The St. Vincent Co-operative Bank Limited

Financial Statements

Year ended January 31, 2024
(in Eastern Caribbean dollars)

BDO

The St. Vincent Co-operative Bank Limited

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CORPORATE INFORMATION

REGISTERED OFFICE

Cnr. Heritage Sq. & Bay Street
Kingstown
St. Vincent and the Grenadines

DIRECTORS

Mr. Marcus Ballantyne – Chairman
Mr. Matthew Ferrari – Deputy Chairman
Mrs. Julie Lewis
Mr. E. Maxim James
Mr. Albert Porter
Mrs. Zhinga A. Horne - Edwards
Mr. Brian Glasgow
Mrs. Villette Browne
Mr. Duane Allen
Mr. Kenwyn Hackshaw

SECRETARY

Ms Zoe Williams

SOLICITORS

Hughes & Company
Rochelle A. Forde
Zhinga A. Horne - Edwards

AUDITORS

BDO Eastern Caribbean
Chartered Accountants
The Financial Services Centre
Kingstown Park
St. Vincent and the Grenadines

Tel: 784-456-2669
Tel: 473-435-2669
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The Financial Services Centre
P.O. Box 561
Kingstown Park
St. Vincent and the Grenadines

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
The St. Vincent Co-operative Bank Limited
Kingstown
St. Vincent and the Grenadines

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The St. Vincent Co-operative Bank Limited (the "Bank"), set out on pages 11 to 52, which comprise:

- the statement of financial position as at January 31, 2024,
- the statement of profit or loss and other comprehensive income,
- the statement of changes in equity,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements including material accounting policy information.

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of the Bank as at January 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Bank for the year ended January 31, 2023 were audited by another auditor, who expressed an unqualified opinion on those financial statements in their report dated April 26, 2023.

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of
The St. Vincent Co-operative Bank Limited
Kingstown
St. Vincent and the Grenadines

Key Audit Matters (cont'd)

Key Audit Matters	How our audit addressed the key audit matter
Expected credit losses	
Refer to Notes 4, 7 and 8 to the financial statements. IFRS 9, Financial Instruments, requires the Bank to evaluate credit losses on an expected credit loss ("ECL") model. This approach requires management's judgment and incorporation of forward-looking information. IFRS 9 requires the Bank to record allowance for ECLs for all loans and advances to customers and other financial assets not measured at fair value. The allowance for ECL on loans and advances to customers is considered to be a significant matter as it requires the application of judgement and use of subjective assumptions by management. The identification of impairment and the determination of the recoverable amounts are an inherently uncertain process involving various assumptions and factors including the financial condition of the counterparty and the timing and amount of expected future cash flows. Further, the models used to determine credit impairment are complex and certain inputs used are not fully observable. An assessment is made on the market value of the collateral and the time and cost to collect in determining the expected cash flows. Management is continuously assessing the assumptions used in determining the allowance for ECL process, and estimates are changed to account for current market and economic conditions, including the state of the real estate market. During the current year, management reassessed and amended the loan loss provisioning based on their historical experience in foreclosing and realizing the underlying collateral security and based on the current economic environment.	We assessed and tested the design and operating effectiveness of controls over: - Management's process for making lending decisions inclusive of the approval, disbursement and monitoring of loans and advances to customers. - Data used to determine the allowance for ECL, including transactional data captured at loan origination, internal credit quality assessments, storage of data and computations. In addition, we evaluated the modeling methodologies developed by the Bank in order to estimate ECLs and assessed their compliance with IFRS 9. We assessed the adequacy of the provision for loan losses by testing the key assumptions and forward- looking indications used in the Bank's ECL calculations. We assessed the reasonableness of the methodologies and assumptions applied in determining 12-month and lifetime probability of default (PD), loss given default (LGD), exposure at default (EAD) or loan staging. - We reviewed the accounting for loans and allowances for loan impairment policy and assessed the reasonableness of the change in estimates based on the Bank's historical experience of the realization of security, actual collection of cash flows and the current market conditions. We assessed the model and inputs and assumptions for the inherent risk provisions. In addition, we assessed the adequacy of the disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of
The St. Vincent Co-operative Bank Limited
Kingstown
St. Vincent and the Grenadines

Other information included in the Bank's 2024 Annual Report

Management is responsible for the information included in the Bank's 2024 Annual Report, other than the financial statements and our auditor's report thereon. The Bank's 2024 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the 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 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of
The St. Vincent Co-operative Bank Limited
Kingstown
St. Vincent and the Grenadines

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank'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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of
The St. Vincent Co-operative Bank Limited
Kingstown
St. Vincent and the Grenadines

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Reuben M. John.

BDO

BDO Eastern Caribbean
Kingstown, St. Vincent and the Grenadines
April 26, 2024

The St. Vincent Co-operative Bank Limited
Statement of Financial Position
As at January 31, 2024
(Expressed in Eastern Caribbean dollars)

	Notes	2024 $	2023 $
ASSETS			
Cash resources	6	26,517,573	31,796,884
Financial investments	7	63,979,334	55,204,440
Loans and advances to customers	8	110,078,357	118,414,036
Other assets	9	746,097	2,786,708
Property, plant and equipment	10	12,116,439	10,748,645
Total assets		213,437,800	218,950,713
LIABILITIES			
Customers deposits	11	168,414,413	166,350,336
Other payables	12	2,750,028	11,727,638
Taxes payable		164,735	10,602
Dividend payable		89,106	53,510
Deferred tax liability	13	62,996	89,079
Total liabilities		171,481,278	178,231,165
EQUITY			
Stated capital	14	5,527,362	5,527,362
General reserve	15	5,527,362	5,527,362
Loan loss reserve	16	-	377,516
Special reserve	17	82,419	315,017
Accumulated other comprehensive income	18	6,344,774	6,344,774
Retained earnings		24,474,605	22,627,517
		41,956,522	40,719,548
Total liabilities and equity		213,437,800	218,950,713

The notes on pages 11 to 52 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on April 23, 2024 and signed on its behalf by:

Marcus Ballantyne
Chairman

Brian Glasgow
Director

Zoë Williams
Corporate Secretary

The St. Vincent Co-operative Bank Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended January 31, 2024
(Expressed in Eastern Caribbean dollars)

	Notes	2024 $	2023 $
Interest income	19	12,652,877	12,073,895
Interest expense	20	(2,963,943)	(2,939,496)
Net interest income		9,688,934	9,134,399
Less: credit losses on loans/financial investments, net	21	(1,351,403)	(1,060,239)
		8,337,531	8,074,160
Interest levy		(827,675)	(824,942)
Selling expenses	22	(304,184)	(326,991)
Administrative expenses	23	(2,459,604)	(2,490,554)
Staff costs	24	(2,934,225)	(2,658,819)
Depreciation	10	(281,961)	(213,637)
		1,529,882	1,559,217
Other income			
Fees and commission		787,590	1,029,738
Profit before income tax		2,317,472	2,588,955
Income tax	25	(529,077)	(628,699)
Net profit for the year		1,788,395	1,960,256
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Appreciation in securities at fair value through other comprehensive income		-	(2,256)
		-	(2,256)
Total comprehensive income		1,788,395	1,958,000
Comprehensive income attributable to:			
Owners of company		1,788,395	1,958,000
Earnings per share	26	0.32	0.36

The notes on pages 11 to 52 are an integral part of these financial statements.

