

## **Bank of St. Vincent and the Grenadines Ltd.**

Consolidated Financial Statements  
**For the Year Ended December 31, 2024**  
(in Eastern Caribbean Dollars)



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**Independent Auditor's Report**

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

**Report on the Audit of the Consolidated Financial Statements**

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**Grant Thornton**

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**Opinion**

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

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

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to audit of the financial statements of public interest entities in the Eastern Caribbean, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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



## Key Audit Matters .....Cont'd

Key Audit Matter 1: IFRS 9 Expected Credit Losses	How the matter was addressed in our audit
<p><i>Refer to Notes 2, 3 and 8 to the Consolidated Financial Statements</i></p> <p>The estimation of expected credit losses (ECL) on loans and advances is highly subjective and involves significant judgements and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus on the Group's ECL are:</p> <ul style="list-style-type: none"> <li>• <b>Model estimations</b> – inherently judgmental modeling and assumptions are used to estimate ECL, which involves determining Probability of Default (“PD”), Loss Given Default (“LGD”) and Exposure at Default (“EAD”). ECL may be inappropriate if certain models or assumptions do not accurately predict default or recoveries over time or become out of line with experience or fail to reflect the credit risk of financial assets. As a result, certain IFRS 9 models and model assumptions are the drivers of complexity and uncertainty in the Group's calculation of the ECL estimate.</li> <li>• <b>Economic scenarios</b> – IFRS 9 requires ECL to be computed on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the forward-looking economic scenarios used as inputs to calculate ECL, probability weightings associated with each scenario, and the complexity of models used to drive the probability weightings.</li> <li>• <b>Qualitative adjustments</b> – Adjustments, referred to as management overlays, to model driven ECL results are raised by management to address known model limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved in estimating management overlays.</li> </ul>	<p>Our procedures to address the risks included:</p> <p><b>Risk assessment:</b> We performed detailed risk assessment procedures over loans and advances at amortized cost within the Group's financial statements.</p> <p><b>Control testing:</b> We performed walkthroughs to identify the key systems, applications and controls used in the ECL process. We tested the relevant manual, general IT and application controls over key systems used in the ECL process.</p> <p>Key aspects of our control testing involved evaluating the design and implementation and testing the operating effectiveness of the key controls over the:</p> <ul style="list-style-type: none"> <li>- completeness and accuracy of the key inputs in the IFRS 9 model</li> <li>- application of staging criteria</li> <li>- model validation, implementation and monitoring</li> <li>- selection and implementation of economic variables and controls over economic scenarios and probabilities</li> <li>- calculation of management overlays</li> <li>- credit reviews that determine customer credit ratings used in the model.</li> </ul> <p>We involved our specialists to assist us in evaluating the appropriateness of the Group's impairment methodologies, including criteria used to determine significant increase in credit risk. We independently assessed the assumptions underlying the probability of default, loss given default and exposure at default.</p> <p>We evaluated the appropriateness of the Group's methodology for incorporating forward-looking information, management's overlays, and economic scenarios used along with the probability weighting applied to them.</p> <ul style="list-style-type: none"> <li>- We assessed the adequacy of the disclosures, including key judgements, assumptions and sensitivity analysis related to uncertainty in estimating the ECL.</li> </ul>

## Key Audit Matters ..... Cont'd

<b>Key Audit Matter 2: Fair Value of Unlisted Investments measured at FVOCI</b>	<b>How the matter was addressed in our audit</b>
<p><i>Refer to Notes 2, 3 and 7 to the Consolidated Financial Statements</i></p> <p>The Group invests in various investment securities for which no published prices in active markets are available and have been classified as Level 3 assets within the IFRS fair value hierarchy.</p> <p>Valuation techniques for these investments can be subjective in nature and involve various assumptions regarding pricing factors. Associated risk management disclosure is complex and dependent on high quality data. A specific area of audit focus includes the valuation of fair value Level 3 assets where valuation techniques are applied in which unobservable inputs are used.</p> <p>These techniques include the use of dividend discount models, comparable company multiples, namely enterprise value to earnings before interest, taxes, depreciation and amortization, price-to-earnings and price-to-tangible book value multiples and adjusted net book value.</p> <p>This is a key audit matter due to the complexity and use of different valuation techniques and assumptions. This could result in significantly different estimates of fair value.</p>	<p>Our procedures to address the risks included:</p> <ul style="list-style-type: none"> <li>- We tested the effectiveness of controls over valuation of investment securities ensuring accounting criteria were met.</li> <li>- We reviewed the market prices applied to the Bank's debt and equity securities by comparing the prices used to an independent external source.</li> <li>- We involved our internal valuation specialist to assess the reasonableness of the fair value determined for these assets which have no observable market prices.</li> <li>- We assessed the adequacy of the disclosures in the consolidated financial statements.</li> </ul>

