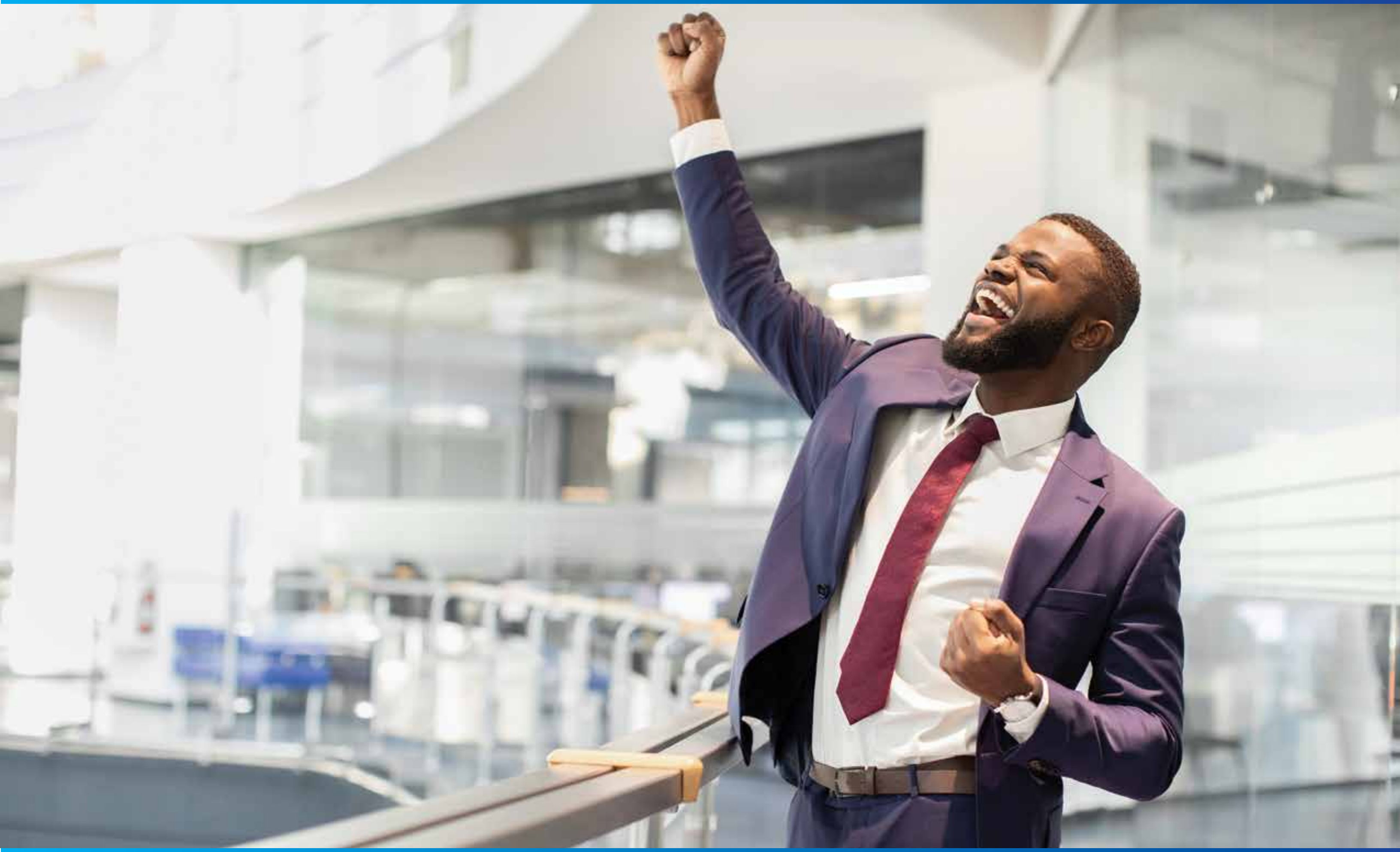
VISION to VALUE

East Caribbean Financial Holding Company Limited

ANNUAL REPORT 2024



Vision to Value

In 2024, East Caribbean Financial Holding Company (ECFH) reached a defining moment; where strategic planning, sharpened insight, and disciplined execution came together to produce real, measurable value. Market segmentation, brand alignment, and customer engagement moved from framework to frontline, shaping both experience and performance.

“From Vision to Value” reflects this evolution. It speaks to a Group that acted with clarity, remained rooted in purpose, and translated ambition into outcome. This year’s results are not only financial milestones, they are proof of a business grounded in intention and built for long-term growth.

On the Cover

The cover of the ECFH Annual Report 2024, themed Vision to Value, is a striking visual narrative of insight, innovation, and transformation. A digital eye, framed by radiating waves of binary code and financial symbols, reflects the organisation’s sharp focus on the future and its commitment to evolving with intelligence and purpose. The data streams represent the flow of ideas, technology, and capital—each binary digit a building block in the journey from strategic foresight to real world value. This image speaks to a company that sees clearly, acts deliberately, and converts vision into measurable progress.

East Caribbean Financial Holding Company Limited

VISION

To power success for individuals and institutions through financial inclusion, innovation and wealth creation.

MISSION

We are committed to creating sustained value for our customers, shareholders, and communities in the markets we serve, through service excellence, tailored financial solutions, sound corporate social programmes, innovation, and transformative leadership We empower our employees through training, development, and rewards to optimize returns for our stakeholders.

CORE VALUES

“I CARE”

- Integrity & Ethics
- Commitment to Results
- Accountability
- Respect for the Individual
- Excellence in Service

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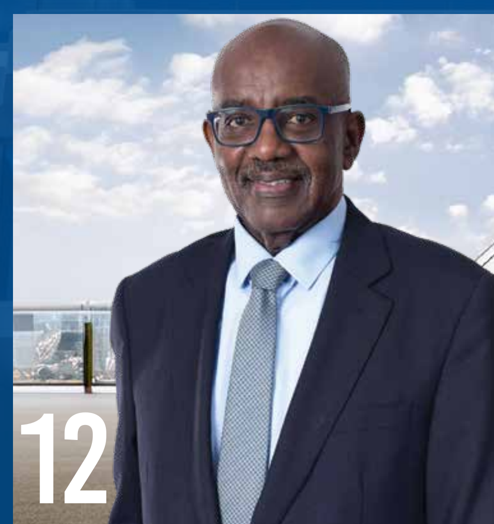

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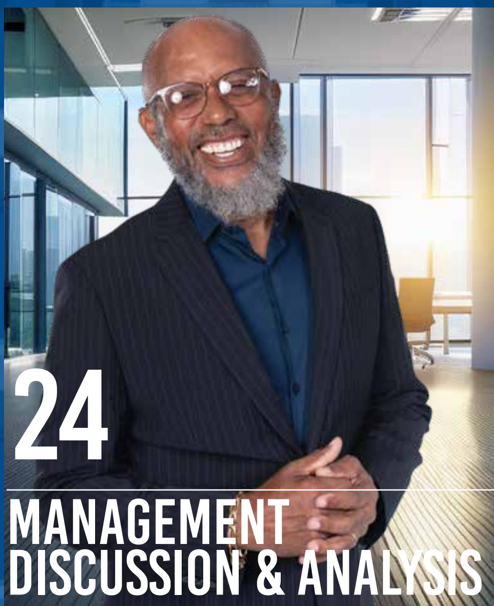

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Notice of Twenty Fourth Annual Meeting of Shareholders

Notice is hereby given that the Twenty-Fourth Annual Meeting of the East Caribbean Financial Holding Company Limited will be held at the Finance Administrative Complex, Pointe Seraphine, Castries Saint Lucia on **Monday, May 26, 2025, at 5:00 p.m.**, for the following purposes:

1. To consider and adopt the Report of Directors
2. To consider and adopt the Report of the Auditors and the Audited Financial Statements for the year ended December 31, 2024
3. To Sanction Dividends
4. To appoint Auditors and authorize Directors to fix their remuneration
5. To elect Directors

BY ORDER OF THE BOARD

Estherlita Cumberbatch
Corporate Secretary

NOTE:

PERSONS ENTITLED TO NOTICE

In accordance with Section 108(2) of the Companies Act, Chapter 13.01 Revised Laws of Saint Lucia 2001, the Directors of the Company have fixed April 28, 2025 as the Record Date for the determination of shareholders who are entitled to receive Notice of the Annual Meeting. A list of such shareholders will be available for examination by shareholders at the Registered Office of the company during usual business hours.

ECFH Group Corporate Information

REGISTERED OFFICE

1 Bridge Street
P.O. Box 1860
Castries, Saint Lucia
Tel: (758) 456 6000
Fax: (758) 456 6702
Email: info@ecfh.com
Website: www.ecfh.com

CHAIRMAN

Evaristus Jn Marie
M.Sc. MAAT, Acc. Dir.

CORPORATE SECRETARY

Estherlita Cumberbatch B.Sc. (Mgmt.), LLB (Hons), FCIS

LEGAL COUNSEL

Floissac, Duboulay & Thomas
Quadrant Row
9-11 Brazil Street
P.O. Box 722
Castries, Saint Lucia

Gordon, Gordon & Co.
10 Manoel Street
P.O. Box 161
Castries, Saint Lucia

Athena Law
Unit #6 Chakiro Court
Vide Bouteille
P.O. Box 1761
Castries, Saint Lucia

PRINCIPAL SUBSIDIARY

Bank of Saint Lucia Limited
1 Bridge Street
P.O. Box 1862
Castries, Saint Lucia
Tel: (758) 456 6000
Fax: (758) 456 6702
Email: info@bankofsaintlucia.com
Website: www.bankofsaintlucia.com

REGULATORS

Eastern Caribbean Central Bank
Eastern Caribbean Securities Regulatory Commission
Financial Services Regulatory Authority - Saint Lucia

EXTERNAL AUDITOR

PricewaterhouseCoopers
East Caribbean,
Unit 111 Johnsons Centre, No. 2 Bella Rosa Road,
P.O. Box BW 304
Gros Islet, Saint Lucia
Tel: (758) 722 6700
Website: www.pwc.com/bb

Correspondent Banks and Relationships & ECFH Corporate Structure

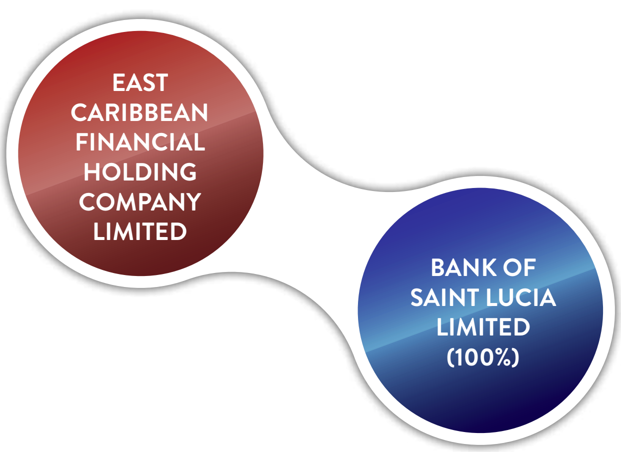
CORRESPONDENT BANKS AND RELATIONSHIPS

OECS	REGIONAL	INTERNATIONAL
Antigua Commercial Bank	First Citizens Bank Limited	Bank of America Merrill Lynch
Caribbean Credit Card Corporation Ltd	Victoria Mutual	Bank of Montreal
Eastern Caribbean Securities Exchange	National Commercial Bank of Jamaica Limited	Raymond James
Eastern Caribbean Central Bank	Republic Bank Ltd	Jefferies
	Republic Bank (Guyana) Ltd	Bank of New York Mellon
Bank of Montserrat Ltd.	RBC Dominion Securities Global Limited	Banque Cramer & Cie SA
Bank of Nevis	Unit Trust Corporation	Toronto Dominion Bank
Bank of St. Vincent & the Grenadines		Crown Agents Financial Services Limited
Eastern Caribbean Amalgamated Bank (ECAB)		London & Capital
First Citizen Investment Services Limited		Lloyds TSB Bank Plc
National Bank of Anguilla Limited		Morgan Stanley Smith Barney
National Bank of Dominica Limited		Oppenheimer & Co
Republic Bank (Grenada) Limited		RBC Emerging Market Securities
Saint Kitts Nevis Anguilla National Bank Limited		Tellco AG

ECFH OWNERSHIP

NAME	PERCENTAGE OF OWNERSHIP
Government of Saint Lucia	20%
National Insurance Corporation (Saint Lucia)	25%
Republic Financial Holdings Limited	11%
OECS Indigenous Banks & Financial Institutions	14%
Private Individuals & Institutions	30%

ECFH CORPORATE STRUCTURE



Performance at a Glance

NET PROFIT AFTER TAX

$92.4M

Achieved highest-ever net profit from $74.7M in 2023

Dividend Per share (Proposed):

$0.75

+25% increase over 60 cents decleared in 2023

Balance Sheet Growth

$639 M

Or 21.4%, signaling continued trust in our brand

GROUP'S SHARE OF PROFITS

$16.3M

The Group's share of profits from investments in associates increased by 60% in 2024 compared to the previous year, driven by the stronger financial performance of our associated companies.

GROUP'S TOTAL ASSETS

$3.6B

As at December 31, 2024, the Group's total assets grew by 21.4% compared to the prior year, driven primarily by a significant rise in customer deposits providing excess liquidity for investment. This reflects continued client confidence and deeper engagement across the Group's platforms.

CUSTOMER DEPOSITS

$3.0B

Customer deposits grew by 23.9% over the prior year, reflecting a robust increase of $572.1 million. As seen in 2023, the strongest growth continued to come from non-interest bearing demand deposits and call deposits, primarily held by institutional clients.

EARNINGS PER SHARE

$3.78

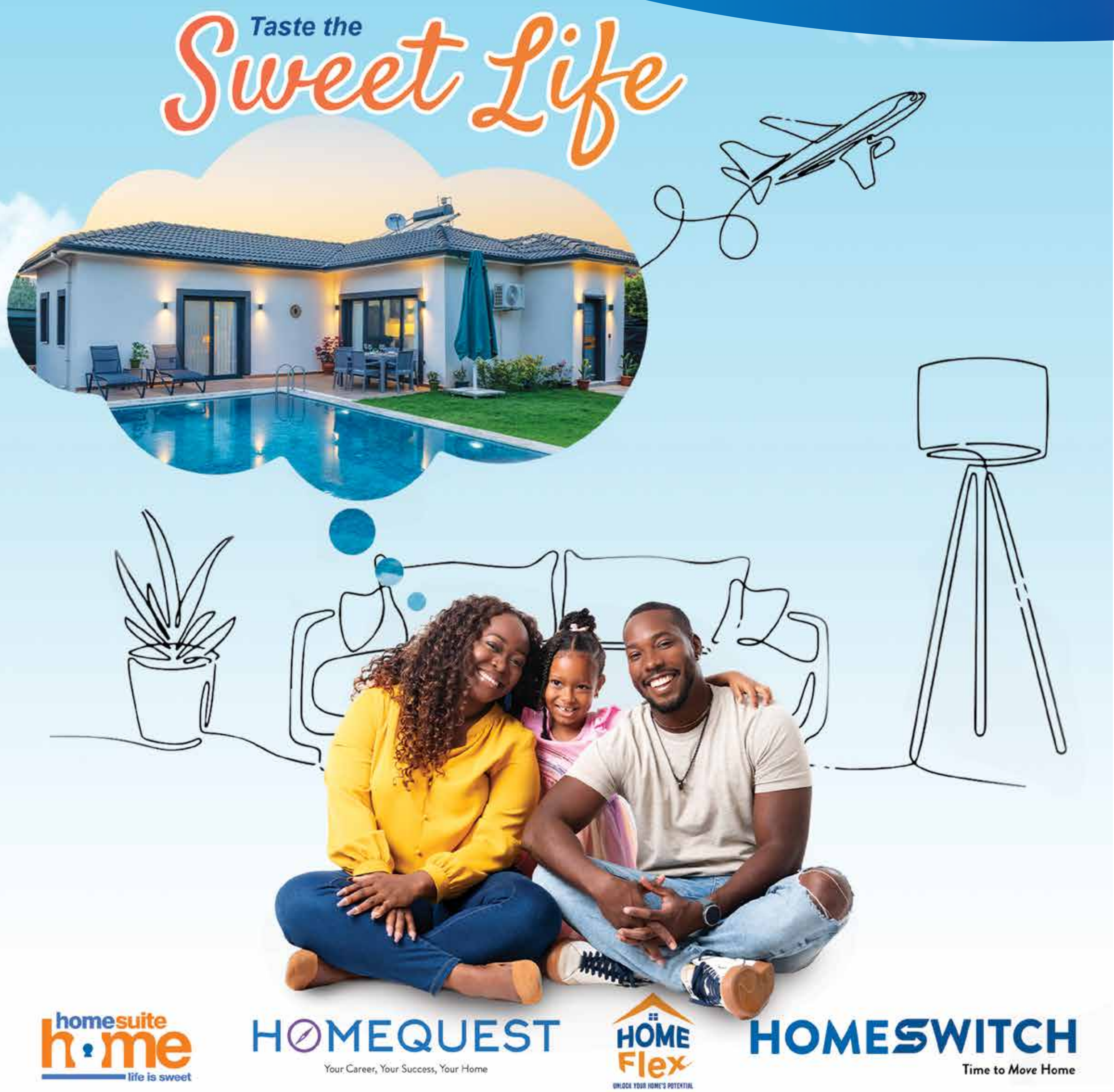
Basic Earnings per share up from $3.05

ECFH Financial Highlights

	2024	2023	2022	2021	2020	2019
	EC$000	EC$000	EC$000	EC$000	EC$000	EC$000
Income Statement						
Interest Income	122,094	102,615	80,167	73,632	79,130	88,218
- Interest Expense	28,122	26,950	26,748	27,881	28,075	28,854
= Net Interest Income	**93,972**	**75,665**	**53,419**	**45,751**	**51,055**	**59,364**
+ Other Income	108,282	88,323	63,631	55,083	62,772	72,579
= Operating Income	**202,254**	**163,988**	**117,050**	**100,834**	**113,827**	**131,943**
- Staff Costs	38,472	30,451	31,450	27,116	33,699	28,790
- Administrative Costs	60,734	57,547	47,577	42,521	37,768	40,142
- Impairment Losses/(Recovery) - Loans & Investments	(8,918)	(10,831)	(11,029)	5,703	28,074	6,470
= Profit before Taxes and Dividends	**111,966**	**86,821**	**49,052**	**25,494**	**14,286**	**56,541**
Balance Sheet						
Cash and Balances with Central Bank	318,586	274,084	245,455	270,955	258,761	184,245
+ Investments	1,979,448	1,476,212	1,254,163	1,141,456	1,066,621	995,534
+ Loans	909,020	859,465	860,980	803,904	799,318	838,730
+ Other	417,576	376,289	291,773	238,993	211,589	212,212
= Total Assets	**3,624,630**	**2,986,050**	**2,652,371**	**2,455,308**	**2,336,289**	**2,230,721**
Deposits	2,979,134	2,415,429	2,245,263	2,052,748	1,937,091	1,862,902
+ Borrowings	-	26,293	39,246	52,178	60,008	63,844
+ Other Liabilities	205,334	188,490	93,134	63,057	76,126	53,147
+ Capital	440,162	355,838	274,728	287,325	265,429	250,828
= Total Liabilities and Capital	**3,624,630**	**2,986,050**	**2,652,371**	**2,455,308**	**2,338,654**	**2,230,721**
Other Information						
ROE	**23.2%**	**23.7%**	**14.8%**	**8.3%**	**2.9%**	**25.0%**
ROA	**2.8%**	**2.6%**	**1.6%**	**1.0%**	**0.3%**	**2.5%**
Ordinary Dividend Payout %	**15.9%**	**16.4%**	**-**	**-**	**-**	**14.4%**
Book Value of Ordinary Shares ($)	**$17.99**	**$14.54**	**$11.23**	**$11.74**	**$10.85**	**$10.25**
Average Market Value of Ordinary shares ($)	**$4.54**	**$3.73**	**$3.63**	**$4.24**	**$4.44**	**$4.45**
Earnings per Ordinary Share ($)	**$3.78**	**$3.05**	**$1.70**	**$0.94**	**$0.30**	**$2.25**
Dividends per Ordinary Share ($)	**$0.75**	**$0.60**	**$0.50**	**-**	**-**	**$0.30**
Provisions as % of Loan Portfolio	**4.4%**	**6.4%**	**7.9%**	**9.7%**	**9.6%**	**7.0%**
Provisions as % of Non-performing Loans	**62.9%**	**68.9%**	**71.7%**	**78.5%**	**77.0%**	**69.7%**

Designed Around Real Lives

HomeSuite was designed to serve young professionals, equity-conscious homeowners, and mortgage switchers seeking smarter lending. In 2024, it delivered value through personalised mortgage solutions that supported mobility, ownership, and financial advancement.



Chairman's Report to Shareholders

Fellow Shareholders,

2024 marked another exceptionally good year for the East Caribbean Financial Holding Company Limited (ECFH) and its wholly owned subsidiaries, Bank of Saint Lucia Limited (BOSL), BOSL Global Investments Fund Company Limited (BOSLGIF) and BOSL Fund Management Company Limited (BOSL FMC). In keeping with its vision, the Group continued to grow as a robust and profitable financial institution. Moreover, mindful of its role as a contributor to national development, the Group also continued to play its role as a good corporate citizen, providing support to the nation's health services, community-based projects and national cultural events.

The Group's 2024 performance has been all the more impressive given it has been in a challenging environment of increasing financial regulatory demands, increasing cyber fraud, and growing competitive financial landscape.

For the financial year 2024, the Group reported net profits of $92.4 million, a 23.7% increase on last year's results. Its total assets were up by $638 million to $3.6 billion, with the BOSL now the largest bank in the Eastern Caribbean Currency Union. The Board of Directors declared a dividend of $0.75 per share on March 25, 2025. The BOSL's capital adequacy stands at 20.5% (Regulatory Requirement 8%) at year end, a measure of the strength of the Bank's capital base to withstand any diminution in the value of its assets. Through the improvement in its risk governance structure, BOSL was able to reduce the level of non-performing loans from 9.2% in 2023 to 7% in 2024. The Bank's loan portfolio increased by 5.8% to $909 million, in a very competitive market, while its investment portfolio increased by $321 million to $1.3 billion, with 85% of the assets in the portfolio being investment grade. These financial indicators lend support to the financial robustness of the Group.

