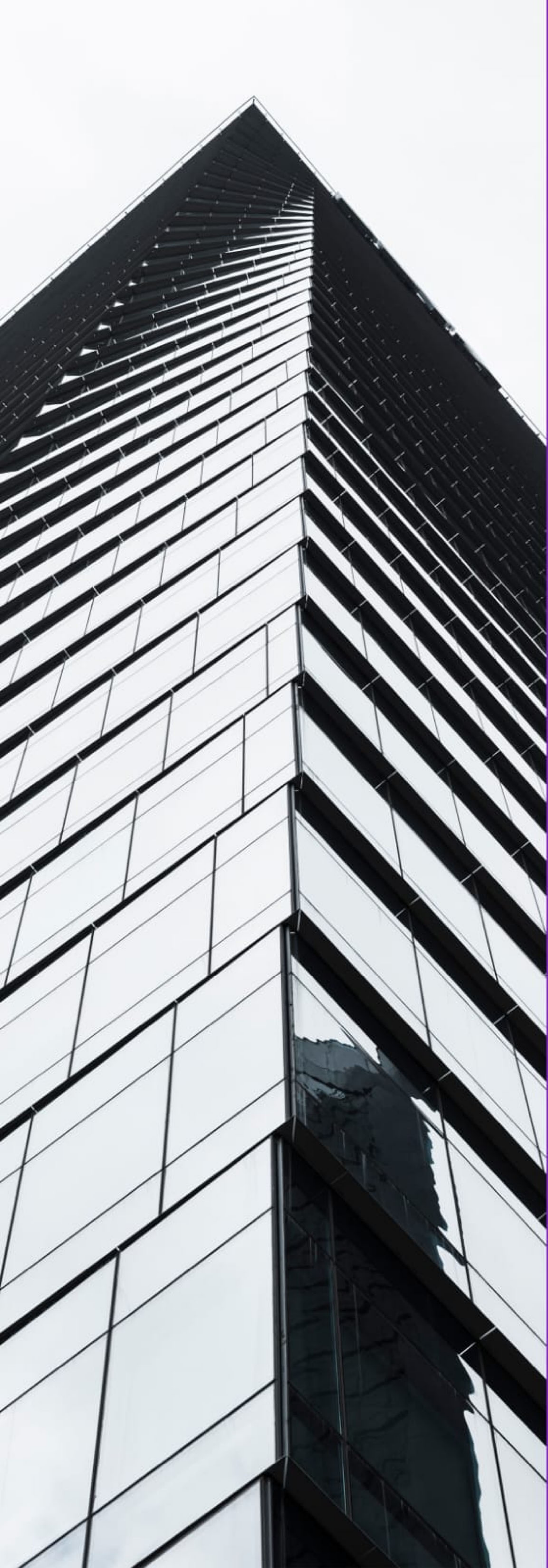
ST. VINCENT
BUILDING
&LOAN
ASSOCIATION

84TH ANNUAL GENERAL MEETING

Building The Next Chapter

TUESDAY SEPTEMBER 8TH, 2026 | 4:15 PM
KINGSTOWN METHODIST CHURCH HALL



Building The Next Chapter

The theme Building the Next Chapter reflects SVBLA's continued journey of service, growth, and transformation. This Annual General Meeting provides an opportunity to reflect on the work completed, account to members, and look ahead to the next phase of progress.

This next chapter is about strengthening trust, improving service, expanding access, modernizing how we serve, and continuing to support members as they build homes, savings, and their future.

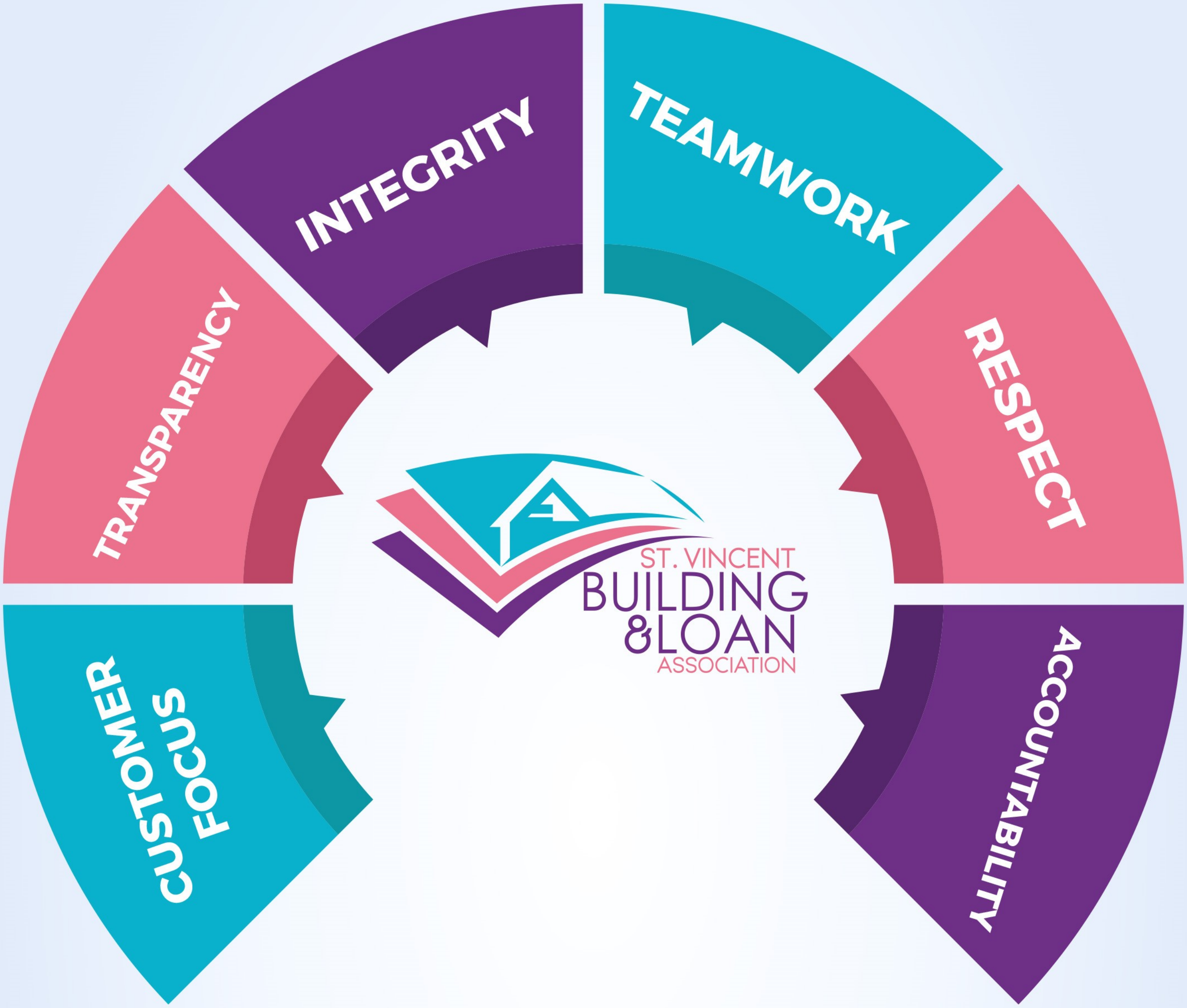
ST. VINCENT BUILDING &LOAN ASSOCIATION

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.


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


Core
Values

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St. Vincent Building & Loan Association

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 84th Annual General Meeting of the St. Vincent Building & Loan Association will be held at the Methodist Church Hall, Kingstown, on
Tuesday 8th September, 2026 at 4:15 p.m.

AGENDA

1. Call to Order/Prayer
2. Welcome - President
3. Amendments and Adoption of the Minutes of the 83rd Annual General Meeting, 10th September, 2025
4. Matters Arising from the 83rd 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, 2025
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)

What this means for members

eConnect

eConnect is part of SVBLA's effort to improve access, convenience, and service delivery. As member expectations change, digital services will help the Association provide more flexible ways for customers to connect, transact and manage their financial needs.

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.

LOOKING AHEAD

Building the next chapter means strengthening the way we serve today while preparing for the needs of tomorrow.

BOARD OF DIRECTORS


President – Dougal James


Director – Trichel Allen


Director – Colleen Thomas


Director –
Maferne Mayers-Oliver


Director – Apollo Knights


Director – Gary Matthias


Director – Lucille Browne


CEO – Keyon Thomas


Corporate Secretary –
Dannielle France

TRIBUTE TO LATE PRESIDENT – COLIN BACCHUS

We remember and honour your legacy

The Association honours one of our late Presidents, Member Colin Bernard Keith Bacchus, who passed away on 3rd July 2026.

Member Bacchus was elected by the Association's membership at the 76th AGM on 27th June, 2018. He served with great pride and dedication as a member of its Board of Directors until 19th May, 2022 when he was voted in as President by the members of the Board.

Member Bacchus led the SVBLA with fierce pride and deep devotion. His visionary spirit, steady hands, and warm heart guided the Association through many challenges. He was instrumental in ensuring that policies and systems were in place to safeguard the interests of the Association's members.

Former President Bacchus attended every Board of Directors' meeting, always fully prepared to listen to the Executive Management team as they reported on critical issues and strategic objectives. He was consistently ready to provide the necessary support and oversight, ensuring that informed decisions were made in the best interest of the Association. He was extremely dedicated to, and disciplined about, the Board's fiduciary duty to the Association's members and stakeholders.

Having served two terms as a Director and subsequently as President, he retired at the 81st AGM on 20th December, 2023.

Though he is gone, his powerful legacy and love for the SVBLA's Vision and Mission will live on in our work forever as we remember his unshakeable and honoured leadership.

Member Bacchus carried the Association's name with honour and believed in its purpose every single day. Throughout his tenure, he voluntarily gave of his time, energy, and soul to build a better path for us all. The successes we share today rest on the strong foundation he built.

The Association will carry forward the torch he lit with so much care. His high standards will continue to guide our next steps. The SVBLA will miss Member Bacchus deeply, but we will never forget him.

LOOKING AHEAD

The next chapter belongs to members, staff, leadership, and the communities we continue to serve.

SVBLA HIGHLIGHTS

SVBLA Scholarship Ceremony

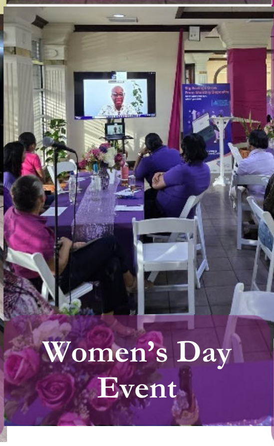
Art in Action Programme

GHS Parenting Seminar


Valentines Day Treats


SVBLA Star Award Winner – Cleon May


Presentation on Money Management at Women Empowerment Workshop

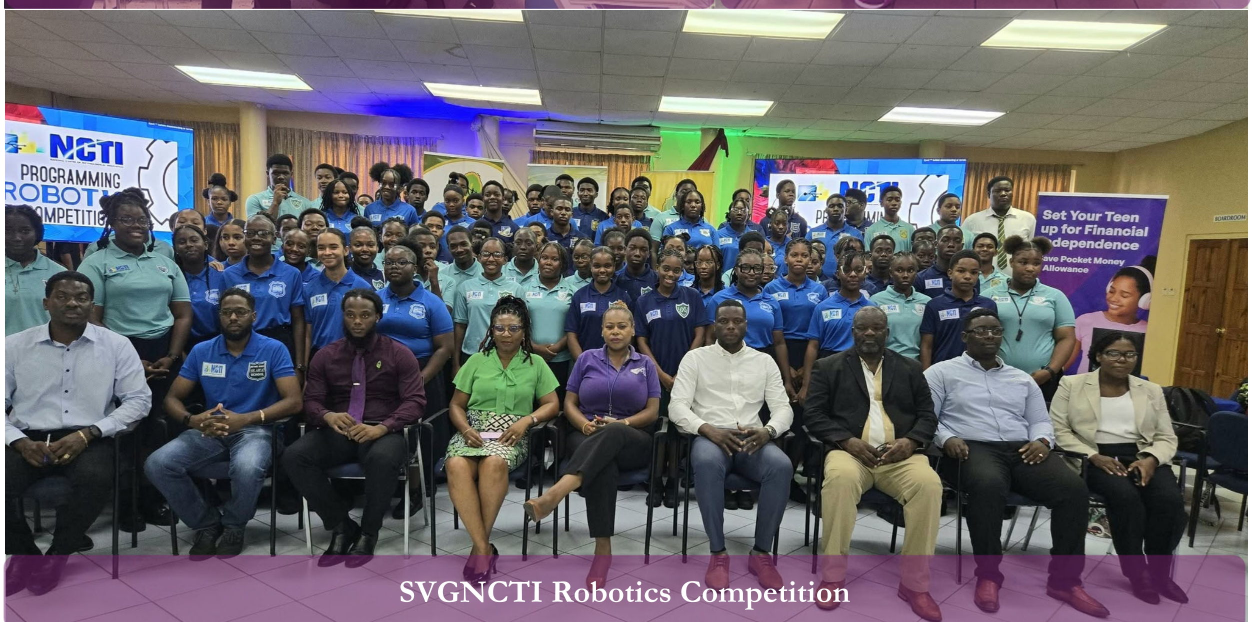

Women's Day Event


Carnival Marketplace Exhibitor

SVBLA HIGHLIGHTS

Everything Vincy Expo

Holiday Pairings Event



SVGNCTI Robotics Competition

Braid Like a Pro Summer Programme

Caribbean Broadcasting Union

LOOKING AHEAD

SVBLA's future will be built through trust, service, innovation, and continued member confidence.

PRESIDENT'S ADDRESS

Introduction

I would like to welcome everyone to our 84th Annual General Meeting (AGM) under the theme "Building the Next Chapter". Meeting with everyone at the AGM gives us an opportunity to both reflect on the last fiscal year and look forward to the next chapter in the Association's shared future with its members. We have been and continue to transform our service offerings to better serve our members. This September marks the launch of our mobile banking and ATM services, which fall under our eConnect suite of services. We hope to see you signing up for these services which will make it more convenient for you to access your funds and maintain your accounts. Our goal with eConnect is to expand access to the Association's products by offering the right services at the right time. It has been a long road to the launch, which has taken a year of work behind the scenes by our dedicated team. While we had hoped to launch in late 2025, we experienced delays with our service providers and technical issues that had to be resolved before we made these services available to the public. As President of the Association, I am proud of what we have accomplished this past year in spite of the obstacles in our path and I am eager to share with you our plans for the future.

For the year ended December 31, 2025 the Association showed strong performance, realising comprehensive income of $1.4 million at year end and strengthening our cash position by a further $5.3 million. The decrease in our gross loans of $3.2 million was driven by the Association's strategic goal of reducing the non-performing loan (NPL) portfolio by 20% in 2025. As members are aware, this portfolio has long been a thorn in the Association's side and we have accomplished much in reducing it to where it is today. I am happy to report that in 2025, the NPL portfolio declined by $6.9 million or 26% (2024: $7.3 million), which exceeded our strategic target of 20%. This was achieved while simultaneously exceeding our budgetary goal of $15 million in new loans during the year. During 2025, new credit granted to customers amounted to $15.7 million (2024: $14.9 million). Our deposits due to members increased by $1.2 million year on year, led by strong growth in our Regular Savings product category. Based on our returns for 2025, the Association has proposed a dividend of ten cents per share for members on record as at December 31, 2025. This means that if you have $1,000 in Permanent Shares, your dividend will be $10.

The Board is committed to ensuring that it delivers sound governance to the Association and remains committed to serving our members and customers to the best of our ability.

Regulatory Overview

In 2025, the Association completed a Capital Planning Assessment (CPA) and an Asset Quality Review (AQR), both of which were mandated by our regulators. The engagements were carried out by Deloitte with final reports issued that were shared with our regulators. The CPA involved an assessment of our internal policies and procedures and considered our business strategy along with any anticipated changes in the business environment. The goal of a 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. Recommendations to strengthen the Association's capital planning process were proposed by Deloitte, which included developing a more formal framework for capital management, preservation and monitoring. The report found that while the Association was actively performing the activities required for capital management, what was needed was increased documentation around the process. It was also recommended that we undertake an annual stress testing exercise which is best practice in the banking industry. I am happy to report that the Association has already taken these recommendations on board and has already begun drafting policies and procedures around capital planning and management. Our stress testing exercise will be concluded by the end of December 2026.

The AQR focused 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. Deloitte in its report identified areas for improvement that have been reviewed and are being implemented by the Association. The recommendations focus on strengthening our credit risk and loan management documentation, incorporating more qualitative factors into our loan impairment exercise and re-evaluating our time to sell properties used as security on non-performing loan. The Association is currently reviewing and updating its credit policy to include the recommendations from Deloitte as in 2025, we re-evaluated the inputs to our loan loss methodology and increased our time to sell from five to seven years. These changes resulted in a $0.5 million increase in our loan loss provision from $7.3 million in 2024 to $7.8 million in 2025 which is reflected in the financial statements. These refinements have allowed us to have a more robust loan loss estimate.

Overall, we continue to strengthen our governance, risk management and oversight procedures, which incorporate independent reviews like the one conducted by Deloitte. We are also continuously updating our risk management practices and promoting a risk-aware culture at the Association. The Association continues to review and ensure that policies and procedures are documented along with providing regular training to Board and staff members in the areas of credit risk and enterprise risk management. A section has been included in this annual report on the AQR and CPA along with the Association's progress towards exiting enhanced supervision. In the final quarter of this year, we will be undertaking our third strategic planning exercise for the period 2027 – 2030, which will be submitted to our regulators like the two previous plans.