### **Other Information**

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

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

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

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

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

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

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

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

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

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

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

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



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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Chartered Accountants  
St. Vincent  
March 26, 2025

# Bank of St. Vincent and the Grenadines Ltd.


## Consolidated Statement of Financial Position

As of December 31, 2024

(in Eastern Caribbean dollars)

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

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

  
Judith Veira  
Chairperson

  
Saibrina Brewster-Dickson  
Director

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



# Bank of St. Vincent and the Grenadines Ltd.

## Consolidated Statement of Changes in Equity For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Consolidated Statement of Income

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Consolidated Statement of Comprehensive Income For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Consolidated Statement of Cash Flows For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

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

# Bank of St. Vincent and the Grenadines Ltd.

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# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements

### For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

#### 1. Reporting Entity

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

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

#### 2. Summary of Material Accounting Policies

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

##### 2.1 Basis of Accounting

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

##### 2.2 Basis of Measurement

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

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

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

#### Application of the Going Concern Principle

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

### 2. Summary of Material Accounting Policies .....Cont'd

#### 2.3 New and Amended Standards and Interpretations

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

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

The following amendments became effective as at 1 January, 2024

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

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

##### *Characteristics*

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

##### *Disclosure requirements*

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

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

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

The amendments clarify:

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

### 2. Summary of Material Accounting Policies .....Cont'd

#### 2.3 New and Amended Standards and Interpretations ...Cont'd

##### *IFRS 16 Leases – Amendments to IFRS 16*

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

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

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

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

#### 2.4 New and Amended Standards and Interpretations Issued but not yet Effective

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

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

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

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

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

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



# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

### 2. Summary of Material Accounting Policies .....Cont'd

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

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

The amendments:

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

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

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

##### *Statement of income*

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

##### *Main business activities*

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

##### *Management-defined performance measures*

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

##### *Location of information, aggregation and disaggregation*

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

### 2. Summary of Material Accounting Policies .....Cont'd

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

##### *Consequential amendments to other accounting standards*

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

IAS 33 Earnings per Share is amended to include additional requirements that permit entities to disclose additional amounts per share, only if the numerator used in the calculation meets specified criteria. The numerator must be:

- An amount attributable to ordinary equity holders of the parent entity; and
- A total or subtotal identified by IFRS 18 or an MPM as defined by IFRS 18.

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

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

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

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

#### 2.5 Consolidation

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

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

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

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

#### 2.5 Consolidation .....*Cont'd*

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

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

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

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

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

#### **Business Combination**

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

#### 2.5 Consolidation .....*Cont'd*

##### **Goodwill**

##### *i. Recognition and Measurement*

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

##### *ii. Subsequent Measurement*

Goodwill is measured at cost less any impairment losses.

##### **Intangible Assets**

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

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

##### **Other Intangibles**

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

##### **Transactions with Non-Controlling Interests**

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

#### 2.6 Fair Value Measurement

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

#### 2.7 Financial Assets and Liabilities

##### a) Recognition and Initial Measurement

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

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

- Amortised cost,
- FVTPL, or
- FVOCI.