Driven by the strategic goal to enhance the customer experience, BOSL, the main subsidiary of the group, has been able to improve its mobile banking services and the operations of its digital branches in 2024, with 24/7 banking services being made available to customers.

The BOSL Fund Management Company Limited operationalized in October 2023, was established to offer BOSL customers a new avenue for wealth creation. This fund has attracted 243 subscribers with 94% being local. This mutual fund is expected to grow as BOSL provides liquidity to the fund by its willingness to purchase the investment of subscriptions.

The use of AI and the establishment of the BOSL Fund Management Company Ltd are both in keeping with the Bank's strategic objective of creating value for its customers. This however has not been possible without the commitment and dedication of a hard-working management team and staff.

From the Boardroom, the mandate took shape.

2024 demonstrated the strength of steady governance and clear direction. The Board remained focused on long-term value creation — ensuring that the strategy we endorsed was not only sound, but achievable. What we see today are the results of clarity, continuity, and collective execution.

Evaristus Jn. Marie
Chairman

As part of creating a culture of continuous learning, the BOSL University was launched in 2023 to offer training to its staff. I am pleased to report that almost 50% of the staff have been enrolled and are undertaking some form of training.

The Group, through BOSL, continued in 2024 to support the St Jude Hospital and the pediatric ward at the Millenium Heights Medical Complex. In addition, it was a platinum sponsor for the Jazz and Arts Festival and Gold sponsor for the 2024 National Carnival, while supporting several community-based projects aimed at assisting vulnerable Groups across the country. In 2025, the Bank is expected to do more as part of its social corporate responsibility and commitment to National Development.

As we look ahead, the year 2025 will be challenging given the global uncertainties of the economic environment, created by tariff impositions and international political conflicts. Notwithstanding these challenges, the Bank, with a low loan-to-deposit ratio of 32.1% (Industry Standard 85%), remains sufficiently liquid to finance new private and public projects that have been identified in Saint Lucia's Minister for Finance 2025/2026 Budget. Moreover, with more people employed than ever, the Bank will be looking to take advantage of the new opportunities that an increased working population will present.

In closing, I want to thank our many customers for their support and loyalty, the staff and management for their hard work and dedication and the Board of Directors for their commitment to and support for the Values and Vision of the Bank. To you, the shareholders of the Group, we want to assure you that we remain committed to your interest and will continue to persistently find new ways of improving shareholder value. We recognize the lack of liquidity in the Eastern Caribbean Securities Exchange market, making the realization of any potential capital gains a very limited option. This deficiency in the market has influenced our preference for the adoption of a relatively high dividend pay-out policy, which will be maintained for the foreseeable future.

I remain excited and confident that with strategic plans to increase our loan portfolio, that 2025 will be an even more successful year, barring some global or local catastrophic event.

Loan Portfolio
+5.8%
Or 909 Million

The BOSL Mutual Fund operationalized in October 2023 and attracted
243
Subscribers to date

Investment Portfolio
+$321 M
To 1.3 Billion

Total Assets were up by
+$638 M
To 3.6 Billion

The Group reported Net Profits
$92.4 M
+23.7% Increase

Corporate Governance

The Board of Directors of East Caribbean Financial Holding Company Limited, which also serves as the Board for Bank of Saint Lucia Limited, is responsible for the governance of the Bank, and is committed to adhering and maintaining the highest standards of Corporate Governance. It is guided by a formal Corporate Governance Policy, which is continuously updated to ensure that it reflects best practice, and has adopted the ECCB Guidelines on Corporate Governance.

The Board, which comprises appointed and elected directors, meets bi-monthly, with extraordinary meetings convened as necessary.

BOARD RESPONSIBILITIES

The Board provides leadership of its subsidiary Bank of Saint Lucia Limited within a framework of sound corporate governance practices, and prudent and effective controls that facilitate risk assessment and management. It sets the Bank's strategic goals and financial objectives, through strategic plans, budgets, work plans and succession planning. This ensures that the Bank would continue to achieve sustained growth, efficiency and profitability. The Board establishes the Group's, and so the Bank's, values and ensures that its obligations to shareholders and other stakeholders are understood and met.

INDEPENDENCE OF THE BOARD

The majority of Directors on the Board are independent in accordance with established Corporate Governance principles. The fiduciary duty of the directors requires that they exercise them solely in the best interest of the Company and its shareholders. The issue of Independence and Conflict of Interest are contained in the Code of Conduct for Directors.

There is a clear delineation of the Board's responsibilities from the management's responsibilities for the operations of the Bank. The same individual cannot exercise the roles of Chairman of the Board of Directors and Managing Director. The Managing Director is the only Executive Director.

SIZE OF THE BOARD

The Board comprises eleven members, ten of whom are elected or appointed by the holders of ordinary shares and the Managing Director who is an Executive Director on the Board of Directors. In accordance with the Bye Laws, each ordinary shareholder who holds greater than 10% of the issued ordinary shares of the company shall be entitled to appoint one (1) Director for each 10% of the issued ordinary shares of the Company held. An ordinary shareholder appointing a director on the basis of a 10% ordinary shareholding in the Company shall not be eligible to vote such shares on the election of other Directors.

The composition of the Board reflects the balance of skills, expertise and experience appropriate for the requirements of the business.

CONFLICT OF INTEREST

Directors are required to complete and sign a Directors' Declaration of Interest Form upon their appointment to Office, which they are expected to update annually during their term of office with any material changes being reported immediately to the Corporate Secretary. The Code of Conduct for Directors outlines the procedures to be followed in declaring a conflict.

A member of the Board of Directors having a conflict of interest concerning a decision to be taken by the Board is required to declare it to the Chairman or Secretary of the Board in advance, or at the start of that meeting and must excuse him/herself from the discussion and voting on the matter.

DIRECTOR TENURE

Non-Executive Directors serve for a maximum period of ten years in accordance with the Corporate Governance Policy. The Managing Director, who is an ex-officio Director, retires in accordance with the terms of his contract of employment.

DIRECTOR ORIENTATION, TRAINING AND EVALUATION

Directors appointed to the Board are exposed to Director Orientation training which gives information about the operations of the Bank to enable them to gain an understanding of how it operates, the laws that govern it, the risks and industry. This provides the Director with the information required to become more effective in their role.

Training is also provided to Directors to keep abreast with the constant changes in the business environment to ensure that their skills are up to date. In addition, all Directors are required to attain the designation of "Accredited Director".

Evaluation of the Board and all Committees are undertaken annually and all shortcomings identified are addressed to ensure continuous improvement and enhancement in their functions.

INTERNAL AUDIT

The Internal Audit Department led by the Senior Manager Internal Audit is composed of trained professionals, and its operations are conducted in accordance with the principles of the Institute of Internal Auditors. It provides the Board with Independent assurance on the operations of the Bank and effectiveness of Internal controls based on audit reviews of the various business units. The Senior Manager reports directly to the Audit Committee of the Board and has direct access to members of the Committee.

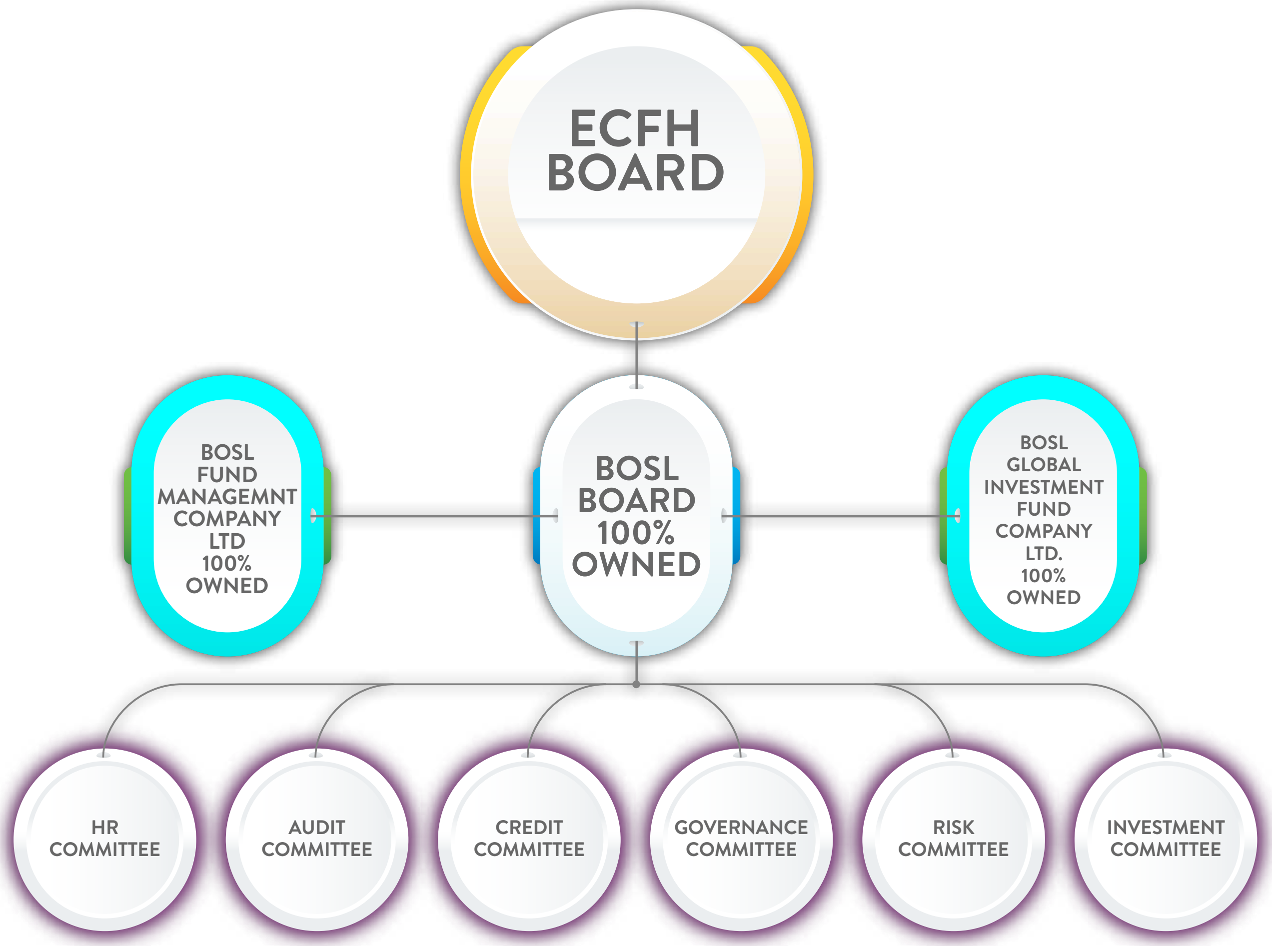
OVERSIGHT OF SUBSIDIARY BOARD

ECFH has one principal subsidiary, Bank of Saint Lucia Limited, whose Board is comprised of the same directors. The ECFH Board has to be aware of all material risks and other issues that may ultimately affect its subsidiary, to be able to exercise adequate oversight over the activities of the subsidiary. The subsidiary has established two subsidiaries namely; BOSL Global Investment Fund Limited and BOSL Fund Management Company Limited.

The Board shall ensure that adequate risk management procedures are in place to identify, assess and monitor risk activities and to provide the desired balance between risk acceptance and returns. The Risk Management committee meets at least quarterly and reports to the Board quarterly.

BOARD COMMITTEES

In an effort to allocate tasks and responsibilities at the Board level effectively, the Board has established committees with clearly defined objectives, authorities, responsibilities and tenure. These committees also serve the Board of the subsidiary. The Board shall not delegate matters requiring special approvals to any of its committees.



Board Committees consist mainly of independent directors and meet at least three times a year with extraordinary meetings convened as necessary.

1. HUMAN RESOURCE COMMITTEE

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities in the management of the Bank's human resources and providing recommendations and advice on the HR management strategies, initiatives and policies.

Members	Functions include
Pat Payne – Chairperson	• Approving staff compensation;
Crisy Laurent	• Approving staff policies;
Rolf Phillips	• Appointment and Performance Evaluation of Senior Management;
Matthew Beaubrun	• Management Succession Planning;
Stephen Louis	• Staff structure and
	• Ensuring that the right skills exist for the jobs within the Bank.

2. AUDIT COMMITTEE

The purpose of the Committee is to provide oversight of the company's financial operations.

Members	Functions include
Marcus Joseph - Chairman	• Ensuring the quality and integrity of the financial statements of the Group;
Stewart Haynes	• Ensuring the effectiveness of the systems of internal control over financial reporting;
Matthew L. Mathurin	• Reviewing the internal and external audit processes, the Bank's processes for monitoring compliance with applicable laws and regulations, risk management processes and the code of conduct and
Malcolm Alexander	
Stephen Louis	• Reviewing significant accounting and reporting issues.

3. CREDIT COMMITTEE

The purpose of the Committee is to assist the Board in exercising its responsibility for the supervisory oversight of the credit portfolio.

Members	Functions include
Evaristus Jn. Marie - Chairman	• Reviewing and approving all policies regarding loans and credit facilities;
Stewart Haynes	• Setting lending limits;
Malcolm Alexander	• Approving loans above management's limit and making appropriate; recommendations to the Board for approval;
Matthew Beaubrun	
Marcus Joseph	• Recommending and monitoring portfolio/credit concentration limits and
	• Monitoring trends in delinquencies, non-performing assets and charge-off loans.

4. GOVERNANCE COMMITTEE

The purpose of the Committee is to assist the Board in fulfilling its responsibilities in providing for qualified board succession and promoting the integrity of the Company through the establishment of appropriate corporate governance principles.

Members	Functions include
Matthew Beaubrun - Chairman Pat Payne Crisy Laurent Evaristus Jn. Marie Marcus Joseph	• Make recommendations to the Board regarding the filling of vacant elective Directorships; • Develop guidelines on the criteria for the selection of directors, including criteria for the selection of nominees submitted by minority shareholders; • Make nominations and recommendations on behalf of minority shareholders concerning new director candidates in view of pending additions, resignations or retirements and • Oversee, through the Committee Chair, the process for the annual assessment of Board performance.

5. RISK MANAGEMENT COMMITTEE

The purpose of the Committee is to assist the Board to oversee the risk profile and approve the risk management framework of the Company and its subsidiary within the context of the strategy determined by the Board.

Members	Functions
Stewart Haynes - Chairman Malcolm Alexander Matthew L. Mathurin Evaristus Jn. Marie Stephen Louis	• Reviewing and monitoring aggregate risk levels in the business and the quality of risk mitigation and control for all areas of risk to the business; • Making recommendations to the Board on areas for improving management and mitigation of risk and • Apprising the Board of progress in implementing improvements, mitigation and actions.

6. INVESTMENT COMMITTEE

The purpose of the Committee is to assist the Board in the oversight of the Investment portfolio, to ensure efficacy in maintaining prudent and effective investment management policies and guidelines, and oversight of the management of funds.

Members	Functions include
Matthew L. Mathurin – Chairman Stewart Haynes Rolf Phillips Crisy Laurent	• Oversee the implementation of the investment policy and guidelines; • Consider the appropriate risk management policies and procedures and risk appetite statement of the Bank; • Delegate authority for the day-to-day management of the institution's investments to the Investment Management Unit; • Develop and approve guidelines for selecting and retaining investment managers. Also, set standards against which their performance will be measured, evaluated and a schedule for conducting evaluations and • Review and approve all investment decisions and transactions.

PROFILE OF DIRECTORS

Director	Date Appointed	Profession	Qualifications
Evaristus Jn. Marie	August 2021	Management	M.Sc. AAT, Acc. Dir.
Matthew Beaubrun	November 2021	Management	MBA, BA Econ, Acc. Dir
Stewart Haynes	August 2017	Actuary	FIA, CFA, Acc. Dir
Pat Payne	January 2019	HR Professional	MSc.HR Development, Acc. Dir
Malcolm Alexander	October 2021	Retired Banker	Acc. Dir, Banking Experience
Matthew L. Mathurin	November 2021	Accountant/Management	MBA, FCCA, Acc. Dir.
Marcus Joseph	July 2022	Management/Legal	BSB, Acc. Dir
Stephen Louis	July 2022	Information & Communications Technology & Management Consultant	DBA, MBA, BSc (Hons), CMC, PMP, Acc. Dir
Crisy Laurent	May 2024	Management	MBA, BSc (Hons)
Rolf Phillips	November 2020	Banker	ACIB, Acc. Dir

PROFIT OF

$92.4 Million

Biggest Ever Recorded!

Directors' Report

The Directors submit their Report for the Financial Year ended December 31, 2024.

CHANGES TO THE BOARD

Trevor Louisy's tenure on the Board came to an end at the close of the Annual Meeting of Shareholders held on May 28, 2024 after having served the maximum term limit of ten years.

Crisy Laurent was elected by ordinary shareholders at that meeting to fill the vacancy created by the retirement of Trevor Louisy.

DIRECTORS' INTEREST

The interests of the Directors holding office in the Ordinary Shares of the Company at the end of the Company's 2024 Financial Year were as follows:

Director	Beneficial Interest
Crisy Laurent	Nil
Stewart Haynes	1,000
Pat Payne	Nil
Rolf Phillips	Nil
Evaristus Jn. Marie	Nil
Malcolm Alexander	3,000
Matthew L. Mathurin	8,000
Matthew Beaubrun	1,150
Marcus Joseph	2,710
Stephen Louis	800

There has been no change in these interests occurring between the end of the Company's Financial Year and one month prior to the date of the Notice convening the Annual Meeting.

At no time during or at the end of the Financial Year has any Director had any material interests in any contract or arrangement in relation to the business of the Company or any of its subsidiaries.

RESTRICTIONS OF TRADING OF SHARES BY DIRECTORS

In accordance with the Securities Act No. 23 of 2001 and the Company's policy on trading of shares by Directors and staff, Directors are restricted from trading in the shares of the company except during two (2) thirty (30) day periods per year.

Substantial Interests in Share Capital as at December 31, 2024 were as follows:

Name of shareholder	Class of shares	No. of shares	Percentage of ownership
GOSL	Ordinary	4,893,118	20.00%
National Insurance Corporation	Ordinary	6,116,478	25.00%
Republic Financial Holdings Limited	Ordinary	2,722,084	11.13%
National Insurance Corporation	Preference	830,000	100%

STAKEHOLDER RELATIONS

The East Caribbean Financial Holding Company Limited (ECFH) values its stakeholders and makes every effort to ensure that Employees, Regulators, Shareholders, Customers, Institutional Investors and all other groups in the communities that it serves are treated fairly. Mechanisms have been put in place to ensure that communication is maintained through a number of channels and that any feedback received is addressed to ensure a mutually rewarding relationship.

EXTERNAL AUDITORS

The Auditors, PricewaterhouseCoopers (PwC), retire and offer themselves for re-appointment. A resolution to that effect will be proposed at the Annual Meeting.

In accordance with Section 162 (i) of the Companies Act, Cap.13.01, the term of the appointment of the External Auditor will extend from the close of the one Annual Meeting until the next Annual Meeting of the Company.

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Board of Directors

Oversight Guided by Purpose, Grounded in Performance

The Board ensured that ECFH remained accountable to its mission while delivering on its performance potential. From risk oversight to strategic alignment, our role was to support progress without compromising integrity. 2024 affirmed that vision, when paired with discipline, delivers value.

Evaristus Jn. Marie
Chairman

Rolf Phillips

Crisy Laurent

Matthew Beaubrun

Matthew L. Mathurin

Stewart Haynes

Pat Payne

Malcolm Alexander

Marcus Joseph

Stephen Louis

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Management Teams

Executive Management

Unified Leadership. Aligned Delivery

In 2024, our leadership team executed with focus and cohesion — translating strategic ambition into operational success. From revenue growth to customer experience, every milestone was the result of teams pulling in the same direction, with a shared commitment to value creation.

ROLF PHILLIPS
Managing Director

ESTHERLITA CUMBERBATCH
Corporate Secretary

KETHA AUGUSTE
Chief Financial Officer

MEDFORD FRANCIS
Deputy Managing Director - Lending & Investments

LYNDON ARNOLD
Deputy Managing Director - Operations

Management Teams

Senior Management

AYANNA CAESAR
Senior Manager
Risk Management & Compliance Services

BEVERLY HENRY
Senior Manager
Corporate Banking A.g.

DANIEL EUGENE
Senior Manager
Recoveries & Valuations

GISELE AUGUSTE
Senior Manager
Human Resource Management, Training & Development A.g.

GENEVIEVE DOWNES
Senior Manager
Marketing & Corporate Communications A.g.

JANICE SERIEUX
Senior Manager
Finance A.g.