Operations Overview

The Association recognized a profit of $1.4 million during 2025, which was a decrease from the profit of $3.5 million realized in 2024. In 2024, the Association recorded a recovery of $1.3 million on impairment losses, while an expense of $1 million was recorded in 2025. This expense is an estimate which is a function of macroeconomic factors, fair value estimates, the probability of default, time to sell and other factors. As a result, this estimate naturally fluctuates from year to year based on the inputs. In spite of increases to the provision, however, the Association was able to remain profitable due to steady net interest income, our fee and commission income and other operating income. While there was a slight uptick of $0.3 million in operating expenses, this was due to increased spending on advertising and promotion to raise public awareness of the Association's products and drive business to SVBLA. As part of our renewed focus on corporate social responsibility, we also increased our donations during the year. We invested heavily in training for staff and Directors in 2025 to ensure that they remain abreast of industry changes and developments and are able to bring this knowledge back to the Association. Our most notable increase was seen in employee benefit expenses, which was due to the engagement of several new staff members during the year, including a new Internal Auditor, an ICT Assistant and Customer Service Representatives.

The NPL portfolio declined by $6.9 million or 26% in 2025 (2024: $7.3 million or 21%), which exceeded our strategic target of 20%. As always, this was due to the concerted efforts of the Loans department as well as the strategic approach of listing properties with real estate agents to expand our reach into the diaspora. The NPL portfolio reduces as a result of restructures, repayments and property sales that are effected throughout the year. This significant decrease in the NPL portfolio led to the overall reduction in the balance of loans and advances to members of $3.2 million even though we exceeded our new credit target of $15 million by $0.7 million. Reducing the NPL portfolio is one of the Association's key strategic objectives and is a metric that we are evaluated on by our regulators. Total assets increased by $2.4 million (2024: $4.3 million) overall due to an increase of $5.3 million (2024: $7.3 million) in cash and cash equivalents, which offset the decrease in the loans balance. In 2025, the Association carried out the scheduled revaluation of its property at Halifax Street, resulting in a $0.5 million increase in its carrying value. The NPL balance has decreased by 71% from $68.6 million in 2013 to $19.6 million in 2025.

As at December 31, 2025 the retained earnings of the Association stood at $12.8 million (2024: $12.1 million). Total equity was $43.8 million, and we are compliant with the Financial Services Authority's (FSA) regulations with a capital adequacy ratio of 25% (2024: 25%). In 2025, the Association submitted a proposal to our regulators to redeem a portion of Permanent Shares to members. However, the proposal has not been approved by our regulators. The aim of the proposal was 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. 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. While the most recent proposal was not approved, we remain steadfast in our determination to engage with our regulators on this matter. We are in the process of reviewing their comments on our proposal and are working to update it for resubmission.

Conclusion

On behalf of the Board of Directors, I wish to extend our gratitude to the membership for its commitment to the Association over the past 85 years. In 2026, the Association is celebrating its 85th year of operations with greater stability, commitment to a risk-aware culture, investing in our staff and giving back to our community. I am honoured to be with you in my second tenure as a Director of the Association and I am excited for the future that lies before us. With the launch of our eConnect suite of services, we are committed to allowing members easier access to their accounts and the services offered by the Association. One member of the Board is eligible for re-election at this AGM, namely Mr. Gary Matthias. We serve as Directors because we too are members of the Association and wish to see it thrive and continue to make a difference in the lives of Vincentians.

The Board also wishes to extend its gratitude to the Management and Staff of the Association. Without their hard work on a daily basis, the Association would not be where it is today. The Association has built a culture of quality customer service and to our delight, several staff members have been commended by customers for their professionalism and knowledge of the Association's products. Membership-based organisations such as ours are grounded on the principles of engaging with our customers, rather than seeing them as just another number. Customers patronise these institutions for the warmth of the interactions they receive as well as the quality service we provide. We have continued our staff wellness initiatives, including sports day, various staff activities and mental health awareness.

In 2025, CEO Elroy R. John retired from the Association. Mr. John would have made an invaluable contribution to the Association during his tenure as CEO and we are grateful for his tenure with us. One of our long-standing employees, Lerone Ollivierre, who was with the Association for over 40 years, retired in September 2025. Ms. Ollivierre is a beloved member of staff who many customers would have been familiar with over the years interacting with the Association. One staff member emigrated from St. Vincent, one left to further their education and one manager left for another employment opportunity. During the year, we had eight new hires, including our new CEO, Keyon Thomas.

On behalf of the Board of Directors, we are looking forward to building the next chapter in the Association's future in conjunction with our members, management and staff. I look forward to a productive meeting with all those present this evening.

Dougal James
President

SVBLA UPDATE – Exit from Enhanced Supervision

The St. Vincent Building and Loan Association (SVBLA) continues to make progress towards exiting the enhanced supervision framework of the Financial Services Authority (FSA).

Following the Asset Quality Review (AQR) and Capital Planning and Analysis (CPA) which were commissioned by the FSA and undertaken by Deloitte and commenced in 2024, a number of areas requiring strengthening were identified and subsequently incorporated into a Corrective Action Plan agreed with the FSA. These areas primarily relate to credit risk management, loan monitoring, capital planning, governance, risk management and internal controls.

Management and the Board have been actively implementing the required corrective measures, with several initiatives already underway and others scheduled for completion by the end of the 2026 calendar year.

Key Areas Being Addressed

- *Credit Risk and Loan Management*
  The Association is strengthening the way loans are assessed, monitored and managed, including improvements to loan underwriting, the monitoring of non-performing loans (NPLs) and collateral coverage.
- *Provisioning and Expected Credit Losses (ECL)*
  Work is underway to strengthen the methodology used to determine provisions for potential loan losses. This includes ensuring that both quantitative information and relevant qualitative factors are appropriately considered when assessing credit risk.
- *Capital Planning and Resilience*
  The Association is developing a more formal framework for capital management, preservation and monitoring. This will provide management and the Board with improved tools to assess capital adequacy, undertake stress testing and plan proactively for future financial requirements.
- *Governance, Risk Management and Oversight*
  The Association is enhancing Board and management oversight through strengthened risk management practices, independent reviews, improved policies and procedures, and targeted training in areas such as capital adequacy, credit risk and Enterprise Risk Management.

Progress Towards Exit from Enhanced Supervision

The corrective actions are being implemented against agreed timelines with the FSA, and Management continues to monitor progress closely. The Association recognises that exiting enhanced supervision is not simply about completing individual corrective actions, but about demonstrating that the improvements have become embedded, sustainable and effective within the organisation.

The final phase of the process will include the submission of a three-year Strategic Plan with clearly defined Key Performance Indicators (KPIs) aligned with prevailing regulatory expectations.

The Board and Management remain committed to completing the Corrective Action Plan and demonstrating to the FSA that the Association has strengthened its financial resilience, governance and risk management framework sufficiently to support its transition out of enhanced supervision.

Conclusively Looking Ahead

The objective is clear, to build a stronger, more resilient and better governed Association that protects members' interests while positioning SVBLA for sustainable growth.

Members can therefore be assured that the issues identified through the AQR and CPA are being actively addressed, with progress being made across the key areas identified by the FSA.

LOOKING AHEAD

A strong institution does not only honour its history. It keeps building from it.

Minutes of the 83rd Annual General Meeting of the St. Vincent Building and Loan Association, held at the Methodist Church Hall on 10th September 2025, at 4:15 p.m.

PRESENT:

Mr. Dougal James	President
Ms. Colleen Thomas	Vice President
Ms. Trichel Allen	Director
Mr. Apollo Knights	Director
Mr. Gary Lewis	Director
Mr. Gary Matthias	Director
Mrs. Maferne Mayer-Oliver	Director
Mr. Keyon Thomas	CEO
Ms. Dannielle A.J. France	Corporate Secretary

Seventy-eight (78) members and thirty-six (36) staff were in attendance.

1. CALL TO ORDER

The President called the meeting to order at 4:43 p.m.

Prayer

The opening prayer was done by Member Jacqueline Robinson-Massiah.

2. WELCOME

The President welcomed all of the attendees to the 83rd Annual General Meeting (AGM) of the St. Vincent Building and Loan Association ("the Association"). He expressed appreciation to members for taking time from their busy schedules to attend and participate in the business of the Association. In the interest of time, he indicated that the meeting would proceed directly to the scheduled agenda items. The President then invited Member Junior Bacchus to make a representation on behalf of the members.

Member Bacchus – Representation

Member Bacchus addressed the meeting, recalling that at the previous AGM, it had been agreed that prior to the publication of the minutes of that meeting, a team of three members from the floor would convene with the Association's Board of Directors to review the draft minutes. He confirmed that while three members had been designated for this purpose, he was the only one in attendance at the review. He noted that the minutes were detailed on this occasion, enabling members to follow the proceedings of the previous AGM with clarity.

Member Bacchus further noted that Member Cools Vanloo had been expected to participate in the review team and to second the motion; however, he had not been present during the review sessions and was not yet in attendance at the time of this representation.

3. AMENDMENTS AND ADOPTION OF THE MINUTES OF THE 82nd ANNUAL GENERAL MEETING, 30th September, 2024

Subsequent to the representation made by Member Bacchus, he moved a motion for the adoption of the minutes of the 82nd Annual General Meeting, confirming that all necessary amendments had been incorporated during the review sessions. The motion was seconded by Member Clarence Harry. The President called for a voice vote, and the motion was duly moved and seconded and was carried, with no dissent recorded.
The minutes of the 82nd Annual General Meeting were formally adopted.

4. MATTERS ARISING FROM THE 82nd AGM MINUTES

The President directed members to page 19 of the AGM booklet and invited members to raise any matters arising on that page. He proceeded sequentially, inviting matters arising on pages 20, 21, and 22. No issues were raised on these pages.

Permanent Shares Redemption (Pages 23-25)

The President then provided members with an update on the issue of permanent shares redemption, which had been a longstanding concern for a number of members. He explained that an initial proposal for redemption had been submitted to the Financial Services Authority (FSA) in 2020. However, due to the onset of the COVID-19 pandemic and the subsequent La Soufrière volcanic eruption, the FSA advised the Association to place the proposal on hold. He stated that in September 2025, the Association had revived the proposal, refined it, and resubmitted it to the FSA for consideration.

The President further noted that the objective of the proposal is to establish a level playing field in the share redemption process, ensuring that all members are treated equitably. To that end, the Association intends to establish a redemption fund. The fund would facilitate partial redemption of shares rather than full redemption, as the Association is required to maintain a prescribed level of capital in accordance with regulatory requirements.

The President also addressed the matter of shares held by deceased members. He noted that while the existing policy is silent on this subject, a deceased member's shares form part of their estate and must be administered accordingly. He added that the Board is exploring measures to accommodate beneficiaries who may not wish to maintain the full shareholding, potentially through phased arrangements or other suitable strategies. The intention is to develop a practical and equitable approach to share redemption that takes into consideration the needs of members and their beneficiaries. He emphasised that this matter has been raised at previous AGMs and is being actively addressed by the Board.

Member Cecil "Blazer" Williams addressed the meeting, highlighting the seriousness of the matter concerning a deceased member's estate and the associated inheritance rights. He noted that individuals hold constitutional rights to conduct their affairs in a manner that benefits themselves and their heirs. He observed that in circumstances where a member is deceased, the estate must be distributed to the rightful beneficiaries, and stressed that no institution — including the FSA or the Association — has the authority to withhold a person's inheritance. Member Williams cautioned that any policy or procedure developed in this regard must respect constitutional rights and must not interfere with an individual's entitlement.

The President thanked Member Williams for his observations and assured the meeting that the Association has no intention of interfering with any member's constitutional rights. He clarified that any measures adopted in relation to share redemption would be premised on moral suasion.

The President further explained that the redemption approach would be guided by the existing capital position of the Association. Member Clarence Henry noted that no final formula for redemption had been determined, to which the President responded that while a formula does exist, the specific details were not available for disclosure at the meeting, as the relevant document had been submitted to the FSA for review.

Discussion on FSA Benchmarks, Enhanced Supervision, and Member Concerns Regarding Reporting

Member Dr. Timothy Providence stated that he wished to reference the section appearing immediately above the Report of the Board of Directors on page 25 of the AGM Booklet. He read from the record as follows: *"Member Bacchus formally moved a motion that future reports should include a dedicated section outlining the institution's progress toward meeting FSA benchmarks and the ultimate ending of enhanced supervision. This motion was seconded by Member Duane Allen."* Member Providence requested that the President account for the absence of the report, noting that its production had been formally moved as a motion and adopted at the previous AGM.

The President responded that the Association was not yet in a position to produce a full report, as the FSA had not provided clear guidance regarding timelines and specific expectations. He explained that certain directives remained under active consideration, particularly the ongoing capital adequacy exercise and the asset quality review. He noted that while draft reports had been received, full assessments had not yet been completed and the FSA's final evaluation remained outstanding.

Member Providence expressed concern that the AGM's request had been overlooked, and observed that an explanation was warranted if the report was not yet ready. The President indicated that the exercise had been referenced on pages 11 and 14 of the President's address. Member Providence clarified that a separate report had been requested, distinct from the President's address, and that only the Asset Quality Review (AQR) and Capital Planning Assessment (CPA) drafts had been included.

Member Bacchus emphasised that the Association is owned and operated by its members, and that the FSA's role is regulatory in nature. He highlighted that enhanced supervision had been in place for twelve years, effectively strangling the Association. He noted that at the previous AGM, members had expressed frustration with the lack of clarity regarding the Association's regulatory standing and the continued imposition of enhanced supervision. Member Bacchus further noted that the prolonged period of enhanced supervision had undermined member confidence in the

Association and observed that insufficient progress had been made with respect to the Building Societies Act. He drew a comparison with credit unions, suggesting that such institutions would likely have adopted a more assertive approach, including active lobbying for the timely passage of the Cooperative Societies Act. He urged the Association to adopt a stronger position while maintaining responsible and constructive engagement with regulators. He further stressed that the FSA must maintain a clear separation between its regulatory role and any perceived involvement in the Association's operations, so as to avoid any conflict of interest.

The President responded that representations had been made to the Attorney General's office regarding the Building Societies Act, which had been pending for a period of two to three years.

Member Poyer expressed disappointment that matters raised at the previous AGM remained unresolved and that no substantive update had been provided. He noted that, given the President's previously stated position at the prior AGM when he had participated as a member, members had anticipated that measurable progress would be reported. He observed that thus far, the response had been, in his words, *"all bark and no bite."*

The President noted that since assuming the presidency, several representations had been made to the FSA and that discussions on the matters raised had taken place. He highlighted that the Non-Performing Loan (NPL) portfolio remains a key challenge, noting that while the ratio had decreased from 61% to 21%, the regulatory benchmark stands at 8%, requiring further sustained progress. He emphasised that addressing the NPL position is a collective responsibility, requiring active participation from both the Board and the membership, and that achieving the required NPL levels is essential to maintaining the Association's credibility and removing its past blacklisted status, which he described as a gradual process requiring sustained effort from all stakeholders.

The President acknowledged his previous statements at the prior AGM and confirmed that work had continued in the intervening period. He reported that the overall tone of engagement with the FSA had improved, which provided reasonable grounds for confidence that enhanced supervision would eventually be lifted. Drawing on his ten years of experience as a regulator, he stated that although the Association remains under enhanced supervision, he does not experience the FSA's presence as overly intrusive in practice. He noted that enhanced supervision sometimes appears to be merely a formal designation and confirmed that, based on the relationship and ongoing efforts, he feels neither flustered nor intimidated by the FSA's presence.

Member Joel Poyer indicated his disagreement with the President's characterisation of the delinquency position. He observed that while delinquency is experienced across many financial institutions, the situation at the Association is, in his view, primarily attributable to management practice rather than member behaviour. He emphasised that the membership ought not to be held responsible where management has not consistently enforced repayment policies and was critical of the leniency shown toward members who default. He noted that while other creditors publicly pursue outstanding debts — including through social media platforms such as Facebook — management at the Association has instead adopted an approach of leniency toward those in default. He stressed that it is time to enforce accountability and that members must understand that there are consequences for delinquency. He further emphasised the need to identify and address those responsible for the current delinquency position and concluded by reiterating that effective and consistent management action is essential to reducing delinquency and restoring the Association to full regulatory compliance and financial stability.

Member Vanloo addressed the President and formally notified him and the Board that, in light of the discussion regarding enhanced supervision and the continued absence of the requested report, he would move a motion for the removal of the entire Board should the report not be produced.

The President acknowledged the statement.

<u>Statement from the Financial Services Authority on Enhanced Supervision</u>

Mrs. Nyasha Browne, Manager of Credit Unions, Building Society, and Money Remittances at the Financial Services Authority, addressed the meeting. She advised that she had in her possession a statement from the FSA regarding the St. Vincent Building and Loan Association's enhanced supervisory status as of 2025. Mrs. Browne explained that the Financial Services Authority regulates the non-bank financial sector in St. Vincent and the Grenadines, including Building Societies, and that the Association has been subject to enhanced supervision since 2013.

Mrs. Browne outlined that the FSA's supervisory responsibilities include regular monitoring and reporting, with additional requirements such as the submission of weekly liquidity reports. She further noted that an FSA representative attends monthly Board meetings to receive updates on outstanding assessments, recommendations, and directives. She emphasised that operational and strategic management remains the responsibility of the Association's management team and Board.

She concluded by noting that the findings, conclusions, and recommendations arising from the capital planning assessment and asset quality reviews will guide the FSA in shaping its strategic regulatory approach on a yearly basis. Mrs. Browne stated that, contrary to the position expressed by the President, enhanced supervision does not currently extend to the management of the Association.

At this juncture, Member Providence addressed Mrs. Browne, requesting clarification on whether the information regarding the Association's enhanced supervisory status had previously been provided to the management of the St. Vincent Building and Loan Association. He asked specifically whether the statement presented by Mrs. Browne had already been shared with the management team. Mrs. Browne responded that the statement had been prepared on the day of the meeting in anticipation of the question arising, and that a prior meeting between the Board and the FSA had conveyed similar sentiments.

Member Providence then addressed the President, requesting the development of a simple chart that would clearly outline the benchmarks required by the FSA, the Association's current progress toward meeting those benchmarks, and projected timelines for achieving full compliance with the FSA's directives. Member Providence emphasised that this information had been the purpose of his inquiry.