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements

### For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

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

#### b) Classification of Financial Instruments

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

Classification Category	Instruments	Measurement Category	Recognition at FVTPL	Recognition at FVOCI
Amortised cost	<b>Assets</b> <ul style="list-style-type: none"> <li>Cash and cash equivalents</li> <li>Loans and advances to customers</li> <li>Debt securities held to collect</li> <li>Deposits with other banks</li> </ul> <b>Liabilities</b> <ul style="list-style-type: none"> <li>Deposits due to banks</li> <li>Due to customers</li> <li>Borrowings</li> <li>Other liabilities</li> </ul>	Amortised cost	<ul style="list-style-type: none"> <li>Interest income</li> <li>Interest expense</li> <li>ECLs and reversals</li> </ul>	
Fair value through other comprehensive income	<ul style="list-style-type: none"> <li>Equity instruments</li> <li>Debt instruments</li> </ul>	Fair value	<ul style="list-style-type: none"> <li>Dividend income</li> <li>ECLs and reversals</li> </ul>	Unrealised gains/losses from fair value changes
Fair value through profit or loss	<ul style="list-style-type: none"> <li>Equity instruments</li> <li>Debt instruments</li> </ul>	Fair value	<ul style="list-style-type: none"> <li>Gains or losses from fair value changes</li> <li>ECLs and reversals</li> <li>Dividend income</li> </ul>	

#### Business Model Assessment

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

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements

### For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

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

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

###### **Contractual Cash Flow Characteristics Assessment (SPPI Test)**

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

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

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

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

In contrast, the contractual terms that introduce a more than de minimis exposure to risk or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases the financial asset is required to be measured at either FVTPL or FVOCI without recycling.

###### **Debt Instruments Measured at Amortised Cost**

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

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

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

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

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

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

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

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

Premiums, discounts and related transaction costs are amortised over the expected life of the instrument to interest income in the consolidated statement of income using the effective interest rate method.

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss approach. The ECL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the consolidated statement of financial position, which remains at its fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to an allowance for credit losses in the consolidated statement of income. The accumulated allowance recognised in OCI is recycled to the consolidated statement of income upon derecognition of the debt instrument.

Debt instruments are measured at FVTPL for assets:

- held for trading purposes;
- held as part of a portfolio managed on a fair value basis; or
- whose cash flows do not represent payments that are SPPI.

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

###### **Equity Instruments**

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

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

###### **Equity Instruments Designated at FVTPL**

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

###### **Equity Instruments Designated at FVOCI**

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

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



# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements

### For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

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

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

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

###### Financial Liabilities

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

###### Reclassification of Financial Assets and Liabilities

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

###### c) Derecognition of Financial Assets and Liabilities

###### *Derecognition of Financial Assets*

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

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

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

On derecognition of a financial asset, the difference between the carrying amount and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the consolidated statement of income. Transfers of financial assets that do not qualify for derecognition are reported as secured financing in the consolidated statement of financial position.

###### *Derecognition of Financial Liabilities*

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

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

##### d) Impairment of Financial Assets

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

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

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

##### *Determining a Significant Increase in Credit Risk since Initial Recognition*

The assessment of significant deterioration in credit risks since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12 months ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments to estimate a significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition. The Group applies a three-stage approach based on the change in credit quality since initial recognition.

##### *Expected Credit Loss Impairment Model*

The Group's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either:

- (i) over the following twelve months; or
- (ii) over the expected life of a financial instrument depending on credit deterioration since origination.

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

- **Stage 1 – 12-month ECL**

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

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

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

- **Stage 3 – Credit Impaired**

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

##### *Measurement of Expected Credit Loss*

Expected credit losses are computed as unbiased, probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information, including that which is forward looking.

ECLs are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- For undrawn loan commitments the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life and calculates the ECL as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.
- Financial guarantee contracts as the expected payments to reimburse the holder less any amounts the Group expects to recover.

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

PD	The Probability of Default is an estimate of the likelihood of default over a given period of time. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
EAD	The Exposure at Default is an estimate of the exposure arising at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
LGD	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

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

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

###### **Incorporation of Forward-Looking Information**

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

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

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

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

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

###### **Assessment of Significant Increase in Credit Risk (SICR)**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that was available.

