BOSVG
Doing more Together

Annual Report 2024

Ready for the Challenges, **SECURING THE FUTURE**

Ready for the Challenges, Securing the Future

This year has been a testament to BOSVG's enduring strength and growing maturity. We navigated challenges with resilience and purpose, standing firm in our role as a trusted partner to our communities and our nation. Along the way, we marked meaningful milestones: achieving our strongest performance to date, deepening our commitment to stronger governance, accelerating our digital journey, enhancing our risk management, and embracing a culture of continuous improvement. Even in the face of disruption, we kept our focus on long-term priorities, advancing our strategic plan and preparing our teams and systems for the future. These steps reflect more than progress — they represent a steady, deliberate path toward the future we are building together, with confidence and care.

MISSION STATEMENT

We are the providers of diverse financial solutions, adding value to our shareholders, customers, employees and community built on a foundation of excellent service, efficient operations and good governance.

VISION STATEMENT

To be the premier financial institution in St. Vincent and the Grenadines

CORE VALUES

- Professionalism
- Accountability & Transparency
- Integrity
- Innovation
- Continuous Learning
- Results Orientation

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YOUTHFUL 2025 VISIONARIES

BOSVG

Doing more Together

Achieving Excellence through Strategic Opportunity Optimization

JUNIOR VISIONARIES

Celebrating the Achievements of Young Vincentians

NOTICE OF ANNUAL MEETING

Notice is hereby given that the 39th Annual Meeting of the Shareholders of the Bank of St. Vincent and the Grenadines Ltd. will be held at the Methodist Church Building, Grenville Street, Kingstown, Wednesday, June 04, 2025 at 4:30 p.m., for the following purposes:

1. To consider and adopt the Report of the Auditors and Audited Financial Statements of the Company for the year ended December 31, 2024
2. To consider and adopt the Directors' Report
3. To sanction cash dividends of $1.17 per share for the financial year ending December 31, 2024
4. To appoint Auditors for the financial year January to December 2025
5. To elect Directors
6. To discuss any other business which may be properly considered at the Annual Meeting

Note: Votes at meetings of shareholders may be given either personally or by proxy or, in the case of a shareholder who is a body corporate or association, by an individual authorized by a resolution of the directors or governing body of that body corporate or association to represent it at meetings of shareholders of the Company. A person appointed by proxy need not be a shareholder. A proxy is enclosed for the use of shareholders and must reach the Corporate Secretary at least 48 hours prior to the date of the meeting.

By Order of the Board

Nandi Williams-Morgan
SENIOR MANAGER LEGAL & CORPORATE SERVICES/
CORPORATE SECRETARY

BANK OF ST. VINCENT AND THE GRENADINES LTD.
CORPORATE INFORMATION

REGISTERED OFFICE & POSTAL ADDRESS:

Reigate
Granby Street
P.O. Box 880
Kingstown
VC0 100
St. Vincent and the Grenadines
West Indies

Email: info@bosvg.com
Website:www.bosvg.com
Telephone:(784)457-1844
Fax :(784)456-2612

Chairman: Mrs. Judith Veira
Secretary: Mrs. Nandi Williams-Morgan

SUBSIDIARY COMPANY:

Property Holdings SVG Ltd.
Bedford Street
P.O. Box 880
Kingstown
St. Vincent and the Grenadines
Telephone :(784)457-1844
Fax :(784)456-2612

LEGAL COUNSELS:

Williams & Williams
Chambers, Middle Street
P.O. Box 589
Kingstown
St. Vincent
Telephone: (784) 456-1757
Fax :(784) 456-2259

Regal Chambers
Second Floor, Regal Building
Middle Street, Kingstown
St. Vincent
Telephone: (784) 457-2210
Fax :(784)457-1823
Principal: Mr. Grahame Bollers

Cardinal Law Firm
114 Granby Street
P.O. Box 401
Kingstown
St. Vincent
Telephone: (784)456-1954
Fax :(784)451-2391

AFFILIATIONS:

Members of:
Caribbean Association of Banks
Caribbean Association of Audit Committee Members
Caribbean Banks Users Group
Eastern Caribbean Institute of Banking
ECCU Bankers Association
St. Vincent and the Grenadines Bankers Association
St. Vincent and the Grenadines Chamber of Industry and Commerce
St. Vincent Employers' Federation
East Caribbean Financial Holding Company Ltd. (ECFH)

REGULATORS:

Eastern Caribbean Central Bank
Eastern Caribbean Securities Regulatory Commission
Financial Intelligence Unit
Financial Services Authority
Ministry of Finance

EXTERNAL AUDITOR:

Grant Thornton
Sergeant Jack Drive
Arnos Vale
P.O Box 35
Telephone: (784) 456-2300
Fax: (784) 456-2184
Email: info.svg@lc.gt.com

OWNERSHIP IN BANK OF ST. VINCENT AND THE GRENADINES LTD. AS AT 31/12/2024

Government of SVG 42.40%
NIS 20%
ECFH 20%
The Public & Staff of BOSVG 17.60%

BANK OF ST. VINCENT AND THE GRENADINES LTD.
CORPORATE INFORMATION

CORRESPONDENT BANKS

REGIONAL

Antigua Commercial Bank Limited
P.O. Box 95
St. John's, Antigua

1st National Bank St. Lucia Limited
P.O. Box 168
Castries, St. Lucia

National Bank of Anguilla Ltd.
P.O Box 44
The Valley
Anguilla

National Bank of Dominica
Roseau, Dominica

Republic Bank Grenada Limited
NCB House, P.O. Box 857, Maurice
Bishop Highway,
Grand Anse, St. George's, Grenada

St. Kitts Nevis Anguilla National Bank
P.O. Box 343
Basseterre, St. Kitts

First Citizens Bank
62 Independence Square, Port of Spain
Trinidad

National Commercial Bank Jamaica
54 King Street
Kingston, Jamaica

Republic Bank
Barbados Limited
Trident House
Lower Broad Street
Bridgetown, Barbados

Republic Bank (Guyana) Limited
110 Camp & Regent Streets
Lacytown
Georgetown, Guyana

Republic Bank Trinidad Ltd
59 Independence Square, Port of Spain
Trinidad

INTERNATIONAL

Bank of America
100 SE 2nd Street, 13th Floor, Miami
Florida 33131, USA

Bank of Montreal
The International Branch
242 Bloor St. W
Toronto, ON,
M5S 1T8, Canada

Toronto Dominion Bank
Toronto Data Centre
26 Gerrard Street West
Toronto Ontario M5B, 1G3, Canada

Bank of New York Mellon
1 Wall Street
New York, NY 10286

Crown Agents Bank
St. Nicolas House, St. Nicholas Road
Sutton Surrey SM1 1EL
United Kingdom

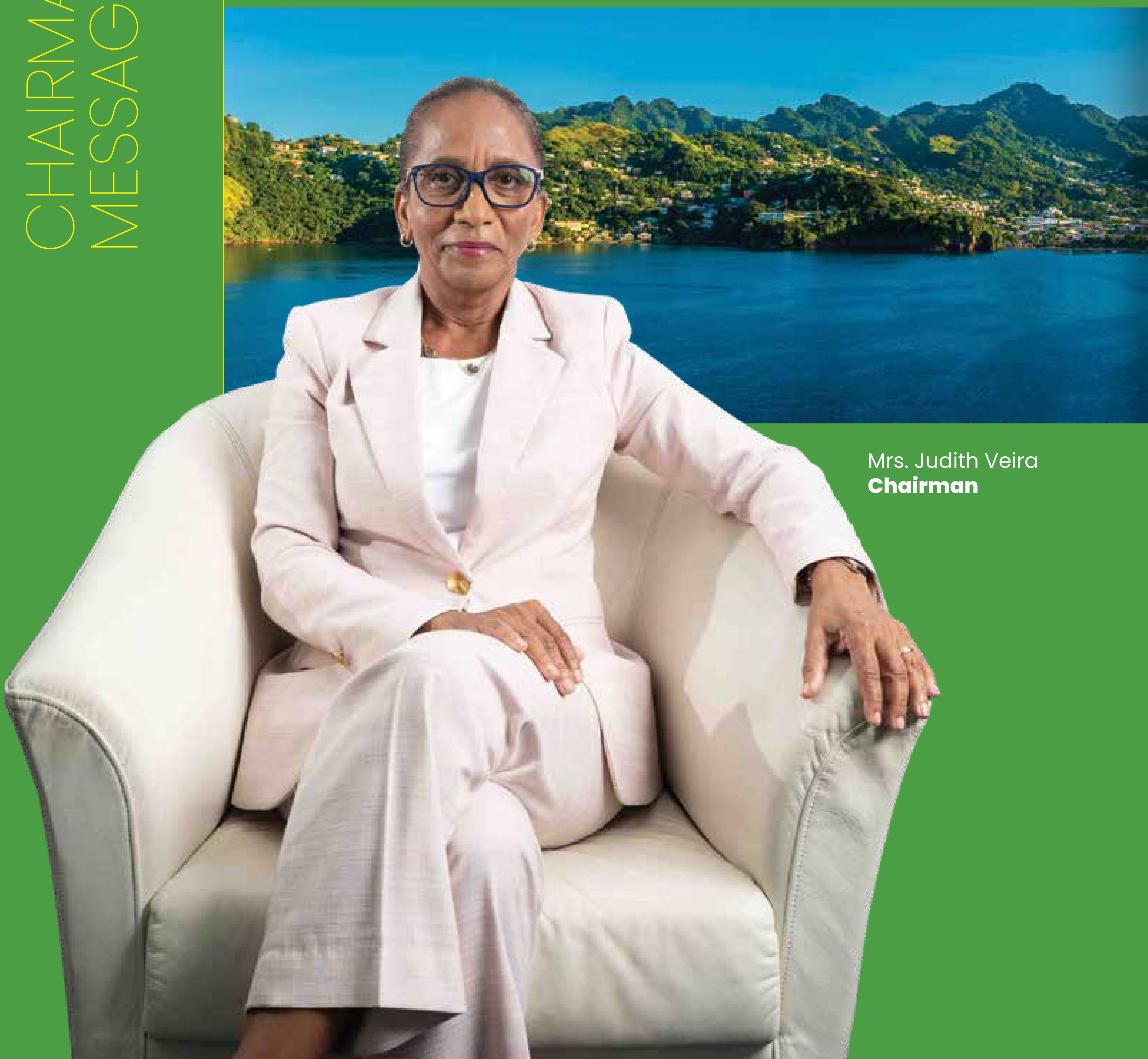
FINANCIAL HIGHLIGHTS

	2024	2023	2022	2021	2020
OPERATING RESULTS					
Interest income	98,060,287	73,619,241	54,427,590	50,790,365	53,771,347
Interest expense	(22,012,535)	(20,539,306)	(15,672,360)	(16,700,067)	(16,921,241)
NET INTEREST INCOME	76,047,752	53,079,935	38,755,230	34,090,298	36,850,106
Non-interest income	35,876,966	26,643,969	17,679,715	14,082,973	13,984,220
NET OPERATING INCOME	111,924,718	79,723,904	56,434,945	48,173,271	50,834,326
Expected credit losses on financial assets	11,356,702	745,638	2,751,617	7,690,484	11,513,269
Income tax expense	6,107,954	4,700,092	2,964,369	(145,904)	2,744,494
Non-interest expense	60,968,261	53,702,170	40,389,033	37,857,464	32,954,929
Net income	35,014,328	23,217,128	2,907,243	2,771,227	3,621,634
Dividend declared	17,507,164	11,608,564	1,499,977	-	1,799,988
OPERATING PERFORMANCE					
Basic and diluted earnings per share	2.33	1.55	0.19	0.18	0.24
Cash dividends per share	1.17	0.77	0.10	-	0.12
Book value per share	12.68	11.11	9.41	8.98	8.92
Return on equity	18.4%	13.9%	2.1%	2.1%	2.7%
Return on assets	1.7%	1.2%	0.2%	0.2%	0.3%
Efficiency ratio	63.3%	65.0%	89.6%	94.6%	87.5%
Core banking margin (spread)	3.6%	2.8%	2.9%	2.6%	3.0%
FINANCIAL POSITION DATA ($'000)					
Cash and deposits with banks	435,579,573	490,884,249	422,470,807	424,725,429	368,895,706
Total assets	2,098,638,215	1,865,827,938	1,323,231,201	1,294,419,198	1,214,583,302
Loans and advances	943,550,604	863,348,294	637,300,272	628,118,551	641,064,848
Investments Securities	566,671,518	374,884,283	185,438,736	165,269,717	120,657,229
Customers deposits	1,795,309,495	1,623,097,126	1,112,403,167	1,081,376,200	990,312,696
Shareholders' equity	190,134,603	166,610,717	141,075,979	134,683,176	133,778,588
CAPITAL AND LIQUIDITY MEASURES					
Total Adjusted Capital	18.6%	15.6%	24.6%	24.5%	24.3%
Total risk weighted assets	1,113,948,703	1,046,005,000	586,521,000	584,321,000	570,053,517
Loans to deposits	52.6%	53.2%	57.3%	58.1%	64.7%
CREDIT QUALITY					
Impaired loans	39,462,280	47,133,414	43,529,041	37,276,628	44,352,646
Allowance for loan losses	42,238,285	32,180,778	31,136,863	30,978,030	31,236,224
General provision reserve	11,298,444	7,797,010	5,475,297	5,184,573	4,907,450
Impaired loans as a % of loans	4.0%	5.3%	6.5%	5.7%	6.6%
Allowances for credit loss plus contingency reserve fund as a % of np loans	135.7%	84.8%	84.1%	97.0%	81.5%
Provisions for loan losses as a % of loans	4.3%	3.6%	4.7%	4.7%	4.6%
NP loans to total assets	1.9%	2.5%	3.3%	2.9%	3.7%
OTHER					
Number of staff	303	273	191	203	165
Earnings per staff	115,559	85,044	15,221	13,651	21,949
Number of shares	14,999,844	14,999,844	14,999,844	14,999,844	14,999,844

Ready for Challenges

We have strengthened our resolve and capabilities to face uncertainty with confidence and turn challenges into opportunities.

CHAIRMAN’S MESSAGE



Mrs. Judith Veira
Chairman

In recent years, BOSVG has made remarkable progress toward fulfilling our mission and realizing our vision. Throughout this journey, we have faced challenges with steadfast determination and resilience, while seizing valuable opportunities.

Today, BOSVG commands a significant share of the local banking market—a testament to the steady growth of our asset portfolio, which increased by 12.5% or $232.8 million during the financial year. This growth is underpinned by a robust risk management framework that safeguards our customers' deposits, ensures compliance with capital and regulatory requirements, and drives long-term shareholder value.

Operational resilience is at the heart of our success, and we remain committed to navigating both minor and significant disruptions that may affect our bottom line. In a digitally driven environment, cybersecurity and data protection are critical challenges. Safeguarding our customers' funds and personal data remains our highest priority. To this end, BOSVG has reaffirmed its compliance with ISO 27001 standards and Payment Card Industry Data Security Standards (PCI-DSS).

We concluded the 2024 financial year with impressive results, making it the most profitable year in the Bank's history, with a reported profit after tax of $35.0 million—an increase of $11.8 million over the previous year. Over the past four years, we have consistently generated growth in interest income, driven by strong performance in our loan and investment portfolios. Although operating expenses rose, these investments were necessary to support our growth and operational excellence. This included expanding our workforce, implementing continuous training programs, and investing in infrastructure and strategic initiatives.

Key financial metrics further underscore our performance: asset quality remains strong, with a non-performing loan (NPL) ratio of 4.3%—well below the regulatory threshold—provision coverage of 135.7% to support the NPLs, and a solid capital adequacy ratio of 18.6%. As a result, the Board of Directors has declared a dividend of $1.17 per share.

The Board continues to play a critical role in overseeing the Bank's operations and ensuring the adoption of effective policies and procedures to protect our financial assets and uphold the integrity of our financial reporting.

In our ongoing pursuit of excellence, the Board commissioned an independent governance assessment, which included a comprehensive 360-degree review of the Board, its committees, and individual directors. The findings and actionable recommendations will guide our continuous improvement and leadership development.

Additionally, the Board has approved the Strategic Plan 2024–2027, which outlines a clear roadmap for securing our future and strengthening our position as a forward-looking financial institution. Our priorities include aligning employee performance with strategic goals, deploying enhanced digital services, optimizing product and service delivery, and expanding our channels to improve customer access and experience. We are also leveraging data to remain competitive, staying ahead of technological advancements, and proactively identifying and addressing emerging risks.

BOSVG has proven itself a resilient institution, well-prepared to face future challenges. With prudent financial management and strong governance, we will continue to earn the trust of our employees, customers, regulators, and shareholders—ensuring we fulfill our mission and secure a prosperous future for all.

I extend my heartfelt appreciation to our staff, management, and the Board of Directors for their hard work, dedication, and focus in delivering an exceptional year. To our customers and shareholders—thank you for your continued support and trust.

Mrs. Judith Veira | **Chairman**

PROFILE OF DIRECTORS

MRS. JUDITH VEIRA

Consulting Actuary/ BA Hons. Actuarial Science, Fellow of the Society of Actuaries, Chartered Director (C. Dir.)

Substantive Position: Director Veira is the Chairman of the Board of Directors, member of the Credit Committee and member of the Human Resources Committee. She also serves as an alternate member of the Risk and Compliance, Investment and Audit Committees.

Appointment: She was first appointed to the Board on August 15, 2008 and last appointed on June 01, 2022 by the Government of St. Vincent and the Grenadines.

MR. MEDFORD FRANCIS

Economist/ BSc. Economics, MSc. Financial Management, Acc. Dir

Substantive Position: Director Francis is a member of the Investment Committee, member of the Human Resources Committee and member of the Risk and Compliance Committee.

Appointment: He was first appointed to the Board on August 01, 2018 and last appointed on June 01, 2022 by the East Caribbean Financial Holdings Company Ltd.

DR. TIMOTHY PROVIDENCE

Medical Doctor/ MBBS, MRCOG, FRCOG, Chartered Director (C. Dir.)

Substantive Position: Director Providence is a member of the Credit Committee and a member of the Human Resources Committee.

Elected: He was first elected to the Board on July 25, 2013 and last elected on June 01, 2022 by the Public.

MR. LENNOX TIMM

Chartered Certified Accountant/ FCCA, MAAT, CBV, RCC, MSc. International Banking and Finance

Substantive Position: Director Timm is the Chairman of the Risk & Compliance Committee, member of the Audit Committee, member of the Investment Committee and Chairman of Property Holdings SVG Ltd. (subsidiary of BOSVG).

Appointment: He was first appointed to the Board on August 01, 2017 and last appointed on June 01, 2022 by the St. Vincent and the Grenadines National Insurance Services.

PROFILE OF DIRECTORS

MR. TERRAL MAPP

Chief Operating Officer/Economist BSc. Economics & Accounting, MA. Economics, Acc. Dir.

Substantive Position: Director Mapp is a member of the Risk & Compliance Committee and member of the Investment Committee.

Appointment: He was appointed to the Board on June 01, 2022 by the Government of St. Vincent and the Grenadines.

MR. MAURICE EDWARDS

Financial Consultant / BSc. Accounting, Chartered Financial Analyst (CFA), Acc. Dir.

Substantive Position: Director Edwards is the Chairman of the Investment Committee and member of the Audit Committee.

Appointment: He was first appointed to the Board on July 01, 2017 and last appointed on June 01, 2022 by the Government of St. Vincent and the Grenadines.

MRS. SAIBRINA BREWSTER-DICKSON

Accountant/ BSc. Management, ACCA, FCCA, MBA

Substantive Position: Director Brewster-Dickson is the Chairman of the Audit Committee, a member of the Credit Committee and Director of Property Holdings SVG Ltd. (subsidiary of BOSVG).

Appointment: She was first appointed to the Board on July 01, 2017 and last appointed on June 01, 2022 by the Government of St. Vincent and the Grenadines.

MR. LENNOX BOWMAN

Retired Chief Executive Officer / MAAT, ACIB

Substantive Position: Director Bowman is the Chairman of the Human Resources Committee and Chairman of the Credit Committee.

Appointment: He was first appointed to the Board on July 25, 2013 and last appointed on June 01, 2022 by the St. Vincent and the Grenadines National Insurance Services.

MR. ROLF PHILLIPS

Managing Director/ ACIB, Acc. Dir.

Substantive Position: Director Phillips is a member of the Audit Committee and a member of the Credit Committee.

Appointment: He was appointed to the Board on June 01, 2022 by the East Caribbean Financial Holding Company Limited.

GROW YOUR WEALTH

Empowering Your Financial Future

Unlock your financial potential with the help of our

Investment Services Team.

Whether you're a seasoned investor or just starting out, we offer personalized solutions to help you grow your wealth.

WE OFFER:

Corporate Debt

Government Bonds and Treasury Bills

Shares in Companies

And now
...Mutual Funds!

CONTACT US TODAY!

Let us help you achieve your financial goals, one investment at a time!

Visit our offices or contact us at:

784-452-4232

wealthmanagement@bosvg.com

Investing in securities involves risks, including potential loss of the amount invested, value fluctuations, and, for foreign-denominated securities, currency exchange risks. Some investments may incur additional liabilities, lack liquidity, or be difficult to sell. Please ensure you understand these risks before investing.

BOSVG

Doing *more* Together

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of Directors and Management of BOSVG believe that good corporate governance is essential to effective, efficient and prudent operations of the Bank's business. The internal control environment with strong corporate governance structures and procedures must therefore continue to be developed and strengthened.

The Bank believes that a diverse and highly qualified group of directors is critical to the effectiveness of its business and that the Board of Directors should comprise of Business and Community leaders providing a breath of expertise.

Non-executive directors should be independent of management and free from any interest and any business or other relationship, other than interest or relationship arising purely from a customer relationship being conducted strictly in accordance with the Bank's normal business practices, that could or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interest of the Bank.

The mandate of the Board is to supervise the management of the Bank's business and affairs and to maintain the strength and integrity of the Bank in pursuit of its mission statement. In this context, the Board oversees the Bank's strategic direction, its organizational structure and the succession planning of senior management to serve the interest of the Bank, its customers, shareholders and employees.

To assist the Board with its work, appropriate committees should be established to review in greater depth particular areas of its mandate.

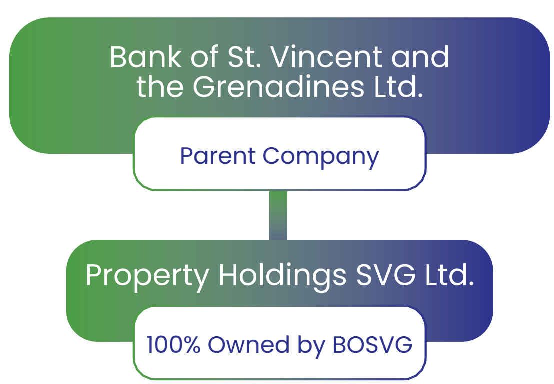
GROUP STRUCTURE

BOSVG is licensed by the ECCB to conduct Banking Business pursuant to Section 14 of the Banking Act 2015. BOSVG, formally the National Commercial Bank (SVG) Ltd. was incorporated on June 1, 1977. The company amalgamated with the St. Vincent and the Grenadines Development Bank Inc. on June 19, 2009 and changed its name from National Commercial Bank (SVG) Ltd. to Bank of St. Vincent and the Grenadines Ltd. on November 26, 2010.

Property Holdings SVG Ltd. is wholly owned by BOSVG and was set up primarily to facilitate the temporary acquisition of distressed properties for future investments. The company was incorporated on December 13, 2010.

Documents relating to the Company's incorporation, amalgamation and change of name mentioned above are registered with the Company's Registry and are available to the public.

The diagram below is an illustration of BOSVG's Group structure.



DIRECTORS' REPORT 2024

BOSVG BOARD MEMBERSHIP & TENURE

As at December 31, 2024, the listed members below were elected /appointed to the Board of Directors of the BOSVG by the shareholders for a three-year term at the Annual General Meeting (AGM) held June 01, 2022. The Managing Director was appointed by the Board of Directors and is an ex-officio member of the Board:

- Mrs. Judith Veira – Chairman - Government appointee
- Mr. Maurice Edwards – Government appointee
- Mrs. Saibrina Brewster- Dickson – Government appointee
- Mr. Terral Mapp – Government appointee
- Mr. Rolf Phillips – ECFH appointee
- Mr. Medford Francis – ECFH appointee
- Mr. Lennox Bowman – NIS appointee
- Mr. Lennox Timm – NIS appointee
- Dr. Timothy Providence – Elected by the Public
- Mr. Derry Williams – Managing Director – Appointed by the Board

There were no new appointments, retirements or resignations for the financial year ended December 31, 2024. All directors retire at the AGM to be held on June 04, 2025. Director Timothy Providence has provided notice that he will not be offering himself for re-election at the upcoming AGM. All other directors are eligible for re-appointment having completed their assessments and are fit and proper.

SUBSIDIARY BOARD

As at December 31, 2024, the directors of the Board of Property Holdings SVG Ltd. were:

- Mr. Lennox Timm - Chairman
- Mrs. Saibrina Brewster-Dickson
- Mr. Bennie Stapleton

There were no changes to the membership of Property Holdings SVG Ltd. Board of Directors for the financial year ended December 31, 2024.

STRATEGIC INITIATIVES

During the 2024 financial year, BOSVG was ready for the challenges while securing the future. The BOSVG Strategic Plan 2024 -2027 entails a number of initiatives to be achieved over the next three years which will continue to pave the path for securing BOSVG's future. Of these initiatives, BOSVG was able to commence five (5) relating to: an Organizational Structure Re-Design; Implementation of a Revised Performance Management System; Designing an Employee Engagement Strategy; Establishing a Project Management Office; and Operational Efficiency and Assessment Review.

