ST. VINCENT BUILDING & LOAN ASSOCIATION

FOCUSED FORWARD

83RD ANNUAL GENERAL MEETING

WEDNESDAY SEPTEMBER 10TH, 2025
TIME: 4:15 PM
KINGSTOWN METHODIST CHURCH HALL

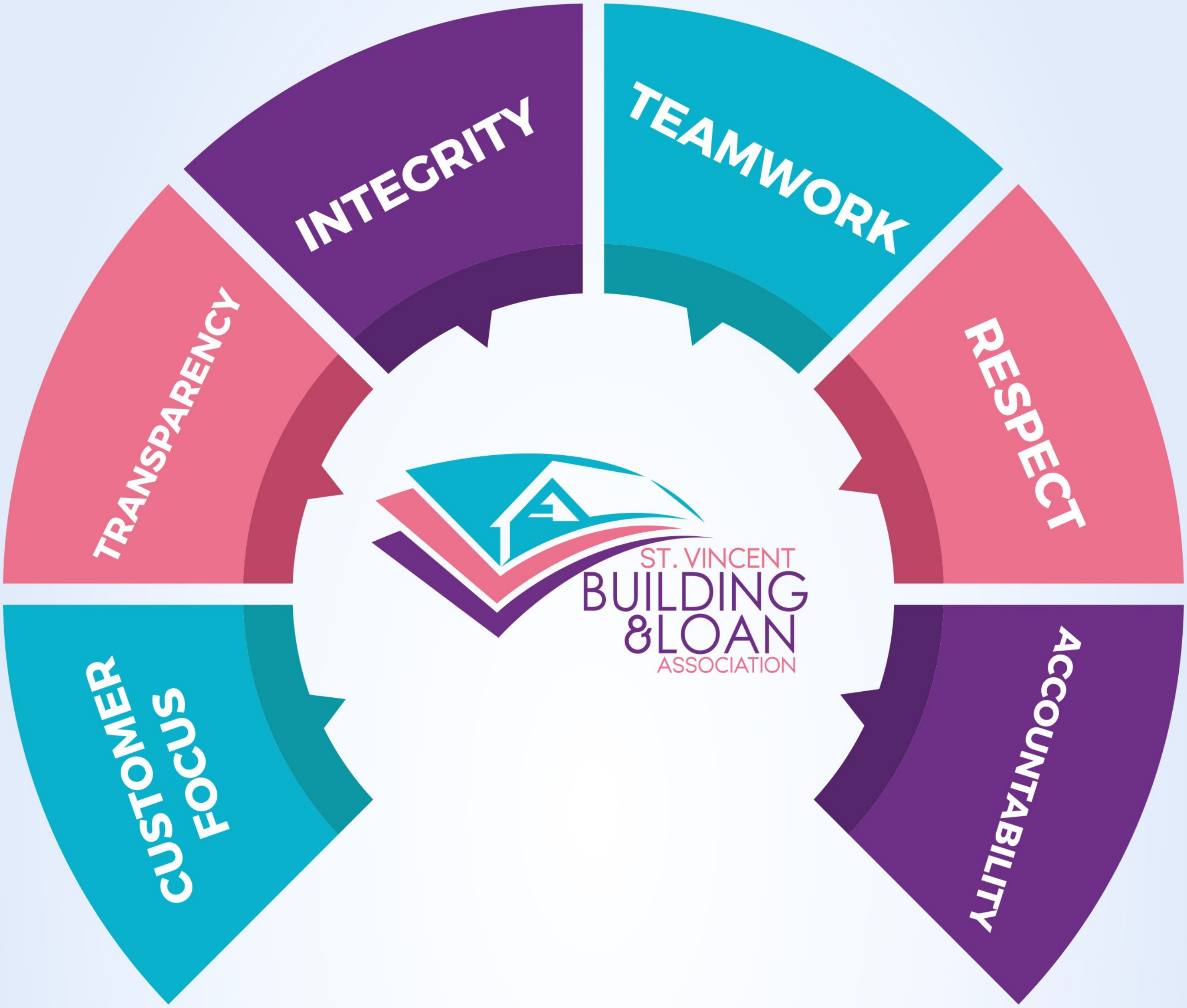
MISSION

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

VISION

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

ST. VINCENT BUILDING & LOAN ASSOCIATION


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


Core
Values

SVBLA's AGM theme, **Focused Forward**, reflects our commitment to clarity, progress and people. It signals an era of purposeful action, energized leadership and bold innovation. As we embrace digital transformation and expand our services, we remain focused on what matters most: our members and customers.

We are not just looking ahead, we are moving ahead, together. With focus comes direction. With direction comes momentum. Focused Forward is more than a phrase, it's a promise to evolve, to include and to deliver with intention.

ST. VINCENT BUILDING & LOAN ASSOCIATION

TABLE OF CONTENTS

St. Vincent Building & Loan Association

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 83rd Annual General Meeting of the St. Vincent Building & Loan Association will be held at the Methodist Church Hall, Kingstown, on
Wednesday 10th September, 2025 at 4:15 p.m.

AGENDA

1. Call to Order/Prayer
2. Welcome - President
3. Amendments and Adoption of the Minutes of the 82nd Annual General Meeting, 30th September, 2024
4. Matters Arising from the 82nd 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, 2024
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
Dougal James

Chief Executive Officer
Keyon Thomas

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 – Dougal James


Director – Trichel Allen


Director – Colleen Thomas


Director –
Maferne Mayers-Oliver


Director – Apollo Knights


Director – Gary Matthias


Director – Gary Lewis


CEO – Keyon Thomas


Corporate Secretary –
Dannielle France

Big Savings Grow From Monthly Deposits

Save what you can, when you can

Regular Savings Account

2.5% Interest
No Fees... No Monthly Charges
Minimum Opening Balance EC$20

Enquire Today!

@svgbla 784-457-1796

ST. VINCENT BUILDING & LOAN ASSOCIATION

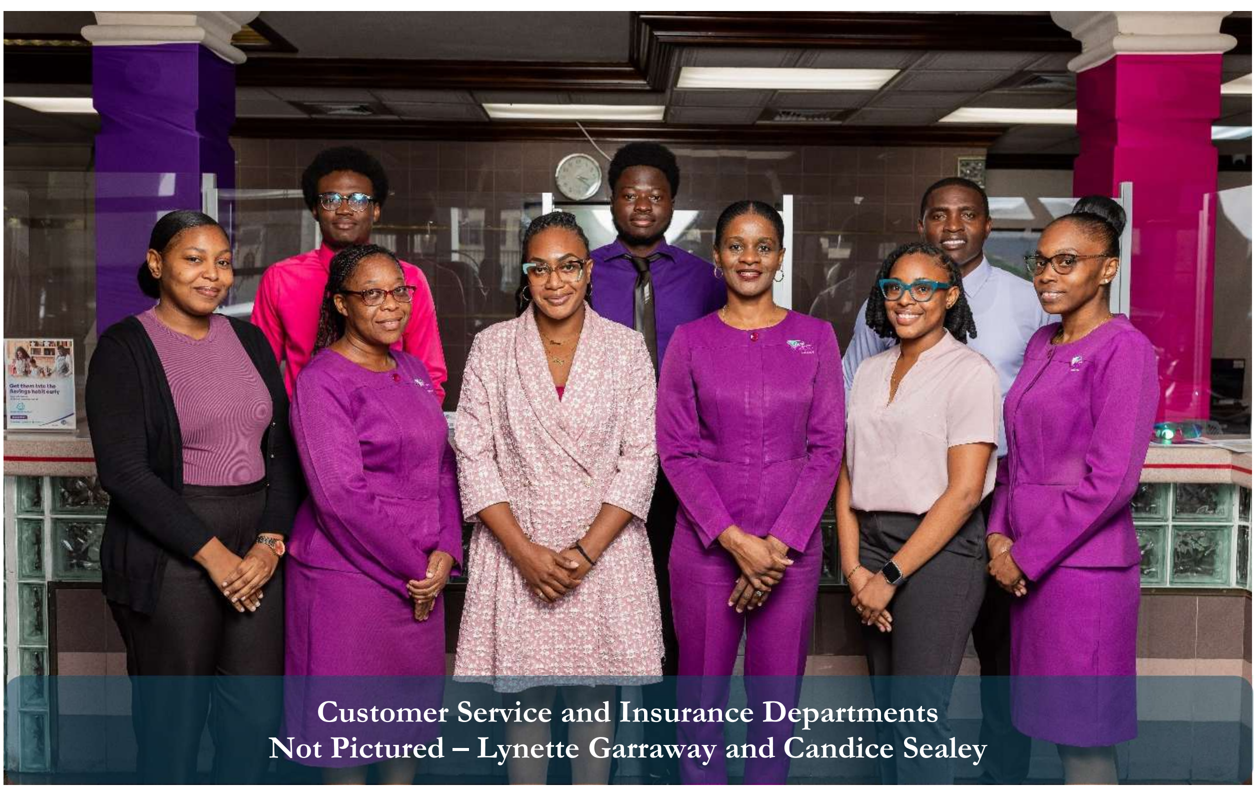
STAFF OF THE ST. VINCENT BUILDING & LOAN ASSOCIATION


Staff of the St. Vincent Building & Loan Association


Management Team of the St. Vincent Building & Loan Association
Not Pictured – Camraul Cadogan and Dannielle France

STAFF OF THE ST. VINCENT BUILDING & LOAN ASSOCIATION

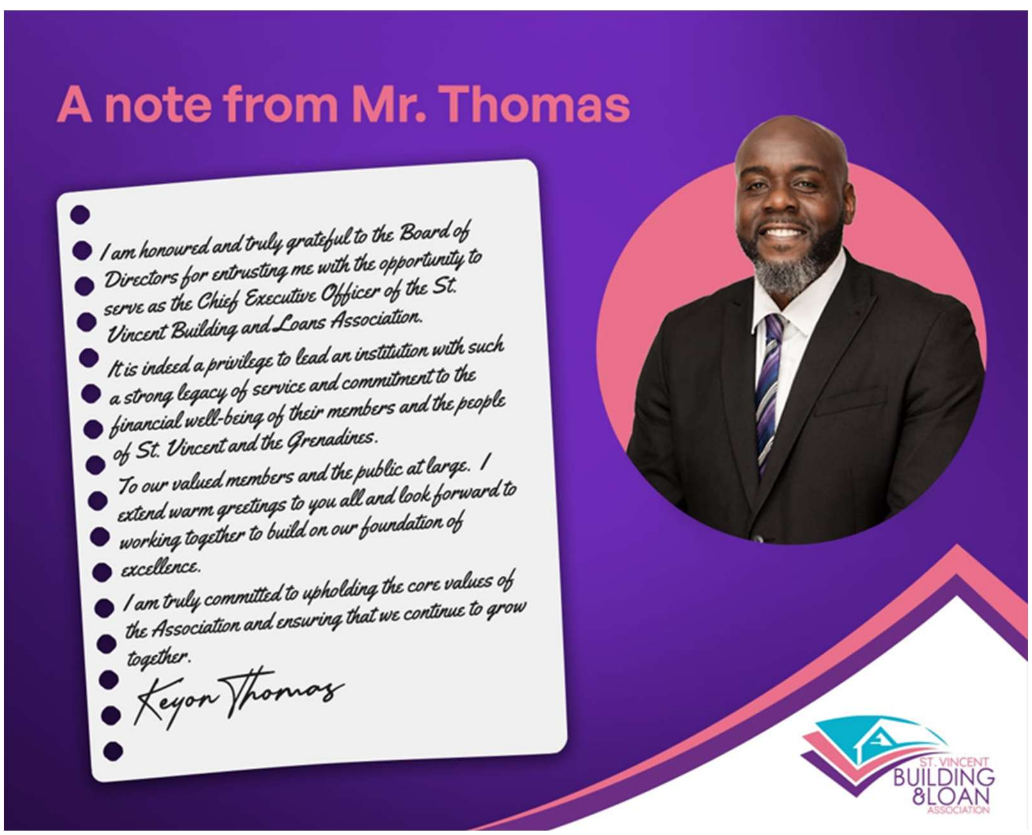
Accounts, ICT and Internal Audit Departments
Not Pictured – Camraul Cadogan



Customer Service and Insurance Departments
Not Pictured – Lynette Garraway and Candice Sealey

STAFF OF THE ST. VINCENT BUILDING & LOAN ASSOCIATION

Loans, Legal & Compliance and Administrative Departments
Not Pictured – Rickisha Wynne, Andrea Patterson, Kenneth Peters, Samuel Bailey, M'Reiselle Robertson and Dannielle France



SVBLA HIGHLIGHTS

SVBLA Scholarship Recipients

SVBLA Star Award Winner – Jamila Gibson


SVBLA Scholarship Recipient Adiah Holder


SVBLA Independence Potluck


SVBLA Children's Day Reading Activity

SVBLA HIGHLIGHTS

Valentine's Day Promotion Winner

Guardian Group Sponsorship of Cricket Club

Independence Special Award – Cleon May

Barrouallie Secondary School Athlete

Cane End Government School Teachers

SVBLA Mother's Day Activity

PRESIDENT'S ADDRESS

Introduction

I would like to take this opportunity to welcome everyone to our 83rd Annual General Meeting. It is indeed a pleasure to be with you again as a Board member and President of the Association. This year, the Association is "focused forward" on its continued digital transformation to increase the ease of doing business with SVBLA. During 2024, the Association was able to make significant strides towards achieving its strategic and operational goals while delivering quality service to our members. In the final quarter of 2025, we will be launching our mobile banking and ATM services. This is a process that we began in 2024 and will be concluding this year. We are looking forward to our customers being able to utilise these services when they are launched.

As the membership is aware, Mr. Elroy R. John's tenure as Chief Executive Officer of the Association came to an end this year and we wish him all the best on his retirement after nine years of exceptional service to the Association. It was truly heartwarming to hear the well-wishes of the membership at last year's AGM. On April 01, 2025 we welcomed our new CEO, Mr. Keyon Thomas to the Association. Mr. Thomas comes to the Association with a wealth of experience and knowledge from his over sixteen years' worth of experience in the financial services industry. He was previously employed at one of Europe's top six commercial banks and is a proud Vincentian returning home to contribute to furthering the nation's financial services sector. His academic qualifications include an Associate of Science degree in Finance, a Bachelor of Arts with honours degree in Economics and a Masters of Science degree in Risk and Resilience Management. Mr. Thomas' goals are aligned with those of the Association where there is a deep commitment to delivering high quality customer service and empowering his team. We ask you to join with us in welcoming Mr. Thomas to the Association and his first Annual General Meeting. We look forward to working with him over the remainder of 2025 and beyond.

For the year ended December 31, 2024 the Association performed commendably well, realising a profit of $3.5 million at year end. There were also positive indicators in interest income, members' deposits, and liquidity. While there was a decrease of $3.3 million in Loans and Advances this was a direct result of reducing the Association's non-performing loan (NPL) by over 20% or $7.3 million during 2024. These results are in line with the Association's 2024 – 2026 Strategic and Operational Plans.

The Association remains grateful to its members and has proposed a dividend of ten cents per share for members on record as at December 31, 2024. This means that if you have $1,000 in Permanent Shares, your dividend will be $10. The first dividend payment to members after the 2013 intervention was for financial year 2016 and amounted to seven and a half cents per share. The same seven and a half cents per share was paid to members in 2018 for financial years 2017 and 2018. In 2019 and 2020, the Association opted to not pay dividends due to the uncertainty surrounding the Covid-19 pandemic and a need for prudence given the macroeconomic conditions. In 2021, dividends of seven and a half cents per share were proposed once again. In 2022, when the Association made a loss, no dividends could be declared for that year. However, in 2023, dividends were increased to eight cents per share.

Over the past eight years, the approach of each Board has been one of prudence. With profitability, sound liquidity and capital adequacy, benefits can be returned to members, but this has to be balanced with the requirements of our regulators and ensuring that a measured approach is followed. The Association has come a long way since the intervention and in this increasingly regulated environment, providing sound governance and management of the Association is of utmost importance to the Board.

