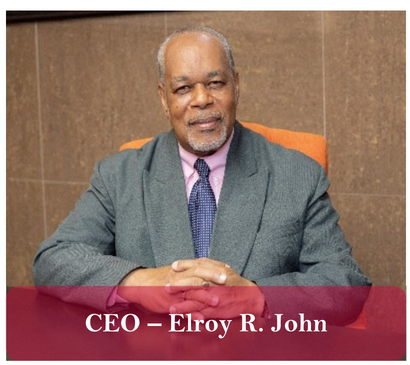

Director – Colleen Thomas


Director –
Maferne Mayers-Oliver


Director – Patterson Homer


Director – Dennis Gaymes


Director – Gary Lewis


CEO – Elroy R. John


Corporate Secretary –
Dannielle France

ST. VINCENT
BUILDING
&LOAN
ASSOCIATION

STAFF OF THE ST. VINCENT BUILDING & LOAN ASSOCIATION

Staff of the St. Vincent Building & Loan Association

Management Team of the St. Vincent Building & Loan Association
Not Pictured – Sean Cato, Pethion Greene & Roxine Ragguett-Duke

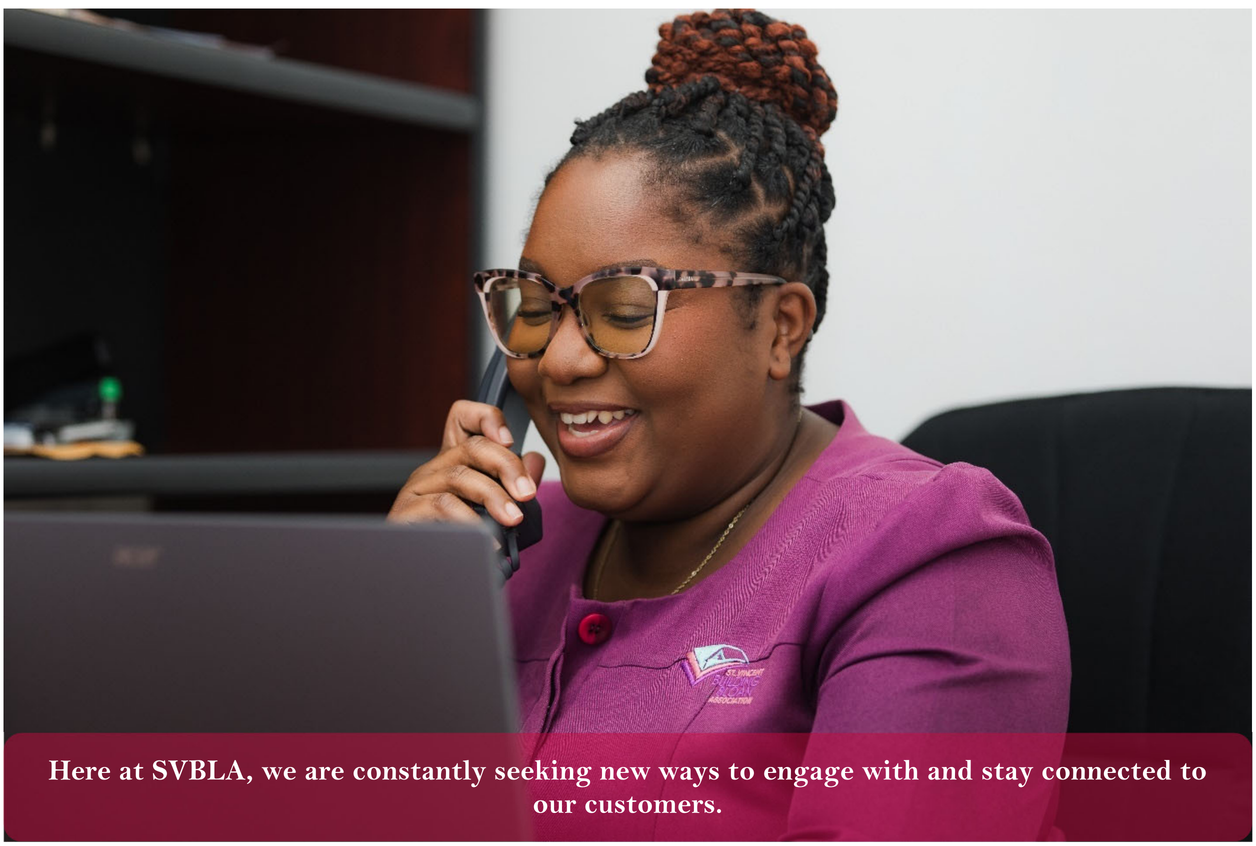
STAFF OF THE ST. VINCENT BUILDING & LOAN ASSOCIATION

Accounts, Human Resources and Administrative & Legal and Compliance Departments
Not Pictured – Pethion Greene and Roxine Ragguett-Duke

Customer Service and ICT Departments
Not Pictured – Xavique Wyllie

STAFF OF THE ST. VINCENT BUILDING & LOAN ASSOCIATION

Loans and Insurance Departments
Not Pictured – Sean Cato, Uklyn Williams, Sarina Jack & Kenneth Peters



Here at SVBLA, we are constantly seeking new ways to engage with and stay connected to our customers.

SVBLA HIGHLIGHTS

SVBLA Collaborates with Red Root SVG to Give Backpacks to Needy Families

Miss SVG 2023 at SVBLA 'Like Yuh Self' Promo at AIA

Miss Windward 2023 Contestants Posing with the Loans Department


2023 SVBLA Scholarship Recipients


SVBLA Sponsored 2023 Central Leeward Secondary School Sports Meet

SVBLA HIGHLIGHTS

SVBLA Mother's Day Sip and Paint Activity

SVGCC Interns at SVBLA

Members of the SVBLA Team at the 2023 Girls' Empowerment Summit

SVBLA Celebrates Christmas with 8ft Christmas Stocking Prize

SVBLA Father's Day Giftbox

PRESIDENT'S ADDRESS

Introduction

Dear Members, as we reflect on 2023, our theme, "Let's Stay Connected", resonates more than ever. Despite facing a dynamic environment marked by macroeconomic challenges, natural disasters, and the rigorous oversight of our regulators, the Financial Services Authority (FSA), the St. Vincent Building and Loan Association remains steadfast in its commitment to you, our valued members.

I am proud to report that the Association performed exceptionally well over the reporting period. We saw notable increases in profitability and loan interest revenue and decreases in our loan loss provisions. These positive outcomes reflect our collective dedication to sound governance, prudent financial management, and our unwavering focus on serving the financial needs of our members.

Despite ongoing challenges, including economic volatility and increased regulatory oversight, we remain focused on strengthening our resilience and adaptability. As we move forward, we remain focused on providing innovative financial solutions and maintaining the trust you have placed in us.

Looking ahead, the Association is optimistic about the future. We are dedicated to fostering strong connections with you—our members—and enhancing our role in contributing to the economic development of St. Vincent and the Grenadines. Together, we will navigate these uncertain times, building on the strong foundation we have set and staying connected to the vision of a brighter, stronger tomorrow.

Operations Overview

The Association's operations rebounded during 2023, with a profit of $1.05 million being realized during the year. This was achieved through stringent management of the non-performing loan portfolio, new loan business and reduced interest expense. The Association had reduced its interest rates on most deposit classes by 0.25% in line with market trends during 2022. This contributed to lower interest expense in 2023. The Association continues to work with its members to regularize the non-performing loan portfolio and to curb migration. Due to the reduction in the portfolio during the year, we were able to have a modest recovery on impairment losses of $0.16 million. Loans and advances to members increased by 3.5% during the year, contributing to the increase in interest income at year end.

During 2023, there was an increase in the Association's Operating Expenses. This was primarily due to increased Advertising and Promotion, Depreciation, Employee Benefit Expenses and Legal and Professional Fees. The Association's Strategic Plan focuses on engaging with our customers, maintaining and improving our technology and keeping our staff engaged. Consequently, these related costs would have seen increases during the year and we increased our marketing presence to grow the Association's business, develop our technology to serve members better and retain our staff. In 2023, we were mandated by our regulators to conduct an

Asset Quality Review and a Capital Planning Assessment. The process was begun in December 2023 and has continued into 2024. There are significant costs related to these endeavours, which are reflected in our Professional Fees for 2023 and that will also occur in 2024.

As at December 31, 2023 the retained earnings of the Association stood at $8.8 million (2022: $7.7 million). Total equity was $39.3 million, and we are compliant with the Financial Services Authority's (FSA) regulations with a capital adequacy ratio of 23% (2022: 22%).

The non-performing loan (NPL) portfolio stood at $33.8 million at the end of 2023 (2022: $39.7 million), a decrease of 15% from 2022. The Association did commendably well managing this portfolio during 2023, which saw significant reductions after the expiration of all moratoriums. The results were achieved through diligent follow-up with customers to prevent loan migration, restructuring of loan facilities where possible and sale of property when all other avenues have been exhausted. Management of the non-performing loan portfolio is a key component of the Association's Strategic Plan and its reduction is one of our key goals.

Acknowledgements

In closing, I would like to extend my heartfelt gratitude to the past Board Executives for their tremendous work during 2023. A special thank you goes to Past President Colin Bacchus and Past Vice President Patterson Homer, whose dedication and leadership have been invaluable. Unfortunately, Mr. Homer had to step down from the Board due to health reasons, and we wish him a full and speedy recovery. Two members of this current Board are retiring at this AGM, Colleen Thomas and Dennis Gaymes. Director Gaymes has expressed that he does not wish to serve another term, while Director Thomas is eligible for re-election. I extend my best wishes to her in the upcoming election, as we still have important work ahead that I hope we can continue to accomplish together.

I also want to acknowledge and thank our employees for their hard work and unwavering commitment to the Association. Your efforts have been instrumental to our success, and I encourage you to continue striving for excellence as we work together to elevate the Association to even greater heights.

To our members, your continued support, loyalty, and trust are the foundation of everything we do. Thank you for standing by us and for believing in the vision we share for a stronger, more resilient financial institution.

With that, I welcome you all to today's AGM and wish you a productive and successful meeting as we stay connected and build towards a bright future together.

Gary A. Matthias
President

Minutes of the 81st Annual General Meeting of the St. Vincent Building and Loan Association, held at the Methodist Church Hall on 20th December 2023, at 4:15 p.m.

PRESENT:

Mr. Colin Bacchus	President
Mr. Dennis Gaymes	Director
Ms. Colleen Thomas	Director
Ms. Trichel Allen	Director
Mrs. Maferne Mayers-Oliver	Director
Mr. Gary Lewis	Director
Mr. Elroy R. John	CEO

ABSENT:

Mr. Patterson Homer	Director

Fifty-three (53) Members and thirty-one (31) staff were in attendance.

1. CALL TO ORDER

President Colin Bacchus called the meeting to order at 5 p.m.

PRAYER

Director Maferne Mayers-Oliver said the opening prayer.

2. WELCOME

President Bacchus welcomed everyone to the 81st Annual General Meeting (AGM).

President Bacchus acknowledged that although 2022 was a challenging year for the Association as well as other financial institutions in St. Vincent and the Grenadines and across the region, the Association emerged re-committed to its Membership and the growth of same.

He explained that in 2022, the Association celebrated its 80th Annual General Meeting (AGM) and completed its first three-year strategic plan, with the aim of safeguarding a firm future for its members by devising strategies to achieve its strategic goals.

President Bacchus emphasised that at the centre of the Association's plan was value creation for its Membership. He explained that while the Association was unable to achieve all its strategic goals because of external constraints such as the pandemic, volcanic eruption, and global economic downturn, it made significant progress towards them and remained steadfast in creating value for its stakeholders.

He said that in 2023, a comprehensive review of the Association's operations was done, with a commitment being made to the next three-year strategic plan for the period 2024 – 2026.

President Bacchus noted that in 2022, St. Vincent and Grenadines began its return to normalcy following the eruption of the La Soufriere volcano in 2021, while it continued to cope with the COVID-19 pandemic which started in 2020. March 2022 saw the moratoriums that were in place to assist Members affected by the pandemic come to an end. At the same time, however, a significant portion of Members on the program had not yet found their financial footing and were unable to service their loans as agreed. Nevertheless, the Association remained persistent and worked assiduously with its members to restructure their loans where practicable.

President Bacchus explained that to date, $9.2 million in moratorium loans had been restructured or regularized, and that the Association remains committed to working with its members in this regard.

Referring to the above-mentioned issues, as well as to rising inflation, he noted that in 2022, the Association saw an increase in its loan loss provisioning, but always, it strived to constrain costs where possible. He further noted that while overall it recorded a loss for the prior financial year, it improved its cash flow from operations and its investments to generate additional income. He highlighted that the Association continued its goal of reducing the Non-Performing Loan (NPL) portfolio, even though efforts were hampered by the $7.1 million in moratorium loans that became non-performing in 2022. NPL loans decreased by 2% or $0.7 million in 2022. He said that the Association will continue to work towards reducing the portfolio through means of property sales, foreclosure, and restructuring, where appropriate.