The St. Vincent Co-operative Bank Limited
Statement of Changes in Equity
For the year ended January 31, 2024
(Expressed in Eastern Caribbean dollars)

	Share Capital $	General Reserve $	Loan Loss Reserve $	Special Reserve $	Accumulated Other Comprehensive Income $	Retained Earnings $	Total $
Balance as at February 1, 2022	5,527,362	5,527,362	-	645,994	6,347,030	21,265,221	39,312,969
Appreciation in securities at fair value through other comprehensive income	-	-	-	-	(2,256)	-	(2,256)
Transfer from other reserve	-	-	-	(330,977)	-	330,977	-
Transfer to loan loss reserve	-	-	377,516	-	-	(377,516)	-
Dividend declared	-	-	-	-	-	(551,421)	(551,421)
Net profit for the year	-	-	-	-	-	1,960,256	1,960,256
Balance as at January 31, 2023	5,527,362	5,527,362	377,516	315,017	6,344,774	22,627,517	40,719,548
Transfer from special reserve	-	-	-	(232,598)	-	232,598	-
Transfer from loan loss reserve	-	-	(377,516)	-	-	377,516	-
Dividend declared	-	-	-	-	-	(551,421)	(551,421)
Net profit for the year	-	-	-	-	-	1,788,395	1,788,395
Balance As at January 31, 2024	5,527,362	5,527,362	-	82,419	6,344,774	24,474,605	41,956,522

The notes on pages 11 to 52 are an integral part of these financial statements.

The St. Vincent Co-operative Bank Limited
Statement of Cash Flows
For the year ended January 31, 2024
(Expressed in Eastern Caribbean dollars)

	Note	2024 $	2023 $
Cash flows from operating activities			
Profit for the year		1,788,395	1,960,256
Adjustments for:			
Depreciation of property, plant and equipment	10	281,961	213,637
Investment income	19	(2,629,409)	(2,537,983)
Finance income	19	(10,023,468)	(9,535,912)
Finance expense	20	2,963,943	2,939,496
Expected credit loss	21	1,351,403	1,060,239
Income tax expense		529,077	628,699
		(5,738,098)	(5,271,568)
Decrease (increase) in loans and advances to customers		6,523,027	(6,709,623)
Decrease (increase) in other assets		2,040,611	(2,504,413)
Increase in customers deposits		2,065,348	2,159,705
(Decrease) increase in other payables		(8,977,610)	9,052,555
Cash used in operations		(4,086,722)	(3,273,344)
Finance income received		10,486,393	10,504,635
Finance expense paid		(2,965,214)	(2,948,263)
Income taxes paid		(401,027)	(1,098,735)
Net cash generated from operating activities		3,033,430	3,184,293
Cash flow from investing activities			
Purchase of property, plant and equipment	10	(1,649,755)	(417,666)
Purchase of financial investments		(51,165,831)	(65,959,950)
Interest received		2,522,971	2,649,612
Redemption of financial investments		42,495,699	52,864,549
Net cash used in investing activities		(7,796,916)	(10,863,455)
Cash flow from financing activity			
Dividend paid		(515,825)	(561,641)
Net cash used in financing activity		(515,825)	(561,641)
Net movement in cash resources		(5,279,311)	(8,240,803)
Cash resources - beginning of year		31,796,884	40,037,687
Cash resources - end of year	6	26,517,573	31,796,884

The notes on pages 11 to 52 are an integral part of these financial statements.

1. Incorporation and principal activities

The St. Vincent Co-operative Bank Limited ("the Bank") is incorporated under the laws of St. Vincent and the Grenadines as company 22 of 1944. The Bank's activities are regulated under the provisions of the Banking Act No. 4 of 2015. The Bank operates under a licence issued by the Eastern Caribbean Central Bank. The Bank is engaged in retail banking and mortgage financing activities.

2. Basis of preparation

Statement of compliance

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

Basis of measurement

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

- Financial assets and liabilities measured at fair value through profit or loss (FVTPL)
- Financial assets and liabilities designated at fair value through profit or loss (FVTPL)
- Equity instruments designated at fair value through other comprehensive income (FVTOCI)
- Debt instruments measured at fair value through other comprehensive income (FVTOCI)
- Revalued land and buildings measurement fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas where significant judgment and estimates have been made in preparing the financial statements and their effect are disclosed in **Note 5**.

Change in accounting policies

a. New and amended standards and interpretations that became effective during the year

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The adoption of new standards and amendment to standards during the year does not have a significant impact on the Bank's financial statements. The Bank has assessed them and has adopted those which are relevant to its financial statements, viz:

2. Basis of preparation (cont'd)

Change in accounting policies (cont'd)

a. New and amended standards and interpretations that became effective during the year (cont'd)

i. IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

Additional amendments have been included to capture the following :

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination
- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level
- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives
- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.

ii. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

2. Basis of preparation (cont'd)

Change in accounting policies (cont'd)

a. New and amended standards and interpretations that became effective during the year (cont'd)

iii. Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

iv. Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

These amendments have no effect on the measurement or presentation of any items in the financial statements of the Bank but affect the disclosure of accounting policies of the Bank.

b. New, revised and amended standards and interpretations not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning on or after January 1, 2024 and earlier application is permitted; however, the Bank has not early adopted the following new or amended standards in preparing these financial statements.

i. IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The amendment is effective for annual reporting periods beginning on or after January 1, 2024.

ii. IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The amendment is effective for annual reporting periods beginning on or after January 1, 2024.

2. Basis of preparation (cont'd)

Change in accounting policies (cont'd)

b. New, revised and amended standards and interpretations not yet effective

iii. Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment is effective for annual reporting periods beginning on or after January 1, 2024.

iv. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendment is effective for annual reporting periods beginning on or after January 1, 2024.

v. Non-current Liabilities with Covenants (Amendments to IAS 1)
The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendment is effective for annual reporting periods beginning on or after January 1, 2024.

vi. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendment is effective for annual reporting periods beginning on or after January 1, 2024.

vii. Lack of Exchangeability (Amendments to IAS 21)
The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendment is effective for annual reporting periods beginning on or after 1 January 2025.

The Bank is assessing the impact, if any, that the foregoing standards and amendments will have in its financial statements when they are adopted.

3. Summary of material accounting policies

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

a. Cash, cash equivalents and short-term investment securities

Cash equivalents include highly liquid investments with insignificant interest rate risk and original maturities of ninety (90) days or less at the date of purchase. Investments with maturities between ninety (90) days and one year at the date of purchase are considered to be short-term investment securities. Short-term investment securities consist primarily of investment grade commercial paper, bankers' acceptances, and certificates of deposit.

b. Foreign currency translation

These financial statements are expressed in Eastern Caribbean dollars, the Bank's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

c. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

d. Loans to customers

Loans are stated net of allowance for loan losses. The allowance for losses is based on an annual appraisal of loans. Specific and general allowance for loan losses is based on the year-end appraisal of loans. The specific element relates to identified loans whereas the general element relates to latent bad and doubtful loans which are present in any loan portfolio but have not been specifically identified.

2. Summary of material accounting policies (cont'd)

e. Interest income and expense

Interest income and expense are recognised in the statement of profit or loss for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or discounts received between parties to the contract that are an integral part of the effective interest rate.

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

f. Fee and commission income

Fees and commissions are generally recognized on an accrual 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 recognized as an adjustment to the effective interest rate on the loan.

g. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are recognized initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

h. Property, plant and equipment

All property, plant and equipment are stated at cost less depreciation except land, and buildings which are revalued at fair value and are carried at fair value less subsequent depreciation.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

The carrying value of items of property, plant and equipment is amortized and charged as depreciation through the profit or loss. The depreciation of items of property, plant and equipment is determined each reporting period by reference to the rate of utilization of the items relative to their expected service life to the Bank less any expected realizable value on retirement.