Regulatory Overview

In 2024, the Association began the process of conducting a Capital Planning Assessment (CPA) and an Asset Quality Review (AQR), both of which were mandated by our regulators. The CPA involves an assessment of our internal policies and procedures and considers our business strategy along with any anticipated changes in the business environment. The goal of the CPA is to enable us to maximize returns, align our investments with our strategic and operational goals, promote effective risk management while efficiently allocating our resources, enhance our operational efficiency and support informed decision making by management. Refining our processes allows us to enhance our financial health and stability in the ever-evolving financial services industry.

The AQR focuses primarily on our loan portfolio and loan loss provisions, including our policies and procedures in these areas to aid in achieving our strategic and operational objectives and manage risks. Areas for improvement that are identified by the independent consultants in their CPA and AQR reports, will be reviewed and implemented by the Association. The engagements have not yet come to a close, but when complete, the results will be shared with the membership at the next Annual General Meeting.

Our regulators have indicated that the completion of the CPA and AQR, along with the implementation of their recommendations, will inform the next steps towards concluding the enhanced supervision of the Association. We have also embarked on a project to update our membership records, as has been similarly done by other financial institutions throughout St. Vincent and the Grenadines. We are asking the co-operation of our members to update their information on file when asked to do so by our Customer Service Representatives.

Operations Overview

The Association recognized a profit of $3.5 million during 2024, which was a result of increased interest income, recovery on impairment and cost containment. During the year, there was a $1.4 million (19%) increase in interest income which was primarily due to the recovery of interest on non-performing loans. The Association also had recovery of $1.3 million (2023: $0.2 million) on its impairment provisions. The NPL portfolio decreased by $7.3 million or 21% due to the concerted efforts of the Loans department, where they exceeded their target reduction rate of 20% for 2024. This reduction was due to restructures, repayments and property sales. This significant decrease in the NPL portfolio led to the overall reduction in the balance of loans and advances to members of $3.3 million. However, total assets increased by $4.3 million overall due to an increase of $7.3 million in cash and cash equivalents, which offset the decrease in the loans balance. The Association exceeded its target of a 20% reduction in NPLs during 2024, achieving a decrease of 21% year on year. As our members are aware, the large proportion of NPLs at the time of intervention in 2013 is something that has been a focus of the Association during the intervening years. The NPL balance has decreased by 61% from $68.6 million in 2013 to $26.5 million in 2024.

During 2024, there was no significant increase in interest expense or operating expenses overall. The Association was able to balance its expenses as a whole. However, the legal and professional fees category would have seen a notable increase caused by the retention of external consultants to perform the CPA and AQR mentioned above.

As at December 31, 2024 the retained earnings of the Association stood at $12.1 million (2023: $8.8 million). Total equity was $42.6 million, and we are compliant with the Financial Services Authority's (FSA) regulations with a capital adequacy ratio of 25% (2023: 23%). The Association has submitted a proposal to our regulators to redeem a portion of Permanent Shares to members. As the submission is still being reviewed by them, an update will be provided to the membership if approved. The aim of the proposal is to ensure that there is a structured and equitable return to members of a portion of their Permanent Shares. The Association has always maintained that any redemptions need to be done on a holistic, rather than case by case basis to ensure that all members are treated equally. We ask members to bear in mind, however, that as Permanent Shares form a sizable component of the Association's equity, it is not possible for the entirety of the Shares to be liquidated as this would erode the capital base of the Association and have a negative impact on its long-term stability.

Conclusion

On behalf of the Board of Directors, I wish to extend our gratitude to the membership for entrusting us with the governance of the Association. On a personal note, I am honoured to once again have the opportunity to serve on the Board, this time in the capacity of President. Three members of the Board are eligible for re-election at this AGM, namely Ms. Trichel Allen, Mr. Gary Lewis and Mrs. Maferne-Mayers Oliver. We have committed ourselves to serving the Association in the capacity of Directors because we wish to see it continue being a stalwart financial institution in St. Vincent and the Grenadines. The Association continued to uphold its founding principles of providing an avenue for Vincentians to save and be able to build their homes in spite of significant challenges and setbacks.

The Board also wishes to extend its gratitude to the Management and Staff of the Association. They are the backbone of the Institution, without whom we would not have been able to achieve these positive results. They have been flexible and open to the policies and procedures implemented over the past several years and are eagerly embracing the digital transformation that we are focused on. Our strategic and operational plans focus not only on the qualitative aspects of the Association, but also our human resources. The Board recognises the need for a healthy and motivated workforce and we are pleased that Management has instituted activities to promote team bonding, wellness and mental health for all staff members. During 2024, we had two staff members who emigrated from St. Vincent, one staff member who retired and one who left the Association for another employer. Three out of these four departures were by non-management staff members. We had five new hires during the year, who have brought their unique skills and attributes to enrich the Association.

We also wish to thank our members for their continued support of the Association, especially our stalwarts who attend the Annual General Meeting each year. We appreciate the continued trust that you have placed in the Association that enables us to continue to serve our customers. We are focused forward on ways to better serve our membership, customers and staff members for the overall benefit of the Association.

Thank you for entrusting the Board with the responsibility of carrying forward the founding principles of the Association and I know that this will be a productive meeting.

....

Dougal James
President

Set Your Teen up For Financial Independence

Save Pocket Money/Allowance

Smart Savers Account

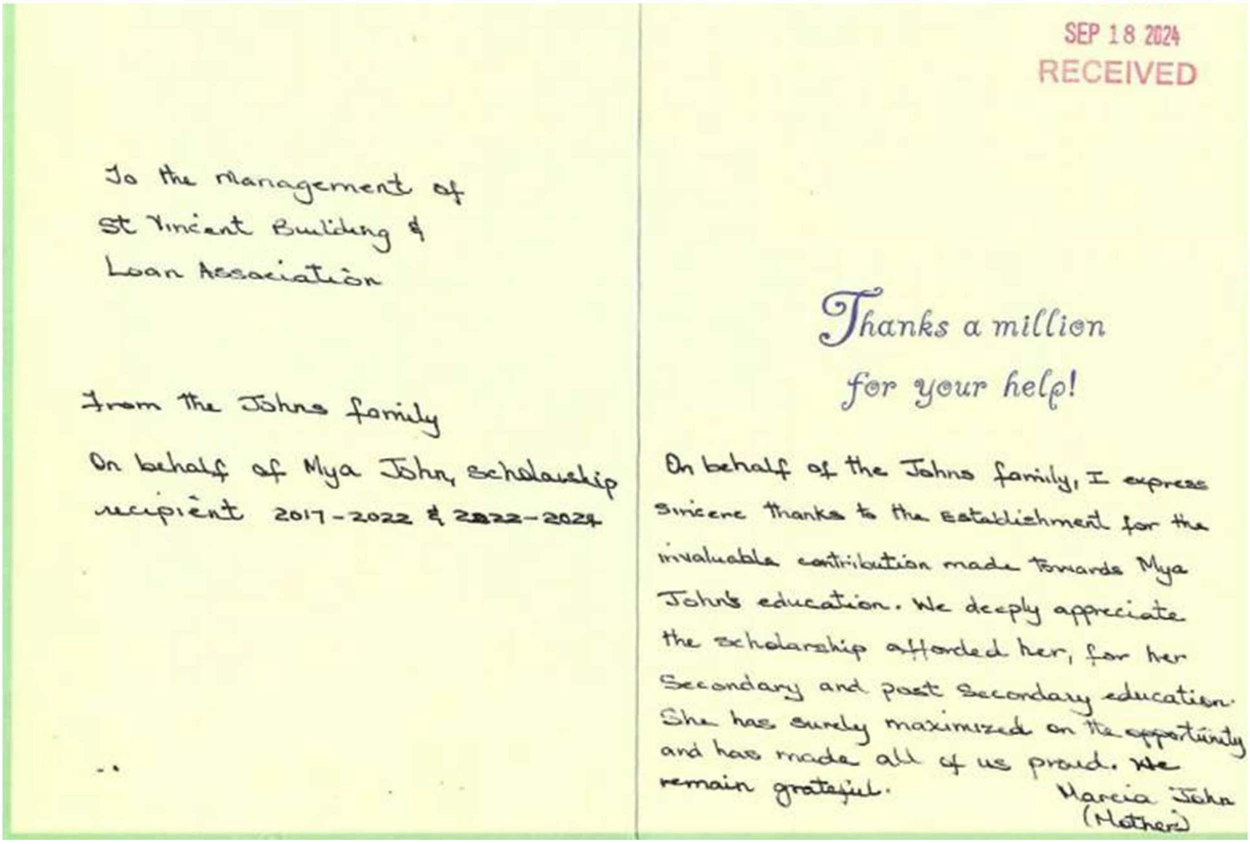
4% interest on savings
SVBLA will match the first $10
No hidden fees

Enquire today!

ST. VINCENT BUILDING & LOAN ASSOCIATION

784-493-0409 784-457-1796 @svgbla www.svbla.com

MEMBERSHIP CORNER



To the Management of
St Vincent Building &
Loan Association

From the Johns family

On behalf of Mya John, scholarship
recipient 2017-2022 & 2022-2024

SEP 18 2024
RECEIVED

Thanks a million
for your help!

On behalf of the Johns family, I express sincere thanks to the establishment for the invaluable contribution made towards Mya John's education. We deeply appreciate the scholarship afforded her, for her Secondary and post Secondary education. She has surely maximized on the opportunity and has made all of us proud. We remain grateful.

Marcia John
(Mother)

The above card was received from Mrs. Marcia John – the mother of SVBLA scholarship holder Mya John who graduated from the St. Vincent and the Grenadines Community College in 2024.

We are honoured to have played a role in Mya's journey and are grateful for the opportunity to contribute to the development of the next generation of Vincentians through our scholarship programme.

Our hearts are warmed when the children who receive our scholarships grow into such distinguished young adults.

Minutes of the 82nd Annual General Meeting of the St. Vincent Building and Loan Association, held at the Methodist Church Hall on 30th September 2024, at 4:30 p.m.

PRESENT:

Mr. Gary Matthias	President
Ms. Colleen Thomas	Vice President
Mrs. Maferne Mayer-Oliver	Director
Ms. Trichel Allen	Director
Mr. Gary Lewis	Director
Mr. Elroy R. John	CEO
Ms. Dannielle A.J. France	Corporate Secretary

ABSENT:

Mr. Dennis Gaymes	Director

1. CALL TO ORDER

President Matthias called the meeting to order at 4:50 p.m.

Prayer

The opening prayer was done by Pastor Aldon Ambrose.

2. WELCOME

President Matthias welcomed all of the attendees to the 82nd Annual General Meeting (AGM)) and delivered the President's Address.

He opened his address by urging the general membership to stay connected in keeping with the theme of the 82nd AGM. He stated that the Association delivered strong financial results despite facing a challenging external environment marked by economic volatility, natural disasters and increased regulatory scrutiny. The Association saw increased profitability, loan interest revenue, and a decrease in loan loss provision. This success was attributed to the Association's commitment to sound financial management and serving members' needs. President Matthias indicated that looking ahead, the Association was optimistic about continuing to provide innovative financial solutions, strengthening member connections, and contributing to the economic development of St. Vincent and the Grenadines.

Financial and Operational Performance Report

President Matthias reported that the Association concluded the 2023 financial year with a net profit of just over $1 million, driven by effective management of the Non-Performing Loan Portfolio, growth in new loan business, and reduced interest expenses.

He noted the 0.25% reduction in deposit interest rates in 2022 contributed to lower interest expenses in 2023. The Association recovered approximately $160,000.00 in impairment losses, and loans and advances to members increased by 3.5%, boosting interest income. Operating expenses rose, but the Association remains financially sound and focused on portfolio quality.

Increase in Operating Expenses

The increase in operating expenses was attributed mainly to higher spending on advertising and promotion, depreciation, employee benefits, and legal and professional fees. These reflected the Association's strategic focus on improving customer engagement, upgrading technology, and retaining staff.

President Matthias also reported on the regulatory-mandated Asset Quality Review and Capital Planning Assessment begun in December 2023 and continued in 2024, with related professional fees impacting costs. He noted that as of December 31, 2023:

- Retained earnings stood at $8.8 million (up from $7.7 million in 2022).
- Total equity reached $39.3 million.
- The capital adequacy ratio was a strong 23%, in compliance with regulatory standards.

Non-Performing Loan Portfolio Management

The Non-Performing Loan portfolio decreased by 15%, from $39.5 million in 2022 to $33.8 million in 2023, despite the expiration of all loan moratoriums. This was achieved through customer follow-up, loan restructuring, and property sales as last resort. Managing this portfolio remains a key strategic priority.

Board Changes and Acknowledgments

President Matthias announced that Vice President Patterson Homer had stepped down from the Board due to health reasons, and intimated that the Association wished him a full and speedy recovery.

He noted that two current Board members, Director Colleen Thomas and Director Dennis Gaymes, were retiring at this AGM. Director Gaymes has stated that he did not wish to serve another term. Director Thomas was eligible for re-election and had submitted her nomination. President Matthias extended best wishes to her for the upcoming election and expressed hope for continued collaboration.

President Matthias also acknowledged the hard work and dedication of the Association's employees, emphasizing their vital role in the Association's success. He thanked the members for their continued support, loyalty, and trust, calling them the foundation of the Association's achievements.

Proposal on AGM Minutes Review Process

Prior to moving a motion to adopt the Minutes, Member Junior Bacchus expressed concern that many members did not have sufficient time to review the previous meeting's minutes before the

AGM, which hindered familiarity with the content. He proposed that for future meetings, about three members who had contributed during the prior meeting be selected to review and certify the accuracy of the minutes ahead of the AGM. This would enable them to move the motion for adoption during the meeting confidently.

He suggested the secretariat provide these selected members with the minutes approximately one week before the AGM to allow thorough review. Member Bacchus noted that this practice, used in organisations such as the Lions Club, would improve the efficiency and quality of the meeting's proceedings. He further added that the proposal he put forward is for consideration at the Board level in the future and not a directive that has to be actioned. President Matthias intimated that there is normally an internal process in which the AGM Minutes are reviewed. Member Bacchus expressed a desire in the Membership being a part of this internal process.

Member Luzette King expressed support for the proposal made by Member Junior Bacchus regarding improving the review process of AGM minutes. She noted that although her name appeared in the minutes, she could not recall the exact details of her contributions and would therefore be reluctant to second the motion for their adoption without having reviewed them thoroughly.

3. AMENDMENTS AND ADOPTION OF THE MINUTES OF THE 81ST ANNUAL GENERAL MEETING

President Matthias proceeded to call a vote on the adoption of the minutes and stated that a motion to adopt the minutes was previously moved by Member Junior Bacchus and seconded by Member Luzette King. Member King clarified that she was seconding the motion made by Member Bacchus in relation to his proposal on the AGM Minutes review process.

President Matthias subsequently called for a voice vote, asking members in favor of adopting the minutes to say "Aye". The majority of the Membership responded in the affirmative. There were no votes against, and the motion was declared carried.

The minutes of the 81st Annual AGM were adopted as read.

4. MATTERS ARISING FROM THE 81ST AGM MINUTES

Permanent Shares and Dividends-(page 22)

Member Luzette King inquired about updates on permanent shares, specifically questioning whether any dividends would be issued as this had been a concern raised at the previous AGM. She noted the shares appeared stagnant and were not yielding returns.

President Matthias responded that there was, in fact, a proposed dividend being presented at this AGM and assured members that the matter would be addressed during the relevant section of the meeting agenda.

Witnessing of Vote Count-(page 22)

Member Cools Vanloo referenced the last paragraph of page 22 in the prior minutes and asked for clarification on whether it was agreed that witnesses would be allowed during the vote count. He noted a lack of clarity in the record and requested a definitive position.