Speaking on the Customer Appreciation Day, President Bacchus reported that in July 2022, the Association collaborated with several local businesses to celebrate its members and customers. This was done through promotional items giveaways, refreshments and showcases for the work of local artisans and musicians.

He said that the Association continued to improve its marketing efforts in 2022, by increasing its social media presence and engagement with advertisements, financial tips and contests centered around its products and seasonal promotions. He continued that as the Association looks ahead to the strategic period 2024 to 2026, its plan is to place renewed focus on Members, starting with the introduction of Mobile Banking services in 2024. He explained this will allow Members and customers to have easier access to their account information.

President Bacchus emphasized that the Association will continue to strengthen its core Loans and Customer Service functions to provide better service and products to its customers.

Operations Overview

Addressing the Association's operational matters, President Bacchus indicated that the moratorium program came to an end on 31st March 2022. He informed everyone that when the moratorium program was first introduced, there were 79 loans on moratorium with a value of $13.9 million. After March 2022, the Association was able to restructure an additional $2.1 million in loans. He said that the Association remains committed to working with its members to regularize their non-performing loans and even though the Association realized a loss in 2022, this was due to higher loan loss provisions. He however stated that as always, the Association sought during the year to contain its 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, apart from Smart Savers and Merry Money.

President Bacchus affirmed that the Association will continue to increase its presence in the market as it seeks to grow, while controlling expenditure. He indicated that as at 31st December 2022 retained earnings stood at $7.7 million (2021: $8.7 million). Total equity was $38.3 million, and the Association is compliant with the Financial Services Authority's (FSA) regulations with a capital adequacy ratio of 22% (2021: 23%).

He further indicated that the non-performing loan (NPL) portfolio stood 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. He assured everyone that the Association continued all efforts to prevent migration, to restructure and through sale of properties where applicable, and will continue to make steady progress in the reduction of the NPL portfolio.

Acknowledgements

President Bacchus informed everyone that it was the end of his current tenure on the Board of Directors after five years. He expressed his thanks to the remaining Directors for their service to the Association during their tenure and said that he knew that they would warmly welcome the new Member of the Board. He affirmed that the Directors have shown themselves to be more than capable of continuing to serve the Members of the Association and to display strong governance.

He said that as a Board they all committed 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.

On behalf of the entire Board, he expressed his commendations to the Management and Staff of the Association for their hard work and commitment to the Association during the year. He said that their dedication to the institution is evident in the pride taken in their work and interactions with customers. He applauded them for their continued focus and expressed his belief that the Board will continue to work with them in the future.

President Bacchus stated that on a personal note, he cherished his time as a Director and President of the Association's Board. He elaborated that when assuming the mantle of Director, he did so with the knowledge that first and foremost, his responsibility was to the Members of the Association, without whose belief in the founding principles and continuing evolution of the Association, it would not exist.

President Bacchus ended his presentation by expressing gratitude to the Membership for its continued support and stated that as he retires from the Board, he will continue to serve as a member.

3. ADOPTION OF THE AGENDA

On a motion moved by Member Cools Vanloo and seconded by Member Junior Bacchus, the Agenda was adopted.

AMENDMENTS AND ADOPTION OF THE MINUTES OF THE 80TH ANNUAL GENERAL MEETING

On a motion moved by Member Harold Lewis and seconded by Member Arifa Ryan, the Minutes were adopted as read.

4. MATTERS ARISING FROM THE 80TH AGM MINUTES

President Bacchus stated that as a matter of good governance and transparency, he would where necessary, call on any Member of the Executive Management or the Board to respond to any matter that needed detailed explanation. He said that this is paramount, as the responsibility of everyone is to the Membership.

Member Junior Bacchus proposed that any amendments, be taken with matters arising as the meeting proceeds page by page.

i. **Page 19- Any Other Business:** Member Patricia Williams-John stated that she is seeing that there was the issue raised by former Corporate Secretary Bernadine Nanton-Cooke regarding a document signed off by the President as Corporate Secretary. She asked about the current situation, as it may be a legal problem.

   President Bacchus clarified that up to November 2023, the Association had a Legal and Compliance Officer (Corporate Secretary) who recently demitted the post. He explained that the Association was in the process of hiring a new person. He further clarified that the matter of him signing a document was not an issue as it was described and that it was raised only at the previous AGM. He then asked whether he had adequately answered the Member's question. She responded that she wanted clarity on whether the President is signing as Corporate Secretary.

   CEO John stood and explained that at the last AGM, a resolution was made that amended the rule relating to the Corporate Secretary, which allowed the Board to appoint someone in the absence of the Corporate Secretary to act. He further explained that present at the AGM, was Mrs. Pethion Greene, the Board-appointed Acting Corporate Secretary.

   Member Cools Vanloo stated that he does not think the explanations gave justice to the question asked, as the Member sought clarity. He stated that his question relates to the legal status of the matter, as he thinks the President should not have signed, as the legality of the document could be in question. He said he wanted to know how the Board could have assumed such a responsibility as a decision to have the president sign as Corporate Secretary was not made.

   President Bacchus reminded Member Vanloo that the legality of the document was never challenged and that it was a non-issue, as there was no illegality about it. Member

Patricia Williams-John responded that it cannot be called a non-issue, even though it was not challenged in court or otherwise. She said given the history of the Association; Members must be frightened when something that must be signed by one officer is signed by another without due authorization.

Member Cools Vanloo raised his concern that there were no comments made by the Financial Services Authority (FSA) on the issue. He stated that they are oversight body of the Association, on such issues.

CEO John responded that the Board in its right has the authority to appoint a Corporate Secretary. He clarified that in the instance being referred to, regarded reconveyances. Here, if a member has a mortgage and it has been paid, the Association reconveys the property back to the Member. In this case, there is no legal ramification, especially as the Board in its right would have authorized one person within the Association to act as Corporate Secretary on a temporary basis; hence why the Board has taken the opportunity to bring the resolution to the Membership at the last meeting. He then referred everyone to rule 4.9 that spoke to the role of Corporate Secretary and alternate Members. He invited everyone to read that section, so that everyone is guided accordingly.

ii. **Page 21-Auditors report**: Member Patricia Williams-John stated that having looked at the Auditors' report for the year 2021, she was making a general inquiry into the finances, specifically the interest rates. She said that the President in his opening remarks stated that interest rates had been dropped by 0.5%. However, taking into consideration mortgage loans, if a member who made $10 at the time they took the loan, pledged to pay $4, with $6 for other day-to-day commodities, with the rise in prices, the Member may no longer be able to pay their loan as planned.

She asked the following question:

1. What is the current interest rate for mortgage and consumer loans?
2. How does the Association plan to assist the Membership who are having genuine financial difficulties, instead of selling their properties?

President Bacchus responded that one of the hallmarks of the Association is that it works with its members. Members go through, have been through, and will go through, difficult times, but the Association works with its members and adjusts along the way, through restructures and other efforts.

Speaking on the Member's statement of the drop in interest rates, he explained that this was 0.25% and was regarding saving accounts. He noted that not all savings/deposit accounts had a reduction in interest rate and that the Association's rates are rather competitive. He explained that a review is done on a yearly basis and that one is currently being done to analyze market trends in terms of interest rates. President Bacchus invited CEO John to elaborate on the matter.

CEO John voiced his agreement with the President's remarks regarding the steadfastness of the Association in working with its members.

He explained that when moratoriums expired in March 2022, what the Association realized was that some Members were still unemployed and could not service their debt.

At the same time, others who were able to return to work also had difficulties servicing their debts due to inflation. In July 2022, there was a spike in the Association's NPLs by $5 million in that month alone, and by end of year, NPLs were only reduced by 2% year-on-year.

He said that the Association continues to engage with its members, by one-on-one conversations, restructures, and compromises. He said if the Association cannot restructure, the Association does not proceed to sell, instead the loan remains in NPL, and the Member is engaged in the hopes that there will be improvements. In cases where Members realize that it is pointless going forward, they come to an arrangement with the Association to pursue sale thereafter. He explained that in terms of the interest rate on loans, the Association has a base rate of 8% for mortgage loans, but that it remains flexible to retain business by making concessionary changes.

Member Cools Vanloo asked whether President Bacchus can give any specific information regarding teachers and other public servants who were terminated by the Government. President Bacchus asked for clarity as to whether he was asking for specific details on such persons. Member Cools Vanloo said he wanted to know whether those persons are in the Association's loans portfolio and whether they were given the treatment described by the President and CEO. President Bacchus concurred on both aspects.

iii. **Page 24-Paragraph 5:** Member Cools Vanloo stated that in reference to the issue raised by Member Joel Poyer regarding the witnessing of the election process by the FSA, he recalls that at the AGM prior to the last, the Membership took a decision that the vote count would be witnessed by a member. He said that as he was absent from the last AGM, his understanding from the Minutes, is that the position that was held at the meeting was whether the Association's Membership can trust the integrity of the FSA.

He emphasized that the issue had nothing to do with the integrity of the FSA. He voiced his views that the President along with another Member had chosen to void a decision that was made by the general Membership in favour of the FSA. He said that the Association is going down dangerous roads, as its Membership cannot have the President and another Member voiding a decision by the Membership. He stressed that the Association is a democratic organization and that it is a practice of any democratic election process that someone witnesses the count.

He declared that neither the President nor the FSA can say that they do not want anyone witnessing the count, and that it had nothing to do with the FSA's integrity but is a matter of process. Member Cools Vanloo stated that it would have been easy to invite the chairman of the elections committee to witness the count.

Member Cool Vanloo addressed the President by stating that he thinks that as President of the Association, he owes the Membership an apology for voiding its decision and that it is not to be done again.

Member Junior Bacchus joined the conversation by stating his agreement with Member Cools Vanloo regarding the witnessing of the election count. He said he also was absent from the last AGM, but believe that after witnessing what transpired at the Teacher

Credit Union AGM, it is important to take stock of what is happening at the Association. He recalls that a former staff of the FSA was nominated to the Board after leaving the FSA. He said the vote count ended up being a tie with another Member, yet the FSA did not invite another Member to witness or recheck the count. He said that like Member Cools Vanloo, he has been clamoring over the years for someone from the AGM to join the FSA as a witness to the election count of the Association.

He stated that he does not understand why the FSA is being heavy handed or whether there is any legal ground for the FSA to act that way. He emphasized that should there not be any legal ground, then the Membership will take the matter to Court. Member Junior Bacchus further stated that the counting must be witnessed so that Members are satisfied that the voting happened in the way it should happen.

In reference to the statements of Member Junior Bacchus, Mrs. Nyasha Browne of the FSA stated that she found them to be misleading. She explained that the Corporate Societies Act provides that when there is a tie, the President of the Board of that organization has the deciding vote. She said after the tie between the persons referenced by Member Junior Bacchus happened, that was the step that was taken by the FSA.

Member Junior Bacchus rose on a point of order that what the representative from the FSA was explaining with regards to the tie or a casting vote was not the issue being discussed at the AGM. He said that her statement was out of order.

Mrs. Nyasha Browne however responded that Member Junior Bacchus gave an example and tried to bring the integrity of the FSA into question, and that the example was misleading. She said she spoke up to clarify, as she was unsure of Member Junior Bacchus' mission. She continued that the clarity is that the procedure that was outlined in the Act was followed and there is nothing in the Act that would have caused the FSA to veto the person's nomination.

Member Kenneth Young recalls that at the last AGM, when the issue of witnessing the election count was raised by Member Joel Poyer, it was he and not the FSA who objected. He said he was sorry that Members Cools Vanloo and Junior Bachus were absent, but he recalls that at no point did anyone raise the issue that the matter was brought up the year before and what was said. He said that he had no issue supporting what both Members were saying once the Membership wants it, but to cast the statement that the FSA was the one who opposed an external auditor is incorrect.

President Bacchus stated that according to the Association's audio and the Minutes of the meeting, the matter was raised, but no decision was taken. He further stated that the record of same is on file.

Member Dwayne Allen sought clarity from the President as to whether he was saying that no decision was taken on the matter. President Bacchus confirmed. Member Dwayne Allen then asked whether a decision can be taken at present. Again, President Bacchus confirmed.

Member Dwayne Allen asked whether there can be a live feed so that everyone can see, for transparency purposes. President Bacchus stated that he was not aware of what a live feed constitutes, but that he does not have an issue with the election count being witnessed. He reiterated that regarding what was initially raised by Member Cools Vanloo, while the point was raised, there was never a decision made by the Membership on same. He continued that if this is something that the Membership wants, it can be decided at the present time.

Member Cools Vanloo stated that at the last meeting of the Kingstown Credit Union at which he was present, he stood up and asked that the count of the vote be witnessed. He said that the presiding officer of the FSA refused and said openly that if there was going to be anyone witnessing the count, then he was not going to do it. Member Cools Vanloo said he does not know whether it is the modus operandi of the organization, as an oversight body. He said that in the past the election was always done openly.

Member Cools Vanloo moved a motion on the floor for the Membership, that the counting of the votes be witnessed by a Member of the Nominations Committee. President Bacchus confirmed the motion moved and asked for all in favour and for all against. As the "ayes" had it, the motion was moved.