3. Summary of material accounting policies (cont'd)

h. Property, plant and equipment (cont'd)

The main classification of property, plant and equipment are depreciated on a declining balance basis using the following rate:

Buildings	2%
Furniture and fittings	15%
Office equipment	15 – 33 1/3%
Generator	20%
Motor vehicle	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Assets that are subject to amortization (depreciation) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the profit or loss. Any gains or losses arising on the remeasured value of the Bank's property is included in other comprehensive income.

i. Investments and other financial assets

(i) *Classification*

The Bank classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Bank has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes.

3. Summary of material accounting policies (cont'd)

i. Investments and other financial assets (cont'd)

(ii) Measurement

At initial recognition, the Bank measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instrument
Subsequent measurement of debt instruments depends on the Bank's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Bank classified its debt instruments: -

- Amortised Cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair Value through Other Comprehensive Income (FVOCI): assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in the gains/(losses). Interest income from those financial assets is included in finance income using the effective interest rate method. Foreign exchange gains or losses are presented in other gains and losses and impairment expenses in other expenses.

- Fair Value through Profit or Loss: assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which is arises.

3. Summary of material accounting policies (cont'd)

i. Investments and other financial assets (cont'd)

(ii) Measurement (cont'd)

Equity instruments
The Bank subsequently measures all equity investments at fair value. Where the Bank's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Bank's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(loss) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment
The Bank assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. **Note 4.1** details how the Bank determines whether there has been a significant increase in credit risk.

j. Employee benefits

Pension obligation
The Bank operates a defined contribution pension scheme. The scheme is generally funded through payments to trustee-administered funds, determined by the provisions of the plan.

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Bank pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

3. Summary of material accounting policies (cont'd)

k. Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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 income tax asset is realized or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, provisions for pensions and other post-retirement benefits and tax losses carried forward; and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base. The rates enacted or substantively enacted at the reporting date are used to determine deferred income tax. However, the deferred income 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 accounting nor taxable profit or loss.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The tax effects of income tax losses available for carry-forward are recognized as an asset when it is probable that future taxable profits will be available against which these losses can be utilized.

l. Provisions

Provisions for restructuring costs and legal claims are recognized when: the Bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

m. Stated capital

a) Share issue cost

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of the Bank's own shares are shown in equity as a deduction from the proceeds.

b) Dividends on ordinary shares

Dividends on ordinary shares are recognized in equity in the period in which they are approved or declared by the Bank's shareholders.

Dividends for the year that are declared after reporting date are dealt with in the subsequent events note.

4. Financial risk management

Financial risk factors

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

The Bank'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 Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by Management under policies approved by the Board of Directors. The Bank's Management identifies, evaluates and hedges financial risks in close co-operation with the Bank'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. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

4.1. Credit risk

The Bank takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Bank's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Bank's asset portfolio. There is also credit risk in off-reporting financial instruments, such as loan commitments. The credit risk management and control are centralised in the management team of the Bank and reported to the Board of Directors regularly.

4.1.1 Credit risk measurement

IFRS 9 outlines a 'three stage' model for impairment based on changes in credit quality since initial recognition as summarized below: -

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their expected credit loss measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 or 3 have their expected credit loss measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring expected credit loss in accordance with IFRS 9 is that should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss is always measured on a lifetime basis (Stage 3).

4. Financial risk management (cont'd)

4.1. Credit risk (cont'd)

4.1.1 Credit risk measurement (cont'd)

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in Credit Quality since Initial Recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard are discussed below.

In determining whether there has been a significant increase in credit risk, the Bank considers the probability of default upon initial recognition of asset on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Bank compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated: -

(i) internal credit rating
(ii) external credit rating (as far as available)
(iii) 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
(iv) actual or expected significant changes in the operating results of the borrower
(v) significant increases in credit risk or other financial instruments of the same borrower
(vi) significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
(vii) significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating result of the borrower,

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

The presumption that there is a significant increase in the credit risk has been rebutted, as there is no conclusive historic evidence that demonstrates a significant increase in a risk of default and loans being 30 days past due.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

4. Financial risk management (cont'd)

4.1. Credit risk (cont'd)

4.1.1 Credit risk measurement (cont'd)

Financial assets are written off when there is no reasonable expectation of recovery, such as customer failing to engage in a repayment plan with the Bank. The Bank categorises a loan or receivable for write off when a customer fails to make contractual payments greater than 120 days past due. Where loans have been written off, the Bank continues to engage in enforcement activity to attempt to recover the amounts due. Where recoveries are made, these are recognised in profit or loss.

The Bank's process for identifying and measuring ECL in accordance with IFRS 9, shall at minimum, include:

- The method and process for identifying the staging of individual loans and advances.
- Segmentation of loans into appropriate categories to determine historical loss information which will be subsequently updated to reflect the effects of forward-looking information.
- Fair value of collateral
- The approximate recovery cost and discount rate
- Estimation of current and future probability of default (PD), exposure at default (EAD), loss given default (LGD), and discount rate, incorporating forward-looking information and modelling scenarios. For significant drivers, future variables are required and shall be considered when calculating expected credit loss.
- Assessment of whether there has been a significant increase in credit risk for the portfolio.
- Modelling scenarios into the business cycle based on historical information, including determination of the number of scenarios used to evaluate the performance of each segment of the portfolio, and the weightings associated with each scenario.
- Delinquency and non-accrual/non-performing reports. The Bank uses three categories for loans which reflect their credit risk and how the loan loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings recommended by the Eastern Caribbean Central Bank.

Investment securities

Management uses its internal credit rating model to determine which of the three stages an asset is to be categorized for the purposes of ECL. The same model is used to estimate lifetime PD for rated sovereign and corporate financial instruments. The Bank's internal credit rating model is a scale which allows for distinctions in risk characteristics and is referenced to the rating scale of international credit rating agencies. The scale is summarized in the following table:

Internal Rating	**Classification**	**External ratings - S&P or equivalent**
Low Risk	Investment Grade	AAA - BBB
Medium Risk	Non-Investment Grade	BB - B
High Risk	Non-Investment Grade	CCC - C
Default	Default	D

4. Financial risk management (cont'd)

4.1. Credit risk (cont'd)

4.1.1 Credit risk measurement (cont'd)

Investment securities (cont'd)

For investment securities, once the asset has experienced a significant increase in credit risk the investment will move from Stage 1 to Stage 2. Management has assumed that the credit risk of a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial asset that is investment grade is considered low credit risk.

Stage 1 instruments are classified as follows:

i. investment grade; or,
ii. below investment grade at origination and have not been downgraded more than 2 notches since origination.

Stage 2 instruments are assets which:

i. have been downgraded from investment grade to below investment grade; or,
ii. are rated below investment grade at origination and have been downgraded more than 2 notches since origination.

Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk at the reporting date has increased significantly relative to the date it was initially recognised. For the purposes of this assessment, credit risk is based on an instrument's lifetime PD, not the losses the Bank expects to incur.

Corporate and Sovereign debt securities:

The sovereign debt is inherently the low-default portfolio, which is challenging for any kind of PD modelling. This applies in particular to higher rating grades, where there are usually no observed defaults within 12M horizon.

The exposure in the context of calculating the ECL is determined based on the expected cash flows on the financial instrument from the measurement date (i.e. the balance sheet date) to the last cash flow date (i.e. end of lifetime – estimated and/or contractual).

The LGD should be estimated over future periods to include the term of exposures and incorporate expectations about future.