MANSLEY JULIEN
Senior Manager
Credit Risk

MARCIA GEORGE
Senior Manager
Credit Administration

MELISSA SIMON
Senior Manager
Internal Audit

SHERMAIN GEORGE
Senior Manager
Operations

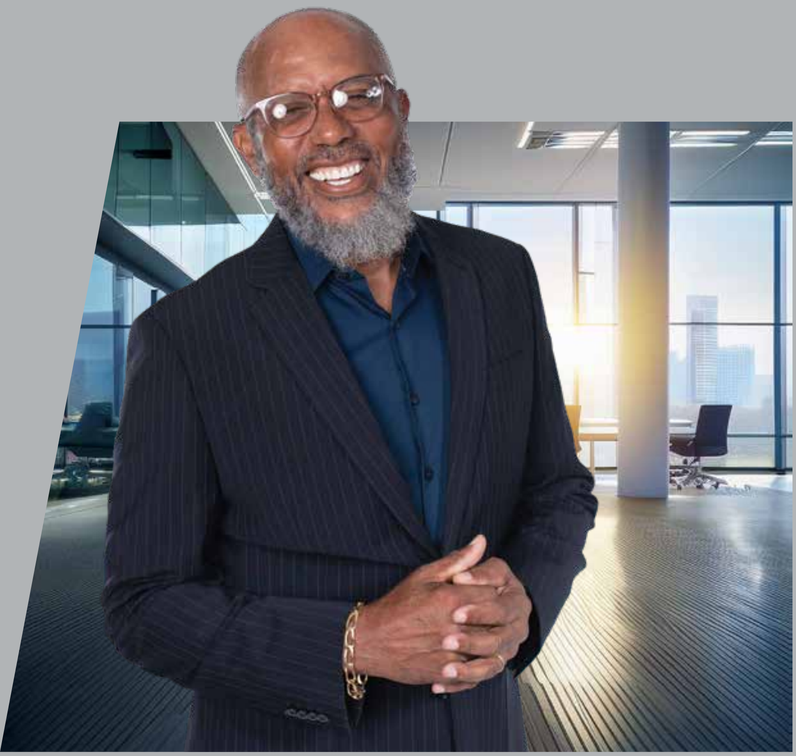
TADDEUS PIERROT
Senior Manager
Information Management & Technology Services

TARBULA AIMABLE – AMEDEE
Senior Manager
Cards Services

NOT PICTURED

ARLETA RATE-MITCHEL | Senior Manager, Retail Banking

Management Discussion & Analysis



Executing with Precision, Delivering with Purpose

This year was about moving forward with intent. Every initiative, every campaign, and every product launched was aligned to strategy and driven by purpose. The results reflect our shared belief in who we are, what we stand for, and where we are going.

OVERVIEW

In the financial year 2024, The East Caribbean Financial Holding Company Limited (ECFH), together with its wholly owned subsidiary Bank of Saint Lucia Limited (BOSL), achieved another year of record-breaking performance — a result that stands as both a validation of our strategic discipline and a milestone in our transformation journey.

This year's achievements are best understood through the prism of our overarching theme — **Vision to Value.** It is both an aspiration and the deliberate and disciplined process by which BOSL has translated strategic foresight into tangible, sustainable results for all stakeholders.

Throughout 2024, we executed against our long-term strategy with clarity and consistency, navigating an increasingly complex external environment while remaining anchored to our core purpose: **to power success for individuals and institutions through financial inclusion, innovation, and wealth creation.**

Our ability to deliver value — not as a byproduct, but as an outcome intentionally engineered through leadership, innovation, and operational excellence — reflects the depth of commitment across the organization. It also reaffirms the strength of our governance, the dedication of our employees, the loyalty of our customers, and the confidence of our shareholders, to all of whom we extend our profound gratitude.

BOSL enters 2025 with a platform of resilience and strategic advantage: a well-diversified balance sheet, strong liquidity and capital positions, mature risk management frameworks, and an organizational culture aligned to sustainable value creation. These attributes will be critical as we continue the next chapter of our journey — further deepening the conversion of Vision into Value across all dimensions of our business.

In recognition of the strength of our financial performance, and in keeping with our commitment to disciplined value return, the Board of Directors has declared an ordinary dividend of 75 cents per share for the 2024 financial year — representing a 25% increase over the 60 cents paid for 2023. This tangible reward to shareholders underscores the central tenet of our strategy: that Vision, rigorously executed, must ultimately yield Value.

KEY ACHIEVEMENTS

The 2024 financial year was distinguished by a series of strategic accomplishments that advanced BOSL's commitment to delivering Vision to Value across every dimension of the organization.

- **Expansion of ATM Infrastructure:**
  We expanded our ATM network with two new locations at Pointe Seraphine and Millennium Heights Medical Complex, increasing our fleet to thirty-three (33) ATMs. Approximately 2.4 million transactions are now processed annually. Enhanced security measures were implemented across all offsite locations, strengthening customer access to essential banking services islandwide.

- **Mutual Fund Growth and Financial Market Access:**
  Our Mutual Fund, launched to the public in Q1 2024, continues to expand with over 200 subscribers. In 2025, we will leverage digital channels to deepen market penetration and democratize access to regional and global financial opportunities.

- **Institutional Strengthening Through Technology:**
  Investments were made to enhance core systems across Audit, Risk, Compliance, Information Security, and Human Resource Administration. Development of our loan origination and onboarding platforms continued, advancing our digital transformation agenda.

- **Human Capital Development and BOSL University:**
  The inaugural cohort of 20 employees completed the Banking Law and Practice program at BOSL University, with a second cohort underway. Leadership development initiatives continued to build management depth and organizational resilience.

- **Strategic Repositioning of Card Services Portfolio:**
  As part of a deliberate reimagining of our Card Services business, BOSL introduced two major initiatives during the year:
  - The **My Freedom Card**, a prepaid financial access solution, was fully developed and is scheduled for imminent national launch, aimed at expanding digital financial inclusion among unbanked and underbanked populations;
  - The **LEAF Visa Credit Card,** crafted from biodegradable materials, was launched as a dual-purpose solution — catering to first-time cardholders, customers seeking a second lower-limit card, and younger individuals building their credit journey, while simultaneously appealing to environmentally conscious consumers seeking sustainable financial products.

Together, these initiatives signaled a strategic pivot toward a segmented, lifestyle-driven Card Services model — reinforcing BOSL's commitment to delivering accessible, responsible, and relevant financial solutions aligned with emerging customer needs.

- **Targeted Marketing and Mortgage Segmentation Strategy:**
  A deepening of our market segmentation approach led to the relaunch of our flagship HomeSuite Mortgage, alongside the introduction of a tailored suite of mortgage products designed to meet diverse customer needs:
  - **HomeQuest** (young professionals),
  - **HomeSwitch** (mortgage refinancers),
  - **HomeFlex** (home equity financing), and
  - **Elite Builders Capital** (specialized financing for contractors and developers).

Each offering was supported by differentiated marketing campaigns tailored to customer segments, resulting in strong growth in mortgage originations and complementary credit card acquisitions, and demonstrating BOSL's ability to align financial products with evolving customer aspirations.

- **External Recognition and Awards:**
  BOSL was honored with the **ECCU Distinguished Bank of the Year Award**, as well as awards for **Corporate Social Responsibility, Financial Inclusion and Empowerment**, and **Support for MSMEs**, affirming the Group's rising stature as a regional leader in purpose-driven banking.

As we transition into 2025, we do so against a backdrop of global economic uncertainty. Nevertheless, we remain firmly committed to disciplined execution of our strategy, with continued investments in:

- Strengthening cybersecurity infrastructure;
- Upgrading mobile and online banking capabilities;
- Deploying AI-driven customer solutions; and
- Enhancing the Digital Branch experience to deliver greater simplicity, intuitiveness, and personalization.

Through these initiatives, we continue the disciplined conversion of Vision into enduring Value for all our stakeholders.

FINANCIAL ANALYSIS

SUMMARY OF GROUP RESULTS

The Group achieved a net profit after tax of $92.4 million for the year ended December 31, 2024, an increase of $17.7 million or 23.7% over the $74.7 million reported in 2023. This commendable performance reflects the strength and resilience of our business model and our continued focus on disciplined execution and value creation.

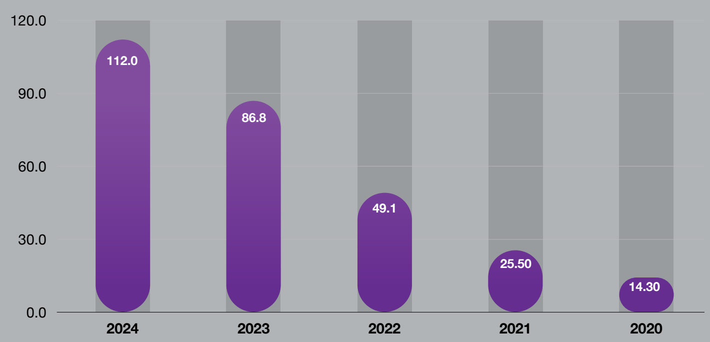
The Group's results were driven largely by higher investment income, supported by increased liquidity and the continuation of elevated international interest rates. Growth in commission income from our expanding retail business, a net write-back of impairment losses, and an increase in the share of profits from associates also contributed positively to the overall performance.

These gains were partially offset by higher operating expenses, as the Group made deliberate investments in digital infrastructure, customer experience enhancements, and strategic initiatives aimed at long-term growth.

The Group's achievements were further reinforced by strong organic balance sheet growth of $639 million or 21.4%, signaling continued trust in our brand, the strength of our liquidity and capital positions, and the resilience of our financial health and stability.

Overall, the 2024 results underscore the Group's ability to deliver on its strategic objectives, translating Vision into sustainable Value, even amidst a dynamic and challenging global economic environment.

PROFIT BEFORE TAX & DIVIDENDS



NET INTEREST INCOME

Net interest income for the year amounted to $94 million, representing an increase of $18.3 million or 24.2% over the prior year. This growth reflects both the improvement in asset yields and the disciplined management of liquidity and funding costs throughout the period.

The key contributors to this result were:

- Expansion in average earning assets, driven by strong deposit growth that increased the Group's liquidity position;
- Repricing of investment securities at higher market rates, as the Group continued to benefit from the elevated levels of international benchmark rates; and
- Stabilization and optimization of funding costs, as deposit growth was weighted towards low-cost current account balances, materially enhancing the deposit mix and laying a stronger foundation for future earnings expansion.

The Group's net interest margin (measured as net interest income as a percentage of average earning assets) improved by 20 basis points, rising from 3.4% in 2023 to 3.6% in 2024.

Interest income from investments and short-term funds recorded a strong increase of 41.4%, while interest income on loans reflected a more modest growth of 1.1%. These gains were partially offset by a 4.4% increase in interest expense, corresponding with a 23.9% growth in customer deposits over the period.

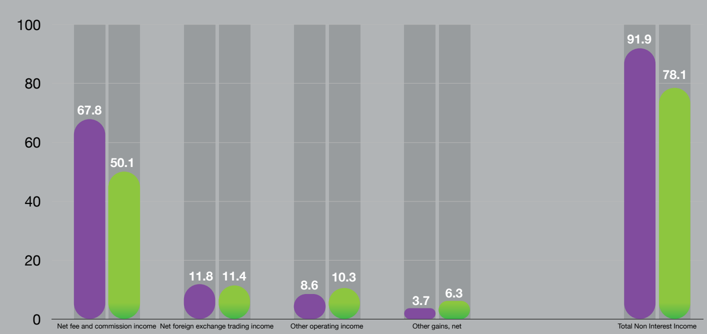
The average effective yield on investment securities improved significantly:

- An increase of 90 basis points for investments measured at fair value through other comprehensive income; and
- An increase of 33 basis points for investments held at amortized cost.

Meanwhile, the Group successfully contained funding costs, achieving a 7 basis point decline in the average cost of deposits, from 1.04% in 2023 to 0.97% in 2024.

This performance reflects the Group's proactive approach to balance sheet management, maintaining profitability while preserving a prudent and efficient funding structure.

NON-INTEREST INCOME



OPERATING EXPENSES

Total operating expenses rose by $11.2 million or 12.7%, reaching $99 million for the financial year ended 2024, compared to $88 million in 2023. This increase was largely driven by an $8 million or 26.4% rise in staff costs, primarily due to the reversal of a prior year accrual related to the conversion from a Defined Benefit to a Defined Contribution pension scheme, along with retroactive salary adjustments.

In addition to these factors, staff costs further increased as a result of investments in employee engagement and development activities, including the expansion of staff awards programs, leadership development initiatives, and the establishment of Bank of Saint Lucia University.

Other operating expenses rose by $3.2 million, largely reflecting ongoing investments in technology infrastructure, including platform upgrades, cybersecurity enhancements, and the rollout of new digital service offerings.

Despite the increase in operating expenditure, the Group's efficiency ratio — measured as operating expenses as a percentage of total operating income — improved from 49.7% in 2023 to 44.9% in 2024. This improvement underscores enhanced operational discipline, supported by robust growth in both net interest and non-interest income, which contributed to a stronger absorption of fixed costs.

CREDIT QUALITY AND IMPAIRMENT LOSSES

The Group recorded a notable improvement in credit quality during the reporting period, reflecting prudent credit risk management, strengthened underwriting standards, and intensified portfolio monitoring.

The enhanced credit quality was evidenced by a $17.6 million or 20.8% reduction in non-performing loans (NPLs), resulting in an improvement in the NPL ratio from 9.2% in 2023 to 7.0% in 2024. This performance was further reinforced by a net write-back of $9.6 million in expected credit losses, driven by fewer new delinquencies and successful recoveries from previously impaired loans, signaling stronger asset performance and containment of credit risks.

Total provisions for non-performing loans have reduced, with the provision coverage ratio reducing from 68.9% to 62.9%. The Group's ratio is well above the regulatory requirement of 50%.

Additionally, the Group continues to maintain a contingency reserve as a non-distributable profit allocation to further buttress its provisioning framework. As at year-end, the combined loan loss provisions and contingency reserves fully covered non-accrual loans, maintaining a coverage ratio of 100%.

In the investment portfolio, expected credit losses amounted to $719 thousand, an increase of $533 thousand compared to the previous year, primarily reflecting broader macroeconomic uncertainties impacting the valuation of financial assets.

SHARE OF PROFITS OF ASSOCIATES

The Group's share of profits from investments in associates increased by 60%, rising from $10.2 million in 2023 to $16.3 million in 2024. This improvement reflects the stronger financial performance recorded by our associated companies during the year.

In particular, our investments in Bank of St. Vincent and the Grenadines (BOSVG) and Eastern Caribbean Amalgamated Bank Limited (ECAB) contributed meaningfully to this growth, with BOSVG delivering an increased return of $2.8 million and ECAB contributing an additional $3.3 million over the prior year. These results reinforce the value of our strategic partnerships across the region.

INCOME TAX

The Group's effective tax rate increased by 357 basis points, rising from 13.7% in 2023 to 17.3% in 2024. This increase was accompanied by a $7.4 million rise in the Group's total income tax expense, which reached $19.3 million for the year.

The higher effective tax rate was largely attributable to a greater proportion of the Group's income being subject to taxation, as a significant share of the earnings generated during the year did not qualify for tax exemptions. This outcome reflects the broad-based nature of the Group's revenue growth across its operating segments.

GROUP BALANCE SHEET

The Group's total assets increased to $3.6 billion as at December 31, 2024, representing an expansion of $638.6 million or 21.4% compared to the prior year. This growth was largely underpinned by the strong increase in customer deposits, reflecting sustained client confidence and broader engagement across the Group's platforms.

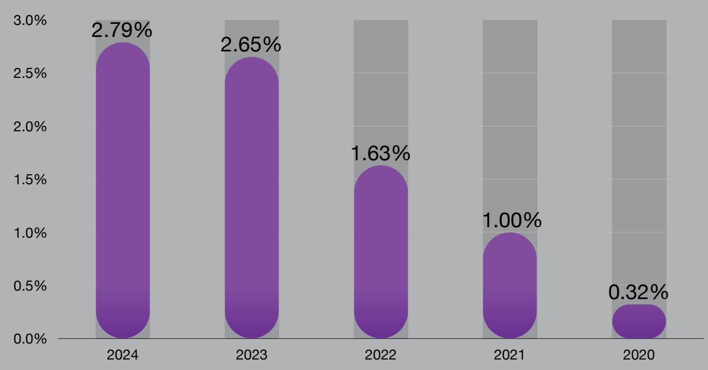
The increase in deposits facilitated higher balances with other banks and non-bank financial institutions, particularly in the form of US dollar term deposits and allocations to money market funds at attractive interest rates, strategically optimizing liquidity deployment.

At year-end, the Group also carried significant balances within other assets, primarily related to elevated levels of credit card receivables arising from increased card activity and processing delays. These receivables have since been settled in the subsequent reporting period.

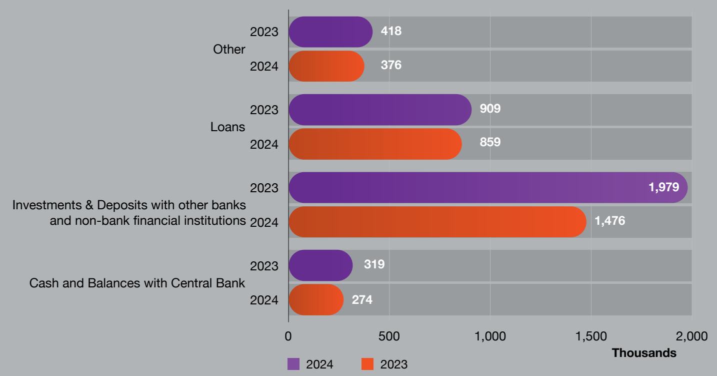
The Group's balance sheet remains well diversified across all major asset classes, ensuring resilience against market fluctuations, maintaining prudent concentration risk exposure, preserving satisfactory liquidity levels, and sustaining a strong capital position that remains comfortably above regulatory thresholds.

Return on Assets (ROA) improved to 2.79%, up from 2.65% in 2023, reflecting enhanced asset utilization. Return on Equity (ROE), however, declined slightly to 23.21% from 23.68% in the prior year, as the growth rate in average shareholders' equity outpaced the growth rate in profits over the period.

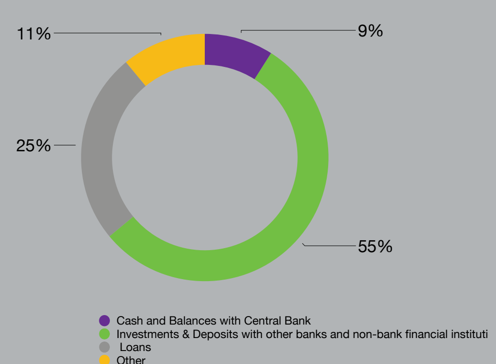
RETURN ON ASSETS



ASSET MIX



ASSET CLASS



CUSTOMER DEPOSITS AND LOANS AND ADVANCES

Customer deposits increased to $3.0 billion at year-end, up from $2.4 billion in 2023, reflecting robust growth of $572.1 million or 23.9% over the prior year. Consistent with trends observed in 2023, the strongest growth continued to originate from non-interest-bearing demand deposits and call deposits, held largely by institutional clients. Household savings deposits also posted strong gains, although the growth rate moderated compared to the previous year.

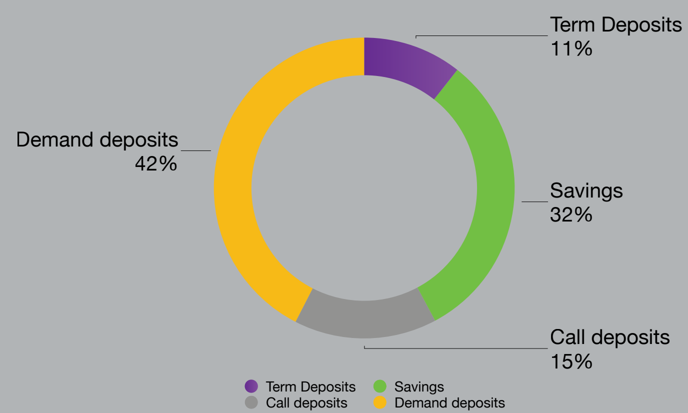
The Group's liquidity position remains exceptionally strong, with the loans-to-deposits ratio improving to 32.1%, down from 38.0% the prior year. The average duration and maturity profiles of the investment portfolio remained sound at 2.70 years and 3.48 years respectively, positioning the Group well to manage interest rate risks and liquidity requirements.

The net loans portfolio recorded marginal growth of $49.5 million or 5.8%, increasing from $859.5 million to $909.0 million. Within this, the productive loan portfolio expanded by $50.8 million, growing from $833.4 million to $884.1 million. Retail loan performance exceeded expectations for the year, demonstrating the success of targeted loan campaigns and deeper customer engagement efforts.

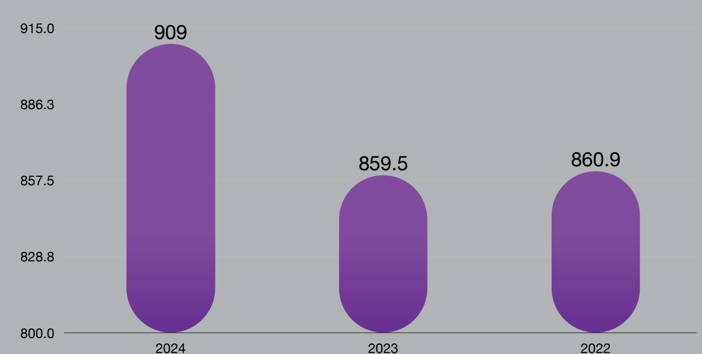
Non-performing loans (NPLs) declined by $17.5 million or 20.8%, moving from $84.6 million to $67.0 million. This improvement was driven by loan recoveries, principal repayments, and proactive debt restructuring initiatives. As a result, balance sheet loan provisions reduced by $16.1 million, from $58.3 million to $42.2 million.

The ratio of non-performing loans to total loans improved meaningfully, declining from 9.2% in 2023 to 7.0% in 2024. While the ratio remains above regulatory benchmarks, the downward trend signals continued progress in strengthening the Group's overall credit quality and risk management practices.

DEPOSIT MIX



LOANS AND ADVANCES



INVESTMENT SECURITIES

The Group achieved a notable expansion of its investment portfolio, growing to a record $1.3 billion as at December 31, 2024, up from $935.1 million in 2023. This growth was fueled by the strong increase in customer deposits and more measured growth in the loan portfolio, which together generated significant excess liquidity.

The Group strategically deployed this liquidity into a diversified mix of US certificates of deposit, money market funds, and medium to long-term instruments, capitalizing on the prevailing high interest rate environment to enhance overall returns.

Despite the increase in investments, the Group maintained a strong liquidity position, supported by a designated portfolio of liquid assets readily available to meet any funding needs. Importantly, 85% of the Group's investment portfolio consists of investment-grade securities, underscoring the quality and credit strength of the asset base.