5. REPORT OF THE BOARD OF DIRECTORS

President Bacchus indicated that the report of the Board of Directors stems from page 29 to page 36. He invited questions pertaining to the Board of Directors report.

Member Luzette King inquired about when the Association would be able to release the Permanent Shares of its Members. She said that she believed that the permanent share issue came about at a time when the Association was facing problems. She sought clarity on whether the situation had changed and if so, whether a discussion would be held with Members.

President Bacchus reported that the Association has been in constant dialogue with the Financial Services Authority (FSA). He said that the Association in fact had a plan two years ago for the redemption of the Permanent Shares, but with the economic climate at the time, the discussion with the FSA led to that being put on hold. He said the matter is not off the books but is in fact an item that is constantly plaguing the Association and one that it continues to work to rectify.

Member Luzette King asked when the matter was last discussed. President Bacchus asked that CEO John address the matter.

CEO John said that the issue of the Permanent Shares is a burning one. In 2019 the Association submitted a redemption proposal to the FSA, however in March 2020, COVID-19 hit the region and created great uncertainty. The was followed by the 2021 eruption of the La Soufriere volcano in St. Vincent and the Grenadines and then the Ukraine War. CEO John said that having put all these things into perspective, with the Non-Performing Loans (NPLs) issue and the spike in NPLs, the Association had to be especially careful as to how it goes about reducing the capital base of the Association.

He avowed that all things considered, the Permanent Shares issue is at the forefront of the Association's conversations. He said the Association has engaged an external party to carry out an independent assessment of the quality of its Asset portfolio and depending on the recommendations, the appropriate actions would be taken. He stated that the Association must however be careful, given the continued uncertainty.

Member Luzette King stated that she does not understand why her $1200 is being kept and suggested that a time be set aside to discuss the Permanent Shares issue.

She further suggested that such a discussion can be an agenda item at the next AGM or at a special meeting of the Membership. Member Patricia Williams-John said she wanted to join in that conversation, as this is a battle she has had for a long time. She recalled that she joined the Association years ago on the advice of someone and was happy that she did as she was able to have some mileage in terms of capital and capital enrichment. She expressed that her plan was to be able to get back monies when she so desired, but it feels as though her money is being held hostage.

She declared that while she understands that the Association is in a tight position, sitting at the table and categorically dealing with the matter is necessary, so that a plan is made to give Members if not all, at least a portion of their monies.

CEO John expressed his understanding of all that was said by the Member and reiterated that in the Association's submission to the FSA, it did put forward the redemption of a portion. He said that the Association is looking at ways to see how best to accommodate its members in this regard, but that it must remain cautious. He said that the needs of Members are always first and foremost, but while he hears and empathizes with Members, it is difficult for him to pinpoint a specific time period.

Referring to the Report of the Board of Directors, Member St. Clair Leacock mentioned that it would have been good to get a run through of same from the persons sitting at the head table. He however continued that he would address a more fundamental issue relating to the state of affairs of the St. Vincent Building and Loan Association.

Member St. Clair Leacock stated that in the marketplace, of not just St. Vincent and the Grenadines, but in the Caribbean, there are what is referred to as 'Indigenous Institutions.' These operate in extremely challenging financial situations. He said that in St. Vincent and the Grenadines there are institutions that are far stronger than the Association and must carefully manage and govern themselves daily for survival. He said it ought to be obvious to the Membership that here in the financial marketplace, those who measure financial success by returns, have almost all left St. Vincent and the Grenadines. He referred to Canadian Banks such as Bank of Nova Scotia, Canadian Imperial Bank and Barclays, which he said found it largely unattractive to exist in such a marketplace.

Member St. Clair Leacock stated that the Bank of St. Vincent and the Grenadines (BOSVG) control nearly 80% of the space in the market with the other financial institutions fighting for the other 20%.

He said that while it is in perfect order, for the Association's Members to ask pertinent questions on governance, management, and finance, Members also have a responsibility to save their monies and that of future generations, while helping to advance benefits for such indigenous institutions.

He cautioned that when Members attend the AGM as is their right, and the focus of attention is as such, that Members leave a negative public impression of the Association's welfare, they could be undoing the good, by creating a run on the Association. This can perpetuate the semblance that the Association is not stable or a 'go to" institution.

Member St. Clair Leacock reminded the Membership that it has a democratic and responsible way of representing itself, so that it makes a lasting impression that the Membership is in this together to create stability for its indigenous institution.

He said that the last thing the Membership wants to do is to have a run on the institution, by one or two Members going around on the street saying they got back their monies.

He reminded Members that the Association is not yet out of the woods, and that it is for good reasons, the Regulators will continue to want the Association, like the Credit Unions and others, to address issues of capital adequacy, non-performing loans and other things that anchors the institution. He said that what is obtained by Members in the Association in terms of interest rates is far better than in other institutions of which he is also a shareholder.

He made mention of fellow Member present, Mr. Dwayne Allen, and the pride he felt when the Member came onto the Board at the Cooperative Bank, an institution where a few years ago, neither himself nor Member Dwayne Allen could have dreamt of being in such position of ownership and responsibility.

Member St. Clair Leacock counselled Members to build up the Association to a place where it can again stand and be cherished and well-regarded by Vincentians and its own Membership. He said Members can criticize, argue, direct and question, but must always send a positive message that this is an institution deserving of Members support as it goes forward and stands for generations to come. President Bacchus thanked Member St. Clair Leacock for his noteworthy contribution.

Member Luzette King said that considering the contribution made by Member St. Clair Leacock, she thinks that Members should all be a part of the conversation relating to the Permanent Share issue. She moved a motion that a special meeting be called in which Members are part of the discussion relating to the Permanent Issue.

President Bacchus reminded the Member that the Association cannot in isolation, decide on the matter, as the FSA must be involved as the Supervisory body for the Association, as it is still under Enhanced Supervision.

Member Luzette King clarified that she was not asking for a secret meeting, so that the FSA can be there. She said that she believed it was at a special meeting the decision was made in the first place, so that a special meeting would be fitting now for the discussion of same. Member Patricia Williams-John agreed that a meeting would be good so that Members can have a say on the matter, as they have been feeling the pinch from the fact that they have been barred from having their monies.

Joining the conversation, Member Floyd Patterson stated that he put in place the sort of conceptual framework surrounding the background of the creation of the concept of Permanent Shares among the various Cooperative Societies, not unlike the Association. He explained that the Association as a Building Society is not different from any of the Cooperative Societies. The Credit Unions and the St. Vincent Building and Loan Association are financial institutions referred to as quasi banks. It is particularly important for the financial stability of an individual bank or financial institution and its effects on the wider financial sector that it maintains a certain level of capitalization. He said that all banks have what is called permanent shares or permanent capital, referred to as common shares. A shareholder who wishes to sell or monetize his/her share, can do so to a third party.

He explained that the issue is that all financial institutions, in order for them to grow and thrive, they must maintain a certain ratio of capitalization relative to the deposits that they take; a certain level of capitalization relative to the amount of loans that they put on the books. He cautioned that, financial Institutions cannot 'willy nilly' and should not 'willy nilly' go about depleting their capital by the methodology that he hears being suggested at the meeting. He said this will create problems not just for the Association as a financial institution, but also for the entire financial sector.

Audit Partner Floyd Patterson said he felt committed as a professional, to clarify this to the Membership, that all financial institutions need to have a core hard strong base. He said there are certain prudential guidelines that are set out by a number of authoritative bodies such as the Eastern Caribbean Central Bank (ECCB), and other international bodies such as the Basel Committee. He expounded that according to these bodies, there should be a certain ratio or percentage of capital to deposits and loans taken to ensure the financial stability of the financial institution.

As a matter of explanation, he said that there are times when the economy is going to be buoyant and there are times when it is going to contract. When the economy contracts, it has financial effects on financial institutions by way of losses, a bank or financial institution needs to have sufficient capital to absorb that shock, so that it does not translate what the institution considers its regular savings. It is imperative that financial institutions carry a certain percentage of permanent capital, that grows and increase overtime to facilitate the growth of the financial institutions.

Audit Partner Floyd Patterson advised the Membership to be careful of the things they say and the implications they may have. He expressed that Member St. Clair Leacock made some very vital points on such issues. He advised that Membership be aware of the disastrous impact it can have on the institution and the wider economic sector, should it deplete its capital.

Member Dougal James said the Membership of the Association's must face the harsh reality that the permanent shares will not be paid back, as they form part of the capital base of the Association. He explained should Members have a third party to buy them then this can be done and advised that Members look at permanent shares as part of their estate that can be left to someone.

Joining the conversation, Member Joel Poyer said while he agrees with the views expressed by the Members thus far, something that needs to be taken into consideration is the fact that many of the Members in the Association and other financial institutions are not financially literate. He stated that these institutions owe it to their Membership to start educating them, so that they can understand the difference between the types of shares and how or whether they can be redeemed.

Member Luzette King said that she observed that what she was asking to happen at a special meeting was currently happening, so that maybe that meeting was unnecessary. She said that she had bought 125 permanent shares ($1250) from her now deceased cousin, but was told that at her age, she has no benefit to get from them. She suggested that since the discussion is already happening, the Association can come up with a policy by the next AGM that speaks to assisting Members with getting back their monies, as it is not easy for anyone to sell the shares, and as some persons really do not want to be at the Association.

Member Patricia Williams-John said that she believes the solution or the way toward is to have a special meeting to have dialogue. She seconded the motion early raised by Member Luzette King for same.

Member Kenneth Young said that having listened to everything that was said thus far he wanted to correct the statement made by Member Joel Poyer that Members are not financially literate. He said that there are currently few people in St. Vincent and the Grenadines who do not have a clue about finance. He said that a look at the genesis of what happened at the Association will show that the issues did not just begin in 2013, but years before. He recalled hearing a member saying that in years gone by, what most Members were interested in, was coming to the AGM to see how much dividend was going to be paid. He said that he attended AGMs when they were held at the Jaycees Complex, the Peace Memorial Hall and finally the present location.

Member Kenneth Young said that at one such AGM, he was put up by the Members as a director, and voted for by those present at the AGM, but was told that even if he won, he could not serve, as he had a loan at the Association. He stated that at that point in time, Members who had a loan could not be on the Board. He said there was a time when he saved all his monies only at the Association because of the percentage being offered on savings. He however blames Members who attended AGMs over the years and those who never took the interest to attend, as the signs were there even then.

He said when he asked questions at the AGMs prior to 2013, some Members whispered about whether he was not fed up with talking. He explained that at the point when directors got loans, these were not disclosed, and directors became delinquent on their payments, but before the accounts were completed, they would put monies into the accounts. In this way, when the AGM came, they were in the clear and allowed to continue to serve on the Board.

Member Kenneth Young said he served six years on the Association's Board, and it was not for reward as there is no financial gain from sitting on the Board and attending meetings for long hours, giving of one's expertise and time. He said the Board did it because it knew the benefit it would bring to the Membership.

He recalled when in 2013 when the final decision was made to capitalize, the room did not have even twenty Members as most had left. He said he sits at AGMs and hear Members talk about $1,200, $10,000, and so on, he understands their plight, but at the same time, had the actions of 2013 not happened, everyone would have lost all their monies. He said it was unfortunate that Members did not turn out to the meeting when the process first came to pass, and he reminded the Membership that everyone got back 90% of their monies.

He said Members ought to be thankful that the Association has a staff and directors working hard in their best interest, and who would welcome any Member who wants to visit the Association and get advice. He urged Members to attend AGMs and voice their opinions and to seek clarity where they are unclear.
President Bacchus thanked Member Kenneth Young for his contribution and reminded everyone that what is practiced at the Association is fiscally prudent practices to safeguard Members monies.

Member Luzette King voiced her view that her earlier motion was not acknowledged. President Bachus apologized in that regard. She then expressed that she withdraws the motion having heard the views from the floor, on the condition that the Board considers some of the things happening at the AGM.

On a motion moved by Member Junior Bacchus and seconded by Member Elvin Jackson, the Board of Directors report was accepted as read.

6. AUDITORS' REPORT FOR THE YEAR ENDED 31st DECEMBER 2022:

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

Mr. Patterson reported that the Accounting Firm of Grant Thornton had audited the financial statements of the St. Vincent Building and Loan Association for the year ended 31st December 2022, as set out in its audit report dated 12th December 2023.

Opinion

Mr. Patterson informed that the audit was conducted in accordance with International Auditing Standards. He stated that the Accounting Firm of Grant Thornton had expressed an Unqualified Audit Opinion on the Association's financial statements, its financial position and financial performance as well as its cash flows for the year ended 31st December 2022.
Mr. Patterson advised that the Accounting Firm of Grant Thornton had unrestricted access to the records and information of the Association and in no way was the scope of the audit restricted. He said the purpose was to obtain reasonable assurance that the financial statements of the Association are prepared and compiled in all material respect in accordance with International Financial Reporting Standards (IFRS).

Members' Queries

Mr. Patterson invited questions from the Members with respect to the audit report.

Member Timothy Providence stated that he would have liked to hear an apology or an explanation from the Board for the six months delay of the AGM and whether the FSA had sanctioned same. He however went on to ask that where the financial statements show that deposits due Members was $103 million and loans and advance to Members was $101 million; almost 100%, whether that was sustainable. He further asked about the liquidity needs of the Association and if it was acceptable to the Management to be lending almost 100% of its deposits or whether the FSA had commented on same.