4. Financial risk management (cont'd)

4.1. Credit risk (cont'd)

4.1.1 Credit risk measurement (cont'd)

Investment securities (cont'd)

A summary of the assumptions underpinning the Bank's expected credit loss model is as follows:

Category	Bank Definition of Category	Basis of Recognition of Expected Credit Loss Provision
Stage 1 – Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 month expected loss. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage 2 – Non-Performing	Loans for which there is a significant increase in credit risk as evidenced by: - absence of up-to-date financial information on file - inadequate credit documentation to support borrowings which may result in losses if not corrected - initiation of legal action, assets transferred to real estate - breach of loan covenants - other potential weaknesses that deserve msanagement's attention but do not expose the Bank to significant risk	Lifetime expected losses
Stage 3 – Default	- All or most of the weaknesses of 'non-performing' above - Full liquidation or collection of debt improbable	Lifetime expected losses
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off

Over the term of the loans, the Bank accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. The expected credit loss is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. 12-month expected credit losses are the product of the Probability of Default (PD), Exposure to Default (EAD), and Loss Given Default (LGD), as defined as follows: -

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per 'Definition of default and credit-impaired' above) over the next 12 months of the obligation.

4. Financial risk management (cont'd)

4.1. Credit risk (cont'd)

4.1.1 Credit risk measurement (cont'd)

Investment securities (cont'd)

- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months. For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated as the percentage of loss expected to be made if the default occurs in the next 12 months.
- Discount Rate - Lifetime expected credit losses are the discounted loss given default. The discount rate used in the expected credit loss calculation is the original effective interest rate or an approximation thereof.

Incorporation of forward-looking information

IFRS 9 requires the incorporation of forward-looking information in the estimation of expected credit losses for each stage and the assessment of significant increases in credit risk. It considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

Management applied experienced judgement in selecting macroeconomic factors that would most likely impact credit risk and leveraged various third-party macroeconomic forecasts when determining the forward-looking factors. When management determines the macro-economic factors that impact the portfolios of financial assets, they first determine all readily available information within the relevant market. Portfolios of financial assets are segregated based on product type and historical performance. There is often limited timely macro-economic data for Caribbean markets. Management assesses data sources from local government, International Monetary Fund, and other reliable data sources.

In its model, management developed an economic scorecard model based on qualitative rationale and management judgment to calculate a "Forward Looking Factor" (FLF). The macroeconomic projections considered by management were:
- Housing market
- Unemployment rate
- Interest rates

Management then employed a Forward-Looking Factor Scorecard approach to compute adjustment factors applied to the final PD estimates used to calculate the ECLs. This approach also considered various economic scenarios (base case, upside, downside), indicator multiplier (positive, stable, negative) and their estimated impacts to the ECL.

4. Financial risk management (cont'd)

4.1. Credit risk (cont'd)

4.1.1 Credit risk measurement (cont'd)

Incorporation of forward-looking information (cont'd)

Forward-looking economic information is also included in determining the PD, EAD, LGD and realization horizon. These assumptions vary by product type. The above five parameters are modelled and estimated independently and combined to obtain the ECL of loans.

The assumptions underlying the expected credit loss calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis.

The Bank provides for credit losses against loans to customers as follows: -

Bank Internal Credit Rating	Sub-category (if any)	Basis for Recognition of Expected Credit Loss Provision	Expected Credit Loss Rate	Estimated Gross Carrying Amount at Default	Carrying Amount (Net of Impairment Provision)	Basis of Calculation of Interest Revenue
Performing	Consumer Loans	12-month expected losses	1.33%	20,076,769	19,808,638	Gross carrying amount
	Other Mortgages	12-month expected losses	0.06%	51,652,428	51,621,821	Gross carrying amount
	Residential Mortgages	12-month expected losses	0.14%	35,660,969	35,609,195	Gross carrying amount
Non-Performing	Consumer Loans	Lifetime expected losses	26.91%	403,100	292,881	Gross carrying amount
	Other Mortgages	Lifetime expected losses	1.17%	232,099	229,353	Gross carrying amount
	Residential Mortgages	Lifetime expected losses	0.03%	1,517,863	1,517,378	Gross carrying amount
Default	Consumer Loans	Lifetime expected losses	95.41%	1,925,362	(209,816)	Amortised cost carrying amount (net of credit allowance)
	Other Mortgages	Lifetime expected losses	74.51%	7,343,543	(20,828)	
	Residential Mortgages	Lifetime expected losses	-	614,441	614,441	

No significant changes to estimation techniques or assumptions were made during the reporting period.

4. Financial risk management (cont'd)

4.1. Credit risk (cont'd)

4.1.1 Credit risk measurement (cont'd)

Incorporation of forward-looking information (cont'd)

The allowance for losses on loans to customers as at January 31, 2023 reconciles to the opening loss allowance for that provision as follows: -

	Movement of Stage 1 ECL $	Movement of Stage 2 ECL $	Movement of Stage 3 ECL $	Total $
Opening loss allowance as at January 31, 2023	**406,920**	**187,910**	**7,985,214**	**8,580,044**
Individual financial assets transferred to non-performing (Lifetime expected credit losses)	(8,464)	58,637	(50,173)	-
Individual financial assets transferred to default (credit impaired financial assets)	(34,341)	(39,947)	74,288	-
New financial assets	311,269	110,529	1,521,568	1,943,366
Recoveries/write-offs	(72,067)	(4,458)	(161,985)	(238,510)
Changes in risk parameters	(252,805)	(199,221)	130,687	(321,339)
Closing loss allowance as at January 31, 2024	**350,512**	**113,450**	**9,499,599**	**9,963,561**

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	107,814,578	116,189,527	2,208,417	1,233,445	10,018,923	9,571,108
Less: allowance for impairment on loans and advances	(350,512)	(406,920)	(113,450)	(187,910)	(9,499,599)	(7,985,214)
Net exposure	107,464,066	115,782,607	2,094,967	1,045,535	519,324	1,585,894

4. Financial risk management (cont'd)

4.1. Credit risk (cont'd)

4.1.1 Credit risk measurement (cont'd)

Sensitivity

The sensitivity of the loss allowance to changes in significant management estimates is:

	Change in Assumption	Impact on Loss Allowance	
		12 Month Expected Loss	Lifetime Expected Loss
Collateral realization timeline	+/- 1 year	Nil	-/+ $96,830
Realization costs	+/- 100 basis points	Nil	-/+ $347,227
Collateral value discount rates	+/- 100 basis points	Nil	-/+ $107,211

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the loss allowance to significant management assumptions, the same method has been applied as when calculating the loss allowance recognised in the statement of financial position.

4.1.2 Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk whenever they are identified, in particular to individual counterparties and groups, and industries.

The Bank 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 geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, and industry sector are approved annually 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 Bank 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 Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

i. Mortgages over residential properties;
ii. Charges over business assets such as premises;
iii. Charges over financial instruments such as debt securities and equities.

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

4. Financial risk management (cont'd)

4.1. Credit risk (cont'd)

4.1.2 Risk limit control and mitigation policies (cont'd)

Collateral (cont'd)

The following summarises the Bank's maximum credit risk exposures to financial instruments recognized on the statement of financial position:

	2024 $	2023 $
Deposits with commercial banks	24,701,958	30,881,123
Financial investments	63,979,334	55,204,440
Loans	110,078,357	118,414,036
Other assets	746,097	2,786,708
	199,505,746	207,286,307

The exposures set out above are based on net carrying amounts as reported in the statements of financial position and represent a worst-case scenario of credit risk exposure as at January 31, 2024 and 2023 without taking account of any collateral held or other credit enhancements attached.