SHAREHOLDERS' EQUITY

Shareholders' equity rose by $84.4 million, reaching $440.2 million compared to $355.8 million at the end of the prior year. This growth was principally driven by:

- The strong net profit achieved during the year; and
- Net fair value gains recognized on investments held at fair value through other comprehensive income.

These gains were partially offset by re-measurement losses on the defined benefit pension plan and dividend payments made during the year.

As a result, the book value per ordinary share increased to $17.99 in 2024, up from $14.54 in the prior year, reflecting the strengthening of the Group's capital base.

The Group remains firmly committed to delivering strong and sustainable profits over the long term, with a view to providing exponential returns and enhanced value to shareholders through both share price appreciation and capital distributions.

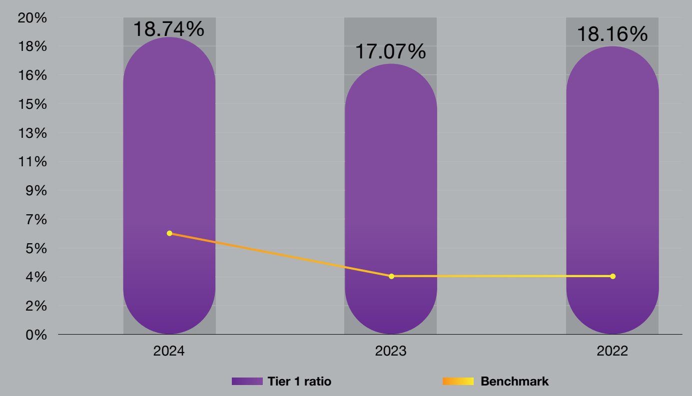
While there was a slight reduction in return on average equity to 23.21% in 2024 from 23.68% in 2023, this continues to represent a healthy return profile for shareholders.

The Group's financial strength remains robust, with capital adequacy ratios under the BASEL II/III framework comfortably above regulatory requirements. Earnings per share (EPS) rose to $3.78 in 2024, up from $3.05 in the previous year.

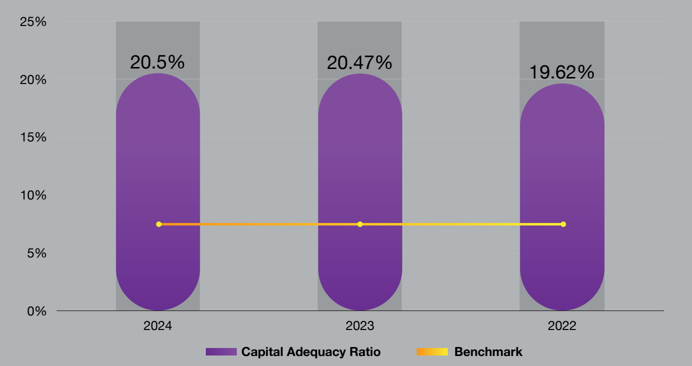
Bank of Saint Lucia's Tier 1 capital increased to $411.8 million in 2024, compared to $350.4 million in 2023. This increase was largely attributable to the strong profit out-turn for the year, partially offset by dividend distributions amounting to $21.7 million.

At year-end, the Bank's total qualifying capital to risk-weighted assets ratio stood at 20.5%, comparable to 2023 levels, despite the impact of a $143.8 million increase in risk-weighted assets. In line with Basel II/III requirements implemented during the year, defined benefit pension assets were appropriately deducted in calculating Tier 1 capital.

TIER 1 RATIO



CAPITAL ADEQUACY RATIO



STRATEGIC PLAN UPDATE

The year 2024 represented a defining inflection point in BOSL's strategic evolution. Building on the achievements of our previous planning cycle, we undertook a comprehensive recalibration of our priorities for the 2024–2026 period. Central to this renewed strategy are:

- Digital Transformation: Accelerating the digitization of customer journeys and back-office processes to deliver seamless, secure, and scalable solutions.
- Product Portfolio Enhancement: Diversifying and modernizing our offerings to meet emerging client needs and capture new market segments.
- Systems and Process Optimization: Streamlining internal workflows through automation, integration, and the adoption of best-in-class platforms.
- Data-Driven Culture: Embedding analytics and business intelligence at every decision-making layer to ensure insight-led growth and risk management.
- Narrative and Brand Excellence: Crafting and communicating the "BOSL Story" in a more structured, compelling manner that highlights our purpose, performance, and impact.

To orchestrate these initiatives, we constituted a Strategic Leadership Team (SLT), bringing together senior executives and frontline champions. This cross-functional forum embodies our philosophy of inclusive leadership, ensuring that strategic decisions are informed by diverse perspectives and that both customer and employee experiences remain at the heart of our transformation.

KEY STRATEGIC FOCUS AREAS

1. **Digital Transformation & Automation**
In 2024, we launched a Digital Transformation Roadmap informed by a comprehensive gap analysis of our existing processes. This assessment covered four dimensions—digitization, automation, system integration, and artificial—intelligence readiness—and will guide the prioritization of digital investments designed to enhance operational efficiency, elevate service delivery, and enrich the customer experience.

2. **Data Quality & Business Analytics**
To underpin our analytics ambitions, we implemented rigorous data-quality validation protocols, ensuring accuracy, consistency, and reliability across all core data sets. These foundations are critical for the success of our predictive and prescriptive analytics initiatives, enabling more informed decision-making and sharper insights into risk, performance, and customer needs.

3. **Human Capital & Employee Experience**
We deployed a new, integrated Human Resource Management System (HRMS) as a one-stop platform for recruitment, onboarding, performance management, learning, and HR administration. This has streamlined internal processes, improved employee access to HR services, and fostered a more agile, empowered workforce capable of driving our strategic priorities.

4. **Product Mix & Customer-Centric Solutions**
A comprehensive review of our product portfolio culminated in the creation of the Life Charter Suite, a curated collection of financial solutions tailored to the evolving needs of our diverse customer segments at every life stage. This suite reinforces our mission to deliver personalized, accessible products that enhance client outcomes and loyalty.

5. **Customer Engagement & Feedback**
We strengthened our customer feedback framework by enhancing after-sales surveys and feedback channels. These real-time insights are now systematically integrated into service improvement cycles, ensuring our product development and service enhancements remain closely aligned with client expectations and satisfaction benchmarks.

6. **Financial Awareness & Literacy**
Through our ongoing Financial Awareness and Literacy Program, we continued to deliver targeted educational workshops and resources across the island, empowering communities with essential financial skills and supporting broader national development goals.

7. **Cybersecurity & Information Protection**
In response to an evolving threat landscape and new regulatory standards, we established a dedicated Information Security Unit. Its mandate covers:
    - Safeguarding sensitive corporate and customer information
    - Preventing unauthorized access or disclosure
    - Ensuring data confidentiality, availability, and integrity

This unit underpins customer trust and protects our expanding suite of digital services in an increasingly interconnected environment.

VISION AND OUTLOOK

Underpinning our 2024–2026 Strategic Plan is BOSL's ambition to become a truly people-focused, digitally enabled, and customer-empowered institution. Central to this vision is extending our service offerings beyond the confines of traditional branch hours—empowering clients to bank securely and seamlessly anytime, anywhere through our expanding suite of digital channels.

Our drive toward digital transformation is far more than a technology refresh; it embodies a wholesale reengineering of how we operate, serve, and grow. Through decisive strategic leadership, an engaged and empowered workforce, and a relentless focus on innovation, BOSL is exceptionally well-positioned to lead the next era of financial services across the Eastern Caribbean.

ECONOMIC OUTLOOK

Global economic growth has continued to show resilience, supported by robust public and private sector spending and the normalization of supply chains disrupted during the pandemic. Inflationary pressures have remained largely contained, aided by proactive central-bank monetary policies. Nonetheless, trade-driven geopolitical tensions and new tariffs among major economies threaten to disrupt supply chains and pose downside risks to global growth. While global GDP is forecast to expand by 3.2% in 2025, these projections may be revised downward as the full impact of recent tariff measures becomes clearer.

In the Caribbean, including Saint Lucia, short-term inflationary pressures and higher import costs are expected as a result of these tariffs—particularly for goods previously sourced from affected markets. Lower consumer spending in key source economies may dampen tourism receipts, although this is likely to be moderated by the island's strengthened airlift capacity and cruise-ship arrivals. Elevated input costs could also drive price increases in certain consumer goods and construction materials, potentially weighing on local consumption patterns.

In Latin America and the wider Caribbean, growth is projected at 2.3% in 2025, up from prior forecasts. Major economies such as Brazil and Mexico are expected to drive this expansion, even as macroeconomic challenges persist in Argentina. The broader Caribbean, buoyed by the ongoing tourism recovery and infrastructure investments, is set to achieve near 3.0% growth; however, renewed tariff pressures may temper trade flows and introduce modest headwinds for some island economies.

The Eastern Caribbean Currency Union (ECCU) is slated for 3.6% growth in 2025, building on a resilient 2024 performance underpinned by strong demand in tourism and construction. Within the Organisation of Eastern Caribbean States (OECS), growth of 4.5% is anticipated, largely fueled by continued infrastructure and tourism-related projects.

Domestically, Saint Lucia's economy is expected to grow 2.6% in 2025. Tourism remains the principal engine—stayover arrivals in early 2025 have already exceeded pre-pandemic levels—while the construction sector continues its upward momentum via both private and public initiatives. Supporting industries, including transport services and mining, are also poised to contribute positively. Unemployment has declined to new lows, signaling sustained strength in the labour market.

Tourism continues to show encouraging growth, with infrastructure enhancements and increased flight capacity driving record-level arrivals. The industry is on track to surpass previous milestones in 2025, further reinforcing its role as an economic cornerstone.

Exports have experienced steady increases—driven by agricultural and manufactured goods—yet the rising import bill continues to widen the trade deficit. Maintaining a sustainable external position remains an area of focus as the country pursues export diversification and value-added production.

The banking sector remains stable, with strong liquidity levels and growing deposits. Credit expansion in 2024 outpaced GDP growth, reflecting both robust demand and disciplined risk management. While non-performing loans require ongoing attention, the system's capital buffers remain well above the minimum requirements set by the Eastern Caribbean Central Bank (ECCB).

Overall, while the short to medium-term outlook is constructive, Saint Lucia's small, open economy remains susceptible to external shocks—geopolitical tensions, commodity-price volatility, and tariff disruptions will continue to influence domestic performance.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Bank recognizes the critical importance of a robust Enterprise Risk Management (ERM) framework in achieving its strategic objectives, safeguarding stakeholder interests, and ensuring long-term sustainability. Our unwavering commitment to a mature risk management culture is underpinned by a cautious risk appetite focused on capital preservation and depositor protection.

FINANCIAL STRENGTH & RISK CAPACITY

Bank of Saint Lucia Ltd

- **Tier 1 Capital:** $411.8 million (2024) vs. $350.4 million (2023)
- **Total Capital Ratio:** 20.5% at December 31, 2024—well above ECCB requirements
- **Risk-Weighted Assets:** Increased by $143.8 million; stress tests confirm a CAR comfortably above 12% under severe scenarios
- **Loans-to-Deposits Ratio:** 32.1%, down from 38.0% in 2023
- **Liquidity Coverage Ratio (LCR):** Maintained above 150% throughout 2024
- **Net Stable Funding Ratio (NSFR):** Exceeded 110%

ENTERPRISE RISK MANAGEMENT AS A STRATEGIC ENABLER

- **ICAAP & Stress Testing:** Completed our inaugural Internal Capital Adequacy Assessment Process, integrating severe macroeconomic and climate stress scenarios to validate capital plans through 2026.
- **Operational Resilience:** Simplified account-opening workflows and automated key risk assessments, reducing operational risk and bolstering business continuity.

KEY RISK MANAGEMENT ACTIVITIES IN 2024

- **U.S. Interest Rate Impacts:** Continuous monitoring of Fed rate adjustments; dynamic asset-liability recalibrations reduced interest-rate sensitivity by 30 bps.
- **Regulatory Compliance:** Rolled out updated policies to meet evolving ECCB standards, achieving zero material findings in regulatory examinations.
- **Third-Party Risk Management:** Strengthened vendor due diligence, contract reviews, and quarterly controls testing across 50+ critical suppliers.
- **Climate-Related & Environmental Risks:** Integrated climate stress testing into ICAAP and launched a sustainable finance framework to support green lending opportunities.
- **Cybersecurity Risk Management:** Established an independent Information Security Unit, deployed multi-factor authentication across all digital channels, and conducted semi-annual penetration tests—reducing incident response time by 40%.

By embedding rigorous, metrics-driven risk management into our strategic and operational frameworks, BOSL ensures that every initiative—from digital transformation to product innovation—advances our Vision to Value while maintaining the highest standards of financial stability and stakeholder protection.

Rolf Phillips
Managing Director

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Opening Doors. One Swipe at a Time.

Leaf Card targeted first-time users and those seeking a second card with lower limits, aligning financial inclusion with modern lifestyle needs. In 2024, it opened a responsible, rewards-driven path to credit — converting access into everyday empowerment.

Corporate Social Responsibility

At Bank of Saint Lucia, our commitment to social responsibility is deeply rooted in our belief that financial institutions have a vital role to play in shaping inclusive, resilient communities. We view our responsibility to society not merely as an extension of our operations, but as an integral part of who we are. Guided by the United Nations Sustainable Development Goals and the Principles of Responsible Banking, our efforts are consistently aimed at empowering individuals, strengthening institutions, and creating long-term impact.

Education lies at the heart of BOSL's CSR mission. Throughout 2024, the Bank continued to implement impactful financial literacy initiatives designed to inform and uplift. Among these, the flagship series "Beyond Banking with BOSL" returned for its fourth season, focusing on demystifying the mortgage loan process. This season, aligned with the Bank's July 2024 launch of its updated mortgage product suite, walked viewers through every stage of homeownership—from the initial consultation to receiving the keys. The show continued to air on Choice TV, MBC, and Liberty TV, ensuring coverage across both northern and southern Saint Lucia.

Expanding its reach even further, the Bank launched "Beyond Banking Radio," a weekly financial education program broadcast every Wednesday on Power 97.9FM. The radio series offers an engaging platform where listeners can submit questions and interact with guest professionals including architects, quantity surveyors, valuators, and mortgage specialists. Together with our ongoing "Banking 101 Tips with BOSL" campaign, these initiatives reflect the Bank's unwavering commitment to increasing financial literacy at all stages of life.

A major highlight of the Bank's CSR efforts in 2024 was its partnership with the Millennium Heights Medical Complex (MHMC). BOSL contributed $75,000 to support the renovation of the Paediatric Ward, which had been impacted by a mold infestation. The Bank also installed an on-site Cash Dispenser, improving accessibility for staff and visitors. In keeping with our tradition of supporting families, BOSL launched a newborn gift initiative through which each child born on December 25th and January 1st annually will receive a new BOSL savings account with a starting balance of $50. In addition, Christmas Day babies will receive special hampers from the Bank. A mural celebrating this partnership will be painted within the newly named ward by a team of volunteers, including BOSL staff, students, and hospital personnel. Two mascots, BOSLEE and MILLI, will also be introduced to bring comfort and joy to young patients.

Further south, BOSL maintained its support for St. Jude Hospital in Vieux Fort by sponsoring the upkeep of its hospital grounds, continuing our commitment to healthcare support across the island.

In the cultural sphere, the Bank played a major role in the 2024 Saint Lucia Jazz and Arts Festival as a platinum sponsor. The Bank also provided support for community-based events in Soufriere, Monchy, and Mon Repos. A special highlight was BOSL's collaboration with American Express to host a VIP Lounge at the Mainstage Jazz event. Ahead of the festival's official opening, BOSL hosted an educational session at its Financial Centre featuring acclaimed artists Romain Virgo and Voice the Artiste. Secondary school students interested in music and the arts were invited to engage with the artists, who shared insights into their personal journeys and careers. Local artists were also in attendance, making it a memorable and inspiring event for all involved.

BOSL's commitment to national heritage and community expression was evident through its continued support of National Carnival events as a Gold Sponsor. The Bank once again sponsored the National Carnival Queen Show, proudly represented by Miss Bank of Saint Lucia, Anneka Thompson, who secured the position of second runner-up. Additional sponsorship was extended to other culturally significant occasions including the Nobel Laureate Festival and Saint Lucia's Independence Day celebrations, reinforcing the Bank's role as a partner in national development.

In the area of social inclusion and wellness, BOSL deepened its engagement in 2024 with initiatives focused on gender and mental health. The Bank actively supported International Women's Day and Breast Cancer Awareness Month, with staff contributing through the purchase of branded polos, part of the proceeds of which were donated to the Saint Lucia Cancer Society. In a pioneering move, BOSL hosted its first session for Men's Mental Health Awareness Month. Led by psychiatrist Dr. Gilliard, this session created a much-needed space for male staff to openly discuss mental health, helping to reduce stigma and foster open dialogue.

During the 2024 Christmas season, the Bank launched its successful "Wishes to Wheels" promotion, which awarded one lucky customer with a brand-new 2025 GWM Haval SUV. On the community side, BOSL extended seasonal cheer to those in need, donating essential items to an elderly home in Anse La Raye, distributing over 30 hampers and more than 100 toys to families and children island-wide. The campaign also included a XCD1,500 shopping spree at Massy Stores, Gablewoods, for a randomly selected customer. Additionally, four Smart TVs were donated to the Desruisseaux Combined School and Camille Henry Memorial School to help enhance learning experiences.

Bank of Saint Lucia's CSR initiatives in 2024 were designed to uplift, educate, and empower—from financial education and healthcare support to cultural enrichment and social inclusion. Through every project and partnership, we reaffirm our role as a trusted ally in national development and community progress.

2024 ECCU Bank of the Year Awards

Bank of Saint Lucia's commitment to excellence and community impact was further recognized on a regional level at the 2024 ECCU Bank of the Year Awards. The Bank earned an impressive four awards, demonstrating its leadership and performance across key areas of development. The Bank was awarded for its outstanding achievements in Corporate Social Responsibility (CSR), Support for Small and Medium Enterprises (SMEs), and Financial Education & Empowerment—a testament to the Bank's deep investment in the socio-economic fabric of Saint Lucia. Most notably, Bank of Saint Lucia was honored with the Distinguished Bank of the Year Award, the first ever presented in this category, solidifying its position as a trailblazer in the Eastern Caribbean Currency Union and reinforcing its commitment to innovation, service excellence, and national advancement.

BOSL
Fund Management Company

BOSL Fund Management Company Limited completed its first full year of operations with assets under management increasing from an opening balance of $1.21 billion to $1.57 billion or a net increase of 30% by the end of the year. The effort to create a separate fund management company is having the intended benefit of strengthening our asset management capabilities through greater specialization and focus on the development of professional and technical capabilities.

Much of the year was spent on consolidating the foundational elements of a full-fledge asset management company. This included enhancements to the existing portfolio analytics and reporting platform that not only supports fund management but also supports the fund accounting, risk and compliance functions of the operation. Importantly however, the relationship with the platform provider was leveraged to gain access to a related operating system that supports the operations of our mutual fund business which was successfully launched in January 2024 with the BOSL Global Investment Fund Limited. BOSL intends to remain at the cutting edge of technology in its quest to offer seamless access to products and services to our customers. The mutual fund business is no exception, as work on a mobile application that will allow investors to place their orders and receive trade confirmations and statements of their holdings, is well underway.

Shaiiede Kallicharan
Acting General Manager

These innovations geared at improving accessibility and functionality will not only serve to seal the BOSL Global Investment Fund Limited's place as the first indigenous mutual fund launched in the Eastern Caribbean market but will also secure our position as regional pioneers of financial innovation and wealth creation.

The first year of operation of the fund management company also saw a heavy focus on promoting the mutual fund across the region. In this regard, the BOSL FMC is ably supported by the brokerage operation of Bank of Saint Lucia and has successfully negotiated distribution agreements with at least two other licensed brokers in the region.

Despite the heavy workload associated with the reconfiguration of the fund management business and the build-out of the BOSL Global Investment Fund Limited, the BOSL FMC was able to achieve revenue of $4.96 million. The key component of revenue is asset management fees and is directly linked to the quantum of assets under management, growth of which remains a priority for the new company. Operating expenses weighed heavily at $1.09 million driven mostly by wages, salaries and other staff costs of $981 thousand. Given the highly specialized area of focus of the fund management business, this element of cost is necessary to attract and retain employees with the required level of expertise.

The final outturn of a net profit after tax of $2.15 million is therefore a noteworthy achievement for the BOSL FMC given the internal exigencies as well as an external environment filled with uncertainty that favours the growth of savings deposits as opposed to the growth of assets under active investment management. In that regard, the BOSL FMC seeks to demystify investments as we set a noble mission of empowering and uplifting our clients and communities through actionable market knowledge and insights that will enable financial freedom and create wealth for generations to come.