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

Some of the indicators which were incorporated included:

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

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

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

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

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

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

Quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime determined PD by comparing the remaining lifetime PD at reporting date with the remaining lifetime PD at the point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

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

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

###### Credit Impaired (or Defaulted) Exposures (Stage 3)

Financial assets that are credit impaired (or in default) are referred to as Stage 3 assets and represent those that are at least 90 days past due in respect of principal and/or interest. The contractual terms that introduce a more than de minimis exposure to risk or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases the financial asset is required to be measured at FVTPL or FVOCI without recycling. Lifetime ECL is recognised for loans where there is objective evidence of impairment.

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

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

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

###### Credit Impaired (or Defaulted) Exposures (Stage 3)

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

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

###### Definition of Default

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

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

###### Improvement in Credit Risk/Curing

A period may elapse from the point at which financial instruments enter lifetime expected credit losses (stage 2 and stage 3) and are reclassified back to 12 month expected credit losses (stage 1). For financial assets that are credit impaired (stage 3), a transfer to stage 2 or stage 1 is only permitted where the instrument is no longer considered to be credit impaired. An instrument will no longer be considered credit impaired when there is no shortfall of cash flows compared to the original contractual terms.

For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where a significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the original transfer criteria are no longer valid. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to stage 1.

A forborne loan can only be removed from the category (cured) if the loan is performing (stage 1 or 2) and a further one-year probation is met.

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements

### For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

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

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

###### Improvement in Credit Risk/Curing ...*Cont'd*

In order for a forbearance loan to become performing, the following criteria have to be satisfied:

- At least a year has passed with no default upon the forbore contract terms
- The customer is likely to repay its obligations in full without realising security
- The customer has no accumulated impairment against amount outstanding

Subsequent to the criteria above being met, probation continues to assess if regular payments are made by the customer and none of the exposures to the customer are more than 30 days past due.

###### Expected Life

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

###### Presentation of Allowance for Credit Losses in the Consolidated Statement of Financial Position

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the financial assets;
- Debt instruments measured at fair value through other comprehensive income: no allowance is recognised in the consolidated statement of financial position because the carrying values of these assets is their fair values. However, the allowance determined is presented in accumulated other comprehensive income;
- Off-balance sheet credit risks include undrawn lending commitments, letters of credit and letters of guarantee: as a provision in other liabilities.

###### e) Modified Financial Assets

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

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

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



# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements

### For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

## 2. Summary of Material Accounting Policies .....Cont'd

### 2.7 Financial Assets and Liabilities .....Cont'd

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

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

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

#### (i) Loans and Advances

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

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

#### (ii) Investment Securities

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

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

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

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



# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements

### For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

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

###### g) Offsetting Financial Instruments

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

##### 2.8 Impairment of Non-Financial Assets

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

##### 2.9 Property and Equipment

###### (a) Recognition and Measurement

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

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

###### (b) Subsequent Costs

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the consolidated statement of income during the financial year in which they are incurred.

###### (c) Depreciation

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements

### For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

## 2. Summary of Material Accounting Policies .....Cont'd

### 2.10 Intangible Assets

#### *Customer List Intangible*

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

#### *Subsequent Measurement*

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

Software	1 – 5 years
Customer list	8 – 11 years

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

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

#### **Core Customer Base**

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

### 2.11 Investment Properties

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements

### For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

### **2.11 Investment Properties .....Cont'd**

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

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

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

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

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

### **2.12 Income Tax**

#### **(a) Current Tax**

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

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

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

#### **(b) Deferred Tax**

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

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements

### For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

### 2.13 Borrowings

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

### 2.14 Provisions

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

### 2.15 Employee Benefits

#### (a) Defined Contribution Pension Plan

The Group operates a defined contribution pension plan. The plan is generally funded through payments to a trustee-administered fund, as determined by the provisions of the plan. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

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

#### (b) Short-Term Employee Benefits

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

### 2.16 Financial Guarantees and Loan Commitments

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

#### 2.17 Share Capital

##### (a) Share Issue Costs

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

##### (b) Dividends on Ordinary Shares

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

#### 2.18 Revenue Recognition

##### *The Effective Interest Rate Method*

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

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

##### **Interest Income and Expense**

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

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

##### **Fees and Commission Income**

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

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

##### **Dividend Income**

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements

### For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

### 2.19 Foreign Currency Translation

#### (a) Functional and Presentation Currency

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

#### (b) Transactions and Balances

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

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

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

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

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

### 2.20 Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

#### *As a Lessee*

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

#### 2.20 Leases .....*Cont'd*

##### *As a Lessee .....Cont'd*

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets and lease liabilities separately in the statement of financial position.