The following summarises the Bank's maximum credit risk exposures to off-statement of financial position financial instruments:

	2024 $	2023 $
Loan commitments and other related obligations	1,164,483	4,191,073

The table below represents an analysis of the Bank's deposits with other banks (**Note 6**), treasury bills, debt and equity securities (**Note 7**), loans and advances to customers (**Note 8**), and other assets by rating agency designation at January 31, 2024 and 2023, based on CariCRIS's ratings or equivalent: -

	Cash Resources $	Financial Investments $	Loans and advances to customers $	Other Assets $	Total $
At January 31, 2024					
AA	-	-	-	-	-
A	-	19,076,051	-	-	19,076,051
A-	-	-	-	-	-
B	-	4,076,161	-	-	4,076,161
BB	-	23,925,514	-	-	23,925,514
BBB	-	16,758,922	-	-	16,758,922
Unrated	24,701,958	142,686	110,078,357	746,097	135,669,098
	24,701,958	63,979,334	110,078,357	746,097	199,505,746

4. Financial risk management (cont'd)

4.1. Credit risk (cont'd)

4.1.2 Risk limit control and mitigation policies (cont'd)

Collateral (cont'd)

	Cash Resources	Financial Investments	Loans and advances to customers	Other Assets	Total
	$	$	$	$	$
At January 31, 2023					
AA	-	-	-	-	-
A	-	19,085,371	-	-	19,085,371
A-	-	-	-	-	-
B	-	3,662,107	-	-	3,662,107
BB	-	20,236,817	-	-	20,236,817
BBB	-	12,090,567	-	-	12,090,567
Unrated	30,881,122	129,578	118,414,036	2,786,708	152,211,444
	30,881,122	55,204,440	118,414,036	2,786,708	207,286,306

4.2. Market risk

The Bank reviews its exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency 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 Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are regularly reported to the Board of Directors.

The Bank is not engaged in any market trading activities on behalf of any client or customer.

Non-trading portfolios primarily arise from the interest rate management of the entity's retail banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Bank's held-to-maturity and available-for-sale investments.

4. Financial risk management (cont'd)

4.2. Market risk (cont'd)

4.2.1. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank 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 losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily.

The table below summarizes the Bank's exposure to interest rate risks.

At January 31, 2024	Up to One Year $	One to Five Years $	Over Five Years $	Non-Interest Bearing $	Total $
Financial assets					
Cash resources	23,567,565	-	-	2,950,008	26,517,573
Financial investments	32,808,003	20,836,962	9,459,728	874,641	63,979,334
Loans and advances	6,681,756	31,046,454	71,734,853	615,294	110,078,357
Other assets	-	-	-	746,097	746,097
Total financial assets	63,057,324	51,883,416	81,194,581	5,186,040	201,321,361
Financial liabilities					
Deposits	168,363,963	-	-	50,450	168,414,413
Other liabilities	-	-	-	2,750,028	2,750,028
Total financial liabilities	168,363,963	-	-	2,800,478	171,164,441
Interest sensitivity gap	(105,306,639)	51,883,416	81,194,581	2,385,562	30,156,920

At January 31, 2023	Up to One Year $	One to Five Years $	Over Five Years $	Non-Interest Bearing $	Total $
Financial assets					
Cash resources	30,477,305	-	-	1,319,579	31,796,884
Financial investments	25,805,170	18,965,255	9,665,812	768,203	55,204,440
Loans and advances	8,686,378	35,108,012	73,575,217	1,044,429	118,414,036
Other assets	-	-	-	2,786,708	2,786,708
Total financial assets	64,968,853	54,073,267	83,241,029	5,918,919	208,202,068
Financial liabilities					
Deposits	166,298,615	-	-	51,721	166,350,336
Other liabilities	-	-	-	11,727,638	11,727,638
Total financial liabilities	166,298,615	-	-	11,779,359	178,077,974
Interest sensitivity gap	(101,329,762)	54,073,267	83,241,029	(5,860,440)	30,124,094

Sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Bank's exposure to interest rate risk is solely to the extent that interest-earning assets mature or re-price at different times or in differing amounts.

4. Financial risk management (cont'd)

4.2. Market risk (cont'd)

4.2.2. Price risk

The Bank's exposure to debt and equity securities price risk arises from investments held by the Bank that are publicly traded and classified in the statement of financial position as fair value through other comprehensive income.

To manage its price risk arising from investments in debt and equity securities, the Bank diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Bank.

The Bank's publicly traded equity investments are included in the Eastern Caribbean Stock Exchange Index.

The Banks debt security is listed on the Eastern Caribbean Stock Exchange. A change in either the issuer's credit rating or the market's perception of the issuer's overall risk position will affect the pricing of its outstanding bonds. Ratings are intended to reflect the issuer's overall risk profile on a relative basis.

Sensitivity

Assuming that the equity index had been 100 basis points higher/lower with all other variables held constant, and that all the Bank's equity instruments moved in line with the index, accumulated other comprehensive income for the year would have been $8,677 (2023: $8,174) higher/lower.

4.3. Liquidity risk

Liquidity risk is the risk that the Bank 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.

The Bank is exposed to daily cash calls on its available cash resources from savings accounts, maturing deposits, and loan draw-downs. The Bank does not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The 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 bank and its exposure to changes in interest rates.

The Bank's liquidity risk policy is designed to ensure that it can meet cash obligations when they fall due and take advantage of unanticipated earnings enhancement opportunities.

4. Financial risk management (cont'd)

4.3. Liquidity risk (cont'd)

4.3.1 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 Bank. 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 Bank's liquidity management process, as carried out within the Bank and monitored by Management, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring reporting liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank's liquidity exposure. It is unusual for businesses to be completely matched since business transactions are often of uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of loss.

The 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 Bank and its exposure to changes in interest rates.

4.3.2 Funding approach

Sources of liquidity are regularly reviewed by management in order to maintain a wide range of product and term.

Assets currently held for managing liquidity risk include the following:

- Cash and balances with another bank
- Treasury bills and notes
- Government bonds and other securities traded on the ECSE
- Unimpaired loans

4. Financial risk management (cont'd)

4.3. Liquidity risk (cont'd)

4.3.2 Funding approach

	Up to One Year $	One to Five Years $	Over Five Years $	Total $
At January 31, 2024				
Financial assets				
Cash resources	26,517,573	-	-	26,517,573
Financial investments	33,604,550	20,836,963	9,537,821	63,979,334
Loans and advances	7,297,050	31,046,454	71,734,853	110,078,357
Other assets	746,097	-	-	746,097
Total financial assets	68,165,270	51,883,417	81,272,674	201,321,361
Financial liabilities				
Deposits	168,414,413	-	-	168,414,413
Other liabilities	2,750,028	-	-	2,750,028
Total financial liabilities	171,164,441	-	-	171,164,441
Net liquidity gap	(102,999,171)	51,883,417	81,272,674	30,156,920

	Up to One Year $	One to Five Years $	Over Five Years $	Total $
At January 31, 2023				
Financial assets				
Cash resources	31,796,884	-	-	31,796,884
Financial investments	29,433,019	19,593,444	8,602,316	57,628,779
Loans and advances	28,327,612	77,183,271	101,397,702	206,908,585
Other assets	2,786,708	-	-	2,786,708
Total financial assets	92,344,223	96,776,715	110,000,018	299,120,956
Financial liabilities				
Deposits	166,350,336	-	-	166,350,336
Other liabilities	11,727,638	-	-	11,727,638
Total financial liabilities	178,077,974	-	-	178,077,974
Net liquidity gap	(85,733,751)	96,776,715	110,000,018	121,042,982

Off-Statement of Financial Position Instruments

Loan Commitments and Other Related Obligations

As of reporting date, the contractual amounts of the Bank's off-statement of financial position instruments that commit it to extend credit to customers and other facilities (**Note 27**), are summarized in the table below: -

	2024 $	2023 $
Loan commitments and other related obligations	1,164,483	4,191,073

4. Financial risk management (cont'd)

4.4. Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of reporting, are:

- To comply with the capital requirements set by the Eastern Caribbean Central Bank;
- To safeguard the Bank'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 Bank's management, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented by the Eastern Caribbean Central Bank, for supervisory purposes. The required information is filed with the ECCB on a quarterly basis.