The President replied that such a chart could only be produced once the two key reports — the Asset Quality Review and the Capital Planning Assessment — had been finalised. He explained that the FSA would need to assess the quality of these reports to determine whether the Association had made satisfactory progress, and that until the reports were complete, any projections would be speculative and could potentially misalign with the FSA's assessment.

Member Providence inquired further about the benchmark for NPLs, referencing the previously mentioned 8% industry standard. The President confirmed that 8% was the applicable yardstick. Member Providence noted that the Association's current NPL ratio had been reported at 24%. The President clarified that the figure was approximately 21%, to which Member Providence responded that 24% had been the figure reported. The President confirmed that 24% reflected the non-performing portfolio, noting that this represented an improvement from 29% recorded in the previous year. Member Providence emphasised that such progress should be clearly reflected in the Association's reporting, and the President acknowledged the point and confirmed it would be noted.

Member Providence further raised concerns regarding the Association's liquidity position, questioning why the FSA had indicated any issues in this regard. The President reassured members that liquidity remained well above regulatory requirements by a double-digit margin and therefore posed no cause for concern. Member Providence expressed uncertainty regarding the reported figures, referencing a deposit and loan portfolio both valued at $101 million. The President clarified that the difference was accounted for by investments and other assets held within the Association.

<u>Challenges in Member Confirmation Responses (Page 29)</u>

Member Poyer raised a query concerning the process of audit confirmations for members' loan and deposit balances. He noted that such confirmations are utilised by auditors to verify the accuracy of records, but expressed concern that these requests could be cumbersome and time-consuming, potentially delaying the audit process. He further stated that he had never personally received any such request and sought clarification on the procedures governing this aspect of the audit.

The President responded by explaining that audit confirmations are conducted on a sample basis, selected according to specific criteria determined by the auditors. These confirmations are sent to members with the expectation that recipients provide a response, whether positive or negative. He acknowledged that the response rate from members has historically been very poor, but emphasised that the audit remains an independent process. He confirmed that the auditors are provided with members' correct addresses and balances, and that the Board does not influence the selection process or its outcomes.

The President further noted that the process has become somewhat more challenging due to a number of members residing in the diaspora, which may affect the delivery and return of confirmations. He confirmed that the auditors continue to work with the information provided and assured members that the Board would continue to address any issues arising with a view to improving response rates.

Gratuity and other staff benefits (Page 31)

Member Poyer inquired about an outstanding matter concerning increased security and other staff benefits. He noted that there was a pending issue involving a staff member, which was to have been addressed through a meeting between the individual and management, and sought clarification on the current status of that matter.

The President responded that he was not clear on which specific issue or staff member was being referenced and was therefore unable to provide a substantive response at that time. He assured the meeting that the matter would be investigated.

Member Poyer acknowledged the response, and the discussion on that matter concluded.

Discussion on Timing and Accessibility of Financial Statements

Member St. Clair Stapleton addressed the President, expressing concern about the timing of the circulation of the financial statements. He noted that the statements were often distributed in such close proximity to the AGM that members had insufficient time to review them and prepare informed questions. He inquired whether there was a policy specifying the period within which financial statements should be made available prior to the AGM, and noted that he was seeing the statements for the first time at the meeting and had therefore not been able to properly assess them.

The President responded that the financial statements had been finalised and published online more than three weeks prior to the AGM. He explained that due to printing delays, physical copies were only partially available, and assured members that these delays were not intentional. He emphasised that the Association is committed to transparency and that the statements had been accessible online, encouraging members to utilise that avenue. The President further acknowledged that logistical challenges with printing had contributed to the delays and gave assurance that all efforts would be made to improve the timely delivery of documents in future.

Member Stapleton acknowledged the explanation and suggested that notifications regarding the AGM and the availability of reports could additionally be communicated to members via text message. The President thanked Member Stapleton for the suggestion, confirmed that the statements had been accessible online for more than ten days, and indicated that all recommendations from members would be considered with a view to enhancing the process of information delivery.

5. REPORT OF THE BOARD OF DIRECTORS

The President transitioned to the next agenda item, the Report of the Board of Directors (pages 41 to 50). He noted that Mr. Elroy John, who had served as Chief Executive Officer for nine years, had retired earlier in the year, and introduced the incoming Chief Executive Officer, Mr. Keyon Thomas, whom he described as a son of the soil who had resided overseas prior to assuming the role.

Introduction of the New CEO, Keyon Thomas

CEO Keyon Thomas addressed the members, stating:

The Chief Executive Officer, Mr. Keyon Thomas, addressed the members, stating:

"Good afternoon and evening, brothers and sisters. I wish to begin by thanking the Board of Directors and the members for entrusting me with the opportunity to lead this esteemed organisation. I appreciate the questions raised by members, as they highlight the importance of transparency and accountability.

Upon assuming this role, I sought to understand why the Association has remained under enhanced supervision for such a long period. As the FSA representative alluded to, I have had cordial discussions with the regulators, and we have a clear plan in place. While Rome was not built in a day, and I cannot promise that enhanced supervision will end by the end of this year, the Board, the President, and I are committed to implementing a robust strategy to move the organisation forward.

Members will need to exercise some patience. We have been under enhanced supervision for twelve years, and while I do not expect this to continue for another year, we have begun taking the necessary steps to set the organisation on the right path.

I encourage members to trust my leadership. If you have questions at any time, please feel free to approach me. I will answer what I can immediately, and anything that requires further follow-up, I will ensure a response is provided.

Our goal is to restore the St. Vincent Building and Loan Association to its former standing. I was told by my parents that their generation valued their accounts with this institution greatly, and I am committed not only to returning the Association to that position but to elevating it to an even stronger and more sustainable future.

Thank you for this opportunity, and I look forward to working closely with all of you."

Meetings and Attendance (Page 43)

The President invited members to raise questions or provide comments on the Report of the Board of Directors.

Member Bacchus referred to the attendance records of the President and Director Knights as reflected in the report and sought clarification regarding their level of participation during the reporting period.

The President explained that the directors in question had been elected at the most recent Annual General Meeting held in September 2024 and that, consequently, their recorded attendance for the reporting period was limited. Member Bacchus acknowledged the explanation and noted that, due to the late circulation of the report, members had insufficient time to review prior attendance records. He further reminded the meeting that the Association's Rules stipulate that printed copies of reports must be made available to members at least ten (10) working days prior to the AGM. He emphasised that a number of members do not rely on online access and should not be disadvantaged by delays in the distribution of printed reports.

The President responded that the reports had been submitted to the printers well in advance and had also been published online more than three weeks prior to the meeting. He explained that significant delays had occurred due to technical issues at the printing facility, which were formally acknowledged only on the day of the meeting. He assured members that the delay was unintentional and reiterated the management team's commitment to ensuring the timely and transparent dissemination of reports to all members.

<u>Critical Area 4- Implementation and use of Information Technology (Page 46)</u>

Member Providence referred to page 46, subsection 4.5 of the Report of the Board of Directors, which addresses the implementation and use of information technology. He noted the statement appearing at the bottom of the page indicating that *"advanced preparations were made for the introduction of ATM card services and the rollout of a mobile banking platform application."*

Member Providence requested clarification on how these services would operate within the Association.

The President informed the meeting that a detailed presentation on the implementation and operational aspects of these information technology initiatives would be provided to members following the conclusion of the discussion on the Report of the Board of Directors.

<u>Commendation by Member Junior Bacchus</u>

Member Bacchus offered general remarks commending the Association's marketing and promotional efforts. Despite past negative publicity and reduced expenditures in this area, he observed that the Association's promotional activities had increased and expressed appreciation for the efforts of the team responsible. He encouraged the continuation of these initiatives, noting their importance in rebuilding member confidence and strengthening the Association.

The President acknowledged the commendation and emphasised the management team's commitment to maintaining the confidence of members. He reiterated that the Association's success depends on teamwork, transparency, and active member engagement beyond the AGM alone, and reaffirmed the Association's position as a leading building society in the Caribbean.

<u>Information Technology Initiatives and eConnect System Launch</u>

CEO Thomas addressed the meeting regarding the Association's ongoing efforts to modernise operations and reduce reliance on manual, paper-based processes. He noted that the Association currently operates with a significant volume of manual documentation, which can present challenges particularly for members residing overseas who may have limited access to their accounts.

CEO Thomas explained that the Association is implementing measures to facilitate member access, streamline processes, and enhance convenience for both local and overseas members. While he acknowledged that some more mature members may be hesitant to adopt new technology, he emphasised the strategic importance of transitioning toward a more socially and environmentally responsible system.

CEO Thomas announced the imminent launch of the eConnect system for Association and introduced its Association's ICT Administrator, Mr. Camraul Cadogan who would provide a detailed presentation on the system, its functionality, and the operational improvements anticipated. Members were encouraged to raise questions during the presentation.

eConnect Digital Platform Presentation

Mr. Cadogan, provided an overview of the new digital initiatives under the eConnect brand, which are being implemented to modernise operations and improve member accessibility. Mr. Cadogan noted that despite operational challenges, the Association is advancing its technological capabilities to better serve both local and overseas members.
He outlined the suite of digital products included under the eConnect brand as follows:

- **eConnect Mobile** — a mobile application enabling members to perform various account-related transactions remotely.

- **eConnect Swipe** — a card service developed in collaboration with the Bank of St. Vincent and the Grenadines, providing ATM and card access to members without the requirement for on-site ATM installations.

- **eConnect Video** — a platform enabling video interactions and virtual meetings, including interviews and consultations, via applications such as WhatsApp, to streamline member engagement.

Mr. Cadogan proceeded to demonstrate the beta version of the eConnect Mobile application, noting that it is currently undergoing final development adjustments. A brief live demonstration was attempted; however, technical difficulties with the internet connection prevented a full walkthrough. He assured members that the application is fully operational and committed to providing a functional demonstration at a later point during the meeting.

ICT Initiatives and Digital Transformation Update

Presented by ICT Administrator, Mr. Camraul Cadogan

Member Access Through ATM Swipe Card Technology

Mr. Cadogan returned to the podium to continue his presentation. He advised that the Association is advancing the use of ATM swipe card technology to provide members with easier access to their funds. He noted that once the necessary infrastructure becomes available, members will also be able to perform point-of-sale transactions using the card. Mr. Cadogan observed that no other member-based institution in St. Vincent currently offers this capability and expressed optimism that the Association will be among the leaders in rolling out this service to its membership.

Video Engagement and Improved Accessibility

Mr. Cadogan explained that video-based services, including WhatsApp, Zoom, and similar platforms, are being introduced to streamline member engagement. These tools are intended to improve accessibility and support services such as online loan applications, making it easier for members to interact with the Association remotely.

<u>Mobile Application Rollout and Member Communication</u>

Mr. Cadogan provided an overview of the forthcoming mobile application, which will enhance communication with members via SMS and WhatsApp. Members will be required to register using their primary account number, with customer service representatives available to assist during the onboarding process. He emphasised that it is essential for members to ensure that their email addresses and identification documents match those currently on record with the Association, as the system cross-references this information to verify identity.
Members who have updated or changed their identification details or contact information were encouraged to participate in the ongoing information update exercise to ensure smooth registration and uninterrupted access to digital services.

<u>Core App Features and Transaction Capabilities</u>

Mr. Cadogan transitioned to a live demonstration of the mobile application, confirming that members could view the app interface. During the demonstration he highlighted several core features of the app, including the ability for members to:

- Pay loans directly from their regular savings accounts;
- View transaction histories and account activity;
- Transfer funds between accounts, such as regular savings, Super Saver, and Merry Money accounts.

Mr. Cadogan indicated that he had already registered on the application and proceeded to log in for demonstration purposes. He highlighted basic functions of the app, including the ability for members to pay their loans directly from their regular savings accounts.
Using the test environment, he demonstrated a loan payment transaction, noting that the transaction was successful. He explained that several staff members are participating in testing and that funds have been transferred among staff accounts as part of the testing process. He also showed recent account activity, demonstrating that transactions performed through the app are recorded and visible.
He noted that all transactions performed through the application are securely recorded and that staff members have been actively involved in testing to ensure reliability.

<u>Requests, Bill Payments, and Real-Time Processing</u>

Mr. Cadogan advised that the application will also enable members to request official documents, such as embassy letters and account statements, directly through the platform. In addition, members will be able to pay utility bills, including electricity, water, and FLOW bills, through the application.
Mr. Cadogan highlighted that the Association is currently the only agent enabling FLOW bill payments to be applied in real time when conducted at the office. He noted that while this real-time functionality is not yet available through the application, discussions with developers are ongoing with a view to integrating this feature in due course.

Importance of Accurate Member Information

Mr. Cadogan stressed the importance of ensuring that the identification information entered during registration—particularly email addresses—matches the information currently on record with the Association. He advised that if members have experienced changes to their identification documents, such as an expired passport, or if they are no longer using the same email address, they should initiate an update of their information at the earliest opportunity.

He noted that the Association is actively conducting an information update exercise and has been issuing communications to members encouraging them to update their records. He emphasised that accurate information is critical, as the application cross-references specific data points within the system to verify a member's identity during registration.

Member Clarification and Questions

Primary Account Number for App Registration

In response to a question from Member Vanloo regarding which account number should be used during application registration, Mr. Cadogan clarified that members are required to use their primary account number, which serves as their unique identifier within the system. He further advised that members who are unsure of their primary account number may contact customer service for assistance.

Ecosystem and External Payment Platforms

Member Vanloo further inquired about the payment ecosystem and whether the application would allow payments from external platforms such as PayPal or overseas banking systems. Mr. Cadogan explained that, at present, the application operates strictly within the Association's ecosystem. Members are therefore required to have funds within the Association in order to make payments or conduct transactions through the application. He noted that while international transfers to the Association are possible through partner institutions, the application does not currently facilitate direct payments from external banks or platforms. He advised that regulatory considerations remain a factor and that expanding this capability is a longer-term objective.

Cybersecurity Concerns and Member Account Protection

Member Poyer raised concerns regarding cybersecurity risks and the safety of member accounts. Mr. Cadogan acknowledged the validity of the concern and outlined some of the security measures have been implemented to mitigate risk. He stated that these include enhanced access controls, lockout procedures, ongoing risk assessments, and the development of an Information Security Management System aligned with international best-practice standards. He also noted that the Association's partnership with Bank of St. Vincent and the Grenadines, which is ISO 27001 certified, reflects confidence in the Association's security framework.

Insurance Coverage and Risk Mitigation

Member Rosmond Adams inquired whether members' funds would be insured in the event of hacking or unauthorised access. Mr. Cadogan explained that additional security safeguards are being incorporated into the application to prevent unauthorised access and to detect suspicious activity. He further noted that the application currently operates within the Association's internal system, limiting fund movement to internal accounts and improving traceability in the event of an incident.

The President advised that there is currently no national deposit insurance scheme in St. Vincent and the Grenadines comparable to those in some international jurisdictions. He noted that while the Association is not subscribed to a formal insurance framework for such incidents, matters would be addressed on a case-by-case basis, including investigation and remedial action where possible.

Future Enhancements and Digital Strategy

Mr. Cadogan noted that additional features are under development, including mobile top-up services and other longer-term digital enhancements. While acknowledging that the Association may appear to have been late in introducing some digital services, he assured members that the Association is committed to delivering a well-designed, secure, and effective digital experience. Mr. Cadogan credited the groundwork laid by previous Boards and executive leadership, as well as the continued support of the current Board, the ICT Committee, CEO Thomas, and staff, for advancing the Association's digital transformation agenda. He expressed optimism that several of these digital products would be rolled out before the end of the year and encouraged members to look forward to forthcoming announcements.

Checking Accounts

Member Leroy Llewellyn inquired about the potential introduction of checking accounts. The President responded that this is not within the immediate plan but noted that the Association remains open to improving its services in a measured and stepwise manner. While acknowledging that checking accounts would bring the Association into closer alignment with other commercial institutions, he clarified that the Association may be slower to adopt such features relative to traditional banks, given the nature of its operations.

6. AUDITORS' REPORT and AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2024

Mr. Floyd Patterson, the resident partner for the External Auditor's Grant Thornton presented the audited financial statements for the year ended 31st December 2024. He highlighted that the St. Vincent Building and Loan Association is classified as a public interest entity, which subjects it to regulatory oversight by the FSA, in contrast to commercial banks, which are regulated by the Eastern Caribbean Central Bank (ECCB).

Mr. Patterson explained that, in accordance with the auditing firm's policies and international standards, audits of public interest entities require heightened supervision. For the 2024 audit, a quality assurance partner, Mrs. Lisa Brathwaite, was appointed in addition to the engagement partner. All audit team members confirmed their independence in compliance with the International Federation of Accountants' guidelines.

The audit process involved comprehensive inquiries with the Board and management regarding areas of risk and the completeness and accuracy of disclosed information. Due to the complexity of the Association's financial transactions, the auditors also conducted a review of the general information technology controls within the accounting information systems and related applications utilised in the production of the financial statements.

Mr. Patterson further noted that the audit included a detailed assessment of financial instruments and expected credit losses. Expert judgements utilised by the Association were tested for consistency and application within the modelling process, ensuring that assumptions were properly applied and reflected in the financial statements.

He confirmed that the audit was conducted in accordance with International Standards on Auditing and that no limitations were encountered during the examination. Consequently, the auditors issued an unmodified opinion on the Association's financial statements, including its financial position and performance, dated 23rd June 2025.

Following the presentation, the President opened the floor for questions and clarifications from members regarding the audit and the financial statements.

<u>Remarks on the Audit – Member St. Clair Leacock</u>

Member St. Clair Leacock expressed appreciation to the auditors for their work and noted his satisfaction that the Association had received an unqualified audit opinion, describing this as highly encouraging. He acknowledged that while some financial statement disclosures did not directly align with certain concerns raised earlier in the meeting, they were consistent with the overall financial performance of the Association.

Member Leacock highlighted the issue of capital adequacy, emphasising its close alignment with regulatory oversight by the FSA. He observed that the Association had achieved improved profitability compared to the previous year, which he described as a positive outcome. He cautioned that the Association operates within a highly competitive financial environment, with a limited market share available to smaller institutions such as credit unions and building societies.