CEO John answered that Member Timothy Providence's point was a valid one and that this is something that the Association is working to rectify. Member Timothy Providence asked about the future stance on the matter. CEO John responded that the Association is working on increasing the deposits and being more aggressive with the collection of the NPLs. Member Timothy Providence asked about the contingency measures that are in place in case a member decides to take out an extremely large sum of money. CEO John said that the Association has cash resources, but also has plans to discuss an arrangement with the Bank of St. Vincent and the Grenadines (BOSVG) to provide a contingency fund. He explained that the Association in that case would earmark certain loans which it can sell at a moment's notice to provide liquidity if necessary.

Member Timothy Providence asked whether the FSA had sanctioned this six-month delay of the financials or whether members were informed on same. CEO John said that the FSA was kept informed, even though an official sanction was not given, and he apologized for the members not being informed on same and said that going forward, members would be duly informed.

Mr. Patterson added to CEO John's response to Member Timothy Providence question re the need for liquidity at a moment's notice, by stating that a look at the Association's Balance Sheet will show that the Association has cash resources. He elaborated that he did not want members to go away thinking that the Association does not have cash readily available to meet any immediate request for same. He said that in terms of liquid resources which is cash at bank and cash equivalent, the Association had about $19.5 million and in addition to that, it has investment securities of about $ 15.275 million, which are items that can be used from time to time to monetize, to meet cash requirements of depositors.

He also explained that what CEO John alluded to is the fact that there are vehicles through which, should situations arise, to monetize loans to meet liquidity shortfalls. He confirmed that at the time of reporting, the Association was in compliance in terms of the ratio of liquid assets to the requirement as set out by the Prudential guidelines.

Member Cools Vanloo asked for a breakdown in the investment securities. Mr. Patterson indicated that the summary details to the investment securities were set out in note 13 of the financial statement, page 50 of 58, which included equity and debt securities. He explained that debt securities comprised of about $20 million of which there was an impairment charge of approximately $6.1 million, and the unlisted equities of about $135 thousand. He said there were equity securities and debt securities, with debt securities comprising largely of local and regional government security.

Mr. Patterson asked for a motion for the adoption of the financial statements together with the audit report for the year ended 31st December 2022.

On a motion moved by member Dougal James and seconded by member Ianthi Burke, and carried by the membership, the financial statements together with the Auditor's report was adopted.

Member Cools Vanloo asked how many members of staff would have retired or have been terminated in the last five years.

President Bacchus said that that information is not at hand but can be provided and queried the reason for the question. Member Cools Vanloo replied that he was asking from a personal interest, since if there is a high staff turnover in institutions, sometimes it can affect the institution's capability. President Bacchus assured him that while like other institutions there may be some staff turnover, which is natural in all organization, there are long standing members of staff at the Association.

7. ELECTION OF NEW DIRECTOR TO THE BOARD

Member Junior Bacchus, Chairman of the Nominations Committee presented the report to the membership. 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

He said the committee met on three occasions to set out its of work activities in preparation for selecting suitable persons to fill one vacant post of the Board, at the AGM. On 14th December 2023, the Committee convened its third meeting to finalize the various activities geared toward the selection of the nominee.

<u>The Nomination Process:</u>

Chairman Junior Bacchus said 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 Wednesday 22nd November 2023. The committee ascertained that there was one (1) vacant post to be filled by the required deadline. Two (2) nominations were duly received by the committee. During the committee's deliberations, variation checks were conducted of the nomination forms which were submitted. Both nominees were in good financial standing with the Association and moved forward in the nomination process.

He said that a brief interview was conducted with both candidates to ascertain their commitment and readiness for the responsibilities that came with serving on the Board and its Committees. Only one candidate, Ms. Aphesha Matthews, was proposed by the

Nominations Committee. She was nominated by member Garth Oliver and seconded by member Bernadine Nanton-Cooke.

In relation to the Candidate's area of expertise, Chairman Junior Bacchus said that Ms. Aphesha Matthews is a Chartered Professional Accountant, with a BSc in Accounting and Finance from the University of the West Indies. He said she is employed at BOSVG and worked previously at BDO Eastern Caribbean.

Chairman Junior Bacchus informed everyone that the floor was opened for further nominations by full members, with a seconder who must also be a full member. He concluded by expressing thanks on behalf of the Committee to the Board, management, and staff of the Association for facilitating this process and advised that the successful nominee helps to take the Association forward so that it can become stronger.

On a motion moved by member Stanley Harris and seconded by member Chanda Davis, member Gary Matthias was nominated.

On a motion moved by Christo Primus and seconded by Dougal James, the nomination was closed, and the nominees were given an opportunity to introduce themselves before the members voted.

Member Gary Matthias highlighted his qualifications, experience, and expertise in areas of business administration, accounting, auditing, governance, and risk. He said he has been involved with Credit Unions and Friendly Societies and is passionate about home grown organizations like the Association.

Member Aphesha Matthews said that her area of expertise is almost the same as that of Member Gary Matthias and that she is eager, energic and ready to engage.

Chairman Junior Bacchus said that in keeping with the earlier resolution, Mrs. Nyasha Browne of the FSA will oversee the collection of the ballots. He appointed Mr. Felix Lewis of the Nominations Committee to be the observer of the count along with the members of the FSA.

Mrs. Nyasha Browne suggested letting the FSA observe, instead of performing the count.
The vote count, observed by the FSA, was finalized.

Chairman Junior Bacchus of the Nominations Committee informed the meeting of the results as follows:

1. Gary Matthias 28
2. Aphesha Matthews 25
3. Spoiled Ballots 05

Member Gary Matthias was elected to serve as Director, pending the FSA's fit and proper test.

Chairman Junior Bacchus congratulated Member Gary Matthias and formally requested permission from the membership that the ballots be destroyed. This was moved by member

Dougal James and seconded by member Leroy Rock, with the unanimous agreement of the membership.

President Bacchus thanked Chairman Junior Bacchus.
He informed the membership that due to the illness of Director Patterson Homer; he was absent from the AGM.

8. ELECTION OF AUDITORS FOR THE YEAR ENDED DECEMBER 31, 2023

President Bacchus informed the Membership that the Auditing firm of Grant Thornton, was being proposed for re-election as auditors for the 2023 audit. A motion for the re-election of the Auditors, Grant Thornton was moved by Member Stewart Haynes and seconded by Member Elvin Jackson, with all in favour. The Auditors were re-elected unopposed.

9. ANY OTHER BUSINESS

Member Dwayne Allen indicated that he was a bit alarmed that the Association was under Enhanced Supervision by the FSA and asked how long it has been under such supervision. He also asked whether there is a plan or a timeframe to get out from enhanced supervision.

President Bacchus informed him that it has been ten (10) years since the Association has been under enhanced supervision. He said the Association is working to get out of same but has been given certain directives from the FSA to complete. He said the association is hoping that it can be released after the directives have been fulfilled. He explained that other financial institutions were being supervised by the FSA, but that over the years, the Association has had Memorandums of Understanding (MOUs) with the FSA, but it still is working to have normal oversight by the FSA.

CEO John joined the conversation by explaining to member Dwayne Allen that the Association had two major issues:

1. Permanent Shares and
2. the Non-Performing Loans (NPLs).

He said that the Association has retained an independent professional firm out of Trinidad to perform an Asset Quality Assessment (AQR). It is in progress and expected to be completed by the end of the first quarter of 2024. He continued that this and the recommendations along with other matters will help to inform the way forward.

He explained the FSA is not yet satisfied that the Association is at a stage for normal oversight, but that the Association is working toward this. He further explained that while the Association has made tremendous strides, the NPLs are an inherited issue, where the way loans were done was far beyond acceptable. He explained that loans were not rigorously evaluated nor was proper due diligence performed and members ability to pay was not assessed. He said although the NPL portfolio was reduced by over 50% over the period, work continues in this regard.

He said until the FSA is fully satisfied, the Association cannot come out from under Enhanced Supervision.

Member Luzette King sought clarity of what Enhanced Supervision entailed and what the FSA would be doing when the Association is no longer under same

CEO John explained that being under Enhanced Supervision means that there are certain parameters that the Association must meet and satisfy while the FSA has oversight of same. He said the FSA is present at the AGM and can expand on same.

Member Luzette King said that having heard the explanation given thus far, they seem to suggest that the areas of operation that the FSA is not satisfied with might affect the process and status of the Permanent Shares situation. CEO John answered that this was not entirely the situation.

President Bacchus welcomed Member Gary Matthias, and extended best wishes to everyone for the season and the new year.

10. ADJOURNMENT

There being no further business, the meeting ended at 7:37 pm, on a motion moved by Member Junior Bacchus and seconded by Member Chanda Davis.

Read and sign as a true record this ……… Day of ……………………… 2024.

…………………………………
Chairman

…..……………………………
Corporate Secretary Ag

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Report of the Board of Directors to the 82nd 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, 2023.

During 2023, the Association continued its thrust to increase marketing to improve brand visibility and connect with our customers. Throughout the year, various marketing campaigns were undertaken by the Association and loan promotions were also offered at key points during the year. The Association also reaffirmed its social responsibility through sponsorship of different cultural, sporting and charitable causes and sought to give back to its members through giveaways and various customer appreciation activities. Recognising the increasingly digital nature of our world, the Association began the process of engaging with service providers to issue debit cards and offer online banking services to customers. Although there have been some challenges in implementing these services, significant strides have been made and both services are scheduled to be available for use by customers in the first quarter of 2025.

In 2023, the Association realized a profit of $1.05 million, which is a significant improvement over the loss of $0.65 million in 2022. The 2022 loss was brought about by increased loan loss provisions due to the end of the COVID-19 moratorium program. During the year, focus remained on reducing the NPL portfolio and it saw a 15% reduction during the year. While there still remains work to be done to further reduce the portfolio, the Association has done significant work over the past ten years to reduce the NPL portfolio by 58%. We are confident that with the same unwavering focus, more reductions are possible through loan restructures and property sales.

The combination of increased marketing efforts and management of the NPL portfolio resulted in an increase in loans at the end of the year and a reduction in impairment provisions which contributed to the Association's profit. While there was an increase in Operating Expenses during the year due to increased Advertising and Promotion, Depreciation, Employee Benefit Expenses and Legal and Professional Fees these were offset by higher interest revenue and lower interest expense.

The Association remains committed to the continued professional development of its staff members, with a variety of in-person and virtual training sessions offered during the year. Sessions were held in the areas of Risk and Compliance, Anti-Money Laundering, Business Continuity and Mortgage Underwriting among others. In addition, staff members were given the opportunity to engage in cross-training between departments to increase their knowledge base of the Association's products and services. Investing in staff development remains a lynchpin of our operations.

During the 2023, three new scholarships were awarded and as at December 31, 2023 there were twenty students enrolled in the Association's scholarship programme. At our annual Scholarship Ceremony, the new scholarship holders were presented with their cheques and were privy to inspirational speeches given by guest speakers. The Ceremony was attended by both past and present scholarship holders and was an enriching experience for all involved.

We look forward to 2024 and the opportunities and challenges that it will bring. Connecting with our customers and increasing the ease of doing business with the Association is our next major goal and the Board remains committed to ensuring that the Association achieves its objectives and thrives in the years to come.

2.0 Directors

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

Mr. Gary Matthias	-	President (elected December 20, 2023)
Ms. Colleen Thomas	-	Vice President
Mr. Patterson Homer	-	Director
Mr. Dennis Gaymes	-	Director
Mrs. Maferne Mayers-Oliver	-	Director
Ms. Trichel Allen	-	Director
Mr. Gary Lewis	-	Director

3.0 Meetings and Attendance

3.1 The Board meets at least once a month for regular board meetings and from time to time will also schedule special board meetings. During the financial period there was a total of twenty (20) such meetings, comprised of eleven (11) Board meetings and nine (09) special meetings. Attendance of Directors was as follows:

Director	Regular Meetings (Total 11)	Special Meetings (Total 09)	Total Meetings Attended (Total 20)
Colin Bacchus (retired December 20, 2023)	11	09	20
Patterson Homer	08	07	15
Colleen Thomas	11	07	18
Dennis Gaymes	09	08	17
Maferne Mayers-Oliver	08	08	16
Trichel Allen	11	09	20
Gary Lewis	11	09	20

Note: Gary Matthias was elected the Board on December 20, 2023 and thus would not have attended any Board meetings during the year.

3.2 **Directors' Interest**

Director	Minimum Permanent Shares	Does Director have Loan(s)?	Are Accounts up to date?
Gary Matthias	YES	NO	N/A
Patterson Homer	YES	YES	YES
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	YES	YES

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 financial year 2023, 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 Association was able to realize a profit of $1.05 million in 2023, a significant improvement over the loss of $0.65 million that was realized in 2022. The loss in 2022 was driven by the lingering effects of the global economic downturn caused by COVID-19 and the eruption of the La Soufriere volcano. During 2023, the Association was able to both grow its loan portfolio and recover on NPL loans. This combination caused interest income to increase by 12% during the year. The Association was also able to commendably manage its NPL portfolio during the year, with a reduction of 15% during 2023. Impairment loss on loans also decreased, which resulted in an impairment recovery of $0.16 million. This decrease was due to the overall reduction in the NPL portfolio.