ASSETS OF

$3.6 Billion

The Largest Bank
in the OECS

Bank of Saint Lucia Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

(expressed in thousands of Eastern Caribbean dollars)

	2024 $	2023 $
Assets		
Cash and balances with Central Bank	**318,586**	274,084
Deposits with other banks	**654,409**	500,377
Deposits with non-bank financial institutions	**68,998**	25,388
Financial assets held for trading	**–**	15,375
Investment securities	**1,256,833**	935,864
Due from related parties	**62,254**	71,534
Loans and advances to customers	**909,020**	859,465
Property and equipment	**72,298**	69,446
Intangible assets	**1,120**	900
Right-of-use lease asset	**485**	971
Other assets	**206,101**	182,061
Investment in associate	**48,524**	39,042
Investment properties	**31,463**	31,282
Retirement benefit asset	**14,242**	14,738
Total assets	**3,644,333**	3,020,527
Liabilities		
Deposits from banks	**17,025**	22,429
Due to customers	**2,965,115**	2,393,006
Lease liability	**589**	1,088
Income tax payable	**7,561**	4,458
Deferred tax liability	**3,397**	2,149
Due to related parties	**212**	212
Borrowings	**–**	26,293
Dividends payable	**581**	581
Preference shares	**4,150**	4,150
Other liabilities	**189,057**	179,063
Total liabilities	**3,187,687**	2,633,429

Bank of Saint Lucia Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION...*continued*

As at December 31, 2024

(expressed in thousands of Eastern Caribbean dollars)

	2024 $	2023 $
Equity		
Share capital	**265,103**	265,103
Reserves	**192,626**	178,021
Revaluation reserve	**29,145**	26,428
OCI reserve	**(24,744)**	(28,079)
Accumulated deficit	**(5,484)**	(54,375)
Total equity	**456,646**	387,098
Total liabilities and equity	**3,644,333**	3,020,315

Approved by the Directors on March 25, 2025

_______________ Director _______________ Director

Bank of Saint Lucia Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year ended December 31, 2024

(expressed in thousands of Eastern Caribbean dollars)

	2024 $	2023 $
Interest income	122,094	102,615
Interest expense	(28,122)	(26,950)
Net interest income	93,972	75,665
Fee and commission income	67,840	50,145
Dividend income	686	688
Net foreign exchange trading income	11,829	11,418
Other income	7,864	9,568
Share of profit of associate	9,132	5,821
Other gains, net	3,692	6,275
Impairment recovery on loans and advances	9,637	11,017
Impairment losses on investment securities	(719)	(186)
Operating expenses	(99,205)	(87,998)
Profit before income tax and dividends on preference shares	104,728	82,413
Dividends on preference shares	(291)	(291)
Profit for the year before income tax	104,437	82,122
Income tax expense	(19,291)	(11,867)
Profit for the year after taxation	85,146	70,255

Financial Reporting Responsibilities

The management of the East Caribbean Financial Holding Company Limited is responsible for the preparation and fair presentation of the financial statements and other financial information contained within this Annual Report. The accompanying financial statements were prepared in accordance with IFRS Accounting Standards. Where amounts had to be based on estimates and judgments, these represent the best estimates and judgments of Management. In discharging its responsibility for the integrity and fairness of the financial statements, and for the accounting systems from which they were derived, Management has developed and maintains a system of accounting and reporting which provides the necessary internal controls that ensure transactions are properly authorized, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

This is supported by written policies and procedures; quality standards in recruiting and training employees; and an established organizational structure that permits accountability for performance within appropriate and well-defined areas of responsibility. An Audit Unit that conducts periodic audits of all aspects of the Group's operations further supports the system of internal controls

The Board of Directors oversees Management's responsibility for financial reporting through the Audit Committee, which comprises only Directors who are neither officers nor staff of the Bank. The primary responsibility of the Audit Committee is to review the Group's internal control procedures including any planned revision of those procedures, and to advise Directors on auditing matters and financial reporting issues. The Group's Head of Internal Audit has full and unrestricted access to the Audit Committee.

The Eastern Caribbean Central Bank conducts examinations and makes inquiries into the affairs of the Group as deemed necessary to ensure that the provision of the Banking Act relating to safety of depositors' funds and shareholders' equity is being observed and that the Group is in a sound financial condition.

PriceWaterhouseCoopers appointed as Auditor by the shareholders of the Group, have examined the financial statements and their report follows. The shareholders' auditor has full and unrestricted access to the Audit Committee to discuss their audit and related findings as to the integrity of the Group's financial reporting and adequacy of the systems of internal control.

Rolf Phillips
Managing Director

Ketha Auguste
Chief Financial Officer

From Blueprint to Bottom Line

With a clear focus on commercial developers and construction entrepreneurs, Elite Builder's Capital translated institutional foresight into a funding engine for national growth. In 2024, it brought scale and structure to a high-opportunity segment — turning capital vision into economic value.

EliteBuildersCapital

"Build Greater Wealth and a Lasting Legacy"

A Game-Changer FOR ENTREPRENEURS

Zephrina Cazaubon
ASCENSION INTERNATIONAL

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East Caribbean Financial Holding Company Limited

Consolidated Financial Statements

December 31, 2024

(expressed in thousands of Eastern Caribbean dollars)

Independent auditors' report

To the Shareholders of East Caribbean Financial Holding Company Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of East Caribbean Financial Holding Company Limited (the Company) and its subsidiary (together 'the Group') as at December 31, 2024, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

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

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 *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

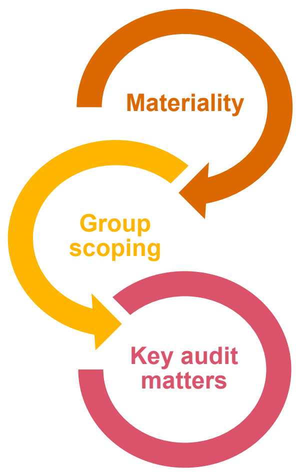
Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers East Caribbean, Unit 111 Johnsons Centre, No. 2 Bella Rosa Road, P.O. Box BW 304,
Gros Islet, St. Lucia, West Indies
T: (758) 722 6700, www.pwc.com/bb

Our audit approach

Overview



- Overall group materiality: $4,278,000, which represents approximately 1% of net assets.

- We conducted full scope audits of the Company and its subsidiary (Bank of Saint Lucia Limited (BOSL)), which were both identified as components that are significant due to risk or size. The audit engagement team was the auditor for both the Company and the subsidiary.

- Expected credit loss (ECL) allowances for Stages 1 and 2 of loans and advances to customers - probability of default and loss given default.
- Credit impaired (Stage 3) loans and advances to customers.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the engagement team. This consisted of full scope audits on the Company and its subsidiary (BOSL) as each were identified as components that are significant due to risk or size. The audit engagement team was the auditor for both the Company and the subsidiary.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	$4,278,000
How we determined it	Approximately 1% of net assets
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 1% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $213,000, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 matter	How our audit addressed the key audit matter
Expected credit loss (ECL) allowances for Stages 1 and 2 of loans and advances to customers - probability of default and loss given default *Refer to notes 2d, 4, 10 and 11 to the consolidated financial statements for disclosures of related accounting policies and balances.*	
As at December 31, 2024, a total of $4.8 million of Stage 1 and 2 expected credit losses (ECL) was recognised within the loans portfolio. The measurement of ECL allowances for financial assets at amortised cost is an area that requires the use of complex models and significant management assumptions. We focused on management's judgements in relation to the probability of default and loss given default due to the inherent subjectivity in	With the assistance of our internal specialists, we performed the following procedures, amongst others: Obtained an understanding of the methodology and assumptions used by management and the related controls. Evaluated the appropriateness of the Group's ECL model methodology in comparison to the Group's accounting policy and the requirements of the applicable accounting standards.

Key audit matter	How our audit addressed the key audit matter
determining these assumptions and the complexity involved in deriving the estimate.	
Probability of default Probability of default (PD) is an estimate of the likelihood of default over a given time horizon. Management's probability of default assumptions are derived from the Group's loan portfolio experience. Historical default data covering 24 years was used to calculate default rates by loan age for loans aged 1 - 25 years and for the different products based on origination year. The results per year were weighted by the number of loans originated compared to the total population considered. The PD curve is smoothed and extended to year 40 assuming a constant PD in the later years.	**Probability of default** On a sample basis: • Agreed defaulted loans to the PD calculation to test completeness of historical data. • Agreed the inputs within the PD calculation including loan type, origination date and default date to supporting documentation for a sample of loans. • Performed an independent recalculation of the PDs using the historical loan portfolio data and compared to the results calculated by management.
Loss given default Loss given default (LGD) is an estimate of the loss arising in instances where a default occurs at a given time. Management's loss given default assumptions are derived from the Group's historical loan portfolio experience. Defaulted loans from 1999 to 2024 were assessed for their loss experience to determine an average LGD by product type. In doing so management considered each defaulted loan's status across six recovery categories including; cured, paid in full, write-off, collateral recovery, restructured and still non-performing.	**Loss given default** On a sample basis: • Tested the accuracy and completeness of the historical data used to derive LGDs by agreeing the LGD data on the defaulted loans to the underlying supporting documentation. • Agreed inputs in the LGD calculation including loan type, recovery category, write-offs, recovery proceeds, date of transfer to non-accrual and interest rates to supporting documentation. • Independently recalculated LGDs using the Group's portfolio data and compared to the results calculated by management.
Credit impaired (Stage 3) loans and advances to customers *Refer to notes 2d, 4, 10 and 11 to the consolidated financial statements for disclosures of related accounting policies and balances.* At December 31, 2024, the Lifetime ECL on credit impaired loans for Stage 3 totalled $37.3 million.	With the assistance of our internal valuation experts, we performed the following procedures, amongst others:

The assumptions used for estimating the amount of the ECL provisions for credit impaired loans involve significant judgement by management. We focused our testing on this area due to the significant inputs and assumptions used by management to determine the ECL provision, which included:

Collateral value
Valuation of real estate property pledged as collateral for credit impaired loans. This is the most significant input to the projected cash flows of impaired loans. The collateral value depends on market trends as well as the circumstances of the specific property and involves judgement and the use of specialised skills depending on the nature of the property.

Management engaged independent valuation experts to assist in determining the valuation of real estate property pledged as collateral.

Forced Sale Value (FSV)
A FSV haircut is applied to the collateral value. The FSV assumption takes into account the Group’s historical data of foreclosed properties through comparison of the sale proceeds to the previous collateral valuation.

Time To Collect (TTC)
A TTC assumption is used to discount the projected future cash flows of impaired loans. The TTC assumption takes into account the Group’s historical recovery data for commercial, term and mortgage loans. The TTC applied is dependent on the loan type.

Assessed the competence and objectivity of the management appointed real estate appraisers.

On a sample basis, agreed the collateral values recorded by management to the valuation reports.

For a sample of valuation reports:

- Assessed the reasonableness of the methodology used in comparison with standard property valuation practices such as the income and market approaches and comparable sale listings.
- Developed a possible range of recovery values considering the age of the valuation and costs to sell.

Obtained management's calculation of the FSV and TTC assumptions and reperformed the mathematical accuracy of the calculations. This also included agreeing the default date, collateral sale date, proceeds and prior collateral value to supporting documentation on a sample basis.

Other information

Management is responsible for the other information. The other information comprises the *Annual Report* (but does not include the consolidated financial statements and our auditors’ report thereon), which is expected to be made available to us after the date of this auditors’ 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 identified above 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 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 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.

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.

- 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.

pwc

- 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 auditors' 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 auditors' 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 consolidated 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 auditors' 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 auditors' report is Tonya Graham.

PricewaterhouseCoopers

Castries, St. Lucia
March 28, 2025

East Caribbean Financial Holding Company Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

(expressed in thousands of Eastern Caribbean dollars)

	2024 $	2023 $
Assets		
Cash and balances with Central Bank (note 6)	**318,586**	274,084
Deposits with other banks (note 7)	**654,409**	500,377
Financial assets held for trading (note 8)	**–**	15,375
Deposits with non-bank financial institutions (note 9)	**68,998**	25,388
Investment securities (note 13)	**1,256,041**	935,072
Loans and advances to customers (note 10)	**909,020**	859,465
Investment in associates (note 14)	**91,863**	76,885
Property and equipment (note 15)	**72,298**	69,446
Intangible assets (note 16)	**1,120**	900
Investment properties (note 17)	**31,463**	31,282
Right-of-use lease asset (note 18)	**485**	971
Other assets (note 19)	**206,105**	182,067
Retirement benefit asset (note 21)	**14,242**	14,738
Total Assets	**3,624,630**	2,986,050
Liabilities		
Deposits from banks (note 22)	**17,025**	22,429
Due to customers (note 23)	**2,962,109**	2,390,000
Lease liability (note 18)	**589**	1,088
Deferred tax liability (note 26)	**3,397**	2,149
Income tax payable	**7,560**	4,458
Dividends payable	**581**	581
Borrowings (note 24)	**–**	26,293
Cumulative preference shares (note 43)	**4,150**	4,150
Other liabilities (note 25)	**189,057**	179,064
Total Liabilities	**3,184,468**	2,630,212

East Caribbean Financial Holding Company Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *...continued*

As at December 31, 2024

(expressed in thousands of Eastern Caribbean dollars)

	2024 $	2023 $
Equity		
Share capital (note 27)	**170,081**	170,081
Contributed capital (note 28)	**1,118**	1,118
Reserves (note 29)	**207,574**	192,969
Revaluation reserve	**29,145**	26,428
OCI reserve	**(21,358)**	(25,260)
Retained earnings/(accumulated deficit)	**53,602**	(9,498)
Total Equity	**440,162**	355,838
Total Liabilities and Equity	**3,624,630**	2,986,050

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

Approved by the Directors on March 25, 2025

_______________ Director

_______________ Director

East Caribbean Financial Holding Company Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2024

(expressed in thousands of Eastern Caribbean dollars)

	Share capital $	Contributed capital $	Reserves $	Revaluation reserve $	OCI reserve $	Retained earnings/ (accumulated deficit) $	Total $
Balance as at January 1, 2023	170,081	1,118	183,016	26,428	(43,895)	(62,020)	274,728
Total comprehensive income for the year	–	–	–	–	18,635	74,663	93,298
Transfers to reserves	–	–	9,908	–	–	(9,908)	–
Dividends paid (note 45)	–	–	–	–	–	(12,233)	(12,233)
Contributions received (note 29)	–	–	45	–	–	–	45
Balance as at December 31, 2023	170,081	1,118	192,969	26,428	(25,260)	(9,498)	355,838
Balance as at January 1, 2024	170,081	1,118	192,969	26,428	(25,260)	(9,498)	355,838
Total comprehensive income for the year	–	–	–	2,717	3,902	92,384	99,003
Transfers to reserves	–	–	14,605	–	–	(14,605)	–
Dividends paid (note 45)	–	–	–	–	–	(14,679)	(14,679)
Balance as at December 31, 2024	**170,081**	**1,118**	**207,574**	**29,145**	**(21,358)**	**53,602**	**440,162**

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

East Caribbean Financial Holding Company Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2024

(expressed in thousands of Eastern Caribbean dollars)

	2024 $	2023 $
Interest income (note 31)	**122,094**	102,615
Interest expense (note 31)	**(28,122)**	(26,950)
Net interest income	**93,972**	75,665
Other operating income (notes 32 - 35)	**91,911**	78,094
Impairment recovery - loans (note 11)	**9,637**	11,017
Impairment losses - investment securities (note 12)	**(719)**	(186)
Operating expenses (note 36)	**(99,206)**	(87,998)
Operating profit	**95,595**	76,592
Share of profit of associates (note 14)	**16,371**	10,229
Profit for the year before income tax and dividends on preference shares	**111,966**	86,821
Dividends on preference shares (note 43)	**(291)**	(291)
Profit for the year before income tax	**111,675**	86,530
Income tax expense (note 38)	**(19,291)**	(11,867)
Profit for the year after taxation	**92,384**	74,663
Profit per share attributable to the equity holders of the Company during the year (note 39)		
- basic	**3.78**	3.05
- diluted	**3.65**	2.95

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

East Caribbean Financial Holding Company Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2024

(expressed in thousands of Eastern Caribbean dollars)

	2024 $	2023 $
Profit for the year after taxation	**92,384**	74,663
Other comprehensive income/(loss)		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
Net gain on revaluation of FVOCI instruments	**897**	16,629
Realized gains transferred to profit or loss	**2,802**	1,713
	3,699	18,342
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):		
Share of fair value gain on assets of associated companies carried at fair value (note 14)	**1,049**	701
	4,748	19,043
Fair value gain on revaluation of land and buildings	**2,717**	–
	7,465	19,043
Re-measurement loss on defined benefit pension scheme (note 21)	**(1,208)**	(583)
Income tax effect (note 26)	**362**	175
Net re-measurement loss	**(846)**	(408)
	6,619	18,635
Total comprehensive income for the year (net of tax)	**99,003**	93,298

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

East Caribbean Financial Holding Company Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

(expressed in thousands of Eastern Caribbean dollars)

	2024 $	2023 $
Cash flows from operating activities		
Profit for the year after taxation	**92,384**	74,663
Adjustments for:		
Interest income (note 31)	**(122,094)**	(102,615)
Depreciation and amortization (notes 15, 16 and 18)	**5,562**	6,161
Impairment recovery on loans and advances (note 11)	**(9,637)**	(11,017)
Impairment losses on investment securities (note 12)	**719**	186
Fair value loss on revaluation of land and buildings (note 35)	**2,710**	–
Unrealized gain on investment securities at fair value through profit or loss (note 35)	**(7,460)**	(6,128)
Interest expense (note 31)	**28,122**	26,950
Retirement benefit expense (note 21)	**2,046**	1,897
(Gain)/loss on disposal of property and equipment and intangible assets	**(36)**	49
Fair value loss on revaluation of investment property (note 35)	**122**	466
Share of profit of associates (note 14)	**(16,371)**	(10,229)
Net loss/(gain) on disposal of investment securities (note 35)	**936**	(613)
Amortized (discount)/premium on investment securities (note 13)	**(1,831)**	160
Retirement benefit contributions (note 21)	**(2,758)**	(2,606)
Dividends on preference shares (note 43)	**291**	291
Dividend income from equity instruments (note 34)	**(686)**	(688)
Income tax expense (note 38)	**19,291**	11,867
Cash flows before changes in operating assets and liabilities	**(8,690)**	(11,206)
Changes in:		
Mandatory deposits with Eastern Caribbean Central Bank	**(37,675)**	(9,988)
Loans and advances to customers	**(40,559)**	12,767
Other assets	**(24,038)**	(76,171)
Due to customers	**571,893**	167,153
Deposits from banks	**(5,404)**	(267)
Other liabilities	**9,993**	93,270
Cash flows generated from operating activities	**465,520**	175,558
Income tax paid	**(14,579)**	(1,752)
Interest received from investment securities	**34,907**	33,198
Interest received on loans and advances	**58,390**	56,873
Interest received on bank and financial institution deposits	**24,265**	7,602
Interest paid on customer deposits	**(27,247)**	(24,338)
Interest paid on other borrowed funds	**(1,282)**	(2,612)
Dividends received from associates (note 14)	**2,442**	684
Dividends received from equity instruments	**686**	688
Net cash generated from operating activities *...c/fwd*	**543,102**	245,901

East Caribbean Financial Holding Company Limited

CONSOLIDATED STATEMENT OF CASH FLOWS *...continued*

For the year ended December 31, 2024

(expressed in thousands of Eastern Caribbean dollars)

	2024 $	2023 $
Net cash generated from operating activities *...b/fwd*	**543,102**	245,901
Cash flows from investing activities		
Purchase of investment securities	**(538,018)**	(333,121)
Net proceeds from disposal and redemption of investment securities	**248,049**	406,723
Treasury bills	–	1,788
Financial assets held for trading	–	(15)
Deposits with non-bank financial institutions	**(14,563)**	1,455
Deposits with other banks	**3,269**	(151,016)
Purchase of property and equipment and intangible assets (notes 15 and 16)	**(8,175)**	(9,379)
Additions to investment properties (note 17)	**(303)**	–
Proceeds from disposal of property and equipment and intangible assets	**69**	2
Net cash used in investing activities	**(309,672)**	(83,563)
Cash flows from financing activities		
Dividends paid (note 45)	**(14,970)**	(12,233)
Proceeds from capital contributions (note 29)	–	45
Repayment of borrowings	**(25,669)**	(12,675)
Principal payments on lease liability	**(500)**	(412)
Net cash used in financing activities	**(41,139)**	(25,275)
Net increase in cash and cash equivalents	**192,291**	137,063
Cash and cash equivalents at beginning of year	**371,220**	234,157
Cash and cash equivalents at end of year (note 40)	**563,511**	371,220

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

East Caribbean Financial Holding Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

(expressed in thousands of Eastern Caribbean dollars)

1 Corporate information

In October 2016 the East Caribbean Financial Holding Company Limited was amalgamated with Bank of Saint Lucia Limited and ECFH Global Investment Solutions Limited in accordance with the provisions of the Companies Act CAP 13.01, Revised Laws of Saint Lucia and continued as Bank of Saint Lucia Limited. Another company with the same name East Caribbean Financial Holding Company Limited (ECFH) was then reincorporated under the same act to hold the shares of Bank of Saint Lucia Limited, Bank of Saint Lucia International Limited and Bank of St. Vincent & the Grenadines Limited.

The principal activity of ECFH and its subsidiary, (the “Group”) is the provision of financial services. The registered office and principal place of business of the Group is located at No.1 Bridge Street, Castries, Saint Lucia.

The Group is in compliance with the Companies Act and Banking Act and the provisions of the Insurance Act, 1995.

The shareholding of the Group is stated in Note 42.

ECFH is listed on the Eastern Caribbean Securities Exchange.

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.

Statement of compliance
East Caribbean Financial Holding Company Limited’s consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as at December 31, 2024 (the reporting date).

a) Basis of preparation

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

- Financial assets measured at fair value through profit or loss
- Debt instruments measured at fair value through other comprehensive income
- Property and equipment - Land and Buildings
- Investment properties
- Retirement benefit asset/liability

The preparation of financial statements in conformity with IFRS Accounting Standards 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 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.

2 Summary of material accounting policies *...continued*

a) Basis of preparation *...continued*

Changes in accounting policies and disclosures
Certain new and amended standards came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 1, Non - Current liabilities with covenants
The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments did not have an impact on the financial statements of the Group.

Amendment to IAS 7 and IFRS 7, Supplier finance
These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendments did not have an impact on the financial statements of the Group.

IFRS Interpretations Committee agenda decision on segment reporting
Paragraph 23 of IFRS 8 requires an entity to report a measure of profit or loss for each reportable segment and to disclose specified amounts for each reportable segment.

The agenda decision clarified that paragraph 23 of IFRS 8 requires an entity to disclose the specified amounts for each reportable segment when those amounts are:

- included in the measure of segment profit or loss reviewed by the chief operating decision maker (CODM), even if they are not separately provided to or reviewed by the CODM, or
- regularly provided to the CODM, even if they are not included in the measure of segment profit or loss.

2 Summary of material accounting policies *...continued*

a) Basis of preparation *...continued*

Changes in accounting policies and disclosures *...continued*

New and amended standards and interpretations that are not yet effective:

Amendment to IFRS 9 and IFRS 7, Classification and Measurement of Financial Instruments
These amendments are:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for annual periods beginning on or after January 1, 2026.