He further explained the challenge of balancing risk and profitability, noting that efforts to reduce NPLs to align with prudential guidelines of approximately 8% must be weighed against the need to continue lending and generating income. He described this as a delicate balancing act, particularly in relation to Tier 1 and Tier 2 capital ratios, emphasising the importance of prudent risk management to maintain financial stability and to avoid public perceptions of insecurity that could trigger runs on the Association.

Member Leacock also raised the issue of potential vulnerability to external financial institutions seeking to enter the local market, noting that such entities may view the Association as a source of access to Eastern Caribbean (EC) dollars. He emphasised that members must exercise care in holding the Association accountable while avoiding actions that could undermine public confidence.

In conclusion, Member Leacock encouraged members to remain confident in the management team, recognising that despite the challenges, the Association continues to operate successfully and maintain its financial stability.

Dividend Recommendation and Relationship Between Auditors and Regulatory Oversight

Member Bacchus noted that the previous year's report had indicated a dividend of eight cents on the dollar and commended management and staff for the Association's improved performance as reflected in the current report. He inquired about the recommended dividend for the current year prior to the adoption of the financial statements.

The President responded that the Board had proposed a dividend of ten cents per share for the year, which had been submitted to the regulators for approval and had subsequently been approved via written correspondence.

Member Vanloo then sought clarification regarding the relationship, if any, between the auditors' report and regulatory oversight. The President explained that there is no direct relationship between the auditors and the regulator. He noted that auditors conduct an independent examination of the Association's financial statements in accordance with International Financial Reporting Standards (IFRS), whereas the regulator assesses the institution from a prudential perspective, encompassing capital adequacy, liquidity, and other regulatory guidelines. He emphasised that while the audited financial statements may be considered as part of the regulator's assessment, the auditors operate independently and their work is not influenced or guided by regulatory authorities.

Member Vanloo acknowledged the explanation and clarified that his query was intended to understand the convergence of information between the auditors' report and regulatory review, rather than to suggest any question of influence. The President reiterated that while the audited statements form part of the overall regulatory framework, they do not determine regulatory outcomes, which are assessed through additional prudential criteria.

Mr. Patterson further clarified that the audit expresses an opinion based on the examination of the Association's transactions and records, assessing whether the financial statements are presented in accordance with IFRS. He noted that from a regulatory perspective, the FSA reviews audited information among other prudential metrics to determine whether the Association meets the required guidelines. These metrics include capital adequacy (Tier 1 and Tier 2 ratios), liquidity, loan-to-deposit ratios, and deposit-to-capital ratios.

Mr. Patterson noted that regulators apply a risk rating to the entity based on its compliance with these criteria, so as to manage potential sector-wide risks. He emphasised that while audited financial statements provide verified information for regulatory assessment, auditing and regulatory oversight remain separate functions. The audit focuses on the accuracy and presentation of financial information, whereas the regulator evaluates overall prudential soundness to protect stakeholders and maintain stability in the financial sector.

Member Leacock's Commentary on Audit and Regulatory Oversight

Member Leacock acknowledged the clarification provided by the auditors regarding the relationship between the audit and regulatory supervision. He observed that while there is some convergence between the work of the auditors and the FSA, the perspectives differ significantly. From the auditors' standpoint, the focus is on the financial accuracy and presentation of the Association's records, whereas the FSA evaluates the public interest and prudential soundness of the Association.

Member Leacock highlighted the positive outcome of the audit, noting that the report confirmed the Association remained a going concern. He emphasised that this status is a fundamental benchmark for any business, signifying that the Association can continue to operate, perform its functions, and deliver on its objectives. He further observed that while the auditors assess financial viability, the FSA protects the public's invested funds and evaluates whether the Association operates in a safe and stable manner. Member Leacock underscored that, although the two functions examine different aspects, both contribute to maintaining confidence in the Association's ongoing operations.

Member Bacchus — Inquiry on Expenditure for External Consultants

Member Bacchus referred to the President's remarks in the regulatory overview section, noting that the Association was awaiting the Capital Planning Assessment (CPA) and the Asset Quality Review (AQR) reports before decisions could be taken going forward. He highlighted a statement in the President's report indicating that while the Association had balanced its overall expenses, there had been a noticeable increase in the legal and professional fees category due to the engagement of external consultants to perform the CPA and the AQR. Member Bacchus requested clarification, for the benefit of members, on the total expenditure incurred in respect of overseas consultants in relation to these services.

The President invited the Financial Controller, Ms. Nuala Frank, to respond. Ms. Frank explained that the relevant information is included in Note 26 on page 58 of the financial statements, organised alphabetically under operating expenses. She noted that legal and professional fees for 2024 amounted to $290,000.00, compared to $141,000.00 in 2023, and that this increase was attributable to two separate engagements conducted concurrently, with payments and accruals split across the two financial years.

Member Bacchus sought confirmation that the overseas professionals had been recommended by the Financial Services Authority. Ms. Frank clarified that the Association had conducted a formal bidding process, issuing requests for proposals to various audit firms and consultants. The proposals were evaluated by the Association for suitability, including financial considerations, and a recommendation was subsequently submitted to the regulator for review and approval.

Member Bacchus expressed concern regarding the cost to members and the extended timeline for completion of the engagement. Ms. Frank responded that the process had commenced in the previous year and emphasised that it is being conducted diligently, with scheduling and execution managed by the external providers. She assured members that while the engagement spans multiple years, the duration is reasonable given the complexity of the work involved.

Member Bacchus requested that the expected completion date for the report be officially recorded in the minutes. Ms. Frank confirmed that the final report had been received that afternoon but had not yet been reviewed by the Association's management, owing to the ongoing AGM proceedings.

Adoption of the Board and Auditors' Report

On a motion duly moved by Member Bacchus and seconded by Member Jethro Greene, the Auditors' Report and the Audited Financial Statements for the year ended 31st December 2024 were adopted and carried.

At this juncture, the President indicated that the Association's ICT Administrator was ready to proceed with the eConnect services presentation. He noted that it would be appropriate to conduct the information technology demonstration during the election process and confirmed that the meeting would transition to the next agenda item — the Election of Directors.

The President announced that three directors were retiring at the AGM: Director Trichel Allen, Director Gary Lewis, and Director Mayers-Oliver, the latter of whom was celebrating a birthday on the occasion of the meeting.

7. ELECTION OF NEW DIRECTORS TO THE BOARD

At this juncture, the President formally handed over the proceedings to the Chair of the Elections Committee, Member Junior Bacchus, who presented the official report of the Nominations and Elections Committee at the 83rd 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 its work plan and prepare for candidate selection, and the second to finalise 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 issued via newspapers, the Association's website, and social media platforms over a five-week period. Members were invited to submit official nominations for consideration by the

Committee. The deadline for the submission of nominations was set for Friday, 29th August 2025.

Vetting and Interviews

The Elections Chair confirmed that while there were three vacant Board positions, four nominations had been duly received by the stated deadline. The Committee conducted verification checks on each nominee's business relationship with the Association and confirmed that all nominees were in good financial standing with the Association.

The Elections Chair further reported that the Committee conducted interviews with all nominees to assess their readiness, suitability, and commitment to the responsibilities associated with serving as a Director of the St. Vincent Building and Loan Association.

Recommended Nominees

Following the interview process, the Elections Chair presented the following nominees for consideration to fill the vacant Board positions:

1. Mrs. Maferne Mayers-Oliver

Mrs. Mayers-Oliver was nominated by Member Garth Oliver and seconded by Member Valdine Cidel Webb-Allen.

Mrs. Mayers-Oliver is a Barrister-at-Law specialising in civil law, with a focus on conveyancing. Her professional experience includes company drafting and the preparation of legal documents such as wills, deeds, mortgages, leases, and contractual agreements.

2. Ms. Trichel Allen

The Elections Chair advised that the second nominee was Ms. Trichel Allen, who was nominated by Member Jethro Greene and seconded by Member Stanley Browne. Ms. Allen is currently serving as a Director of the Association and brings professional expertise in finance, compliance, insurance, and customer service. She is also a former employee of the St. Vincent Building and Loan Association.

3. Mr. Gary Lewis

The Elections Chair further advised that the third nominee was Mr. Gary Lewis, who, as a retiring Director, was eligible for re-election. Mr. Lewis was nominated by Member La Nesha McNichols and seconded by Member Gary Matthias. His areas of expertise include accredited directorship, ACCA Director Diploma, industrial relations, project management, and accounting.

4. Mr. Jerome Burke III

The Elections Chair then invited the first three nominees to retire to the floor to take their seats. While they were being seated, the Committee presented the fourth nominee, Mr. Jerome Burke

III. Mr. Burke was nominated by Member Ianthi Burke and seconded by Member Jerome Burke Jr. His areas of expertise include system support, network administration, information technology, and assistant karate instruction.

Remarks by the Chairman and Next Steps

The Elections Chair noted that there were four nominees but only three vacant posts on the Board. It was recommended that the three retiring directors — Mrs. Maferne Mayers-Oliver, Ms. Trichel Allen, and Mr. Gary Lewis — be considered for re-election. Members were advised that, in determining their vote, they could also consider the fourth nominee, Mr. Jerome Burke III. It was emphasised that each member could cast votes for only three of the four nominees.

The Elections Chair expressed gratitude to the Board, management, and staff for facilitating the nomination and election process. Members were encouraged to support the successful nominees in their efforts to advance the Association's growth and to continue building the lives of its members. The four nominees were formally presented for members' consideration. Consistent with the procedure adopted at the previous AGM, the Elections Committee would oversee the distribution of ballots, and the Financial Services Authority would supervise the counting of votes.

The Elections Chair then inquired whether any member from the floor wished to nominate a candidate for the Board. He noted that any nomination from the floor would be subject to review and approval by the FSA before the nominee could assume office if elected. A nomination from the floor was subsequently put forward.

Open Floor Nomination

Member Lucille Browne was nominated from the floor by Member Shonette Lowman, with Member Lennox Carr seconding the nomination. No further nominations were received. A motion to close nominations was duly moved by Member Poyer and seconded by Member Brent Cupid, and was carried. With nominations closed, the ballot comprised the original four nominees and Ms. Lucille Browne, for a total of five candidates contesting three vacant Board positions.

Ms. Browne introduced herself to the meeting, highlighting her thirty years of experience in the social security sector and her tenure as Human Resources Manager at the National Insurance Scheme (NIS) since 2017. She noted her expertise in strategic initiatives, organisational culture, and human capital management. She advised that she holds a degree in economics and an MBA in human resource management, and expressed her commitment to contributing to the long-term vision of the St. Vincent Building and Loan Association.

The Elections Chair then explained the voting process to members. Members were instructed to present their blue tickets to the Elections Committee to receive their ballots. The Elections Chair advised that ballots did not need to be folded and reminded members to use the pens provided to mark their choices. Members were directed to place an X beside up to three names on the ballot and to return it to the Elections Committee for counting, which would be overseen by the FSA.

The Elections Chair also acknowledged the long-standing members in attendance, recognising their decades of dedication to the Association. Officials thereafter ensured that all members received ballots and pens, collected unused ballots, and confirmed that the counting process would take place in a separate room. It was further confirmed that the ICT Administrator would resume his presentation upon the conclusion of the counting process.

8. ELECTION OF AUDITORS

The President invited members to proceed to the next agenda item — the Election of Auditors. He advised that the Association's current auditors, Grant Thornton, were eligible for re-appointment and that members were also free to consider other firms for nomination.

Grant Thornton was nominated by Member Greene and seconded by Member Elvin Jackson. There being no further nominations, a motion to close nominations was duly moved by Member Llewellyn and seconded by Member Greene, and was carried.

The President announced that Grant Thornton had been duly reappointed as auditors for the year ending 31st December 2025 and extended thanks on behalf of the membership for the firm's continued service to the Association. With the director election voting still in progress, the President invited members to proceed to the next agenda item.

9. ANY OTHER BUSINESS

Member Acknowledgment of Former CEO's Contribution

During this segment, Member Vanloo referred to remarks previously made by him and recorded in the AGM booklet on page 32 under the subheading: *"Leadership, Continuity and Acknowledgement of Past Efforts."* Member Vanloo specifically highlighted the contribution of former Chief Executive Officer, Mr. Elroy John. He noted that while earlier acknowledgements had been made without full supporting evidence, the audited annual accounts and the favourable financial performance presented for 2024 clearly demonstrated the results achieved during Mr. John's tenure.

Member Vanloo reminded members that the financial recovery of the Association occurred during a particularly turbulent period and that many of the initiatives currently being discussed had been conceptualised and implemented under the leadership of Mr. John and the Board at that time. He expressed the view that Mr. John's tenure would likely be remembered as one of the most effective in the history of the St. Vincent Building and Loan Association.

Member Vanloo further expressed the hope that Mr. John might, in the future, continue to contribute to the Association in some capacity.

In response, the President affirmed that Mr. John remains a valued friend of the St. Vincent Building and Loan Association and acknowledged his contributions and lasting impact on the institution's stability and growth.

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Governance Observation Raised by Member Providence

Member Providence raised a governance-related concern, noting that the Association currently has seven elected Board members and seven corresponding sub-committees. He suggested that this structure may be excessive and recommended that the President review the existing sub-committee framework with a view to reducing the number to approximately five.

The President acknowledged the observation, thanked Member Providence for the contribution, and confirmed that the matter was duly noted.

Transition to Electoral Proceedings

At this juncture, the President handed over the proceedings to the Chair of the Elections Committee, who had the results of the election to present to the meeting.

Independent Verification of the Vote

Prior to announcing the election results, the Elections Chair invited the independent observer who had witnessed the vote-counting process to address the meeting and provide his assessment.

Member Duane Allen addressed the meeting and confirmed that he had observed the counting process and found it to be accurate.

Announcement of Election Results

The Elections Chair then announced the official results as follows:

- Maferne Mayers-Oliver – 42 votes
- Gary Lewis – 42 votes
- Trichel Allen – 48 votes
- Jerome Burke III – 34 votes
- Lucille Browne – 47 votes

The Elections Chair advised that three Board positions were available. Based on the results, Ms. Trichel Allen and Ms. Lucille Browne secured two of the positions, having received 48 and 47 votes respectively. Mr. Jerome Burke III, with 34 votes, was eliminated from contention.

However, a tie existed between Mrs. Maferne Mayers-Oliver and Mr. Gary Lewis, each having received 42 votes. The Elections Chair explained that the Association's by-laws were silent on how to resolve such a tie and outlined two established procedural options drawn from parliamentary practice:

1. The President exercising a casting vote; or
2. Conducting a re-run election between the two tied candidates.

The Elections Chair further noted the logistical challenges associated with a re-run, including the absence of additional ballot papers and the fact that some members who had already voted may have left the meeting. He confirmed, however, that a quorum remained present, which would allow any further vote to be valid.

Consideration of Options and Motions from the Floor

Member Providence suggested a third option, namely that one of the tied candidates could voluntarily withdraw. The Elections Chair acknowledged this as a valid option but noted that the positions of the affected candidates on the matter were not known.

The President advised that he did not wish to exercise a casting vote.

Member Llewellyn proposed that a re-run election be conducted by a show of hands. Upon invitation from the Elections Chair, Member Llewellyn formally moved the motion that the tie be resolved by a re-run vote conducted by a show of hands. The motion was duly seconded.

An alternative suggestion was raised by Mrs. Ava Weekes, who proposed that members be allowed to vote by writing the name of their preferred candidate on the blue ticket previously issued, which could then be collected and counted. This option was acknowledged as a means of preserving voter privacy while still facilitating a re-run vote.

The Elections Chair engaged the floor in gauging the general preference of members regarding the proposed voting methods before proceeding further.

Resolution of the Tie and Conduct of the Runoff Election

In further discussion on the proposed voting method, the Elections Chair sought confirmation from members regarding the use of the previously issued blue ticket. He clarified that members would be required to write the name of one of the two tied candidates — Mrs. Maferne Mayers-Oliver or Mr. Gary Lewis — on the stamped blue ticket. Based on the general sentiment expressed in the room, the Elections Chair indicated that he would proceed without formally calling a vote on the method, having sensed broad agreement among members.

Member John raised a concern regarding transparency and fairness, specifically questioning what process was in place to ensure that only eligible members participated in the runoff vote. In response, the Elections Chair advised that the blue ballots had originally been distributed by Mrs. Weekes to eligible members and that those present who had received ballots were presumed to be entitled to vote. Members were reminded that anyone without the right to vote should refrain from accepting a ballot.

Ms. Frank proposed that, given the reduced number of persons in the room compared to the start of the meeting, a rapid verification of voter eligibility could be undertaken by confirming names prior to reissuing ballots. While this suggestion was acknowledged, the Elections Chair indicated that such a process would be disruptive. Instead, members were asked to stand if they were eligible voters, noting that some individuals present were staff members who may not have had voting rights. Blue ballots were then redistributed to those standing, and a reconciliation process was undertaken to ensure the number of ballots issued aligned with those collected.

Conduct of the Runoff Vote

Members were reminded that the runoff vote was to be cast for either Mrs. Maferne Mayers-Oliver or Mr. Gary Lewis only. Once ballots were received, members were asked to remain seated to allow the process to proceed efficiently. Collectors were instructed to begin collecting ballots using an envelope circulated throughout the room. Unused blue ballots were returned to the Elections Chair to facilitate verification during counting.

It was reiterated that proxy voting is not permitted under the current system, having been removed previously, and that a future amendment to the by-laws would be proposed to address enhancements to voting procedures ahead of the next Annual General Meeting. Members were further advised that in the event of another tie, the President would exercise a casting vote. The Elections Chair informed the meeting that the ballot count would include a recount by different individuals to ensure accuracy and transparency.

Announcement of Runoff Results

Following the completion of counting and verification, the Elections Chair announced the results of the runoff election as follows:

- Mr. Gary Lewis – 23 votes
- Mrs. Maferne Mayers-Oliver – 37 votes
- Spoiled ballots – 3

Based on these results, Mrs. Maferne Mayers-Oliver was declared elected, together with Ms. Trichel Allen and Member Lucille Browne. The three successful candidates were invited to proceed to the table. The Elections Chair congratulated the elected members and formally handed the proceedings back to the President.