The ECCB requires each bank or banking group to: (a) hold the minimum level of regulatory capital of $5,000,000 and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Basel ratio') at or above the minimum indicated in the prudential guidelines of 8%.

The Bank's regulatory capital as managed by management is divided into two tiers:

- Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings.
- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealized gains arising on the fair valuation of equity instruments held as available-for-sale and fixed assets revaluation reserves.

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 statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The following table summarizes the composition of regulatory capital and the ratios of the Bank as of reporting date. During the reporting periods, the Bank complied with all of the ECCB capital requirements.

	2024 $	2023 $
Tier 1 Capital:		
Paid up ordinary share capital	5,527,362	5,527,362
General reserves	5,527,362	5,527,362
Retained earnings	24,474,605	22,627,517
Total Qualifying Tier 1 Capital	35,529,329	33,682,241
Tier 2 Capital:		
Fixed assets revaluation reserves	6,316,663	6,316,663
Loan Loss reserve	-	377,516
General provisions	463,962	406,920
Total Qualifying Tier 2 Capital	6,780,625	7,101,099
Total Qualifying Capital	42,309,954	40,783,340

4. Financial risk management (cont'd)

4.4. Capital management

	2024 $	2023 $
Risk-weighted assets:		
On statement of financial position	123,690,263	133,623,113
Off statement of financial position	1,164,483	4,191,073
Total risk-weighted assets	124,854,746	137,814,186
Capital adequacy ratio	33.89%	29.57%

The capital adequacy ratio is calculated as total Qualifying Capital divided by total risk-weighted assets.

4.5 Financial value 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 quoted market value, if one exists.

The fair values of cash resources, other assets and liabilities, cheques, and other items in transit and due to other banks are assumed to approximate their carrying values due to their short-term nature. Debt securities are carried at amortized cost in the absence of market value and are considered to reflect fair value. Equity investments that are unquoted are carried at cost less impairment which is management's estimate of fair value. The fair value of off- statement of financial position commitments are also assumed to approximate the amounts disclosed due to their short-term nature.

The following methods and assumptions have been used to estimate the fair value of each class of financial assets and liabilities for which it is practical to estimate a value.

a. **Customers Deposits**
The estimated fair value of deposits with no stated maturity, which includes noninterest-bearing deposits, is the amount repayable on demand. Deposits payable on a fixed date at rates which reflect market conditions and are assumed to have fair values which approximate carrying value.

b. **Financial Investments**
Financial Investments include interest bearing debt and equity securities. Debt securities are carried at amortized cost in the absence of market value and are considered to reflect fair value. Assets classified 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.

c. **Loans and advances to customers**
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.

4. Financial risk management (cont'd)

4.5 Financial value of financial assets and liabilities (cont'd)

The Bank measures financial investments and loans and advances to customers at fair value at each reporting date.

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

	Carrying Value		Fair Value	
	2024	2023	2024	2023
	$	$	$	$
Financial assets				
Cash resources	26,517,573	31,796,884	26,517,573	31,796,884
Financial investments	63,979,334	55,204,440	63,979,334	55,204,440
Loans and advances to customers	110,078,357	118,414,036	110,078,357	118,414,036
Other assets	746,097	2,786,708	746,097	2,786,708
	201,321,361	208,202,068	201,321,361	208,202,068

	2024	2023	2024	2023
	$	$	$	$
Financial liabilities				
Deposits	168,414,413	166,350,336	168,414,413	166,350,336
Other payables	2,750,028	11,727,638	2,750,028	11,727,638
	171,164,441	178,077,974	171,164,441	178,077,974
Off-statement of financial position items				
Loan commitments and other related obligations	1,164,483	4,191,073	1,164,483	4,191,073

4. Financial risk management (cont'd)

4.5 Financial value of financial assets and liabilities (cont'd)

The following methods and assumptions have been used to estimate the fair value of each class of financial instruments for which it is practical to estimate a value: -

Short-term financial assets and liabilities: The carrying value of these financial assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets are comprised of deposits with other commercial banks (**note 6**), financial investments (**note 7**), loans and interest receivable **(note 8)**, and certain other assets. Short-term financial liabilities are comprised of customers' deposits and certain other liabilities.

Long-term loans and receivables: The estimated fair value of long-term loans to members is based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and remaining terms of maturity. Some of the financial assets included in financial investments are long-term.

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 Bank'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 exchanges such as Barbados and Eastern Caribbean.

- 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.

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

	Level 1 $
At January 31, 2024	
Investment securities at fair value through other comprehensive income	
- equity securities	78,093
Total financial assets	78,093

	Level 1 $
At January 31, 2023	
Investment securities at fair value through other comprehensive income	
- equity securities	78,093
Total financial assets	78,093

4. Financial risk management (cont'd)

4.5 Financial value of financial assets and liabilities (cont'd)

Fair value measurement of non-financial assets
The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis: -

	Level 3 $
At January 31, 2024	
Property, plant and equipment	7,283,250
Total non-financial assets	7,283,250

	Level 3 $
At January 31, 2023	
Property, plant and equipment	7,283,250
Total non-financial assets	7,283,250

Fair value of the Bank's real properties was revalued by an independent, professionally qualified property valuator. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and Audit Committee and adopted at reporting date. The valuation approach used prices and other relevant information generated by market transactions involving identical or comparable assets. Under the market approach, the value is determined based on comparable transactions. Management is of the opinion that these properties fair value will determine the current market value.

5. Critical accounting estimates and judgements

The Bank 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.

a. Financial assets at amortised cost

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified at amortised cost. The Bank intends to hold these assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the outstanding principal amount.

b. Financial assets at fair value through other comprehensive income

The Bank has elected to present in other comprehensive income changes in the fair value of its equity investments, because these investments are not held for trading.

5. Critical accounting estimates and judgements (cont'd)

c. Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring expected credit loss is detailed in **Note 4.1.1**, which also sets out key sensitivities of the expected credit loss to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring expected credit loss, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit loss;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit loss; and
- Establishing groups of similar financial assets for the purposes of measuring expected credit loss.

Detailed information about the judgements and estimates made by the Bank in the above areas is set out in **Note 4.1.1**.

d. Revaluation of land and buildings and investment property

The Bank measures its land and buildings at revalued amounts with changes in fair value being recognized in the statement of comprehensive income. The Bank engages independent valuation specialists to determine fair value of its land and buildings. The valuators use judgement in the application of valuation techniques such as replacement costs, capitalization of potential rentals and the market price of comparable properties, as applicable in each case.

6. Cash resources

	2024 $	2023 $
Cash on hand	1,559,378	799,797
Cheques and other items in transit	256,237	115,965
Deposits with other banks	24,701,958	30,881,122
	26,517,573	31,796,884

The Bank's cash resources and balances with other banks are denominated in Eastern Caribbean currency.