President Matthias confirmed that while the understanding had been that witnesses would be present, the Financial Services Authority (FSA) had refused to allow any external witnesses during the vote count. He explained that he had attempted to resolve the matter with the Financial Services Authority (FSA) prior to the meeting but was informed that the Financial Services Authority (FSA) would either conduct the election alone or not at all. He added that he was told the Association was still under enhanced supervision and that gives the FSA the authority. He stated that he was however unable to verify whether or not this was true or legal reiterating that this is what he was told.

Member Cools Vanloo challenged this stance, asserting that the FSA had no legal authority to dictate the internal procedures of the meeting, particularly if the membership wished to have a witness present. He argued that the Association's own Elections Committee should be empowered to conduct the elections instead, especially if the FSA refused to accommodate transparency.

This sentiment was strongly echoed by Member Junior Bacchus, who questioned the legal foundation of the FSA's involvement. He requested that either the Board or the FSA Representative present the specific section of the legislation that empowered the FSA to intervene in the internal electoral processes of the Association. Member Bacchus argued that even under enhanced supervision there was no justifiable reason to prohibit witnesses during the count. He pointed out that national elections, which carry far greater weight, routinely include representatives from various stakeholders as witnesses. Member Bacchus insisted that the members had a right to oversee elections in their own Association, which exists to serve them, not the FSA.

President Matthias acknowledged the concerns but reiterated that the FSA had clearly communicated their stance: if they were to run the election, it would be done entirely under their control, without the involvement of outside witnesses. At this point, President Matthias agreed that the more practical solution might be for the Elections Committee to take charge of the process, though he maintained that the FSA possessed regulatory authority in certain respects due to the society's status under enhanced supervision.

At this juncture, the FSA's representative, Mr. Jimmy Black addressed the meeting. He clarified that the FSA had withdrawn entirely from conducting elections in all of the credit unions due to past allegations of impropriety, particularly around claims of tampering or bias during ballot counts. This was, he explained, the reason behind the FSA's strict policy against allowing witnesses. He acknowledged that while the FSA had been invited to oversee the elections, the Association had already passed a resolution at a previous meeting that it will conduct its own elections. Mr. Black emphasized that the FSA had no objection to that decision and saw no need for further dispute on the issue.

Following this, President Matthias confirmed that the Elections Committee would proceed with organising and managing the election, effectively concluding the discussion. However, a final point was raised by Member Bacchus, who insisted that the AGM minutes be amended to reflect the practice adopted at the last AGM, where the Elections Committee had conducted the election with the FSA present as witness. He emphasized that if the current minutes did not accurately reflect this, they needed to be corrected. Although President Matthias noted that Mr. Black had not been present at the previous AGM, he agreed to ensure the record was updated appropriately.

The matter was brought to a close with a consensus that the Elections Committee would handle the election, and the FSA would not participate in the vote count. The recorders were instructed to make the necessary amendments to the minutes to reflect both past practice and the current resolution.

Permanent Shares Redemption (Page 25)

Member Luzette King raised a question about whether a previous statement made by Member Dougal James on page 25 suggesting that Permanent Shares would not be repaid would be addressed during the dividend discussion.

President Matthias acknowledged the seriousness of the matter and responded that the Board had been considering a plan to establish a sinking fund to manage share redemptions. However, any such plan would need FSA approval, and previous attempts had stalled due to the pandemic. Member King then shifted focus to the broader issue of ongoing FSA oversight, questioning the criteria and timeline for the Association to exit enhanced supervision. President Matthias admitted that the institution was still under such supervision and expressed frustration at the lack of clarity from the FSA, noting that the Board often had to seek approval for basic decisions and was not free to act independently.

This concern was echoed by Member Harold Lewis, who characterized the continuation of enhanced supervision after a decade as an indictment of both past Boards and the FSA. He argued that there must be a clear roadmap for exiting enhanced supervision, as its indefinite nature undermined member confidence and impaired governance.

Member Dougal James, stressing that prolonged oversight reflects poorly on both the institution and its regulators. He highlighted the danger of international scrutiny from bodies like the IMF, FATF and the World Bank if the situation appeared unresolved for too long. Member James also questioned the FSA's effectiveness, referencing the still-unenacted Building Societies Act. He implied that the FSA might be reluctant to see it passed because it could limit its regulatory powers. He pressed the FSA to clarify whether the original conditions outlined in the first Memorandum of Understanding (MOU) which included issues such as the institution's Non-Performing Loan portfolio had been satisfied. He noted that the Capital Adequacy Ratio had been met for years and argued that the Association operates in a less volatile environment now than many credit unions, yet continues to be scrutinized more heavily and unfairly.

Member Dougal James went on to question whether there was any legal recourse available to members to challenge what he sees as excessive or prolonged regulation. He expressed doubt that the Association remains the worst-performing institution in the financial landscape, suggesting the ongoing enhanced supervision is no longer justified.

Finally, Member Dougal James raised concerns about regulatory credibility, pointing out that the current chairman of the FSA is a former president of the Association's Board. He questioned whether it was appropriate for someone who presided over the institution during a troubled period to now lead the regulator, especially when the institution remains under supervision. He concluded with a remark that if such an appointment was made, it must either reflect exceptional confidence in that individual or raise serious questions about governance standards and possible conflicts of interest.

Member Cools Vanloo took a more pointed stance, asserting that the entire premise of enhanced supervision stemmed from a politically motivated act and had little to do with sound regulation. He questioned the double standard applied to the Association compared to other financial institutions and suggested incorporating external auditor reports as benchmarks to guide the society out of supervision. He emphasized the need for specific, measurable milestones and accused the FSA of wielding control under the guise of oversight.

Member Duane Allen raised concerns regarding the lack of clarity and transparency in the Director's Report, particularly in relation to the institution's performance under enhanced supervision by the Financial Services Authority (FSA).

He began by acknowledging and congratulating the institution on achieving a $1 million profit, especially in contrast to the previous year when no profit had been recorded. He stated that this success deserved recognition. However, he quickly shifted focus to a more critical issue he raised the previous year, namely, the absence of clear performance indicators tied to the FSA's enhanced supervision requirements.

Member Duane Allen argued that the Director's Report contained what he called "critical errors of performance", specifically the failure to clearly outline the objectives and benchmarks set by the FSA for the institution to emerge from enhanced supervision. He emphasized that if the regulator has stated the institution is still underperforming, it is imperative that the Director's Report provide a transparent and measurable framework showing how the institution is addressing those deficiencies.

He suggested that the report should prominently feature these FSA performance requirements, with clear metrics that allow members to track progress year on year. By doing so, members could evaluate how effectively the institution is moving toward regaining full regulatory confidence. Member Allen urged that this should be treated as a high priority item in future reporting.

Member Junior Bacchus reinforced and expanded upon Member Allen's earlier remarks concerning the Association's prolonged period under enhanced supervision by the FSA, which has now extended to 11 years. He clarified that this supervision includes an FSA representative sitting on the Association's Board, ostensibly without voting power. However, he expressed concern that in practice, the behaviour of some FSA representatives resembles that of individuals wielding veto authority, which he found inappropriate and troubling.

He emphasized that the FSA's role on the Board should be to guide and track the benchmarks required to eventually exit enhanced supervision. Member Bacchus supported Member Duane Allen's proposal that the future board be mandated to present a clear framework at subsequent AGMs, outlining both the specific requirements set by the FSA and the current status of compliance with those requirements. He suggested that this would introduce necessary transparency and accountability.

Referring to recent efforts by members such as Dougal James and past presidents, Member Bacchus acknowledged that there has been serious intent and work put into removing the Association from enhanced supervision. Yet, despite this, no clear explanation has been offered as to why the FSA continues its oversight. He concluded by urging the membership and leadership to ensure that future meetings do not revisit this issue without meaningful progress, stressing that the institution cannot afford to remain in a perpetual state of supervision.

Member St. Clair Leacock offered a balanced perspective. While agreeing with the call for transparency, he cautioned members not to rush into dismissing oversight outright. Member Leacock commended the institution for its recent return to profitability and noted that despite the long-term oversight, the financial position of the Association had strengthened, in terms improvements in capital adequacy and loan performance. He referenced key financial indicators such as the Capital Adequacy Ratio of 23%, noting it as a strong performance measure. Member Leacock explained that while some institutions report higher Capital Adequacy Ratios, they may still be in poor financial health, especially if their Tier 1 and Tier 2 capital positions are weaker or they carry significant non-performing loans.

He acknowledged the challenging financial environment and pointed out that continued oversight might not necessarily be negative if it provides reassurance to depositors and investors. Nonetheless, he agreed that the FSA should provide objective, transparent benchmarks for ending supervision.

The discussion concluded with Member Luzette King seeking clarification on how the membership would move forward with the proposal for greater accountability and transparency regarding the Association's enhanced supervision status. President Matthias responded that while efforts had already been made to obtain clarity from the FSA, many of the issues were qualitative in nature, making it difficult to assess definitive progress. However, in the interest of time and clarity, Member Bacchus formally moved a motion that future reports should include a dedicated section outlining the institution's progress toward meeting FSA benchmarks and ultimately ending enhanced supervision. The motion was seconded by Member Duane Allen and passed by the membership.

5. REPORT OF THE BOARD OF DIRECTORS

President Matthias transitioned the meeting to the Board of Directors Report, which spanned from pages 34 to 42 of the AGM Booklet. He invited questions from the members relating to the report.

Staff Relations

Member Luzette King raised concerns about staff relations, referring to page 34 of the Board of Directors' Report. She acknowledged the Association's efforts toward professional staff development but questioned the lack of transparency around employee retention. Member King asked how many staff members were hired, how many left, and the reasons for their departures. She stressed the importance of this information, recalling a past incident where a former staff member appeared publicly upset, and suggested that understanding staff treatment was relevant to members, even with confidentiality considerations.

President Matthias stated that he did not have specific data on staff turnover and deferred the question to CEO John, who he believed could provide a more accurate response.

CEO John responded by stating that the Association does not currently face any significant retention issues, noting that many employees have been with the Association for a long time, although some new hires were made. He responded by stating that he was not certain that he was the right person to answer the question and asked Member King to clarify what prompted her concern. Member King responded firmly, emphasizing that her question stemmed from her interest in staff welfare, not any specific accusation and warned CEO John not to put words in her mouth.

After a brief exchange, CEO John acknowledged her clarification and reiterated his answer. President Matthias then stepped in to reinforce the organisation's commitment to staff and board development, emphasizing that the tone for growth and professionalism is set from the top. He mentioned ongoing corporate governance training for Board Members as part of their broader approach to continuous development throughout the organization.

Absence of New Product Development information in the Board Report

Member Junior Bacchus raised a concern about the absence of new product development information in the Board Report. He emphasized the need for the Association to modernize in order to remain competitive and appeal to younger generations. He pointed out that while similar institutions in the region failed, the Association survived, and this resilience should be matched with innovation, particularly through technology like ATMs and digital services.

President Matthias responded by acknowledging the importance of technological advancement. He noted that while the Association may appear slower compared to credit unions, it is actively working on implementing ATMs, enhancing IT Infrastructure, and moving toward Internet Banking. He also referred to a section in the report that outlines the Association's technological efforts and called on Customer Service Manager, Mrs. Ava Weekes to give more specific details about the Association's products.

Mrs. Weekes presented a detailed overview of the Association's current suite of products and services. She informed the meeting that the Association offers a variety of deposit options, including regular savings accounts and fixed deposits with tiered interest rates—2.75% for one-year, 3% for two-year, and 3.25% for three-year terms. She also highlighted the Smart Saver Account, designed for members aged 0–18, which earns a competitive interest rate of 4% and is intended to instill sound saving habits from an early age, laying a financial foundation for future needs such as education or homeownership. The Super Saver Account was also discussed. This structured savings product allows members to set a fixed monthly contribution and earns interest biannually in June and December over a five-year period.

Mrs. Weekes then addressed the range of insurance products available through the Association, including motor, home, marine, and contents insurance. She placed particular emphasis on the importance of contents insurance, which offers protection for household items in the event of disasters such as fire, flooding, or hurricanes, which she considered particularly relevant given the recent passage of Hurricane Beryl.

In relation to lending services, Mrs. Weekes confirmed that the Association continues to offer both consumer and mortgage loan products, with interest rates determined during the application process based on the type of loan and other qualifying factors. She noted that all products are reviewed periodically to ensure competitiveness and relevance within the market, especially in comparison with other financial institutions.

Member Joanna Reece inquired whether interest on the Association's fixed deposit and super saver accounts was compounded.

President Matthias responded by explaining that fixed deposit accounts follow standard procedures where, upon maturity (e.g., after one, two, or three years), the account may be rolled over. If the interest is left in the account and reinvested with the principal, this results in compounding interest over time. He then asked Mrs. Weekes to expound on the Association's Super Saver Product.

Further clarification by Customer Service Manager Mrs. Ava Weekes

Mrs. Weekes outlined how interest is calculated and paid on various savings products as follows:

Regular Savings Accounts: Earns compound interest at a rate of 2.75% per annum, paid quarterly, and calculated based on the minimum quarterly balance.

Super Saver Accounts: Interest is also compounded, calculated over two quarters, and paid semi-annually (June and December).

Fixed Deposits: Interest is based on the deposit term (1, 2, or 3 years) and calculated proportionally by the number of days the funds are held. For example, a 1-year deposit at 2.75% would be calculated as: (Principal × 2.75%) ÷ 365 × number of days held.

Mrs. Weekes stated that upon maturity, members may choose to reinvest the interest with the principal thereby compounding it, or they may withdraw the interest, or provide other instructions on receipt of the fixed deposit notices sent out by the Association.

The Association's Strategy for Implementing ATM Services

Member Apollo Knights raised an enquiry with President Matthias about the Association's strategy for implementing ATM services, noting that most financial institutions already offer such services and some credit unions have their own ATMs or use the Bank of St. Vincent's

platform. He specifically asked whether a Cost-Benefit Analysis had been conducted and whether the Association intended to use existing ATM networks, purchase its own machines, or pursue a hybrid approach.
President Matthias deferred the question to CEO John for a detailed response, stating that significant groundwork had been done prior to his tenure. CEO John clarified that the Association's current strategy is to establish a strategic partnership with the Bank of St. Vincent to provide ATM access. He confirmed that there are no current plans to invest in purchasing ATM hardware, indicating that the focus is on leveraging existing infrastructure rather than incurring new capital expenditures.

On confirmation that the Membership had no more questions in relation to the Report of the Board of Directors, on a motion moved by Member Junior Bacchus and seconded by Member Dougal James the Report was adopted and approved with all in favour.

6. AUDITORS' REPORT FOR THE YEAR ENDED 31st DECEMBER 2023

President Matthias invited Mr. Floyd Patterson, Managing Partner of the Auditing Firm of Grant Thornton, to present the Auditor's Report for the year ended 31st December, 2023.

Scope and Nature of the Audit

Mr. Patterson explained that the audit was conducted in accordance with International Standards on Auditing (ISA). The purpose of the audit was to express an opinion on whether the Association's financial statements were prepared in accordance with International Financial Reporting Standards (IFRS).

He stated that the auditors employed a risk-based approach, identifying potential problem areas based on their knowledge of the entity and the nature of the transactions undertaken by the entity. These risks were discussed with management to determine whether proper assessments had been made and whether adequate controls were in place. The team then assessed how appropriately these controls were designed and how consistently they were implemented throughout the year. He added that based on the information gathered—their assessment of the controls, the nature of the risks —appropriate procedures were designed to address the risks.

The audit also involved a thorough review of the Association's automated accounting information systems. Internal IT audit experts were engaged to evaluate the general IT controls and application controls to determine whether they functioned effectively throughout the year. The review was also done to determine the extent and the nature of other audit work that may be necessary in order to achieve the level of assurance that will be required to express an opinion on the financial statements of the St. Vincent Building and Loan.