DIRECTORS' REPORT 2024

Specific initiatives conducted over the review period to note were:

1. The development of BOSVG's Investment function which included the onboarding of a Senior Manager Investments
2. Succession Planning Training and Development for Management which continues in the ensuing period
3. Human Resource Information System (HRIS) Implementation
4. AML/CFT/CPF/ABC Sanctions Risk Assessment
5. Business Continuity Management Framework, Assessment and Implementation
6. Eastern Caribbean Central Bank's Information Technology Examination
7. Completion of the Internal Capital Adequacy Assessment Process (ICAAP) Project
8. Independent Board Governance Assessment

The Staff, Management and Board of Directors were able to achieve these activities among many others during the period under review while at the same time engaging in recovery efforts emanating from the passage of Hurricane Beryl on July 01, 2024. This hurricane damaged our Union Island and Canouan branches and significantly impacted the staff from these branches.

COMMITTEES OF THE BOARD OF DIRECTORS AS AT DECEMBER 31, 2024

NAME OF COMMITTEE	SUMMARY OF RESPONSIBILITIES / ROLE	MEMBERSHIP	SUBSEQUENT CHANGES TO COMMITTEE MEMBERSHIP
Credit Committee	Credit Committee is to review and approve all policies with regards to loans and credit facilities, set lending limits and to approve loans above Management's limit and make appropriate recommendations to the Board.	Timothy Providence – Chairman Judith Veira Lennox Bowman Saibrina Brewster-Dickson Rolf Phillips	As at January 1, 2025, Director Lennox Bowman replaced Director Timothy Providence as Chairman.

DIRECTORS' REPORT 2024

NAME OF COMMITTEE	SUMMARY OF RESPONSIBILITIES / ROLE	MEMBERSHIP	SUBSEQUENT CHANGES TO COMMITTEE MEMBERSHIP
Audit Committee	The role of the Committee is to assist the Board of Directors and Management of the Bank by providing advice and guidance on the adequacy of the Bank's initiatives for: • ethics; • governance structure; • risk management; • the quality and integrity of the financial statements of the Bank; • the effectiveness of the systems of internal control; • internal and external audit processes; and • monitoring compliance with applicable laws and regulations and the Code of Conduct.	Saibrina Brewster-Dickson – Chairman Maurice Edwards Lennox Timm Rolf Phillips	As at January 1, 2025, Director Judith Veira was appointed as an alternate member.
Investment Committee	The Investment Committee of the Bank is charged with providing advice and assistance to the Board of Directors on developing the strategic investment policy and ensuring that the investment policy and guidelines are executed on a consistent, effective and efficient basis.	Maurice Edwards – Chairman Lennox Bowman Terral Mapp Lennox Timm	As at January 1, 2025, Director Judith Veira was appointed as an alternate member and Director Medford Francis replaced Director Lennox Bowman.

DIRECTORS' REPORT 2024

NAME OF COMMITTEE	SUMMARY OF RESPONSIBILITIES / ROLE	MEMBERSHIP	SUBSEQUENT CHANGES TO COMMITTEE MEMBERSHIP
Human Resources Committee	The primary purpose of the Human Resources Committee is to: • provide guidance and recommend to the Board, Human resource policies which support the goals and strategies of the Bank; • establish the Bank's overall compensation strategy in support of its Human Resource strategy; • establish the compensation of the Managing Director, Deputy Managing Director and other senior officers and key management employees and to review and approve compensation packages for unionized staff; • make recommendations regarding and approve amendments to and terminations of the Company's employee benefit plans; and • ensure that a succession plan is in place for key positions within the Bank and that the plan is updated annually.	Lennox Bowman – Chairman Medford Francis Timothy Providence Judith Veira	None

DIRECTORS' REPORT 2024

NAME OF COMMITTEE	SUMMARY OF RESPONSIBILITIES / ROLE	MEMBERSHIP	SUBSEQUENT CHANGES TO COMMITTEE MEMBERSHIP
Risk and Compliance Committee	The Committee monitors and provides recommendations to the Board on BOSVG's risk strategy, ensures that the Bank maintains an appropriate level and quality of capital and liquidity in line with the risks inherent in its activities and oversees the identification, management and reporting of risks inherent in the operations.	Lennox Timm – Chairman Terral Mapp Medford Francis Maurice Edwards	As at January 1, 2025, Director Maurice Edwards ceased to be a member of the Committee and Director Judith Veira was appointed as an alternate member.

BOARD AND COMMITTEE MEETINGS AND ATTENDANCE

The Board is required to meet at least quarterly but will meet as needed for the directors to properly discharge their responsibilities. Eight (8) meetings were held for the year 2024.

Board Attendance Record for the Financial Year ended December 31, 2024

Member	BOD#1-2024 Jan 26, 2024	BOD#2-2024 March 22, 2024	Special BOD, April 30, 2024	Special BOD, May 06, 2024	BOD # 3-2024 May 31, 2024	BOD #4-2024 July 26, 2024	BOD #5-2024 Sept 27, 2024	BOD#6-2024 Nov 29, 2024	Total % Present 2024
Judith Veira	X	X	X	X	X	X	X	X	100%
Maurice Edwards	X	X	X	X	X	X	X	X	100%
Saibrina Brewster -Dickson	X	X	X	X	X	X	X	X	100%
Lennox Timm	X	X	X	X	X	X	X	X	100%
Lennox Bowman	X	X	X	X	X	X	X	X	100%
Timothy Providence	X	X	X	X	X	X	X	X	100%
Medford Francis	X	X	X	X	X	X	X	X	100%
Terral Mapp	X	X	X	X	X	X	X	X	100%
Rolf Phillips	X	X	Ab-sent	Ab-sent	X	X	Ab-sent	X	63%
[1]Derry Williams	X	X	X	Ab-sent	X	X	X	X	88%
Total % present	**100%**	**100%**	**90%**	**80%**	**100%**	**100%**	**90%**	**100%**	

1 Attendance of the MD is calculated in the total percentage of Directors present.

DIRECTORS' REPORT 2024

Credit Committee Attendance Record for the Financial Year ended December 31, 2024

This Committee is required to meet at least four (4) times for the year and met six (6) times for 2024.

Member	CCM#1/2024 Feb 27, 2024	Special CCM April 04,2024	CCM #2-2024, May 21, 2024	Special CCM June 18, 2024	CCM #3/2024, Nov 08, 2024	CCM#4/2024 Dec 17, 2024	Total % Present 2024
Timothy Providence	X	X	X	X	X	X	100%
Sabrina Brewster -Dickson	X	X	X	X	X	X	100%
Lennox Bowman	X	X	Absent	X	X	X	83%
Rolf Phillips	X	X	X	X	Absent	X	83%
Judith Veira	X	X	X	X	X	X	100%
Total % present	**100%**	**100%**	**80%**	**100%**	**80%**	**100%**	

Audit Committee Attendance Record for the Financial Year ended December 31, 2024

The Audit Committee is required to meet at least once per quarter and met total of six (6) times in 2024.

Member	ACM#1-2024, Jan 31, 2024	ACM#2-2024, March 18, 2024	Special ACM March 22, 2024	Special ACM May 15, 2024	ACM#3-2024 July 23, 2024	ACM #4-2024 Nov 15, 2024	Total % Present 2024
Saibrina Brewster-Dickson	X	X	X	X	X	X	100%
Lennox Timm	X	X	X	X	X	X	100%
Maurice Edwards	X	X	X	X	X	X	100%
Rolf Phillips	X	X	Absent	X	X	Absent	67%
Total % present	**100%**	**100%**	**75%**	**100%**	**100%**	**75%**	

Human Resources Committee Attendance Record for the Financial Year ended December 31, 2024

The Committee is required to meet at least four (4) times per year. As such, the Committee met four (4) times for 2024.

Member	HRC #1-2024, April 10, 2024	HRC #2-2024, July 18, 2024	HRC#3-2024 Nov 07, 2024	HRC #4 2024, Dec 30, 2024 and Continued on Jan 06, 2025	Total % Present 2024
Lennox Bowman	X	X	X	X	100%
Judith Veira	X	X	X	X	100%
Timothy Providence	X	X	X	X	100%

DIRECTORS' REPORT 2024

Member	HRC #1-2024, April 10, 2024	HRC #2-2024, July 18, 2024	HRC#3-2024 Nov 07, 2024	HRC #4 2024, Dec 30, 2024 and Continued on Jan 06, 2025	Total % Present 2024
Medford Francis	X	X	Absent	X	75%
Total % present	**100%**	**100%**	**75%**	**100%**	

Risk and Compliance Committee Attendance Record for the Financial Year ended December 31, 2024

The Committee is required to meet at least quarterly every year. They met for a total of five (5) times for the year.

Member	RCM #1-2024, Feb 15, 2024	RCM#2-2024, May 17, 2024	RCM#3-2024, Aug 06, 2024	Special RCM Sept 23, 2024	RCM #4-2024, Nov 05, 2024	Total % Present 2024
Lennox Timm	X	X	X	X	X	100%
Maurice Edwards	X	X	X	X	X	100%
Medford Francis	X	X	X	X	X	100%
Terral Mapp	X	X	X	X	X	100%
Total % present	**100%**	**100%**	**100%**	**100%**	**100%**	

Investment Committee Attendance Record for the Financial Year ended December 31, 2024

The Committee is required to meet at least quarterly per year and met (5) five times for 2024.

Member	Inv Comm #1-2024, April 05, 2024	Inv Comm #2-2024, May 10, 2024	Inv Comm #3-2024, July 22, 2024	Special Inv Comm, Sept 23, 2024	Inv Comm #4-2024, Nov 19, 2024	Inv Comm Total % Present 2024
Maurice Edwards	X	X	X	X	X	100%
Lennox Timm	X	X	X	X	X	100%
Terral Mapp	X	X	X	X	X	100%
Lennox Bowman	X	X	X	X	X	100%
Total % present	**100%**	**100%**	**100%**	**100%**	**100%**	

BOARD OF DIRECTORS' ASSESSMENTS

In 2024, the Bank engaged consultant Dr. Harvi Millar of Management Technologies to conduct an Independent Governance Assessment of the Board of Directors, Board Committees and individual Directors for the financial year January to December 2023. The governance evaluation reflected a 360 evaluation among the Board, Management and Directors. The evaluation used by the consultant was based on best practice research and was made up of four components:

1) A full Board self-evaluation,

2) Chair and Committee self-evaluation,

3) Executive Management review of Board governance, and

4) Director Peer-to-Peer (P2P) review.

All nine directors participated in the assessments and nine members of the Executive/Senior Management teams provided feedback on Board governance.

Coming out of this assessment, the Consultant produced four assessment reports:

1) Governance Evaluation Report,
2) Peer to Peer Feedback – Individual,
3) Peer to Peer Feedback – Group, and
4) Governance Improvement Action Plan.

The assessment found that the Board is functioning exceptionally well. However, there were a small number of success factors flagged for attention. The Governance Improvement Action Plan was therefore put in place to address these areas over the next two years.

DIRECTORS' DUE DILIGENCE

As part of the due diligence requirements, directors completed their annual due diligence forms in 2024. The completion of these forms is part of the Bank's Governance Policies which address conflict of interest, conduct, anti-bribery and corruption, fit and proper criteria, secrecy of information, social media and networking and, email acceptable use.

The compliance rate for mandatory forms completed by directors was 100% except in two areas where the rate was 89%.

Directors Judith Veira, Lennox Bowman and Rolf Phillips declared their affiliations with Trinity Consulting Ltd. (TCL), National Insurance Services and Bank of St. Lucia Limited respectively.

DIRECTORS' INTEREST & VOTING RIGHTS

Directors', Managing Director's & Deputy Managing Director's interests in the common shares of BOSVG as at December 31, 2024 are listed below. During the year under review, there were no trading in BOSVG shares by the directors or the officers.

Director	Beneficial Interest as at Dec 31, 2023	Beneficial Interest as at Dec 31, 2024	% of Issued Capital	Voting Rights
Judith Veira	46,500	46,500	0.31	46,500
Maurice Edwards	9,484	9,484	0.06	9,484
Timothy Providence	200,000	200,000	1.33	200,000
Lennox Timm	1,481	1,481	0.01	1,481
Lennox Bowman	0	0	0	0
Medford Francis	0	0	0	0
Saibrina Brewster-Dickson	0	0	0	0
Rolf Phillips	0	0	0	0
Terral Mapp	0	0	0	0
Derry Williams	7,975	7,975	0.05	7,975
Bennie Stapleton	1,822	1,822	0.01	1,822

DIRECTORS' REPORT 2024

SIGNIFICANT CONTRACTS

There was no contract of significance subsisting during or at the end of the financial year in which a director was materially interested, directly or indirectly.

DIRECTORS' REMUNERATION

The Board approved an increase in director fees from $3,600 to $5,000 monthly for the Chairman of the Board of Directors in 2024 and subsequently in January 2025 approved an increase for other directors having concluded a market survey.

Section 7.1 of the Bank's By-law regarding the remuneration of directors reads:

"The remuneration to be paid to the directors shall be such as the directors may from time to time determine and such remuneration may be in addition to the salary paid to any officer or employee of the Company who is also a director. The directors may also award special remuneration to any director undertaking any special services on the Company's behalf other than the routine work ordinarily required of a director and the confirmation of any such resolution or resolutions by the shareholders shall not be required. The directors shall also be entitled to be paid their traveling and other expenses properly incurred by them in connection with the affairs of the Company."

The changes are reflected in the table below:

	REMUNERATION BEFORE REVIEW	REVISED REMUNERATION
BOARD - CHAIRMAN	$3,600 PER MONTH	$5,000 PER MONTH
BOARD - DIRECTORS	$3,000 PER MONTH	$4,000 PER MONTH
COMMITTEE – CHAIRMAN	$800 PER MEETING	$1,000 PER MEETIING
COMMITTEE DIRECTORS	$600 PER MEETING	$800 PER MEETING

DIRECTORS' CONTINUING EDUCATION PROGRAMME

In 2023, the Board approved the following policies in relation to the subject:

- Directors' On-Boarding and Orientation Policy and Procedures
- Directors' Continuing Education and Development Policy

In compliance with the Directors' Continuing Education and Development Policy, all directors are required to attend annually, at least two (2) mandatory training courses, workshops or seminars. This training would cover: 1) Governance, 2) AML – Risk and Compliance and 3) Cybersecurity. At least two directors are required to complete a minnimum of one (1) accredited seminar, workshop or course annually.

Management also provides directors on a periodic basis, access to articles, online resources and information relating to banking, corporate governance, regulatory issues and other applicable subject areas. Management further ensures directors continuing education by providing updates on various industry developments through Management reports presented at Board and Board Committees meetings.

The following table shows training attended by directors for the 2024 financial year.

DIRECTORS' REPORT 2024

TYPE OF TRAINING	PARTICIPANTS
Independent Governance Assessment Evaluation Session - Evaluation Results & Recommendations - Board Tenure - Stress Testing the Strategic Plan Facilitator: Management Technologies – Dr. Harvi Millar	Judith Veira Saibrina Brewster-Dickson Timothy Providence Lennox Bowman Lennox Timm Terral Mapp Maurice Edwards Medford Francis
The Chairman's Course (Online) Facilitator: Caribbean Governance Training Institute	Judith Veira
Cyber Resilience – A Business Imperative (Online) Facilitator: Hitachi	Judith Veira Saibrina Brewster-Dickson Timothy Providence Lennox Bowman Lennox Timm Terral Mapp Maurice Edwards Rolf Phillips Medford Francis
AML Training – Regulatory Changes – (Online) Facilitator: Financial Intelligence Unit	Judith Veira Saibrina Brewster-Dickson Timothy Providence Lennox Bowman Lennox Timm Terral Mapp Maurice Edwards Medford Francis
Enterprise Risk Management Caribbean Conference (Online) Facilitator: Caribbean Risk Management Academy	Judith Veira Saibrina Brewster-Dickson
Annual AML Industry Training NIS Training Room /Online Facilitator: External Consultant	Judith Veira Saibrina Brewster-Dickson Timothy Providence Lennox Bowman Lennox Timm Terral Mapp Maurice Edwards Rolf Phillips Medford Francis

DIRECTORS' REPORT 2024

TYPE OF TRAINING	PARTICIPANTS
Anti-Money Laundering, Countering the Financing of Terrorism and Countering the Finance of Proliferation Board of Directors Training Bank of Saint Lucia Limited (BOSL)	Rolf Phillips Medford Francis
Investment Training Facilitator: Stewart Haynes	Judith Veira Saibrina Brewster-Dickson Timothy Providence Lennox Bowman Lennox Timm Terral Mapp Derry Williams

SUBSTANTIAL INTEREST IN SHARE CAPITAL AS AT DECEMBER 31, 2024

The BOSVG shareholding as at December 31, 2024, was as follows:

SHAREHOLDER	NO. OF COMMON SHARES FY 2023	SHARES AS A PERCENTAGE OF TOTAL FY 2023	NO. OF COMMON SHARES FY 2024	SHARES AS A PERCENTAGE OF TOTAL FY 2024
Government of St. Vincent and the Grenadines	6,359,222	42.40	6,359,222	42.40
East Caribbean Financial Holding Company Ltd.	3,000,000	20	3,000,000	20
The National Insurance Services	2,999,999	20	2,999,999	20
The Public inclusive of employees of the Bank (no one shareholder owns more than 5% of the shares in this block)	2,640,623	17.60	2,640,623	17.60

SIGNIFICANT TRANSACTIONS

There were no significant transactions for the reporting period.

RELATED PARTY TRANSACTIONS

Information relating to Related Parties can be found under note 31 of the audited financial statements for the year ended December 31, 2024.

SHAREHOLDERS

Notice of AGM – Record Date

The date fixed for determining shareholders of the Company who are entitled to receive notice of the Company's Annual Meeting is Wednesday, May 07, 2025.

Nominations

In relation to nominations for the election of director to represent the Public block of shareholders at the upcoming AGM on June 04, 2025, shareholders are provided with a letter, nomination form and Information Circular: Guidelines on Directors/Election/Appointment in their AGM package.

Proxies

Votes at meetings of shareholders may be given either personally or by proxy or, in the case of a shareholder who is a body corporate or association, by an individual authorized by a resolution of the directors or governing body of that body corporate or association, to represent it at meetings of shareholders of the Company. A person appointed by proxy need not be a shareholder. Proxies are circulated in shareholders packages and can be requested through the Corporate Secretary.

Voting

Sections 12.6, 12.6.1 and 12.6.5 of the BOSVG's By-Laws provide guidance for voting at the Annual Meeting:

12.6 Votes: Every question submitted to any meeting of shareholders shall be decided in the first instance by a show of hands unless a person entitled to vote at the meeting has demanded a ballot and, if the Articles so provide, in the case of an equality of votes the chairman of the meeting on a ballot have a casting vote in addition to any votes to which he may be otherwise entitled.

12.6.1 At every meeting at which he is entitled to vote, every shareholder, proxy holder or individual authorized to represent a shareholder who is present in person shall have one vote on a show of hands. Upon a ballot at which he is entitled to vote, every shareholder, proxy holder or individual authorized to represent a shareholder shall subject to the articles, have one vote for every share held by the shareholder.

12.6.5 If two or more persons hold shares jointly, one of those present at a meeting of shareholder may, in the absence of the other, vote the shares; but if two or more of those persons are present, in person or by proxy vote, they shall vote as one on the shares jointly held by them.

DIRECTORS' REPORT 2024

Eastern Caribbean Securities Exchange (ECSE)

BOSVG became a publicly listed company on the ECSE on June 10, 2016. The BOSVG shares have since been trading steadily on the ECSE. The closing price of the BOSVG shares as at December 31, 2024 on the ECSE was $9.00 per share being the highest trading price for the year, and $7.75 per share being the lowest. Shareholders may visit the ECSE's website: https://www.ecseonline.com for further information.

Dividends

Prescribed Information to Shareholders

As an issuer of shares, BOSVG is obligated to ensure that all the necessary facilities and information are available to enable holders of BOSVG shares to exercise their rights in accordance with the Securities (Continuing Disclosure Obligations of Issuers) Regulations, 2002. Among these rights, BOSVG is to publish notices or distribute circulars giving information on the allocation and payment of dividends and interest. Notice of BOSVG's 39th AGM, notice of record date determining shareholders who are entitled to receive a dividend payment and notice of record date determining shareholders who are entitled to receive notice of the AGM is scheduled to be published in the local newspapers in April and May 2025.

Authority to declare and pay dividends

The authority to declare dividends to BOSVG shareholders is derived from BOSVG's Bylaw 15.1 which states that "the directors may from time to time by resolution declare and the company may pay dividends on the issued and outstanding shares in the capital of the company subject to the provisions (if any) of the articles and sections 51 and 52 of the Act."

The company's articles do not restrict directors from issuing or paying dividends and do not provide for this to be approved, confirmed or sanctioned by shareholders. The tabling of this item at BOSVG's AGM is a governance practice.

Sections 51 of the Companies Act deals with prohibited dividends. Particularly, section 51 (a) restricts a company from declaring or paying a dividend if there are reasonable grounds for believing that it is unable or would be unable to pay its liabilities as they become due after payment. Section 52 of the Companies Act on the other hand addresses the payment of dividends by the company. Given BOSVG's financial performance, BOSVG is within the confines of the Act to declare and pay a dividend.

DIRECTORS' REPORT 2024

Payment of Dividends

BOSVG has a dividend distribution policy with a ratio of 50% retention and 50% distribution to shareholders. For the financial year ended December 31, 2024, BOSVG made a profit, after tax, in the amount of $35.0 million. As such, the Board declared a dividend payment of $17.5 million ($1.17 per share) in accordance with the Dividend Policy on March 24, 2025 to all shareholders of BOSVG common shares on record as at May 29, 2025.

AUDITOR

The Board of Directors reports that Grant Thornton successfully fulfilled its audit responsibilities in compliance with International Standards on Auditing with regards to the audit of the financial statements for the year ended December 31, 2024. Having retired at the financial year ended December 31, 2024 and being eligible, they offer themselves for re-appointment.

Based on the foregoing, the Board of Directors approved the recommendation from the Audit Committee and recommends to the shareholders the reappointment of Grant Thornton as the external auditor for the financial year ended December 31, 2025.

St. Vincent and the Grenadines

LOCATION	QUANTITY
Argyle International Airport	1
Arnos Vale • C K Greaves - 1 • Joshua Centre 1 • Massy Stores - 1	3
Barrouallie	1
Calliaqua	2
Chateaubelair	1
Diamond • Coreas Hazells	1
Georgetown	1
Grenadines • Bequia - 2 • Canouan - 1 • Union Island - 2	5
Kingstown • Coreas Hazells - 1 • Flow - 1 • Halifax BOSVG - 2 • Massy Stores - 1 • Reigate BOSVG - 2	7
Layou	1
Mesopotamia	1
Stoney Grounds • Massy Stores	1
Pembroke • C K Greaves	1

Our expanding ATM network

always within reach!

With a current total of
26 ATMs throughout
St. Vincent and the Grenadines

BOSVG

CORPORATE SOCIAL RESPONSIBILITY


1.

2.


3.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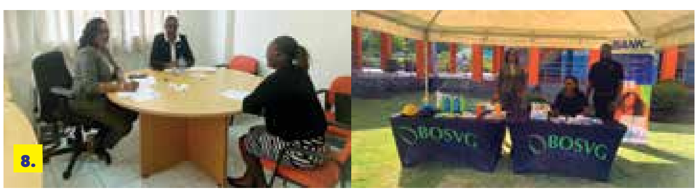
7.



8.


9.


10.


11.

12.

1. All Leeward Sports
2. Nationwide Financial Literacy Campaign
3. Hurricane Beryl Support
4. National Performing Arts Festival
5. Rise from the Ashes Annual Fun Day
6. Valeo Experience
7. Donation to Bequia Adventist School
8. World Of Work Fair-SVG Community College
9. International Women's Day
10. Society of and for the Blind Donation
11. MY APP Summer Program
12. National Netball Tournament

EXECUTIVE MANAGEMENT TEAM

FROM LEFT TO RIGHT

Nandi Williams-Morgan
Senior Manager Legal & Corporate Services/Corporate Secretary
BSc. Economics with Law, LLM International Trade Law, GDL, CCSec.

Cerlian Russell
Senior Manager Retail
MBA – General Management, Certified Mortgage Residential Underwriter, Anti-Money Laundering Certified Associate (AMLCA)

Derry Williams
Managing Director
MBA - Finance

Bennie Stapleton
Deputy Managing Director / Chief Financial Officer
BSc. Accounting, FCCA, CIA, CISA

Monifa Latham
Senior Manager Lending
BSc Economics, Principal Licence – ECSRC

SENIOR MANAGEMENT TEAM

Nicole Fernandez
Senior Manager Information Technology
Executive Diploma in Information Technology

Celestine Jackson
Senior Manager Finance
BSc. Applied Accounting, FCCA, MSc. /MA Finance and Investment,
Diploma in Forensic Accounting, Certified Accounting Technician

Norda Gayle-Delves
Senior Manager Risk & Compliance
BSc. Accounting, CPA, CAMS

Alicia Bazil
Senior Manager Human Resources
BSc., MSc. HR Management & Development,
LLM Employment Law, Cert-Public Administration

Kurtlan Deshong
Senior Manager Internal Audit
FCCA,CIA

Temelia Providence
Senior Manager Investments
MSc. Mathematical Finance
BSc. Mathematics & Computer Science
Principal Licence - ECSRC

MANAGEMENT TEAM

Lisa Sheen-Henry
Manager Employee Engagement
BSc. Accounting Special, MSc.
Human Resource Management,
Diploma in Counselling, Cert. in
Business Administration

Irvia Haynes
Manager Audit Operations
BBA Management
Cert. Associate International Retail
Banker

Patricia John
Manager Marketing & Communications
Representative Licence - ECSRC

Gillian Da Silva
Manager Payment Solutions
Cert.