7. Financial investments

The Bank holds the following financial investments: -

	2024 $	2023 $
Securities at amortised cost		
- Treasury bill	26,817,865	16,573,020
- Corporate paper	19,000,000	19,000,000
- Bonds	17,471,279	19,045,992
	63,289,144	54,619,012
Less: allowance for impairment	(184,451)	(182,775)
Interest receivable	796,548	690,110
	63,901,241	55,126,347
Securities at fair value through other comprehensive income		
- Quoted equity securities	78,093	78,093
	63,979,334	55,204,440

The effective yields on securities held to maturity at reporting date were as follows:-

	2024 %	2023 %
Treasury bills	4.05	4.36
Bonds	6.37	6.46
Corporate paper	2.75	2.50

Fair value (loss)/gain of $Nil (2023: ($2,256)) has been recognised in 'appreciation in securities at fair value through other comprehensive income'.

As of reporting date, the maturity distribution of debt securities was as follows: -

	2024 $	2023 $
One year	33,133,649	26,417,187
From 1 to 5 years	21,197,717	18,965,255
Over 5 years	9,569,875	9,743,905
	63,901,241	55,126,347

The Bank's financial investments are denominated in Eastern Caribbean currency.

The Bank holds British American Insurance Company Limited flexible annuity securities having a nominal value of $12,000,000, which are deemed to be fully impaired.

British American Insurance Company Limited has defaulted on its flexible annuity securities and is under judicial management.

8. Loans and advances to customers

	2024 $	2023 $
Residential mortgages	37,793,273	35,343,290
Other mortgages	59,228,120	65,665,835
Consumer loans	22,405,231	24,940,526
	119,426,624	125,949,651
Less: allowance for impairment	(9,963,561)	(8,580,044)
	109,463,063	117,369,607
Interest receivable net	615,294	1,044,429
	110,078,357	118,414,036
Due within one year	7,297,050	18,310,851
Due after one year	102,781,307	100,103,185
	110,078,357	118,414,036

The effective interest yield on loans and advances was 2024: 8.56% (2023: 8.79%).

During the year, interest income of $336,529 (2023: $472,518) was derecognized on non-performing loans.

The following summarizes the staging of the loans portfolio as of reporting date:

	2024			
	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Residential loans	35,742,723	1,564,244	715,812	38,022,779
Other mortgages	51,963,600	234,661	7,355,584	59,553,845
Consumer loans	20,108,255	409,512	1,947,527	22,465,294
	107,814,578	2,208,417	10,018,923	120,041,918
ECL allowance	(350,512)	(113,450)	(9,499,599)	(9,963,561)
	107,464,066	2,094,967	519,324	110,078,357

	2023			
	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Residential loans	34,049,403	346,252	1,497,569	35,893,224
Other mortgages	58,313,240	201,996	7,527,334	66,042,570
Consumer loans	23,826,884	685,197	546,205	25,058,286
	116,189,527	1,233,445	9,571,108	126,994,080
ECL allowance	(406,920)	(187,910)	(7,985,214)	(8,580,044)
	115,782,607	1,045,535	1,585,894	118,414,036

Weighted average effective rate 2024: 8.42% (2023: 8.82%).

8. Loans and advances to customers (cont'd)

8.1 A breakdown of the staging and the related ECLs for loans and advances is illustrated below:

January 31, 2024	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Residential loans	51,774	485	-	52,259
Consumer loans	268,131	110,219	2,135,178	2,513,528
Other mortgages	30,607	2,746	7,364,421	7,397,774
	350,512	113,450	9,499,599	9,963,561

January 31, 2023	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Residential loans	48,590	-	59,447	108,037
Consumer loans	314,208	187,881	581,854	1,083,943
Other mortgages	44,122	29	7,343,913	7,388,064
	406,920	187,910	7,985,214	8,580,044

9. Other assets

	2024 $	2023 $
Prepaid expenses	369,644	278,518
Other receivables	376,453	2,508,190
	746,097	2,786,708

The St. Vincent Co-operative Bank Limited
Notes to the Financial Statements
For the year ended January 31, 2024
(Expressed in Eastern Caribbean dollars)

10. Property, plant and equipment

	Land $	Buildings $	Furniture & Fittings $	Office Equipment $	Motor Vehicle $	Generator $	Total $
Cost or valuation							
Balance at February 1, 2022	7,283,250	2,522,000	390,691	1,635,656	110,871	33,349	11,975,817
Additions	-	233,715	30,450	153,501	-	-	417,666
Disposals	-	-	-	-	-	-	-
Balance at January 31, 2023	7,283,250	2,755,715	421,141	1,789,157	110,871	33,349	12,393,483
Balance at February 1, 2023	7,283,250	2,755,715	421,141	1,789,157	110,871	33,349	12,393,483
Additions	-	839,263	48,188	674,139	88,165	-	1,649,755
Disposals	-	-	-	-	-	-	-
Balance at January 31, 2024	7,283,250	3,594,978	469,329	2,463,296	199,036	33,349	14,043,238
Accumulated depreciation							
Balance at February 1, 2022	-	75,156	280,356	947,092	95,249	33,348	1,431,201
Charge for the year	-	49,808	18,291	141,632	3,906	-	213,637
Disposals	-	-	-	-	-	-	-
Balance at January 31, 2023	-	124,964	298,647	1,088,724	99,155	33,348	1,644,838
Balance at February 1, 2023	-	124,964	298,647	1,088,724	99,155	33,348	1,644,838
Charge for the year	-	52,615	20,614	202,129	6,603	-	281,961
Disposals	-	-	-	-	-	-	-
Balance at January 31, 2024	-	177,579	319,261	1,290,853	105,758	33,348	1,926,799
Carrying amounts							
Balance at February 1, 2022	7,283,250	2,446,844	110,335	688,564	15,622	1	10,544,616
Balance at January 31, 2023	7,283,250	2,630,751	122,494	700,433	11,716	1	10,748,645
Balance at January 31, 2024	7,283,250	3,417,399	150,068	1,172,443	93,278	1	12,116,439

10. Property, plant and equipment (cont'd)

On June 11, 2020, the Bank's land and building were valued by Franklyn Browne, an independent valuator, using the open market approach. The Board of Directors adopted the combined appraisal value of $9,805,250 in the Bank's records on July 9, 2020. In 2020, the excess of the revaluation of freehold land and building of $717,603 over the carrying value was credited to revaluation surplus and flowed through the other comprehensive income in that year.

11. Customers deposits

	2024 $	2023 $
Payable after notice	148,584,996	145,801,732
Payable on a fixed date	19,778,967	20,496,883
	168,363,963	166,298,615
Interest payable on deposits	50,450	51,721
	168,414,413	166,350,336

The effective interest rates at the reporting date were as follows: -

	2024 %	2023 %
Payable after notice	1.96	2.02
Payable on a fixed date	1.00	1.00

Customers' deposits are denominated in Eastern Caribbean Currency.

11.1. Sectoral analysis

	2024 $	2023 $
Private sector	168,261,805	166,197,470
Financial institutions	102,158	101,145
	168,363,963	166,298,615

12. Other payables

	2024 $	2023 $
Inter-bank clearings	530,873	575,552
Interest levy payable	896,719	893,263
Other accounts payable	1,322,436	10,258,823
	2,750,028	11,727,638

The Bank's other payables are denominated in Eastern Caribbean currency.