Audit Quality and Oversight

Mr. Patterson emphasized that Grant Thornton International (GTI) exercises oversight over the local audit office. As such, all audit working paper files are subject to review to ensure compliance with GTI standards.

He stated that the St. Vincent Building and Loan Association is classified as a Public Interest Entity (PIE), due to its fiduciary role in taking public deposits. As a PIE, the audit is subjected to a higher level of scrutiny and quality control. This includes multiple internal levels of partner review and a final independent "cold review" conducted by a GTI partner from outside the local office.

Areas of Audit Complexity

Mr. Patterson noted that a key area of complexity in the audit process was related to expected credit losses (loan loss provisions). The Association retains an independent professional to assess expected credit losses prior to the start of the audit. Grant Thornton then reviews, challenges, and tests the assumptions and calculations to ensure they are reasonable and consistent with accounting standards. The process involves sophisticated statistical analysis and financial modelling.

He explained that another important focus area was the recognition of revenue, particularly as it relates to income from lending activities. By virtue of the fact that loan revenue is contingent on collectability, auditors carefully reviewed the assumptions used to determine whether revenue had been earned and was likely to be realized.

Challenges in Member Confirmation Responses

Mr. Patterson made a special appeal to members regarding audit confirmation requests. These confirmations are used to verify member loan and deposit balances and are a critical part of the audit process. However, he reported that the response rates to these requests are very low, which leads to delays and forces Auditors to conduct more time-consuming alternative procedures.

Audit Opinion for 2023

Mr. Patterson reported that the audit opinion issued on September 3rd, 2023 was unmodified. This indicates that, in all material respects, the financial statements of the St. Vincent Building and Loan Association fairly present its financial position, performance, and cash flows for the year ended December 31, 2023, and are in compliance with IFRS. At this juncture, Mr. Patterson asked the membership if they had any questions.

Nature of Audit Confirmation Requests

Member Luzette King stated that she would like to comply with the confirmation requests but does not know what the document looks like and sought clarification in this regard.

In response to Member Luzette King's inquiry, Mr. Patterson explained that confirmation requests are issued on a sample basis and not to every member. The sample is selected using a stratified, automated statistical process. The confirmation document is a letter requesting members to verify the balance stated in the letter and to report any discrepancies. Grant Thornton uses the positive confirmation method, which requires members to respond whether or not they agree with the reported balance.

He clarified that members who receive the request will get a letter (either physically or via email if the Association has their electronic contact information) asking them to confirm the accuracy of their reported account balance (whether loan or deposit). If there is a discrepancy, the member is expected to respond with their own balance figure so it can be investigated.
Mr. Patterson emphasized the use of positive confirmations, which require a response whether the balance is accurate or not, as opposed to negative confirmations, which only ask for a response if the balance is incorrect. Positive confirmation is used because of the high assurance level required in auditing an institution like the St. Vincent Building and Loan Association.

He also once again encouraged members to update their contact information, particularly their email addresses, to improve the efficiency of the audit process and ensure smoother communication.

Member Arifa Ryan-Charles acknowledged receiving an audit confirmation letter in the past, which she signed but only discovered months later due to not checking her post office regularly. She noted that the institution already had her email address and suggested that email should have been used instead. She recommended using a combination of physical and electronic communication to improve efficiency.

Mr. Patterson acknowledged Member Ryan-Charles' suggestion and agreed that using email for audit confirmation letters is more efficient and cost-effective for the Association as it reduces postage expenses. He emphasized the importance of members updating their email addresses and other contact information with the institution. With updated email records, reminders can be sent promptly if there is no initial response, allowing for better follow-up and quicker audit completion. He reiterated that the inefficiency of traditional mail reinforces the need for accurate and current electronic contact details.

Acknowledgements and Questions by Member Junior Bacchus

Member Junior Bacchus began by commending key individuals for their contributions to the Association's financial turnaround in 2023. He specifically recognized past president, Colin Bacchus for his role in helping the institution return to profitability, noting a profit of over $1 million for the year. He also publicly acknowledged outgoing CEO Mr. Elroy John for his nine years of dedicated service, highlighting his leadership in reducing non-performing loans and strengthening loan management practices. Member Bacchus emphasized Mr. John's firm and direct management style, which he credited as essential during challenging times. He expressed hope that a successor of equal or greater capability would be appointed, noting that members and the FSA would be closely monitoring the recruitment process.

He raised questions in relation to the Interest Levy on Page 52 of the AGM Booklet. He questioned the ongoing application of the interest levy on special deposits, pointing out that credit unions are exempt from this levy. He argued that the Association should be granted similar relief and asked for an update on lobbying efforts to remove this financial burden, which he described as "choking" the Association.

He also requested clarification on a significant increase in the "Gratuity and Other Staff Benefits" line item on Page 55, which rose from EC$186,537 in 2022 to EC$346,598 in 2023. Mr. Bacchus suggested that the Auditor could have included a note explaining the sharp increase and implied that members deserved a clear explanation for such changes in expenditure.

In response to Member Bacchus, Mr. Patterson clarified that the interest levy on special deposits is a matter of government policy and therefore falls outside the Auditor's purview. He acknowledged the concern but emphasized that the Auditor's role is not to influence or comment on government taxation policy.

Regarding the increase in "Gratuity and Other Staff Benefits," Mr. Patterson explained that detailed disclosures are typically the responsibility of management and the Board. While auditors review and validate the accuracy of figures presented, they rely on management to provide explanatory notes on significant changes. He reiterated that if the members feel such matters deserve additional detail or transparency, the appropriate avenue is through management and not the Auditor's report.

Mr. Patterson checked to see if there were any further questions and, upon confirmation that there were none, thanked the members and wished them well. He then took his leave, encouraging them to enjoy the remainder of the meeting.

President Matthias thanked Mr. Patterson for his Audit Presentation. He deferred the questions raised about the financial statements, particularly those posed by Member Junior Bacchus, to CEO John for a formal response.

CEO Elroy John's Response to Questions from Member Junior Bacchus

CEO Elroy John explained that the Association has a defined benefit pension plan which requires annual actuarial valuations. Based on the most recent valuation, the Association was required to increase its funding to the plan. Specifically, the liability increased by $122,000.00, and the interest expense rose by $43,000.00, both of which contributed to the rise in the "Gratuity and Other Staff Benefits" line item in the financial statements.

Mr. John stated that he has made repeated representations to the Prime Minister, Minister of Finance, and Cabinet Secretary advocating for the removal of the interest levy. Despite assurances that the Building Societies Act would be amended (possibly by the end of the year) no changes have been made. He emphasized that the competitive environment is unfair, as credit unions are exempt from the levy, while Building and Loan continues to be burdened by it. He expressed disappointment that a resolution had not been reached before his departure from the Association.

Repossessed Items

Member Luzette Kings asked CEO John whether or not the Association had any repossessed items. CEO John responded by stating that the Association currently has no repossessed items such as vehicles or properties on its books.

Question by Dr. Timothy Providence – Request for an NPL Ratio Instead of an Absolute Figure

Member, Dr. Timothy Providence raised a concern regarding how the Non-Performing Loan (NPL) figure was presented in the meeting. While acknowledging the reported NPL amount of $33.8 million, he argued that the figure would be more meaningful if expressed as a percentage of the total loan portfolio, rather than just an absolute value. He explained that $33 million would have different implications depending on whether the total portfolio was $1 billion or $200 million. He further noted that his own rough calculation indicated that the NPL Ratio had improved from approximately 35% to 29% year-on-year and suggested that such ratios be included in future presentations for clearer understanding.

President Matthias acknowledged Dr. Providence's feedback regarding the timing of the AGM. He stated that although the meeting was timelier than in previous years, there was still room for improvement. He assured members that efforts were ongoing to ensure earlier reporting in the future. Discussions had already taken place with the auditors, and if reappointed, the Association is expected to hold its next AGM earlier in the year to better align with regulatory requirements.

Remarks by Member Cools Vanloo on Leadership, Continuity, and Acknowledgment of Past Efforts

Member Cools Vanloo congratulated the Board on its 2023 report, noting that the strong financial performance was not a sudden occurrence but the outcome of sustained efforts by successive boards over the years. He emphasized the importance of recognizing the role played by previous boards in addressing long-standing challenges. Member Vanloo also commended CEO John for his experienced and steady leadership during turbulent times, highlighting his collaboration with various boards to bring the Association to its current state. He acknowledged that leadership styles may not please everyone but affirmed Mr. John's effectiveness. Member Vanloo expressed hope that the progress would continue, and future boards and the incoming CEO would match or exceed the performance of their predecessors.

Adoption of the Auditor's Report and Financial Statement

On a motion moved by Member Junior Bacchus and seconded by Member St. Clair Leacock, the Auditor's Report and the Financial Statements for the year ended December 31st, 2023 were carried.

Remarks by Member Kenneth Young on Outgoing CEO Elroy John

At this juncture Member Kenneth Young requested permission from President Matthias to make a few statements. President Matthias acknowledged the request and granted him the opportunity to speak.

Member Kenneth Young reflected on CEO John's nine-year tenure, highlighting the six years they served together on the Board beginning in 2015. Member Young praised John's leadership during a particularly difficult period for the Association, noting that their Board was united by a spirit of volunteerism and service. He acknowledged the significant reforms that CEO John implemented, especially in loan management practices, despite criticism from some staff members. Member Young recalled that under CEO John's leadership, stricter systems were introduced, which included ensuring that loans were properly documented before reaching the Credit Committee.

He emphasized that leadership requires taking tough measures and expressed deep appreciation for CEO John’s professionalism, integrity, and contributions to the institution’s turnaround. Member Young urged current and future board members to approach their roles with a service-oriented mindset, putting the needs of the Association's members, particularly the poor, first. He concluded by personally thanking CEO John on behalf of their former Board and wished him well in his future endeavors.

<u>Remarks by Member St. Clair Leacock on outgoing CEO Elroy John</u>

Member St. Clair Leacock joined his colleagues in acknowledging the valuable contributions and professional leadership of outgoing CEO Mr. Elroy John, crediting him for helping the Association reach its current position of strength. However, he noted that a few critical issues remain unresolved; specifically, the relationship with enhanced supervision and the interest levy imposed by the Government.

Member Leacock posed a question to Mr. John, asking whether this was truly the best time for his departure, given these ongoing challenges. He expressed concern about succession planning, noting the absence of public information regarding the appointment of a new or interim CEO. He wondered whether Mr. John should consider staying on to see these matters through and ensure the Association is fully stabilized before stepping away.

<u>CEO Elroy John’s remarks to the Membership</u>

In his closing remarks, CEO Elroy John reflected on his professional journey and the circumstances that led him to join the St. Vincent Building and Loan Association. He shared that he had retired early from CIBC First Caribbean and had no plans to return to the workforce, but was convinced by his long-time friend and mentor, Member Lennox Bowman, to take on the role.

Mr. John expressed deep gratitude for the support and kind words from various members, including Mr. Ken Young, Major Leacock, Junior Bacchus, and others. He acknowledged his strong-willed and straightforward approach, admitting it may not have always been well-received but emphasized that it came from a place of commitment and integrity.

He also gave special thanks to his Executive Management Team, particularly Financial Controller Nuala Frank and Chief Risk and Compliance Officer Pethion Greene, for their unwavering support and collaboration during his tenure. While he wished he could have seen the Association return to normal regulatory supervision, he expressed pride in the progress made, stating confidently that he was leaving the institution in a better state than he found it.

Finally, CEO John reaffirmed his ongoing commitment to the Association, stating that he will continue to support its mission from the sidelines and offered his assistance to the incoming CEO, should they need it.

Remarks by Pethion Greene

Member Junior Bacchus briefly introduced member of staff Mrs. Pethion Greene allowing her a moment to express her thoughts about CEO Elroy John before transitioning to the next agenda item.

Mrs. Greene delivered a tribute to CEO Elroy John. She shared her early experience joining the Association shortly after CEO John and described being culture-shocked by the lack of structure and policy at the time. She praised the transformation that occurred under CEO John's leadership, noting significant improvements such as: Implementation of policies and procedures, Creation of a Risk and Compliance department and greater accountability and oversight from the Board and the FSA.

She acknowledged that CEO John's leadership style was sometimes strict or "grumpy," but defended it as necessary for progress and improvement. Mrs. Greene emphasized that CEO John always acted in the best interest of the members and the Association, and that he was instrumental in putting the institution on a stronger path. She closed by thanking him personally and wishing him well in his future endeavours, underscoring his 35+ years of experience and his dedication to safeguarding members' investments.

7. ELECTION OF NEW DIRECTORS TO THE BOARD

Member Junior Bacchus, Chairman of the Nomination Committee presented the official report of the Nominations and Elections Committee at the 82nd Annual General Meeting of the St. Vincent Building and Loan Association. His remarks provided a detailed account of the nomination process, the candidates selected, and the procedures followed to ensure transparency and compliance with the Association's bylaws and rules.

Composition and the Committee

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

The Committee held two official meetings, the first to establish their work plan and prepare for candidate selection and the second to finalize nomination activities and vetting procedures.

The Nomination Process

In accordance with Section 7.1 of the Association's bylaws, a public call for nominations was made via: Newspapers, the Association's website and social media platforms. The nomination period lasted five weeks, and the deadline was extended to Friday, August 28, 2024. As of the cut-off date (Friday, August 23, 2024), the committee received three official nominations, which matched the three available vacancies on the Board.

Vetting and Interviews

The Committee conducted verification checks on the three nominees, and confirmed that they were in good financial standing with the Association, making them eligible to proceed. Brief interviews were also held with each of the three candidates to assess their readiness and commitment to serve on the Board.

Recommended Nominees

The Committee officially recommended the following three candidates:

1. Ms. Colleen Thomas

Ms. Thomas was nominated by: Ianthi Burke and seconded by: Jeremy Jackson. She is currently serving as a Director on the Board and is seeking to be re-elected to a second 3-year term. Her areas of expertise are as follows: Database Administrator, IT Project Manager and Benefits Manager at the National Insurance Scheme (NIS). She holds a BSc in Business Information Technology and an MSc in Health Informatics.

2. Mr. Dougal James

Mr. James was nominated by: Member Lucille Browne and seconded by Member Colin Bacchus. He previously served on the Board as a Director from 2015-2021. and is now seeking to fill one of the vacant posts. His areas of expertise are as follows: Chartered Accountant, Management Consultant, Director of the National Lotteries Authority and an Associate of Certified Anti-Money Laundering Specialist.

3. Mr. Apollo Knights

Mr. Knights was nominated by: Member Elvin Jackson and seconded by Member Patterson Homer. His areas of expertise are as follows: BSc in Electrical Engineering, MSc in Telecommunications and Networking and an MBA in International Business. He is Director of the National Telecommunications Regulatory Commission (NTRC) with over 25 years Managerial Experience within the ICT sector specialising in: Policy development, Cybersecurity, Digital Transformation and Universal Service and Access Specialist.

Remarks by the Chairman of the Nomination Committee and Next Steps

Chairman Bacchus thanked the Board, Management, and Staff for supporting the Committee’s work. He urged the nominated candidates to continue advancing the Association's mission of "building lives one step at a time."

Noted that with three nominations for three vacancies, and in line with the bylaws, the floor was opened for any additional nominations before proceeding to close nominations and begin the election process.

Open Floor Nomination

On a motion moved by member Duane Allen and seconded by Member Joel Poyer, member Aphesha Matthews was nominated.

On a motion moved by member Jethro Greene and seconded by Member Kenneth Young, the nomination was closed, and the nominees were given an opportunity to introduce themselves before the members voted.

After announcing that there were three board positions and four nominees, Chairman Junior Bacchus instructed the Nominations Committee to begin distributing ballots to eligible voters. He clarified that the ballots already contained the names of the three official nominees previously vetted and endorsed by the committee.