La Fleur Durrant
Manager Corporate Lending
Baccalaureate in Financial Administration
MBA, Cert.-Administrative Professional
Secretaries
Certified Residential Underwriter

Chez Quow-Williams
Manager, Initiatives &
Transformation
BSc. Banking & Finance, CBMBA,
MCBI,
Representative Licence - ECSRC, PMP

MANAGEMENT TEAM

Leroy Rose Jr.
Manager Facilities & HSE
Cert.

Keon Henry
Manager Customer Service
Executive Diploma in Management
- CHSB

Inderia Walker Toney
Manager Risk Services
BSc. Applied Accounting, AICB, , FCCA
Certified Anti-Money Laundering Specialist

Laurent Hadley
Investment Analyst
BSc. Economic & Accounting,
Postgraduate Cert. in Business
Administration,
Principal Licence – ECSRC

Nyron Da Souza
Manager Retail Lending
BA. Business & Enterprise

Sandika Da Silva
Manager Credit Administration &
Securities
BSc. Economics with Management
MSc. Finance (Economic Policy)

MANAGEMENT TEAM

Bernadine Nanton
Legal Officer
LLB, BVC, Cert. in Arbitration CIARB
Cert. in Business Administration
Certified Anti-Money Laundering Specialist

Shelly-Ann Samuel
Relationship Banking Manager
Master of Business Administration
International Diploma in Business Management and Administration

Desmond Errol Armstrong
Manager Credit Relationships
Diploma in Accounts and Book Keeping

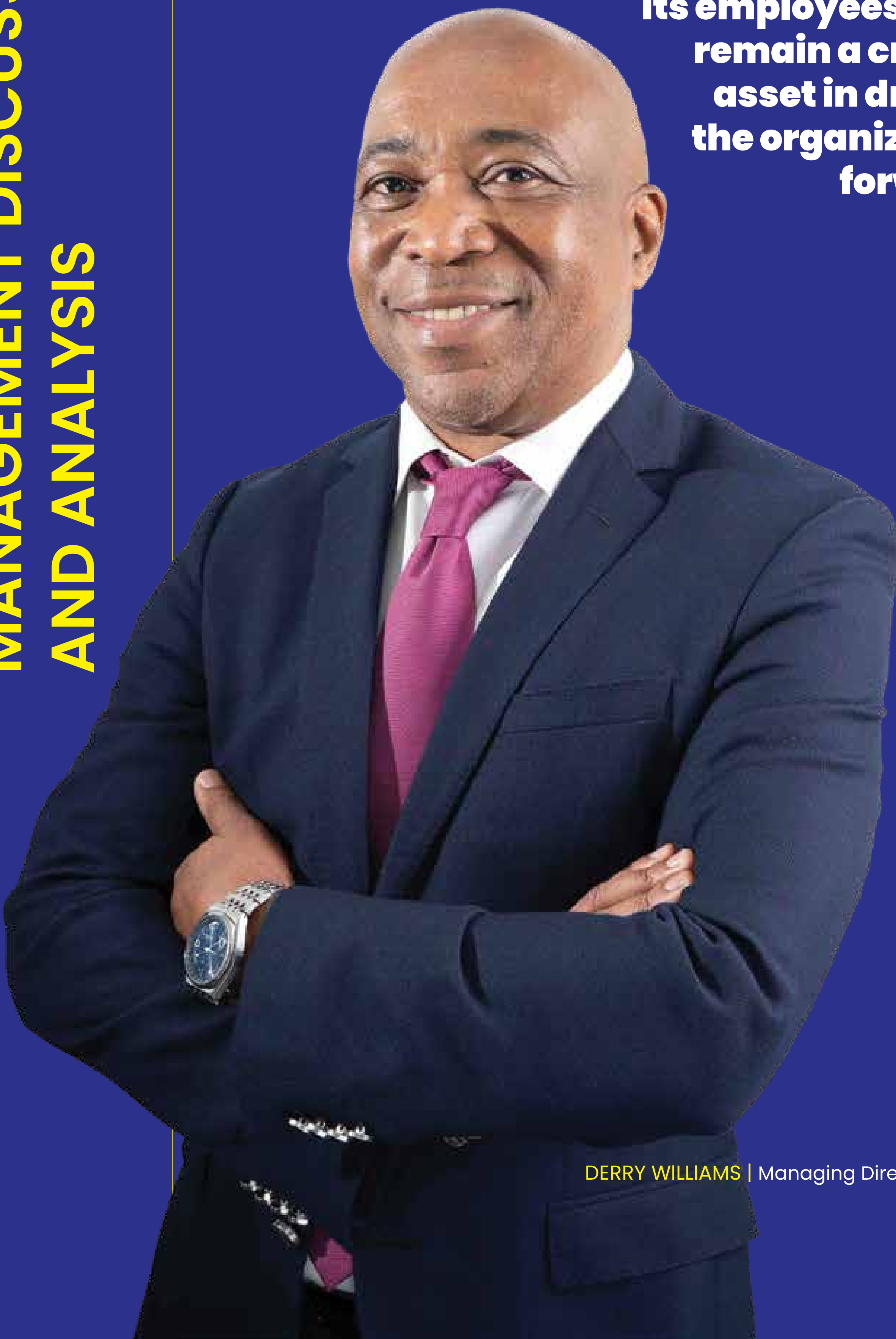
Gilleon O'Garro
Manager Business Relationships
Diploma in Financial Services Management

Securing the Future

We are building on our progress to create a sustainable, resilient future for our stakeholders and the communities we serve.

MANAGEMENT DISCUSSION AND ANALYSIS

> **At the core of the Bank's success lies its commitment to its employees, who remain a critical asset in driving the organization forward.**



DERRY WILLIAMS | Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

This year will be remembered as a landmark in our Bank's history, as we achieved record-breaking financial performance, reflecting our commitment to excellence and innovation. Through strategic growth, disciplined execution, and the trust of our customers and stakeholders, we reached new heights, solidifying our position as a leader in the financial sector.

Alongside our financial success, we made substantial progress in expanding our distribution channels by integrating advanced technologies, enhancing accessibility and efficiency for our clients. Additionally, we reinforced our risk management and governance frameworks, ensuring the Bank remains resilient and prepared for future opportunities and challenges.

Beyond business achievements, we remained steadfast in our commitment to corporate social responsibility. By supporting sports and cultural initiatives across St. Vincent and the Grenadines, we continued to invest in the well-being and vibrancy of the communities we serve. These efforts underscore our dedication to fostering growth and development, not just in business, but in every aspect of society.

The Bank demonstrated its unwavering commitment to its customers by playing a pivotal role in supporting those impacted by Hurricane Beryl, particularly in the Southern Grenadines. Recognizing the hardships faced by affected individuals and businesses, the Bank promptly extended a moratorium to provide financial relief to customers dealing with the hurricane's aftermath.

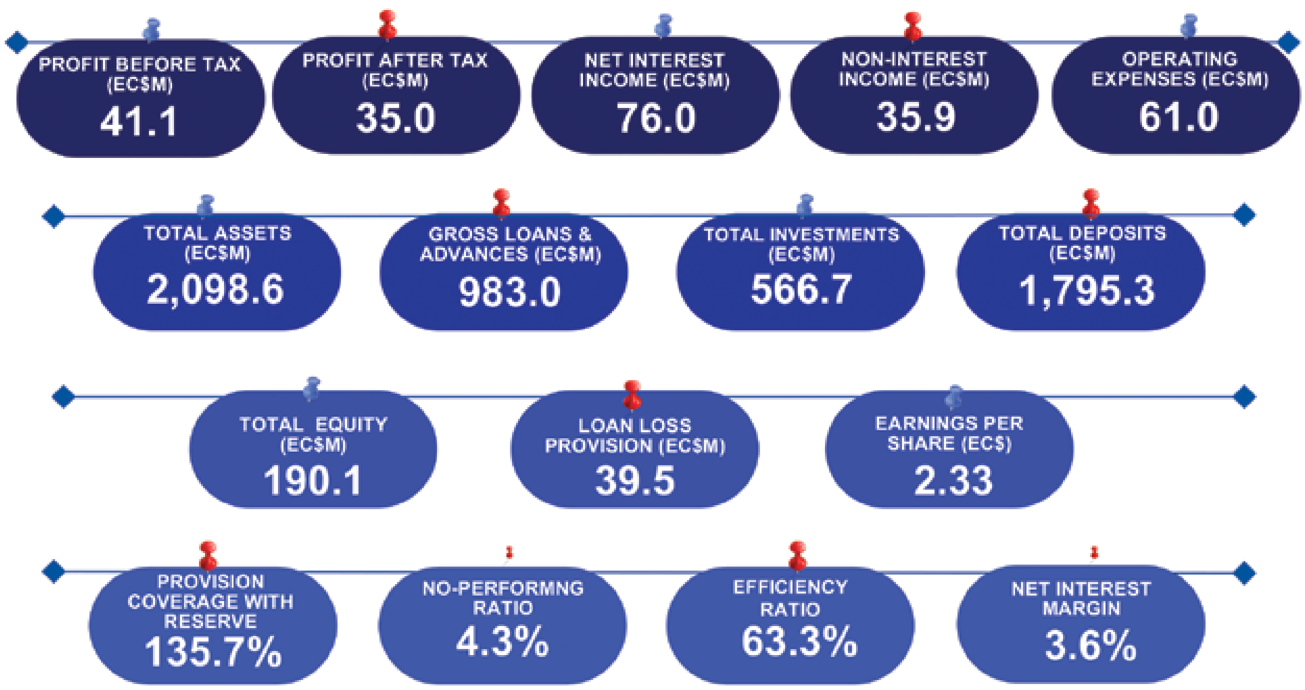
Despite suffering severe damage to its premises in the Southern Grenadine islands of Canouan and Union Island caused by Beryl, the Bank's resilience and dedication were evident as it swiftly restored partial banking services to the islands within a remarkably short period. This ensured that essential financial operations could continue, offering a lifeline to communities striving to recover from the disaster.

In addition, the Bank is placing greater emphasis on environmental conservation, aligning with its vision for a sustainable future. This focus underscores our dedication to addressing critical global challenges while supporting local efforts to protect and preserve the environment for generations to come.

At the core of the Bank's success lies its commitment to its employees, who remain a critical asset in driving the organization forward. In alignment with its strategic plan, the Bank commenced the implementation of several initiatives aimed at enhancing its organizational structure. These efforts are designed to ensure that the Bank is better equipped to meet current and future operational demands, while also fostering a culture of efficiency, innovation and collaboration.

Along with these initiatives, the Bank continued to advance its succession planning program. This program is a cornerstone of the Bank's long-term strategy, ensuring a robust pipeline of leadership talent capable of sustaining growth and navigating the evolving financial landscape. By identifying and developing future leaders from within, the Bank reaffirms its dedication to building a resilient organization that is equipped to adapt to change. Through these strategic actions, the Bank demonstrates its unwavering commitment to its workforce and positions itself to achieve sustained success in the years to come.

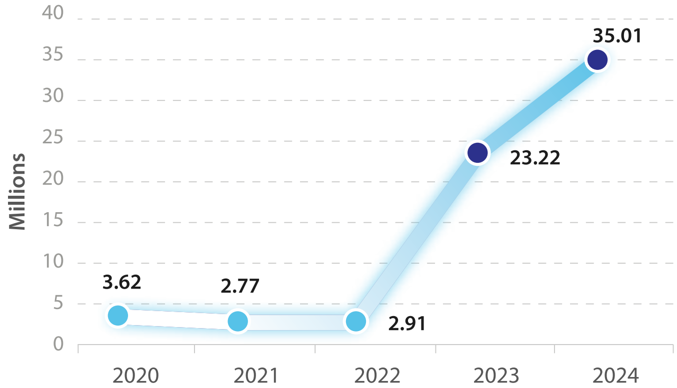
2024 AT A GLANCE



Summary of Financial Performance

The Bank delivered a strong financial performance for the year ended December 31, 2024, achieving a significant improvement in profitability. Pre-tax profit rose to $41.1 million, a notable increase from $27.9 million in the previous financial year. After-tax profit also saw substantial growth, reaching $35.0 million compared to $23.2 million for the 2023 financial year.

Profit after Tax

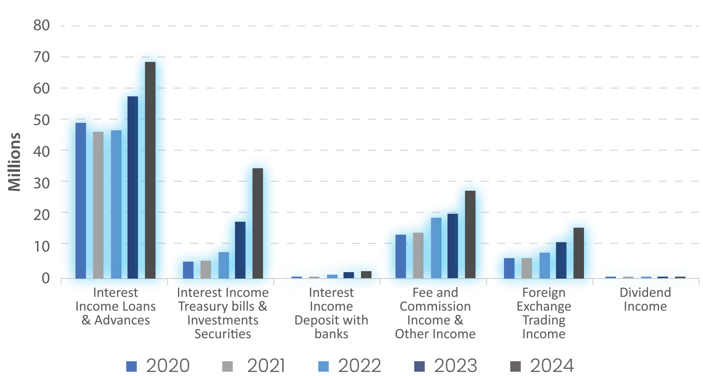


This performance was primarily driven by robust growth across all revenue streams, reflecting the effectiveness of the Bank's strategic initiatives and its ability to capitalize on market opportunities.

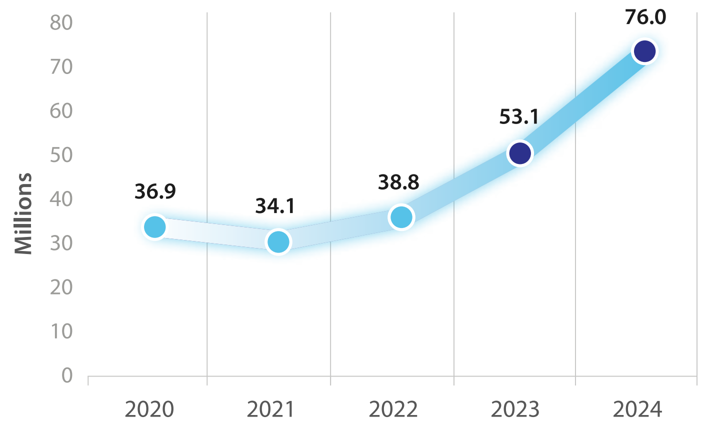
Total Revenue

The Bank recorded a total revenue increase of 33.6%, growing from $100.3 million in the previous financial year to $133.9 million in the 2024 financial year. This growth in revenue was mainly attributed to a $24.4 million increase in interest income, which reflects the strong performance of the Bank's investment and loan portfolios.

Total Revenue 2020 - 2024



Net Interest Income

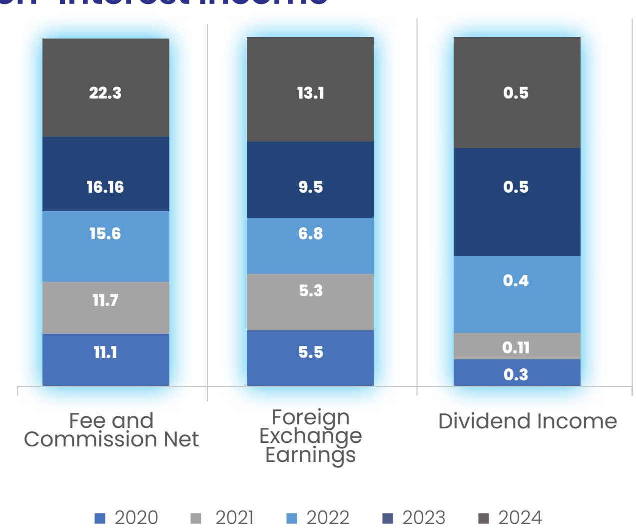


The increase in interest income was a direct result of the Bank's deliberate strategy to deploy excess liquidity in response to favorable market conditions. This proactive approach allowed the Bank to optimize its financial resources, contributing significantly to overall revenue growth.

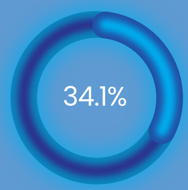
During the year, the Bank recorded an increase in interest expenses of 7.2%, equivalent to $1.5 million. This change was fueled by growth in corporate deposits and was characterized by a rise in US demand deposits and regular saving deposits.

Despite the growth in deposits, we remain committed to prudent management of the Bank's cost of funds. To address this, we have implemented measures to optimize funding costs while ensuring the Bank's liquidity remains robust. These efforts align with our focus on maintaining a strong financial position and delivering sustainable value to our stakeholders.

Non-Interest Income

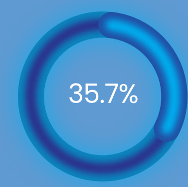


Fees & Commission Income:



Recorded a notable growth of 34.1%, contributing $5.7 million to the overall increase

Other Income:



Including foreign exchange income, grew by $3.6 million or 35.7%, further strengthening the Bank's income base.

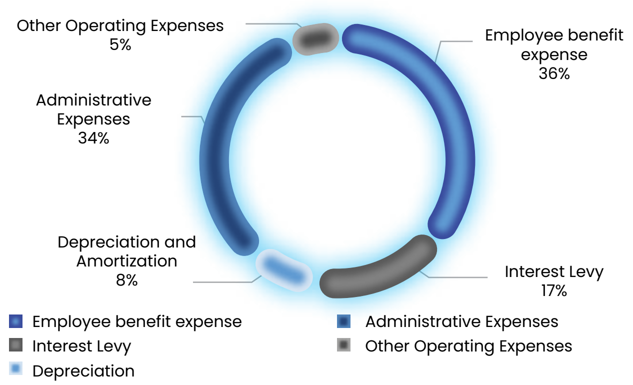
The Bank achieved significant growth in non-interest income, which increased by $9.2 million or 34.7% compared to the previous financial year. This strong performance reflects the Bank's ability to diversify its revenue streams and expand its service offerings.

The growth in non-interest income is directly linked to an expanding customer base, reflecting the success of the Bank's emphasis on customer acquisition and engagement. By enhancing its service portfolio and catering to a wider clientele, the Bank continues to drive sustained revenue growth.

Total Operating Expense

Total expenses for the year increased by 13.5%, or $7.3 million, driven primarily by growth in employee benefits, which rose by 27.1%, or $4.7 million. This increase was largely attributed to higher wages and salaries, which grew by $3.5 million. The rise in wages was directly influenced by an expanded staff complement, as well as the full-year impact of the acquisition of the FCIB/CIBC book of business.

2024 Operational Expenses



Training expenses increased as the Bank ramped up its training and succession planning initiatives in the post-COVID-19 environment. These investments reflect the Bank's commitment to strengthening its human capital and ensuring sustained operational excellence.

Also, there were increases in other expense categories during the year. These included:

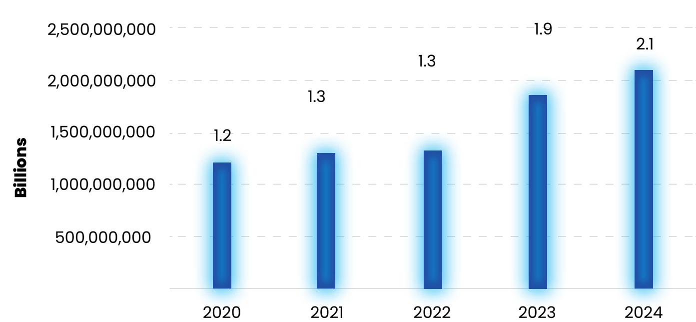
- Interest Levy: Higher interest levy expenses were incurred, driven by the growth in the Bank's deposit base.
- Depreciation and Amortization: Costs rose due to the amortization of intangibles, reflecting ongoing investments in the Bank's operational infrastructure.

Additional drivers of increase expenses included licenses and commission, and fees paid. Subscription and donations expenditures to support the people of SVG from the aftermath of Hurricane Beryl service initiatives were also noted to have increased.

Conversely, some expense categories, such as professional fees, experienced significant reductions. These cost savings highlight the Bank's ongoing efforts to optimize operational efficiency and manage expenses effectively.

Balance Sheet Review

TOTAL ASSETS

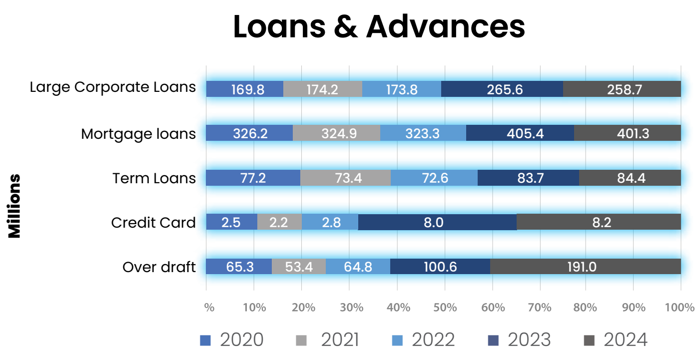


Asset Growth

The Bank achieved growth in total assets, of 12.5%, or $232.8 million during the financial year. This growth underscores the effectiveness of our strategic initiatives aimed at expanding the Bank's footprint and strengthening our financial position. The increase in total assets was primarily driven by the following key categories:

• Loans and Advances

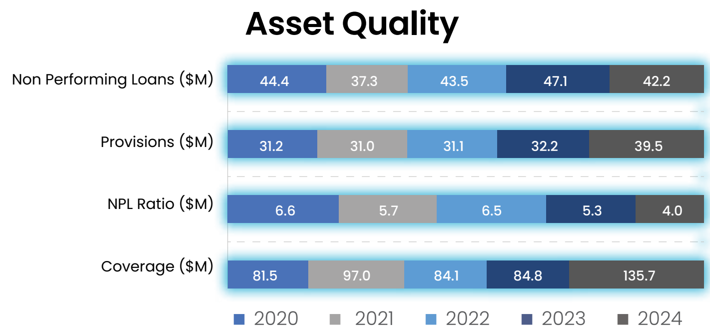
Loans and advances grew by 9.3%, or $80.2 million. This growth reflects the Bank's focus on meeting the financing needs of customers across various sectors. Increased demand for credit, coupled with our commitment to responsible lending practices, contributed to this strong performance. The increase was mainly as a result of growth in the overdraft category.



• Non-Performing Loan Portfolio and Provisions

- The Bank's non-performing loan (NPL) portfolio experienced a significant reduction of 10.4% or $4.9 million during the year. As a result, the NPL ratio improved markedly from 5.3% at the end of the previous financial year to 4.3% as of December 31, 2024. This ratio is well within regulatory guidelines of 5%. This improvement was driven by several factors, including the overall growth in the credit portfolio and a deliberate focus on resolving a number of larger accounts during the year.

- Total provisions increased to $39.5 million, reinforcing the Bank's prudent approach to risk management. The provision-to-loans-and-advances ratio was 93.6%, and 135.7% when the contingency reserve fund is included, ensuring strong coverage and resilience against potential credit risks.



• Investment Securities

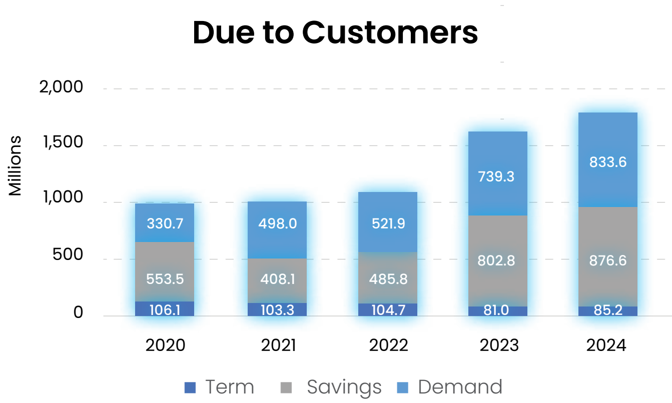
- Investment securities recorded substantial growth of 51.2%, equivalent to $191.8 million, as part of the Bank's strategic efforts to optimize its investment portfolio. This growth underscores the Bank's active approach to managing funds in secure, high-yielding instruments, aimed at supporting both liquidity and profitability objectives.

- The deliberate expansion of the investment portfolio aligns with the Bank's strategy to diversify its income-earning base while effectively utilizing excess liquidity within the parameters of its established risk appetite. This approach reinforces the Bank's commitment to sustainable growth and financial resilience.

• Other Assets

Other assets grew significantly by 23.9%, or $14.8 million. This increase was largely attributed to a large amount of uncleared items, which were subsequently resolved post-balance sheet date.

Deposits



Customer deposits, which rose by 10.6% during the year. This increase in deposits reflects the Bank's strong customer relationships, enhanced product offerings and the overall trust placed in us by our stakeholders. The growth in the portfolio was mainly in the savings and demand deposit categories which grew by 9.2% or $73.8 million and 12.7% or $94.2 million, respectively.

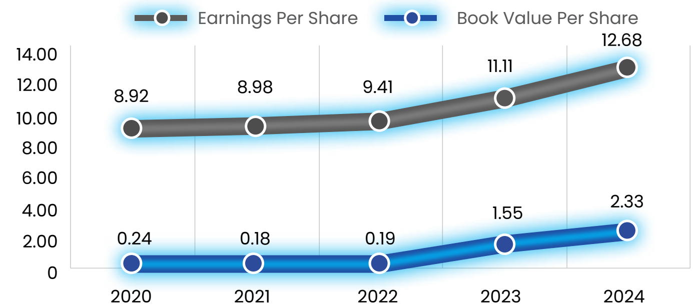
Shareholders' Equity

Shareholders' equity increased by 14.1% or $23.5 million, compared to the previous financial year, primarily driven by an increase in net profit.

The Bank's book value per share rose from $11.11 at the end of 2023 to $12.68 as of December 31, 2024. In line with the Banks' overall performance, earnings per share (EPS) increased significantly to $2.33, up from $1.55 in the previous financial year.

Additionally, dividend per share (DPS) based on the dividend policy will follow a positive trajectory, increasing from $0.77 in the prior financial year to $1.17. This upward trend underscores the Bank's commitment to rewarding shareholders while maintaining a strong capital base to support future growth.