The Group is assessing the impact that the amendments will have on its financial statements.

Annual improvements to IFRS - Volume 11
Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

The amendments are effective for annual periods beginning on or after January 1, 2026.

The Group is assessing the impact that the amendments will have on its financial statements.

2 Summary of material accounting policies *...continued*

a) Basis of preparation *...continued*

New and amended standards and interpretations that are not yet effective *...continued*

IFRS 18, Presentation and Disclosure in Financial Statements
This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The amendments are effective for annual periods beginning on or after January 1, 2027.

The Group is assessing the impact that the amendments will have on its financial statements.

Consolidation
The financial statements of the subsidiary used to prepare the consolidated financial statements were prepared as of the Parent Company's - ECFH, reporting date. The consolidation principles are unchanged as against the previous year.

The consolidated financial statements of the Group comprise the financial statements of the parent entity and its subsidiary as at December 31, 2024.

Control is achieved when the Group is exposed, 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, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

2 Summary of material accounting policies *...continued*

a) Basis of preparation *...continued*

Consolidation *...continued*

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 or disposed of during the year are included in profit or loss 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. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into 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:

- Derecognizes the assets and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized 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 profit or loss from the effective acquisition date or up to the effective date on which control ceases, as appropriate.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

2 Summary of material accounting policies *…continued*

a) Basis of preparation *…continued*

Consolidation *…continued*

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between group companies have been eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The integration of the subsidiary into the consolidated financial statements is based on consistent accounting methods.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized 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 recognized 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 recognized 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 recognized in other comprehensive income are reclassified to profit or loss where appropriate.

b) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in associates is accounted for by the equity method of accounting and initially recognized at cost.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss in profit or loss.

East Caribbean Financial Holding Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

(expressed in thousands of Eastern Caribbean dollars)

2 Summary of material accounting policies *...continued*

b) Associates *...continued*

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss. The Group's share of its associate's post-acquisition profits or losses is recognized in the consolidated statement of profit or loss and other comprehensive income, and its share of post-acquisition movements in reserves recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

c) Fair value measurement

The Group measures financial instruments such as investment securities and non-financial asset such as 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 summarized in the following notes:

Disclosures for valuation methods, significant estimates and assumptions	Notes 2, 3, 4, 15 and 17
Quantitative disclosures of fair value measurement hierarchy	Note 3
Investment properties	Note 17
Financial instruments (including those carried at amortized cost)	Notes 8 and 13
Land and buildings	Note 15
Retirement benefit asset	Note 21

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.

2 Summary of material accounting policies *...continued*

c) Fair value measurement *...continued*

The fair value of a non-financial asset considers a market participant's ability to generate economic benefits by using the assets in its highest and 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

d) Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including: cash and non-restricted balances with the Central Bank, deposits with other banks, deposits with a non-bank financial institutions and other short-term securities.

e) Financial assets

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

Classification
Under IFRS 9, financial assets are classified into one of the following measurements:
- Amortized cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

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

On initial recognition, financial assets are classified by the Group as follows:

Debt instruments
Debt instruments, including loans and debt securities, are classified into one of the following measurement categories:
- Amortized cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

2 Summary of material accounting policies *...continued*

e) Financial assets *...continued*

Debt instruments*...continued*
Investments in debt instruments are measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the outstanding principal balance.

Business model assessment
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 the asset 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 Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives. The model is not assessed on an instrument-by-instrument basis, but rather at a portfolio level and based on factors such as:
  - How the performance of the financial assets held within that business model are evaluated and reported to the Group's management personnel;
  - The risks that affect the performance of the assets held within a business model (and, in particular, the way those risks are managed;
  - How compensation is determined for the management of Group's assets (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
  - The expected frequency, value and timing of sales activity; and
  - The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching duration of the financial assets to the duration of the financial liabilities that are funding those assets or realizing cash flows through the sale of assets.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2 Summary of material accounting policies *...continued*

e) Financial assets *...continued*

Assessment of contractual cash flows
As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the solely payments of principal and interest (SPPI) test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as profit margin.

Debt instruments measured at amortized cost
Debt instruments are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost. Interest income on these instruments is recognized in interest income using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated by considering any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

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

Debt instruments measured at FVOCI
Investments in debt instruments are measured at FVOCI where they meet the following two conditions and they have not been designated at FVTPL:

- Contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and

- Are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognized in profit and loss. Upon disposal, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss (ECL) 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.

East Caribbean Financial Holding Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

(expressed in thousands of Eastern Caribbean dollars)

2 Summary of material accounting policies *…continued*

e) Financial assets *…continued*

Debt instruments measured at FVTPL
Debt instruments are measured at FVTPL if assets:
i) Are held for trading purposes;
ii) Are held as part of a portfolio managed on a fair value basis; or
iii) Whose cash flows do not represent payments that are solely payments of principal and interest.

These instruments are measured at fair value in the consolidated statement of financial position, with transaction costs recognized immediately in profit or loss. Realized and unrealized gains and losses are recognized in profit or loss.

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

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

Equity instruments measured at FVTPL
Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase, with transaction costs recognized immediately in profit or loss. Subsequent to initial recognition the changes in fair value are recognized in profit or loss. Equity instruments at FVTPL are primarily assets held for trading. The Group also holds a portfolio of equity instruments that are not held for trading but the performance is required to be assessed annually for distribution to the account holders. These assets though not held for trading are measured as FVTPL.

Equity instruments measured at FVOCI (designated)
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 for strategic or longer-term investment purposes. This election is made on an instrument-by-instrument basis and is not available to equity instruments that are held for trading purposes.

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

Recognition/derecognition
A financial asset is recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognized when cash is advanced (or settled) to the borrowers.

2 Summary of material accounting policies *...continued*

e) Financial assets *...continued*

Recognition/derecognition *...continued*
Financial assets at fair value through profit or loss are recognized initially at fair value. All other financial assets are recognized initially at fair value plus directly attributable transaction costs.

The Group derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial liabilities
The Group classifies its financial liabilities, other than financial guarantees and loan commitments as measured at amortized cost.

Impairment of financial assets
IFRS 9 impairment model is a forward-looking three-stage expected credit loss (ECL) approach. The expected credit loss model is applicable to the following categories of financial assets:

- Amortized cost financial assets;
- Debt instruments measured at fair value through other comprehensive income;
- Off-balance sheet loan commitments; and
- Letters of credit and guarantees.

Equity instruments are not subject to impairment under IFRS 9.

Expected credit loss impairment model
The three-stage ECL allowance model is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase or deterioration in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The three-stage approach applied by the Group is as follows:

<u>Stage 1: 12-month ECL</u>
The Group collectively assesses ECLs on exposures where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. For these exposures, the Group recognizes as a collective provision the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

2 Summary of material accounting policies *...continued*

e) Financial assets *...continued*

Impairment of financial assets *...continued*

Expected credit loss impairment model *...continued*
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 recognizes as a collective provision a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset).

Stage 3: Lifetime ECL - 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 recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of provision) 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 losses (ECL)
ECLs are derived from unbiased and probability-weighted estimates of expected loss, and 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.
- 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.
- Revolving facilities that include both a loan and an undrawn commitment: ECLs are calculated and presented together with the loan.

The inputs used to estimate the expected credit losses are as follows:

- PD - The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, 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 at a future default date, considering 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.

2 Summary of material accounting policies *…continued*

e) Financial assets *…continued*

Impairment of financial assets *…continued*

Measurement of expected credit losses (ECL) *…continued*

- 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.

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

Macroeconomic factors
The standard also requires incorporation of macroeconomic factors in models for ECLs. In its models, the Group assessed a broad range of forward-looking economic information as inputs. The results were applied to the probability of default as an overlay.

Significant increase in credit risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers both quantitative and qualitative information and analysis based on the Group's historical experience and credit risk assessment. The Group considers as a backstop that significant increases in credit risk occurs when an asset is more than 30 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-month.

Financial assets may no longer meet the definition of default (Stage 3) if the borrower no longer meets any of the criteria included in the Group's definition of default for a consecutive 12-month period and management is of the view that the fundamentals of the credit has improved to a sustainable level. In these circumstances, the loan will move from stage 3 to stage 2. The factors the Group considers in arriving at the assessment include job stability, ability to repay, debt service ratio, and security held. The Group's 12-month period is based on its regulatory requirements as well as its "reversion analysis" of cured loans returning to default.

A loan may move from stage 2 to stage one 1 if it is not outstanding for more than thirty (30) days for a consecutive three-month period.

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2 Summary of material accounting policies *...continued*

e) Financial assets *...continued*

Impairment of financial assets *...continued*

Expected life
Instruments in Stage 2 or Stage 3, loss allowances reflect expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life. For certain revolving facilities such as credit cards and overdrafts, the expected life is estimated based on the period over which the Group's exposure to credit losses is not mitigated by our normal credit risk management actions.

Presentation of allowance for ECL
Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- Undrawn loan commitments generally as a provision in other liabilities; and
- Debt instruments measured at fair value through OCI: the loss allowance is recorded in Other Comprehensive Income in the consolidated statement of Financial Position and recognized in the consolidated statement of profit or loss. The loss allowance is not recorded against the gross carrying amounts of the investment securities because the carrying amount of debt investment securities at FVOCI remain their fair value.

Modified financial assets
During the normal course of business, financial assets may be restructured or modified or an existing financial asset replaced with a new one. When this occurs for reasons other than those which could be considered indicators of impairment, the Group assesses whether the restructured or renegotiated financial asset is significantly different from the original one by comparing the present value of the restructured cash flows discounted at the original instruments interest rate. If the restructured terms are significantly different, the Group derecognizes the original financial asset and recognizes a new one at fair value with any difference recognized in profit or loss immediately.

If the cash flows of the modified asset are not substantially different, the modification does not result in derecognition of the financial asset. The Group recalculates the gross carrying amount of the financial asset and amortizes the amount arising from adjusting the gross carrying value over the remaining life of the asset.

In assessing whether the modified terms are "substantially" different from the original terms, the following factors are considered:

- The change in the present value of the cashflows under the new terms of the loan differs from the present value of the cashflows using the original terms of loan, by at least 10%;
- Introduction of significant new terms;
- Significant change in loan's interest rate;
- Significant extension in loan's term; and
- Significant change in credit risk from inclusion of collateral or other credit enhancements.

2 Summary of material accounting policies *...continued*

e) Financial assets *...continued*

Impairment of financial assets *...continued*

Definition of default

The Group considers a financial instrument to be in default as a result of one or more loss events that occurred after the date of initial recognition of the instrument and the loss event has a negative impact on the estimated future cash flows of the instrument that can be reliably estimated. This includes events that indicate:

- significant financial difficulty of the borrower;
- default or delinquency in interest or principal payments;
- high probability of the borrower entering a phase of bankruptcy or a financial reorganization;
- measurable decrease in the estimated future cash flows from the loan or the underlying assets that secure the loan; and
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.

The Group considers as a backstop, that default has occurred and classifies assets as credit impaired when it is more than 90 days past due.

Expected Credit Losses on Revolving Credit Facilities

The Group's product offerings include corporate and retail credit cards and overdraft facilities in which the Group has the right to cancel or reduce the facilities. Overdrafts are typically for one year while credit cards have no maturity dates as such. The Group therefore calculates ECL for stage 1 and stage 2 on such facilities on the facilities limits over a period that reflects the Group's expectations of the customer's behaviour, its likelihood of default and the Group's risk mitigation procedures which include cancellations or reducing the facilities.

The inputs for ECLs for revolving credit facilities are as follows:

- Exposure at default calculated as the higher of either the outstanding balance or the approved credit limit of the facility.
- Loss rate as the percentage loss the Group will realize when the customer defaults.
- Churn rate which measures the rate at which facilities are lost per year.

Staging

Credit Cards

Similar to loans the (average) number of days past due will be used as the back stop for the staging criteria. Other features of the customer will support the staging criteria. As a general rule credit cards at least 30 days and more past due but less than 90 days in arrears will represents a significant increase in credit risk and will be classified as stage 2. Credit cards above 90 days past due are considered defaulted and would be classified as stage 3.

2 Summary of material accounting policies *...continued*

e) Financial assets *...continued*

Impairment of financial assets *...continued*

Overdrafts
Overdraft facilities within their credit limits with regular transactions are classified as stage 1 and overdraft facilities that were at or above their limits are included in stage 2. Stage three overdraft facilities include overdraft facilities above their credit limit with no activity for at least ninety (90) days.

ECL Scenario Analysis
The assessment of credit risk and estimation of ECLs are unbiased and probability-weighted and incorporate all available information that is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In the Group's ECL model, forward-looking information were taken into consideration by incorporating GDP forecasts into the model.

Despite a modest economic recovery in 2024, management continues to exercise prudence and sound judgement both in the selection of economic scenarios and their respective weightings.

Methodology
Forecasts of economic data were derived from the International Monetary fund for 2025 to 2027. Management defines the published economic data as the base case. The model utilizes real GDP growth to capture the macroeconomic impact on the loan portfolio.

The model used simple linear regression estimated using ordinary least squares (with heteroscedasticity and autocorrelation robust standard errors) to estimate the relationship between GDP and the probability of default. The output produced an Economic Adjustment Coefficient to capture the relationship between the macroeconomic environment and credit risk.

The model incorporates an economic adjustment weight which adjusts the weighting of the economic data feeding into the model. The Economic Adjustment Coefficient as well as the positive, base and adverse scenarios were defined based on consensus with management in the context of the published economic estimates. The higher the weighting, the more intense the effect of the economic data, that is, the higher the impact that the prevailing market conditions are expected to have in the model. Each scenario was probability weighted based on management's assessment of various economic indices as well as bank surveys performed by the European Banking Association.

The model also allows for a positive and adverse scenario which directly adjusts the macroeconomic impact growth variable.

In arriving at the Group's ECL measurement, we formed three distinct scenarios based on economic forecasts from regional authorities:
- A base case which utilized the economic growth variable forecasts with no adjustment and an economic weight of 60.
- A downside scenario which represents a 10% contraction on all forecasts with economic weights of 30.
- A positive scenario which represented a 10% increase in all forecasts with an economic weight of 10.

(expressed in thousands of Eastern Caribbean dollars)

2 Summary of material accounting policies *...continued*

e) Financial assets *...continued*

Impairment of financial assets *...continued*

ECL Scenario Analysis *...continued*

Consensus Scenario
The Group utilized a probability weighted average of the three scenarios to arrive at its ECL. The Group anticipates that economic conditions globally will remain fairly uncertain in 2025. While headline inflation has moderated somewhat, core inflation remains stubbornly high, so we are expecting rates to remain higher for longer. We anticipate the geopolitical unrest in Eastern Europe, Middle East and Africa will be a key impact on economic growth. We also expect the slowdown in China to persist further into 2025.

Key downside themes include diminished excess savings in the US, higher rates on a growing consumer debt stock, stubborn inflation and worsening geopolitical tensions. On the upside, we expect global growth to remain fairly moderate, rates to ease somewhat in 2025, capital investment to accelerate and AI to power the market to more growth. Recessionary fears remained moderate with the market probability of recession sitting at over 20 percent. In our key source markets, we are pondering the trajectory of the US deficit due to election impacts as well as the impact on tourist dollar as tariffs reduce US consumer spending power.

The following table shows the key macro-economic variables for the St. Lucian economy used in the base case and downside scenario at December 31:

	GDP Growth Rate		
	2025	**2026**	**2027**
	%	**%**	**%**
Positive	**12.30**	11.80	11.50
Base	**2.30**	1.80	1.50
Adverse	**-7.70**	-8.20	-8.50

Write-offs
The write-off of a financial asset is a derecognition event. Loans and the related impairment losses are written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, they are generally written off after receipt of any proceeds from the realization of collateral. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off maybe earlier.

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2 Summary of material accounting policies *...continued*

f) Offsetting financial instruments

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

g) Property and equipment

Land and buildings comprise mainly branches and offices occupied by the parent or its subsidiary. Land and buildings are shown at their fair values less subsequent depreciation for buildings.

Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Valuations are performed on a triennial basis. Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged against other comprehensive income, all other decreases are charged to profit or loss.

Land and work-in-progress are not depreciated. Depreciation on other assets is calculated on the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Buildings	2%
Leasehold improvements	2 - 33 1/3%
Motor vehicles	20 - 25%
Office furniture & equipment	10 - 20%
Computer equipment	33 1/3%

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 carrying 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.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in profit or loss.

2 Summary of material accounting policies *...continued*

h) Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated group, are classified as investment properties. Investment property comprises freehold land and building which are leased out under operating leases. Some properties may be partially occupied by the Group, with the remainder being held for rental income or capital appreciation. If that part of the property occupied by the Group can be sold separately, the Group accounts for the portions separately.

Recognition of investment properties 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 was incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the date of the consolidated statement of financial position. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

Subsequent expenditure is included in the asset's 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 profit or loss during the financial period 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 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 measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable.

i) Intangible assets

Intangible assets comprise of computer software licences. Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives. Software has a maximum expected useful life of 3 years. Costs associated with maintaining computer software programmes are recognized as an expense as incurred.

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2 Summary of material accounting policies *...continued*

j) Impairment of other non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's 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).

k) Income tax

(a) Current tax
Income tax payable/(receivable) is calculated on the basis of the applicable tax law in Saint Lucia and is recognized as an expense/(income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income. In these circumstances, current tax is charged or credited to other comprehensive income.

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

(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 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 principal temporary differences arise from depreciation of property and equipment, amortization of intangible assets and their tax base, unutilized tax losses and pension gains. 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 recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2 Summary of material accounting policies *...continued*

l) Financial liabilities

The Group's holding in financial liabilities are at amortized cost. Financial liabilities are derecognized when extinguished.

Financial liabilities measured at amortized cost are deposits from banks or customers and debt securities in issue for which the fair value option is not applied.

m) Borrowings

Borrowings are recognized initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between proceeds net of transaction costs and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

n) Provisions

Provisions are recognized 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.

o) Redeemable preference shares

Preference shares which are mandatorily redeemable on a specific date are classified as liabilities. The dividend on these preference shares is recognized in profit or loss.

p) Employee benefits

Pension obligations

As at December 31, 2019, the Group contributed to a defined benefit pension scheme for all employees who were employed as at April 1, 2017. On January 1, 2020 the Defined Benefit (DB) section of the plan was closed to future benefit accruals and future benefit accruals under the Defined Contribution (DC) section of the Scheme commenced. Existing members of the DB Scheme will continue to be entitled to accrued pension benefits in the scheme for pensionable service prior to January 1, 2020.

2 Summary of material accounting policies *...continued*

p) Employee benefits *...continued*

Pension obligations*...continued*
The defined benefit section of the plan is funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The plan is registered in Saint Lucia and is regulated by the Insurance Act, 1994 which was enacted in 1995. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension obligation valuations are undertaken triennially.

The asset recognized in the consolidated statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets, are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur.

Past service costs are recognized in the consolidated statement of profit or loss on the earlier of:
- The date of the plan amendment or curtailment; and
- The date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under ‘operating expenses’ in profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

The pension plan is exposed to inflation risk, interest rate risk and changes in the life expectancy for pensioners.

Defined contribution plan
A defined contribution plan is a pension plan under which the Group pays a fixed contribution on a monthly basis. The Group has no legal or constructive obligations to pay further contributions if the fund has insufficient assets to pay benefits relating to employee service in current or prior periods.

Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

2 Summary of material accounting policies *...continued*

q) Guarantees and letters of credit

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

The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognized. Any increase in the liability relating to guarantees is reported in profit or loss within other operating expenses.

Loan commitments are firm commitments to provide credit under the pre-specified terms and conditions. The Group recognizes loss allowance for undrawn loan commitments.

r) Fiduciary activities

The Group commonly acts a trustee and in other fiduciary capacities that result in the holding and placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group.

s) Share capital

Ordinary shares are classified as equity.

(i) 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.

(ii) Dividends on ordinary shares
Dividends on ordinary shares are recognized in equity in the period in which they are declared.
Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

t) Interest income and expense

Interest income and expense are recognized in profit or loss for all financial instruments measured at amortized cost, financial instruments designated at fair value through profit or loss and interest-bearing financial assets measured at fair value through other comprehensive income using the effective interest method.

2 Summary of material accounting policies *...continued*

t) Interest income and expense*...continued*

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

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

u) Fee and commission income

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan. Commission 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 recognized on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time apportioned basis. Asset management fees related to investment funds are recognized 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.

v) Dividend income

Dividend income is recognized when the entity's right to receive payment is established.

w) Rental income

Rental income from operating leases is recognized on a straight-line basis over the lease term.

x) Foreign currency translation

Functional and presentation currency
Items included in the 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 thousands of Eastern Caribbean dollars, which is the Group's functional and presentation currency.

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.

2 Summary of material accounting policies *...continued*

x) Foreign currency translation*...continued*

Transactions and balances*...continued*
Monetary items denominated in foreign currency are translated with the closing rates as at the reporting date December 31, 2024. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition and non-monetary items carried at fair value are reported at the rate that existed when the fair values were determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

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

y) Leases

The Group 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 in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

2 Summary of material accounting policies *...continued*

y) Leases *...continued*

Definition of a lease

A Group company is the lessee

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

   The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. 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 disclosed in note 2g. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

2) Lease Liability
The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

A Group company is the lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'. Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

2 Summary of material accounting policies *...continued*

y) Leases *...continued*

A Group company is the lessor *...continued*

Short-term leases and Low value leases
Short-term leases are leases with a lease term of twelve (12) months or less and containing no purchase options. A low value lease is a lease agreement where the underlying asset has a low value when new.

Instead of applying the recognition requirements of IFRS 16, a lessee may elect to account for such lease payments as an expense on a straight-line basis over the lease term or another systematic basis.

z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group's Managing Director was determined to be the chief operating decision maker.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance.

In accordance with IFRS 8, the Group had five reportable segments: Bank of Saint Lucia Limited (BOSL), Investment Banking Services (IBS) - incorporating Capital market activities and Merchant Banking, BOSL Fund Management Company Limited, BOSL Global Investment Fund Limited and Other, which comprises EC Global Insurance Agency and the holding company of the Group.