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

#### 2.20 Leases .....*Cont'd*

##### *Short-Term Leases and Leases of Low-Value Assets*

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and low-value assets. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 3. Financial Risk Management

#### Financial Instruments

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

#### (a) Strategy in using Financial Instruments

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

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

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

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

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



# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements

### For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

##### (b) Credit Risk

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

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

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

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

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

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

##### ***Loans and Advances to Customers***

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

##### ***Debt Securities and Other Bills***

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements

### For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

##### (b) Credit Risk .....Cont'd

###### *Cash and Balances with Banks and Other Financial Institutions*

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

###### *Risk Limit Control and Mitigation Policies*

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

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

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

Some other specific control and mitigation measures are outlined below.

###### *Collateral*

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as properties, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

The Group's credit risk management policies include requirements relating to collateral valuation and management, including verification requirements and legal certainty. Valuations are updated periodically depending upon the nature of the collateral. Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement during its periodic review of loan accounts in arrears. Policies are in place to monitor the existence of undesirable concentration in the collateral supporting the Group's credit exposure.

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

#### (b) Credit Risk .....Cont'd

##### *Risk Limit Control and Mitigation Policies.....Cont'd*

##### *Collateral .....Cont'd*

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

##### *Credit-Related Commitments*

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

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

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

##### *Impairment and Allowance Policies*

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

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

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

The Group's policy requires the review of individual financial assets that are above materiality threshold at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements

### For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

##### (b) Credit Risk .....Cont'd

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

Financial instruments that are not already credit impaired are originated into stage 1 and a 12-month expected credit loss provision is recognised.

Instruments will remain in stage 1 until they are repaid, unless they experience significant credit deterioration (Stage 2) or they become credit impaired (Stage 3).

Instruments will transfer to stage 2 and a lifetime expected credit loss provision recognised when there has been a significant increase in credit risk compared with what was expected at origination.

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

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

##### *Maximum Exposure to Credit Risk*

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

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements

### For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

##### (b) Credit Risk .....Cont'd

##### Maximum Exposure to Credit Risk .....Cont'd

##### Collateral

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

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

##### Analysis of Credit Quality

Loans and Advances to Customers

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

Notes to the Consolidated Financial Statements

**For the Year Ended December 31, 2024**

(in Eastern Caribbean dollars)

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

### (b) Credit Risk .....*Cont'd*

#### *Analysis of Credit Quality .....Cont'd*

#### *Debt Securities and Other Eligible Bills*

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

	Investment Securities at Amortised Cost \$	Investment Securities at FVOCI \$	Total \$
<b>At December 31, 2024</b>			
AA- to A+	180,121,736	6,039,470	186,161,206
Lower than A+	147,135,792	62,996,780	210,132,572
Unrated	65,036,785	21,576,500	65,036,785
	<b>392,294,313</b>	<b>90,612,750</b>	<b>461,330,563</b>
	Investment Securities at Amortised Cost \$	Investment Securities at FVOCI \$	Total \$
<b>At December 31, 2023</b>			
AA- to A+	134,290,376	25,169,369	159,459,745
Lower than A+	97,841,912	4,046,015	101,887,927
Unrated	43,200,231	21,576,833	64,777,064
	<b>275,332,519</b>	<b>50,792,217</b>	<b>326,124,738</b>

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

#### (b) Credit Risk .....Cont'd

##### *Analysis of Credit Quality .....Cont'd*

##### **Concentrations of Risks of Financial Assets with Credit Exposure**

##### *Geographical Sectors*

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

#### (b) Credit Risk .....Cont'd

##### Analysis of Credit Quality .....Cont'd

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

##### Geographical Sectors .....Cont'd

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



# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

#### (b) Credit Risk .....*Cont'd*

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

###### *Industry Sectors*

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

###### *Industry and Economic Concentrations of Assets*

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

# Bank of St. Vincent and the Grenadines Ltd.

Notes to the Consolidated Financial Statement  
For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

### (b) Credit Risk .....Cont'd

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

**(c) Market Risk**

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate, because of changes in market prices. Market risks arise from open positions in interest rates and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group exposure to market risks arises from its non-trading and trading portfolios. Senior management of the Group monitors and manages market through the Asset Liability Committee which advises on financial risks and assigns risk limits for the Group.