Total Return to Shareholders



Economic Outlook

In recent years the local economy experienced upturns and periods of instability. With the Covid-19 pandemic behind us, and the recent devastation from Hurricane Beryl, the economy is ultimately showing signs of recovery and sustainability. Progress is seen with the steady improvement in employment conditions particularly in the construction and tourism sectors.

According to the latest IMF economic forecast economic indicators are reverting closer to the expected medium-term potential, projections are that the domestic economy will expand by 4.5% in 2025.

Against this backdrop, BOSVG is well prepared with sound levels of credit provision, capital, liquidity and funding. While the number of customers under Beryl support remains relatively low, our financial position allows us to stand ready to support customers in need.

Downside risks to the outlook of the economy of St. Vincent and the Grenadines include renewed global inflationary pressures from geopolitical tensions, energy and supply chain disruptions from geopolitical aggressions in the Middle East. The economy can also face headwinds from natural and climatic events, fueling an active Atlantic hurricane season

The global economy passed through the most sustained cycle of rising interest rates in decades. While deep recessions have not been apparent, inflation challenges persist with many customers and businesses confronting higher costs.

The cumulative impact of rising prices and higher interest rates is sustaining cost of living pressures for customers, but private sector deposits, in general, remained solid, suggesting lower interest rates are likely to generate economic traction. The supply side of many economies remains challenged by influences including ageing workforces, housing constraints, and the influence of geopolitics and industry policy on supply chains.

Strategic Plan Update

BOSVG's strategic outlook for 2024-2027 is based on the theme "Optimizing Opportunities." Following the immensely successful acquisition of the local CIBC FirstCaribbean International branch operations and later the First St. Vincent Bank. It became imperative to re-evaluate the strategic direction of the Bank. The result was a 2024-2027 strategic plan built on Performance Management, Operational Efficiency, Revenue Optimisation, Channel Optimisation, Business Intelligence, and Digital Transformation. These six pillars will be the foundation of the Bank's strategy to adeptly manage its workforce, confront future challenges, mitigate risks, enhance operational efficiency, and increase profitability. Armed with these strategic tools, the Bank is poised to fortify and deepen its market position, thereby delivering greater value to our customers and shareholders.

Performance Management

In 2024, under the pillar of Performance Management, four (4) projects commenced with the following objectives:

- Organisational Structure, Re-Design and job evaluation exercise - This initiative seeks to align the Bank's structure to enhance efficiency, create a forward-looking and resilient framework adaptable to the Bank's evolving environment, and foster employee engagement.
- Implementation of a Project Management Office – This project will establish a Project Management Office with the mandate to execute the Bank's strategic and departmental projects. The office will operate under the robust and structured activities of the project management discipline, ensuring that all initiatives are carried out with precision, efficiency and adherence to best practices. By centralizing project management efforts, the Bank aims to enhance coordination, improve resource allocation, and achieve its strategic objectives more effectively.
- Design an Employee Engagement Strategy – The employee survey conducted in September yielded a report received by the Bank in November 2024, which is currently under analysis to determine the next steps.
- Revised Performance Management System – Under this initiative, an application to empower managers and their direct reports to achieve greater success and collaboration in developing and attaining personal, departmental, and strategic goals was implemented.

Operational Efficiency

Operational Efficiency and Assessment Review - The project aims to achieve process improvement, resource optimization, cost reduction, employee satisfaction, and a favourable customer experience. It is anticipated to take approximately 18 months.

Revenue and Channel Optimization

For 2025, initiatives under Revenue Optimization, and Channel Optimization will commence.

Under Revenue Optimization, the focus will be on implementing a Product Policy Framework designed to maintain our competitive position in the market and deepen our product reach within our customer base. Under Channel Optimization, the objective is the full implementation of a Channel Policy Framework, aimed at optimizing our product and service delivery channels to provide the best value to our customers. All projects are slated for completion by 2027.

Information Technology & Cyber Security

A foundational aspect of our business is the trust we have built with our customer base over the years. This trust is not just a byproduct of our services; it is a core pillar that guides our operational philosophy. To strengthen this trust, we emphasize the importance of secure information processes and the maintenance of state-of-the-art facilities. This year, we have made notable advancements in bolstering customer data privacy through various enhanced measures, including advanced encryption techniques, robust access controls, and comprehensive staff awareness of PCI-DSS protocols.

We are pleased to report significant progress in enhancing our payment card infrastructure, having achieved certification with the Payment Card Industry Data Security Standard v4.0.1. This accomplishment has further enhanced our technical, personnel, and organizational controls, reflecting our commitment to security. Additionally, we successfully completed the third year of our ISO 27001 surveillance audit and have renewed our certification.

As financial institutions face evolving cyber threats globally, it is essential to adopt a proactive stance in identifying vulnerabilities and implementing best practices in network architecture. By embracing Digital Transformation and harnessing the power of Artificial Intelligence, we can significantly improve our operational efficiency and security. We are also continuously reviewing our software stack to enhance both customer experience and security. A key focus of our strategic plan is to reduce processing times while ensuring the integrity of our system architectures. BOSVG is dedicated to maintaining customer-centric processes while ensuring secure operations. Therefore, taking a proactive approach to IT security is not just a recommendation—it is essential for ensuring the stability and trustworthiness of our institution.

Strengthening Risk Management and Governance Frameworks

In line with our mandate to create and preserve value, the Bank has continued to enhance its risk management practices and governance frameworks. Ensuring the resilience and protection of the Bank's financial stability remains a strategic imperative for both the Board and Management. Building on the achievements of the previous year, we have kept pace with new developments in our environment. Key achievements in this regard include:

Capital Adequacy

Internal Capital Adequacy Assessment Process (ICAAP): The Bank successfully completed its first ICAAP, a collaborative effort among several departments. This assessment evaluated the Bank's financial, operational, and non-operational risk exposures, the potential impact on capital, and the adequacy of our capital buffers.

Business Continuity Management

BCM Framework Enhancement: We initiated a project to enhance and improve our business continuity management (BCM) framework. This project aims to deliver an improved BCM governance structure and better coordination of the Bank's business continuity activities across all business units.

Management Information System

Automated Risk Management Tool: The Bank is pursuing the implementation of an automated risk management tool to enhance collaboration among risk owners and the second and third lines of defense. This tool will automate the risk assessment process and increase the frequency of these assessments.

Conclusion

The Bank has demonstrated remarkable resilience and growth during the financial year 2024, achieving record-breaking financial performance and reinforcing its position as a leader in the financial sector. The year's success is underpinned by strategic initiatives that drove revenue growth and enhanced operational efficiency.

The implementation of advanced technologies, coupled with a strengthened governance framework, has positioned the Bank to meet the evolving needs of its stakeholders. Significant progress in risk management, digital transformation, and employee engagement further reflects its commitment to long-term sustainability and innovation.

Amidst challenges such as Hurricane Beryl and global economic pressures, the Bank showcased unwavering dedication to supporting its customers and communities. These efforts, combined with a focus on corporate social responsibility, demonstrates the Bank's holistic approach to growth and development.

Looking ahead, the Bank's strategic plan for 2024-2027, centered on optimizing opportunities, ensures a robust framework to navigate future challenges while delivering sustained value to customers, employees, and shareholders. With a strong foundation, and a commitment to excellence, the Bank is well-poised for continued success in the years to come.

Acknowledgements

On behalf of the Board of Directors, management, and staff, I wish to extend sincere appreciation to all our stakeholders for their continued support throughout the past year.

To our valued customers, your loyalty and trust have been instrumental to our success. We remain committed to delivering exceptional service and value as we move forward together.

To our employees, including our dedicated management team—thank you for your unwavering commitment, support, and teamwork in navigating the challenges of the year. You have truly exemplified the spirit of being Stronger Together.

To our Board of Directors, we are grateful for your strategic guidance, prudent oversight, and steadfast support, which have been vital to our continued growth and success.

To our Shareholders and the wider public, we are deeply appreciative of the confidence you have placed in us, as well as the encouragement and constructive feedback you have provided during the year.

The collective efforts of all parties have played a pivotal role in the significant milestones we achieved, and we look forward to building on this momentum in the years ahead.

DERRY WILLIAMS | Managing Director

ACADEMIC ACHIEVERS

FRONT ROW FROM LEFT TO RIGHT:
Brianna Jack | BSc. Accounting, Orika Collins | BSc. Financial Management, Roxelle Michael | Bsc. Financial Management, Ronelle Isaacs | Masters Business Administration, Donna Joseph | BSc. Human Resource, Zaura Mc Intosh | BA. Economics

SECOND ROW FROM LEFT TO RIGHT:
Terry Dowers | MSc. Information Security & Digital Forensics, Shonelle Delplesche | BSc. Pschology, Human Resource Management(Minor), Nelsia Primus-Samuel | Post Graduate Diploma - Management, Cloreena James-Lewis | MBA Project Management, Sherine Olliver | BSc. Accounting,

BACK ROW FROM LEFT TO RIGHT:
Jose Crooke | Business Management, Kadeem Mofford | BSc. Economics, Jacey Samuel Bsc. Banking & Finance (Minor In Compliance And Corporate Law)

FROM LEFT TO RIGHT:
Yolanda Dublin | BSc. Management Studies,
Shuneva Burke | BSc. Human Resource Management,
Craig Morris | Masters Business Administration, Mhalya Frederick | BSc. Banking & Finance

Schedule of Expenses

EXPENSE CATEGORY	2024	2023	2022	2021	2020
Employee benefit expense	21,795,777	17,144,292	12,687,203	13,011,547	11,040,701
Repairs and maintenance	1,188,229	1,747,660	649,022	815,148	786,917
Subscription and donations	516,650	163,660	160,229	294,447	170,296
Bank and other licenses	4,902,461	4,425,591	4,170,057	3,377,240	2,917,388
Legal and professional fees	2,813,942	5,137,180	1,828,962	1,286,829	814,018
Depreciation and Amortization	4,622,276	3,409,213	3,040,151	2,894,968	2,698,656
Interest levy expense	10,567,964	9,388,839	6,905,982	6,479,062	5,096,846
Rent	683,732	382,881	306,257	312,311	326,352
Audit and accounting fees	431,458	276,771	277,515	271,456	284,770
Insurance	935,906	895,513	801,579	790,727	751,708
Utilities	2,849,923	2,822,143	2,527,994	2,288,595	2,173,307
Director's fee	495,216	434,665	415,451	394,273	408,605
Computer expense	496,909	478,303	508,110	394,939	288,824
Commission and fees	2,969,147	2,535,708	2,363,264	1,990,713	1,884,686
Advertisement and sponsorship	819,599	804,098	405,840	670,396	749,671
Security	673,594	455,736	324,256	326,845	319,536
Postage and stationery	1,228,341	1,808,423	939,579	700,350	582,778
Other operating expenses	2,977,137	1,391,494	2,077,582	1,557,618	1,659,870
Total	**60,968,261**	**53,702,170**	**40,389,033**	**37,857,464**	**32,954,929**

OTHER EXPENSES	2024	2023	2022	2021	2020
ATM Expenses	223,257	332,705	162,645	188,926	113,142
Cashiers shorts & Overs	122,008	(9,242)	(79,067)	39,880	17,436
Cleaning	291,452	324,638	235,772	205,822	207,474
Motor Vehicle	338,082	138,698	168,537	91,557	98,164
Scholarships	109,500	121,023	139,193	121,729	89,500
Travelling	250,097	148,015	28,768	9,921	26,732
Cash Carriage	788,668	575,096	579,027	340,344	530,260
Loss on revaluation of invest	7,361	1,769	-	-	-
Laundry	2,768	2,250	1,660	180	180
Library	7,169	6,750	-	-	290
Office Toiletries & Expenses	513,221	438,477	278,083	286,849	282,518
Sundry Gains & Losses	249,550	(771,422)	497,048	201,980	280,062
Tax paid Invest/dividend	73,082	90,953	71,594	62,744	-
Transaction fees	922	(8,216)	(5,678)	7,686	14,112
Total	**2,977,137**	**1,391,494**	**2,077,582**	**1,557,618**	**1,659,870**

Consolidated Financial Statements

For the Year Ended December 31, 2024
(in Eastern Caribbean Dollars)

Grant Thornton

Independent Auditor's Report

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

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To the Shareholders
Bank of St. Vincent and the Grenadines Ltd.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Bank of St. Vincent and the Grenadines Ltd. and its subsidiary (collectively, "the Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements*** section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to audit of the financial statements of public interest entities 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matters ……Cont'd

Key Audit Matter 1: IFRS 9 Expected Credit Losses	**How the matter was addressed in our audit**
Refer to Notes 2, 3 and 8 to the Consolidated Financial Statements The estimation of expected credit losses (ECL) on loans and advances is highly subjective and involves significant judgements and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus on the Group's ECL are: • **Model estimations** – inherently judgmental modeling and assumptions are used to estimate ECL, which involves determining Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD"). ECL may be inappropriate if certain models or assumptions do not accurately predict default or recoveries over time or become out of line with experience or fail to reflect the credit risk of financial assets. As a result, certain IFRS 9 models and model assumptions are the drivers of complexity and uncertainty in the Group's calculation of the ECL estimate. • **Economic scenarios** – IFRS 9 requires ECL to be computed on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the forward-looking economic scenarios used as inputs to calculate ECL, probability weightings associated with each scenario, and the complexity of models used to drive the probability weightings. • **Qualitative adjustments** – Adjustments, referred to as management overlays, to model driven ECL results are raised by management to address known model limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved in estimating management overlays.	Our procedures to address the risks included: **Risk assessment:** We performed detailed risk assessment procedures over loans and advances at amortized cost within the Group's financial statements. **Control testing:** We performed walkthroughs to identify the key systems, applications and controls used in the ECL process. We tested the relevant manual, general IT and application controls over key systems used in the ECL process. Key aspects of our control testing involved evaluating the design and implementation and testing the operating effectiveness of the key controls over the: - completeness and accuracy of the key inputs in the IFRS 9 model - application of staging criteria - model validation, implementation and monitoring - selection and implementation of economic variables and controls over economic scenarios and probabilities - calculation of management overlays - credit reviews that determine customer credit ratings used in the model. We involved our specialists to assist us in evaluating the appropriateness of the Group's impairment methodologies, including criteria used to determine significant increase in credit risk. We independently assessed the assumptions underlying the probability of default, loss given default and exposure at default. We evaluated the appropriateness of the Group's methodology for incorporating forward-looking information, management's overlays, and economic scenarios used along with the probability weighting applied to them. - We assessed the adequacy of the disclosures, including key judgements, assumptions and sensitivity analysis related to uncertainty in estimating the ECL.

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Key Audit Matters ….. Cont'd

Key Audit Matter 2: **Fair Value of Unlisted Investments measured at FVOCI**	**How the matter was addressed in our audit**
Refer to Notes 2, 3 and 7 to the Consolidated Financial Statements The Group invests in various investment securities for which no published prices in active markets are available and have been classified as Level 3 assets within the IFRS fair value hierarchy. Valuation techniques for these investments can be subjective in nature and involve various assumptions regarding pricing factors. Associated risk management disclosure is complex and dependent on high quality data. A specific area of audit focus includes the valuation of fair value Level 3 assets where valuation techniques are applied in which unobservable inputs are used. These techniques include the use of dividend discount models, comparable company multiples, namely enterprise value to earnings before interest, taxes, depreciation and amortization, price-to-earnings and price-to-tangible book value multiples and adjusted net book value. This is a key audit matter due to the complexity and use of different valuation techniques and assumptions. This could result in significantly different estimates of fair value.	Our procedures to address the risks included: - We tested the effectiveness of controls over valuation of investment securities ensuring accounting criteria were met. - We reviewed the market prices applied to the Bank's debt and equity securities by comparing the prices used to an independent external source. - We involved our internal valuation specialist to assess the reasonableness of the fair value determined for these assets which have no observable market prices. - We assessed the adequacy of the disclosures in the consolidated financial statements.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's 2024 Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The 2024 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group's 2024 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements …..Cont'd

- 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Floyd Patterson.

Grant Thornton

Chartered Accountants
St. Vincent
March 26, 2025

Bank of St. Vincent and the Grenadines Ltd.

Consolidated Statement of Financial Position

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

	Notes	**2024** **$**	2023 $
ASSETS			
Cash and balances with Eastern Caribbean Central Bank	5	**239,505,534**	235,234,097
Deposits with other banks	6	**196,074,039**	255,650,152
Investment securities	7	**566,671,518**	374,884,283
Loans and advances to customers	8	**943,550,604**	863,348,294
Other assets	9	**76,423,269**	61,673,190
Investment properties	10	**2,262,000**	2,262,000
Property and equipment	11	**62,532,615**	63,322,998
Intangible assets	12	**5,724,223**	6,224,223
Deferred tax asset	13	**5,894,413**	3,228,701
TOTAL ASSETS		**2,098,638,215**	1,865,827,938
LIABILITIES			
Deposits due to banks	14	**26,654,621**	17,606,016
Due to customers	15	**1,795,309,495**	1,623,097,126
Corporation tax payable		**4,675,355**	3,605,337
Provisions and other liabilities	16	**72,758,379**	42,312,401
Borrowings	17	**9,105,762**	12,596,341
TOTAL LIABILITIES		**1,908,503,612**	1,699,217,221
EQUITY			
Share capital	18	**20,753,306**	20,753,306
Statutory reserves	19	**20,753,306**	20,753,306
General reserves	20	**11,298,444**	7,797,010
Fair value through OCI reserve		**19,088,166**	19,028,723
Retained earnings		**118,241,381**	98,278,372
TOTAL EQUITY		**190,134,603**	166,610,717
TOTAL LIABILITIES AND EQUITY		**2,098,638,215**	1,865,827,938

These consolidated financial statements were approved by the Board of Directors and authorized for issue on March 26, 2025, and signed on its behalf by:

Judith Veira
Chairperson

Saibrina Brewster-Dickson
Director

Bank of St. Vincent and the Grenadines Ltd.

Consolidated Statement of Changes in Equity

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

	Notes	Share Capital $	Statutory Reserves $	General Reserves $	Fair value through OCI Reserve $	Retained Earnings $	Total $
Balance at January 1, 2023		20,753,306	20,753,306	5,475,297	15,211,136	78,882,934	141,075,979
Profit for the year		-	-	-	-	23,217,128	23,217,128
Change in fair value of FVOCI investments		-	-	-	3,817,587	-	3,817,587
Transfer to general reserves	20	-	-	2,321,713	-	(2,321,713)	-
Dividends paid		-	-	-	-	(1,499,977)	(1,499,977)
Balance at December 31, 2023		20,753,306	20,753,306	7,797,010	19,028,723	98,278,372	166,610,717
Balance at January 1, 2024		**20,753,306**	**20,753,306**	**7,797,010**	**19,028,723**	**98,278,372**	**166,610,717**
Profit for the year		**-**	**-**	**-**	**-**	**35,014,328**	**35,014,328**
Change in fair value of FVOCI investments		**-**	**-**	**-**	**59,443**	**-**	**59,443**
Transfer to general reserves	20	**-**	**-**	**3,501,434**	**-**	**(3,501,434)**	**-**
Dividends paid	32	**-**	**-**	**-**	**-**	**(11,549,885)**	**(11,549,885)**
Balance at December 31, 2024		**20,753,306**	**20,753,306**	**11,298,444**	**19,088,166**	**118,241,381**	**190,134,603**

Bank of St. Vincent and the Grenadines Ltd.

Consolidated Statement of Income

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

	Notes	**2024** **$**	2023 $
Interest income using the effective interest method	22	**98,060,287**	73,619,241
Interest expense	22	**(22,012,535)**	(20,539,306)
Net Interest Income	22	**76,047,752**	53,079,935
Fees and commissions, net	23	**22,250,756**	16,598,822
Net foreign exchange trading income	23	**13,102,867**	9,537,350
Dividend income		**523,343**	507,797
Net Interest, Fees, Commissions and Other Income		**111,924,718**	79,723,904
Unrealized gains on investment securities at fair value through profit or loss		**1,710,701**	4,180,359
Loss on sale of investment securities		**(188,174)**	(1,539,235)
Expected credit losses on financial assets	24	**(11,356,702)**	(745,638)
Operating expenses	25	**(60,968,261)**	(53,702,170)
Profit before Income Tax		**41,122,282**	27,917,220
Income tax expense	27	**(6,107,954)**	(4,700,092)
Profit for the Year		**35,014,328**	23,217,128
Basic and Diluted Earnings per Share	28	**2.33**	1.55

Bank of St. Vincent and the Grenadines Ltd.

Consolidated Statement of Comprehensive Income

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

	Notes	**2024** **$**	2023 $
Profit for the Year		**35,014,328**	23,217,128
Other Comprehensive Income			
Other Comprehensive Income that will not be Reclassified to Profit or Loss in subsequent periods (Net of Tax):			
Net change in fair value of equity instruments measured at FVOCI	8	**-**	3,247,000
Other Comprehensive Income that will be Reclassified to Profit or Loss in subsequent periods (Net of Tax):			
Net change in fair value of debt instruments measured at FVOCI	8	**59,443**	570,587
Total Other Comprehensive Income		**59,443**	3,817,587
Total Comprehensive Income for the Year		**35,073,771**	27,034,715

Bank of St. Vincent and the Grenadines Ltd.

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

	Notes	2024 $	2023 $
Operating Activities			
Profit before tax		**41,122,282**	27,917,220
Adjustments for:			
Interest income – investment securities and deposits		**(29,959,478)**	(16,416,551)
Interest expense – borrowings	22	**490,149**	726,471
Impairment losses – loans and advances	24	**9,884,858**	3,539,490
Changes in fair value of investment securities		**188,174**	1,539,235
Unrealized gain in securities		**(1,710,701)**	(4,180,359)
Impairment on investment securities	24	**4,357,586**	117,243
Depreciation	11	**4,122,276**	3,409,213
Amortization of intangibles	12	**500,000**	-
Dividend income		**(523,343)**	(507,797)
Loss on disposal of property and equipment		**103,084**	796,347
Net Profit before Changes in Operating Assets and Liabilities		**28,574,887**	16,940,512
Increase in mandatory deposits with Eastern Caribbean Central Bank		**(10,332,742)**	(30,641,638)
Increase in loans and advances to customers		**(90,087,168)**	(226,048,022)
Increase in other assets		**(14,750,079)**	(46,877,303)
Increase in due to customers		**172,212,369**	510,693,959
Increase (decrease) in deposits due to banks		**9,048,605**	(2,192,803)
Increase in provisions and other liabilities		**30,445,978**	9,554,172
Cash Generated from Operating Activities		**125,111,850**	231,428,877
Dividends received		**523,343**	726,471
Interest received		**29,772,538**	13,229,536
Interest paid		**(510,054)**	(731,876)
Income tax paid		**(7,703,648)**	(1,254,316)
Net Cash Generated from Operating Activities		**147,194,029**	243,398,692
Cash Flows from Investing Activities			
Change in interest bearing deposits with financial institutions		**42,049,307**	(18,888,156)
Proceeds from disposal and redemption of investment securities	7	**355,300,474**	456,579,452
Proceeds from disposal of property and equipment		**23,750**	7,400,000
Change in short term investments		**-**	968,405
Purchase of investment securities	7	**(549,675,151)**	(641,222,789)
Purchase of intangible assets		**-**	(6,224,223)
Purchase of property and equipment	11	**(3,458,727)**	(17,135,195)
Net Cash Used in Investing Activities		**(155,760,347)**	(218,522,506)
Cash Flows from Financing Activities			
Dividends paid		**(11,549,885)**	(1,499,977)
Repayment of borrowings		**(3,470,674)**	(4,492,265)
Net Cash Used in Financing Activities		**(15,020,559)**	(5,992,242)
Net (Decrease) Increase in Cash and Cash Equivalents		**(23,586,877)**	18,883,944
Cash and Cash Equivalents at Beginning of Year		**293,842,982**	274,959,038
Cash and Cash Equivalents at End of Year	29	**270,256,105**	293,842,982

1. Reporting Entity

The Bank of St. Vincent and the Grenadines Ltd. ("the Bank") and its wholly owned subsidiary, Property Holdings SVG Ltd., are incorporated under the laws of St. Vincent and the Grenadines and carry the registration numbers 17 of 2009 and 135 of 2010 respectively. The Bank is licensed with the Eastern Caribbean Central Bank to engage in commercial banking activities in St. Vincent and the Grenadines, and its subsidiary's principal activities are the development and management of real estate. The Bank is listed on the Eastern Caribbean Securities Exchange (ECSE) and carries the ticker symbol BOSV.

The Group's principal place of business and registered office is located at Reigate, Granby Street, Kingstown, St. Vincent.

2. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB), effective for reporting periods commencing after January 1, 2024.

2.2 Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention except for the following material items that are measured at fair value.

- Financial assets measured at fair value through profit or loss (FVTPL)
- Financial assets designated at fair value through profit or loss (FVTPL)
- Equity instruments designated at fair value through other comprehensive income (FVOCI)
- Debt instruments measured at fair value through other comprehensive income (FVOCI)
- Investment properties

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving either a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in **Note 4**.

Application of the Going Concern Principle

The Board (including its sub-committees) has assessed the Group's budgets and cash flow forecasts in considering the Group's going concern assumption in respect to the existing trends and expected future economic events. This included the impact that projected cashflows will have on the Group'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 Group's risk appetite framework.

The assessment entailed the consideration of the adequacy of the Group'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 Group's forecast growth in earnings and assets and liabilities management to determine the impact to the Group's financial outlook and operations. Multiple scenarios were completed and tested for sensitivity. The assessment undertaken by the Group demonstrated a positive future outlook for the Group. The going concern assumption continues to apply and is applicable.

2. Summary of Material Accounting Policies …..*Cont'd*

2.3 New and Amended Standards and Interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024. The adoption of these new standards and amendments during the year have not had any significant impact on the consolidated financial statements. The Group has not early 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 Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not adopted or listed below are not expected to have a material impact on the Group's financial statements.