Lower interest expense was also recorded by the Association in 2023, which was due in part to the Association lowering its interest rates in 2022 by 0.25% on all deposits, except for Smart Savers and Merry Money. This was in response to market research carried out during the year in an effort to bring our rates more in line with what is being offered by other financial institutions. On the other hand, the Association saw increased Operating Expenses in 2023. This was driven by increases in Advertising and Promotion, Depreciation, Employee Benefit Expenses and Legal and Professional Fees. As the Association seeks to execute its Strategic Plan and comply with regulations, increases in these costs were necessary to achieve its objectives.

As part of its strategic approach towards NPLs, the Association was able to restructure $1.3 million NPLs during 2023. 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. Monthly monitoring is done of the loan portfolio 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.

The Association will be seeking to expand the reach of our Insurance business as agents of Guardian General in 2024 and beyond. We are also pursuing offering expanded services to our customers to improve their experience with the Association through mobile banking and ATM cards.

4.3 Critical Area 2 – Improve and Increase the Customer Base: 2023 was an eventful one for SVBLA with many activities that raised the profile, visibility and image of the brand. Our Carnival loan promotion dubbed "Like Yuh Self" saw a significant volume of online bookings signalling the public's desire to conduct business and interact with us online. Furthermore, for the first time, SVBLA was present at the Argyle International Airport to welcome visitors and returning nationals to St. Vincent and the Grenadines with promotional materials, SVBLA branded giveaways and other treats; this by extension increased awareness of the brand and made us relevant in the Vincy Mas celebrations.

We celebrated our customers at Customer Appreciation Day with the presence of our membership lounge which gave customers/members an opportunity to find out more information about the various types of deposit accounts and loan products offered by the Association. Customers were gifted SVBLA items and had the opportunity to win prizes. Rewards were also offered to parents/guardians who opened Smart Savers Accounts and staff was incentivized. Notably, our Christmas promotion dubbed "Tek Ah Breeze Off" this Christmas saw the SVBLA team in and around Kingstown interacting with members of the public, customers being rewarded for booking early appointments as well as winning various prizes.

We continued aligning the brand with activities and initiatives which allow access to an untapped customer base. SVBLA sponsored three activities at the Central Leeward Secondary School meet (Barrouallie Secondary School), namely the 100m races (male and female), the 4 x 100m relay (male & female) as well as the Intermediate male discuss throw. Our presence was felt at the sports meet through our logo on the medals, the multiple mentions and branding at the event as well as ads during the livestream and representatives wearing SVBLA branded shirts. SVBLA also sponsored the NTRC's 2023 icode784 Competition; the sponsorship took the form of contributing a trophy to the winner of the "Secondary Mobile Application" category and a presentation to students at the competition. Furthermore, our brand visibility was enhanced by being a part sponsor of the 2023 Miss Windward pageant; we donated trophies and the pageant delegates visited SVBLA offices and had a chance to interact with and meet staff. There was also an informative session which saw the delegates receiving information about the importance of being financially independent as women as well as how SVBLA savings accounts can help them on their journey to financial independence.

SVBLA supported the NBC Junior Jeopardy on-air game show during the last week of August as well as the NBC Back to School Fun Day on the 2nd September. The game show took the format of students calling in or sending voice notes, answering general knowledge questions and winning prizes in preparation for back to school. The students with the most correct answers at the end go forward to the finals 2nd of September at the Back-to-School Fun Day. The programme targeted children aged 10 - 13 years. SVBLA used this opportunity to create further awareness of the Smart Savers accounts. Prizes from SVBLA included Smart Savers accounts with bonus cash along with SVBLA branded coin wallets.

With more and more customers interacting with SVBLA via WhatsApp video for loan appointments or using WhatsApp to solicit information about accounts and send the required information, we are looking forward to the implementation of mobile banking and ATM services.

4.4 **Critical Area 3 – Improving and Enhancing Internal and External Reporting Structures:** With risk being part and parcel of today's business reality, Risk Management Policies with procedures directly reflected in the Association's Strategic and Operational plans to mitigate risks were created. The Association's Risk Register is in full effect and was tailored toward the ongoing transformation of the Association's Risk and Compliance landscape into a more modern, comprehensive, and tailored one, to strengthen risk awareness and the recognition, reporting and management of risk.

Compliance with the risk-based approach and an appreciation for an effective risk-aware and compliant culture have been high on the department's agenda as it conducted training, refreshers and quizzes. Work has been carried out throughout 2023 to ensure that the Association's Board, Management and Staff embrace Enterprise Risk Management, Change Management, robust compliance and ethics, and accountability.

The department performed the Association's first Internal AML/CFT Risk Assessment on 3rd April 2023 and was instrumental in the development of the Association's 2024-2026 Strategic and Operational Plans.

Other initiatives for 2023 included the creation of the Association's Anti-Bribery and Corruption Policy; the Board of Directors Self-Assessment Questionnaire and the analysis and report of same; and the review and update of the Association's Credit Policy Manual.

4.5 **Critical Area 4 – Implementation and use of Information Technology**: During the year 2023, the ICT department was heavily focused on laying the foundation for the enhancement of service offerings to better satisfy the needs of current customers and appeal to a younger demographic. Recognizing the increased exposure to cyberthreats that would accompany a deeper thrust into the digital sphere, the department invested significant effort to improve the Association's cybersecurity posture. The most notable of these initiatives were the establishment of a Cybersecurity Awareness Program and the fortification of network communication through the deployment of advanced network security equipment and services. These achievements not only bolstered the Association's defence mechanisms, but also ensured a proactive stance in mitigating risks while fostering a culture of security throughout the organization.

Building on these accomplishments, the ICT Department strategically earmarked an infrastructure refresh for computer resources along with the development of an Information Security Management System to be completed before the end of 2024. The completion of these projects is expected to establish a more secure and reliable platform that will facilitate the introduction of ATM Card and Mobile Services. The ICT department will continue to seek ways to increase operational efficiency and enhance service delivery through technological innovation as the Association forges forward on its Mission to become a distinguished financial solutions provider.

4.6 **Critical Area 5 – Corporate Social Responsibility and Community Relations:** During 2023, the Association continued its 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 (20) active scholarship recipients as at the end of 2023.

Three (3) scholarships were awarded in 2023 as follows:

No.	YEAR	NAME OF AWARDEE	SCHOOL ATTENDING
1	2023	Drez Compton	St. Vincent Grammar School
2	2023	Phoenix Boyea	Girls' High School
3	2023	Mya Samuel	Girls' High School

As at the end of 2023, the full list of current scholarship recipients is as follows:

No.	YEAR	NAME OF AWARDEE	SCHOOL ATTENDING
1	2017	Mya John	SVG Community College
2	2017	Nicholai Williams	SVG Community College
3	2018	Denelle McBurnett-Blake	SVG Community College
4	2018	K'Juandre Richards	SVG Community College
5	2019	Jaden Edwards-Barry	Girls' High School
6	2019	Devenae Lyttle	St. Joseph's Convent Kingstown
7	2019	Samara Allen	Bethel High School
8	2020	Josel Da Silva	Girls' High School
9	2020	Ky-mani Johnson	St. Vincent Grammar School
10	2020	Olivia Prescott	Girls' High School
11	2020	Sakeri Burnett	St. Vincent Grammar School
12	2021	Zeph John	St. Vincent Grammar School
13	2021	Jayson John	St. Vincent Grammar School
14	2021	Ramon Matthews	St. Vincent Grammar School
15	2022	EnnaBelle Mc Master	Girls' High School
16	2022	Treece Oliver	Girls' High School
17	2022	Lucah Melville	St. Vincent Grammar School
18	2023	Drez Compton	St. Vincent Grammar School
19	2023	Phoenix Boyea	Girls' High School
20	2023	Mya Samuel	Girls' High 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.

The Association continued its educational and cultural thrust during the year. SVBLA embarked on a campaign to assist in raising the profile of its scholarship program. This coincided with the call for SVBLA members to submit applications for 2023 scholarships. We initiated a video series which focused on previous scholarship holders highlighting their experience as well as how the scholarship benefitted them. For the very first time, we were present at the Girls Empowerment Summit (designed to empower women and girls). It specifically targeted girls 11-15 years of age across SVG. The SVBLA team led a financial literacy session with the girls as well as other facilitators under the theme: Money Minded: Make your money, Manage your money. The session focused on how to earn, save and manage the money you have now & in the future.

Our presence was also felt at the 2023 Women's Retreat initiated by the Public Service Union to commemorate 16 days of activism against gender-based violence. We made a presentation to the 30 women present who work in the Public Service; said presentation focused on the benefits of saving overall as well as offered about SVBLA products. The Association celebrated International Women's Day with a series of activities: SVBLA collaborated with the SVGCC to feature: Future women leaders in tech including female content creators; three young ladies from the college who studied, Digital Media, IT and Computer Science, were featured on the SVBLA social media pages. Internally, there was a staff session under the theme 'You Can't Pour From An Empty Cup' which featured presentations about self-care from a representative from the Grenadines House, Auldine's Cosmetics and Dr. Janelle Allen- HR Consultant. In addition, An International Women's Day digital staff collage was created and placed online. Our donations to various non-profits as well as churches and schools continued. Notably, we collaborated with Red Root SVG for the SVBLA initiative: The Back-to-School Backpack giveaway, where we offered backpacks full of school supplies to needy families. We spread the Christmas cheer to the less fortunate by teaming up with Le belle Foot and Nail Clinic as well as Jazzy's all Natural to offer personal care and grooming products to persons in need and also offered a hot meal to them as well as the homeless in the carpark nearby to SVBLA Offices; several informative tips were also placed online to further educate the public about the cause and its importance.

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
IFRS 9	Kenneth Peters, Sarina Jack, Renata Sutherland, Paulan Lewis	January 19, 2023	Technosoft Jamaica
Business Continuity Training	Pethion Greene, Nuala Frank, Ava Weekes, Roxine Ragguett-Duke, Camraul Cadogan, Candice Sealey & Joanne Richardson	February 20, 2023	Jaric St. Vincent Ltd.

Training/Workshop/Seminar/Course	Participants	Date	Facilitator
IFRS 9	Sarina Jack, Kenneth Peters, Paulan Lewis, Renata Sutherland	February 24, 2023	Technosoft Jamaica
Anti-Money Laundering / Source of Funds	Enron Rodgers, M'Reiselle Roberts, Bhokeem Henville, Danielle Hall, Jeshanah Bacchus, Oswin Richards, Xavique Wyllie, Andrea James, Roxine Ragguett-Duke, Joanne Richardson	April 12, 2023	Pethion Greene
Total Quality Management	Candice Sealey, Tameka Da Souza & Camraul Cadogan	April 17 – 21, 2023	Centre for Enterprise Development
ECHMB Mortgage Underwriting Course	Sarina Jack	April 15 – 19, 2023	East Caribbean Home Mortgage Bank
11th EDF CARICOM IMPACS National Cyber Security Sustainable and Training for SVG	Camraul Cadogan & Enron Rodgers	April 24 – 25, 2023	CARICOM/Crime & Security (IMPACS)/European Union Development Fund (EDF)
World Safety Day Seminar - "Towards Chemical Safety in the Workplace"	Candice Sealey	April 28, 2023	Jaric St. Vincent Ltd.
Annual AML/CFT Training	All Staff	June 07, 2023	Pethion Greene
Banking and Financial Services Seminar	Tameka Da Souza & Rickisha Wynne	June 05 – 09, 2023	Barbados Institute of Management and Productivity (BIMAP)/CED
Risk Assessment Training	Camraul Cadogan & Joanne Richardson	June 21 – 22, 2023	Jaric St. Vincent Ltd.
Insurance Agents Conference	Sebastian Forde	June 21 – 23, 2023	Guardian General
40th Annual Caribbean Conference of Accounts	Nuala Frank	June 22 – 24, 2023	Institute of Chartered Accountants of the Caribbean
IFRS Update Training	Nuala Frank	October 23, 2023	CPA British Columbia
Mortgage Underwriting Course Module II	Sarina Jack	November 13-17, 2023	East Caribbean Home Mortgage Bank

4.7 **Critical Area 7 – Compliance:** The year 2023 saw the Risk and Compliance department focusing on value addition with strong dedication and commitment toward the growth and success of the Association. Through the establishment and implementation of policies, registers and procedures it has worked to ensure that the risk and compliance program throughout the Association is operative and well-organized to identify, prevent, detect, and correct non-compliance with applicable laws and regulations. Through robust monitoring and oversight, the department has been able to provide monthly insights to the Board relating to how well employees understand, respect and comply with all rules, laws and regulatory requirements.

The head of the department with her team also had the opportunity and responsibility of being involved in the Mutual Evaluation that took place in St. Vincent from 20th - 31st March 2023. The SVBLA's team comprised of the Chief Risk and Compliance Officer, Money Laundering Reporting Officer and Customer Services Manager. Interviews went well, as the team was able to effectively answer all questions and give details when asked, by the Financial Action Task Force assessment team.