Closing Remarks

The President resumed the chair and thanked the Elections Committee for their conduct of the process, describing it as well-executed and noting that such a tie was unprecedented in his experience. He congratulated the returning and newly elected Board members, including Member Browne, whom he noted was no stranger to the Board. The President also expressed sincere appreciation to Mr. Gary Lewis for his service and contributions to the Association, emphasising that while the democratic process produces a single outcome, Mr. Lewis remains a valued member of the Association.

10. ADJOURNMENT

All agenda items having been exhausted, the meeting was adjourned at 7:38 p.m. A motion for adjournment was duly moved by Member Harold Lewis and seconded by Member Allen. The President thanked members for their participation and contributions throughout the meeting, expressed appreciation for the orderly conduct of proceedings, and extended well wishes for members' safe return home.

Read and sign as a true record this ……… day of ……………………… 2026.

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

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

LOOKING AHEAD

Progress is not only measured by what we achieve, but by how we continue to improve for the people we serve.

Report of the Board of Directors to the 84th 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, 2025.

As part of our strategic objective of strengthening our customer base, the Association had planned to launch the eConnect suite of services in late 2025. However, due to supplier and logistics issues, the launch had to be delayed to ensure that a functional, quality product was available to customers. We are pleased to announce that the Association is now ready to launch these services and we are looking forward to making your interactions with us easier through the use of mobile banking, ATM services and virtual appointments. The Association continues on its path of digital transformation, with a website redesign also falling under the umbrella of eConnect.

In response to the findings from the Asset Quality Review (AQR) and Capital Planning Assessment (CPA) engagements which concluded in 2025, the Association is currently updating its credit policy to incorporate the recommendations of Deloitte, who conducted the reviews. We will also be undertaking a stress testing exercise and have refined the inputs to our loan loss provisioning model. We are continuously reviewing our policies and procedures to ensure they are updated and refined as necessary.

The Association received bids from various firms to perform market research during 2025 and a service partner was selected and is scheduled to commence work in the final quarter of 2026. The aim of this market research is to get consumer feedback on the types of products and services that best suit their financial needs. The Association will then be able to align its product and service offerings to best suit these needs.

In 2025, the Association continued its support for education, sports, financial literacy, youth development and a variety of other community activities as part of its commitment to corporate social responsibility. We also made donations to various educational, charitable, cultural and sporting organisations throughout St. Vincent and the Grenadines. Inaugural activities included participation in the Invest SVG Diaspora Outreach and Everything Vincy Expo events. The SVBLA teams present at these events were able to engage directly with both existing and potential customers, allowing us to present them with products that best suited their loan, deposit and insurance needs. The Association also remained active on social media throughout the year, engaging in several campaigns designed to promote SVBLA.

In 2025, the Association realized a profit of $1.4 million (2024: $3.47 million), which is a $2.1 million decrease over the profit of $3.5 million in 2024. The decrease in profit was primarily due to impairment expense of $1 million recognised during the year while a recovery of $1.3 million was recognised in 2024. The increase in this line item was due to the Association incorporating the recommendations of the AQR into our provisioning process, namely to re-evaluate our time to sell securities. During the year, the Association surpassed its goal of reducing the NPL portfolio by 20% with a 26% or $6.9 million (2024: 21% or $7.3 million) reduction. This is one of SVBLA's key strategic goals for the 2024 – 2026 period.

The reduction in the NPL portfolio led to loans and advances decreasing by $3.2 million even though we exceeded our new credit target of $15 million by $0.7 million. Reducing the NPL portfolio is essential to the long-term health and stability of the Association. In the short-term, loans and advances may fluctuate, but in the long-term the performing loan portfolio will be more stable and bring the Association in line with industry standards. Property sales and write-offs remain a last resort and we continue to engage customers to restructure their non-performing loans where possible. On the other hand, as a result of our marketing efforts and community outreach, deposits due to members increased by 1% or $1.3 million. This was primarily due to a 20% increase in savings accounts year on year.

Even though there was a decrease in loans and advances, increases in impairment expense and an increase in deposits, the Association was still able to realize a profit in 2025 as a result of stable interest income and expense, revaluation of property and staying within budgeted expenses. While operating expenses increased by a $0.3 million, this was due to increased spending on advertising and promotion, staff training and employee benefit expenses.

Throughout 2025, the Association continued to support the wellbeing and engagement of its staff members. This included Mother's Day and Father's Day activities, the observation of World Mental Health Day and wellness retreats, sports day and a variety of other activities to promote teamwork and celebrate their contributions to the Association.

Three new scholarships were awarded during 2025 and as at December 31, 2025 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, tokens and were able to gain valuable insight from our guest speaker. 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 2026 as we build the next chapter in partnership with the staff and customers of SVBLA.

2.0 Directors

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

Mr. Dougal James	-	President
Ms. Colleen Thomas	-	Vice President
Mr. Gary Matthias	-	Director
Ms. Lucille Browne	-	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 nineteen (19) such meetings, comprised of eleven (11) Board meetings and eight (8) special meetings. Attendance of Directors was as follows:

Director	Regular Meetings (Total 11)	Special Meetings (Total 8)	Total Meetings Attended (Total 19)
Dougal James	11	08	19
Colleen Thomas	11	07	18
Gary Matthias	11	07	18
Gary Lewis	08	06	14
Lucille Browne	03	02	05
Maferne Mayers-Oliver	09	07	16
Trichel Allen	11	07	18
Apollo Knights	10	07	17

Note: Gary Lewis retired from the Board on September 10, 2025.
Lucille Browne was elected to the Board on September 10, 2025.

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
Lucille Browne	YES	NO	N/A
Maferne Mayers-Oliver	YES	NO	N/A
Trichel Allen	YES	YES	YES
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 2025, 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 $1.4 million in 2025 (2024: $3.5 million), a $2.1 million decrease over the profit of $3.5 million in 2024. The decrease in profit was primarily due to impairment expense of $1 million recognised during the year while a recovery of $1.3 million was recognised in 2024. The increase in this line item was due to the Association incorporating the recommendations of the AQR into our provisioning process, namely to re-evaluate our time to sell properties securing NPLs. During 2025, operating expenses increased by a $0.3 million, due to increased spending on advertising and promotion, staff training and employee benefit expenses.

During the year, the Association surpassed its goal of reducing the NPL portfolio by 20% with a 26% or $6.9 million (2024: 21% or $7.3 million) reduction. This is one of SVBLA's key strategic goals for the 2024 – 2026 period and led to the reduction of the overall loan portfolio. In 2025, the Association restructured $1.9 million in loans (2024: $1.8 million). Other NPLs would have been addressed through a combination of property sales, repayments and write-offs. Those customers whose loans were restructured during the year would have satisfied the requirements of the Association's loans policy regarding the conditions for restructure. These include demonstrating their ability to pay the loan over a set period of time, having extenuating circumstances or requiring an extension of the loan repayment period. Monthly monitoring of the loan portfolio is carried out to ensure that loans between 30 – 89 days in arrears do not enter into non-performing status. Follow-ups are carried out by the loans officers and this also helps to manage the NPL balance at year-end.

The Association also saw a $2.4 million increase in total assets in 2025, primarily due to a $5.3 million increase in cash and cash equivalents, which offset the $2.7 million decrease in loans and advances to members. The decrease in loans and advances was primarily caused by the Association reducing its NPL portfolio by $6.9 million or 26%. The Association was successful in surpassing its $15 million target in new credit for 2025 by $0.7 million. The performing loan portfolio increased by 5% in 2025 from $82.6 million at the end of 2024 to $87 million at the end of 2025.

Deposits due to members increased by 1% or $1.3 million during the year, driven by strong performance in the regular savings product which saw an increase of 20% year on year. This increase is due to the Association's increased Marketing efforts and community outreach. The launch of our eConnect suite of services is anticipated to make our products more attractive and convenient for customers. The Association will be setting a new strategic plan for the period 2027 – 2030 during the last quarter of 2026. Focus on growing our customer base while simultaneously reducing the NPL portfolio while maintaining profitability and asset growth will remain as key pillars of our strategic plan for the next three years.

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:** During 2025, the Association continued to grow its customer base through a combination of direct outreach, public activations, financial education, product promotion, lead generation and targeted marketing.
Workplace outreach proved effective in converting engagement into new business. In March, SVBLA conducted a money management session with 19 members of staff at Grenadine House. The session combined financial education with information on the Association's deposit, loan and insurance products. This resulted new Smart Savers and Regular Savings accounts being opened at the event, with other attendees indicating an interest in opening accounts and making loan appointments.

The Association also extended its reach beyond the local market through participation in the Invest SVG Diaspora Outreach and Investment Forum in New York. SVBLA operated a branded information table and interacted with existing members as well as persons who were not familiar with the Association. A lead capture mechanism was used to collect information from interested persons for follow up.

A major customer acquisition activity during the year was SVBLA's first participation in the Invest SVG Everything Vincy Expo. The booth was designed as an interactive experience, with visitors invited to identify their Money Goals and discover their Money Personality. Approximately 200 persons engaged with the digital Money Goals activity, providing the Association with a significant opportunity to interact directly with potential customers and promote its products and services. Importantly, engagement at the Expo translated into measurable business. Follow up by the Loans and Customer Service teams resulted in the opening of Regular Savings Accounts, Smart Savers Accounts, Merry Money Accounts and loan appointments. Additional leads remained in the pipeline for follow up.

Customer acquisition efforts continued during the Christmas period through the Merry Money campaign. The campaign used radio advertising, interviews, social media, WhatsApp and SMS to reach customers and prospective customers. Two Holiday Pairings activations provided opportunities for members of the public to engage directly with the Association and learn more about the Merry Money Loan and savings products. The Loans and Savings Hub at the second activation generated loan enquiries, additional leads and Merry Money Savings accounts being opened.

Other activities supported customer engagement and product awareness throughout the year. The Financial Vision Board Networking Event in February attracted 37 persons and provided SVBLA with another opportunity to engage members of the public in a financial setting. A January social media campaign also promoted Guardian Group Insurance services available through SVBLA, using video content and promotional giveaways to increase public awareness of the product.

Customer focused promotions were also used to encourage interaction with the Association. These included Valentine's activities for persons making loan payments or deposits, Mother's Day activities linked to deposits, account opening and loan payments, social media competitions and seasonal promotions.

The above outreach and customer-focused events had generated tangible returns for the Association. We exceeded our new loan business target of $15 million by $0.7 million and grew our Regular Savings accounts by $3.3 million or 20% while extending and strengthening our community reach and partnerships.

4.4 Critical Area 3 – Risk and Compliance: Risk Management at SVBLA remains a crucial aspect of safeguarding our financial stability. Fashioned to identify, assess, and mitigate risks that could endanger our operations, our Risk Management and Compliance Programs are geared at fortifying the Association against unanticipated threats.

The Association is exposed to a variety of risks, including credit, operational, and liquidity risks. Effective risk management enables us to anticipate and mitigate these risks, protect our financial stability and safeguard the interests and trust/confidence of our members and other relevant stakeholders.

Moreover, having a strong risk intelligent culture enables us to grow by aligning risk-taking with strategic objectives.

The Risk and Compliance department has worked diligently throughout 2025 to ensure that the importance of risk management extends beyond individual departments and staff to the Board of Directors. By adopting a dynamic and adaptive risk management and compliance agenda, the Association was able to navigate volatile conditions and remain resilient.

The SVBLA's 2025 Risk and Compliance agenda focused strongly on operational resilience, regulatory compliance, digital, technological, and cyber transformation, and business continuity - elements designed to influence core activities, capital adequacy, liquidity status, and reputation.

In 2025, we continued our work of futureproofing the SVBLA. This was no longer an option; it became a necessity that demanded dedicated attention, and the Chief Risk and Compliance Officer and her team delivered Risk and Compliance programs not as controlled specialties, but as Association-wide competencies - embedded in strategies, linked across all departments, and owned by SVBLA's leadership.

Risk governance became a shared capability across the Association, from its Board of Directors to its staff.

To strengthen risk preparedness and resilience to change – including regulatory changes, the Risk and Compliance department developed Risk and Compliance programs, conducted training, created and updated policies, carried out Risk Assessments, and performed Compliance Reviews.

While regulation evolves unevenly across topographies, with some oversight bodies loosening restraints to foster growth and others tightening oversight and assigning directives, the Association remains resolute in its determination to ensure that early warning signs are appropriately addressed through defined and coordinated efforts. Where non-compliance carries severe penalties, including fines and reputational damage, regulatory adherence remains an absolute imperative for the SVBLA.

Although regulatory changes in St. Vincent and the Grenadines remain reasonably paced, urgent attention is given by the SVBLA to all such changes.

As we closed 2025 in preparation for 2026, priority was given to embracing advanced technology, fostering collaboration with regulators, strengthening our governance structure, enhancing cybersecurity measures, maintaining regulatory compliance, promoting risk intelligence, and conducting staff and Board training.

The Association continues to enhance its resilience, foster innovation, and safeguard stability in a progressively complex and interconnected financial environment.

4.5 **Critical Area 4 – Implementation and use of Information Technology**: The Association advanced a coordinated digital agenda this year focused on member-facing services and internal controls. Key initiatives under the eConnect digital suite include the Mobile Application, ATM Card Services, and a revamped website, while internal improvements target credit management through securities tracking and a credit rating screening platform. Work also progressed on the Information Security Management System (ISMS) designed to accommodate future integration of artificial intelligence tools. Notably, the Mobile Application and ATM Services—originally scheduled for launch at the end of 2025—remain a priority and have been carried forward into the current implementation cycle to ensure a secure and fully compliant rollout.

Implementation encountered several practical constraints that affected original timelines. The ISMS in house development was slowed by competing operational demands, and the SVBLA Mobile Application required substantially more customization than anticipated because of the bespoke nature of provider's offering; the core banking vendor's resource constraints further extended delivery timelines. ATM deployment experienced delays driven by partner compliance requirements and vendor prioritization. Despite these setbacks, progress is tangible: Mobile Application and ATM Services are in final testing, the website development is ongoing with anticipated completion in November, the ISMS is under final review for implementation, and onboarding to the credit rating screening platform is complete.

Looking ahead, the Association will concentrate on strengthening information security and operational resilience while accelerating workflow digitalization to reduce manual touchpoints and improve service delivery. Planned next steps include finalizing and implementing the ISMS, and deploying analytics and automation where they will most improve credit decisioning and member experience. The Management of the Association remains committed to delivering these digital capabilities with rigorous controls and clear milestones to ensure the membership of the Association derives the maximum benefit from technological innovations.

4.6 **Critical Area 5 – Corporate Social Responsibility and Community Relations:** SVBLA maintained an active presence in the community during 2025 through support for education, youth development, sports, financial literacy, entrepreneurship, social causes and community activities. Our scholarship program continues to give back to the children of our members by providing scholarships commencing from secondary school through the Community College level. We are extremely honoured to have contributed to the success of our past recipients who have gone on to receive National Scholarships and take leadership roles in their communities. We can proudly boast of having twenty (20) active scholarship recipients as at the end of 2025.

Three (3) scholarships were awarded in 2025 as follows:

No.	YEAR	NAME OF AWARDEE	SCHOOL ATTENDING
1	2025	Japhia Thomas- Gunn	St. Vincent Girl's High School
2	2025	Kyanna Browne	St. Vincent Girl's High School
3	2025	Micah Garraway	St. Martin's Secondary School

As at the end of 2025, the full list of current scholarship recipients is as follows:

No.	YEAR	NAME OF AWARDEE	SCHOOL ATTENDING
1	2019	Jaden Edwards-Barry	St. Vincent Girl's High School
2	2019	Devenae Lyttle	St. Joseph's Convent Kingstown
3	2020	Josel Da Silva	St. Vincent Girl's High School
4	2020	Ky-mani Johnson	St. Vincent Grammar School
5	2020	Olivia Prescott	St. Vincent Girl's High School
6	2020	Sakeri Burnett	St. Vincent Grammar School
7	2021	Zeph John	St. Vincent Grammar School
8	2021	Jayson John	St. Vincent Grammar School
9	2021	Ramon Matthews	St. Vincent Grammar School
10	2022	EnnaBelle Mc Master	St. Vincent Girl's High School
11	2022	Treece Oliver	St. Vincent Girl's High School
12	2023	Drez Compton	St. Vincent Grammar School
13	2023	Phoenix Boyea	St. Vincent Girl's High School
14	2023	Mya Samuel	St. Vincent Girl's High School
15	2024	Tariq John	St. Vincent Grammar School
16	2024	Asa Bowens	St. Vincent Grammar School
17	2024	Chace Forde	St. Vincent Grammar School
18	2025	Japhia Thomas- Gunn	St. Vincent Girl's High School
19	2025	Kyanna Browne	St. Vincent Girl's High School
20	2025	Micah Garraway	St. Martin's Secondary School

In addition to the above scholarships, nine one-off bursaries were awarded during 2025.

Education and youth development remained an important area of support. The Association sponsored the Emmanuel High School Mesopotamia teams participating in the NCTI

Robotics Challenge and attended the closing ceremony to present certificates to students. SVBLA also part sponsored the Thomas Saunders Secondary School team travelling to the Penn State Relays in the United States and was present at the Argyle International Airport to see the team off.

Support was also provided to school sports and youth activities. SVBLA sponsored the All Leeward Athletics Meet and Barrouallie Secondary School Sports, presented medals and supported the school's closing ceremony. The relationship also created an opportunity for the Association to engage parents, teachers and school officials through a money management session at a PTA meeting.

The Association participated in Children's Day activities at the Cane End Government School, where students took part in activities incorporating the SVBLA brand. Colouring and activity books were distributed and the event was supported through a financial contribution to the school. Financial support was also given during the year for several educational institutions and youth related activities, including St. Joseph's Convent, Troumaca Ontario Secondary School, Thomas Saunders Secondary School, Lowmans Leeward Anglican School, Grammar School, Bethel High School, St. Benedict Day Nursery, Theresa Jack Early Development Centre and Girls High School.