The following amendments became effective as at 1 January, 2024

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

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

Characteristics

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

Disclosure requirements

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

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

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

The amendments clarify:

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

2. Summary of Material Accounting Policies …..*Cont'd*

2.3 New and Amended Standards and Interpretations …*Cont'd*

IFRS 16 Leases – Amendments to IFRS 16

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

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

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

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

2.4 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 Group's Consolidated financial statements. These standards and interpretations will be applicable to the Group at a future date and will be adopted when they become effective. The Group is currently assessing the impact of adopting these standards and interpretations.

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

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

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

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

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

2. Summary of Material Accounting Policies …..*Cont'd*

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

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'.

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 requires 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.

2. Summary of Material Accounting Policies …..*Cont'd*

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

Consequential amendments to other accounting standards

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

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

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

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

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

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

2.5 Consolidation

The consolidated financial statements of the Group comprise the financial statements of the parent entity and its Subsidiary (collectively referred to as the "Group") for the year ended December 31, 2024.

A subsidiary is an entity controlled by the Group. Control is achieved when the Group is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure to, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

2. Summary of Material Accounting Policies …..*Cont'd*

2.5 Consolidation …..*Cont'd*

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the effective acquisition date or up to the effective date on which control ceases, as appropriate.

Business Combination

The Bank applies the acquisition method in accounting for business combination.

On acquisition, the assets, including intangibles, and any liabilities assessed are measured at their fair value.

The determination of fair values, including intangible assets, is based on management estimates and includes assumptions on the timing and amount of future cash flows. The Bank recognizes as goodwill the excess of the purchase price of an acquired business over the fair value of the underlying net assets, including intangible assets, at acquisition date. Transaction costs associated with a business combination are recognized as expenses when incurred. Acquisition date is the date when the Bank obtains control over the acquired business.

2. Summary of Material Accounting Policies …..*Cont'd*

2.5 Consolidation …..*Cont'd*

Goodwill

i. Recognition and Measurement

The Bank recognizes goodwill at the excess amount of the purchase price of an acquired business over the fair value of the underlying net assets, including intangibles, at the date of acquisition. Goodwill is not amortized but is tested annually or more frequently, if there are indicators that goodwill may be impaired.

ii. Subsequent Measurement

Goodwill is measured at cost less any impairment losses.

Intangible Assets

Intangible assets which are acquired in a business combination that are separable, and identifiable and their values are reliably determined using a generally accepted valuation method as recognize cost at the date of acquisition. If the intangible asset is assessed to have a finite life, the cost of the intangible is amortized to the statement of income on a systematic basis.

Subsequent to initial recognition of an intangible asset, it is reassessed for impairment in value. To the extent that a previous assessment of impairment is reversed, the reversal is recognized in the statement of income.

Other Intangibles

Other intangibles acquired by the Bank which have a finite useful life are measured at cost less accumulated amortization and impairment.

Transactions with Non-Controlling Interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. Any losses applicable to the non-controlling interest are allocated against the interests of the non-controlling interest even if this results in a deficit balance. Non-controlling interests are presented separately within equity in the consolidated statement of financial position.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2. Summary of Material Accounting Policies …..*Cont'd*

2.6 Fair Value Measurement

The Group measures investment securities and investment properties at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

• Disclosures of valuation methods, significant estimates and assumptions	Notes 2 and 4
• Quantitative disclosures of fair value measurement hierarchy	Note 3
• Investment properties	Note 11
• Financial instruments (including those carried at amortised cost)	Notes 3, 8 and 9

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value of a non-financial asset takes into account a market participants ability to generate economic benefits by using the assets in its highest and the best use or by selling to another participant that would use the asset in its highest and best use.

The Group determines the policies and procedures for both recurring and non-recurring fair value measurement.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.7 Financial Assets and Liabilities

a) Recognition and Initial Measurement

The Group initially recognises financial assets on the date they originate. Financial assets, except in cases of a financial asset recorded at FVTPL, are measured initially at fair value plus transaction costs are added to or subtracted from this amount.

The Group classifies all of its financial assets into one of the following categories as explained in **Note 2.7(b)**:

- Amortised cost,
- FVTPL, or
- FVOCI.

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

2. Summary of Material Accounting Policies …..*Cont'd*

2.7 Financial Assets and Liabilities …*Cont'd*

b) Classification of Financial Instruments

Financial instruments are classified into various categories and are accounted for as shown in the table below.

Classification Category	Instruments	Measurement Category	Recognition at FVTPL	Recognition at FVOCI
Amortised cost	**Assets** • Cash and cash equivalents • Loans and advances to customers • Debt securities held to collect • Deposits with other banks **Liabilities** • Deposits due to banks • Due to customers • Borrowings • Other liabilities	Amortised cost	• Interest income • Interest expense • ECLs and reversals	
Fair value through other comprehensive income	• Equity instruments • Debt instruments	Fair value	• Dividend income • ECLs and reversals	Unrealised gains/losses from fair value changes
Fair value through profit or loss	• Equity instruments • Debt instruments	Fair value	• Gains or losses from fair value changes • ECLs and reversals • Dividend income	

Business Model Assessment

Business model assessment involves determining how financial assets are managed in order to generate cash flows. The Group's business model assessment is based on the following categories:

- Held to collect: The objective of the business model is to hold assets and collect contractual cash flows. Any sales of assets are incidental to the objective of the model.
- Held to collect and for sale: Both collecting contractual cash flows and sales are integral to achieving the objectives of the business model.
- Other business model: The business model is neither held to collect nor held to collect and for sale.

The Bank assesses business model at a portfolio level reflective of how groups of assets are managed to achieve a particular business objective. For the assessment of a business model, the Bank takes into consideration the following factors:

- How the performance of assets in a portfolio is evaluated and reported to key decision makers within the Bank's business lines;
- How compensation is determined for the Bank's business lines' management that manages the assets;
- Whether the assets are held for trading purposes i.e., assets that the Bank acquires or originate principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking;
- The risks that affect the performance of assets held within a business model and how those risks are managed; and
- The frequency and volume of sales in prior periods and expectations about future sales activity.

2. Summary of Material Accounting Policies …..*Cont'd*

2.7 Financial Assets and Liabilities …..*Cont'd*

b) Classification of Financial Instruments …..*Cont'd*

Contractual Cash Flow Characteristics Assessment (SPPI Test)

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instrument due to repayments or amortization of premium/discount.

Interest is defined as the consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), and a profit margin.

If the Group identifies any contractual features that could significantly modify the cash flows of the instrument such that they are no longer consistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

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 either FVTPL or FVOCI without recycling.

Debt Instruments Measured at Amortised Cost

Financial assets are classified as measured at amortised cost if the following criteria are met:

- The financial assets are held within a business model with the objective of holding the assets to collect the contractual cash flows and;
- The contractual terms for the financial assets give rise to cash flows that are solely payment of principal or interest.

Financial assets are measured amortised cost using the effective interest rate method, with the carrying value adjusted by the expected credit loss (ECL) for each asset. Interest is included in the consolidated statement of income under interest revenue or interest expense on an accrual basis. The movement in ECL for these assets is recognised in the consolidated statement of income.

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

Debt instruments are classified as FVOCI if the following criteria are met:

- The financial assets are held within a business model with the objective of collecting the contractual cash flows or potentially selling the assets, and;
- The contractual terms for the financial assets give rise to cash flows that are solely payment of principal or interest.

Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI), unless the instrument is designated in a fair value hedge relationship. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in non-interest income in the consolidated statement of 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 consolidated statement of income.

2. Summary of Material Accounting Policies …..*Cont'd*

2.7 Financial Assets and Liabilities …..*Cont'd*

b) Classification of Financial Instruments …..*Cont'd*

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

Premiums, discounts and related transaction costs are amortised over the expected life of the instrument to interest income in the consolidated statement of 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 consolidated 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 an allowance for credit losses in the consolidated statement of income. The accumulated allowance recognised in OCI is recycled to the consolidated statement of income upon derecognition of the debt instrument.

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 consolidated statement of financial position, with transaction cost recognised immediately in the consolidated statement of income as part of non-interest income. Realised and unrealized gains and losses are recognised as part of non-interest income in the consolidated statement of income.

Equity Instruments

Equity instruments are classified into one of the following measurement categories:

- Fair value through profit or loss (FVTPL); or
- Designated at fair value through other comprehensive income (FVOCI).

Equity Instruments Designated at FVTPL

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase, with transaction costs recognised immediately in the consolidated statement of income as part of non-interest income. Subsequent to initial recognition the changes in fair value are recognised as part of non-interest income in the consolidated statement of income.

Equity Instruments Designated at FVOCI

At initial recognition, there is an irrevocable option for the Group to classify non-trading equity instruments at FVOCI. This election is used for certain equity investments held for strategic or longer-term investment purposes. This election is made on an instrument-by-instrument basis and is not available for equity instruments that are held for trading purposes.

Gains and losses on these instruments including when derecognised/sold are recorded in OCI and are not subsequently reclassified to the consolidated statement of income. As such, there is no specific impairment requirement. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the consolidated statement of income on sale of the security.

2. Summary of Material Accounting Policies …..*Cont'd*

2.7 Financial Assets and Liabilities …..*Cont'd*

b) Classification of Financial Instruments …..*Cont'd*

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

Financial Liabilities

The Group classifies financial liabilities other than guarantees and loan commitments as measured at amortised cost.

Reclassification of Financial Assets and Liabilities

The Group classifies its financial assets and liabilities in accordance with its existing business models. If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. Changes in contractual cash flows are considered under the accounting policy on modification and de-recognition of financial assets described below.

c) Derecognition of Financial Assets and Liabilities

Derecognition of Financial Assets

The derecognition criteria are applied to the transfer of part of an asset, rather than the asset as a whole, only if such part comprises specifically identified cash flows from the asset, a fully proportionate share of the cash flows from the asset or a fully proportionate share of specifically identified cash flows from the asset.

A financial asset is derecognised when the contractual rights to the cash flows from the asset has expired; or the Group transfers the contractual rights to receive the cash flows from the financial asset; or has assumed an obligation to pay those cash flows to an independent third-party; or the Group has transferred substantially all the risks and rewards of ownership of that asset to an independent third-party. Management determines whether substantially all the risk and rewards of ownership have been transferred by quantitatively comparing the variability in cash flows before and after the transfer. If the variability in cash flows remains significantly similar subsequent to the transfer, the Group has retained substantially all of the risks and rewards of ownership.

Where substantially all the risks and rewards of ownership of the financial asset are neither retained nor transferred, the Group derecognizes the transferred asset only if it has lost control over that asset. Control over the asset is represented by the practical ability to sell the transferred asset. If the Group retains control over the asset, it will continue to recognize the asset to the extent of its continuing involvement. At times such continuing involvement may be in the form of investment in senior or subordinated tranches of notes issued by non-consolidated structured entities.

On derecognition of a financial asset, the difference between the carrying amount 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 other comprehensive income is recognised in the consolidated statement of income. Transfers of financial assets that do not qualify for derecognition are reported as secured financing in the consolidated statement of financial position.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. If an existing financial liability is replaced by another from the same counterparty on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability at fair value. The difference in the respective carrying amount of the existing liability and the new liability is recognised as a gain/loss in the consolidated statement of income.

2. Summary of Material Accounting Policies …..*Cont'd*

2.7 Financial Assets and Liabilities …..*Cont'd*

d) Impairment of Financial Assets

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

- debt instruments measured at amortised cost;
- fair value through other comprehensive income;
- loans and advances to customers;
- loan commitments; and
- financial guarantee contracts.

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

Determining a Significant Increase in Credit Risk since Initial Recognition

The assessment of significant deterioration in credit risks 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 to estimate a 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 Group applies a three-stage approach based on the change in credit quality since initial recognition.

Expected Credit Loss Impairment Model

The Group'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.

This impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination:

- **Stage 1 – 12-month ECL**

  The Group collectively assesses ECL on exposures where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument. An amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to the remaining term to maturity is used.

- **Stage 2 – Lifetime ECL, not Credit Impaired**

  The Group collectively assesses ECLs on exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired. For these exposures, the Group recognises a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset).

2. Summary of Material Accounting Policies …..*Cont'd*

2.7 Financial Assets and Liabilities …..*Cont'd*

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

- **Stage 3 – Credit Impaired**

  The Group identifies, both collectively and individually, ECLs on those exposures that are assessed as credit impaired based on whether one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of allowance) rather than the gross carrying amount. If the asset is no longer credit impaired, then the calculation of the interest income reverts to the gross basis.

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 Group in accordance with the contract and the cash flows that the Group 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 Group 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 Group if the commitment is drawn down and the cash flows that the Group expects to receive.
- Financial guarantee contracts as the expected payments to reimburse the holder less any amounts the Group expects to recover.

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

PD The Probability of Default is an estimate of the likelihood of default over a given period of time. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

EAD The Exposure at Default is an estimate of the exposure arising at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

2. Summary of Material Accounting Policies …..*Cont'd*

2.7 Financial Assets and Liabilities …..*Cont'd*

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

Incorporation of Forward–Looking Information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group employs experts who utilize external and internal information to determine a 'base case' scenario of future forecast of relevant economic variables along with considerations of alternate forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group applies probabilities to the base case and an alternate case. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has not made changes in the estimation techniques or significant assumptions made during the reporting period.

The table below summarizes the principal macroeconomic indicators included in the economic scenarios used at December 31, 2024 for the years 2025 to 2029 for St. Vincent and the Grenadines where the Group operates and therefore has a material impact on ECLs.

Base scenario	2024	2025	2026	2027	2028	2029
GDP growth	4.9%	3.5%	2.7%	2.7%	2.7%	2.7%
Unemployment rates	20 – 25%	20 – 25%	20 – 25%	20 – 25%	20 – 25%	20 – 25%
Inflation	3.4%	2.0%	2.0%	2.0%	2.0%	2.0%

Predicted relationships, between the key indicators and default and loss rates on various portfolios of financial assets, have been developed based on analysing historical data over the past 14 - 22 years.

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 Group 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 Group 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. The importance and relevance of each specific factor depends on the type of product, characteristics of the financial instruments and the borrower and the industry. With regards to delinquency and monitoring, there was a rebuttable presumption that the credit risk of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue.

Some of the indicators which were incorporated included:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;

2. Summary of Material Accounting Policies …..*Cont'd*

2.7 Financial Assets and Liabilities …..*Cont'd*

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

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

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the actual or expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

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

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

Credit Impaired (or Defaulted) Exposures (Stage 3)

Financial assets that are credit impaired (or in default) are referred to as Stage 3 assets and represent those that are at least 90 days past due in respect of principal and/or interest. 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. Lifetime ECL is recognised for loans where there is objective evidence of impairment.

Expected credit losses are determined based on an assessment of the recoverable cash flows using a probability weighted range of possible future economic scenarios and applying this to the estimated exposure of the Group at the point of default (exposure at default) after taking into account the value of any collateral held or other mitigants of loss (loss given default), while allowing for the impact of discounting for the time value of money and assumptions about past and future events discounted at the asset's effective interest rate (EIR).

Evidence that a financial asset is credit impaired includes observable data about the following events:

- significant financial difficulty of the issuer or obligor; a breach of contract, such as a default or delinquency in interest or principal payments
- the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties or;

2. Summary of Material Accounting Policies …..*Cont'd*

2.7 Financial Assets and Liabilities …..*Cont'd*

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

Credit Impaired (or Defaulted) Exposures (Stage 3)

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of borrowers in the group; or
  - national or local economic conditions that correlate with defaults on the assets in the group.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

Definition of Default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12 month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The definition of default is appropriately tailored to reflect different characteristics of different assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

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.

2. Summary of Material Accounting Policies …..*Cont'd*

2.7 Financial Assets and Liabilities …..*Cont'd*

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

Improvement in Credit Risk/Curing …*Cont'd*

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 realising 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 Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, extension and rollover options. For certain revolving credit facilities, such as credit cards, the expected life is estimated based on the period over which the Group is exposed to credit risk and how the credit losses are mitigated by Management's actions.

Presentation of Allowance for Credit Losses in the Consolidated 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 consolidated 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 include undrawn lending commitments, letters of credit and letters of guarantee: as a provision in other liabilities.

e) Modified Financial Assets

When a financial asset is modified or an existing financial asset is replaced with a new one, the Group conducts an assessment to determine if the existing financial asset should be derecognised. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

- Qualitative factors such as contractual cash flows after modification are no longer SPPI, change in currency or change in counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest rate.

If the modification does not result in cash flows that are substantially different, it does not result in derecognition. Based on the change in cash flows discounted at the original rate, the Group records a modification gain or loss to the extent that an impairment loss has not already been recorded. For all loans, performing and credit-impaired, where the modification of terms did not result in the derecognition of the loan, the gross carrying amount of the modified loan is recalculated based on the present value of the modified cash flows discounted at the original effective interest rate and any gain or loss from the modification is recorded in the provision for credit losses line in the consolidated statement of income.

2. Summary of Material Accounting Policies …..*Cont'd*

2.7 Financial Assets and Liabilities …..*Cont'd*

f) Write-Offs of Credit Impaired Assets and Reversal of Impairment

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write off. A write off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Subsequent recoveries of amounts previously written off decrease the amount of the provision for impairment in the consolidated statement of income. If, in a subsequent period, the amount of the credit impairment losses decreases and the decrease can be related objectively to an event occurring after the credit impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised credit impairment loss is reversed by adjusting the provision account. The amount of reversals is recognised in the consolidated statement of income.

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

(i) Loans and Advances

All non-performing and performing loans and advances are individually reviewed and specific provisions made for impaired portion based on the realisable value of the loan collateral and discounted by the original effective rate of the loan. The provision made is the difference between the loan balance and the discounted value of the collateral. Previously accrued income is reversed, and further interest income not accrued. Loans and advances with similar characteristics are assessed for impairment on a group basis. Where possible the Group seeks to restructure loans instead of taking possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms are renegotiated, any impairment is measured using the original effective interest rate and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and the future payments likely to occur. The loans continue to be subject to an impairment assessment.

When all efforts have been exhausted to recover a non-performing loan, that loan is deemed uncollectible and written off against the related provision for loan losses.

(ii) Investment Securities

The Group individually assesses each investment security for objective evidence of impairment. If an impaired instrument has been renegotiated, interest continues to accrue at the effective interest rate on the reduced carrying amount of the asset and is recorded as part of "interest income". If the fair value of the instrument increases in a subsequent year, the impairment loss is reversed through the consolidated statement of income.

If there is objective evidence that the cost of an equity instrument may not be recovered, the instrument is considered to be impaired. Objective evidence that the cost may not be recovered includes qualitative impairment criteria as well as a significant or prolonged decline in the fair value below cost.

If an equity instrument is impaired based upon the Group's qualitative and quantitative impairment criteria, any further declines in the fair value at subsequent reporting dates are recognised as impairment losses. Therefore, at each reporting period, for an equity security that is determined to be impaired based on the Group's impairment criteria, an impairment loss is recognised for the difference between the fair value and the original cost, less any previously recognised impairment losses.

Any subsequent increases in value of previously impaired securities are recognised in the consolidated statement of income.

2. Summary of Material Accounting Policies …..*Cont'd*

2.7 Financial Assets and Liabilities …..*Cont'd*

g) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position 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.

2.8 Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are assessed annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or assessed in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2.9 Property and Equipment

(a) Recognition and Measurement

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Work in progress is stated at historical cost, less accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in the consolidated statement of income.

(b) Subsequent Costs

Subsequent expenditures 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 Group and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the consolidated statement of income during the financial year in which they are incurred.

(c) Depreciation

Land is not depreciated. Depreciation on other assets is calculated on a straight-line basis to write down their cost to their residual values over their estimated useful lives as follows:

Leasehold improvements	20%
Motor vehicles	25%
Equipment	15%
Furniture	10%
Buildings	2%
Computer equipment and software	20%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carry amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use.

2. Summary of Material Accounting Policies …..*Cont'd*

2.10 Intangible Assets

Customer List Intangible

The customer list intangible is an intangible asset that represents the intrinsic value that is contained in the customer deposit base acquired in a business combination. It is recognized because it is separable, and the fair value can be reliably measured. The value of the customer list acquired in the business combination is generally determined using income approach methodologies such as the discounted cash flow method. The customer list intangible is recognized at fair value at the acquisition date, which is the deemed cost of the asset. It has a finite useful life and is carried at cost less amortization and allowance for impairment, if any, plus reversals of impairment, if any. The asset is amortized over its estimated useful life based on the expected life of the customer relationship.

Subsequent Measurement

Any intangible assets that are not acquired through a business combination are accounted for using the cost model whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives, generally not exceeding 20 years, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in **note 13**. The following useful lives are applied:

Software	1 – 5 years
Customer list	8 – 11 yeas

Amortization of intangible assets has been reported separately within the expenses in the statement of comprehensive income. Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income within 'other income' or 'other expenses'.

Core Customer Base

During the year ended December 31, 2023, the Bank acquired the FirstCaribbean International Bank Limited – St. Vincent Branch customer deposit base. The benefits of an acquired core customer deposit base, which is separable and identifiable, has been independently assessed using a discounted expected cash flows methodology. The assessed fair value of the expected benefits, which has been recognized, at acquisition date, is the deemed cost of the core customer based arising from acquisition of the FirstCaribbean International Bank Limited - St. Vincent Branch operations. The deemed cost of the core customer base is assessed to have a finite useful life, which will be amortized on a straight-line basis. The carrying value of core customer base will be subsequently assessed for impairment. Any assessed impairment in the carrying value of the core customer base will be recognized in the statement of income. Reversals, if any, of previous impairments of the carrying value of the core customer deposits, will be recognized in the statement of income.

2.11 Investment Properties

Properties that are held for long term rental or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. Investment property comprises of land held for capital appreciation.

Recognition of investment property takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. Investment properties are measured initially at cost including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost has incurred if the recognition criteria are met; and excludes the cost of day-to-day servicing of an investment property.

2. Summary of Material Accounting Policies …..*Cont'd*

2.11 Investment Properties …..*Cont'd*

Subsequent expenditure is included in the assets carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated statement of income during the financial year in which they are incurred.

Investment property is carried at fair value, representing open market value determined annually by external professionally qualified valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment property is reviewed annually by independent external evaluators.

Investment property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2.12 Income Tax

(a) Current Tax

Income tax expense is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense (income) for the year except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to the consolidated statement of income.

Where the Group has tax losses that can be relieved against a tax liability for a previous year, it recognises those losses as an asset, because the tax relief is recoverable by refund of tax previously paid. Where tax losses can be relieved only by carry-forward against taxable profits of future years, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the consolidated statement of financial position.

The Group does not offset income tax liabilities and income tax assets.

(b) Deferred Tax

Deferred income tax is provided in full on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realized, or the deferred income tax liability is settled.

The rates enacted or substantively enacted at the reporting date are used to determine deferred income tax. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting, nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are only offset if certain criteria are met.

2. Summary of Material Accounting Policies …..*Cont'd*

2.13 Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the consolidated statement of income using the effective interest method.

2.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is more likely that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.15 Employee Benefits

(a) Defined Contribution Pension Plan

The Group operates a defined contribution pension plan. The plan is generally funded through payments to a trustee-administered fund, as determined by the provisions of the plan. The Group 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 years.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Short-Term Employee Benefits

Short-term employee benefits, including holiday entitlement, are current liabilities included in other liabilities and accrued expenses, measured at the undiscounted amount that the Bank expects to pay as a result of the unused entitlement.

2.16 Financial Guarantees and Loan Commitments

Guarantees and letters of credit comprise undertakings by the Group to pay bills of exchange. The Group expects most guarantees and letters of credit to be settled simultaneously by reimbursement from customers. Such financial guarantees are given to banks, financial institutions, and other bodies on behalf of customers.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised as premium less cumulative amount of income recognised in accordance with the Group's revenue recognition policies.

2. Summary of Material Accounting Policies …..*Cont'd*

2.17 Share Capital

(a) Share Issue Costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, from the proceeds.

(b) Dividends on Ordinary Shares

Dividends on ordinary shares are recognised in equity in the period in which they are declared. Dividends for the year that are declared after the reporting date are disclosed in the subsequent events note.

2.18 Revenue Recognition

The Effective Interest Rate Method

Interest income and expense is recorded using the Effective Interest Rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

Interest Income and Expense

The Group calculates interest income and expense by applying the EIR to the gross carrying amount of financial assets and liabilities other than credit-impaired assets. For purchased or originated credit impaired financial assets a credit, adjusted effective interest rate is applied to the amortised cost of the financial asset.

Interest income on all trading assets and financial assets mandatorily required to be measured at FTVPL is recognised using the contractual interest rate in net trading income and net gains/(losses) on financial assets at fair value through profit or loss, respectively.

Fees and Commission Income

Fees and commissions are recognised on an accruals basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Commissions and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of a business, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time apportioned basis.

Asset management fees related to investment funds are recognised rateably over the period the service is provided. The same principle is applied for financial planning and custody services that are continuously provided over an extended period of time.

Dividend Income

Dividend income is recognised when the right to receive payment is established.

2. Summary of Material Accounting Policies …..*Cont'd*

2.19 Foreign Currency Translation

(a) Functional and Presentation Currency

Items in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Eastern Caribbean dollars, which is the Group's functional and presentation currency.

(b) Transactions and Balances

Foreign currency transactions that are transactions denominated, or that require settlement in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated at the closing rates as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated at the exchange rate as at the date of initial recognition.

Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of other comprehensive income.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as hold to collect and sell a distinction is made between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the monetary assets. Translation differences related to changes in the amortized cost are recognized in profit and loss, and other changes in the carrying amount, except impairment, are recognized in other comprehensive income.

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as fair value through other comprehensive income, are included in the other comprehensive income.