However, Ms. Aphesha Matthews, whose nomination came from the floor despite earlier objections based on the bylaws, was allowed to briefly introduce herself to the members. Ms. Matthews used the opportunity to campaign for a Board position by highlighting her professional background and qualifications. She stated that she is a qualified Accountant with 14 years of experience. She recently completed a certificate in People Management from the University of the West Indies Open Campus and has attended several workshops on professionalism and ethics. Additionally, she has experience conducting risk and compliance audits, including anti-money laundering training, and holds a Bachelor's degree in Accounting and Finance from UWI Cave Hill.

Chairman Bacchus then instructed members on how to include Ms. Matthews as a write-in candidate on the ballot:

Voters were asked to write her name in the blank space provided at the bottom of the ballot. They should then place an "X" next to the names of three candidates they wished to vote for—including Matthews if they chose to support her.

He ensured that:

Blue Voter IDs were used to collect ballots and validate the number of votes;

Everyone had a pen and understood the voting instructions; and

Minor ballot marking errors (e.g., ticks instead of Xs) would still be counted if the intention was clear.

8. ELECTION OF AUDITORS

While ballot collection for Board elections was underway, Chairman Junior Bacchus shifted to the next agenda item: the nomination of the auditor for the upcoming year (2024–2025). He opened the floor for nominations and Mr. Jethro Greene nominated Grant Thornton, the nomination was seconded by Member Clarence Harry.

With no further nominations, Member Dougal James moved for nominations to be closed, which seconded by Member Brent Cupid. As there was only one nominee, Grant Thornton was declared reappointed.

Chairman Bacchus then handed over the floor to President Matthias to continue with other matters and proceeded to the back to tally the election ballots.

President Matthias Tribute to Outgoing CEO Elroy John

While awaiting the election results, President Matthias addressed the retirement of CEO John, clarifying that Mr. John's departure was due to the natural expiration of his contract—not a dismissal. He noted that Mr. John had declined offers to stay on and had decided it was time to retire.

President Matthias, on behalf of the Board, expressed deep appreciation for Mr. John's hard work and significant contributions, particularly in reducing the organization's non-performing loans (NPLs), which had once stood at $60+ million. He acknowledged that while challenges such as enhanced supervision remain, Mr. John's leadership played a major role in the organization's progress.

Matthias concluded by inviting others to offer tributes, recognizing that Mr. John would still be available in an advisory capacity even after his formal departure.

Remarks by Member Cools Vanloo (on Dividends)

Member Cools Vanloo highlighted a critical omission in the proceedings regarding the declaration of dividends. He noted that while financial matters, including mention of a million-dollar profit, had been discussed, there was no clarity on whether a dividend would be declared. He directly asked for a decision or proposal on the matter, emphasizing the need for transparency and closure on this issue.

Remarks by Member Doris Hope

Member Doris Hope expressed gratitude and appreciation for the St. Vincent Building and Loan Association, highlighting her positive experiences over the past five years since rejoining, encouraged by a friend. She commended the younger staff members in particular for being welcoming, engaging, and informative, noting that they actively connect with members and promote the Association's offerings. In contrast, she observed that some older staff seemed less approachable.

She also praised CEO Mr. John, describing him as humble and personable, and thanked him for being accessible to her and others. Her remarks concluded with appreciation for the staff's dedication and professionalism, and she emphasized members' role in supporting the organization and its employees.

Remarks by Member Elvin Jackson

Member Elvin Jackson echoed earlier sentiments by commending Mr. John for his professional and respectful service to the Association over the years. He extended his best wishes to Mr. John for a successful and enjoyable retirement.

The Discussion on Dividends

President Matthias initially deferred the dividend discussion until vote counting concluded but later confirmed that a dividend was indeed proposed. He stated the dividend would be 8 cents per share, later clarifying it as $8 per $1,000 in shares or 8 cents per share, to avoid confusion. Member Kenneth Young questioned the absence of this information from the AGM booklet and pressed for clarity on the exact dividend rate and total payout. He emphasized the need for precise language, suggesting it should simply be stated as 8 cents per share, rather than per hundred or thousand shares. The total dividend payout was confirmed to be $196,000.00.

Member Duane Allen asked if the FSA (Financial Services Authority) had approved the dividend. President Matthias responded that the amount being proposed differed from the original submission to the FSA, which caused some uncertainty. He noted that approval had generally not been an issue in the past if the organization was in good financial standing.

Member Luzette King asked for a simple explanation for members, prompting confirmation that someone with $1,000 in shares would receive $8 in dividends.

The discussion concluded with the understanding that the proposed dividend would require member approval, and members stressed the need for better clarity and communication in future meetings.

Remarks by Member Colin Bacchus – Tribute to CEO John

Member Colin Bacchus rose to give remarks, stating that it was not in relation to the issue on dividends being discussed. He offered a tribute to Mr. John, recognizing his outstanding leadership during his tenure as CEO from 2018 to 2023. Member Bacchus, who served on the Board during that period—including two years as President—praised Mr. John as an exceptional financial and general manager with expertise that surpassed typical expectations for the role. He described Mr. John as a capable and goal-driven leader who made complex responsibilities appear effortless and led the Association with excellence. Bacchus emphasized that the Association's progress during those years was the result of a collective effort, with Mr. John playing a central leadership role. He noted that Mr. John's departure would be deeply felt, and finding a suitable replacement would be a significant challenge. Member Bacchus concluded by formally recording his appreciation and gratitude for Mr. John's service.

Election Results and Meeting Conclusion

President Matthias invited the Elections Committee to deliver the results of the Board Elections. Member Junior Bacchus reported that out of 74 ballots cast, the results were:

Colleen Thomas – 55 votes
Dougal James – 55 votes
Apollo Knights – 45 votes
Aphesha Matthews – 33 votes

Based on the vote count, Colleen Thomas, Dougal James, and Apollo Knights were elected to the Board. Mr. Knights was acknowledged as a first-time Board Member.

A motion to destroy the ballots was moved by Glenroy Providence and seconded by Elvin Jackson, and passed without objection. Member Bacchus confirmed that the FSA had verified the ballots and witnessed the process.

President Matthias congratulated the newly elected directors and expressed his enthusiasm for working with them over the next three years. He then moved forward with a motion to approve the proposed dividend of 8 cents per share (equivalent to $8 per $1,000 invested), which was passed unanimously.

9. ANY OTHER BUSINESS

No other business was discussed.

10. ADJOURNMENT

There being no further business, the meeting ended at 8:02 pm, on a motion moved by Member Junior Bacchus and seconded by Member Cools Vanloo. President Matthias thanked the members and wished everyone well for the upcoming Christmas season.

Read and sign as a true record this ……… day of ……………………… 2025.

……………………………
Dougal James
President of the Board of Directors

……………………………….
Dannielle A.J. France
Corporate Secretary to the Board of Directors

Report of the Board of Directors to the 83rd 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, 2024.

Fiscal year 2024 marks the first year of the Association's 2024 – 2026 Strategic and Operational Plans. These plans set out a clear path for the Association over the next three years to enable us to provide more personalized solutions to our members and customers, utilize technology to reduce costs and enhance our service delivery, expand our marketing and sensitize customers to our product offerings. Through the implementation of these plans, we will ensure that our employees are recognized for their contributions to the Association.

Our path towards achieving these objectives involves digital transformation, including the implementation of ATM cards and mobile banking services to increase the ease and transparency of doing business with SVBLA. We are committed to meeting members where they are, through the flexibility of virtual loan meetings and are reviewing our application forms to both digitize and streamline the process.

In order to better understand and respond to the needs of our customers, we will be engaging a market research firm in the latter part of 2025 to conduct focus groups and market analysis on our behalf. This research will help us better identify the products and services needed in the market and provide us with honest customer feedback on our current service delivery and product offerings. In 2024, we began the process of reviewing our existing performance management system and identified areas for improvement. This has continued into 2025 with a planned overhaul of our performance management system to incorporate a performance-based rewards system and training for staff at all levels in the organisation. The Association has established a new Education and Training Policy to ensure that staff have access to the tools to develop their skillsets and careers.

Corporate social responsibility remains one of our core tenets as an indigenous membership organisation. During 2024, the Association made donations to various charitable, cultural and sporting organisations throughout St. Vincent and the Grenadines. We also engaged with members via traditional and social medial channels regarding our loan, deposit and insurance product offerings and well as special loan promotions. As part of our efforts to expand our digital footprint, we consistently utilized our social media platforms as part of our overall marketing strategy.

In 2024, the Association realized a profit of $3.47 million, which is a $2.4 million increase over the profit of $1.05 million in 2023. The increased profit was due to higher interest income recognized during the year as well as impairment recovery on loans. During the year, the Association surpassed its goal of reducing the NPL portfolio by 20% with a 21% or $7.3

million reduction. This is one of SVBLA's strategic goals for the 2024 – 2026 period. Since 2013, the NPL portfolio has seen an overall reduction of 61% through the steadfast efforts of our Loans department.

The reduction in the NPL portfolio and a lower dollar value of loans being granted in 2024 compared to 2023 led to a $3.3 million or 3% decrease in loans and advances. While the Association experienced a decline in loans for 2024, this was largely due to being able to clear NPL loans off our books via property sales and restructures, where possible. This exercise may cause our loan balances to fluctuate, but is essential to the long-term health and stability of the Association. We will continue to engage our customers with a view to restructuring delinquent loans where possible, with property sales and write-offs being a last resort.

Even though there was a decrease in loans and advances, the Association was still able to realize a robust profit in 2024 as a result of increased interest income, recovery on impairment provisions and cost management. The increase in interest income was primarily due to interest recovery on non-performing loans. The Association was able to recover provisions of $1.3 million on its loan portfolio due to the decrease in NPLs during the year. Operating expenses remained relatively flat year on year, increasing by a modest $0.1 million, which was due to an increase in Legal and Professional Fees caused by the retention of external consultants to perform Asset Quality Reviews and Capital Planning Assessments which were mandated by our regulators.

During 2024, the Association redoubled its commitment to the development of its staff, both professionally and mentally. This was done through various cross-training opportunities, training sessions on a broad variety of industry-relevant topics and staff activities. These efforts have continued into 2025, inclusive of mental health and wellness initiatives open to all staff.

During 2024, three new scholarships were awarded and as at December 31, 2024 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.

The Board looks forward to the opportunity to continue to be of service to the Association in 2025 as we focus forward on achieving our strategic objectives to bring value to members and SVBLA as a whole.

2.0 Directors

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

Mr. Dougal James	-	President (elected September 30, 2024)
Ms. Colleen Thomas	-	Vice President
Mr. Gary Matthias	-	Director
Mr. Gary Lewis	-	Director
Mrs. Maferne Mayers-Oliver	-	Director
Ms. Trichel Allen	-	Director
Mr. Apollo Knights	-	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-eight (28) such meetings, comprised of twelve (12) Board meetings and sixteen (16) special meetings. Attendance of Directors was as follows:

Director	Regular Meetings (Total 12)	Special Meetings (Total 16)	Total Meetings Attended (Total 28)
Dougal James	03	03	06
Colleen Thomas	12	16	28
Gary Matthias	12	15	27
Gary Lewis	12	12	24
Maferne Mayers-Oliver	12	11	23
Trichel Allen	12	15	27
Apollo Knights	03	02	05

Note: Dougal James and Apollo Knights were elected the Board on September 30, 2024.

3.2 **Directors' Interest**

Director	Minimum Permanent Shares	Does Director have Loan(s)?	Are Accounts up to date?
Dougal James	YES	NO	N/A
Colleen Thomas	YES	NO	N/A
Gary Matthias	YES	NO	N/A
Gary Lewis	YES	YES	YES
Maferne Mayers-Oliver	YES	NO	N/A
Trichel Allen	YES	NO	N/A
Apollo Knights	YES	NO	N/A

3.3 **Statement on Directors' Activities with the Association**

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

4.0 Performance Related to Critical Areas

4.1 During financial year 2024, the Board focused on six (6) critical areas of operations that are key to the Association's business.

4.2 **Critical Area 1 – Increased Long-Term Shareholder Value:** The Association realized a profit of $3.5 million in 2024, a $2.4 million increase over the 2023 profit of $1.1 million. The increase in profit was due to an increase in interest income and impairment recovery on financial assets. The Association was able to simultaneously contain its interest expense and operating expenses to minimize its expenditure during the year. The Association also saw a $4.3 million increase in total assets in 2024, driven by a $7.3 million increase in cash and cash equivalents, which offset a decrease of $3.3 million in loans and advances to members. The decrease in loans and advances was primarily caused by the Association reducing its NPL portfolio by $7.3 million or 21%.

The Association would have executed restructures amounting to $1.8 million during 2024 (2023: $1.3 million). The remaining NPLs would have been cleared through a combination of property sales, repayments and write-offs. These efforts form a part of the Association's strategy to reduce NPLs by 20% per year over the next three years. The historical NPLs on our loan portfolio negatively impact the Association's income and impairment provisions, affecting both our income statement and equity. Customers whose loans were restructured during the year 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. The Association works assiduously to contain migrations from the performing to the non-performing loan portfolio by monitoring the loan portfolio on a monthly basis and taking immediate follow-up action when customers are between 30-89 days in arrears. This allows the Association to identify any issues before the loans advance to NPL status.

In order to deliver better service to our customers and members, the Association commenced the process of developing ATM and mobile banking services during 2024, which has continued into 2025. Although we have experienced setbacks with our vendors, we are pleased to report that these services will be launched before the end of 2025, enabling customers to have easier access to their funds and transaction history. By increasing the ease of doing business with SVBLA, we aim to improve customer relations and deliver on our promise of operational excellence.

In 2024, we also requested proposals from marketing professionals to conduct targeted market research on behalf of the Association. Based on the proposals received, the chosen firm will begin their engagement in the last quarter of 2025. The goal is to gather honest feedback from our members on our current product offerings and services, as well as the areas where we can improve and deliver greater value. This exercise will help us to both retain and generate new business in the long run.

We remain agents of Guardian General Insurance Limited, offering insurance coverage to our members and the public as a whole. Guardian is a trusted name in the insurance business and partnering with Guardian allows us to offer customers a "one-stop shop" where they can choose to invest funds, obtain financing and secure their assets.

4.3 **Critical Area 2 – Improve and Increase the Customer Base:** Overall, the Association executed a balanced marketing program during 2024 which combined community and youth engagement (direct connection with schools, youth clubs, cultural groups and local causes), product promotion and seasonal campaigns - linked to national events, holidays and cultural celebrations. Our program also included digital transformation (Marketing) through expanded use of Google Ads and social media campaigns. In line with our strategic plan, we also sought to improve internal staff engagement through recognition programs, wellness initiatives and staff-inclusive activities. This holistic approach ensured SVBLA's brand presence was visible, relevant and trusted both online and in the community.

The Association tapped into cultural and seasonal moments allowing us to promote products while engaging customers. To celebrate Valentine's Day, we had a Couple Your Finances campaign where relationship advice was coupled with financial tips. We conducted a Guess & Win competition for customers and shared themed social media content for International Women's Day - Own Your Happiness. A Tea Party for female staff was also held, in addition to an external presentation to women entrepreneurs on financial independence to celebrate International Women's Day. For Mother's Day, we utilised the hashtag "SVBLALoveMOM" which included a social media contest rewarding winners with savings accounts and event tickets as well as an internal celebration for mothers on staff.

As is customary, we celebrated Customer Appreciation Day - We Appreciate You! with prizes, spa services, food stations and local vendor pop-ups. Guardian General Insurance Limited, of which the Association is an agent, was included through collaboration for post-hurricane customer rewards. Our annual Independence celebrations highlighted Independence IQ, which included staff recognition awards for leadership, problem-solving and initiative as well as a social media quiz with event ticket prizes. Our Go Big This Christmas loan promotion with Sandals Day Pass and Food Hamper prizes and 12 Days of Giving social challenge encouraging community acts were a hit with customers. Overall, our seasonal campaigns delivered emotional connection and transactional results, increasing deposits, loan activity and product awareness across SVBLA.