Financial literacy continued to form part of SVBLA's community engagement. In addition to a Money Management session held at Grenadine House, the Association supported the Lashere Women's Empowerment and Entrepreneurship Workshop, provided a $500 microgrant to a participant and conducted a money management session focused on financial literacy as a practical life skill.

International Women's Day activities included community support through a $500 donation to Esther's Promise to assist its work with women and girls affected by poverty and abuse. A financial planning session with the women was also conducted as part of the initiative.

The Association's support extended to sports, civic organisations and community groups. Financial contributions recorded during the year included support for the Association for People with Disabilities, the Rotary Clubs of St. Vincent, the Lions Club, the SVG Tennis Association, churches, schools and other community organisations.

During the Christmas season, the community component of the Magic of More campaign included a Rent Relief initiative where the winner's rent was paid by the Association for the month of January 2026. The selected recipient was surprised at her home, and the initiative was subsequently shared through SVBLA's social media platforms and One News SVG.

SVBLA also supported a range of community and cultural activities during the Christmas period, including Oalex Anderson's Kids Adventure in Barrouallie, the Police Caroling activity, the Prison Concert, church activities and other community events. The Association also provided support to Passion, Secret Garden and the Gilligan's Island activity organised by Sightseeing with Cas, extending its presence and relationships across different community, cultural and recreational audiences.

Through these activities, SVBLA's community involvement in 2025 went beyond financial sponsorship. The Association combined financial support with staff participation, financial education, school engagement, community activities and direct interaction with the people and organisations it supported. 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 Refresher Training	All Staff	January 15, 2025	SVBLA Chief Risk & Compliance Officer Legal Officer
Building an Online Presence	Candice Sealey	February 25-26, 2025	Centre for Enterprise Development (CED)
Advanced Reading of Corporate Financial Statements	Tameka Da Souza	March 19-21, 2025	IBE Forum
AI Chatbox Training	All Staff	March 01-31, 2025	SVBLA ICT Department
Developing Emotionally Intelligent Relationships	Roxine Ragguett-Duke	March 09, 2025	Institute of Internal Auditors (IIA)
Great Audit Minds (GAM) Conference	Roxine Ragguett-Duke	March 10-12, 2025	Institute of Internal Auditors (IIA)
Digital & Social Media Marketing for MSMEs	Candice Sealey Xavique Wyllie Camraul Cadogan Rickisha Wynne M'Reiselle Robertson Alex Richardson	April 23-25, 2025	Centre for Enterprise Development (CED)
Global Internal Audit Standards Sensitization Training	Board of Directors All Managers	April 28, 2025	Director Gary Matthias
Enterprise Risk Management	All Staff	May 22, 2025	SVBLA Chief Risk & Compliance Officer
Internal Audit Awareness	Roxine Ragguett-Duke	May 28, 2025	East Caribbean Central Bank
Enterprise Risk Management and Change Management	Board of Directors All Managers	June 17-18, 2025	SVBLA Chief Risk & Compliance Officer Legal Officer
Caribbean Confederation of Credit Unions (CCCU) Conference	Nuala Frank	June 18-25, 2025	Caribbean Confederation of Credit Unions
MSD ATM Module Training	Enron Rodgers Bianca Bracken	June 24, 2025	SVBLA ICT Administrator
Artificial Intelligence Training	Enron Rodgers	June 25, 2025	National Centre of Technological Innovation (NCTI)
Guardian Group Annual Agency Conference	Sebastian Forde	June 25-27, 2025	Guardian Group Trinidad
Supervisory Performance Management Training	All Managers All Supervisors	July 22, 2025	Dr. Janelle Allen
Supervisory Performance Management Training	All Non-Supervisory Staff	July 29, 2025	Dr. Janelle Allen

Training/Workshop/Seminar	Participants	Date	Facilitator
AML/CFT Training	Alex Richardson Bianca Bracken Sarah Cottoy Kaydi Daniel Makailah Joseph Osric Baynes Kamisha Neptune	August 12, 2025	SVBLA Chief Risk & Compliance Officer
Performance Management Training	Pethion Greene Sebastian Forde Cleon May Monique Richards	September 04, 2025	Dr. Janelle Allen
AML/CFT Conference	Pethion Greene (In-person) Gary Matthias (In-person) Jamila Gibson (Virtual)	September 25, 2025	Caribbean Risk Management Academy
Webstar Property Training	Kamisha Neptune	September 25-26, 2025 September 29, 2025	Guardian Group Trinidad
Webstar Motor Training	Kamisha Neptune	October 6-8, 2025	Guardian Group Trinidad
Leadership Communication	All Managers	October 07, 2025	Dr. Janelle Allen
Introduction to Record Keeping	Jeshanah Bacchus Jordanna Williams	October 13-17, 2025	Centre for Enterprise Development (CED)
The Future of Work Leadership Congress: Empower HR Management -Strengthen Corporate Strategy - Elevate Leadership	Joanne Richardson	October 16-17, 2025	Credit Union Transformation Institute
Supervisory Management Training	Tameka Da Souza Cleon May Jamila Gibson	October 21, 2025	Jaric St. Vincent
Caribbean Regional Compliance Association Conference	Pethion Greene	October 22-25, 2025	Caribbean Regional Compliance Association
HR Essentials for Supervisors and Managers	Joanne Richardson	November 19-21, 2025	Sagicor School of Business

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.

Throughout 2025, SVBLA supported staff appreciation, wellbeing and engagement through a range of activities tied to special observances and national celebrations. Valentine's Day included an internal staff celebration with refreshments and interactive activities, while International Women's Day featured an Empowerment Afternoon Brunch and Speaker Session focusing on empowerment, personal development, self-care and work/ life balance. A Women's Recognition Screen also highlighted the achievements of female employees in career growth, leadership, education and community impact.

Mother's Day activities included a breakfast hosted by the CEO, Mimosa Moments and Super Mom Bingo, creating opportunities for staff mothers to connect, relax and feel recognised. Fathers on staff were also acknowledged with tokens of appreciation for Father's Day.

World Mental Health Day was observed under the theme Press Play & Reset, with a Feel-Good Playlist, Digital Mind Matters Board and Mini Raffle encouraging staff to reflect on wellbeing and take time to reset. Independence celebrations included a Desk Decor Competition and the annual Independence Potluck, which promoted team spirit, creativity and national pride. Staff appreciation continued during the Christmas period with chocolates and Christmas themed shirts. The Loans department was awarded the Department of the Year Award at the Association's annual Staff Dinner and Awards Ceremony.

Taken together, the activities throughout the year provided different forms of staff recognition and engagement rather than relying on a single annual staff event. They addressed appreciation, wellbeing, culture, team bonding, personal recognition and professional development, while creating opportunities for employees to connect with each other and with the wider values of the Association.

5.0 Conclusion

The Board of Directors remains in service to the members of the Association and is honoured to be a part of building the next chapter as the Association celebrates its 85th year of operations. We look forward to embarking on the eConnect journey with our customers and look forward to the positive effects that this aspect of digital transformation will bring to our operations. As we move forward together, the Association is focused on improving its services, expanding access to its products, modernizing our operations and strengthening the trust our members have placed in us as we continue to serve. We would like to acknowledge the hard work and dedication of the Management and staff of the Association who interact with customers on a daily basis and represent SVBLA. Your knowledge and expertise in your field are integral components of the Association's success as we continue building together.

Dougal James
President

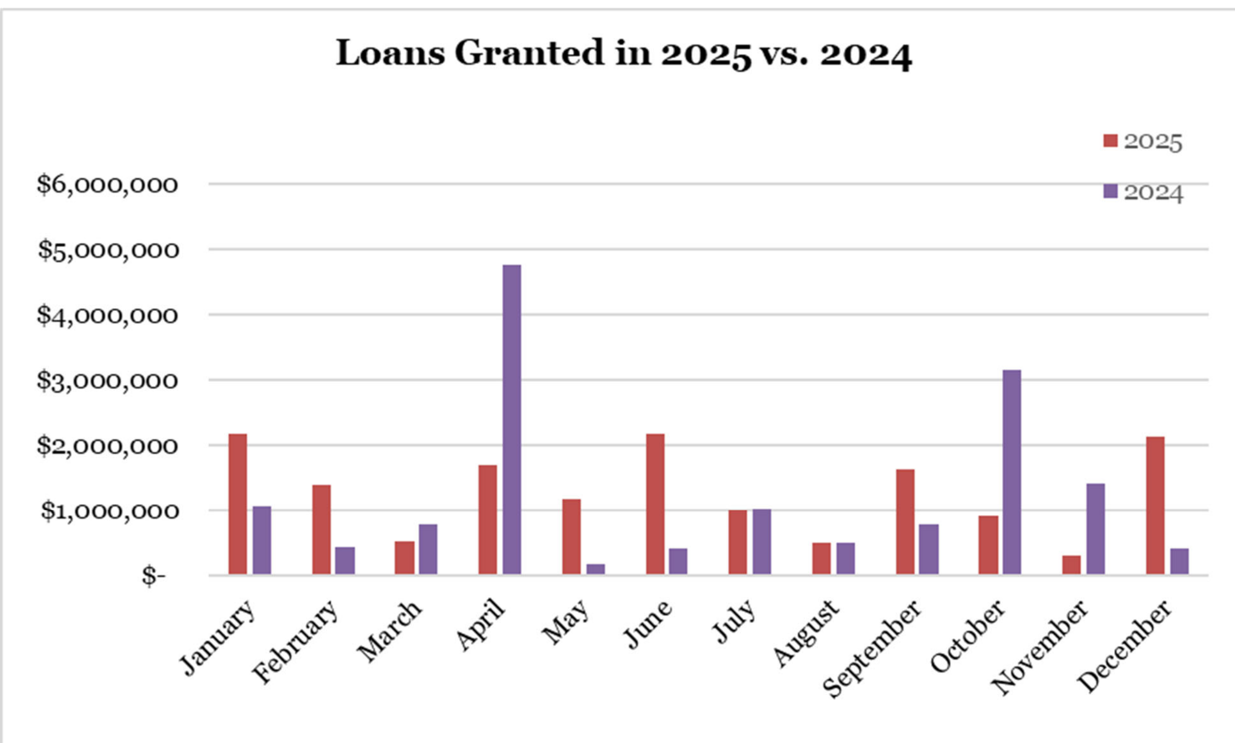
What this means for members

Loans

Loans remain central to SVBLA's purpose of helping people build better lives. The next chapter requires continued focus on responsible lending, member education and products that support real needs.

PERFORMANCE HIGHLIGHTS

Loans Report							
2025			2024				
Date	Total Loans granted		Date	Total Loans granted		Budgeted 2025	Budgeted 2024
	Number	Value		Number	Value		
Jan-25	23	$ 2,181,874	Jan-24	24	$ 1,077,368	$ 1,250,000	$ 1,250,000
Feb-25	27	1,393,966	Feb-24	13	435,513	1,250,000	1,250,000
Mar-25	21	523,956	Mar-24	18	786,005	1,250,000	1,250,000
Apr-25	15	1,695,194	Apr-24	23	4,764,247	1,250,000	1,250,000
May-25	6	1,174,304	May-24	13	177,429	1,250,000	1,250,000
Jun-25	35	2,185,474	Jun-24	23	426,919	1,250,000	1,250,000
Jul-25	39	1,012,602	Jul-24	24	1,020,357	1,250,000	1,250,000
Aug-25	22	503,665	Aug-24	27	509,730	1,250,000	1,250,000
Sep-25	20	1,638,516	Sep-24	13	794,154	1,250,000	1,250,000
Oct-25	15	918,196	Oct-24	23	3,147,698	1,250,000	1,250,000
Nov-25	13	310,737	Nov-24	18	1,429,646	1,250,000	1,250,000
Dec-25	64	2,125,615	Dec-24	36	415,380	1,250,000	1,250,000
TOTAL	300	$15,664,099		255	$ 14,984,446	$ 15,000,000	$ 15,000,000
	Total Loans restructured			Total Loans restructured			
	12	$ 1,864,806		8	$ 1,768,975		
Total new and restructured - 2025				312	$ 17,528,905		



PERFORMANCE HIGHLIGHTS

Customer Accounts Report				
Product Category	2025		2024	
	Count	Jan - Dec	Count	Jan - Dec
Fixed Deposits+	9,096	$ 51,121,373	5,049	$ 42,441,703
Regular Savings	405	1,423,448	395	1,295,145
Super Savers	182	172,145	311	485,712
Smart Savers	47	10,802	89	30,214
Merry Money	19	6,457	11	5,287
Permanent Shares*	276	474,370	236	287,570
Subtotal	**10,025**	**$ 53,208,595**	**6,091**	**$ 44,545,631**

+ 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 2025		New Business 2024	
	Number	Sum Insured	Number	Sum Insured
Fire	1	$ 473,000	3	$ 3,800,000
Homemakers	25	13,110,304	27	13,166,900
Motor	96	3,268,738	84	2,476,225
Contract Works	3	1,474,500	4	2,661,410
Subtotal	**125**	**$ 18,326,542**	**118**	**$ 22,104,535**
Group Life	18	4,766,000	18	5,280,357
TOTAL	**143**	**$ 23,092,542**	**136**	**$ 27,384,892**

What this means for members

Financial Performance

Strong financial management helps protect the institution, support member confidence, and create the foundation for continued service, product development and long term growth.

The Saint Vincent Building and Loan Association

Financial Statements
Year Ended December 31, 2025
(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 (tenure ended September 10, 2025)
Mrs. Maferne T. Mayers-Oliver
Ms. Trichel J. Allen
Mr. Apollo Knights
Ms. Lucille Browne (appointed September 10, 2025)

CORPORATE SECRETARY

Ms. Dannielle A.J. France

BANKER

Bank of St. Vincent and the Grenadines Ltd.

AUDITORS

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

INDEPENDENT AUDITOR'S REPORT

Grant Thornton Limited
Sergeant Jack Drive, Arnos Vale
P.O. Box 345, Kingstown
St. Vincent, W.I.

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

To the Shareholders of
The Saint Vincent Building and Loan Association

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, 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's 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 2025, but does not include the financial statements and our auditor's report thereon. The Annual Report 2025 is expected to be made available to us after the date of this auditor's 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.

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

Management is responsible for the preparation and fair presentation of the 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 Limited

Chartered Accountants
St. Vincent
July 31, 2026

The Saint Vincent Building and Loan Association

Statement of Financial Position

As at December 31, 2025

(in Eastern Caribbean dollars)

	Notes	**2025** **$**	2024 $
ASSETS			
Cash and cash equivalents	10	**30,250,241**	24,940,115
Other receivables and prepayments	11	**366,636**	441,651
Investment securities	12	**14,412,413**	14,961,731
Loans and advances to members	13	**98,960,753**	101,671,551
Property and equipment	14	**8,187,690**	7,712,832
Total Assets		**152,177,733**	149,727,880
LIABILITIES			
Retirement benefit obligation	15	**616,187**	724,851
Accounts payable and accrued liabilities	16	**952,464**	1,320,811
Other liabilities	17	**363,150**	310,900
Interest levy payable	18	**3,299,019**	2,860,727
Deposits due to members	19	**103,143,400**	101,878,423
Total Liabilities		**108,374,220**	107,095,712
EQUITY			
Permanent shares	20	**24,967,265**	24,924,125
Revaluation reserve	21	**6,075,955**	5,585,150
Retained earnings		**12,760,293**	12,122,893
Total Equity		**43,803,513**	42,632,168
Total Liabilities and Equity		**152,177,733**	149,727,880

These financial statements were approved by the Board of Directors and authorized for issue on July 29, 2026, and signed on its behalf by:

Dougal James
President

Colleen C. Thomas
Director

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

The Saint Vincent Building and Loan Association

Statement of Changes in Equity

For the Year Ended December 31, 2025

(in Eastern Caribbean dollars)

	Notes	Permanent Shares $	Revaluation Reserve $	Retained Earnings $	Total $
Balance as at 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
Total Comprehensive Income		-	-	3,468,594	3,468,594
Depreciation of revaluation surplus	21	-	(45,654)	45,654	-
Transactions with Owners Recorded Directly in Equity					
Issuance of permanent shares	20	30,750	-	-	30,750
Dividends paid	30	-	-	(198,713)	(198,713)
Total Transactions with Owners Recorded Directly in Equity		30,750	-	(198,713)	(167,963)
Balance as at December 31, 2024		24,924,125	5,585,150	12,122,893	42,632,168
Profit for the year		-	-	831,471	831,471
Other Comprehensive Income					
Revaluation gain	14, 21	-	545,440	-	545,440
Total Comprehensive Income		-	545,440	831,471	1,376,911
Depreciation of revaluation surplus	21	-	(54,635)	54,635	-
Transactions with Owners Recorded Directly in Equity					
Issuance of permanent shares	20	43,140	-	-	43,140
Dividends paid	30	-	-	(248,706)	(248,706)
Total Transactions with Owners Recorded Directly in Equity		43,140	-	(248,706)	(205,566)
Balance as at December 31, 2025		**24,967,265**	**6,075,955**	**12,760,293**	**43,803,513**

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

The Saint Vincent Building and Loan Association

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended December 31, 2025

(in Eastern Caribbean dollars)

	Notes	**2025** **$**	2024 $
Interest income	22	**8,607,698**	8,829,821
Interest expense	22	**(3,130,867)**	(3,230,621)
Net Interest Income	22	**5,476,831**	5,599,200
Fees and commission income, net	23	**414,174**	379,210
Other operating income	24	**366,429**	323,348
		6,257,434	6,301,758
Impairment (losses) recoveries on financial assets, net	25	**(1,025,974)**	1,322,863
Net unrealised loss on FVTPL investments		**(247)**	(48,812)
Operating expenses	26	**(4,378,774)**	(4,087,868)
Finance charges		**(20,968)**	(19,347)
Profit for the Year		**831,471**	3,468,594
Other Comprehensive Income			
Items that will not be subsequently reclassified to profit or loss			
Revaluation of property and equipment	14, 21	**545,440**	-
Total Other Comprehensive Income for the Year		**545,440**	-
Total Comprehensive Income for the Year		**1,376,911**	3,468,594

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

The Saint Vincent Building and Loan Association

Statement of Cash Flows

For the Year Ended December 31, 2025

(in Eastern Caribbean dollars)

	Notes	**2025** **$**	2024 $
Cash Flows from Operating Activities			
Profit for the year		**831,471**	3,468,594
Adjustments for:			
Depreciation expense	14	**189,985**	164,014
Net unrealised loss on FVTPL investments		**247**	48,812
Impairment losses (recoveries) on financial assets, net	25	**1,025,974**	(1,322,863)
Interest income	22	**(8,607,698)**	(8,829,821)
Loss on disposal of property and equipment	26	**1,321**	4,911
Dividend income	24	**(8,360)**	(10,738)
Interest expense	22	**3,130,867**	3,230,621
Cash Flows before Changes in Operating Assets and Liabilities		**(3,436,193)**	(3,246,470)
Changes in:			
Other receivables and prepayments		**75,015**	30,230
Loans and advances to members		**1,172,244**	4,503,018
Retirement benefit liability		**(108,664)**	(37,759)
Accounts payable and accrued liabilities		**(368,347)**	157,812
Deposits due to members		**1,995,563**	1,638,712
Other liabilities		**52,250**	(283,877)
Cash (Used in)/Generated from Operations		**(618,132)**	2,761,666
Interest received		**8,634,184**	8,501,302
Interest paid		**(3,423,161)**	(3,673,905)
Net Cash from Operating Activities		**4,592,891**	7,589,063
Cash Flows from Investing Activities			
Purchase of property and equipment	14	**(120,724)**	(198,171)
Dividends received		**8,360**	10,738
Interest received		**454,900**	462,720
Change in investment securities, net		**580,265**	(388,657)
Net Cash from/(Used in) Investing Activities		**922,801**	(113,370)
Cash Flows from Financing Activities			
Proceeds from issuance of permanent shares	20	**43,140**	30,750
Dividends paid	30	**(248,706)**	(198,713)
Net Cash Used in Financing Activities		**(205,566)**	(167,963)
Net Increase in Cash and Cash Equivalents		**5,310,126**	7,307,730
Cash and Cash Equivalents, Beginning of Year	10	**24,940,115**	17,632,385
Cash and Cash Equivalents, End of Year	10	**30,250,241**	24,940,115

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. The registered office of the Association is situated at 108 Halifax Street, Kingstown, St. Vincent and the Grenadines.