2.20 Leases

At inception of a contract, the Bank 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 Bank 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 Bank 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 Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

2. Summary of Material Accounting Policies …..*Cont'd*

2.20 Leases …..*Cont'd*

As a Lessee …..Cont'd

The Bank 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 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 Bank 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 Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank 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 type of the 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 Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank 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 Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank 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 Bank presents right-of-use assets and lease liabilities separately in the statement of financial position.

2. Summary of Material Accounting Policies ……*Cont'd*

2.20 Leases …..*Cont'd*

Short-Term Leases and Leases of Low-Value Assets

The Bank 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 Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. Financial Risk Management

Financial Instruments

Financial instruments carried on the consolidated statement of financial position include cash resources, investment securities, loans and advances to customers, deposits with other banks, and deposits from banks, due to customers and borrowings. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item.

(a) Strategy in using Financial Instruments

The Group'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 Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Management Committee under policies approved by the Board of Directors. The Group's Management Committee identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and non-derivative financial instruments. In addition, the Internal Audit Department is responsible for the independent review of risk management and the control environment.

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

3. Financial Risk Management …..*Cont'd*

(b) Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfill their contractual obligations to the Group. Credit risk arises mainly from commercial and consumer loans and advances to customers, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as credit financial guarantees, letters of credit, endorsements and acceptances.

The Group is also exposed to other credit risks arising from balances with central bank, deposits with other banks and non-bank financial institutions, loans and advances to customers, investments in debt securities, treasury bills and other exposures arising from its trading activities ('trading exposures'), including non-equity trading portfolio and other assets and other assets.

The Group's credit risk management process operates on the basis of a hierarchy delegated authorities. The Credit Committee is a sub-committee of the Board of Directors with the authority to exercise the powers of the Board on all risk management decisions.

The debt securities within the Group's investment security portfolio are exposed to credit risk and are management by investment grading or country exposure with pre-set exposure limits as approved the Board of Directors. The credit quality of each individual security is assessed based on the financial strength, reputation and market position of the issuing entity and the ability of that entity to service the debt.

The Group avoids exposure to undue concentrations of risk by placing limits on the amount of risk accepted from a number of borrowers engaged in similar business activities, or activities in the same geographic region or with similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Such risks are controlled and monitored on a revolving basis and are subject to an annual or more frequent review.

Limits on the level of credit risk by product, industry sector or geography are approved by the Board of Directors.

Loans and Advances to Customers

The Group takes on exposure to credit risk which, is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses based on an expected credit loss model using counter party probabilities of default across the various loan categories. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided for at the reporting date. Management therefore carefully manages its exposure to credit risk.

Debt Securities and Other Bills

For debt securities and treasury bills, external rating such as Standard & Poor's or Caricris or their equivalents are used by the Asset and Liability Committee for managing of the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

3. Financial Risk Management …..*Cont'd*

(b) Credit Risk …..*Cont'd*

Cash and Balances with Banks and Other Financial Institutions

Credit risk from balances with banks and financial institutions is managed by the Group in accordance with the Group's policy. Counterparty credit limits are reviewed by the Group's Risk Department on an annual basis and may be updated throughout the year subject to approval of the Group's Investment Committee and where necessary the Board of Directors. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments.

Risk Limit Control and Mitigation Policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified − in particular, to individual counterparties and groups, and to industries and countries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to the industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary by the Board of Directors.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group 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;
- Charges over business assets such as properties, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

The Group's credit 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 Group's credit exposure.

Longer-term finance and lending to corporate customers and individuals are generally secured. In addition, in order to minimise the credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

3. Financial Risk Management …..*Cont'd*

(b) Credit Risk …..*Cont'd*

Risk Limit Control and Mitigation Policies…..Cont'd

Collateral …..Cont'd

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

Credit-Related Commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are authorisations by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Impairment and Allowance Policies

The internal rating systems focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment allowance are recognised for financial reporting purposes an expected loss model using a three-stage approach.

Management determines whether objective evidence of impairment exists based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

The Group's policy requires the review of individual financial assets that are above 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 re-confirmation of its enforceability) and the anticipated receipts for that individual account.

3. Financial Risk Management …..*Cont'd*

(b) Credit Risk …..*Cont'd*

Impairment and Allowance Policies …..Cont'd

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 framework used to determine a significant increase in credit risk is set out above (page 30).

Stage 1	**Stage 2**	**Stage 3**
12 month expected credit loss - performing	Lifetime expected credit loss -performing but significant increase in credit risk (SICR)	Credit impaired - non-performing

Maximum Exposure to Credit Risk

Credit risk exposures relating to the financial assets in the statement of financial position:

	Maximum Exposure	
	2024	2023
	$	$
Deposit with Central Bank	**203,677,824**	195,417,056
Deposits with other banks	**196,074,039**	255,650,152
Investment securities	**566,671,518**	374,884,283
Loans and advances to customers:		
– Overdrafts	**191,015,665**	100,642,763
– Term loans	**84,371,434**	83,661,938
– Business and sovereign	**258,723,331**	265,647,644
– Mortgage loans	**401,252,553**	405,431,208
– Credit cards	**8,187,621**	7,964,741
Other assets	**75,568,880**	60,929,294
	1,985,542,865	1,750,229,079
Credit Risk Exposures Relating to the Financial Assets		
Guarantees and letters of credit	**3,034,155**	390,000
Loan commitments	**31,622,111**	7,639,541
	34,656,266	8,029,541
	2,020,199,131	1,758,258,620

The above table represents a worst-case scenario of credit risk exposure to the Group at December 31, 2024 and December 2023, without taking account of any collateral held or other credit enhancements attached thereto. For assets included "on" statement of financial position, the exposures set out above are based on net amounts.

As shown above 48.4% (2023: 53.0%) of the total maximum exposure is derived from loans and advances and commitments to customers; 28.1% (2023: 20.8%) represents investments in debt securities.

3. Financial Risk Management …..*Cont'd*

(b) Credit Risk …..*Cont'd*

Maximum Exposure to Credit Risk …..Cont'd

Collateral

The value of identifiable collateral for credit impaired loans and advances was $92,339,657 (2023: $106,348,681).

	Over Collateralized $	Under Collateralized $	Cash Collateral $	No Collateral $	Total $
December 31, 2024					
Loans and advances	**32,915,909**	**3,658,417**	**358,088**	**5,305,871**	**42,238,285**
Collateral (FV)	**89,224,217**	**2,522,120**	**593,320**	**-**	**92,339,657**
December 31, 2023					
Loans and advances	37,773,076	3,692,026	378,635	5,289,677	47,133,414
Collateral (FV)	103,726,292	2,216,205	406,184	-	106,348,681

Analysis of Credit Quality

Loans and Advances to Customers

	Stage 1 12 months Expected Credit Losses not Credit Impaired		Stage 2 Lifetime Expected Credit Losses not Credit Impaired		Stage 3 Lifetime Expected Credit Losses Credit Impaired	
	2024 $	2023 $	**2024 $**	2023 $	**2024 $**	2023 $
Gross exposure	**661,476,324**	671,932,665	**279,298,275**	176,462,993	**42,238,285**	47,133,414
Less allowance for impairment on loans and advances	**(6,700,053)**	(5,388,432)	**(15,872,268)**	(8,323,451)	**(16,889,959)**	(18,468,895)
Net Exposure	**654,776,271**	666,544,233	**263,426,008**	168,139,542	**25,348,326**	28,664,519

The total credit impairment for loans and advances to customers is $39,462,281 (2023: $32,180,778) of which $16,889,959 (2023: $18,468,895) represents the individually impaired loans (stage 3) and the remaining amount of $22,572,321 (2023: $13,711,883) represents the credit impairment for stage 1 and stage 2 loans. Further information on the staging and allowance for impairment losses on loans and advances to customers is disclosed in **Note 9.**

According to the ECCB loan provisioning guidelines, the calculated provision for expected credit losses amounts to $46,098,702 (2023: $41,181,197). The difference between this and the IFRS 9 provisioning is set aside in a reserve account with a balance of $11,298,444.

3. **Financial Risk Management …..*Cont'd***

(b) **Credit Risk …..*Cont'd***

Analysis of Credit Quality …..Cont'd

Debt Securities and Other Eligible Bills

The table below presents an analysis of debt securities and treasury bills by rating agency designation at December 31, 2024 and 2023, based on Standard & Poor's and Caricris ratings:

	Investment Securities at Amortised Cost $	**Investment Securities at FVOCI $**	**Total $**
At December 31, 2024			
AA- to A+	**180,121,736**	**6,039,470**	**186,161,206**
Lower than A+	**147,135,792**	**62,996,780**	**210,132,572**
Unrated	**65,036,785**	**21,576,500**	**65,036,785**
	392,294,313	**90,612,750**	**461,330,563**

	Investment Securities at Amortised Cost $	Investment Securities at FVOCI $	Total $
At December 31, 2023			
AA- to A+	134,290,376	25,169,369	159,459,745
Lower than A+	97,841,912	4,046,015	101,887,927
Unrated	43,200,231	21,576,833	64,777,064
	275,332,519	50,792,217	326,124,738

3. Financial Risk Management …..*Cont'd*

(b) Credit Risk …..*Cont'd*

Analysis of Credit Quality …..Cont'd

Concentrations of Risks of Financial Assets with Credit Exposure

Geographical Sectors

The Group operates primarily in St. Vincent and the Grenadines. The following summarized the geographical distribution of the Group's financial assets and liabilities:

2024	St. Vincent $	ECCB Currency Union $	United States $	United Kingdom $	Canada $	Other $	Total $
Financial Assets							
Cash and balances with ECCB	35,827,710	203,677,824	-	-	-	-	239,505,534
Deposits with other banks	1,852,015	5,508,903	163,915,248	17,734,529	484,975	6,578,369	196,074,039
Investment securities:							
- At amortised cost	164,470,081	41,783,630	180,121,736	-	-	5,918,866	392,294,313
- At FVOCI	62,996,779	21,576,500	6,039,471	-	-	-	90,612,750
- At FVTPL	-	-	83,089,144	-	-	675,311	83,764,455
Loans and receivables:							
- Loans and advances to customers	943,550,604	-	-	-	-	-	943,550,604
Other assets	75,568,880	-	-	-	-	-	75,568,880
	1,284,266,069	272,546,857	433,165,599	17,734,529	484,975	13,172,546	2,021,370,575
Financial Liabilities							
Deposits from banks	48,289	26,498,487	-	-	-	107,845	26,654,621
Due to customers	1,795,309,495	-	-	-	-	-	1,795,309,495
Borrowed funds	98,005	-	-	-	-	9,007,757	9,105,762
Provisions and other liabilities	72,758,379	-	-	-	-	-	72,758,379
Total Financial Liabilities	1,868,214,168	26,498,487	-	-	-	9,115,602	1,903,828,257
Net Position	(583,948,099)	246,048,370	433,165,599	17,734,529	484,975	4,056,944	117,542,318

(in Eastern Caribbean dollars)

3. Financial Risk Management …..*Cont'd*

(b) Credit Risk …..*Cont'd*

Analysis of Credit Quality …..Cont'd

Concentrations of Risks of Financial Assets with Credit Exposure …..*Cont'd*

Geographical Sectors …..Cont'd

2023	St. Vincent $	ECCB Currency Union $	United States $	United Kingdom $	Canada $	Other $	Total $
Financial Assets							
Cash and balances with ECCB	39,817,041	195,417,056	-	-	-	-	235,234,097
Deposits with other banks	10,502,297	53,388,525	170,251,629	19,586,938	95,345	1,825,418	255,650,152
Investment securities:							
- At amortised cost	103,425,826	22,992,659	134,289,051	-	-	14,624,983	275,332,519
- At FVOCI	-	21,576,500	29,215,384	-	-	333	50,792,217
- At FVTPL	-	-	48,118,297	-	-	641,250	48,759,547
Loans and receivables:							
- Loans and advances to customers	863,348,294	-	-	-	-	-	863,348,294
Other assets	60,929,294	-	-	-	-	-	60,929,294
	1,078,022,752	293,374,740	381,874,361	19,586,938	95,345	17,091,984	1,790,046,120
Financial Liabilities							
Deposits from banks	67,354	16,680,385	-	-	-	858,277	17,606,016
Due to customers	1,623,097,126	-	-	-	-	-	1,623,097,126
Borrowed funds	1,617,299	-	-	-	-	10,979,042	12,596,341
Provisions and other liabilities	42,312,401	-	-	-	-	-	42,312,401
Total Financial Liabilities	1,667,094,180	16,680,385	-	-	-	11,837,319	1,695,611,884
Net Position	(589,071,428)	276,694,355	381,874,361	19,586,938	95,345	5,254,665	94,434,236

3. Financial Risk Management …..*Cont'd*

(b) Credit Risk …..*Cont'd*

Concentrations of Risks of Financial Assets with Credit Exposure …..*Cont'd*

Industry Sectors

The following table breaks down the Group's credit exposure at carrying amounts, without considering either collateral held or other credit support, by the industry sectors of the Group's counterparties.

Industry and Economic Concentrations of Assets

	Financial Institutions $	Manu-facturing $	Tourism $	Government $	Professional and Other Services $	Personal $	Other Industries $	Total $
Cash and balances with ECCB	239,505,534	-	-	-	-	-	-	239,505,534
Deposits with other banks	196,074,039	-	-	-	-	-	-	196,074,039
Investment securities:								
- At amortised cost	5,765,775	-	-	149,998,075	-	-	236,530,463	392,294,313
- At FVOCI	21,576,500	-	-	62,996,780	-	-	6,039,470	90,612,750
- At FVTPL	675,311	-	-	-	-	-	83,089,144	83,764,455
Loans and advances to customers:								
- Business and sovereign	5,908,467	13,679,036	9,155,986	83,955,765	22,905,575	5,238,764	117,879,738	258,723,331
- Term loans	-	21,312	-	-	-	83,522,593	827,529	84,371,434
- Mortgages loans	-	-	-	-	281,305	67,223,732	333,747,516	401,252,553
- Overdrafts	46,393	1,037,786	4,072,965	145,425,143	3,434,229	5,283,950	31,715,199	191,015,665
- Credit cards	25,561	2,546	-	-	592,001	7,234,534	332,978	8,187,621
Other assets	-	-	-	-	-	-	75,568,880	75,568,880
At December 31, 2024	**469,577,580**	**14,740,680**	**13,228,951**	**442,375,763**	**27,213,110**	**168,503,573**	**885,730,917**	**2,021,370,575**
Guarantees, Letters of Credit and Loan Commitments	**-**	**16,220,000**	**850,000**	**-**	**-**	**13,832,111**	**3,754,155**	**34,656,266**

(in Eastern Caribbean dollars)

3. **Financial Risk Management …..*Cont'd***

(b) **Credit Risk …..*Cont'd***

Industry and Economic Concentrations of Assets …..Cont'd

	Financial Institutions $	Manu-facturing $	Tourism $	Government $	Professional and Other Services $	Personal $	Other Industries $	Total $
Cash and balances with ECCB	235,234,097	-	-	-	-	-	-	235,234,097
Deposits with other banks	255,650,152	-	-	-	-	-	-	255,650,152
Investment securities:								
- At amortised cost	4,788,653	-	10,586,330	237,670,448	-	-	22,287,088	275,332,519
- At FVOCI	25,906,667	-	-	24,336,130	-	-	549,420	50,792,217
- At FVTPL	641,250	-	-	-	-	-	48,118,297	48,759,547
Loans and advances to customers:								
- Business and sovereign	6,035,507	12,004,575	10,975,733	89,633,538	23,070,866	7,920,226	116,007,199	265,647,644
- Term loans	-	33,211	-	-	-	82,914,079	714,648	83,661,938
- Mortgages loans	-	-	-	-	342,919	75,694,963	329,393,326	405,431,208
- Overdrafts	1,316,227	786,796	1,728,089	64,737,287	3,614,553	4,066,982	24,392,829	100,642,763
- Credit cards	13,991	-	15,272	435	499,251	7,125,823	309,969	7,964,741
Other assets	-	-	-	-	-	-	60,929,294	60,929,294
At December 31, 2023	529,586,544	12,824,582	23,305,424	416,377,838	27,527,589	177,722,073	602,702,070	1,790,046,120
Guarantees, Letters of Credit and Loan Commitments	-	-	640,000	-	-	6,378,721	1,010,820	8,029,541

3. Financial Risk Management …..*Cont'd*

(c) Market Risk

The Group 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 rates 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 Group exposure to market risks arises from its non-trading and trading portfolios. Senior management of the Group monitors and manages market through the Asset Liability Committee which advises on financial risks and assigns risk limits for the Group.

Non-trading portfolios market risk primarily arises from the interest rate management of the Group's retail and commercial banking assets and liabilities.

(d) Currency Risk

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The Group's exposure to currency risk is minimal since most of its assets and liabilities in foreign currencies are held in United States dollars. The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollar (US$) has been formally pegged at EC$2.70 = US$1.00 since 1974.

The following table summarizes the Group exposure to foreign currency exchange risk as at December 31, 2024.

(in Eastern Caribbean dollars)

3. **Financial Risk Management …..*Cont'd***

(d) **Currency Risk …..*Cont'd***

	ECD $	USD $	BDS $	EURO $	GBP $	CAD $	Other $	Total $
As at December 31, 2024								
Financial Assets								
Cash and balances with ECCB	235,539,091	2,440,360	239,831	563,623	262,334	460,026	269	239,505,534
Deposit with other banks	2,503,824	185,837,455	149,270	403,973	265,443	484,975	6,429,099	196,074,039
Investment securities:								
– at amortised cost	182,709,125	209,585,188	-	-	-	-	-	392,294,313
– at FVOCI	84,573,279	6,039,471	-	-	-	-	-	90,612,750
– at FVTPL	-	83,089,144	675,000	311	-	-	-	83,764,455
Loans and advances to customers	943,550,604	-	-	-	-	-	-	943,550,604
Other assets	75,568,880	-	-	-	-	-	-	75,568,880
Total Financial Assets	1,524,444,803	486,991,618	1,064,101	967,907	527,777	945,001	6,429,368	2,021,370,575
Financial Liabilities								
Deposits due to banks	26,654,621	-	-	-	-	-	-	26,654,621
Due to customers	1,642,128,881	152,732,756	-	414,073	31,319	2,466	-	1,795,309,495
Provisions and other liabilities	72,758,379	-	-	-	-	-	-	72,758,379
Borrowings	98,005	9,007,757	-	-	-	-	-	9,105,762
Total Financial Liabilities	1,741,639,886	161,740,513	-	414,073	31,319	2,466	-	1,903,828,257
Net (Liabilities) Assets	(217,195,083)	325,251,105	1,064,101	553,834	496,458	942,535	6,429,368	117,542,318
Guarantees, Letters of Credit and Loan Commitments	34,656,266	-	-	-	-	-	-	34,656,266

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3. Financial Risk Management …..*Cont'd*

(d) Currency Risk …..*Cont'd*

	ECD $	USD $	BDS $	EURO $	GBP $	CAD $	Other $	Total $
As at December 31, 2023								
Financial Assets								
Cash and balances with ECCB	230,429,413	2,394,436	289,859	894,923	252,937	972,262	267	235,234,097
Deposit with other banks	40,202,028	212,798,491	540,892	20,647	708,223	95,345	1,284,526	255,650,152
Investment securities:								
– at amortised cost	125,862,689	149,469,830	-	-	-	-	-	275,332,519
– at FVOCI	21,576,500	29,215,384	-	333	-	-	-	50,792,217
– at FVTPL		48,118,297	641,250	-	-	-	-	48,759,547
Loans and advances to customers	863,348,294	-	-	-	-	-	-	863,348,294
Other assets	60,929,294	-	-	-	-	-	-	60,929,294
Total Financial Assets	1,342,348,218	441,996,438	1,472,001	915,903	961,160	1,067,607	1,284,793	1,790,046,120
Financial Liabilities								
Deposits due to banks	17,606,016	-	-	-	-	-	-	17,606,016
Due to customers	1,533,140,124	89,785,234	-	168,475	615	2,678	-	1,623,097,126
Provisions and other liabilities	42,312,401	-	-	-	-	-	-	42,312,401
Borrowings	1,617,299	10,979,042	-	-	-	-	-	12,596,341
Total Financial Liabilities	1,594,675,840	100,764,276	-	168,475	615	2,678	-	1,695,611,884
Net (Liabilities) Assets	(252,327,622)	341,232,162	1,472,001	747,428	960,545	1,064,929	1,284,793	94,434,236
Guarantees, Letters of Credit and Loan Commitments	8,029,541	-	-	-	-	-	-	8,029,541

3. Financial Risk Management …..*Cont'd*

(e) Interest Rate Risk

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

	Up to 1 Month $	1 – 3 Months $	3 – 12 Months $	1 – 5 Years $	Over 5 Years $	Non-Interest Bearing $	Total $
As at December 31, 2024							
Financial Assets							
Cash and balances with ECCB	-	-	-	-	-	239,505,534	239,505,534
Deposits with other banks	56,606,524	-	67,997,221	-	-	71,470,294	196,074,039
Investment securities:							
– at amortised cost	750,000	11,238,709	6,183,532	247,929,658	126,192,414	-	392,294,313
– at FVTPL	-	-	-	-	-	83,764,455	83,764,455
– at FVOCI	-	-	-	12,967,931	56,068,319	21,576,500	90,612,750
Loans and advances to customers	29,703,398	27,809,926	164,755,455	140,534,099	580,747,726	-	943,550,604
Other assets	-	-	-	-	-	75,568,880	75,568,880
Total Financial Assets	87,059,922	39,048,635	238,936,208	401,431,688	763,008,459	491,885,663	2,021,370,575
Financial Liabilities							
Deposits due to banks	-	-	8,007,122	-	-	18,647,499	26,654,621
Due to customers	1,150,021,279	26,460,374	46,988,170	-	-	571,839,673	1,795,309,496
Provisions and other liabilities	9,147,544	-	-	-	-	63,610,835	72,758,379
Borrowings	600,311	98,005	1,367,812	7,039,634	-	-	9,105,762
Total Financial Liabilities	1,159,769,134	26,558,379	56,363,104	7,039,634	-	654,098,007	1,903,828,258
Net Interest Re-Pricing Gap	(1,072,709,212)	12,490,256	182,573,104	394,392,054	763,008,459	(162,212,344)	117,542,317

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3. Financial Risk Management …..*Cont'd*

(e) Interest Rate Risk …..*Cont'd*

	Up to 1 Month $	1 – 3 Months $	3 – 12 Months $	1 – 5 Years $	Over 5 Years $	Non-Interest Bearing $	Total $
As at December 31, 2023							
Financial Assets							
Cash and balances with ECCB	-	-	-	-	-	235,234,097	235,234,097
Deposits with other banks	-	14,264,871	121,958,650	-	-	119,426,631	255,650,152
Investment securities:							
– at amortised cost	-	11,141,089	4,019,442	200,467,779	59,704,209	-	275,332,519
– at FVTPL	-	-	-	-	-	48,759,547	48,759,547
– at FVOCI	-	-	-	29,215,384	-	21,576,833	50,792,217
Loans and advances to customers	36,629,574	9,944,877	94,809,779	129,466,173	592,497,891	-	863,348,294
Other assets	-	-	-	-	-	60,929,294	60,929,294
Total Financial Assets	36,629,574	35,350,837	220,787,871	359,149,336	652,202,100	485,926,402	1,790,046,120
Financial Liabilities							
Deposits due to banks	-	-	8,054,453	-	-	9,551,563	17,606,016
Due to customers	1,092,370,956	27,223,970	47,339,859	-	-	456,162,341	1,623,097,126
Provisions and other liabilities	8,563,039	-	-	-	-	33,749,362	42,312,401
Borrowings	620,174	658,622	2,324,236	7,233,400	1,759,909	-	12,596,341
Total Financial Liabilities	1,101,554,169	27,882,592	57,718,548	7,233,400	1,759,909	499,463,266	1,695,611,884
Net Interest Re-Pricing Gap	(1,064,924,595)	7,468,245	163,069,323	351,915,936	650,442,191	(13,536,864)	94,434,236

3. Financial Risk Management …..*Cont'd*

(e) Interest Rate Risk …..*Cont'd*

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 Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate re-pricing that may be undertaken.

	2024	2023
Loans and Advances to Customers:		
- Overdrafts	**5.25%-14.0%**	4.5%-14%
- Term loans	**4.0%-16.0%**	4.0%-16.5%
- Business and sovereign	**2.25%-14%**	3.5%-14%
- Mortgage loans	**4.0%-14%**	4.0%-14%
- Credit cards	**19.5%**	19.5%
Investment Security at Amortised Cost	**2.5%-8.8%**	5.0%
Investment Securities:		
Government treasury bills and bonds	**3%-7.5%**	4.5%
Other securities	**2.25%-8%**	2.1%-7.0%
Deposits with banks	**0.0%-5.79%**	0.0%-5.95%
Deposits Due to Customers:		
Term deposits	**1.0%-2.5%**	1.0%-2.5%
Savings deposits	**2.0%-2.5%**	2.0%-3.0%
Demand deposits	**0.0%-2.5%**	0.0%-2.5%
Deposits due to banks	**0.0%-1.5%**	0.0%-1.5%
Borrowings	**2.5%-4.5%**	2.5%-6.0%

Interest rate risk arises from loans and advances to customers and borrowings at variable rates. During the year, had variable interest rates been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been $3,801,289 (2023: $3,108,054) higher/lower on variable rate loans.

(f) Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, payment of cash requirements from contractual commitments, or other cash out flows.

3. Financial Risk Management …..*Cont'd*

(f) Liquidity Risk …..*Cont'd*

The Group is exposed to daily cash calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw-downs and guarantees. The Group does not maintain cash resources to meet all these needs, as experience shows that a minimum level of reinvestments of maturing funds can be predicted with a high level of certainty. The Board of Directors sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowings facilities that should be in place to cover withdrawals at unexpected levels of demand.