The Association also made its presence felt at several major entertainment events where our branding was visible including sports meets, Carnival and cultural festivals. We prioritised digital growth via utilising Google Search Ads for the first time, strengthening online discovery of our products and services. We sought to nourish customer loyalty by hosting multiple appreciation events and reward initiatives which directly incentivized product usage. The Association ensured cultural integration by linking promotions with national holidays and events, increasing relevance. SVBLA played an active role in post-hurricane relief through targeted sponsorships and donations.

We look forward to delivering continued excellent customer service and innovative partnership opportunities to our customers in 2025, along with the launch of our eConnect services.

4.4 **Critical Area 3 – Risk and Compliance:** 2024 marked a year in which the Risk and Compliance department took a proactive approach to risk and compliance management in line with our Strategic and Operational Plans, by ensuring the adoption and implementation a risk-based approach throughout the Association. With the vision for a more risk intelligent organization, the head of Risk and Compliance and her team dedicated time and effort toward looking beyond the traditional risk and compliance management practices and towards proactive, integrated frameworks that align risk, resilience, compliance and performance aspirations/objectives.

Through robust utilization of real-time trend and data analysis, the Risk and Compliance department has been able to dynamically and continuously safeguard the monitoring and oversight of risk and compliance, whilst working to strengthen the Association's resilience posture.

Driven by the objective of future-proofing the operations of the Association, the Risk and Compliance department continues to work with all department heads/Risk Owners to create a resilience roadmap that not only mitigates risks but enables the Association to thrive in the face of uncertainty and comply with laws, regulations and best practice standards.

With the goal of safeguarding the interests of our members and other stakeholders, the Risk and Compliance department performed Risk Assessments and Compliance Reviews. These were performed to identify and analyse high-risk areas; assess likelihood and impact of risk (current, new and emerging); ensure risks to the Association are within the overall SVBLA's risk appetite, and to confirm the existence and implementation of risk mitigation plans.

Risk and Compliance Management at the Association continues to be a critical process that safeguards our adherence to legal and regulatory requirements, an essential aspect of a sound Risk and Compliance Framework. This means our continued identification, assessment, and mitigation of risks to protect our reputation, financial stability, and stakeholders' trust.

4.5 **Critical Area 4 – Implementation and use of Information Technology**: The ICT Department remains steadfast in its commitment to advancing the Association's digital transformation journey, prioritizing both operational efficiency and robust cybersecurity as fundamental pillars of our strategy. Last year's focus centred on realising a secure and reliable platform essential for future innovations while continuously strengthening our defensive posture and internal processes.

Although vendor disruptions impacted the timeline for transitioning to our new Hyperconverged Infrastructure, significant progress was achieved in preparing for key member services. Advanced preparations were made for the introduction of ATM Card Services and the rollout of a Mobile Banking Application through essential partnerships and technical groundwork. Cybersecurity remained paramount, along with revision and enhancement of cybersecurity awareness programs and execution of ICT Risk Assessment with implementation of further critical mitigating measures to strengthen the Association's security posture. Concurrently, great focus was placed on internal efficiency, collaborating with Business Units on process improvements and implementing new tools to enhance IT service delivery.

Looking ahead, the completion of the Hyperconverged Infrastructure in 2025 will provide the secure, scalable platform required for the launch of new digital services. The ICT Department remains unwavering in its commitment to leveraging technology for operational excellence and robust cybersecurity, ensuring we deliver secure, innovative solutions to our members and customers.

4.6 **Critical Area 5 – Corporate Social Responsibility and Community Relations:** The support of youth, cultural and sporting endeavours within St. Vincent and the Grenadines remains an area of focus for the Association. As a membership-based organisation, we seek avenues to make a positive impact in the lives of our members and customers. Our scholarship program gives back to the children of our members by providing scholarships from the secondary right through to the Community College level. Past scholarship awardees have gone on to be National Scholarship recipients and community leaders. We can proudly boast of having twenty (20) active scholarship recipients as at the end of 2024.

Three (3) scholarships were awarded in 2024 as follows:

No.	YEAR	NAME OF AWARDEE	SCHOOL ATTENDING
1	2024	Tariq John	St. Vincent Grammar School
2	2024	Asa Bowens	St. Vincent Grammar School
3	2024	Chace Forde	St. Vincent Grammar School

As at the end of 2024, the full list of current scholarship recipients is as follows:

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

No.	YEAR	NAME OF AWARDEE	SCHOOL ATTENDING
17	2023	Mya Samuel	Girls' High School
18	2024	Tariq John	St. Vincent Grammar School
19	2024	Asa Bowens	St. Vincent Grammar School
20	2024	Chace Forde	St. Vincent Grammar School

SVBLA cemented its role as a community-first financial institution by investing in sponsorships that reached diverse audiences. Youth and education were one of the many focus areas and included activities such as delivering money management, savings and shopping smartly presentations to Girl Guides and secondary school students. SVBLA also sponsored school events such as Barrouallie Secondary Sports, Kids Athletics Meet, Troumaca Ontario School Retreat and the West St. George Secondary School Picnic. 2024's notable achievements included community outreach where we engaged over 500 students and youth through direct presentations and sponsorships. Our community-first approach also included a sports and culture focus which included sponsoring Mas Bands (Blondie Bird and Friends) and events (AMGINE Entertainment A.M. Breakfast Party) during Carnival, thus integrating SVBLA into SVG's festive culture.

We supported football talent (Chad Haynes) studying abroad, coupled with a financial literacy workshop for his athletic and football peers as well as partnering with Funtasia Events for Independence Community Cup football. Additionally, our charity and social impact thrust extended to contributing to Hurricane Beryl relief efforts in the Grenadines, donations to the Special Olympics, Salvation Army, Nurses Association and multiple Church and community groups. These initiatives reinforced SVBLA as a supportive, visible and approachable brand, generating goodwill and building long-term loyalty. 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.

4.7 **Critical Area 6 – Human Resources:** A mix of virtual and in-person training sessions were undertaken during the year as follows:

Training/Workshop/Seminar	Participants	Date	Facilitator
Anti-Money Laundering / Countering the Financing of Terrorism	All Staff	February 20, 2024	Financial Intelligence Unit
Forensic Accounting	Roxine Ragguett-Duke	February 26-28, 2024	IBE Forum
Crisis Communication Master Course	Candice Sealey Sharett Feddows Jamila Gibson Sebastian Forde	February 28, 2024	Crisis Ready Institute
Social Engineering	All Staff	March 01, 2024	SVBLA ICT Department
Mastering Generative AI for Marketers	Candice Sealey	March 6, 13, 20, 27 & April 3 2024	Oxford College of Marketing
Enterprise Risk Management for HR Professionals	Joanne Richardson	April 03, 2024	Human Resource Management Association of Trinidad and Tobago (HRMATT)

Training/Workshop/Seminar	Participants	Date	Facilitator
Enterprise Risk Management & Change Management	All Staff	April 08, 2024	SVBLA Chief Risk and Compliance Officer
Mortgage Underwriting Course Module III	Sarina Jack	April 15-19, 2024	Eastern Caribbean Home Mortgage Bank
Enterprise Risk Management	Board of Directors All Managers	May 22-23, 2024	SVBLA Chief Risk & Compliance Officer
Certified Compliance Professional	Pethion Greene	May 27-29, 2024	IBE Forum
Professional, Ethics and Code of Conduct, General Compliance and Sexual Harassment in the Workplace	All Staff	June 13, 2024	SVBLA Chief Risk & Compliance Officer Legal Officer
41st Annual Caribbean Conference of Accounts	Nuala Frank	June 27 – 29, 2024	Institute of Chartered Accountants of the Caribbean
Corporate Governance and Strategic Planning	Board of Directors All Managers	July 29, 2024	Dr. Harvi H. Millar
Five C's of Credit	Uklyn Williams Rickisha Wynne Nuala Frank Kshano Hazell	September 11, 2024	Corporate Finance Institute
Mortgage Underwriting Course Module I	Rickisha Wynne	November 18-22, 2024	East Caribbean Home Mortgage Bank
Enterprise Risk Management Refresher Training	All Staff	September 20, 2024	SVBLA Chief Risk & Compliance Officer
Certified Advanced Enterprise Risk Management	Pethion Greene	November 13-15, 2024	IBE Forum
Safe Driver 784 Road Safety Seminar	Bhokeem Henville Camraul Cadogan Danielle Hall Jamila Gibson Uklyn Williams Cleon May	November 15, 2024	Jaric St. Vincent
Basic Safety Training	Camraul Cadogan Danielle Hall Joanne Richardson	November 28, 2024	Jaric St. Vincent
Risk Assessment Training	Tameka Da Souza Andrea Patterson Sebastian Forde Candice Sealey	November 29, 2024	Jaric St. Vincent

In addition to the above, several staff members were also given the opportunity to cross-train in other departments within the Association during the year.

We showed appreciation to our staff through a series of internal Marketing and staff engagement initiatives built around internal pride. These initiatives were built around three pillars: Recognition: Independence Awards for leadership, initiative, and problem-solving; Wellness: Stress Awareness Challenge (first of its kind) with presentations and weekly tasks; and Celebrations: Cake & Sip event, Musical Bingo and themed staff "limes".

Several team building activities were organised during the year for staff members by the Association's social club which included games evenings, an excursion to the Grenadines and Mother's Day, Father's Day and International Women's Day celebrations. The staff also fellowshipped together for an Independence potluck, showcasing their skills in preparing traditional Vincentian dishes and their athletic prowess. The Customer Service department was awarded the Department of the Year Award at the Association's annual Staff Dinner and Awards Ceremony.

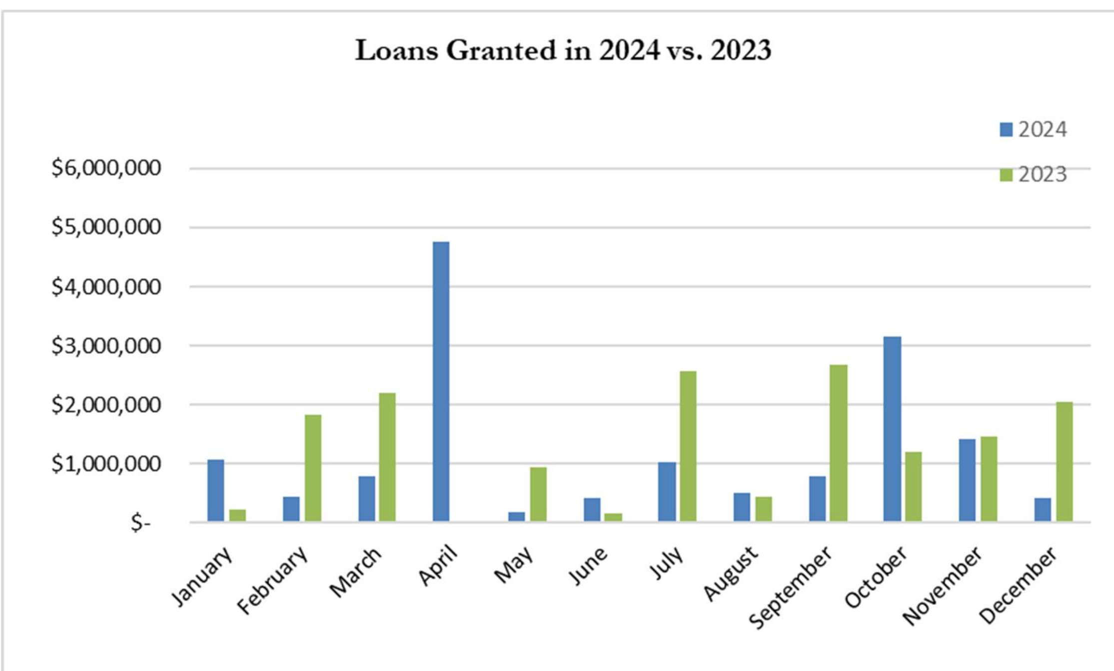
5.0 Conclusion

The Board of Directors is grateful for the opportunity to be of service to the members of the Association and play an instrumental role in helping SVBLA achieve its strategic objectives. We would like to acknowledge the commitment and dedication of the Management and Staff of the Association who on a daily basis, work diligently for the benefit and value of our members and customers. We recognise your efforts and the significant role you play in the continued success of the Association. As we focus forward, we remain committed to serving the Association to the best of our capacity as we usher in a new digital age at SVBLA.

Dougal James
President

PERFORMANCE HIGHLIGHTS

Loans Report							
2024			2023				
Date	Total Loans granted		Date	Total Loans granted		Budgeted 2024	Budgeted 2023
	Number	Value		Number	Value		
Jan-24	24	$ 1,077,368	Jan-23	20	$ 221,941	$ 1,250,000	$ 1,250,000
Feb-24	13	435,513	Feb-23	17	1,839,413	1,250,000	1,250,000
Mar-24	18	786,005	Mar-23	18	2,203,714	1,250,000	1,250,000
Apr-24	23	4,764,247	Apr-23	4	37,919	1,250,000	1,250,000
May-24	13	177,429	May-23	14	950,284	1,250,000	1,250,000
Jun-24	23	426,919	Jun-23	23	166,338	1,250,000	1,250,000
Jul-24	24	1,020,357	Jul-23	27	2,574,052	1,250,000	1,250,000
Aug-24	27	509,730	Aug-23	28	451,688	1,250,000	1,250,000
Sep-24	13	794,154	Sep-23	8	2,677,043	1,250,000	1,250,000
Oct-24	23	3,147,698	Oct-23	20	1,202,986	1,250,000	1,250,000
Nov-24	18	1,429,646	Nov-23	26	1,453,925	1,250,000	1,250,000
Dec-24	36	415,380	Dec-23	31	2,055,555	1,250,000	1,250,000
TOTAL	**255**	**$14,984,446**		**236**	**$ 15,834,858**	**$ 15,000,000**	**$ 15,000,000**
	Total Loans restructured			Total Loans restructured			
	8	$ 1,768,975		10	$ 1,344,000		
Total new and restructured - 2024				**263**	**$ 16,753,421**		



PERFORMANCE HIGHLIGHTS

Customer Accounts Report				
Product Category	*2024*		*2023*	
	Count	*Jan - Dec*	*Count*	*Jan - Dec*
Fixed Deposits[+]	5,049	$ 42,441,703	9,036	$ 58,031,477
Regular Savings	395	1,295,145	320	1,362,165
Super Savers	311	485,712	260	600,776
Smart Savers	89	30,214	60	48,948
Merry Money	11	5,287	35	33,402
Permanent Shares*	236	287,570	243	243,330
Subtotal	**6,091**	**$ 44,545,631**	**9,954**	**$ 60,320,098**

[+] 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 2024*		*New Business 2023*	
	Number	*Sum Insured*	*Number*	*Sum Insured*
Fire	3	$ 3,800,000	2	$ 1,241,000
Homemakers	27	13,166,900	29	14,914,400
Motor	84	2,476,225	63	1,615,486
Marine	-	-	-	-
Product & Public Liability	-	-	-	-
Burglary	-	-	-	-
Misc Accident	-	-	1	3,004,431
Contract Works	4	2,661,410	9	18,750,725
Subtotal	**118**	**$ 22,104,535**	**104**	**$ 39,526,042**
Group Life	18	5,280,357	19	4,560,500
TOTAL	**136**	**$ 27,384,892**	**123**	**$ 44,086,542**

Grant Thornton

The Saint Vincent Building and Loan Association

Financial Statements
Year Ended December 31, 2024
(in Eastern Caribbean dollars)

Contents

Corporate Information

REGISTERED OFFICE

108 Halifax Street
Kingstown
St. Vincent and the Grenadines

DIRECTORS

Mr. Dougal James – President
Ms. Colleen C. Thomas
Mr. Gary Matthias
Mr. Gary T. Lewis
Mrs. Maferne T. Mayers-Oliver
Ms. Trichel J. Allen
Mr. Apollo Knights

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

Grant Thornton
Sergeant-Jack Drive, Arnos Vale
P.O. Box 35, Kingstown
St. Vincent, W.I.