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.

The Association also serves as an insurance agent for Guardian Life of the Caribbean Limited and Guardian General Insurance Ltd. under the Insurance Act Chapter 306 of the revised laws of Saint Vincent and the Grenadines, 2009.

3. Statement of Compliance

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

4. Application of the Going Concern Principle

The financial statements have been prepared under the assumption that the Association operates on a going concern basis, which assumes that the Association will be able to discharge its liabilities as they fall due. The Board (including its sub-committees) has assessed the Association's budgets and cash flow forecasts in considering the Association's going concern assumption with 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 outlook. The going concern assumption therefore continues to apply and is applicable.

The Association also considered the following factors in confirming the validity of the going concern basis of preparation:

- the Association reported a net profit for the year of $831,471;
- the Association generated positive operating cash flows of $4,592,891 in the current year; and
- the Association reported total net assets of $43,803,513, as at the end of the reporting period.

5. Changes in Accounting Policies

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, 2025. 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.

The following amendments became effective as at January 1, 2025.

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.

(in Eastern Caribbean dollars)

5. Changes in Accounting Policies …*Cont'd*

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

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

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 flow

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 and have not been early adopted. 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.

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. Changes in Accounting Policies …*Cont'd*

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

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

(in Eastern Caribbean dollars)

5. Changes in Accounting Policies …*Cont'd*

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

IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective January 1, 2027) …Cont'd

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.

Annual Improvements to IFRS – Volume 11 (effective January 1, 2026)

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2025 amendments are to the following standards:

- IFRS 1 First-time Adoption of relevant International Financial Reporting Standards.
- IFRS 7 Financial Instruments: Disclosures.
- IFRS 9 Financial Instruments.
- IAS 7 Statement of Cash Flows.

6. Material Accounting Policies

a. Basis of Presentation

The Association's financial statements have been prepared on an accruals basis under the historical cost convention, except for certain investment securities (FVTPL) and land and buildings, which are measured at fair value, and the net defined benefit liability, which is measured at the present value of the defined benefit obligation. 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 recognised 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.

(in Eastern Caribbean dollars)

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

d. Financial Instruments

Recognition and Initial Measurement

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

Measurement Categories of Financial Assets

The Association classifies all of its financial assets into one of the following categories as explained in Note 6:

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

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

In the current and prior period presented, the Association does not have any financial assets classified as FVOCI and debt financial instruments classified as FVTPL.

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 amortised 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 recognised 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 recognised 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:

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

(in Eastern Caribbean dollars)

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

d. Financial Instruments ...*Cont'd*

Debt Instruments …*Cont'd*

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

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

Business Model Assessment

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

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

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 Amortised Cost

Debt instruments are measured at amortised 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 amortised cost. Interest income on these instruments is recognised 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. Amortised 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.

(in Eastern Caribbean dollars)

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

d. Financial Instruments ...*Cont'd*

Debt Instruments Measured at Amortised Cost …*Cont'd*

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

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

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealised 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, realised 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 amortised cost of the debt instrument are recognised in the statement of profit or loss and other comprehensive income.

Premiums, discounts and related transaction costs are amortised 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 amortised cost is recognised 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 recognised 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 recognised immediately in the statement of profit or loss and other comprehensive income as part of non-interest income. Realised and unrealised gains and losses are recognised 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 recognised 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 derecognised 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 derecognised financial assets that is created or retained by the Association is recognised 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 derecognised) 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 recognised in OCI is recognised in profit or loss.

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

Impairment of Financial Assets

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

- debt instruments measured at amortised 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

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 derecognised 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 realisation 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.

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.

(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*

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.

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 amortised 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 recognised 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.

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

d. Financial Instruments ...*Cont'd*

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 derecognised, and a new financial asset is recognised 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 amortised 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 recognises 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 amortised 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.

Financial Liabilities

The Association derecognises 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 recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised 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 amortised 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 recognised 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 recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(in Eastern Caribbean dollars)

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

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 recognised 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 recognised in profit or loss.

All assets are subsequently reassessed for indications that an impairment loss previously recognised 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 amortisation, if no impairment loss had been recognised.

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 recognised amounts and there is an intention to settle on a net basis or realise 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 recognised 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 recognised in the statement of profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised 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 recognised in profit or loss.

Revaluation surplus attributable to buildings is depreciated and transferred to retained earnings over the remaining life of the building. 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.

(in Eastern Caribbean dollars)

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

g. Property and Equipment ...*Cont'd*

Subsequent costs are included in the asset's carrying amount or are recognised 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.

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 buildings	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, other liabilities and retirement benefit obligation.

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when extinguished.

j. Provisions, Contingent Assets and Contingent Liabilities

Provisions for restructuring costs and legal claims are recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised as interest expense.

Any reimbursement that the Association is virtually certain to collect from a third party with respect to the obligation is recognised 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 recognised. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

(in Eastern Caribbean dollars)

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

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:

- Revaluation 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.
- Retained earnings includes all current and prior period retained profits, net of dividends.

Dividend Distribution

Dividends on permanent shares are recognised 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 recognised 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 amortised 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.

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 recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Amortised Cost and Gross Carrying Amount

The 'amortised 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 amortisation 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 amortised 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 amortised 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 amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(in Eastern Caribbean dollars)

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

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

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised 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 recognised 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 recognised in profit or loss when the right to receive payment is established.

o. Employee Benefits

Post-Employment - 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.

Obligations for contributions to the defined contribution plan are expensed as the related service is provided and recognised as employee benefits in profit or loss.

Short-term Benefits
Short-term employee benefits, including holiday entitlement, are current liabilities measured at the undiscounted amount that the Association expects to pay as a result of the unused entitlement.

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 recognises 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

(in Eastern Caribbean dollars)

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

p. Leases ...*Cont'd*

As a Lessee …Cont'd

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.

The lease liability is measured at amortised 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 recognise 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 recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

q. Expenses

Expenses are recognized in the profit or loss upon utilisation of the services or as incurred.

(in Eastern Caribbean dollars)

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

r. 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 recognised.

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 recognised 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 recognised 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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended December 31, 2026, is included in the following notes.

- 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.

- 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.

(in Eastern Caribbean dollars)

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

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; and

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

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 recognised 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 recognised.

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 recognised 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)
- Unemployment
- Inflation

Maximum Credit Risk Exposure

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

	Maximum Exposure	
	2025	2024
	$	$
Cash and cash equivalents	**30,091,097**	24,780,068
Other receivables	**314,405**	362,841
Investment securities	**14,196,260**	14,745,331
Loans and advances to members	**98,960,753**	101,671,551
	143,562,515	141,559,791
Credit risk exposures relating to off-balance sheet items:		
Loan commitments	**1,240,299**	2,353,963
	144,802,814	143,913,754

Loans and Advances to Members

Loans and advances to members are summarized as follows.

	2025	2024
	$	$
Performing loans	**78,394,281**	71,657,572
Under-performing	**8,359,516**	12,078,116
Non-performing loans	**19,470,269**	25,702,422
Gross	**106,224,066**	109,438,110
Less: allowance for impairment	**(7,263,313)**	(7,766,559)
Net	**98,960,753**	101,671,551

The value of identifiable collateral for credit impaired loans and advances was $50,134,160 (2024: $69,623,762).

(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 – Performing (Stage 1)

The credit quality of the portfolio of loans and advances to members that were performing can be assessed by reference to the internal rating system adopted by the Association.

	Stage 1		
	Mortgage Loans $	Personal Loans $	Total $
At December 31, 2025	**73,728,220**	**4,666,061**	**78,394,281**
At December 31, 2024	68,029,452	3,628,120	71,657,572

Loans and Advances to Members – Under-Performing (Stage 2)

	Stage 2 – 2025		
	Mortgage Loans $	**Personal Loans $**	**Total $**
Secured – Past due under 90 days	**7,929,316**	**342,656**	**8,271,972**
Unsecured – Past due 30 to 59 days	**-**	**51,367**	**51,367**
Unsecured – Past due 60 to 89 days	**-**	**36,177**	**36,177**
	7,929,316	**430,200**	**8,359,516**

	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

Loans and Advances to Members – Non-Performing (Stage 3)

	Mortgage Loans $	Personal Loans $	Total $
At December 31, 2025	**18,690,367**	**779,902**	**19,470,269**
At December 31, 2024	23,789,388	1,913,034	25,702,422

(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 Amortised Cost $	**Total $**
At December 31, 2025		
Lower than A-	**6,724,234**	**6,724,234**
Not rated	**7,472,026**	**7,472,026**
Total	**14,196,260**	**14,196,260**

	Other Debt Securities at Amortised 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

Repossessed Collateral

At the end of December 31, 2025 and 2024 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, 2025					
Cash and cash equivalents	**30,091,097**	**-**	**-**	**-**	**30,091,097**
Other receivables	**-**	**-**	**-**	**314,405**	**314,405**
Loans and advances to members	**-**	**-**	**98,960,753**	**-**	**98,960,753**
Investment securities:					
At amortised cost	**13,372,496**	**823,764**	**-**	**-**	**14,196,260**
	43,463,593	**823,764**	**98,960,753**	**314,405**	**143,562,515**
Credit Risk - Off Balance Sheet Items					
Loan commitments	**-**	**-**	**1,240,299**	**-**	**1,240,299**
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 amortised cost	13,260,513	1,484,818	-	-	14,745,331
	38,040,581	1,484,818	101,671,551	362,841	141,559,791
Credit Risk - Off Balance Sheet Items					
Loan commitments	-	-	2,353,963	-	2,353,963

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, 2025			
Financial Assets			
Cash and cash equivalents	**30,250,241**	**-**	**30,250,241**
Other receivables	**314,405**	**-**	**314,405**
Loans and advances to members	**98,960,753**	**-**	**98,960,753**
Investment securities: amortised cost	**14,196,260**	**-**	**14,196,260**
Investment securities: FVTPL	**34,580**	**181,573**	**216,153**
Total Financial Assets	**143,756,239**	**181,573**	**143,937,812**
Financial Liabilities			
Accounts payable and accrued liabilities	**952,464**	**-**	**952,464**
Other liabilities	**363,150**	**-**	**363,150**
Deposits due to members	**103,143,400**	**-**	**103,143,400**
Retirement benefit obligation	**616,187**	**-**	**616,187**
	105,075,201	**-**	**105,075,201**
Net on Balance Sheet Financial Position	**38,681,038**	**181,573**	**38,862,611**
Credit Commitments	**1,240,299**	**-**	**1,240,299**

(in Eastern Caribbean dollars)

8. Financial Risk Review ...*Cont'd*

c) Currency Risk ...*Cont'd*

	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: amortised 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
Retirement benefit obligation	724,851	-	724,851
	104,234,985	-	104,234,985
Net on Balance Sheet Financial Position	37,519,433	181,820	37,701,253
Credit Commitments	2,353,963	-	2,353,963

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.

Cash flow interest rate risk arises from loans and advances to members, other interest bearing assets, and deposits due to members at variable rates. The interest rates on loans are generally fixed hence there is no undue exposure to cash flow interest rate risk.

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, 2025							
Financial Assets							
Cash and cash equivalents	-	1,985,152	-	-	-	28,265,089	30,250,241
Other receivables	-	-	-	-	-	314,405	314,405
Loans and advances to members	6,699,426	328,132	630,648	12,989,106	78,313,441	-	98,960,753
Investment securities: amortised cost	-	7,129,682	6,649,593	416,985	-	-	14,196,260
Investment securities: FVTPL	-	-	-	-	-	216,153	216,153
Total Financial Assets	6,699,426	9,442,966	7,280,241	13,406,091	78,313,441	28,795,647	143,937,812
Financial Liabilities							
Accounts payable and accrued liabilities	-	-	-	-	-	952,464	952,464
Other liabilities	-	-	-	-	-	363,150	363,150
Deposits due to members	21,487,705	12,793,819	25,501,709	42,265,465	-	1,094,702	103,143,400
Retirement benefit obligation	-	-	-	-	-	616,187	616,187
Total Financial Liabilities	21,487,705	12,793,819	25,501,709	42,265,465	-	3,026,503	105,075,201
Net Interest Re-Pricing Gap	(14,788,279)	(3,350,853)	(18,221,468)	(28,859,374)	78,313,441	25,769,144	38,862,611

(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: amortised 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
Retirement benefit obligation	-	-	-	-	-	724,851	724,851
Total Financial Liabilities	18,578,807	7,710,497	44,701,219	29,872,984	-	3,371,478	104,234,985
Net Interest Re-Pricing Gap	(9,785,925)	1,490,364	(40,566,914)	(12,826,900)	79,261,098	20,129,530	37,701,253

(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, 2025						
Financial Liabilities						
Accounts payable and accrued liabilities	952,464	-	-	-	-	952,464
Deposits due to members	22,577,269	12,817,189	25,586,741	46,998,785	-	107,979,984
Other liabilities	363,150	-	-	-	-	363,150
Retirement benefit obligation	-	-	-	-	616,187	616,187
Total Financial Liabilities	23,892,883	12,817,189	25,586,741	46,998,785	616,187	109,911,785
Financial Assets						
Loans and advances to members	1,556,472	3,089,749	13,559,123	43,239,885	51,650,326	113,095,555
Investment securities	-	7,129,682	6,649,593	416,985	216,153	14,412,413
Cash	28,265,089	1,985,152	-	-	-	30,250,241
Other receivables	314,405	-	-	-	-	314,405
Total Financial Assets	30,135,966	12,204,583	20,208,716	43,656,870	51,866,479	158,072,614
Liquidity Gap	6,243,083	(612,606)	(5,378,025)	(3,341,915)	51,250,292	48,160,829

(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, 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
Retirement benefit obligation	-	-	-	-	724,851	724,851
Total Financial Liabilities	21,197,908	7,826,886	44,761,259	36,112,623	724,851	110,623,527
Financial Assets						
Loans and advances to members	1,290,391	2,546,866	11,080,075	47,641,391	81,540,607	144,099,330
Investment securities	2,184,046	7,094,822	3,581,557	2,293,099	216,399	15,369,923
Cash	22,953,733	1,986,382	-	-	-	24,940,115
Other receivables	362,841	-	-	-	-	362,841
Total Financial Assets	26,791,011	11,628,070	14,661,632	49,934,490	81,757,006	184,772,209
Liquidity Gap	5,593,103	3,801,184	(30,099,627)	13,821,867	81,032,155	74,148,682

(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.

	2025	2024
	$	$
Loan commitments	**1,240,299**	2,353,963

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.

	2025	2024
	$	$
Permanent shares	**24,967,265**	24,924,125
Retained earnings	**12,760,293**	12,122,893
Total Capital	**37,727,558**	37,047,018
Total Assets	**152,177,733**	149,727,880
Minimum Capital Requirement (10%)	**15,217,773**	14,972,788

(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 cashflows 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 amortised cost. The estimated fair value of investment securities classified at amortised cost represents the discounted amount of estimated future cashflows expected to be received. Expected cash flows are discounted at current market rate to determine 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.