13. Deferred tax liability

Deferred income taxes are calculated in full on temporary differences under the liability method using statutory tax rate, 28% (2023: 28%), which is expected to be in force in the upcoming financial year. Deferred tax liability comprises: -

	2024 $	2023 $
Temporary difference on capital assets	129,087	75,930
Temporary difference on interest income	(98,143)	134,533
Taxed provision	32,052	(121,384)
	62,996	89,079

This balance includes the following: -

	2024 $	2023 $
Deferred tax liabilities to be settled after more than 12 months	62,996	89,079

The gross movement on the deferred income tax is as follows: -

	2024 $	2023 $
Balance - beginning of the year	89,079	236,805
Income statement (credit) (Note 25)	(26,083)	(147,726)
Balance - end of the year	62,996	89,079

14. Stated capital

	2024	2023 No. of Shares	2024 $	2023 $
Authorized capital				
Ordinary voting shares	**Unlimited**	**Unlimited**	**Unlimited**	**Unlimited**
Issued and fully paid capital				
Ordinary voting shares of $1.00 par value				
Balance - beginning of year	5,514,211	5,514,211	5,527,362	5,527,362
Balance - end of year	5,514,211	5,514,211	5,527,362	5,527,362

15. General reserve

	2024 $	2023 $
Balance – beginning of year	5,527,362	5,527,362
Balance – end of year	5,527,362	5,527,362

The Banking Act No. 4 of 2015, requires licensed Banks to maintain a reserve, which is not available for distribution, equivalent to their paid-up capital.

16. Loan loss reserve

	2024 $	2023 $
Balance - beginning of year	377,516	-
Transfer (to)/from retained earnings	(377,516)	377,516
Balance - end of year	-	377,516

To comply with the ECCB requirements where the provision based on the Central Bank's classification methodology is higher than that determined under the International Financial Reporting Standards – IFRS 9, licensed financial institutions are required to compute the difference.

The difference shall be a deduction from the licensed financial institution's Tier 1 capital (appropriated from Retained Earnings) and placed in Regulatory Loan Loss Reserves in Tier II Capital.

17. Other reserve

	2024 $	2023 $
Balance - beginning of year	315,017	645,994
Transfer to retained earnings	(232,598)	(330,977)
Balance - end of year	82,419	315,017

To satisfy the ECCB requirements concerning the suspension of interest income on non-performing loans which was recognized under IFRS 9, the portion of interest income relating to these loans have been separated from retained earnings and transferred to other reserve. This interest income is transferred to retained earnings when collected. The other reserve is not available for distribution to shareholders, nor does it qualify to be included in regulatory capital.

18. Accumulated other comprehensive income

	Revaluation Surplus on Property $	Valuation Surplus (Deficit) on Securities at FVOCI $	Total $
Balance as of January 31, 2023	6,316,663	28,111	6,344,774
Balance as of February 1, 2023	6,316,663	28,111	6,344,774
Appreciation in fair value of security	-	-	-
Balance as of January 31, 2024	6,316,663	28,111	6,344,774

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19. Interest income

	2024 $	2023 $
Income from loans and advances	10,023,468	9,535,912
Income from investment securities	2,526,963	2,343,357
Income from deposits with other banks	102,446	194,626
	12,652,877	12,073,895

20. Interest expense

	2024 $	2023 $
Interest on savings deposits	2,764,645	2,720,420
Interest on fixed deposits	199,298	219,076
	2,963,943	2,939,496

21. Credit losses on loan/financial investments

	2024 $	2023 $
Expected credit loss on loans and advances	1,422,123	1,261,579
Bad debts written off	30,031	164,218
Bad debts recovered	(102,427)	(494,851)
Expected credit loss on financial investments	1,676	129,293
	1,351,403	1,060,239

22. Selling expenses

	2024 $	2023 $
Advertising and promotion	131,639	131,110
Other business promotion	172,545	195,881
	304,184	326,991

23. Administrative expenses

The following summarises administrative expenses on a functional basis:

	2024 $	2023 $
Communications	126,709	131,525
Energy	128,400	111,518
Information technology costs	888,458	1,084,887
Other administrative costs	975,910	862,209
Property related expenditure	340,127	300,415
	2,459,604	2,490,554

24. Staff costs

	2024 $	2023 $
Bonus	103,977	82,973
Health insurance	25,141	22,386
National Insurance Services	86,399	74,499
Other staff benefits	73,181	105,853
Pension	100,395	76,981
Salaries and allowances	2,220,693	2,114,153
Staff training	134,547	123,216
Uniforms	21,621	58,758
Vacation	168,271	-
	2,934,225	2,658,819

At reporting date, the Bank’s staff complement included 37 (2023: 34) full-time employees.

25. Income tax

	2024 $	2023 $
Current tax	555,160	776,425
Deferred tax expense	(26,083)	(147,726)
	529,077	628,699

Deferred tax expense for the year comprises: -

	2024 $	2023 $
Temporary differences in property, plant and equipment	(57,824)	(5,128)
Temporary differences in taxed provisions	78,434	150,684
Prior year charge/(release) to deferred tax	5,473	2,170
	26,083	147,726

The income tax charge differs from the amount computed by applying the tax statutes income tax rate, 28% (2023: 29.83%), to earnings before tax. The differences in the effective rate of tax are accounted for follows: -

	2024		2023	
	%	$	%	$
Profit before tax	100.00	2,317,472	100.00	2,588,955
Tax calculated at the statutory rate	28.00	648,892	29.83	772,285
Income not subject to taxation	(38.87)	(900,860)	(32.23)	(834,615)
Expenses not deductible for tax purposes	33.94	786,518	26.78	693,199
Overstatement of prior year's deferred tax	(0.24)	(5,473)	(0.99)	(2,170)
Tax charge	22.83	529,077	23.39	628,699

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26. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Bank by the weighted average number of ordinary shares in issue during the year.

	2024 $	2023 $
Profit attributable to equity holders of the Bank	1,788,395	1,960,256
Weighted average number of ordinary shares in issue	5,514,211	5,514,211
	0.32	0.36

27. Contingencies

a. Interest levy assessment

On August 26, 2013, the Bank was subject to an assessment for additional interest levy of $670,092 and $713,829 in respect of the years 2012 and 2013 respectively. The Bank objected to the additional assessment. As of reporting date, no determination has been made in respect of the additional assessment. If upon final determination of the assessment the Bank is found liable for the additional interest levy, the effects will be charged to profit or loss.

b. Undrawn loan commitments and other related obligations

As of reporting date, the Bank had contractual amounts of off-statement of financial position financial instruments that commit it to extend credit to customers as follows: -

	2024 $	2023 $
Undrawn loan commitments	1,164,483	4,191,073

28. Related party transactions

The following summarises transactions, in the ordinary course of business, with related parties:

Loans and advances to directors

	2024 $	2023 $
Directors and key management personnel (and their families)	6,678,618	5,520,127

Deposits and other liabilities

	2024 $	2023 $
Directors and key management personnel (and their families)	3,226,941	5,222,674

Interest income

	2024 $	2023 $
Directors and key management personnel (and their families)	367,045	276,846

28. Related party transactions (cont'd)

Interest expense

	2024 $	2023 $
Directors and key management personnel (and their families)	59,971	73,679

Services rendered

	2024 $	2023 $
Directors and their companies	23,088	30,252

No specific provisions have been recognised in respect to loans to related parties.

	2024 $	2023 $
Key management compensation	1,107,299	1,206,342
Directors' fees	293,848	249,733

29. Reclassification of prior year presentation

Certain prior year balances have been reclassified for consistency with the current year presentation. Those reclassifications have no effect on the reported results of operations.