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

**(d) Currency Risk**

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

#### (d) Currency Risk .....Cont'd

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

#### (d) Currency Risk .....Cont'd

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

#### (e) Interest Rate Risk

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

#### (e) Interest Rate Risk .....*Cont'd*

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement

### For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

##### (e) Interest Rate Risk .....Cont'd

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

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

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

##### (f) Liquidity Risk

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



# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

#### (f) Liquidity Risk .....*Cont'd*

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

#### *Liquidity Risk Management Process*

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

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

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

#### (f) Liquidity Risk .....*Cont'd*

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

#### (f) Liquidity Risk .....Cont'd

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

#### (f) Liquidity Risk .....Cont'd

##### *Assets held-for-managing Liquidity Risk*

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

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

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

#### (g) Off-Balance Sheet Items

##### (i) Loan Commitments

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

##### (ii) Financial Guarantees and Other Financial Facilities

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

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

#### (h) Fair Values of Financial Assets and Liabilities

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement

### For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

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

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

##### *Due to Customers*

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

##### *Investment Securities*

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

##### *Loans and Advances*

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

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

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

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

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

#### *Fair Value Hierarchy*

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on actively traded exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

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

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

Type of Financial Instrument	Fair Value at December 2024	Fair Value at December 2023	Valuation Techniques	Significant Unobservable Input	Range of Estimates (weighted-average) for Unobservable Input	Fair Value Measurement Sensitivity to Unobservable Input
Equity securities measured at FVOCI	21,576,500	21,576,833	Discounted cash flows	Expected cash flows derived from the entity historical performance	Investment based	A significant increase in in expected cash flows would result in a higher fair value
Loans and advances to customers	853,450,853	884,771,242	Discounted cash flows	Discounted at the market rate	5.5% – 9.0%	A significant increase in the discount rate would result in a lower fair value

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

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

##### Fair Value Hierarchy

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

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



# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

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

#### Level 3 Investments

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

#### (i) Capital Management

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

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

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

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

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

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

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

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

Notes to the Consolidated Financial Statement

**For the Year Ended December 31, 2024**

(in Eastern Caribbean dollars)

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

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

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

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

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

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

#### *Measurement of the Expected Credit Loss Allowance on Financial Assets*

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

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

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

#### *Impairment Losses on Loans and Advances to Customers*

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

#### *Impairment of Non-Financial Assets*

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

#### *Fair Value of Financial Instruments*

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

#### *Deferred Taxes*

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

#### *Revaluation of Investment Property*

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

#### *Revaluation of Investment Property .....Cont'd*

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

#### *Corporate Income Taxes*

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

### 5. Cash and Balances with Eastern Caribbean Central Bank

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

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

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

### 6. Deposits with Other Banks

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

### 7. Investment Securities

	2024 \$	2023 \$
<b>Securities Measured at Amortised Cost</b>		
Debt securities at amortised cost		
- Listed	206,119,955	142,505,548
- Unlisted	189,729,536	133,019,942
	<u>395,849,491</u>	<u>275,525,490</u>
Less allowance for impairment losses	<u>(3,555,178)</u>	<u>(192,971)</u>
	<u>392,294,313</u>	<u>275,332,519</u>
 <b>Securities Measured at FVOCI</b>		
Debt securities at fair value		
- Listed	6,045,854	29,215,384
- Unlisted	62,990,396	-
Total debt securities at fair value	<u>69,036,250</u>	<u>29,215,384</u>
Equity securities at fair value		
- Unlisted	21,576,500	21,576,833
	<u>90,612,750</u>	<u>50,792,217</u>
	<u>2024</u> \$	<u>2023</u> \$
<b>Securities Measured at FVTPL</b>		
Equity securities at fair value		
- Listed	675,000	641,250
- Unlisted	83,089,455	48,118,297
	<u>83,764,455</u>	<u>48,759,547</u>
Total securities	<u>566,671,518</u>	<u>374,884,283</u>