	Carrying Value		**Fair Value**	
	2025	2024	**2025**	2024
	$	$	**$**	$
Financial Assets				
Cash and cash equivalents	**30,250,241**	24,940,115	**30,250,241**	24,940,115
Investment securities	**14,196,260**	14,745,331	**14,196,260**	14,745,331
Other receivables	**314,405**	362,841	**314,405**	362,841
Loans and advances to members	**98,960,753**	101,671,551	**73,781,141**	80,499,947
	143,721,659	141,719,838	**118,542,047**	120,548,234
Financial Liabilities				
Accounts payable and accrued liabilities	**952,464**	1,320,811	**952,464**	1,320,811
Other liabilities	**363,150**	310,900	**363,150**	310,900
Deposits due to members	**103,143,400**	101,878,423	**105,669,242**	108,266,965
Retirement benefit obligation	**616,187**	724,851	**616,187**	724,851
	105,075,201	104,234,985	**107,601,043**	110,623,527

(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 1 $	Level 2 $	Level 3 $	Total $
As of December 31, 2025				
Investment securities: FVTPL	**-**	**181,572**	**34,581**	**216,153**
As of December 31, 2024				
Investment securities: FVTPL	-	181,819	34,581	216,400

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

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

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

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

(in Eastern Caribbean dollars)

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 2
	$
December 31, 2025	
Property and equipment: Land and buildings	**7,674,240**
December 31, 2024	
Property and equipment: Land and buildings	7,203,884

Fair value of the Association's main property assets was revalued on January 8, 2026 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$2.1m to EC$4.5m • Comparable adjustment	The estimated fair value would increase /(decrease) if: • Sales value of comparable properties were higher/(lower) • Comparability adjustments were higher/(lower)

(in Eastern Caribbean dollars)

10. Cash and Cash Equivalents

	2025	2024
	$	$
Cash on hand	**159,144**	160,044
Demand deposits	**17,110,484**	12,820,852
Fixed deposits, net	**5**	5
Demand deposits - payable after notice	**10,995,456**	9,972,832
Treasury bills	**1,985,152**	1,986,382
	30,250,241	24,940,115

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

	2025	2024
	$	$
Fixed deposits	**4,997,863**	4,997,863
Less: allowance for impairment losses	**(4,997,858)**	(4,997,858)
	5	5

Demand deposits are non-interest bearing. Treasury bills mature from January to March 2026.

11. Other Receivables and Prepayments

	2025	2024
	$	$
Home mortgage premiums receivable	**210,407**	213,249
Rent receivable	**32,145**	50,188
Insurance claims receivable	**28,045**	122,175
Commissions receivable	**24,670**	23,812
Other receivables	**121,635**	55,914
	416,902	465,338
Allowance for impairment losses	**(102,497)**	(102,497)
	314,405	362,841
Prepayments	**52,231**	78,810
	366,636	441,651

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

There was no movement in the allowance for impairment on other receivables in the 2025 and 2024 financial years.

(in Eastern Caribbean dollars)

12. Investment Securities

	2025 $	2024 $
Securities Measured at Amortised Cost		
Debt securities:		
Listed	**285,715**	-
Unlisted	**19,812,158**	20,678,138
Interest receivable	**197,919**	169,930
	20,295,792	20,848,068
Less: expected credit losses	**(6,099,532)**	(6,102,737)
	14,196,260	14,745,331
Securities Measured at FVTPL		
Equity securities:		
Listed	**181,572**	181,819
Unlisted	**34,581**	34,581
	216,153	216,400
Total Investment Securities	**14,412,413**	14,961,731

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

	2025 $	2024 $
Balance at beginning of year	**6,102,737**	6,124,811
Recoveries during the year **(Note 25)**	**(3,205)**	(22,074)
Balance at end of year	**6,099,532**	6,102,737

Debt securities measured at amortised cost have interest rates of 1.0% to 7.0% (2024: 1.0% to 7.5%) and mature in less than one to two and a half years. The total includes $4M 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.

13. Loans and Advances to Members

	2025 $	2024 $
Mortgage loans	**100,664,946**	103,508,697
Personal loans	**4,816,989**	4,677,907
Interest and fines receivable on loans	**742,131**	1,251,506
	106,224,066	109,438,110
Allowance for impairment	**(7,263,313)**	(7,766,559)
	98,960,753	101,671,551

The weighted average interest rate on loans and advances to members as of December 31, 2025 is 7.21% (2024: 7.31%).

(in Eastern Caribbean dollars)

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

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

	2025	2024
	$	$
Balance at beginning of year	**7,766,559**	10,551,068
Net impairment losses/(recoveries) during the year	**748,437**	(1,364,519)
Write-offs during the year	**(1,251,683)**	(1,419,990)
Balance at end of year	**7,263,313**	7,766,559

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, 2025			
Gross Loans before Allowance	**100,347,903**	**5,876,163**	**106,224,066**
Stage 1: 12 months ECL	**(336,504)**	**(51,483)**	**(387,987)**
Stage 2: Lifetime ECL	**(325,487)**	**(10,861)**	**(336,348)**
Stage 3: Credit Impaired Financial Assets: Lifetime ECL	**(5,878,392)**	**(660,586)**	**(6,538,978)**
	93,807,520	**5,153,233**	**98,960,753**

	Mortgage	Personal	Total
	$	$	$
December 31, 2024			
Gross Loans before Allowance	103,595,063	5,843,047	109,438,110
Stage 1: 12 months 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

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

	2025			
	Stage 1 12 Months ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$	**$**	**$**	**$**
Mortgage				
Allowance for impairment as at January 1	**233,869**	**347,317**	**6,312,159**	**6,893,345**
Changes in the loss allowance				
- Transfer to stage 1	**18,580**	**(18,494)**	**(86)**	**-**
- Transfer to stage 2	**(92,550)**	**92,550**	**-**	**-**
- Transfer to stage 3	**(300,550)**	**(168,843)**	**469,393**	**-**
- Net remeasurement of loss allowance	**385,059**	**30,570**	**(154,507)**	**261,122**
- New financial assets originated	**92,096**	**42,387**	**372,586**	**507,069**
- Write-offs	**-**	**-**	**(1,121,153)**	**(1,121,153)**
Allowance for impairment as at December 31	**336,504**	**325,487**	**5,878,392**	**6,540,383**

(in Eastern Caribbean dollars)

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

	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	-	-	-	-
- Transfer to stage 2	(23,914)	23,914	-	-
- Transfer to stage 3	(847,614)	(83,726)	931,340	-
- Net remeasurement of loss allowance	754,683	241,759	(3,052,191)	(2,055,749)
- New financial assets originated	72,517	97,364	22,799	192,680
- Write-offs	(30)	-	(1,387,924)	(1,387,954)
Allowance for impairment as at December 31	233,869	347,317	6,312,159	6,893,345

	2025			
	Stage 1 12 Months ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Personal				
Allowance for impairment as at January 1	**73,544**	**4,410**	**795,260**	**873,214**
Changes in the loss allowance				
- Transfer to stage 1	**323**	**(323)**	**-**	**-**
- Transfer to stage 2	**(3,484)**	**3,549**	**(65)**	**-**
- Transfer to stage 3	**(130,115)**	**(193,742)**	**323,857**	**-**
- Net remeasurement of loss allowance	**71,136**	**189,813**	**(329,870)**	**(68,921)**
- New financial assets originated	**40,079**	**7,154**	**1,934**	**49,167**
- Write-offs	**-**	**-**	**(130,530)**	**(130,530)**
Allowance for impairment as at December 31	**51,483**	**10,861**	**660,586**	**722,930**

	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	-	-	-	-
- Transfer to stage 2	(766)	766	-	-
- Transfer to stage 3	(18,285)	(23,592)	41,877	-
- Net remeasurement of loss allowance	16,992	18,783	359,217	394,992
- New financial assets originated	33,861	2,734	66,963	103,558
- Write-offs	-	-	(32,036)	(32,036)
Allowance for impairment as at December 31	73,544	4,410	795,260	873,214

(in Eastern Caribbean dollars)

13. 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:

	2025			
	Stage 1 12 Months ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Total ECL				
Allowance for impairment as at January 1	**307,413**	**351,727**	**7,107,419**	**7,766,559**
Changes in the loss allowance				
- Transfer to stage 1	**18,903**	**(18,817)**	**(86)**	**-**
- Transfer to stage 2	**(96,034)**	**96,099**	**(65)**	**-**
- Transfer to stage 3	**(430,665)**	**(362,585)**	**793,250**	**-**
- Net remeasurement of loss allowance	**456,195**	**220,383**	**(484,377)**	**192,201**
- New financial assets originated	**132,175**	**49,541**	**374,520**	**556,236**
- Write-offs	**-**	**-**	**(1,251,683)**	**(1,251,683)**
Allowance for impairment as at December 31	**387,987**	**336,348**	**6,538,978**	**7,263,313**

	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	-	-	-	-
- Transfer to stage 2	(24,680)	24,680	-	-
- Transfer to stage 3	(865,899)	(107,318)	973,217	-
- Net remeasurement of loss allowance	771,675	260,542	(2,692,974)	(1,660,757)
- New financial assets originated	106,378	100,098	89,762	296,238
- Write-offs	(30)	-	(1,419,960)	(1,419,990)
Allowance for impairment as at December 31	307,413	351,727	7,107,419	7,766,559

(in Eastern Caribbean dollars)

14. Property and Equipment

	Freehold Land $	Freehold Buildings $	Furniture, Fixtures & Equipment $	Computer Software $	Total $
Cost or Valuation					
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
Balance at January 1, 2025	3,449,680	3,909,000	1,878,912	700,210	9,937,802
Additions	-	-	76,167	44,557	120,724
Revaluation	163,920	381,520	-	-	545,440
Effect of elimination of accumulated depreciation against cost or valuation	-	(229,880)			(229,880)
Disposals	-	-	(493,313)	-	(493,313)
Balance at December 31, 2025	**3,613,600**	**4,060,640**	**1,461,766**	**744,767**	**9,880,773**
Accumulated depreciation					
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**
Balance at January 1, 2025	-	154,796	1,408,559	661,615	2,224,970
Depreciation for the year	-	75,084	99,403	15,498	189,985
Effect of elimination of accumulated depreciation against cost or valuation	-	(229,880)	-	-	(229,880)
Disposals	-	-	(491,992)	-	(491,992)
Balance at December 31, 2025	**-**	**-**	**1,015,970**	**677,113**	**1,693,083**
Carrying amounts					
Balance at December 31, 2024	3,449,680	3,754,204	470,353	38,595	7,712,832
Balance at December 31, 2025	**3,613,600**	**4,060,640**	**445,796**	**67,654**	**8,187,690**

On January 8, 2026, the Association's freehold land and buildings were revalued, on an open market basis, at $7,674,240, by Franklyn Browne, an independent valuator. The Directors have agreed to carry the property at the appraised value. The resulting revaluation surplus of $545,440 was credited to the revaluation reserve in the statement of changes in equity (**Note 21**).

(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 last actuarially valued as of December 31, 2023.

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.

	2025 **$**	2024 $
Balance at beginning of year	**(724,851)**	(762,610)
Included in profit or loss:		
Actuarial loss	**-**	-
Interest cost	**-**	-
Other:		
Gratuity paid	**73,958**	-
Benefits paid	**34,706**	37,759
	(616,187)	(724,851)
Plan assets	**-**	-
Balance at end of year	**(616,187)**	(724,851)
Number of Participants		
Active	**8**	8
Inactive	**26**	26
Assumptions		
Discount rate	**7.00%**	7.00%

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, 2025, the impaired pension assets were valued at $1.5 million (2024: $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

	2025	2024
	$	$
Accrued liabilities	**575,616**	1,017,271
Accounts payable – utilities	**39,745**	14,562
Payroll accruals	**44,179**	1,222
Creditors / prepaid rent	**20**	20
Guardian General insurance payable	**238,490**	265,399
Group life mortgage insurance	**46,393**	13,575
Excess cash	**8,021**	8,762
	952,464	1,320,811

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

	2025	2024
	$	$
Other	**363,150**	310,900

	2025	2024
	$	$
Current	**363,150**	310,900

18. Interest Levy Payable

	2025	2024
	$	$
Interest levy on special deposits	**3,299,019**	2,860,727

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

	2025	2024
	$	$
Savings accounts	**19,842,202**	16,570,256
Other deposits	**1,691,774**	1,453,609
Fixed deposits	**71,457,498**	73,127,885
Super savers accounts	**8,329,588**	8,172,833
Death benefit fund	**4,117**	5,033
Interest payable	**1,818,221**	2,548,807
	103,143,400	101,878,423

(in Eastern Caribbean dollars)

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

	2025	2024
	$	$
Current	**60,877,935**	72,005,439
Non-current	**42,265,465**	29,872,984
	103,143,400	101,878,423

The weighted average interest rate on deposits due to members as of December 31, 2025 is 2.94% (2024: 2.96%).

20. Permanent Shares

	2025	2024
	$	$
Authorized:		
Permanent shares of no value	**Unlimited**	Unlimited
Issued and fully paid:		
2,496,727 (2024: 2,492,413)	**24,967,265**	24,924,125

During the year, the Association issued 4,314 (2024: 3,075) shares at $10 each to its members for cash consideration of $43,140 (2024: $30,750).

21. Revaluation Reserve

The movement on the revaluation reserve is as follows:

	2025	2024
	$	$
Balance at beginning of year	**5,585,150**	5,630,804
Revaluation surplus (**Note 14**)	**545,440**	-
Depreciation of revaluation surplus transferred to retained earnings	**(54,635)**	(45,654)
Balance at end of year	**6,075,955**	5,585,150

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

	2025	2024
	$	$
Interest Income		
Loans and advances to members	**8,124,809**	8,383,114
Deposits and investments	**482,889**	446,707
	8,607,698	8,829,821
Interest Expense		
Levy on special deposits, net	**(438,293)**	(458,099)
Savings accounts	**(408,533)**	(375,239)
Supersaver accounts	**(230,367)**	(218,834)
Fixed deposits	**(2,053,674)**	(2,178,449)
	(3,130,867)	(3,230,621)
Net Interest Income	**5,476,831**	5,599,200

(in Eastern Caribbean dollars)

23. Fees and Commission Income, Net

	2025	2024
	$	$
Fines income	**27,383**	27,354
Commissions earned on insurance	**337,340**	307,037
Commission earned on payment services	**9,758**	10,383
Other fees income	**39,693**	34,436
	414,174	379,210

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

	2025	2024
	$	$
Rental income	**98,945**	101,580
Dividend income	**8,360**	10,738
Legal fees income	**188,757**	151,091
Other income	**70,367**	59,939
	366,429	323,348

(in Eastern Caribbean dollars)

25. Impairment (Losses) Recoveries on Financial Assets, Net

	2025 $	2024 $
Net (losses) recoveries on impairment allowance - loans and advances to members **(Note 13)**	**(748,437)**	1,364,519
Net recoveries on impairment allowance – investments **(Note 12)**	**3,205**	22,074
Write-off of loans and advances to members	**(525,086)**	(68,269)
Net recoveries – other receivables	**244,344**	4,539
	(1,025,974)	1,322,863

26. Operating Expenses

	2025 $	2024 $
Advertising and promotion	**134,066**	65,856
Annual general and special meetings	**27,583**	27,116
ATM Expenses	**14,250**	10,489
Audit fees	**110,747**	117,485
Bank and other licenses	**1,500**	1,500
Cleaning services	**62,397**	68,620
Computer	**69,949**	74,428
Depreciation **(Note 14)**	**189,985**	164,014
Directors' fees **(Note 28)**	**73,950**	69,900
Donations and subscriptions	**91,529**	56,663
Electricity	**123,666**	123,123
Employee benefit expenses **(Note 27)**	**2,448,291**	2,209,055
Insurance	**39,536**	31,994
Legal and professional fees	**37,770**	290,197
Loss on disposal of property and equipment	**1,321**	4,911
Office expenses	**140,249**	144,459
Other expenses	**105,337**	95,915
Postage, printing and stationery	**77,723**	51,896
Rates and taxes	**16,678**	16,762
Rental expenses	**11,040**	11,040
Repairs and maintenance	**100,225**	54,854
Scholarships	**32,977**	28,330
Security	**185,470**	189,144
Staff expenses and uniforms	**88,388**	56,601
Telephone	**64,297**	62,285
Training	**129,850**	61,231
	4,378,774	4,087,868

27. Employee Benefit Expenses

	2025 $	2024 $
Salaries and wages	**2,024,478**	1,846,672
Travelling, telephone and housing allowance	**107,700**	81,195
National insurance contributions	**115,926**	89,190
Gratuity and other staff benefits	**200,187**	191,998
	2,448,291	2,209,055

(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

	2025	2024
Loans and Advances to Directors	**$**	$
Loans outstanding at end of year	**20,772**	10,908
Interest income earned	**1,652**	1,035
Loans to Other Related Parties		
Loans outstanding at end of year	**86,488**	145,419
Interest income earned	**5,540**	9,511
Deposits Due to Related Parties		
Principal balance	**230,421**	203,290
Interest expense	**4,084**	5,412
Directors' fees (**Note 26**)	**73,950**	69,900

As of the 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:

	2025	2024
	$	$
Salaries and other short-term benefits	**520,739**	472,837
Gratuity expense	**29,277**	30,181
	550,016	503,018

As at December 31, 2025, directors held 1,100 (2024: 975) permanent shares in the Association, and key management personnel held 472 (2024: 649) shares. Shares are valued at $10 each.

29. Commitments and Contingencies

Loan commitments

Loans approved but not yet drawn down at December 31, 2025, amounted to $1,240,299 (2024: $2,353,963).

Capital commitments

At the reporting date, the Association had no capital commitments (2024: nil).

Litigation

In the ordinary course of business, the Association may be a defendant in or party to pending and threatened legal actions and proceedings. In view of the inherent difficulty of predicting the outcome of such matters, the Association cannot state what the eventual outcome of such matters will be. However, based on current knowledge, management does not believe that liabilities, if any, arising from pending litigation will have a material adverse effect on the financial position or results of operations of the Association.

30. Dividends Paid

During 2025, the Association issued dividends of ten cents per share amounting to $248,706 (2024: eight cents per share amounting to $198,713).

31. Subsequent Events

No adjusting or significant non-adjusting events have occurred between December 31, 2025 and the date of authorisation of these financial statements.

NOTES

The Next Step

As SVBLA continues building the next chapter, the focus remains clear: stronger service, deeper member confidence, improved access, responsible growth, and continued support for the people and communities we serve.

The work ahead will require vision, accountability, innovation, and partnership. Together, we continue building.