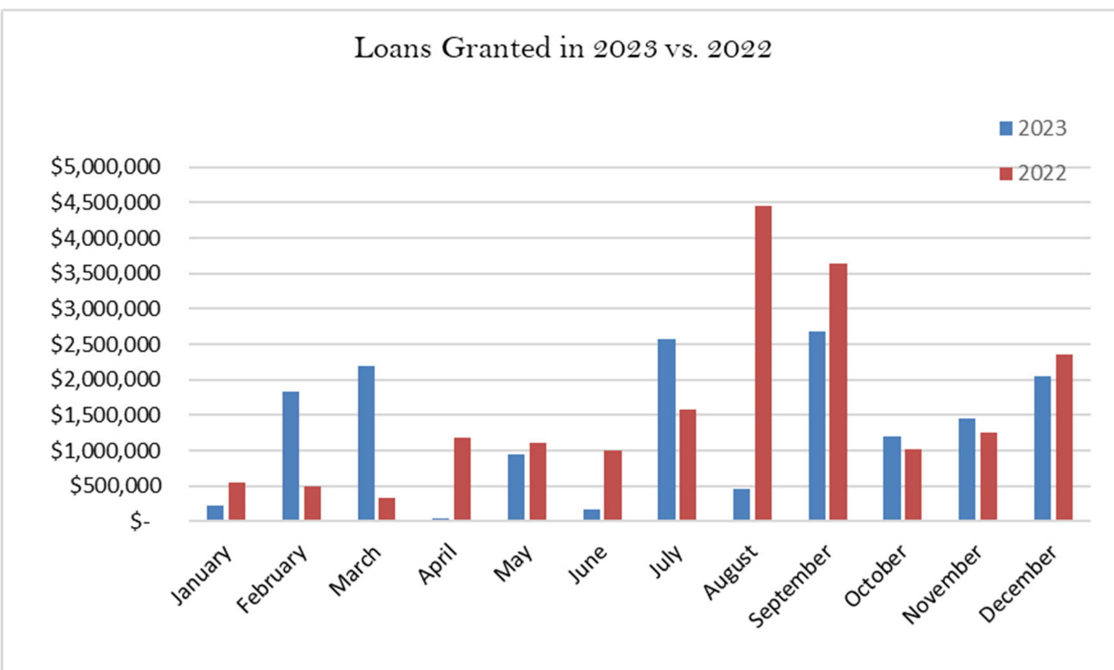
5.0 Conclusion

The Association is proud of the strides made in achieving its Strategic and Operational goals and looks forward to continuing to engage with our members on traditional and new platforms. The Board of Directors acknowledges the continued dedication of the Management and Staff of the Association and the significant part they play in its success. The Board would also like to thank our members and customers for their continued support. Directors who are retiring in 2023 would like to express their gratitude for having had the opportunity to serve over the past three years. The Board of Directors remains committed to serving the Association and looks forward to connecting with our members and customers in 2024 and beyond.

Gary A. Matthias
President

PERFORMANCE HIGHLIGHTS

Loans Report							
2023			2022				
Date	Total Loans granted		Date	Total Loans granted		Budgeted 2023	Budgeted 2022
	Number	Value		Number	Value		
Jan-23	20	$ 221,941	Jan-22	15	$ 545,897	$ 1,250,000	$ 1,000,000
Feb-23	17	1,839,413	Feb-22	14	504,026	1,250,000	1,000,000
Mar-23	18	2,203,714	Mar-22	12	334,334	1,250,000	1,000,000
Apr-23	4	37,919	Apr-22	14	1,190,312	1,250,000	1,000,000
May-23	14	950,284	May-22	18	1,113,440	1,250,000	1,000,000
Jun-23	23	166,338	Jun-22	13	1,007,305	1,250,000	1,000,000
Jul-23	27	2,574,052	Jul-22	26	1,581,853	1,250,000	1,000,000
Aug-23	28	451,688	Aug-22	26	4,451,305	1,250,000	1,000,000
Sep-23	8	2,677,043	Sep-22	34	3,635,713	1,250,000	1,000,000
Oct-23	20	1,202,986	Oct-22	18	1,011,816	1,250,000	1,000,000
Nov-23	26	1,453,925	Nov-22	33	1,251,201	1,250,000	1,000,000
Dec-23	31	2,055,555	Dec-22	52	2,354,672	1,250,000	1,000,000
TOTAL	236	$15,834,858		275	$ 18,981,874	$ 15,000,000	$ 12,000,000
	Total Loans restructured		Total Loans restructured				
	10	$ 1,344,000		16	$ 3,080,261		
Total new and restructured - 2023				246	$ 17,178,858		



PERFORMANCE HIGHLIGHTS

Customer Accounts Report				
Product Category				
	2022		*2022*	
	Count	*Jan - Dec*	*Count*	*Jan - Dec*
Fixed Deposits+	9,036	$ 58,031,477	12,039	$ 69,457,300
Regular Savings	320	1,362,165	325	675,548
Super Savers	260	600,776	124	125,387
Smart Savers	60	48,948	57	41,386
Merry Money	35	33,402	42	30,623
Permanent Shares*	243	243,330	121	319,140
Subtotal	**9,954**	**$ 60,320,098**	**12,708**	**$ 70,649,384**

+ 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 2023		*New Business 2022*	
	Number	*Sum Insured*	*Number*	*Sum Insured*
Fire	2	$ 1,241,000	-	$ -
Homemakers	29	14,914,400	24	12,121,407
Motor	63	1,615,486	69	1,516,647
Marine	-	-	-	-
Product & Public Liability	-	-	2	1,150,000
Burglary	-	-	-	-
Misc Accident	1	3,004,431	-	-
Contract Works	9	18,750,725	4	3,210,000
Subtotal	**104**	**$ 39,526,042**	**99**	**$ 17,998,054**
Group Life	19	4,560,500	21	3,587,030
TOTAL	**123**	**$ 44,086,542**	**120**	**$ 21,585,084**

Grant Thornton

The Saint Vincent Building and Loan Association

Financial Statements
Year Ended December 31, 2023
(in Eastern Caribbean dollars)

Contents

Corporate Information

REGISTERED OFFICE

108 Halifax Street
Kingstown
St. Vincent and the Grenadines

DIRECTORS

Mr. Gary A. Matthias – President
Ms. Colleen C. Thomas
Mr. Dennis K. Gaymes
Mr. Gary T. Lewis
Mrs. Maferne T. Mayers-Oliver
Ms. Trichel J. Allen

CORPORATE SECRETARY

Ms. Dannielle A.J. France

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, W.I.

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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, 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **The Saint Vincent Building and Loan Association** as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 2023 but does not include the financial statements and our auditors' report thereon. The Annual Report 2023 is expected to be made available to us after the date of this auditors' report.

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

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

When we read the Annual Report 2023, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Grant Thornton

September 3, 2024

The Saint Vincent Building and Loan Association

Statement of Financial Position
As of December 31, 2023

(in Eastern Caribbean dollars)

	Notes	**2023** **$**	2022 $
ASSETS			
Cash and cash equivalents	10	**17,632,385**	19,547,022
Other receivables and prepayments	11	**467,342**	953,473
Investment securities	13	**14,615,825**	15,275,045
Loans and advances to members	12	**104,996,507**	101,425,382
Property and equipment	14	**7,683,586**	7,849,992
Total Assets		**145,395,645**	145,050,914
LIABILITIES			
Retirement benefit obligation	15	**762,610**	630,171
Accounts payable and accrued liabilities	16	**1,162,999**	1,034,995
Other liabilities	17	**594,777**	143,030
Interest levy payable	18	**2,402,628**	1,966,992
Deposits due to members	19	**101,141,094**	103,020,325
Total Liabilities		**106,064,108**	106,795,513
EQUITY			
Permanent shares	20	**24,893,375**	24,870,395
Revaluation reserve	21	**5,630,804**	5,677,391
Retained earnings		**8,807,358**	7,707,615
Total Equity		**39,331,537**	38,255,401
TOTAL LIABILITIES AND EQUITY		**145,395,645**	145,050,914

These financial statements were approved by the Board of Directors and authorized for issue on September 3, 2024, and signed on its behalf by: -

Gary A. Matthias
President

Colleen C. Thomas
Director

The Saint Vincent Building and Loan Association

Statement of Changes in Equity

For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

	Notes	Permanent Shares $	Revaluation Reserve $	Retained Earnings $	Total $
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					
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
Profit for the year		-	-	1,053,156	1,053,156
Other Comprehensive Income					
Amortization of revaluation surplus	21	-	(46,587)	46,587	-
Total Comprehensive Income		-	(46,587)	1,099,743	1,053,156
Transactions with Owners Recorded Directly in Equity					
Issuance of permanent shares	20	22,980	-	-	22,980
Balance as of December 31, 2023		**24,893,375**	**5,630,804**	**8,807,358**	**39,331,537**

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, 2023

(in Eastern Caribbean dollars)

	Notes	**2023** **$**	2022 $
Interest income	22	**7,395,706**	6,592,126
Interest expense	22	**(3,224,925)**	(3,415,564)
Net Interest Income	22	**4,170,781**	3,176,562
Fees and commissions income, net	23	**384,191**	370,928
Other operating income	24	**365,849**	203,539
		4,920,821	3,751,029
Impairment recovery (loss) on financial assets, net	25	**162,550**	(1,082,813)
Net unrealized loss on FVTPL investments		**(97,742)**	(37,568)
Operating expenses	26	**(3,914,082)**	(3,430,683)
Finance charges		**(18,391)**	(17,019)
Profit (Loss) for the Year		**1,053,156**	(817,054)
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 Income (Loss) for the Year		**1,053,156**	(650,374)

The Saint Vincent Building and Loan Association

Statement of Cash Flows

For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

	Notes	**2023** **$**	2022 $
Cash Flows from Operating Activities			
Profit (loss) for the year		**1,053,156**	(817,054)
Adjustments for:			
Depreciation expense	14	**192,900**	144,077
Decline in FVPL investment		**97,742**	37,568
Impairment recovery (loss) on financial assets, net	25	**(162,550)**	1,082,813
Interest income	22	**(7,395,706)**	(6,592,126)
Loss on disposal of property and equipment	26	**28,715**	6,028
Dividend income	24	**(10,489)**	(10,243)
Pension expense		**160,198**	-
Interest expense	22	**3,224,925**	3,415,564
Cash Flows before Changes in Operating Assets and Liabilities		**(2,811,109)**	(2,733,373)
Change in other receivables and prepayments		**600,532**	(139,379)
Change in loans and advances to members		**(3,920,238)**	(488,492)
Retirement benefit paid		**(27,759)**	(27,758)
Change in accounts payable and accrued liabilities		**128,004**	(231,308)
Change in deposits due to members		**(1,743,730)**	2,199,691
Change in interest levy payable		**435,636**	434,598
Change in other liabilities		**451,747**	34,839
Cash Used in Operations		**(6,886,917)**	(951,182)
Interest received		**7,738,383**	6,721,028
Interest paid		**(3,360,426)**	(3,415,564)
Net Cash (Used in) Generated from Operating Activities		**(2,508,960)**	2,345,282
Cash Flows from Investing Activities			
Purchase of property and equipment	14	**(55,209)**	(171,037)
Dividends received		**10,489**	10,243
Change in investment securities, net		**616,063**	(3,781,132)
Net Cash Generated from (Used in) Investing Activities		**571,343**	(3,941,926)
Cash Flows from Financing Activities			
Proceeds from issuance of permanent shares		**22,980**	16,111
Dividends paid		**-**	(185,072)
Net Cash Generated from (Used in) Financing Activities		**22,980**	(168,961)
Net Decrease in Cash and Cash Equivalents		**(1,914,637)**	(1,765,605)
Cash and Cash Equivalents, Beginning of Year	10	**19,547,022**	21,312,627
Cash and Cash Equivalents, End of Year	10	**17,632,385**	19,547,022

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

The Saint Vincent Building and Loan Association

Index to Notes to the Financial Statements

(in Eastern Caribbean dollars)

1. Reporting Entity

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

2. Principal Activities

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

3. Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), effective for reporting periods commencing on or after January 1, 2023, as assessed by the International Accounting Standards Board (IASB).

4. Application of the Going Concern Principle

The Board (including its sub-committees) has assessed the Association's budgets and cash flow forecasts in considering the Association's going concern assumption in respect to the existing trends and expected future economic events. This included the impact that projected cashflows will have on the Association's liquidity risk, credit risk, interest rate risk, regulatory capital and market risks, as well as other related risks; all of which have remained within the risk parameters of the Association's risk appetite framework.

The assessment entailed the consideration of the adequacy of the Association's capital and liquidity to meet its operations and strategies during economic downturns. This was done by analyzing the impact of the macro-economic outlook on the Association's forecast growth in earnings and assets and liabilities management to determine the impact to the Association's financial outlook and operations. Multiple scenarios were completed and tested for sensitivity. The assessment undertaken by the Association demonstrated a positive future outlook for the Association. The going concern assumptions continues to apply and is applicable.