3 Financial risk management

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 non-bank financial institutions, 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 risks 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 minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyze 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.

3 Financial risk management *...continued*

a) Strategy in using financial instruments *...continued*

The Board of Directors ensures a strong quality of risk management and risk management processes, to ensure the safety and stability of the Group. In ensuring the overall responsibility for the soundness of the Group, it has appointed a Risk Management Committee. The purpose of the Board's Risk Management Committee is to assist the Board to oversee the risk profile and approve the risk management framework of the Group, within the context of its risk appetite and determined strategy. The Risk Management Committee relies on the efforts of the Risk Management and Compliance Services department, which coordinates the implementation of the Board approved Risk Management Framework. This department provides timely reports to the Board Committee, analytical support and guidance to the executive management in formulating risk management strategies and making functional risk decisions, supports management and business units in implementing the approved Risk Management Policies and processes, and ensures that they are integrated into the business operations and with Internal Control and compliance processes.

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.

b) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, or market counterparties fail to fulfill their contractual obligations to the Group. Credit risk arises mainly from commercial and consumer loans and advances, credit cards, and loan commitments. Credit risk 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, other assets, investments in debt securities, and other exposures arising from its trading activities ('trading exposures'), including non-equity trading portfolio assets.

<u>Loans and advances to customers</u>
Impairment provisions are provided for losses based on an expected credit loss model using counterparty 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 in a defined and calculated manner through regular analysis of the ability of its borrowers to meet repayment obligations and taking collateral as securities on advances.

3 Financial risk management *...continued*

b) Credit risk *...continued*

Debt securities
For debt securities, external rating provided by the rating agencies Standard & Poor's (S&P) or Moody's and Fitch Group, along with that of CariCRIS based in Trinidad are used by the Group for managing the credit risk exposures. The investments in debt securities rated by such entities as Investment Grade, are viewed as a way to gain additional wealth for the Group, whilst effectively managing the associated risks, they are therefore a better credit quality mapping and maintain a readily available source to meet the funding requirements at the same time.

Cash and balances with banks
Credit risk from balances with banks and financial institutions is managed by the Group in accordance with the Group's Board approved 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.

3 Financial risk management *...continued*

b) Credit risk *...continued*

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 premises, 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 entities are secured; individual credit facilities are also generally secured. In addition, in order to minimize 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.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities 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 authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions - are collateralized 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 authorizations 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.

3 Financial risk management *...continued*

b) Credit risk *...continued*

Impairment and provisioning policies
The internal rating systems focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognized for financial reporting purposes using a three-stage expected credit loss approach. Stages 1 and 2 credit losses are made for assets that are not credit impaired and stage 3 credit losses are for assets which are credit impaired.

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; or
- Loan payments are outstanding for 90 days.

See accounting policy in note 2 for further details on impairment of financial assets.

(expressed in thousands of Eastern Caribbean dollars)

3 Financial risk management *...continued*

b) Credit risk *...continued*

Maximum exposure to credit risk

Maximum credit risk exposures relating to the financial assets in the consolidated statement of financial position are as follows:

	Maximum exposure	
	2024	**2023**
	$	**$**
Balances with Central Bank	**275,470**	234,344
Deposits with other banks	**654,409**	500,377
Deposits with non-bank financial institutions	**68,998**	25,388
Loans and advances to customers:		
Large corporate loans	**259,140**	251,105
Term loans	**208,245**	185,235
Mortgage loans	**416,033**	404,208
Overdrafts and credit cards	**25,602**	18,917
Financial assets held for trading	**–**	15,375
Investment securities	**1,177,161**	871,073
Other assets	**201,226**	177,568
	3,286,284	2,683,590
Credit risk exposures relating to financial assets off-balance sheet are as follows:		
Loan commitments	**165,754**	160,274
Guarantees and letters of credit	**8,423**	10,199
	174,177	170,473
	3,460,461	2,854,063

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

As shown above 26% (2023 - 30%) of the total maximum exposure is derived from loans and advances to customers and 34% (2023 - 31%) represents investments in debt securities.

(expressed in thousands of Eastern Caribbean dollars)

3 Financial risk management *...continued*

b) Credit risk *...continued*

Loans and advances are summarized as follows:

	Loans and advances for which the loss allowance is measured at:							
	Stage 1 12-month ECL		Stage 2 Lifetime ECL		Stage 3 Lifetime ECL		Total	
	2024 $	2023 $	2024 $	2023 $	2024 $	2023 $	2024 $	2023 $
Gross	**848,918**	708,633	**19,795**	53,414	**82,461**	155,714	**951,174**	917,761
Less allowance for impairment on loans and advances	**(4,164)**	(2,710)	**(639)**	(230)	**(37,351)**	(55,356)	**(42,154)**	(58,296)
Net	**844,754**	705,923	**19,156**	53,184	**45,110**	100,358	**909,020**	859,465

Further information on the allowance for impairment losses on loans and advances to customers is provided in Notes 10 and 11.

Loans and advances to customers individually impaired

The breakdown of the gross amount of individually impaired loans and advances by class are as follows:

	Overdrafts and credit cards $	Term loans $	Mortgage Loans $	Large corporate loans $	Total $
December 31, 2024	**2,073**	**21,336**	**33,690**	**25,362**	**82,461**
December 31, 2023	2,259	24,064	49,683	79,708	155,714

(expressed in thousands of Eastern Caribbean dollars)

3 Financial risk management *...continued*

b) Credit risk *...continued*

Debt securities
The table below presents an analysis of debt securities, net of expected credit loss, by rating agency designation at December 31, 2024 and 2023, based on Standard & Poor's, Moody's, Fitch and CariCRIS ratings:

	Financial Assets Held For Trading $	Investment Securities $	Total $
At December 31, 2024			
AA- to A+	–	**284,512**	**284,512**
Lower than A+	–	**343,047**	**343,047**
BB- to B+	–	**185,864**	**185,864**
Lower than B+	–	**219,438**	**219,438**
Unrated	–	**144,300**	**144,300**
Total	–	**1,177,161**	**1,177,161**
At December 31, 2023			
AA- to A+	–	194,727	194,727
Lower than A+	–	248,340	248,340
BB- to B+	–	119,904	119,904
Lower than B+	–	197,702	197,702
Unrated	15,375	110,400	125,775
Total	15,375	871,073	886,448

Concentrations of risks of financial assets with credit exposure

The Group's balances held with other banks and non-bank financial institutions are held with reputable financial institutions, and as such, credit risk is deemed minimal.

(a) Geographical sectors
The Group operates primarily in Saint Lucia. Based on the country of domicile of its counterparties, exposure to credit risk is concentrated in these locations, except for investment securities which have other exposures, primarily in the United States of America.

(b) Industry sectors
The following table breaks down the Group's credit exposure at gross amounts without considering any collateral held or other credit support by the industry sectors of the Group's counterparties.

(expressed in thousands of Eastern Caribbean dollars)

3 Financial risk management *…continued*

b) Credit risk *…continued*

Concentrations of risks of financial assets with credit exposure *…continued*

	Financial institutions $	Utilities & energy $	Tourism $	Government $	Consumer cyclical & non-cyclical $	Technology & communications $	Personal $	*Other industries $	Total $
At December 31, 2024									
Balances with Central Bank	275,470	–	–	–	–	–	–	–	275,470
Deposits with other banks	654,409	–	–	–	–	–	–	–	654,409
Deposits with non-bank financial institutions	68,998	–	–	–	–	–	–	–	68,998
Loans and advances to customers net:									
Overdrafts and credit cards	8	–	247	1	924	–	18,902	5,520	25,602
Term loans	–	–	1,966	205	2,248	–	159,480	44,346	208,245
Large corporate loans	8,941	5,770	36,108	32,438	55,042	–	15,720	105,121	259,140
Mortgage loans	–	–	–	–	–	–	416,033	-	416,033
Investment securities	410,045	121,674	–	126,113	191,751	120,416	–	207,162	1,177,161
Other assets	185,293	–	–	570	–	–	–	15,363	201,226
	1,603,164	127,444	38,321	159,327	249,965	120,416	610,135	377,512	3,286,284
Guarantees and letters of credit	–	–	15	31	–	–	3,236	5,141	8,423
Loan commitments	–	1,000	1,506	96,452	3,448	–	20,175	43,173	165,754

*Other industries include industrial, construction and land development.

East Caribbean Financial Holding Company Limited
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(expressed in thousands of Eastern Caribbean dollars)

3 Financial risk management *...continued*

b) Credit risk *...continued*

Concentrations of risks of financial assets with credit exposure *...continued*

	Financial institutions $	Utilities & energy $	Tourism $	Government $	Consumer cyclical & non-cyclical $	Technology & communications $	Personal $	*Other industries $	Total $
At December 31, 2023									
Balances with Central Bank	234,344	–	–	–	–	–	–	–	234,344
Deposits with other banks	500,377	–	–	–	–	–	–	–	500,377
Deposits with non-bank financial institutions	25,388	–	–	–	–	–	–	–	25,388
Loans and advances to customers net:									
Overdrafts and credit cards	–	–	1,029	1	440	–	12,861	4,586	18,917
Term loans	–	–	3,466	48	2,289	–	129,707	49,725	185,235
Large corporate loans	8,951	3,846	52,223	30,742	68,731	–	7,175	79,437	251,105
Mortgage loans	–	–	–	–	–	–	404,208	–	404,208
Financial assets held for trading - debt securities	–	–	–	15,375	–	–	–	–	15,375
Investment securities	316,166	67,377	–	156,101	142,810	90,198	–	98,421	871,073
Other assets	165,966	–	–	850	–	–	–	10,752	177,568
	1,251,192	71,223	56,718	203,117	214,270	90,198	553,951	242,921	2,683,590
Guarantees and letters of credit	–	–	15	31	–	–	5,541	4,612	10,199
Loan commitments	8,175	1,000	1,007	104,502	4,647	–	19,289	21,654	160,274

*Other industries include industrial, construction and land development.

3 Financial risk management *...continued*

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 rate and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group's exposure to market risks arise from its non-trading and trading portfolios. Senior management of the Group monitors and manages market risk through the Asset Liability Committee which advises on financial risks and assigns risk limits for the Group.

Non-trading portfolios primarily arise from the interest rate management of the Group's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of equity risks arising from the Group's investment securities at fair value through other comprehensive income (note 13).

Sensitivity analysis
At December 31, 2024, if prices were 10% higher/lower with all other variables held constant, the unrealized loss in equity would have been $80 (2023 - $328) higher/lower arising on equity investment securities held at fair value through other comprehensive income and post-tax profit/(loss) would have been $6,365 (2023 - $2,960) higher/lower arising on equity securities held at fair value through profit or loss.

d) Currency risk

The Group takes on exposure to the 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. Additionally, the Group seeks to match assets against liabilities denominated in other foreign currencies as a hedge for foreign currency exposure to minimize other foreign exchange risk. The following table summarizes the Group's exposure to foreign currency exchange rate risk at December 31.

East Caribbean Financial Holding Company Limited
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(expressed in thousands of Eastern Caribbean dollars)

3 Financial risk management *...continued*

d) Currency risk *...continued*

	ECD $	USD $	BDS $	Euro $	GBP $	CAD $	Other $	Total $
At December 31, 2024								
Assets								
Cash and balances with Central Bank	309,240	8,243	176	386	237	304	–	318,586
Deposits with other banks	31,470	597,593	1,560	20,111	1,108	1,875	692	654,409
Deposits with non-bank financial institutions	5,092	63,353	–	522	31	–	–	68,998
Net loans and advances to customers (net)	868,038	40,982	–	–	–	–	–	909,020
Investment securities:								
Amortized cost	16,803	406,398	–	–	–	–	–	423,201
FVOCI	50,193	729,899	–	–	–	–	–	780,092
FVTPL	1,100	51,648	–	–	–	–	–	52,748
Other assets	194,264	6,962	–	–	–	–	–	201,226
Total financial assets	1,476,200	1,905,078	1,736	21,019	1,376	2,179	692	3,408,280
Liabilities								
Deposits from banks	17,025	–	–	–	–	–	–	17,025
Due to customers	2,490,243	451,063	20,803	–	–	–	–	2,962,109
Preference shares	4,150	–	–	–	–	–	–	4,150
Other liabilities	187,062	270	–	–	–	–	–	187,332
Total financial liabilities	2,698,480	451,333	20,803	–	–	–	–	3,170,616
Net assets/(liabilities)	(1,222,280)	1,453,745	(19,067)	21,019	1,376	2,179	692	237,664
Guarantees and letters of credit	8,423	–	–	–	–	–	–	8,423
Loan commitments	136,081	29,673	–	–	–	–	–	165,754

(expressed in thousands of Eastern Caribbean dollars)

3 Financial risk management *...continued*

d) Currency risk *...continued*

	ECD $	USD $	BDS $	Euro $	GBP $	CAD $	Other $	Total $
At December 31, 2023								
Cash and balances with Central Bank	267,950	5,012	127	377	175	400	43	274,084
Deposits with other banks	25,445	456,120	3,619	12,848	1,263	729	353	500,377
Financial assets held for trading	15,375	–	–	–	–	–	–	15,375
Deposits with non-bank financial institutions	–	24,896	–	460	32	–	–	25,388
Net loans and advances to customers	835,795	23,670	–	–	–	–	–	859,465
Investment securities:								
Amortized cost	6,090	251,102	–	–	–	–	–	257,192
FVOCI	51,184	591,427	–	–	–	–	–	642,611
FVTPL	1,156	34,113	–	–	–	–	–	35,269
Other assets	172,357	5,211	–	–	–	–	–	177,568
Total financial assets	1,375,352	1,391,551	3,746	13,685	1,470	1,129	396	2,787,329
Liabilities								
Deposits from banks	22,429	–	–	–	–	–	–	22,429
Due to customers	2,140,897	235,655	–	13,448	–	–	–	2,390,000
Borrowings	25,616	677	–	–	–	–	–	26,293
Preference shares	4,150	–	–	–	–	–	–	4,150
Other liabilities	178,900	126	–	–	–	–	–	179,026
Total financial liabilities	2,371,992	236,458	–	13,448	–	–	–	2,621,898
Net assets/(liabilities)	(996,640)	1,155,093	3,746	237	1,470	1,129	396	165,431
Guarantees and letters of credit	10,199	–	–	–	–	–	–	10,199
Loan commitments	160,274	–	–	–	–	–	–	160,274

3 Financial risk management *...continued*

e) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both fair value and cash flows 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 repricing that may be undertaken.

Sensitivity analysis
Cash flow interest rate risk arises from loans and advances to customers, borrowings and due to customers at variable rates. At December 31, 2024, if variable interest rates had been 0.5% higher/lower with all other variables held constant, post-tax profit for the year would have been $2,305 (2023 - $1,805) higher/lower, mainly as a result of higher/lower interest income on variable rate loans.

Fair value interest rate risk arises from investment securities at variable rates. At December 31, 2024, if variable interest rates were 0.5% higher/lower with all other variables held constant, the unrealized loss in equity would have been $11,059 (2023 - $7,636) higher/lower arising on investment securities held at fair value through other comprehensive income and post-tax profit/(loss) would have been $63 (2023 - $124) higher/lower arising on debt securities held at fair value through profit or loss.

(expressed in thousands of Eastern Caribbean dollars)

3 Financial risk management *...continued*

e) Interest rate risk *...continued*

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

	Up to 1 month $	1 to 3 months $	3 to 12 months $	1 to 5 years $	Over 5 years $	Non-interest bearing $	Total $
At December 31, 2024							
Financial assets							
Balances with Central Bank	–	–	–	–	–	275,470	275,470
Deposits with other banks	265,860	83,417	179,338	–	–	125,794	654,409
Deposits with non-bank financial institutions	2,395	–	55,990	–	–	10,613	68,998
Net loans and advances to customers	6,441	3,269	19,160	169,036	711,114	–	909,020
Investment securities:							
- amortized cost	3,560	5,793	65,340	237,763	110,745	–	423,201
- FVOCI	4,428	12,975	99,063	413,135	220,949	–	750,550
- FVTPL	–	120	–	1,417	1,873	–	3,410
Other assets	–	–	–	–	–	201,226	201,226
Total financial assets	282,684	105,574	418,891	821,351	1,044,681	613,103	3,286,284
Financial liabilities							
Deposits from banks	–	–	10,687	–	–	6,338	17,025
Due to customers	1,321,513	82,908	226,027	45,872	61,764	1,224,025	2,962,109
Preference shares	–	–	–	–	4,150	–	4,150
Other liabilities	–	–	–	–	–	187,332	187,332
Total financial liabilities	1,321,513	82,908	236,714	45,872	65,914	1,417,695	3,170,616
Total interest repricing gap	(1,038,829)	22,666	182,177	775,479	978,767	(804,592)	115,668

(expressed in thousands of Eastern Caribbean dollars)

3 Financial risk management *...continued*

e) Interest rate risk *...continued*

	Up to 1 month $	1 to 3 months $	3 to 12 months $	1 to 5 years $	Over 5 years $	Non-interest bearing $	Total $
At December 31, 2023							
Financial assets							
Balances with Central Bank	–	–	–	–	–	234,344	234,344
Deposits with other banks	36,082	42,761	212,171	–	–	209,363	500,377
Financial assets held for trading	–	–	–	15,375	–	–	15,375
Deposits with non-bank financial institutions	8,547	–	14,330	–	–	2,511	25,388
Net loans and advances to customers	3,256	5,335	17,969	159,337	673,568	–	859,465
Investment securities:							
- amortized cost	1,224	20,020	34,453	157,821	43,674	–	257,192
- FVOCI	18,138	21,039	106,350	323,195	145,159	–	613,881
Other assets	–	–	–	–	–	177,568	177,568
Total financial assets	67,247	89,155	385,273	655,728	862,401	623,786	2,683,590
Financial liabilities							
Deposits from banks	8,618	3,184	10,627	–	–	–	22,429
Due to customers	1,122,283	79,008	240,114	47,684	54,281	846,630	2,390,000
Borrowings	677	5,616	5,000	15,000	–	–	26,293
Preference shares	–	–	–	–	4,150	–	4,150
Other liabilities	–	–	–	–	–	179,026	179,026
Total financial liabilities	1,131,578	87,808	255,741	62,684	58,431	1,025,656	2,621,898
Total interest repricing gap	(1,064,331)	1,347	129,532	593,044	803,970	(401,870)	61,692

3 Financial risk management *...continued*

f) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

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 of these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The 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 borrowing 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.

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3 Financial risk management *...continued*

f) Liquidity risk *...continued*

Non-derivative cash flows
The table below presents the cash flows payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the consolidated statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the liquidity risk based on expected undiscounted cash inflows.

	Up to 1 month $	1 to 3 months $	3 to 12 months $	1 to 5 years $	Over 5 years $	Total $
At December 31, 2024						
Financial liabilities						
Deposits from banks	6,337	–	10,754	–	–	17,091
Due to customers	2,544,798	83,147	228,220	45,896	61,764	2,963,825
Preference shares	–	–	–	–	4,150	4,150
Other liabilities	–	–	187,332	–	–	187,332
Total financial liabilities	2,551,135	83,147	426,306	45,896	65,914	3,172,398
Financial assets						
Cash and balances with Central Bank	289,748	–	28,838	–	–	318,586
Deposits with other banks	391,570	213,221	111,695	–	–	716,486
Deposits with non-bank financial institutions	7,878	29,125	28,553	–	5,130	70,686
Investment securities						
At amortised cost	3,565	5,842	66,907	271,229	146,181	493,724
At FVOCI	4,435	13,080	100,712	461,771	290,682	870,680
At FVTPL		120	105	1,758	2,455	4,438
Loans and advances to customers (net)	24,334	29,938	133,011	542,221	595,146	1,324,650
Other assets	186,123	126	14,622	355	–	201,226
Total financial assets	907,653	291,452	484,443	1,277,334	1,039,594	4,000,476
Net assets/(liabilities)	(1,643,482)	208,305	58,137	1,231,438	973,680	828,078

(expressed in thousands of Eastern Caribbean dollars)

3 Financial risk management *...continued*

f) Liquidity risk *...continued*

	Up to 1 month $	1 to 3 months $	3 to 12 months $	1 to 5 years $	Over 5 years $	Total $
At December 31, 2023						
Financial liabilities						
Deposits from banks	8,618	3,193	10,694	–	–	22,505
Due to customers	1,968,523	79,208	242,430	47,684	53,957	2,391,802
Borrowings	677	5,914	5,723	16,089	–	28,403
Preference shares	–	–	–	–	4,150	4,150
Other liabilities	–	–	179,064	–	–	179,064
Total financial liabilities	1,977,818	88,315	437,911	63,773	58,107	2,625,924
Financial assets						
Cash and balances with Central Bank	248,575	–	25,509	–	–	274,084
Deposits with other banks	245,361	43,224	221,123	–	–	509,708
Financial assets held for trading	–	–	–	17,482	–	17,482
Deposits with non-bank financial institutions	11,058	–	14,797	–	–	25,855
Investment securities:						
At amortized cost	1,226	20,095	35,202	172,847	54,476	283,846
At FVOCI	18,165	21,126	107,996	358,226	183,451	688,964
Loans and advances to customers (net)	19,365	20,743	102,269	436,441	620,660	1,199,478
Other assets	167,067	390	9,716	395	–	177,568
Total financial assets	710,817	105,578	516,612	985,391	858,587	3,176,985
Net assets/(liabilities)	(1,267,001)	17,263	78,701	921,618	800,480	551,061

(expressed in thousands of Eastern Caribbean dollars)

3 Financial risk management *...continued*

f) Liquidity risk *...continued*

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 bank, certificates of deposit, government bonds that are readily acceptable in repurchase agreements, 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

(a) 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 (Note 41) are summarized in the table below.

(b) Financial guarantees and other financial facilities
Financial guarantees (Note 41) are also included below based on the earliest contractual maturity date.