T +1 784 456 2300
F +1 784 456 2184

INDEPENDENT AUDITORS' REPORT

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, 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **The Saint Vincent Building and Loan Association** as at December 31, 2024, 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 (IASB).

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 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. 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 2024 but does not include the financial statements and our auditors' report thereon. The Annual Report 2024 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 2024, 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 Accounting Standards as issued by the IASB, 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

Chartered Accountants
St. Vincent
June 23, 2025

The Saint Vincent Building and Loan Association

Statement of Financial Position
As of December 31, 2024

(in Eastern Caribbean dollars)

	Notes	**2024** **$**	2023 $
ASSETS			
Cash and cash equivalents	10	**24,940,115**	17,632,385
Other receivables and prepayments	11	**441,651**	467,342
Investment securities	13	**14,961,731**	14,615,825
Loans and advances to members	12	**101,671,551**	104,996,507
Property and equipment	14	**7,712,832**	7,683,586
Total Assets		**149,727,880**	145,395,645
LIABILITIES			
Retirement benefit obligation	15	**724,851**	762,610
Accounts payable and accrued liabilities	16	**1,320,811**	1,162,999
Other liabilities	17	**310,900**	594,777
Interest levy payable	18	**2,860,727**	2,402,628
Deposits due to members	19	**101,878,423**	101,141,094
Total Liabilities		**107,095,712**	106,064,108
EQUITY			
Permanent shares	20	**24,924,125**	24,893,375
Revaluation reserve	21	**5,585,150**	5,630,804
Retained earnings		**12,122,893**	8,807,358
Total Equity		**42,632,168**	39,331,537
Total Liabilities and Equity		**149,727,880**	145,395,645

These financial statements were approved by the Board of Directors and authorized for issue on June 23, 2025, and signed on its behalf by:

Dougal James
President

Colleen C. Thomas
Director

The Saint Vincent Building and Loan Association

Statement of Changes in Equity

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

	Notes	Permanent Shares $	Revaluation Reserve $	Retained Earnings $	Total $
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
Profit for the year		-	-	3,468,594	3,468,594
Other Comprehensive Income					
Amortization of revaluation surplus	21	-	(45,654)	45,654	-
Total Comprehensive Income		-	(45,654)	3,514,248	3,468,594
Transactions with Owners Recorded Directly in Equity					
Issuance of permanent shares	20	30,750	-	-	30,750
Dividends paid		-	-	(198,713)	(198,718)
Balance as of December 31, 2024		**24,924,125**	**5,585,150**	**12,122,893**	**42,632,168**

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

(in Eastern Caribbean dollars)

	Notes	**2024** **$**	2023 $
Interest income	22	**8,829,821**	7,395,706
Interest expense	22	**(3,230,621)**	(3,224,925)
Net Interest Income	22	**5,599,200**	4,170,781
Fees and commissions income, net	23	**379,210**	384,191
Other operating income	24	**323,348**	365,849
		6,301,758	4,920,821
Impairment recovery on financial assets, net	25	**1,322,863**	162,550
Net unrealized loss on FVTPL investments		**(48,812)**	(97,742)
Operating expenses	26	**(4,087,868)**	(3,914,082)
Finance charges		**(19,347)**	(18,391)
Profit and Comprehensive Income for the Year		**3,468,594**	1,053,156

The Saint Vincent Building and Loan Association

Statement of Cash Flows

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

	Notes	**2024** **$**	2023 $
Cash Flows from Operating Activities			
Profit for the year		**3,468,594**	1,053,156
Adjustments for:			
Depreciation expense	14	**164,014**	192,900
Decline in FVPL investment		**48,812**	97,742
Impairment (recovery) on financial assets, net	25	**(1,322,863)**	(162,550)
Interest income	22	**(8,829,821)**	(7,395,706)
Loss on disposal of property and equipment	26	**4,911**	28,715
Dividend income	24	**(10,738)**	(10,489)
Pension expense		**-**	160,198
Interest expense	22	**3,230,621**	3,224,925
Cash Flows before Changes in Operating Assets and Liabilities		**(3,246,470)**	(2,811,109)
Change in other receivables and prepayments		**30,230**	600,532
Change in loans and advances to members		**4,503,018**	(3,920,238)
Retirement benefit paid		**(37,759)**	(27,759)
Change in accounts payable and accrued liabilities		**157,812**	128,004
Change in deposits due to members		**1,638,712**	(1,743,730)
Change in other liabilities		**(283,877)**	451,747
Cash Generated from (Used in) Operations		**2,761,666**	(7,322,553)
Interest received		**8,964,022**	7,738,383
Interest paid		**(3,673,905)**	(2,924,790)
Net Cash Generated from (Used in) Operating Activities		**8,051,783**	(2,508,960)
Cash Flows from Investing Activities			
Purchase of property and equipment	14	**(198,171)**	(55,209)
Dividends received		**10,738**	10,489
Change in investment securities, net		**(388,657)**	616,063
Net Cash (Used in) Generated from Investing Activities		**(576,090)**	571,343
Cash Flows from Financing Activities			
Proceeds from issuance of permanent shares		**30,750**	22,980
Dividends paid		**(198,713)**	-
Net Cash (Used in) Generated from Financing Activities		**(167,963)**	22,980
Net Decrease in Cash and Cash Equivalents		**7,307,730**	(1,914,637)
Cash and Cash Equivalents, Beginning of Year	10	**17,632,385**	19,547,022
Cash and Cash Equivalents, End of Year	10	**24,940,115**	17,632,385

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 and Amended Standards and Interpretations

The Association applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024. The adoption of these new standards and amendments during the year has not had any significant impact on the financial statements. The Association has not adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Management anticipates that all the relevant pronouncements will be adopted in the Association's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not adopted or listed below are not expected to have a material impact on the Association's financial statements.

The following amendments became effective as at 1 January, 2024.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Amendments to IAS 7 and IFRS 7

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

(in Eastern Caribbean dollars)

5. New and Amended Standards and Interpretations …..*Cont'd*

Characteristics

The amendments clarify the characteristics of supplier finance arrangements. In those arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.

Disclosure requirements

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of noncash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

IFRS 16 Leases – Amendments to IFRS 16

The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognizing, in the statement of income, any gain or loss relating to the partial or full termination of a lease, as required by IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

A seller-lessee applies the amendment to annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted and that fact must be disclosed. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e. the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16.

(in Eastern Caribbean dollars)

5. New and Amended Standards and Interpretations …..*Cont'd*

5.1 New and Amended Standards and Interpretations Issued but not yet Effective

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Association's financial statements. These standards and interpretations will be applicable to the Association at a future date and will be adopted when they become effective. The Association is currently assessing the impact of adopting these standards and interpretations.

IAS 21 The Effects of Changes in Foreign Exchange Rates - Amendments to IAS 21 (effective January 1, 2025)

The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Amendments to IFRS 9 and IFRS 7 (effective January 1, 2026)

The amendments:

- Clarifies that a financial liability is derecognised on the 'settlement date', i.e. when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met
- Clarifies how to assess the contractual cash flow characteristics of financial assets that include Environmental, Social and Governance (ESG)-linked features and other similar contingent features
- Clarifies the treatment of non-recourse assets and contractually linked instruments
- Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at Fair value through other comprehensive income.

IFRS 18 Presentation and Disclosure in Financial Statements (effective January 1, 2027)

IFRS 18 introduces new categories and subtotals in the Statement of income. It also requires disclosure of management defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

Statement of income

An entity will be required to classify all income and expenses within its Statement of income into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.

(in Eastern Caribbean dollars)

5. New and Amended Standards and Interpretations …..*Cont'd*

5.1 New and Amended Standards and Interpretations Issued but not yet Effective …..*Cont'd*

Main business activities

For the purposes of classifying its income and expenses into the categories required by IFRS 18, an entity will need to assess whether it has a 'main business activity' of investing in assets or providing financing to customers, as specific classification requirements will apply to such entities. Determining whether an entity has such a specified main business activity is a matter of fact and circumstances which require judgement. An entity may have more than one main business activity.

Management-defined performance measures

IFRS 18 introduces the concept of a Management-defined Performance Measure (MPM) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires disclosure of information about all of an entity's MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by IFRS 18 or another IFRS Accounting Standards.

Location of information, aggregation and disaggregation

IFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes, and introduces a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes. IFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics. Guidance is also provided for determining meaningful descriptions, or labels, for items that are aggregated in the financial statements.

Consequential amendments to other accounting standards

Narrow-scope amendments have been made to IAS 7 Statement of cash flows, which include changing the starting point for determining cash flows from operations under the indirect method from 'profit or loss' to 'operating profit or loss'. The optionality around classification of cash flows from dividends and interest in the Statement of cash flows has also largely been removed.

IAS 33 Earnings per Share is amended to include additional requirements that permit entities to disclose additional amounts per share, only if the numerator used in the calculation meets specified criteria. The numerator must be:
• An amount attributable to ordinary equity holders of the parent entity; and
• A total or subtotal identified by IFRS 18 or an MPM as defined by IFRS 18.

Some requirements previously included within IAS 1 Presentation of Financial Statements have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which has been renamed IAS 8 Basis of Preparation of Financial Statements. IAS 34 Interim Financial Reporting has been amended to require disclosure of MPMs.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective January 1, 2027)

IFRS 19 Subsidiaries without Public Accountability: Disclosures allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS Accounting Standards.

An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS Accounting Standards compliance statement. IFRS 19 requires an entity whose financial statements comply with IFRS Accounting Standards including IFRS 19 to make an explicit and unreserved statement of such compliance.

(in Eastern Caribbean dollars)

5. New and Amended Standards and Interpretations …..*Cont'd*

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.

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.

(in Eastern Caribbean dollars)

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

d. Financial Instruments …..*Cont'd*

Financial Assets …..*Cont'd*

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
- 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.

(in Eastern Caribbean dollars)

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

d. Financial Instruments …..*Cont'd*

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).

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.

(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)

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.

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.

(in Eastern Caribbean dollars)

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	
	2024	2023
	$	$
Cash and cash equivalents	**24,780,068**	17,503,462
Other receivables	**362,841**	439,880
Loans and advances to members	**101,671,551**	104,996,507
Investment securities	**14,745,331**	14,350,613
	141,559,791	137,290,462
Credit risk exposures relating to off-balance sheet items:		
Loan commitments	**2,353,963**	821,579
	143,913,754	138,112,041

Loans and Advances to Members

Loans and advances to members are summarized as follows.

	2024	2023
	$	$
Performing loans	**82,919,191**	81,765,675
Non-performing loans	**26,518,919**	33,781,900
Gross	**109,438,110**	115,547,575
Less: allowance for impairment	**(7,766,559)**	(10,551,068)
Net	**101,671,551**	104,996,507

(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, 2024	**68,029,452**	**3,628,120**	**71,657,572**
At December 31, 2023	71,214,689	3,531,819	74,746,508

Loans and Advances to Members (Stage 2)

	Stage 2 - 2024		
	Mortgage Loans $	**Personal Loans $**	**Total $**
Secured – Past due under 90 days	**11,776,223**	**265,075**	**12,041,298**
Unsecured – Past due 30 to 59 days	**-**	**19,784**	**19,784**
Unsecured – Past due 60 to 89 days	**-**	**17,034**	**17,034**
	11,776,223	**301,893**	**12,078,116**

	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

Loans and Advances to Members (Stage 3)

	Mortgage Loans $	Personal Loans $	Total $
At December 31, 2024	**23,789,388**	**1,913,034**	**25,702,422**
At December 31, 2023	34,218,817	1,599,400	35,818,217

(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, 2024		
Lower than A-	**5,382,081**	**5,382,081**
Not rated	**9,363,250**	**9,363,250**
Total	**14,745,331**	**14,745,331**

	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	14,350,613	14,350,613

Repossessed Collateral

At the end of December 31, 2024, and 2023 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, 2024					
Cash and cash equivalents	**24,780,068**	**-**	**-**	**-**	**24,780,068**
Other receivables	**-**	**-**	**-**	**362,841**	**362,841**
Loans and advances to members	**-**	**-**	**101,671,551**	**-**	**101,671,551**
Investment securities:					
At amortized cost	**13,260,513**	**1,484,818**	**-**	**-**	**14,745,331**
At FVTPL	**216,400**	**-**	**-**	**-**	**216,400**
	38,256,981	**1,484,818**	**101,671,551**	**362,841**	**141,776,191**
Credit Risk - Off Balance Sheet Items					
Loan commitments	**-**	**-**	**2,353,963**	**-**	**2,353,963**
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

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, 2024			
Financial Assets			
Cash and cash equivalents	**24,940,115**	**-**	**24,940,115**
Other receivables	**362,841**	**-**	**362,841**
Loans and advances to members	**101,671,551**	**-**	**101,671,551**
Investment securities: amortized cost	**14,745,331**	**-**	**14,745,331**
Investment securities: FVTPL	**34,580**	**181,820**	**216,400**
Total Financial Assets	**141,754,418**	**181,820**	**141,936,238**
Financial Liabilities			
Accounts payable and accrued liabilities	**1,320,811**	**-**	**1,320,811**
Other liabilities	**310,900**	**-**	**310,900**
Deposits due to members	**101,878,423**	**-**	**101,878,423**
	103,510,134	**-**	**103,510,134**
Net on Balance Sheet Financial Position	**38,244,284**	**181,820**	**38,426,104**
Credit Commitments	**2,353,963**	**-**	**2,353,963**

(in Eastern Caribbean dollars)

8. Financial Risk Review …..*Cont'd*

c) Currency Risk …..*Cont'd*

	ECD $	TTD $	Total $
At December 31, 2023			
Financial Assets			
Cash and cash equivalents	17,632,385	-	17,632,385
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	137,453,965	230,632	137,684,597
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	34,555,095	230,632	34,785,727
Credit Commitments	821,579	-	821,579

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, 2024							
Financial Assets							
Cash and cash equivalents	-	1,986,382	-	-	-	22,953,733	24,940,115
Other receivables	31,966	-	-	-	-	330,875	362,841
Loans and advances to members	6,494,305	495,831	1,158,301	14,262,016	79,261,098	-	101,671,551
Investment securities: amortized cost	2,266,611	6,718,648	2,976,004	2,784,068	-	-	14,745,331
Investment securities: FVTPL	-	-	-	-	-	216,400	216,400
Total Financial Assets	**8,792,882**	**9,200,861**	**4,134,305**	**17,046,084**	**79,261,098**	**23,501,008**	**141,936,238**
Financial Liabilities							
Accounts payable and accrued liabilities	-	-	-	-	-	1,320,811	1,320,811
Other liabilities	-	-	-	-	-	310,900	310,900
Deposits due to members	18,578,807	7,710,497	44,701,219	29,872,984	-	1,014,916	101,878,423
Total Financial Liabilities	**18,578,807**	**7,710,497**	**44,701,219**	**29,872,984**	**-**	**2,646,627**	**103,510,134**
Net Interest Re-Pricing Gap	**(9,785,925)**	**1,490,364**	**(40,566,914)**	**(12,826,900)**	**79,261,098**	**20,854,381**	**38,426,104**

(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	-	1,986,366	-	-	-	15,646,019	17,632,385
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	2,069,147	-	-	14,350,613
Investment securities: FVTPL	-	-	-	-	-	265,212	265,212
Total Financial Assets	11,799,063	9,725,579	5,440,225	16,242,831	78,147,264	16,329,635	137,681,597
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)	(1,472,525)	(18,056,907)	(32,477,785)	78,147,264	13,687,426	34,785,727

(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, 2024						
Financial Liabilities						
Accounts payable and accrued liabilities	**1,320,811**	**-**	**-**	**-**	**-**	**1,320,811**
Deposits due to members	**19,566,197**	**7,826,886**	**44,761,259**	**36,112,623**	**-**	**108,266,965**
Other liabilities	**310,900**	**-**	**-**	**-**	**-**	**310,900**
Total Financial Liabilities	**21,197,908**	**7,826,886**	**4,134,305**	**36,112,623**	**-**	**109,898,676**
Financial Assets						
Loans and advances	**1,290,391**	**2,546,866**	**11,080,075**	**47,641,391**	**81,540,607**	**144,099,330**
Investment securities (amortized cost)	**2,184,046**	**7,094,822**	**3,581,557**	**2,293,099**	**-**	**15,153,524**
Cash	**22,953,733**	**1,986,382**	**-**	**-**	**-**	**24,940,115**
Other receivables	**31,966**	**-**	**-**	**-**	**-**	**31,966**
Total Financial Assets	**26,460,136**	**11,628,070**	**14,661,632**	**49,934,490**	**81,540,607**	**197,570,214**
Liquidity Gap	**(5,262,228)**	**(3,801,184)**	**(10,527,327)**	**(13,821,867)**	**(81,540,607)**	**(74,326,259)**

(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, 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*

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.