5. New or Revised Standards or Interpretations

5.1. New Standards Adopted as at January 1, 2023

Some accounting pronouncements which have become effective from January 1, 2023, and have therefore been adopted do not have a significant impact on the Association's financial results or position.

5.2. Standards, Amendments and Interpretations to Existing Standards that are not yet Effective and have not been Adopted Early by the Association

As of reporting date of authorization of the financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB or IFRIC. None of these standards or amendments to existing standards have been adopted by the Association and no interpretation have been issued that are applicable and need to be taken into consideration by the Association at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the period beginning on or after the effective dates of the pronouncements. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have any material impact on the Association's financial statements

(in Eastern Caribbean dollars)

6. Material Accounting Policies

a. Basis of Presentation

The Association's financial statements have been prepared on a accruals basis under the historical cost convention, except for the investment securities (FVPL), land and buildings (FVOCI), and the net defined benefit liability (FVPL), which are measured at fair value. The monetary amounts are expressed in Eastern Caribbean dollars.

b. 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.

c. 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.

d. 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 6;
- Fair value through profit or loss (FVTPL) as explained in Note 6; or
- Fair value through other comprehensive income (FVOCI) as explained in Note 6.

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

(in Eastern Caribbean dollars)

6. Material Accounting Policies…..*Cont'd*

d. Financial Instruments …..*Cont'd*

Financial Assets …..*Cont'd*

Deposits with Other Financial Institutions, Treasury Bills, Loans and Advances to Customers and Investment Securities …..*Cont'd*

- 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.

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)

6. Material Accounting Policies …..*Cont'd*

d. 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)

6. Material Accounting Policies …..*Cont'd*

d. 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)

6. Material Accounting Policies …..*Cont'd*

d. 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)

6. Material Accounting Policies …..*Cont'd*

d. 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)

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

d. 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.

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

d. 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)

6. Material Accounting Policies …..*Cont'd*

d. 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)

6. Material Accounting Policies …..*Cont'd*

d. 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)

6. Material Accounting Policies …..*Cont'd*

d. 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.

e. 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.

f. 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.

g. 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)

6. Material Accounting Policies …..*Cont'd*

g. 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.

h. 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.

i. 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)

6. Material Accounting Policies …..*Cont'd*

j. 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.

k. 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.

l. 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)

6. Material Accounting Policies …..*Cont'd*

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

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

Amortized Cost and Gross Carrying Amount

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

Calculation of Interest Income and Expense

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

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

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

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

m. 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.

n. Dividend Income

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

o. 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)

6. Material Accounting Policies …..*Cont'd*

o. 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.

p. 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)

6. Material Accounting Policies …..*Cont'd*

p. 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.

q. 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.

7. 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.

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 6 (d): 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 6 (d): 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.

(in Eastern Caribbean dollars)

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended December 31, 2023, is included in the following notes.

- Note 6 (d): 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 8 – Financial risk review

Note 9 – Fair value of financial assets and liabilities

Note 9 – Fair value of property and equipment carried at valuation

(in Eastern Caribbean dollars)

8. 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)

8. Financial Risk Review …..*Cont'd*

a) Credit Risk …..*Cont'd*

Impairment and Allowance Policies

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.

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.

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.

(in Eastern Caribbean dollars)

8. Financial Risk Review …..*Cont'd*

a) Credit Risk …..*Cont'd*

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

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	
	2023	2022
	$	$
Cash and cash equivalents	**17,503,462**	19,392,196
Other receivables	**439,876**	912,202
Loans and advances to members	**104,996,507**	101,425,382
Investment securities	**14,346,731**	14,912,091
	137,286,576	136,641,871
Credit risk exposures relating to off-balance sheet items:		
Loan commitments	**821,579**	3,990,424
	138,108,155	140,632,295

Loans and Advances to Members

Loans and advances to members are summarized as follows.

	2023	2022
	$	$
Performing loans	**81,765,675**	72,880,593
Non-performing loans	**33,781,900**	39,704,654
Gross	**115,547,575**	112,585,247
Less: allowance for impairment	**(10,551,068)**	(11,159,865)
Net	**104,996,507**	101,425,382

(in Eastern Caribbean dollars)

8. Financial Risk Review …..*Cont'd*

a) Credit Risk …..*Cont'd*

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

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, 2023	**71,214,689**	**3,531,819**	**74,746,508**
At December 31, 2022	64,645,228	2,730,336	67,375,564

Loans and Advances to Members (Stage 2)

	Stage 2 - 2023		
	Mortgage Loans $	**Personal Loans $**	**Total $**
Secured – Past due under 90 days	**4,623,256**	**328,635**	**4,951,891**
Unsecured – Past due 30 to 59 days	**-**	**30,959**	**30,959**
Unsecured – Past due 60 to 89 days	**-**	**-**	**-**
	4,623,256	**359,594**	**4,982,850**

	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

Loans and Advances to Members (Stage 3)

	Mortgage Loans $	Personal Loans $	Total $
At December 31, 2023	**34,218,817**	**1,599,400**	**35,818,217**
At December 31, 2022	39,129,969	1,554,541	40,684,510

(in Eastern Caribbean dollars)

8. Financial Risk Review …..*Cont'd*

a) Credit Risk …..*Cont'd*

Debt Securities

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

	Other Debt Securities at Amortized Cost $	**Total $**
At December 31, 2023		
Lower than A-	**6,016,974**	**6,016,974**
Not rated	**8,329,757**	**8,329,757**
Total	**14,346,731**	**14,346,731**

	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

Repossessed Collateral

At the end of December 31, 2023 and 2022 the Association had no repossessed collateral.

(in Eastern Caribbean dollars)

8. Financial Risk Review …..*Cont'd*

a) Credit Risk …..*Cont'd*

Economic Concentrations of Assets

	Financial Institutions $	Government $	Personal $	Other Industries $	Total $
At December 31, 2023					
Cash and cash equivalents	**15,517,094**	**1,986,363**	**-**	**5**	**17,503,462**
Other receivables	**-**	**-**	**-**	**439,880**	**439,880**
Loans and advances to members	**-**	**-**	**104,996,507**	**-**	**104,996,507**
Investment securities:					
At amortized cost	**12,204,945**	**2,145,668**	**-**	**-**	**14,350,613**
At FVTPL	**265,212**	**-**	**-**	**-**	**265,212**
	27,987,251	**4,132,031**	**104,996,507**	**439,885**	**137,555,674**
Credit Risk - Off Balance Sheet Items					
Loan commitments	**-**	**-**	**821,579**	**-**	**821,579**
At December 31, 2022					
Cash and cash equivalents	17,561,862	1,985,155	-	5	19,547,022
Other receivables	-	-	-	912,202	912,202
Loans and advances to members	-	-	101,425,382	-	101,425,382
Investment securities:					
At amortized cost	12,105,065	2,807,026	-	-	14,912,091
At FVTPL	362,954	-	-	-	362,954
	30,029,881	4,792,181	101,425,382	912,207	137,159,651
Credit Risk - Off Balance Sheet Items					
Loan commitments	-	-	3,990,424	-	3,990,424

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)

8. 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, 2023			
Financial Assets			
Cash and cash equivalents	**17,632,382**	**-**	**17,632,382**
Other receivables	**439,880**	**-**	**439,880**
Loans and advances to members	**104,996,507**	**-**	**104,996,507**
Investment securities: amortized cost	**14,350,613**	**-**	**14,350,613**
Investment securities: FVTPL	**34,580**	**230,632**	**265,212**
Total Financial Assets	**137,453,962**	**230,632**	**137,684,594**
Financial Liabilities			
Accounts payable and accrued liabilities	**1,162,999**	**-**	**1,162,999**
Other liabilities	**594,777**	**-**	**594,777**
Deposits due to members	**101,141,094**	**-**	**101,141,094**
	102,898,870	**-**	**102,898,870**
Net on Balance Sheet Financial Position	**34,555,092**	**230,632**	**34,785,724**
Credit Commitments	**821,579**	**-**	**821,579**

(in Eastern Caribbean dollars)

8. Financial Risk Review …..*Cont'd*

c) Currency Risk …..*Cont'd*

	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

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)

8. 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, 2023							
Financial Assets							
Cash and cash equivalents	-	1,986,363	-	-	-	15,646,019	17,632,382
Other receivables	21,476	-	-	-	-	418,404	439,880
Loans and advances to members	10,527,726	1,038,752	1,109,081	14,173,684	78,147,264	-	104,996,507
Investment securities: amortized cost	1,249,861	6,700,461	4,331,144	2,065,264	-	-	14,346,730
Investment securities: FVTPL	-	-	-	-	-	265,212	265,212
Total Financial Assets	11,799,063	9,725,576	5,440,225	16,238,948	78,147,264	16,329,635	137,680,711
Financial Liabilities							
Accounts payable and accrued liabilities	-	-	-	-	-	1,162,999	1,162,999
Other liabilities	-	-	-	-	-	594,777	594,777
Deposits due to members	16,840,809	11,198,104	23,497,132	48,720,616	-	884,433	101,141,094
Total Financial Liabilities	16,840,809	11,198,104	23,497,132	48,720,616	-	2,642,209	102,898,870
Net Interest Re-Pricing Gap	(5,041,746)	(1,472,528)	(18,056,907)	(32,481,668)	78,147,264	13,687,426	34,781,841

(in Eastern Caribbean dollars)

8. 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)

8. 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, 2023						
Financial Liabilities						
Accounts payable and accrued liabilities	**1,162,999**	**-**	**-**	**-**	**-**	**1,162,999**
Deposits due to members	**17,684,199**	**11,265,607**	**23,642,950**	**55,757,588**	**-**	**108,350,344**
Other liabilities	**594,777**	**-**	**-**	**-**	**-**	**594,777**
Total Financial Liabilities	**19,441,975**	**11,265,607**	**23,642,950**	**55,757,588**	**-**	**110,108,120**
Financial Assets						
Loans and advances	**1,144,983**	**2,287,158**	**10,053,774**	**42,516,565**	**79,378,219**	**135,380,699**
Investment securities (amortized cost)	**1,974,115**	**6,463,753**	**4,859,603**	**1,394,366**	**-**	**14,691,837**
Cash	**16,637,371**	**995,014**	**-**	**-**	**-**	**17,632,385**
Other receivables	**-**	**359,643**	**80,237**	**-**	**-**	**439,880**
Total Financial Assets	**19,756,469**	**10,105,568**	**14,993,614**	**43,910,931**	**79,378,219**	**168,144,801**
Liquidity Gap	**314,494**	**(1,160,039)**	**(8,649,336)**	**(11,846,657)**	**79,378,219**	**58,036,681**

(in Eastern Caribbean dollars)

8. Financial Risk Review …..*Cont'd*

e) Liquidity Risk …..*Cont'd*

Non-Derivative Cash Flows …..*Cont'd*

	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
Liquidity Gap	10,442,199	(2,977,947)	(38,382,510)	(19,995,398)	79,606,622	28,692,976

(in Eastern Caribbean dollars)

8. 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.

	2023	2022
	$	$
Loan commitments	**821,579**	3,990,424

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.

	2023	2022
	$	$
Permanent shares	**24,893,375**	24,870,395
Accumulated surplus	**8,963,673**	7,814,827
Total Capital	**33,857,048**	32,685,222
Total Assets	**145,391,763**	145,050,914
Minimum Capital Requirement (10%)	**14,539,176**	14,505,091

(in Eastern Caribbean dollars)

9. 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**	
	2023	2022	**2023**	2022
	$	$	**$**	$
Financial Assets				
Investment securities	**14,350,613**	14,912,091	**14,350,613**	14,912,091
Other receivables	**439,880**	912,202	**439,880**	912,202
Loans and advances to members	**104,996,507**	101,425,382	**88,670,759**	88,185,467
Financial Liabilities				
Accounts payable and accrued liabilities	**1,162,999**	1,034,995	**1,162,999**	1,034,995
Deposits due to members	**101,141,095**	103,020,325	**108,350,344**	106,127,167
Other liabilities	**594,777**	143,030	**594,777**	143,030

(in Eastern Caribbean dollars)

9. 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, 2023			
Investment securities: FVTPL	**230,631**	**34,581**	**265,212**
As of December 31, 2022			
Investment securities: FVTPL	328,373	34,581	362,954

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

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

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

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

(in Eastern Caribbean dollars)

9. 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, 2023	
Property and equipment: Land and buildings	**7,280,500**
Total Non-Financial Assets	**7,280,500**
December 31, 2022	
Property and equipment: Land and buildings	7,358,680
Total Non-Financial Assets	7,358,680

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

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

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

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

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

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

(in Eastern Caribbean dollars)

10. Cash and Cash Equivalents

	2023	2022
	$	$
Cash on hand	**128,923**	154,826
Demand deposits	**6,605,186**	9,491,853
Fixed deposits, net	**5**	5
Payable after notice	**8,911,908**	7,915,183
Treasury bills	**1,986,363**	1,985,155
	17,632,385	19,547,022

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

	2023	2022
	$	$
Fixed deposits	**4,997,863**	4,997,863
Less: allowance for impairment losses	**(4,997,858)**	(4,997,858)
	5	5

11. Other Receivables and Prepayments

	2023	2022
	$	$
Home mortgage premiums receivable	**235,110**	556,134
Rent receivable	**39,698**	27,856
Insurance claims receivable	**62,065**	218,897
Commissions receivable	**22,766**	22,614
Other receivables	**182,738**	189,198
	542,377	1,014,699
Allowance for impairment losses	**(102,497)**	(102,497)
	439,880	912,202
Prepayments	**27,462**	41,271
	467,342	953,473

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:

	2023	2022
	$	$
Balance at beginning of year	**102,497**	102,497
Recoveries during the year	**-**	-
Written off during the year	**-**	-
Balance at end of year	**102,497**	102,497

(in Eastern Caribbean dollars)

12. Loans and Advances to Members

	2023	2022
	$	$
Mortgage loans	**110,256,037**	106,861,364
Personal loans	**3,921,844**	3,960,809
Interest and fines receivables on loans	**1,369,694**	1,763,074
	115,547,575	112,585,247
Allowance for impairment	**(10,551,068)**	(11,159,865)
	104,996,507	101,425,382

The weighted average interest rate on loans and advances to members as of December 31, 2023 is 7% (2022: 8%).