Liquidity Risk Management Process

The matching and controlled mismatching of the contractual maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks to be completely matched as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The contractual maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

Funding approach: Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, geography, provider, product and term.

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

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3. Financial Risk Management …..*Cont'd*

(f) Liquidity Risk …..*Cont'd*

	Up to 1 Month $	1 to 3 Months $	3 to 12 Months $	1 to 5 Years $	Over 5 Years $	Total $
As at December 31, 2024						
Financial Liabilities						
Deposits due to banks	18,599,210	-	8,059,440	-	-	26,658,650
Due to customers	1,722,388,163	26,525,237	47,403,147	-	-	1,796,316,547
Provisions and other liabilities	72,758,379	-	-	-	-	72,758,379
Borrowings	600,311	99,230	1,630,502	7,700,470	-	10,030,513
Total Financial Liabilities	**1,814,346,063**	**26,624,467**	**57,093,090**	**7,700,470**	**-**	**1,905,764,090**
Financial Assets						
Cash and balances with ECCB	239,505,534	-	-	-	-	239,505,534
Deposits with other banks	129,334,130	-	69,351,366	-	-	198,685,496
Investment securities:						
- at amortised cost	750,000	11,758,112	25,051,409	285,289,763	106,234,573	429,083,857
- at FVTPL	-	-	-		83,764,455	83,764,455
- at FVOCI	-	-	3,954,622	22,708,394	65,755,467	92,418,483
Loans and advances to customers	47,214,955	50,205,144	261,397,400	389,660,196	509,972,305	1,258,450,000
Other assets	75,568,880	-	-	-	-	75,568,880
Total Financial Assets held-for-managing Liquidity	**492,373,499**	**61,963,256**	**359,754,797**	**697,658,353**	**765,726,800**	**2,377,476,705**
Guarantees, Letters of Credit and Loan Commitments	**32,722,111**	**400,000**	**1,670,000**	**-**	**-**	**34,656,266**

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3. Financial Risk Management …..*Cont'd*

(f) Liquidity Risk …..*Cont'd*

	Up to 1 Month $	1 to 3 Months $	3 to 12 Months $	1 to 5 Years $	Over 5 Years $	Total $
As at December 31, 2023						
Financial Liabilities						
Deposits due to banks	9,666,016	-	8,126,209	-	-	17,792,225
Due to customers	1,549,766,043	27,253,578	47,409,909	5,776	-	1,624,435,306
Provisions and other liabilities	42,312,401	-	-	-	-	42,312,401
Borrowings	620,174	681,687	2,668,009	8,207,340	1,808,499	13,985,709
Total Financial Liabilities	1,602,364,634	27,935,265	58,204,127	8,213,116	1,808,499	1,698,525,641
Financial Assets						
Cash and balances with ECCB	235,234,097	-	-	-	-	235,234,097
Deposits with other banks	119,426,631	14,601,562	125,583,925	-	-	259,612,118
Treasury bills	-	10,439,172	-	-	-	10,439,172
Investment securities:						
- at amortised cost	750,732	-	11,036,943	89,285,894	196,339,347	297,412,916
- at FVTPL	-	-	-	-	48,759,833	48,759,833
- at FVOCI	-	-	-	29,215,384	21,576,833	50,792,217
Loans and advances to customers	34,050,168	43,885,666	184,332,535	383,448,192	550,341,897	1,196,058,458
Other assets	60,929,294	-	-	-	-	60,929,294
Total Financial Assets held-for-managing Liquidity	450,390,922	68,926,400	320,953,403	501,949,470	817,017,910	2,159,238,105
Guarantees, Letters of Credit and Loan Commitments	7,639,541	-	390,000	-	-	8,029,541

3. Financial Risk Management …..*Cont'd*

(f) Liquidity Risk …..*Cont'd*

Assets held-for-managing Liquidity Risk

The Group holds a diversified portfolio of cash and investment securities to support payment obligations.

The Group's assets held for managing liquidity risk comprise cash and balances with central banks, certificates of deposits, government bonds that are readily acceptable in repurchase agreements, treasury and other eligible bills, loans and advances to financial institutions, loans and advances to customers and other items in the course of collection.

The Group would also be able to meet unexpected net cash outflows by selling investment securities and accessing additional funding sources.

(g) Off-Balance Sheet Items

(i) Loan Commitments

The dates of the contractual amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities as disclosed in **(Note 21)**, are summarised in the table below.

(ii) Financial Guarantees and Other Financial Facilities

Financial guarantees **(Note 21)** are also included below based on the earliest contractual maturity date.

	1 Year $	Total $
At December 31, 2024		
Loan commitments	**31,622,111**	**31,622,111**
Guarantees and letters of credit	**3,034,155**	**3,034,155**
Total	**34,656,266**	**34,656,266**
At December 31, 2023		
Loan commitments	7,639,541	7,639,541
Guarantees and letters of credit	390,000	390,000
Total	8,029,541	8,029,541

(h) Fair Values of Financial Assets and Liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. The following methods and assumptions used to estimate the fair value of financial instruments are described below:

3. **Financial Risk Management *…..Cont'd***

(h) Fair Values of Financial Assets and Liabilities *…..Cont'd*

The fair values of cash, other assets and liabilities, deposits with other banks and due from other banks are assumed to approximate their carrying values due to their short-term nature.

Due to Customers

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 and are assumed to have fair values which approximate their carrying values.

Investment Securities

Investment securities include interest bearing debt and equity securities are classified at amortised cost and at fair value through other comprehensive income. Assets held for sale are measured at fair value based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit maturity and yield characteristics.

Loans and Advances

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

The table below summarises the carrying amounts and fair values of those financial assets and financial liabilities not presented on the Group's consolidated statement of financial position at their fair value.

	Carrying Value		Fair Value	
	2024	2023	**2024**	2023
	$	$	**$**	$
Financial assets				
Loans and advances to customers:				
− Term loans	**84,371,434**	83,661,938	**83,677,832**	77,869,071
− Business and sovereign	**258,723,331**	265,647,644	**264,103,350**	278,304,182
− Mortgage loans	**401,252,553**	405,431,208	**413,110,616**	419,990,485
− Overdrafts	**191,015,665**	100,642,763	**191,015,665**	100,642,763
− Credit cards	**8,187,621**	7,964,741	**8,187,621**	7,964,741
Investment securities:				
− At amortised cost	**392,294,313**	264,941,430	**390,550,259**	263,301,154
Financial liabilities				
Deposits due to banks	**26,654,621**	17,606,016	**26,654,621**	17,606,016
Due to customers	**1,795,309,495**	1,623,097,126	**1,795,309,495**	1,623,097,126
Provisions and other liabilities	**72,430,717**	42,312,401	**72,430,717**	42,312,401
Borrowings	**9,105,762**	12,596,341	**9,105,762**	12,596,341

3. Financial Risk Management …..*Cont'd*

(h) Fair Values of Financial Assets and Liabilities …..*Cont'd*

Management assessed that cash and short-term deposits with other banks, treasury bills, loans and advances, provisions and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values of assets and liabilities:

- The Group's interest-bearing borrowings and loans and advance are determined by using DCF method using the discount rate that reflects the market rate at the end of the period; and
- The value of regional bonds classified as amortised cost with evidence of open market trades at par plus accrued interest is deemed to approximate fair value.

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 Group'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).

- 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.

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

3. Financial Risk Management …..*Cont'd*

(h) Fair Values of Financial Assets and Liabilities …..*Cont'd*

The following table sets out information about significant unobservable inputs used in measuring fair value at December 2023 and 2022 in measuring financial instruments at level 3 in the fair value hierarchy.

Type of Financial Instrument	**Fair Value at December 2024**	Fair Value at December 2023	Valuation Techniques	Significant Unobservable Input	Range of Estimates (weighted-average) for Unobservable Input	Fair Value Measurement Sensitivity to Unobservable Input
Equity securities measured at FVOCI	**21,576.500**	21,576,833	Discounted cash flows	Expected cash flows derived from the entity historical performance	Investment based	A significant increase in in expected cash flows would result in a higher fair value
Loans and advances to customers	**853,450,853**	884,771,242	Discounted cash flows	Discounted at the market rate	5.5% – 9.0%	A significant increase in the discount rate would result in a lower fair value

3. Financial Risk Management …..*Cont'd*

(h) Fair Values of Financial Assets and Liabilities …..*Cont'd*

Fair Value Hierarchy

The following table outlines the fair value hierarchy of instruments carried at fair value on a recurring basis and instruments not carried at fair value.

	2024				2023			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	$	**$**	**$**	**$**	$	$	$	$
As at December 31								
Financial Assets								
Investment securities at FVTPL	**83,809,455**	**-**	**-**	**83,809,455**	48,759,547	-	-	48,759,547
Investment securities at FVOCI	**6,045,852**	**-**	**84,563,896**	**90,612,749**	29,215,384	-	21,576,833	50,792,217
Financial Assets for which Fair Values are disclosed								
Investment securities at amortised cost	**-**	**390,550,259**	**-**	**390,550,259**	-	263,301,154	-	263,301,154
Loans and advances to customers	**-**	**-**	**960,095,084**	**960,095,084**	-	-	884,771,242	884,771,242
Total Financial Assets	**89,855,307**	**390,550,259**	**1,044,658,980**	**1,525,067,547**	77,974,931	263,301,154	906,348,075	1,247,624,160
Liabilities for which Fair Values are disclosed								
Deposits due to banks	**-**	**-**	**26,654,621**	**26,654,621**	-	-	17,606,016	17,606,016
Due to customers	**-**	**-**	**1,795,309,495**	**1,795,309,495**	-	-	1,623,097,126	1,623,097,126
Provisions and other liabilities			**72,430,717**	**72,430,717**	-	-	42,312,401	42,312,401
Borrowings	**-**	**9,105,762**	**-**	**9,105,762**	-	12,596,341	-	12,596,341
	-	**9,105,762**	**1,894,394,833**	**1,903,500,595**	-	12,596,341	1,683,015,543	1,695,611,884

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3. Financial Risk Management …..*Cont'd*

(h) Fair Values of Financial Assets and Liabilities …..*Cont'd*

The fair value of financial instruments that are traded in an active market is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, deal, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily DAX, FTSE 100 and Dow Jones debt securities classified as trading securities at FVTPL.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter fixed income securities) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, dividend discount model, comparable company multiples, namely enterprise value to earnings before interest, taxes, depreciation and amortization, price-to-earnings and price-to-tangible book value multiples and adjusted net book value, are used to determine fair value for the remaining financial instruments.

There were no transfers between levels in the fair value hierarchy during the year.

Level 3 Investments

	2024	2023
	$	$
As at January 1	**21,576,833**	18,329,856
Total gains and losses in OCI	**-**	3,247,000
Currency revaluation	**(333)**	(23)
As at December 31	**21,576,500**	21,576,833

3. Financial Risk Management …..*Cont'd*

(i) Capital Management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- To comply with the capital requirements of the Banking Act No. 4 of 2015.
- To comply with the capital requirements set by the regulators of the banking markets where the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Eastern Caribbean Central Bank the "Authority" for supervisory purposes. The required information is filed with the Authority on a quarterly basis.

The Regulators requires each bank or banking group to hold the minimum level of the regulatory capital to the risk-weighted asset (the 'Basel capital adequacy ratio') at or above the internationally agreed minimum of 8% of Tier 1 capital.

The Group's regulatory capital as managed by its Treasury department is divided into two tiers:

- Tier 1 capital: share capital (net of any book value of the treasury shares), minority interests arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealized gains arising on the fair valuation of equity instruments held at FVOCI and fixed asset revaluation reserves (limited to 50% of Tier 1 capital).

Investments in "associated companies" are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

There were no changes in the Group's capital management process during the period.

The table below summarises the composition of regulatory capital and the ratios of the Group for the year ended December 31, 2024 and 2023. During those two years, the Group complied with all of the externally imposed capital requirements to which it is subject.

3. Financial Risk Management .....*Cont'd*

(i) Capital Management .....*Cont'd*

	2024 $	2023 $
Tier 1 Capital		
Share capital	**20,753,306**	20,753,306
Statutory reserves	**20,753,306**	20,753,306
General provision reserves	**11,298,444**	7,797,010
Retained earnings	**118,241,381**	98,278,372
Intangible assets and Goodwill	**(5,724,223)**	(6,224,223)
Total Qualifying Tier 1 Capital	**165,322,214**	141,357,771
Tier 2 Capital		
Fair value through OCI reserve	**19,088,166**	19,028,723
Collective impairment allowance	**22,572,321**	13,711,883
Total Qualifying Tier 2 Capital	**41,660,487**	32,740,606
Total Regulatory Capital	**206,982,701**	174,098,377
Risk-Weighted Assets:		
On-balance sheet	**1,006,449,000**	1,046,005,000
Off-balance sheet	**107,499,703**	73,050,621
Total Risk-Weighted Assets	**1,113,948,703**	1,119,055,621
Basel Capital Adequacy Ratio	**18.58%**	15.56%

4. Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Group 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.

4. Critical Accounting Estimates, and Judgements in Applying Accounting Policies …..*Cont'd*

Measurement of the Expected Credit Loss Allowance on Financial Assets

The Group's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions. The significant judgements and estimates in determining expected credit loss include:

- The Group's criteria for assessing if there has been a significant increase in credit risk; and
- Development of expected credit loss models, including the choice of inputs relating to macroeconomic variables.

The calculation of credit impairment provisions also involves expert credit judgement to be applied by the credit risk management team based upon counterparty information they receive including relationship managers and on external market information.

Impairment Losses on Loans and Advances to Customers

To the extent that the net present value of estimated cash flows differs by +/-5%, the allowance would be estimated $189,799/1,075,018 (2023: $743,718/$2,281,271) lower/higher respectively.

Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less cost of disposal is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental cost of disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for DCF model as well as the future cash inflows.

Fair Value of Financial Instruments

Financial instruments for which recorded current market transactions or observable market data are not available at fair value using valuation techniques. Fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Group's best estimates of the most appropriate model assumptions.

Deferred Taxes

In calculating the provision for deferred taxation, management uses judgment to determine the possibility that future taxable profits will be available to facilitate utilization of temporary tax differences which may arise. The deferred tax assets recognised at December 31, 2024 have been based on future profitability assumptions over a five-year horizon. In the event of changes to these profitability assumptions, the tax assets recognised may be adjusted.

Revaluation of Investment Property

The Group initially measures its investment properties at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in statement of income in the period in which they arise, including the corresponding tax effect.

4. Critical Accounting Estimates, and Judgements in Applying Accounting Policies …..*Cont'd*

Revaluation of Investment Property …..Cont'd

The Group engages independent valuation specialists to determine fair value of its investment properties. The valuer uses judgment in the application of valuation techniques such as replacement cost, capitalization of potential rentals and the market price of comparable properties, as applicable in each case.

Corporate Income Taxes

Significant estimates are required in determining the provision for income taxes. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions.

5. Cash and Balances with Eastern Caribbean Central Bank

	2024	2023
	$	$
Cash in hand	**35,827,710**	39,817,041
Balances with ECCB other than mandatory reserve deposits	**95,959,254**	98,021,228
Included in cash and cash equivalents **(Note 29)**	**131,786,964**	137,848,269
Mandatory reserve deposits with ECCB	**107,718,570**	97,385,828
	239,505,534	235,234,097

Pursuant to the Banking Act of 2015, Banking institutions are required to hold a reserve balance with ECCB in relation to the deposit liabilities of the institution.

Mandatory reserve deposits are not available for use in the Banking institutions' day-to-day operations. The balances with the ECCB are non-interest bearing. Pursuant to the Saint Vincent and the Grenadines Banking Act 2015, the Group is required to maintain specified assets as a reserve requirement for its deposit liabilities. The minimum requirement is 6% of the average deposit liabilities over a four-week period.

6. Deposits with Other Banks

	2024	2023
	$	$
Items in the course of collection with other banks **(Note 29)**	**1,852,015**	10,502,297
Placements with other banks **(Note 29)**	**126,224,803**	135,101,327
Interest bearing deposits (more than 3 months)	**67,997,221**	110,046,528
	196,074,039	255,650,152

The weighted average effective interest rate in respect of interest-bearing deposits at December 31, 2024 was 5.14% (2023: 4.96%)

7. Investment Securities

	2024 $	2023 $
Securities Measured at Amortised Cost		
Debt securities at amortised cost		
- Listed	**206,119,955**	142,505,548
- Unlisted	**189,729,536**	133,019,942
	395,849,491	275,525,490
Less allowance for impairment losses	**(3,555,178)**	(192,971)
	392,294,313	275,332,519
Securities Measured at FVOCI		
Debt securities at fair value		
- Listed	**6,045,854**	29,215,384
- Unlisted	**62,990,396**	-
Total debt securities at fair value	**69,036,250**	29,215,384
Equity securities at fair value		
- Unlisted	**21,576,500**	21,576,833
	90,612,750	50,792,217

	2024 **$**	**2023** **$**
Securities Measured at FVTPL		
Equity securities at fair value		
- Listed	**675,000**	641,250
- Unlisted	**83,089,455**	48,118,297
	83,764,455	48,759,547
Total securities	**566,671,518**	374,884,283

The weighted average effective interest rate on securities stated at amortized cost as at December 31, 2024 was 5.3% (2023: 5.0%).

(in Eastern Caribbean dollars)

7. Investment Securities …..*Cont'd*

	2024			
	Stage 1 12-Month ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Loss Allowance – Investment Securities at Amortised Cost				
Loss Allowance as at January 1, 2024	**192,971**	**-**	**-**	**192,971**
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	-	-	-	-
– Increases due to change in credit risk	3,362,207	-	-	3,362,207
– Decreases due to change in credit risk	-	-	-	-
– Write offs	-	-	-	-
Loss Allowance as at December 31, 2024	**3,555,178**	**-**	**-**	**3,555,178**
Loss Allowance – Investment Securities at FVOCI				
Loss Allowance as at January 1, 2024	**20,344**	**-**	**-**	**20,344**
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	-	-	-	-
– Increases due to change in credit risk	995,379	-	-	995,379
– Decreases due to change in credit risk	-	-	-	-
– Write offs	-	-	-	-
Loss Allowance as at December 31, 2024	**1,015,723**	**-**	**-**	**1,015,723**
Total Loss Allowance – Investment securities				
Loss Allowance as at January 1, 2024	**213,315**	**-**	**-**	**213,315**
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	-	-	-	-
– Increases due to change in credit risk	4,357,586	-	-	4,357,586
– Decreases due to change in credit risk	-	-	-	-
–Write offs	-	-	-	-
Total Loss Allowance as at December 31, 2024	**4,570,901**	**-**	**-**	**4,570,901**

(in Eastern Caribbean dollars)

7. Investment Securities …..*Cont'd*

	2023			
	Stage 1 12-Month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Loss Allowance – Investment Securities at Amortised Cost				
Loss Allowance as at January 1, 2023	95,979	-	-	95,979
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	-	-	-	-
– Increases due to change in credit risk	96,992	-	-	96,992
– Decreases due to change in credit risk	-	-	-	-
– Write offs	-	-	-	-
Loss Allowance as at December 31, 2023	192,971	-	-	192,971
Loss Allowance – Investment Securities at FVOCI				
Loss Allowance as at January 1, 2023	93	-	-	93
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	-	-	-	-
– Increases due to change in credit risk	20,251	-	-	20,251
– Decreases due to change in credit risk	-	-	-	-
– Write offs	-	-	-	-
Loss Allowance as at December 31, 2023	20,344	-	-	20,344
Total Loss Allowance – Investment securities				
Loss Allowance as at January 1, 2023	96,072	-	-	96,072
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	-	-	-	-
– Increases due to change in credit risk	117,243	-	-	117,243
– Decreases due to change in credit risk	-	-	-	-
– Write offs	-	-	-	-
Total Loss Allowance as at December 31, 2023	213,315	-	-	213,315

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7. Investment Securities …..*Cont'd*

Movements of the Group's investments are summarised as follows:

	Debt Securities at Amortised Cost $	Debt Securities at FVOCI $	Equity Securities at FVOCI $	Equity Securities at FVTPL $	Total $
At January 1, 2024	**275,332,519**	**29,215,384**	**21,576,833**	**48,759,547**	**374,884,283**
Opening ECLs	**192,971**	**20,344**	**-**	**-**	**213,315**
Gross carrying amount January 1, 2024	**275,525,490**	**29,235,728**	**21,576,833**	**48,759,547**	**375,097,598**
Additions	**342,192,394**	**63,841,234**	**-**	**143,641,523**	**549,675,151**
Sales and redemptions	**(221,868,393)**	**(23,084,432)**	**(333)**	**(110,347,316)**	**(355,300,474)**
Changes in fair value		**59,443**	**-**	**1,710,701**	**1,770,144**
Trade loss incurred	**-**	**-**	**-**	**-**	**-**
Closing ECLs	**(3,555,178)**	**(1,015,723)**	**-**	**-**	**(4,570,901)**
At December 31, 2024	**392,294,313**	**69,036,250**	**21,576,500**	**83,764,455**	**566,671,518**
At January 1, 2023	122,692,473	3,509,318	18,329,856	40,907,089	185,438,736
Opening ECLs	95,979	93	-	-	96,072
Gross carrying amount January 1, 2023	122,788,452	3,509,411	18,329,856	40,907,089	185,534,808
Additions	197,421,069	218,824,356	-	224,977,364	641,222,789
Sales and redemptions	(44,684,031)	(193,668,626)	-	(219,766,030)	(458,118,687)
Unrealised loss on foreign exchange	-	-	(23)	-	(23)
Changes in fair value	-	570,587	3,247,000	4,180,359	7,997,946
Trade loss incurred	-	-	-	(1,539,235)	(1,539,235)
Closing ECLs	(192,971)	(20,344)	-	-	(213,315)
At December 31, 2023	275,332,519	29,215,384	21,576,833	48,759,547	374,884,283

To improve the Group's ECL assessment, during 2024, the third-party source data was expanded and includes Bloomberg and Standard & Poor among others in assessing the PD inherent in its investment portfolio.

8. Loans and Advances to Customers

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$	**$**	**$**	**$**
Credit cards	**8,299,116**	**135,414**	**1,646,583**	**10,081,113**
Overdrafts	**16,405,939**	**182,830,054**	**228,304**	**199,464,297**
Term loans	**76,885,410**	**9,827,204**	**6,353,393**	**93,066,007**
Mortgages	**333,410,211**	**52,497,373**	**26,287,778**	**412,195,362**
Business and sovereign	**226,475,648**	**34,008,230**	**7,722,227**	**268,206,105**
	661,476,324	**279,298,275**	**42,238,285**	**983,012,884**
ECL allowance	**(6,700,053)**	**(15,872,268)**	**(16,889,959)**	**(39,462,280)**
	654,776,271	**263,426,007**	**25,348,326**	**943,550,604**

	2023			
	Stage 1	Stage 2	Stage 3	Total
	$	$	$	$
Credit cards	8,061,288	235,786	1,407,103	9,704,177
Overdrafts	23,808,341	80,678,927	684,323	105,171,591
Term loans	76,833,796	5,389,409	7,079,075	89,302,280
Mortgages	336,556,506	54,347,572	25,989,721	416,893,799
Business and sovereign	226,672,734	35,811,299	11,973,192	274,457,225
	671,932,665	176,462,993	47,133,414	895,529,072
ECL allowance	(5,388,432)	(8,323,451)	(18,468,895)	(32,180,778)
	666,544,233	168,139,542	28,664,519	863,348,294

The effective interest rate on loans and advances stated at amortised cost as at December 31, 2024 was 6.7% (2023: 6.8%).