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

### 7. Investment Securities .....Cont'd

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

### 7. Investment Securities .....*Cont'd*

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



# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

### 7. Investment Securities .....*Cont'd*

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement

### For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

#### 8. Loans and Advances to Customers

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

### 8. Loans and Advances to Customers .....Cont'd

#### Analysis of Allowance on Business and Sovereign and Mortgages

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

### 8. Loans and Advances to Customers .....Cont'd

#### Analysis of Allowance on Term Loans and Overdrafts

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

### 8. Loans and Advances to Customers .....Cont'd

#### Analysis of Allowance on Credit Cards and Credit Provisioning

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

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(in Eastern Caribbean dollars)

### 9. Other Assets

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

### 10. Investment Properties

	2024	2023
	\$	\$
Fair value at January 1	2,262,000	2,262,000
<b>Fair value at December 31</b>	<b>2,262,000</b>	<b>2,262,000</b>

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

### 11. Property and Equipment

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

### 12. Intangible Assets

Intangible assets comprise as follows:

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

#### (I) Goodwill

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

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

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

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

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

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

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

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

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

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

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



# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

### 13. Deferred Tax Asset

The movement on the deferred tax asset is as follows:

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

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

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

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

### 14. Deposits Due to Banks

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

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

### 15. Due to Customers

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

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

### 16. Provisions and Other Liabilities

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

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

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement

### For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

#### 17. Borrowings

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

#### Security

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

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

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

#### 18. Share Capital

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

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

#### 19. Statutory Reserves

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

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

### 20. General Reserves

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

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

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

### 21. Contingent Liabilities and Commitments

#### (i) Commitments

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

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

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

#### (ii) Pending Litigation

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

In view of the inherent difficulty of predicting the outcome of such matters, the Group cannot state what the eventual outcome of such matters will be. However, based on current knowledge, management does not believe that liabilities, if any, arising from pending litigation will have a material adverse effect on the financial position or results of operations of the Group.

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement

### For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

#### 22. Net Interest Income

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

#### 23. Fees, Commissions and Other Income

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

#### 24. Credit Losses on Financial Assets

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement

### For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

#### 25. Operating Expenses

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

#### 26. Employee Benefit Expense

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

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

#### 27. Income Tax Expense

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement

### For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

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

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

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

#### 28. Earnings per Share

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

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

#### 29. Cash and Cash Equivalents

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

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

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

#### 30. Leases

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement

### For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

#### 30. Leases ...Cont'd

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

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

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

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

#### 31. Related Party Balances and Transactions

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

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

	2024 \$	2023 \$
<b>Bank of Saint Lucia Limited</b>		
Deposits with other bank	-	2,196,563

#### **Government of St. Vincent and the Grenadines**

Debt securities at amortised cost	199,188,035	87,768,749
Less: allowance for impairment loss	(3,121,693)	(100,281)
	196,066,342	87,668,468

#### **Statutory Bodies**

Debt securities at amortised cost	31,916,978	14,250,000
Less: allowance for impairment loss	(508,126)	(16,330)
	31,408,852	14,233,670

#### **Transactions carried out with Related Parties:**

	2024 \$	2023 \$
<b>Income</b>		
Interest income	7,242,447	4,780,337
<b>Expenses</b>		
Interest expense	141,154	92,719

#### **Other Related Parties**

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

# Bank of St. Vincent and the Grenadines Ltd.

## Notes to the Consolidated Financial Statement For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

### 31. Related Party Balances and Transactions .....Cont'd

#### Other Related Parties ...Cont'd

Other related party balances with the Group:

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

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

Interest income and interest expense with other related parties:

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

#### Key Management Compensation

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

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

### 32. Dividend

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

### 33. Comparative Figures

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