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

	2023	2022
	$	$
Balance at beginning of year	**11,159,865**	11,592,530
Allowances made during the year	**(195,260)**	489,494
Write-offs during the year	**(413,537)**	(922,159)
Balance at end of year	**10,551,068**	11,159,865

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, 2023			
Gross Loans before Allowance	**110,056,762**	**5,490,813**	**115,547,575**
Stage 1: 12 month ECL	**(278,227)**	**(41,742)**	**(319,969)**
Stage 2: Lifetime ECL	**(68,006)**	**(5,719)**	**(73,725)**
Stage 3: Credit Impaired Financial Assets: Lifetime ECL	**(9,798,135)**	**(359,239)**	**(10,157,374)**
	99,912,394	**5,084,113**	**104,996,507**

	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

(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:

	2023			
	Stage 1 12 Months ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Mortgage				
Loss Allowance as at January 1	**181,380**	**162,417**	**10,431,427**	**10,775,224**
Changes in the loss allowance				
- Transfer to stage 1	**(121,049)**	**121,049**	**-**	**-**
- Transfer to stage 2	**(30,971)**	**(183,971)**	**214,942**	**-**
- Transfer to stage 3	**(722,773)**	**(122,879)**	**845,652**	**-**
- Net remeasurement of loss allowance	**871,328**	**82,636**	**(1,768,788)**	**(814,824)**
- New financial assets originated	**100,312**	**8,754**	**461,000**	**570,066**
- Write-offs	**-**	**-**	**(386,098)**	**(386,098)**
Loss Allowance as at December 31	**278,227**	**68,006**	**9,798,135**	**10,144,368**

	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

(in Eastern Caribbean dollars)

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

	2023			
	Stage 1 12 Months ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Personal				
Loss Allowance as at January 1	**24,984**	**9,456**	**350,201**	**384,641**
Changes in the loss allowance				
- Transfer to stage 1	**(4,307)**	**4,307**	**-**	**-**
- Transfer to stage 2	**(3,323)**	**(1,541)**	**4,864**	**-**
- Transfer to stage 3	**(37,175)**	**(18,424)**	**55,599**	**-**
- Net remeasurement of loss allowance	**30,931**	**10,212**	**(65,052)**	**(23,909)**
- New financial assets originated	**30,632**	**1,709**	**41,066**	**73,407**
- Write-offs	**-**	**-**	**(27,439)**	**(27,439)**
Loss Allowance as at December 31	**41,742**	**5,719**	**359,239**	**406,700**

	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

(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:

	2023			
	Stage 1 12 Months ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Total ECL				
Loss Allowance as at January 1	**206,364**	**171,873**	**10,781,628**	**11,159,865**
Changes in the loss allowance				
- Transfer to stage 1	**(125,356)**	**125,356**	**-**	**-**
- Transfer to stage 2	**(34,294)**	**(185,512)**	**219,806**	**-**
- Transfer to stage 3	**(759,948)**	**(141,303)**	**901,251**	**-**
- Net remeasurement of loss allowance	**902,259**	**92,848**	**(1,833,840)**	**(838,733)**
- New financial assets originated	**130,944**	**10,463**	**502,066**	**643,473**
- Write-offs	**-**	**-**	**(413,537)**	**(413,537)**
Loss Allowance as at December 31	**319,969**	**73,725**	**10,157,374**	**10,551,068**

	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	81,406	3,210	44,965	129,581
- Write-offs	(6,110)	-	(916,048)	(922,158)
Loss Allowance as at December 31	206,364	171,873	10,781,628	11,159,865

(in Eastern Caribbean dollars)

13. Investment Securities

	2023	2022
	$	$
Securities Measured at Amortized Cost		
Debt securities:		
Unlisted	**20,289,481**	20,905,544
Interest receivable	**185,943**	135,240
	20,475,424	21,040,784
Less: expected credit losses	**(6,124,811)**	(6,128,693)
	14,350,613	14,912,091
Securities Measured at FVTPL		
Equity securities:		
Listed	**230,631**	328,373
Unlisted	**34,581**	34,581
	265,212	362,954
Total Investment Securities	**14,615,825**	15,275,045

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

	223	2022
	$	$
Balance at beginning of year	**6,128,693**	6,068,013
Recoveries during the year **(Note 25)**	**(3,882)**	-
Allowance made during the year **(Note 25)**	**-**	60,680
Balance at end of year	**6,124,811**	6,128,693

Debt securities measured at amortized cost have interest rates of 1.0% to 7.5% (2022: 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 8 and 9.

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, 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
Balance at January 1, 2023	3,449,680	3,909,000	1,687,383	763,207	9,809,270
Additions	-	-	42,947	12,262	55,209
Disposals	-	-	(2,450)	(76,274)	(78,724)
Balance at December 31, 2023	**3,449,680**	**3,909,000**	**1,727,880**	**699,195**	**9,785,755**
Accumulated depreciation					
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
Balance at January 1, 2023	-	-	1,299,482	659,796	1,959,278
Depreciation for the year	-	78,180	80,728	33,992	192,900
Disposals	-	-	(2,338)	(47,671)	(50,009)
Balance at December 31, 2023	**-**	**78,180**	**1,377,872**	**646,117**	**2,102,169**
Carrying amounts					
Balance at January 1, 2022	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
Balance at December 31, 2023	**3,449,680**	**3,830,820**	**350,008**	**53,078**	**7,683,586**

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 Obligation

The Association's defined benefit plan was frozen as of 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 actuarially valued as of December 31, 2024.

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.

	2023 **$**	2022 $
Balance at beginning of the year	**630,171**	657,929
Included in profit or loss:		
Actuarial loss	**117,041**	**-**
Interest cost	**43,157**	-
Other:	**-**	
Benefits paid	**(27,759)**	(27,758)
	762,610	630,171
Plan assets	**-**	-
Balance at end of year	**762,610**	630,171
Number of Participants		
Active	**8**	8
Inactive	**26**	26
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 of December 31, 2023, 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

	2023	2022
	$	$
Accrued liabilities	**914,843**	834,323
Accounts payable – utilities	**16,229**	2,967
Payroll (receivables) accruals	**79,049**	42,255
Creditors / prepaid rent	**20**	1,009
Guardian General insurance payable	**69,889**	95,818
Group life mortgage insurance	**74,548**	52,340
Excess cash	**8,421**	6,283
	1,162,999	1,034,995

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

	2023	2022
	$	$
Other	**594,777**	143,030
	594,777	143,030

	2023	2022
	$	$
Current	**594,777**	143,030
	594,777	143,030

18. Interest Levy Payable

	2023	2022
	$	$
Interest levy on special deposits	**2,402,628**	1,966,992

Effective January 1, 2009, the Association is required, under the provisions of the Interest Levy Act CAP 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

	2023	2022
	$	$
Savings	**14,198,339**	12,692,388
Other deposits	**1,792,491**	1,940,711
Fixed deposits	**74,403,193**	76,775,806
Super Savers accounts	**8,312,091**	9,038,656
Death benefit fund	**6,537**	8,820
Interest payable	**2,428,443**	2,563,944
	101,141,094	103,020,325

(in Eastern Caribbean dollars)

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

	2023 **$**	2022 $
Current	**52,420,477**	68,194,147
Non-current	**48,720,617**	34,826,178
	101,141,094	103,020,325

20. Permanent Shares

	2023 **$**	2022 $
Authorized:		
Permanent shares of no value	**Unlimited**	Unlimited
Issued and fully paid:		
2,489,338(2022: 2,487,040)	**24,893,375**	24,870,395

During the year, the Association issued 2,298 (2022: 1,611) shares at $10 each to its members for cash consideration of $22,980 (2022: $16,110).

21. Revaluation Reserve

The movement on the revaluation reserve is as follows:

	2023 **$**	2022 $
Beginning of year	**5,677,391**	5,558,247
Revaluation	**-**	166,680
Amortization of revaluation surplus during the year	**(46,587)**	(47,536)
End of year	**5,630,804**	5,677,391

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

	2023 **$**	Restated 2022 $
Interest Income		
Loans and advances to members	**6,949,363**	6,238,840
Deposits and investments	**446,343**	353,286
	7,395,706	6,592,126
Interest Expense		
Levy on special deposits, net	**(435,636)**	(434,598)
Savings accounts	**(341,247)**	(307,489)
Supersaver accounts	**(234,338)**	(261,491)
Fixed deposits	**(2,213,704)**	(2,411,986)
	(3,224,925)	(3,415,564)
Net Interest Income	**4,170,781**	3,176,562

(in Eastern Caribbean dollars)

23. Fees and Commissions Income, Net

	2023 $	2022 $
Fines income	**22,755**	24,503
Commissions earned on insurance	**303,023**	285,611
Commissions earned on ECHMB and BOSVG loans	**-**	-
Commission earned on payment services	**48,629**	51,413
Other fees income	**9,784**	9,401
	384,191	370,928

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 6 (m).

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

	2023 $	2022 $
Rental income	**99,531**	98,084
Dividend income	**10,489**	10,243
Legal fees income	**216,800**	95,192
Other income	**39,029**	20
	365,849	203,539

(in Eastern Caribbean dollars)

25. Impairment Loss (Recovery) on Financial Assets

	2023	2022
	$	$
Net remeasurement of loss allowance - loans and advances to members	**195,260**	(489,494)
Net remeasurement of loss allowance - investments	**3,882**	(60,680)
Write-off of loans and advances to members	**(150,993)**	(532,639)
Recoveries – other receivables	**114,401**	-
	162,550	(1,082,813)

26. Operating Expenses

	2023	Restated 2022
	$	$
Advertising and promotion	**90,633**	68,819
Annual general and special meeting expenses	**24,844**	49,395
Audit fees	**115,005**	136,219
Bank and other licenses	**1,500**	1,500
Cleaning services	**61,513**	80,620
Computer expenses	**76,307**	55,995
Depreciation expense **(Note 14)**	**192,900**	144,077
Directors' fees **(Note 28)**	**62,100**	54,000
Donations and subscriptions	**41,354**	23,693
Electricity	**127,917**	124,244
Employee benefit expenses **(Note 27)**	**2,245,211**	2,064,085
Insurance	**31,994**	32,022
Legal and professional fees	**141,165**	13,957
Loss on disposal of property and equipment	**28,715**	6,028
Office expenses	**146,057**	124,292
Other expenses	**101,468**	77,883
Postage, printing and stationery	**55,646**	42,909
Rates and taxes	**17,748**	17,316
Rental expenses	**11,136**	11,136
Repairs and maintenance	**45,052**	29,174
Scholarships	**27,573**	28,908
Security	**137,372**	138,126
Staff expenses and uniforms	**27,537**	20,204
Telephone	**71,947**	73,807
Training expenses	**31,388**	12,274
	3,914,082	3,430,683

27. Employee Benefit Expenses

	2023	2022
	$	$
Salaries and wages	**1,750,136**	1,723,416
Travelling, telephone and housing allowance	**75,185**	82,177
National insurance contributions	**73,292**	71,955
Gratuity and other staff benefits	**346,598**	186,537
	2,245,211	2,064,085

(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

	2023 $	2022 $
Loans and Advances to Directors		
Loans outstanding at end of year	**315,003**	341,382
Interest income earned	**26,214**	19,055
Loans to Other Related Parties		
Principal balance	**636,316**	745,749
Interest income	**44,839**	30,446
Deposits Due to Related Parties		
Principal balance	**154,485**	135,079
Interest expense	**3,582**	2,433

As of reporting date, all related party balances were classified as stage 1 and have been subject to stage 1 expected credit loss assessment.

(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:

	2023	2022
	$	$
Salaries and other short-term benefits	**403,047**	393,000
Gratuity expense	**36,000**	36,000
Directors' remuneration	**62,100**	54,000

29. Loan Commitments

Loans approved but not yet drawn down at December 31, 2023 amounted to $821,579 (2022: $3,990,424).

30. Comparative Figures

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

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