	2024 $	2023 $
Loan commitments	**2,353,963**	821,579

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.

	2024 $	2023 $
Permanent shares	**24,924,125**	24,893,375
Accumulated surplus	**12,122,894**	8,963,673
Total Capital	**37,047,019**	33,857,048
Total Assets	**149,727,880**	145,391,763
Minimum Capital Requirement (10%)	**14,972,788**	14,539,176

(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**	
	2024	2023	**2024**	2023
	$	$	**$**	$
Financial Assets				
Investment securities	**14,745,331**	14,350,613	**14,745,331**	14,350,613
Other receivables	**362,841**	439,880	**362,841**	439,880
Loans and advances to members	**101,671,551**	104,996,507	**99,753,535**	88,670,759
Financial Liabilities				
Accounts payable and accrued liabilities	**1,320,811**	1,162,999	**1,320,811**	1,162,999
Deposits due to members	**101,878,423**	101,141,095	**108,266,965**	108,350,344
Other liabilities	**310,900**	594,777	**310,900**	594,777

(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, 2024			
Investment securities: FVTPL	**181,819**	**34,581**	**216,400**
As of December 31, 2023			
Investment securities: FVTPL	230,631	34,581	265,212

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, 2024	
Property and equipment: Land and buildings	**7,203,884**
Total Non-Financial Assets	**7,203,884**
December 31, 2023	
Property and equipment: Land and buildings	7,280,500
Total Non-Financial Assets	7,280,500

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

	2024	2023
	$	$
Cash on hand	**160,047**	128,923
Demand deposits	**12,820,852**	6,605,186
Fixed deposits, net	**2**	5
Payable after notice	**9,972,832**	8,911,908
Treasury bills	**1,986,382**	1,986,363
	24,940,115	17,632,385

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

	2024	2023
	$	$
Fixed deposits	**3,158,300**	4,997,863
Less: allowance for impairment losses	**(3,158,298)**	(4,997,858)
	2	5

11. Other Receivables and Prepayments

	2024	2023
	$	$
Home mortgage premiums receivable	**213,249**	235,110
Rent receivable	**50,188**	39,698
Insurance claims receivable	**122,175**	62,065
Commissions receivable	**23,812**	22,766
Other receivables	**55,914**	182,738
	465,338	542,377
Allowance for impairment losses	**(102,497)**	(102,497)
	362,841	439,880
Prepayments	**78,810**	27,462
	441,651	467,342

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:

	2024	2023
	$	$
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

	2024	2023
	$	$
Mortgage loans	**103,508,697**	110,256,037
Personal loans	**4,677,907**	3,921,844
Interest and fines receivables on loans	**1,251,506**	1,369,694
	109,438,110	115,547,575
Allowance for impairment	**(7,766,559)**	(10,551,068)
	101,671,551	104,996,507

The weighted average interest rate on loans and advances to members as of December 31, 2024 is 7.31% (2023: 7.30%).

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

	2024	2023
	$	$
Balance at beginning of year	**10,551,068**	11,159,865
Reduction in allowances made during the year	**(1,364,519)**	(195,260)
Write-offs during the year	**(1,419,990)**	(413,537)
Balance at end of year	**7,766,559**	10,551,068

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, 2024			
Gross Loans before Allowance	**103,595,063**	**5,843,047**	**109,438,110**
Stage 1: 12 month ECL	**(233,869)**	**(73,544)**	**(307,413)**
Stage 2: Lifetime ECL	**(347,317)**	**(4,410)**	**(351,727)**
Stage 3: Credit Impaired Financial Assets: Lifetime ECL	**(6,312,159)**	**(795,260)**	**(7,107,419)**
	96,701,718	**4,969,833**	**101,671,551**

	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

(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 allowance for impairment by loan category:

	2024			
	Stage 1 12 Months ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Mortgage				
Allowance for impairment as at January 1	**278,227**	**68,006**	**9,798,135**	**10,144,368**
Changes in the loss allowance				
- Transfer to stage 1	**(23,914)**	**23,914**	**-**	**-**
- Transfer to stage 2	**(161,110)**	**(82,494)**	**243,604**	**-**
- Transfer to stage 3	**(686,504)**	**(1,232)**	**687,736**	**-**
- Net remeasurement of loss allowance	**754,683**	**241,759**	**(3,052,191)**	**(2,055,749)**
- New financial assets originated	**72,517**	**97,364**	**22,800**	**192,681**
- Write-offs	**(30)**	**-**	**(1,387,925)**	**(1,387,955)**
Allowance for impairment as at December 31	**233,869**	**347,317**	**6,312,159**	**6,893,345**

	2023			
	Stage 1 12 Months ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Mortgage				
Allowance for impairment 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)
Allowance for impairment as at December 31	278,227	68,006	9,798,135	10,144,368

(in Eastern Caribbean dollars)

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

	2024			
	Stage 1 12 Months ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Personal				
Allowance for impairment as at January 1	**41,742**	**5,719**	**359,239**	**406,700**
Changes in the loss allowance				
- Transfer to stage 1	**(343)**	**343**	**-**	**-**
- Transfer to stage 2	**(423)**	**423**	**-**	**-**
- Transfer to stage 3	**(18,285)**	**(23,592)**	**41,877**	**-**
- Net remeasurement of loss allowance	**16,992**	**18,783**	**359,216**	**394,991**
- New financial assets originated	**33,861**	**2,734**	**66,963**	**103,558**
- Write-offs	**-**	**-**	**(32,035)**	**(32,035)**
Allowance for impairment as at December 31	**73,544**	**4,410**	**795,260**	**873,214**

	2023			
	Stage 1 12 Months ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Personal				
Allowance for impairment 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)
Allowance for impairment as at December 31	41,742	5,719	359,239	406,700

(in Eastern Caribbean dollars)

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

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

	2024			
	Stage 1 12 Months ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Total ECL				
Allowance for impairment as at January 1	**319,969**	**73,725**	**10,157,374**	**10,551,068**
Changes in the loss allowance				
- Transfer to stage 1	**(24,257)**	**24,257**	**-**	**-**
- Transfer to stage 2	**(161,533)**	**(82,071)**	**243,604**	**-**
- Transfer to stage 3	**(704,789)**	**(24,824)**	**729,613**	**-**
- Net remeasurement of loss allowance	**771,675**	**260,542**	**(2,692,975)**	**(1,660,758)**
- New financial assets originated	**106,379**	**100,098**	**89,763**	**296,240**
- Write-offs	**(30)**	**-**	**(1,419,961)**	**(1,419,991)**
Allowance for impairment as at December 31	**307,414**	**351,727**	**7,107,418**	**7,766,559**

	2023			
	Stage 1 12 Months ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Total ECL				
Allowance for impairment 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)
Allowance for impairment as at December 31	319,969	73,725	10,157,374	10,551,068

(in Eastern Caribbean dollars)

13. Investment Securities

	2024	2023
	$	$
Securities Measured at Amortized Cost		
Debt securities:		
Unlisted	**20,678,138**	20,289,481
Interest receivable	**169,930**	185,943
	20,848,068	20,475,424
Less: expected credit losses	**(6,102,737)**	(6,124,811)
	14,745,331	14,350,613
Securities Measured at FVTPL		
Equity securities:		
Listed	**181,819**	230,631
Unlisted	**34,581**	34,581
	216,400	265,212
Total Investment Securities	**14,961,731**	14,615,825

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

	2024	2023
	$	$
Balance at beginning of year	**6,124,811**	6,128,693
Recoveries during the year **(Note 25)**	**(22,074)**	(3,882)
Allowance made during the year **(Note 25)**	**-**	-
Balance at end of year	**6,102,737**	6,124,811

Debt securities measured at amortized cost have interest rates of 1.0% to 7.5% (2023: 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, 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
Balance at January 1, 2024	3,449,680	3,909,000	1,727,880	699,195	9,785,755
Additions	-	-	197,156	1,015	198,171
Disposals	-	-	(46,124)	-	(46,124)
Balance at December 31, 2024	**3,449,680**	**3,909,000**	**1,878,912**	**700,210**	**9,937,802**
Accumulated depreciation					
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
Balance at January 1, 2024	-	78,180	1,377,872	646,117	2,102,169
Depreciation for the year	-	76,616	71,900	15,498	164,014
Disposals	-	-	(41,213)	-	(41,213)
Balance at December 31, 2024	**-**	**154,796**	**1,408,559**	**661,615**	**2,224,970**
Carrying amounts					
Balance at January 1, 2023	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
Balance at December 31, 2024	**3,449,680**	**3,754,204**	**470,353**	**38,595**	**7,712,832**

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

	2024	2023
	$	$
Balance at beginning of the year	**762,610**	630,171
Included in profit or loss:		
Actuarial loss	**-**	117,041
Interest cost	**-**	43,157
Other:		
Benefits paid	**(37,759)**	(27,759)
	724,851	762,610
Plan assets	**-**	-
Balance at end of year	**(724,851)**	762,610
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, 2024, the impaired pension assets were valued at $1.5 million (2023: $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

	2024 $	2023 $
Accrued liabilities	**1,017,271**	914,843
Accounts payable – utilities	**14,562**	16,229
Payroll (receivables) accruals	**1,222**	79,049
Creditors / prepaid rent	**20**	20
Guardian General insurance payable	**265,399**	69,889
Group life mortgage insurance	**13,575**	74,548
Excess cash	**8,762**	8,421
	1,320,811	1,162,999

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

	2024 $	2023 $
Other	**310,900**	594,777
	310,900	594,777

	2024 $	2023 $
Current	**310,900**	594,777
	310,900	594,777

18. Interest Levy Payable

	2024 $	2023 $
Interest levy on special deposits	**2,860,727**	2,402,628

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

	2024 $	2023 $
Savings	**16,569,856**	14,198,339
Other deposits	**1,454,009**	1,792,491
Fixed deposits	**74,149,833**	74,403,193
Super Savers accounts	**8,172,833**	8,312,091
Death benefit fund	**5,033**	6,537
Interest payable	**1,527,060**	2,428,443
	101,878,423	101,141,094

(in Eastern Caribbean dollars)

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

	2024 $	2023 $
Current	**72,005,439**	52,420,477
Non-current	**29,872,984**	48,720,617
	101,878,423	101,141,094

20. Permanent Shares

	2024 $	2023 $
Authorized:		
Permanent shares of no value	**Unlimited**	Unlimited
Issued and fully paid:		
2,492,413 (2023: 2,489,338)	**24,924,125**	24,893,375

During the year, the Association issued 3,075 (2023: 2,298) shares at $10 each to its members for cash consideration of $30,750 (2023: $22,980).

21. Revaluation Reserve

The movement on the revaluation reserve is as follows:

	2024 $	2023 $
Beginning of year	**5,630,804**	5,677,391
Amortization of revaluation surplus during the year	**(45,654)**	(46,587)
End of year	**(5,585,150)**	5,630,804

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

	2024 $	2023 $
Interest Income		
Loans and advances to members	**8,383,114**	6,949,363
Deposits and investments	**446,707**	446,343
	8,829,821	7,395,706
Interest Expense		
Levy on special deposits, net	**(458,099)**	(435,636)
Savings accounts	**(375,239)**	(341,247)
Supersaver accounts	**(218,834)**	(234,338)
Fixed deposits	**(2,178,449)**	(2,213,704)
	(3,230,621)	(3,224,925)
Net Interest Income	**5,599,200**	4,170,781

(in Eastern Caribbean dollars)

23. Fees and Commissions Income, Net

	2024 $	2023 $
Fines income	**27,354**	22,755
Commissions earned on insurance	**307,037**	303,023
Commission earned on payment services	**10,383**	9,784
Other fees income	**34,436**	48,629
	379,210	384,191

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

	2024 $	2023 $
Rental income	**101,580**	99,531
Dividend income	**10,738**	10,489
Legal fees income	**151,091**	216,800
Other income	**59,939**	39,029
	323,348	365,849

(in Eastern Caribbean dollars)

25. Impairment Recovery on Financial Assets

	2024	2023
	$	$
Net recovery on impairment of allowance - loans and advances to members	**1,364,519**	195,260
Net recovery on impairment allowance – investments **(Note 13)**	**22,074**	3,882
Write-off of loans and advances to members	**(68,269)**	(150,993)
Recoveries – other receivables	**4,539**	114,401
	1,322,863	162,550

26. Operating Expenses

	2024	2023
	$	$
Advertising and promotion	**65,856**	90,633
Annual general and special meeting expenses	**27,116**	24,844
ATM Expenses	**10,489**	-
Audit fees	**117,485**	115,005
Bank and other licenses	**1,500**	1,500
Cleaning services	**68,620**	61,513
Computer expenses	**74,428**	76,307
Depreciation expense **(Note 14)**	**164,014**	192,900
Directors' fees **(Note 28)**	**69,900**	62,100
Donations and subscriptions	**56,663**	41,354
Electricity	**123,123**	127,917
Employee benefit expenses **(Note 27)**	**2,209,055**	2,245,211
Insurance	**31,994**	31,994
Legal and professional fees	**290,197**	141,165
Loss on disposal of property and equipment	**4,911**	28,715
Office expenses	**144,459**	146,057
Other expenses	**95,915**	101,468
Postage, printing and stationery	**51,896**	55,646
Rates and taxes	**16,762**	17,748
Rental expenses	**11,040**	11,136
Repairs and maintenance	**54,854**	45,052
Scholarships	**28,330**	27,573
Security	**189,144**	137,372
Staff expenses and uniforms	**56,601**	27,537
Telephone	**62,285**	71,947
Training expenses	**61,231**	31,388
	4,087,868	3,914,082

27. Employee Benefit Expenses

	2024	2023
	$	$
Salaries and wages	**1,846,672**	1,750,136
Travelling, telephone and housing allowance	**81,195**	75,185
National insurance contributions	**89,190**	73,292
Gratuity and other staff benefits	**191,998**	346,598
	2,209,055	2,245,211

(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

	2024 $	2023 $
Loans and Advances to Directors		
Loans outstanding at end of year	**10,908**	315,003
Interest income earned	**1,035**	26,214
Loans to Other Related Parties		
Principal balance	**145,419**	636,316
Interest income	**9,511**	44,839
Deposits Due to Related Parties		
Principal balance	**203,290**	154,485
Interest expense	**5,412**	3,582

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:

	2024	2023
	$	$
Salaries and other short-term benefits	**472,837**	403,047
Gratuity expense	**30,181**	36,000
Directors' remuneration	**69,900**	62,100

29. Loan Commitments

Loans approved but not yet drawn down at December 31, 2024, amounted to $2,353,963 (2023: $821,579).

30. Comparative Figures

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

NOTES

Life's Better When You're in the Driver's Seat
SVBLA VEHICLE LOAN
APPLY NOW
@svgbla
784-457-1796
ST. VINCENT BUILDING & LOAN ASSOCIATION