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8. Loans and Advances to Customers …..*Cont'd*

Analysis of Allowance on Business and Sovereign and Mortgages

	2024				2023			
	Stage 1 12-month ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Business and Sovereign								
Loss Allowance as at January 1	**3,188,136**	**2,556,865**	**3,064,580**	**8,809,581**	2,391,170	2,493,628	4,823,703	9,708,501
Changes in the loss allowance								
- Transfer to stage 1	**180,958**	**(180,958)**	**-**	**-**	47,188	(47,188)	-	-
- Transfer to stage 2	**(82,624)**	**82,624**	**-**	**-**	(42,153)	42,153	-	-
- Transfer to stage 3	**(8,696)**	**(42,080)**	**50,776**	**-**	(1,518)	(111,664)	113,182	-
- Increases due to change in credit risk	**527,376**	**1,269,961**	**716,379**	**2,513,716**	2,096,042	982,769	1,021,806	4,100,617
- Decreases due to change in credit risk	**(705,354)**	**(312,315)**	**(392,540)**	**(1,410,209)**	(1,302,593)	(802,833)	(35,819)	(2,141,245)
- Write-offs	**-**	**-**	**(430,316)**	**(430,316)**	-	-	(2,858,292)	(2,858,292)
Loss Allowance as at December 31	**3,099,796**	**3,374,097**	**3,008,879**	**9,482,772**	3,188,136	2,556,865	3,064,580	8,809,581
Mortgages								
Loss Allowance as at January 1	**537,546**	**1,741,523**	**9,183,522**	**11,462,591**	447,578	2,109,638	8,845,100	11,402,316
Changes in the loss allowance								
- Transfer to stage 1	**142,361**	**(142,361)**	**-**	**-**	80,054	(80,054)	-	-
- Transfer to stage 2	**(20,577)**	**20,577**	**-**	**-**	(11,395)	164,054	(152,659)	-
- Transfer to stage 3	**(1,913)**	**(74,399)**	**76,312**	**-**	(2,563)	(95,336)	97,899	-
- Increases due to change in credit risk	**85,690**	**919,390**	**850,172**	**1,855,252**	192,516	233,090	6,217,854	6,643,460
- Decreases due to change in credit risk	**(199,779)**	**(120,912)**	**(916,232)**	**(1,236,923)**	(168,626)	(589,860)	(1,065,366)	(1,823,852)
- Write-offs	**-**	**-**	**(1,138,113)**	**(1,138,113)**	(18)	(9)	(4,759,306)	(4,759,333)
Loss Allowance as at December 31	**543,328**	**2,343,820**	**8,055,661**	**10,942,809**	537,546	1,741,523	9,183,522	11,462,591

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8. Loans and Advances to Customers …..*Cont'd*

Analysis of Allowance on Term Loans and Overdrafts

	2024				2023			
	Stage 1 – 12-month ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Term Loans								
Loss Allowance as at January 1	**571,083**	**843,001**	**4,226,258**	**5,640,342**	540,161	1,610,893	4,816,111	6,967,165
Changes in the loss								
- Transfer to stage 1	**20,937**	**(20,937)**	**-**	**-**	11,619	(11,619)	-	-
- Transfer to stage 2	**(41,538)**	**41,538**	**-**	**-**	(10,279)	10,279	-	-
- Transfer to stage 3	**(6,186)**	**(21,476)**	**27,662**	**-**	(8,140)	(66,961)	75,101	-
- Increases due to change in credit risk	**1,777,365**	**2,006,221**	**718,289**	**4,501,875**	478,641	107,837	1,301,216	1,887,694
- Decreases due to change in credit risk	**(207,080)**	**(304,782)**	**(364,714)**	**(876,576)**	(364,315)	(806,902)	(529,177)	(1,700,394)
- Write-offs	**(38,174)**	**(9,568)**	**(523,323)**	**(571,065)**	(76,604)	(526)	(1,436,993)	(1,514,123)
Loss Allowance as at December 31	**2,076,407**	**2,533,997**	**4,084,172**	**8,694,576**	571,083	843,001	4,226,258	5,640,342
Overdrafts	**930,740**	**3,010,652**	**587,436**	**4,528,828**				
Loss Allowance as at January 1					460,572	1,256,887	1,005,510	2,722,969
Changes in the loss allowance								
- Transfer to stage 1	**40,045**	**(40,045)**	**-**	**-**	35,582	(35,582)	-	-
- Transfer to stage 2	**(428,482)**	**428,482**	**-**	**-**	(200,105)	200,105	-	-
- Transfer to stage 3	**-**	**-**	**-**	**-**	(4,847)	-	4,847	-
- Increases due to change in credit risk	**490,691**	**4,189,492**	**104,004**	**4,784,187**	708,057	1,633,720	404,869	2,746,646
- Decreases due to change in credit risk	**(198,840)**	**(68,770)**	**(132,910)**	**(400,520)**	(68,519)	(44,478)	(10,567)	(123,564)
- Write-offs	**-**	**-**	**(463,862)**	**(463,862)**	-	-	(817,223)	(817,223)
Loss Allowance as at December 31	**834,154**	**7,519,811**	**94,668**	**8,448,633**	930,740	3,010,652	587,436	4,528,828

Bank of St. Vincent and the Grenadines Ltd.

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(in Eastern Caribbean dollars)

8. Loans and Advances to Customers …..*Cont'd*

Analysis of Allowance on Credit Cards and Credit Provisioning

	2024				2023			
	Stage 1 – 12-month ECL $	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Credit Cards	**160,927**	**171,410**	**1,407,100**	**1,739,437**	-	-	-	-
Loss Allowance as at January 1	**-**	**-**	**-**	**-**	34,150	21,672	280,091	335,913
Changes in the loss allowance								
- Transfer to stage 1	**464,917**	**(138,287)**	**(326,630)**	**-**	99,866	(18,003)	(81,863)	-
- Transfer to stage 2	**(1,541)**	**7,380**	**(5,839)**	**-**	(146)	146	-	-
- Transfer to stage 3	**(6,545)**	**(30,697)**	**37,242**	**-**	(1,446)	(3,674)	5,120	-
- Increases due to change in credit risk	**6,590**	**92,785**	**534,707**	**634,082**	130,312	171,269	1,252,716	1,554,297
- Decreases due to change in credit risk	**(477,980)**	**(2,046)**	**-**	**(480,026)**	(101,809)	-	-	(101,809)
- Write-offs	**-**	**-**	**-**	**-**	-	-	(48,964)	(48,964)
Loss Allowance as at December 31	**146,368**	**100,545**	**1,646,580**	**1,893,493**	160,927	171,410	1,407,100	1,739,437
Total Credit Provisioning								
Loss Allowance as at January 1	**5,388,432**	**8,323,451**	**18,468,895**	**32,180,778**	3,873,631	7,492,718	19,770,514	31,136,863
Changes in the loss allowance								
- Transfer to stage 1	**849,218**	**(522,588)**	**(326,630)**	**-**	274,309	(192,446)	(81,863)	-
- Transfer to stage 2	**(574,762)**	**580,601**	**(5,839)**	**-**	(264,078)	416,737	(152,659)	-
- Transfer to stage 3	**(23,340)**	**(168,652)**	**191,992**	**-**	(18,514)	(277,635)	296,149	-
- Increases due to change in credit risk	**2,887,712**	**8,477,849**	**2,923,551**	**14,289,112**	3,605,568	3,128,685	10,198,461	16,932,714
- Decreases due to change in credit risk	**(1,789,033)**	**(808,825)**	**(1,806,396)**	**(4,404,254)**	(2,005,862)	(2,244,073)	(1,640,929)	(5,890,864)
- Write-offs	**(38,174)**	**(9,568)**	**(2,555,614)**	**(2,603,356)**	(76,622)	(535)	(9,920,778)	(9,997,935)
Loss Allowance as at December 31	**6,700,053**	**15,872,268**	**16,889,959**	**39,462,280**	5,388,432	8,323,451	18,468,895	32,180,778

Bank of St. Vincent and the Grenadines Ltd.

Notes to the Consolidated Financial Statements

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(in Eastern Caribbean dollars)

9. Other Assets

	2024	2023
	$	$
Other receivables	**75,568,880**	60,929,294
Prepaid expenses	**854,389**	743,896
	76,423,269	61,673,190

10. Investment Properties

	2024	2023
	$	$
Fair value at January 1	**2,262,000**	2,262,000
Fair value at December 31	**2,262,000**	2,262,000

On December 18, 2024, investment properties were valued, on an open market basis, by an independent valuator who holds a recognized and professional qualification.

The investment properties are held for appreciation. If material, the changes in the fair value of the investment properties are recognized in the statement of income under fees, commissions and other income.

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11. Property and Equipment

	Land and Building $	Leasehold Improvements $	Office Furniture and Equipment $	Motor Vehicles $	Computer Equipment and Software $	Work in Progress $	Total $
As at December 31, 2023							
Opening net book amount	43,771,587	215,336	5,020,872	208,149	3,652,342	4,925,077	57,793,363
Additions	12,641,476	149,992	2,486,267	181,290	1,676,170	-	17,135,195
Transfers	-	594,452	1,552,777	-	1,332,818	(3,480,047)	-
Disposals	(8,196,347)	-	-	-	-	-	(8,196,347)
Depreciation charge **(Note 25)**	(593,977)	(132,197)	(1,330,784)	(126,230)	(1,226,025)	-	(3,409,213)
Closing net book amount	47,622,739	827,583	7,729,132	263,209	5,435,305	1,445,030	63,322,998
At December 31, 2023							
Cost	55,590,717	1,073,837	25,784,586	951,160	18,887,654	1,445,030	103,732,984
Accumulated depreciation	(7,967,978)	(246,254)	(18,055,454)	(687,951)	(13,452,349)	-	(40,409,986)
Net book amount	47,622,739	827,583	7,729,132	263,209	5,435,305	1,445,030	63,322,998
As at December 31, 2024							
Opening net book amount	**47,622,739**	**827,583**	**7,729,132**	**263,209**	**5,435,305**	**1,445,030**	**63,322,998**
Additions	**-**	**110,940**	**412,488**	**-**	**306,515**	**2,628,784**	**3,458,727**
Disposals	**(76,249)**	**-**	**(6,553)**	**-**	**(44,032)**	**-**	**(126,834)**
Depreciation charge **(Note 25)**	**(613,288)**	**(225,385)**	**(1,645,675)**	**(120,954)**	**(1,516,974)**	**-**	**(4,122,276)**
Closing net book amount	**46,933,202**	**713,138**	**6,489,392**	**142,255**	**4,180,814**	**4,073,814**	**62,532,615**
At December 31, 2024							
Cost	**53,787,548**	**1,184,777**	**26,197,074**	**951,160**	**19,194,169**	**4,073,814**	**105,388,542**
Accumulated depreciation	**(6,854,346)**	**(471,639)**	**(19,707,682)**	**(808,905)**	**(15,013,355)**	**-**	**(42,855,927)**
Net book amount	**46,933,202**	**713,138**	**6,489,392**	**142,255**	**4,180,814**	**4,073,814**	**62,532,615**

As at December 31, 2024, property with a carrying amount of $23,572,791 (2023: $23,902,857) was pledged as security for related party borrowings (**Note 17**).

Bank of St. Vincent and the Grenadines Ltd.

Notes to the Consolidated Financial Statements

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12. Intangible Assets

Intangible assets comprise as follows:

	Goodwill	Customer Relationship	Total 2024	2023
	$	$	**$**	$
Cost				
Beginning of year	**1,224,223**	5,000,000	**6,224,223**	-
Amortization	-	(500,000)	**(500,000)**	-
Additions	-	-	**-**	6,224,223
End of year	**1,224,223**	**4,500,000**	**5,724,223**	6,224,223

(I) Goodwill

On 24 March 2023, the Bank acquired the FirstCaribbean International Bank Limited – St. Vincent Branch operations and recognized the excess of $1,224,223 of the purchase price over the fair value of the net identifiable assets as goodwill.

The goodwill is attributable to the combined years of banking experience, technical knowledge in credit risk assessment and evaluation processes and other synergies expected to be achieved from the acquisition. None of the goodwill recognised is expected to be tax deductible.

Following the acquisition, the assets and operations of the acquired branch were amalgamated into the net assets and operation of the Bank. For management reporting purposes, the Bank does not monitor the levels of assets and liabilities at the branch-level for decision-making purposes. For the purposes of impairment testing, goodwill is allocated to the relevant cash-generating unit (CGU) identified – in this case the Bank; therefore, the goodwill assessment is performed based on the projected performance of the Group.

In accordance with IAS 36 – Impairment of Assets, goodwill was reviewed for impairment as at 31 December 2024 using the ‘value in use’ method. This requires the use of estimates for determination of future cash flows expected to arise from each CGU and an appropriate perpetuity discount rate to calculate present cash flows. In each case, the cash flow projections are based on financial budgets approved by senior management and the values assigned to key assumptions reflects past performance.

The impact of Hurricane Beryl in 2024, La Soufrière eruption in 2021, and the Ukraine/Russia war created uncertainty in the estimation of cash flow projections, terminal growth rates and discount rates. The goodwill impairment test was conducted using sensitivity analysis, including a range of growth rates, interest rates, discount rates, regulatory capital requirements and macro-economic outlooks in arriving at a probability-weighted expected cash flow projection.

The key assumptions used in the estimation of the recoverable amount are as set out below:

Terminal growth rate	2.0 -3.0%
Post-tax discount rate	18.0%
Risk free rate (US 20-year rate)	4.58%

The pre-tax discount factor was 21.4% which was derived from an after-tax factor of 18.0% using an iterative method.

The cash flow projections included some specific estimates for three years and a terminal growth rate thereafter. The terminal growth rate was determined based on management’s estimate of the long-term compound annual growth rate for profits, consistent with the assumptions that a market participant would make.

The estimated recoverable amount of the CGU exceeded its carrying value.

No impairment losses on goodwill were recognized during the year ended 31 December 2024.

13. Deferred Tax Asset

The movement on the deferred tax asset is as follows:

	2024	2023
	$	$
At beginning of year	**3,228,701**	3,170,136
Current year charge **(Note 27)**	**2,665,712**	58,565
At end of year	**5,894,413**	3,228,701

As of reporting date, the Group's deferred tax comprise, as follows:

	2024	2023
	$	$
Capital assets	**(425,837)**	(610,626)
Taxed provisions	**6,320,250**	3,839,327
	5,894,413	3,228,701

Deferred income taxes and liabilities are offset when there are legally enforceable rights to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

14. Deposits Due to Banks

	2024	2023
	$	$
Deposits due to banks	**26,654,621**	17,606,016

Interest rates range from 0% to 1.50% (2023: 0% to 1.50%).

15. Due to Customers

	2024	2023
	$	$
Term deposits	**85,191,990**	80,976,984
Savings deposits	**876,559,235**	802,773,783
Demand deposits	**833,554,270**	739,346,359
	1,795,305,495	1,623,097,126

The weighted average effective interest rate of customers' deposits at December 31, 2024 1.2% (2023: 1.30%).

16. Provisions and Other Liabilities

	2024	2023
	$	$
Managers' cheques outstanding	**3,707,363**	2,214,324
Other payables	**39,506,002**	20,461,392
Undrawn commitments – expected credit losses	**69,463**	81,666
Customers' security deposits	**29,475,551**	19,555,019
	72,758,379	42,312,401

Manager's cheques and bankers' payments are financial instruments issued by the Group on behalf of its account holders. The Group is obligated to settle those instruments once presented by customers.

Other accounts payable include accrued liabilities, stamp duties, internal accounts, staff pension, propriety cards and credit card settlements.

Customers' security deposits consist of brokerage accounts held by the Group on behalf of customers for investment purposes. These funds are not available for the Group's use in its normal operations until processed.

17. Borrowings

	2024 $	2023 $
Caribbean Development Bank loan repayable in quarterly instalments of US$27,094 plus interest at 2.5% per annum, maturity October 1, 2029	**1,463,084**	1,755,691
Caribbean Development Bank loan repayable in quarterly instalments of US$135,860 plus interest at 4.5% per annum, maturity October 1, 2029	**7,336,458**	8,803,708
Caribbean Development Bank loan repayable in quarterly instalment of US$17,733, plus interest at 2.5% per annum, maturity April 1, 2025	**95,761**	287,284
Accrued interest	**112,454**	132,359
	9,007,757	10,979,042
National Insurance Services loan repayable in quarterly instalments of EC$582,457 at 6% per annum, maturity June 30, 2024	**-**	1,139,219
National Insurance Services loan repayable in quarterly instalments of EC$99,229 at 4.5% per annum, maturity March 31, 2025	**98,005**	478,080
	98,005	1,617,299
	9,105,762	12,596,341

Security

The Caribbean Development Bank borrowings are secured by a Government of St. Vincent and the Grenadines guarantee.

The Group has pledged property having a carrying value of $23,572,791 (2023: $23,902,857 as security for its borrowings from the National Insurance Services.

As at December 31, 2024, the Group had no undrawn facilities with either of the above-mentioned institutions.

18. Share Capital

Authorised share capital – an unlimited number of shares without no-par or nominal value.

	2024 $	2023 $
Issued and fully paid – 14,999,844 (2023: 14,999,844)	**20,753,306**	20,753,306

19. Statutory Reserves

	2024 $	2023 $
Balance at beginning and end of the year	**20,753,306**	20,753,306

Pursuant to Section 45 (1) of the Banking Act of 2015, the Group shall, maintain a general reserve fund and shall, out of its net profits of each year transfer to that fund a sum equal to not less than twenty per cent of profits whenever the amount of the reserve fund is less than a hundred per cent of the issued share capital. There was no transfer required during the period as the statutory reserves are equal to the share capital. The reserve is not available for distribution as dividends or any form of appropriation.

20. General Reserves

	2024 $	2023 $
Balance at beginning of the year	**7,797,010**	5,475,297
Transfer from retained earnings	**3,501,434**	2,321,713
Balance at end of the year	**11,298,444**	7,797,010

The Board has approved an annual appropriation of 10% of net profit to the general reserve. This reserve is non-distributable and is maintained in contemplation of requirements related to regulatory loan provisioning, and to handle extraordinary shocks that could impact the loan allowance requirements under IFRS 9's expected credit loss model.

In cases where the loan loss provision required by the Eastern Caribbean Central Bank's (ECCB) prudential guidelines is in excess of the allowance for credit losses in accordance with IFRS Accounting Standards, the Bank is required to maintain the excess in a separate reserve account. As disclosed in **Note 3**, as of December 31, 2024, the ECCB's loan loss provision exceeds the IFRS 9 loan loss allowance by $6,636,421, which is within the general reserve balance of $11,298,444. The excess amount of $4,662,023 has therefore been maintained by the Group voluntarily.

21. Contingent Liabilities and Commitments

(i) Commitments

The following table summarises the contractual amounts of the Group's financial instruments that commit it to extend credit to customers.

	2024 $	2023 $
Loan commitments	**31,622,111**	7,639,541
Guarantees and letters of credit	**3,034,155**	390,000
	34,656,266	8,029,541

The expected credit losses on these commitments is disclosed in **Note 16**.

(ii) Pending Litigation

In the ordinary course of business, the Group is routinely a defendant in or party to a number of pending and threatened legal actions and proceedings.

In view of the inherent difficulty of predicting the outcome of such matters, the Group 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 Group.

Bank of St. Vincent and the Grenadines Ltd.
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22. Net Interest Income

	2024 $	2023 $
Interest Income using the effective Interest Method		
Loans and advances	**67,260,626**	56,333,892
Loan origination fees	**840,183**	868,798
Treasury bills and investment securities	**28,102,770**	14,702,046
Deposits with banks	**1,856,708**	1,714,505
	98,060,287	73,619,241
Interest Expense		
Savings deposits	**20,063,407**	17,779,358
Time deposits	**1,458,979**	2,033,477
Other borrowed funds	**490,149**	726,471
	22,012,535	20,539,306
Net Interest Income	**76,047,752**	53,079,935

23. Fees, Commissions and Other Income

	2024 $	2023 $
Fee and Commission Income	**30,134,133**	25,902,646
Fee and Commission Expense	**(7,780,806)**	(9,303,824)
Net fee and commission income	**22,353,327**	16,598,822
Foreign Exchange		
- Trading	**13,414,192**	10,569,698
- Unrealized	**(311,325)**	(236,001)
	13,102,867	10,333,697
Other		
Loss on disposal of property and equipment	**(102,571)**	(796,347)
	13,000,296	9,537,350
	35,353,608	26,136,172

24. Credit Losses on Financial Assets

	2024 $	2023 $
Credit impairment against profit for the year on loans and advances to customers	**9,884,858**	3,539,490
Credit impairment (improvement) against profit for the year relating to debt securities	**4,357,586**	117,243
Credit improvement relating to financial guarantees and loan commitments	**-**	57,583
Amounts written off during the period as uncollectable	**-**	2,177
Recoveries on amounts previously written off	**(2,885,742)**	(2,970,855)
	11,356,702	745,638

25. Operating Expenses

	2024 $	2023 $
Depreciation and amortization **(Note 11)**	**4,622,276**	3,409,213
Employee benefit expense **(Note 27)**	**21,795,777**	17,144,292
Interest levy expense	**10,567,964**	9,388,839
Rent	**683,732**	382,881
Audit	**431,458**	276,771
Directors' fees	**495,216**	434,665
Computer expense	**496,909**	478,303
Insurance	**935,906**	895,513
Repairs and maintenance	**1,188,229**	1,747,660
Subscription and donations	**516,650**	163,660
Commission and fees	**2,969,147**	2,535,708
Utilities	**2,849,923**	2,822,143
Advertisement and sponsorship	**819,599**	804,098
Legal and professional fees	**2,813,942**	5,137,180
Postage and stationery	**1,228,341**	1,808,423
Bank and other licences	**4,902,461**	4,425,591
Security	**673,594**	455,736
Other expenses	**2,977,137**	1,391,494
	60,968,261	53,702,170

26. Employee Benefit Expense

	2024 $	2023 $
Salaries and wages	**16,671,329**	13,212,763
Other staff costs	**4,632,190**	3,509,323
Pension cost	**492,258**	422,206
	21,795,777	17,144,292

The Group operates a defined contribution pension plan for its employees. The plan provides for: contributions at the rates of 5% basic remunerations, by the Group and 3% employees, respectively; and normal retirement on attainment of employees' 65th birthday. The Group's contributions become fully vested in employees after 5 years membership.

27. Income Tax Expense

	2024 $	2023 $
Current tax	**8,773,666**	4,758,657
Deferred tax (credit) charge **(Note 14)**	**(2,665,712)**	(58,565)
	6,107,954	4,700,092

(in Eastern Caribbean dollars)

27. Income Tax Expense ...*Cont'd*

Tax on the Group's profit before taxation differs from the theoretical amount that would arise using the statutory tax rate of 28% (2023: 28%) as follows:

	2024		2023	
	$	**%**	$	%
Profit before income tax	**41,122,281**	**100.00**	27,917,220	100.00
Tax calculated at the applicable tax rate of 28%	**11,514,239**	**28.00**	7,816,822	28.00
Exempt income	**(13,312,134)**	**(32.37)**	(9,625,345)	(34.48)
Effect of change in tax rate	**2,347**	**0.01**	211,342	0.76
Understatement of prior year tax	**274,390**	**0.67**	-	-
Non-deductible expenses	**7,629,112**	**18.55**	6,297,273	22.56
	6,107,954	**14.85**	4,700,092	16.84

28. Earnings per Share

Earnings per share (EPS) is calculated by dividing the profit for the year attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2024	2023
	$	$
Net profit attributable to shareholders	**35,014,328**	23,217,128
Weighted average number of ordinary shares in issue	**14,999,844**	14,999,844
Basic and Diluted Earnings per Share	**2.33**	1.55

29. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2024	2023
	$	$
Cash in hand and balances with ECCB **(Note 5)**	**131,786,964**	137,848,269
Short term investment	**10,392,323**	10,391,089
Items in the course of collection with banks **(Note 6)**	**1,852,015**	10,502,297
Placements with other banks **(Note 6)**	**126,224,803**	135,101,327
	270,256,105	293,842,982

For the purposes of presentation in the statement of cash flows, cash and cash equivalents comprise highly liquid investments with less than three months maturity from the date of acquisition, cash and non-restricted balances with the Eastern Caribbean Central Bank (ECCB), treasury bills, deposits with other banks, deposits with non-bank financial institutions and other short-term securities.

30. Leases

The Group leases mainly storage and ATM spaces used in its operations. Rental contracts for these leases are typically made for fixed periods but may have extension options. Extension options are exercisable only by the Bank and not by the lessors. The Bank assesses its lease commencement date whether it is reasonably certain to exercise the extension options. The Bank reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

30. Leases ...*Cont'd*

Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements do not impose any covenants, and the leased assets may not be used as security for borrowing purposes.

These leases are short-term in nature. The Bank has elected not to recognise right-of-use assets and lease liabilities for these leases.

Commitments for minimum lease payment in relation to operating leases are payable as follows:

	2024 **$**	2023 $
Within one year	**683,732**	382,881

31. Related Party Balances and Transactions

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

The following accounts maintained by related parties are included under investment securities, deposits with other banks and deposits from banks:

	2024 **$**	2023 $
Bank of Saint Lucia Limited		
Deposits with other bank	**-**	2,196,563
Government of St. Vincent and the Grenadines		
Debt securities at amortised cost	**199,188,035**	87,768,749
Less: allowance for impairment loss	**(3,121,693)**	(100,281)
	196,066,342	87,668,468
Statutory Bodies		
Debt securities at amortised cost	**31,916,978**	14,250,000
Less: allowance for impairment loss	**(508,126)**	(16,330)
	31,408,852	14,233,670

Transactions carried out with Related Parties:

	2024 **$**	2023 $
Income		
Interest income	**7,242,447**	4,780,337
Expenses		
Interest expense	**141,154**	92,719

Other Related Parties

A number of banking transactions are entered into with other related parties in the normal course of business. These include loans, deposits and borrowings. These transactions were carried out on commercial terms and at market rates.

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

Other Related Parties …*Cont'd*

Other related party balances with the Group:

	2024		2023	
	Loans and Advances $	**Deposits $**	Loans and Advances $	Deposits $
Government of St. Vincent and the Grenadines	**236,179,152**	**15,840,279**	157,982,794	8,096,513
Statutory bodies	**8,229,552**	**58,766,824**	7,369,898	61,654,459
National Insurance Services	**-**	**29,646,786**	-	49,346,394
Staff pension plan	**-**	**9,147,544**	-	8,563,039
	244,408,704	**113,401,433**	165,352,692	127,660,405
Directors and key management	**6,066,176**	**4,869,501**	6,085,729	3,584,379
Less: allowance for impairment losses	**(7,708,211)**	**-**	(4,083,702)	-
	242,766,669	**118,270,934**	167,354,719	131,244,784

The loans issued to directors and other key management personnel are repayable monthly over an average of 11.3 years and have a weighted average effective interest rate of 5.5% (2023: 5.4%).

Interest income and interest expense with other related parties:

	2024		2023	
	Income $	**Expenses $**	Income $	Expenses $
Government of St. Vincent and the Grenadines	**19,288,659**	**158,402**	9,242,097	117,026
Statutory bodies	**615,695**	**274,558**	463,782	589,966
National Insurance Services	**-**	**761,287**	-	1,249,902
Staff pension plan	**-**	**300,145**	-	273,341
Directors and key management	**305,562**	**89,200**	243,796	78,981
	20,209,916	**1,583,591**	9,949,675	2,309,216

Key Management Compensation

Key management includes the Executive and Senior Management team. The compensation paid or payable to key management for employee services is shown below:

	2024 $	2023 $
Salaries and other short-term benefits	**2,905,013**	2,475,438
Pension cost	**92,729**	87,368
	2,997,742	2,562,806

32. Dividend

On March 26, 2025, the Board proposed a cash dividend of $1.17 per share to shareholders of record as of May 29, 2025.

33. Comparative Figures

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

NOTES

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