	<1 Year $	**Total $**
As at December 31, 2024		
Loan commitments	**165,754**	**165,754**
Guarantees and letters of credit	**8,423**	**8,423**
Total	**174,177**	**174,177**
As at December 31, 2023		
Loan commitments	160,274	160,274
Guarantees and letters of credit	10,199	10,199
Total	170,473	170,473

3 Financial risk management *...continued*

h) Fair values of financial assets and financial liabilities

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. The following methods and assumptions were used to estimate the fair value of financial instruments.

The fair values of cash resources, other assets and liabilities, cheques and other items in transit and due to other banks are assumed to approximate their carrying values due to their short-term nature. The fair value of off-balance sheet commitments is also assumed to approximate the amounts disclosed in Note 41 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 at rates which reflect market conditions and are assumed to have fair values which approximate carrying value.

Investment securities
Investment securities include securities measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. Assets classified as fair value through other comprehensive income and fair value through profit or loss 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, discounted cash flow models and current rates.

Loans and advances to customers
Loans and advances are net of provisions for impairment. The estimated fair values of loans and advances represent the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

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3 Financial risk management *...continued*

h) Fair values of financial assets and financial liabilities *...continued*

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

	Carrying value		**Fair value**	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Financial assets				
Loans and advances to customers				
- Large corporate loans	**259,140**	251,105	**245,407**	228,031
- Term loans	**208,245**	185,235	**168,527**	149,317
- Mortgage loans	**416,033**	404,208	**277,069**	266,826
- Overdrafts and credit cards	**25,602**	18,917	**25,602**	18,917
Investment securities at amortized cost	**423,201**	257,192	**423,213**	248,129
Financial liabilities				
Borrowings	**–**	26,293	**–**	25,443

Management assessed that cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The Group's interest-bearing borrowings and loans are determined by using Discounted Cash Flow method using the discount rate that reflects the average rates at the end of the year.

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 exchanges such as DAX, FTSE 100 and Dow Jones.

- 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.

(expressed in thousands of Eastern Caribbean dollars)

3 Financial risk management *...continued*

h) Fair values of financial assets and financial liabilities *...continued*

Fair value hierarchy ...continued

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

Determination of fair values and fair value hierarchies:

	Level 1 $	Level 2 $	Level 3 $	Total $
December 31, 2024				
Assets measured at fair value:				
Investment property	–	–	31,463	31,463
Land and buildings	–	–	50,881	50,881
Total land and buildings and investment property	–	–	82,344	82,344
Financial assets at FVTPL				
- equity securities	48,100	147	1,091	49,338
- debt securities	–	3,410	–	3,410
Financial assets at FVOCI				
- debt securities	15,089	687,352	48,109	750,550
- equity securities	27,459	–	2,083	29,542
Total financial assets	90,648	690,909	51,283	832,840

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3 Financial risk management *...continued*

h) Fair values of financial assets and financial liabilities *...continued*

Fair value hierarchy ...continued

	Level 1 $	Level 2 $	Level 3 $	Total $
December 31, 2023				
Assets measured at fair value:				
Investment property	–	–	31,282	31,282
Land and buildings	–	–	48,106	48,106
Total land and buildings and investment property	–	–	79,388	79,388
Financial assets held for trading				
- debt securities	–	–	15,375	15,375
Financial assets at FVTPL				
- equity securities	34,096	17	1,156	35,269
Financial assets at FVOCI				
- debt securities	28,646	536,726	48,509	613,881
- equity securities	26,054	–	2,676	28,730
Total financial assets	88,796	536,743	67,716	693,255

(expressed in thousands of Eastern Caribbean dollars)

3 Financial risk management *…continued*

h) Fair values of financial assets and financial liabilities *…continued*

Fair value hierarchy …continued

Assets for which fair values are disclosed

	Level 1 $	Level 2 $	Level 3 $	Total $
December 31, 2024				
Loans and advances to customers	–	–	**716,605**	**716,605**
Investment securities				
- Amortized cost	**8,139**	**398,341**	**16,733**	**423,213**
Total financial assets	**8,139**	**398,341**	**733,338**	**1,139,818**
December 31, 2023				
Loans and advances to customers	–	–	663,091	663,091
Investment securities				
- Amortized cost	11,722	229,906	6,501	248,129
Total financial assets	11,722	229,906	669,592	911,220

Liabilities for which fair values are disclosed

	Level 3 $	Total $
December 31, 2024		
Borrowings	–	–
December 31, 2023		
Borrowings	25,443	25,443

(expressed in thousands of Eastern Caribbean dollars)

3 Financial risk management *...continued*

h) Fair values of financial assets and financial liabilities *...continued*

Fair value hierarchy ...continued

The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, 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 or fair value through other comprehensive income.

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 little 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.
- Other techniques, such as discounted cash flow analysis, 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.

The following table presents the change in level 3 instruments for the year ended December 31:

	2024			2023		
	Debt securities $	Equity securities $	Total $	Debt securities $	Equity securities $	Total $
At beginning of year	**63,884**	**3,832**	**67,716**	177,782	3,821	181,603
(Disposals)/additions	**(15,671)**	**–**	**(15,671)**	(114,062)	–	(114,062)
Unrealized (loss)/gain	**(104)**	**(658)**	**(762)**	164	11	175
At end of year	**48,109**	**3,174**	**51,283**	63,884	3,832	67,716

3 Financial risk management *...continued*

i) Capital management

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

- To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate;
- 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 Authority 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%.

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

- Tier 1 capital: share capital (net of any book values of the treasury shares), minority interests arising on consolidation from interests in permanent equity, retained earnings and reserves created by appropriations of retained earnings.
- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances, unrealized gains arising on the fair valuation of equity instruments held as fair value through other comprehensive income and fixed asset revaluation reserves (limited to 50% of Tier 1 capital).

Investments in associates 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, considering 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.

(expressed in thousands of Eastern Caribbean dollars)

3 Financial risk management *...continued*

i) Capital management *...continued*

The table below summarizes the Group's capital adequacy position in accordance with Basel standards for the years ended December 31, 2024 and 2023.

	2024 $	2023 $
Tier 1 capital		
Share capital	**170,081**	170,081
Retained earnings/(accumulated deficit)	**53,602**	(9,498)
Reserves	**207,574**	192,969
Adjustments for:		
Retirement benefit asset	**(14,242)**	–
Regulatory loan loss reserve	**(23,537)**	(37,825)
Total qualifying Tier 1 capital	**393,478**	315,727
Tier 2 capital		
Revaluation reserve	**29,145**	26,428
Redeemable preference shares	**4,150**	4,150
Regulatory loan loss reserve	**23,537**	37,825
OCI reserve	**(21,358)**	(25,260)
Adjustments for:		
Other Tier 2 deductions	**(1,000)**	(1,000)
Subordinated debt (limited to 50% of tier 1 capital)	**–**	25,000
Collective impairment allowance (limited to 1.25% of risk weighted assets)	**7,587**	5,482
Total qualifying Tier 2 capital	**42,061**	72,625
Total regulatory capital	**435,539**	388,352
Risk-weighted assets:		
On-balance sheet	**2,150,352**	1,977,834
Off-balance sheet	**26,807**	40,962
Total risk-weighted assets	**2,177,159**	2,018,796
Basel capital adequacy ratio	**20.00%**	19.24%

In 2024, the ECCB implemented Basel 11/111 for assessing the capital adequacy ratio of member banks. The new methodology mandates that defined benefit assets on the statement of financial position be deducted in the calculation of the Common Equity Tier 1 (CET1) capital. The adjustment was not required for financial year 2023.

3 Financial risk management *...continued*

i) Capital management *...continued*

In both years, the banking subsidiary of the Group - Bank of Saint Lucia Limited, complied with all of the externally imposed capital requirements to which it is subject as follows:

	2024	2023
Basel capital adequacy ratio	**20.50%**	20.47%

j) Fiduciary activities

The Group provides investment management and advisory services to third parties, which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these consolidated financial statements.

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.

Measurement of the expected credit loss allowance
The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed in note 2.

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

- The Group's criteria for determining if there has been a significant increase in credit risk and so impairment allowances for financial assets should be measured on a LTECL basis;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs;
- Establishing the number and relative weightings of forward-looking macroeconomic scenarios for each type of product or market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Assumptions specific to the respective variables in the impairment model are as follows:

PD - Probability of default assumptions are calculated using the Group's loan portfolio experience. Historical default data covering 24 years was used to calculate default rates by loan age for loans aged 1-23 years and for the different products based on origination year. The results per year were weighted by the number of loans opened compared to the total population considered. The PD curve is smoothed and extended to year 40 assuming a constant PD in the later years.

4 Critical accounting estimates, and judgements in applying accounting policies *...continued*

Measurement of the expected credit loss allowance*...continued*

LGD - Loss given default assumptions are based on the Group's historical loan portfolio experience. Defaulted loans for 14 years were assessed for their loss experience to determine an average LGD by product type. In doing so management considered each defaulted loan's status across six recovery categories including; cured, paid in full, write-off, collateral recovery, restructured and still non-performing.

Collateral value - Valuation of real estate property pledged as collateral for credit impaired loans. This is the most significant input to the projected cash flows of impaired loans. The collateral value depends on market trends as well as the circumstances of the specific property and involves judgement and the use of specialized skills depending on the nature of the property. Independent valuation experts are engaged to assist in determining the valuation of real estate property pledged as collateral.

Forced Sale Value (FSV) - A FSV haircut is applied to the collateral value. The FSV assumption considers the Group's historical data of foreclosed properties through comparison of the sale proceeds to the previous collateral valuation.

Time to Collect (TTC) - A TTC assumption is used to discount the projected future cash flows of impaired loans. The TTC assumption considers the Group’s historical recovery data for commercial, term and mortgage loans. The TTC applied is dependent on the loan type.

Fair value of financial instruments
Financial instruments, including those within the retirement benefit asset, where 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. See sensitivity analysis in notes 3c and 3e for further details.

Revaluation of land and buildings and investment property
The Group measures its land and buildings and investment property at revalued amounts with changes in fair value being recognized in other comprehensive income and in profit or loss respectively. The Group engages independent valuation specialists to determine fair value of its land and buildings. 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.

Valuation of land and buildings and investment property was arrived at using the income approach. A market capitalization rate was assumed for the respective properties, taking into account mortgage interest rates, increasing development costs and an adjustment for risk. If the capitalization rates were 0.5% higher/lower, post-tax profits for 2024 would be $2,272 /$2,603lower/higher (2023 - $2,706/$1,974) and other comprehensive income would be $2,369/$ 2,657 lower/higher (2023 - $2,378/$3,266).

Retirement benefits
The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. The most sensitive assumptions used in determining the net cost (income) for pensions include the discount rate and future salary increases. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

4 Critical accounting estimates, and judgements in applying accounting policies *...continued*

Retirement benefits *...continued*

In determining the appropriate discount rate, the Group considers the interest rates of Government securities that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Were the discount rate used to increase/(decrease) by 1% from management's estimates, the defined benefit obligation for pension benefits would be an estimated $6,286 lower or $8,969 higher (2023 - $6,214 lower or $9,020 higher).

Were the estimated salary increases used to increase/(decrease) by 1% from management's estimates, the defined benefit obligation for pension benefits would be an estimated $3,325 higher or $2,815 lower (2023 - $3,491 higher or $2,920 lower).

Were life expectancy to increase by 1 year, the defined benefit obligation would be $751 (2023 - $720) higher.

5 Segment analysis

Segment reporting by the Group is prepared in accordance with IFRS 8 Operating segments.

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Group's Managing Director (the chief operating decision-maker), who is responsible for allocating resources to the reportable segments and assessing their performance.

The Group's operating segments which met the definition of reportable segment under IFRS 8 are indicated below:

- Bank of Saint Lucia Limited (BOSL) - operating in Saint Lucia and provides domestic banking services.
- Investment Banking Services (IBS) - incorporating Capital market activities and Merchant Banking.
- BOSL Fund Management Company Limited (BOSL FMC) - operating in Saint Lucia and provides wealth and asset management services.
- BOSL Global Investment Fund Limited (BOSL GIF) - operates in Saint Lucia as a collective investment scheme.
- Other - comprises of the holding company of the Group and EC Global Insurance Agency.

The Group's segment operations are all financial with a majority of revenues being derived from interest. The Group's Board of Directors relies primarily on net interest income to assess the performance of the segment, therefore the total interest income and expense for all reportable segments is presented on a net basis.

The revenue from external parties reported to the Group's Board of Directors is measured in a manner consistent with that in profit or loss. Revenue from external customers is recorded as such and can be directly traced to each business segment.

The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses and the fair value through other comprehensive income movement on investment securities.

The information provided about each segment is based on the internal reports about segment profit or loss, assets, fair value losses recorded in equity and other information, which are regularly reviewed by the Group's Board of Directors.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the consolidated statement of financial position. Transactions between business segments are eliminated on consolidation and reflected in the consolidation entries.

(expressed in thousands of Eastern Caribbean dollars)

5 Segment analysis *...continued*

There were no revenues derived from transactions with a single external customer that amount to 10% or more of the Group's revenue.

	BOSL $	IBS $	BOSL FMC $	BOSL GIF $	Other $	Total $	Consolidation entries $	Total $
At December 31, 2024								
Net interest income	93,972	–	–	227	–	94,199	(227)	93,972
Net fee and commission income	60,388	5,578	4,957	–	1,709	72,632	(4,792)	67,840
Other income	23,214	381	–	381	–	23,976	(591)	23,385
Dividend income	686	–	–	89	21,650	22,425	(21,739)	686
Share of profit of associate	9,132	–	–	–	7,239	16,371	–	16,371
Impairment charge on customer loans and investment securities	8,918	–	–	–	–	8,918	–	8,918
Depreciation and amortization	(5,561)	–	–	–	–	(5,561)	–	(5,561)
Operating expenses	(95,393)	(723)	(1,906)	(317)	(625)	(98,964)	5,319	(93,645)
Profit before taxation	95,356	5,236	3,051	380	29,973	133,996	(22,030)	111,966
Dividends on preference shares	(291)	–	–	–	–	(291)	–	(291)
Income tax expense	(17,603)	(785)	(903)	–	–	(19,291)	–	(19,291)
Profit for the year	77,462	4,451	2,148	380	29,973	114,414	(22,030)	92,384
Total assets	3,544,127	99,004	3,900	12,263	312,685	3,971,979	(347,349)	3,624,630
Total liabilities	3,156,432	33,683	963	10,763	62,336	3,264,177	(79,709)	3,184,468

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5 Segment analysis *...continued*

	BOSL $	IBS $	BOSL FMC $	BOSL GIF $	Other $	Total $	Consolidation entries $	Total $
At December 31, 2023								
Net interest income	74,927	728	–	10	–	75,665	–	75,665
Net fee and commission income	40,681	8,165	1,025	–	1,292	51,163	(1,018)	50,145
Other income	23,237	4,760	–	–	–	27,997	(48)	27,949
Dividend income	–	–	–		16,662	16,662	(16,662)	–
Share of profit of associate	5,821	–	–	–	4,408	10,229	–	10,229
Impairment charge on customer loans and investment securities	10,831	–	–	–	–	10,831	–	10,831
Depreciation and amortization	(6,151)	(10)	–	–	–	(6,161)	–	(6,161)
Operating expenses	(80,777)	(1,182)	(256)	–	(688)	(82,903)	1,066	(81,837)
Profit before taxation	68,569	12,461	769	10	21,674	103,483	(16,662)	86,821
Dividends on preference shares	(291)	–	–	–	–	(291)	–	(291)
Income tax expense	(11,637)	–	(230)	–	–	(11,867)	–	(11,867)
Profit for the year	56,641	12,461	539	10	21,674	91,325	(16,662)	74,663
Total assets	2,932,886	88,474	1,080	10,047	303,647	3,336,134	(350,084)	2,986,050
Total liabilities	2,605,891	29,538	291	8,547	71,617	2,715,884	(85,672)	2,630,212

(expressed in thousands of Eastern Caribbean dollars)

6 Cash and balances with Central Bank

	2024 $	2023 $
Cash in hand	**43,116**	39,740
Balances with Central Bank other than mandatory deposits	**74,575**	71,124
Included in cash and cash equivalents (note 40)	**117,691**	110,864
Mandatory deposits with Central Bank	**200,895**	163,220
	318,586	274,084

Pursuant to the Banking Act 2015, Banking institutions are required to maintain in cash and deposits with the Central Bank reserve balances 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 deposits with the Central Bank were all non-interest bearing for 2024 and 2023.

7 Deposits with other banks

	2024 $	2023 $
Items in the course of collection with other banks	**5,121**	7,121
Placements with other banks	**400,594**	242,177
Included in cash and cash equivalents (note 40)	**405,715**	249,298
Deposits - more than 90 days to maturity	**248,694**	251,079
	654,409	500,377

The weighted average effective interest rate of interest-bearing deposits at December 31, 2024 is 4.62% (2023 - 5.76%).

(expressed in thousands of Eastern Caribbean dollars)

8 Financial assets held for trading

	2024 $	2023 $
Financial assets measured at fair value through profit or loss		
Debt securities - listed	–	15,375

The weighted average interest rate on debt securities was Nil% (2023 - 7.47%).

In 2024, the Group discontinued this product offering and as such, the securities were transferred to amortized cost as they are no longer traded but are being held solely for payment of principal and interest (SPPI criterion). Financial assets held for trading were acquired for the purpose of selling in the near term and would otherwise have been classified as amortized cost investment securities.

9 Deposits with non-bank financial institutions

	2024 $	2023 $
Deposits - cash and cash equivalents (note 40)	**40,105**	11,058
Deposits - more than 90 days to maturity	**28,893**	14,330
	68,998	25,388

Interest rates on deposits depends on the value of deposits held. The weighted average interest rate in respect of interest-bearing deposits at December 31, 2024 was 4.46% (2023 - 4.08%).

10 Loans and advances to customers

	2024 $	2023 $
Large corporate loans	**276,171**	280,211
Term loans	**427,686**	194,907
Mortgage loans	**218,635**	420,463
Overdrafts and credit cards	**28,682**	22,180
Gross	**951,174**	917,761
Less allowance for impairment losses on loans and advances (note 11)	**(42,154)**	(58,296)
Net	**909,020**	859,465

The weighted average effective interest rate on productive loans stated at amortized cost at December 31, 2024 was 5.92% (2023 - 6.03%) and productive overdrafts and credit cards stated at amortized cost was 18.18% (2023 - 16.33%).

(expressed in thousands of Eastern Caribbean dollars)

11 Impairment losses on loans and advances to customers

The tables below show the staging of advances and the related ECLs based on the Group's criteria explained in note 2.

Large Corporate Loans	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Gross carrying amounts as at January 1, 2023	202,990	6,264	88,943	298,197
Transfers:				
Transfers from stage 1 to stage 2	(1,622)	1,622	–	–
Transfers from stage 1 to stage 3	–	–	–	–
Transfers from stage 2 to stage 1	5,036	(5,036)	–	–
Transfers from stage 2 to stage 3	–	–	–	–
Transfers from stage 3 to stage 2	–	–	–	–
Transfers from stage 3 to stage 1	–	–	–	–
Financial assets derecognized during the year other than write-offs	(57,109)	–	(3,269)	(60,378)
New financial assets originated or purchased	58,555	–	1,256	59,811
Financial assets written off	–	–	(1,280)	(1,280)
Repayments	(27,887)	(447)	(1,029)	(29,363)
Modification of contractual cash flows of financial assets	17,211	475	(4,885)	12,801
Changes in interest accrual	560	(109)	(28)	423
Gross carrying amounts as at December 31, 2023	197,734	2,769	79,708	280,211
Gross carrying amounts as at January 1, 2024	**197,734**	**2,769**	**79,708**	**280,211**
Transfers:				
Transfers from stage 1 to stage 2	**(649)**	**649**	–	–
Transfers from stage 1 to stage 3	–	–	–	–
Transfers from stage 2 to stage 1	–	–	–	–
Transfers from stage 2 to stage 3	–	–	–	–
Transfers from stage 3 to stage 2	–	–	–	–
Transfers from stage 3 to stage 1	**16,023**	–	**(16,023)**	–
Financial assets derecognized during the year other than write-offs	**(5,854)**	**(1,180)**	**(33,195)**	**(40,229)**
New financial assets originated or purchased	**52,065**	–	–	**52,065**
Financial assets written off	–	–	**(3,377)**	**(3,377)**
Repayments	**(24,382)**	**(106)**	**(623)**	**(25,111)**
Modification of contractual cash flows of financial assets	**14,173**	**2**	**(823)**	**13,352**
Changes in interest accrual	**(439)**	**4**	**(305)**	**(740)**
Gross carrying amounts as at December 31, 2024	**248,671**	**2,138**	**25,362**	**276,171**

(expressed in thousands of Eastern Caribbean dollars)

11 Impairment losses on loans and advances to customers *...continued*

Term Loans	ECL $	ECL $	ECL $	Total $
Gross carrying amounts as at January 1, 2023	126,006	19,966	32,783	178,755
Transfers:				
Transfers from stage 1 to stage 2	(5,040)	5,040	–	–
Transfers from stage 1 to stage 3	(438)	–	438	–
Transfers from stage 2 to stage 3	–	(1,181)	1,181	–
Transfers from stage 2 to stage 1	6,512	(6,512)	–	–
Transfers from stage 3 to stage 2	–	–	–	–
Transfers from stage 3 to stage 1	1,656	–	(1,656)	–
Financial assets derecognized during the year other than write-offs	(23,305)	(3,747)	(3,885)	(30,937)
New financial assets originated or purchased	70,413	1,082	218	71,713
Financial assets written off	(6)	(14)	(1,770)	(1,790)
Repayments	(27,276)	(951)	(2,132)	(30,359)
Modification of contractual cash flows of financial assets	9,731	(930)	224	9,025
Changes in interest accrual	34	(197)	(1,337)	(1,500)
Gross carrying amounts as at December 31, 2023	158,287	12,556	24,064	194,907
Gross carrying amounts as at January 1, 2024	**158,287**	**12,556**	**24,064**	**194,907**
Transfers:				
Transfers from stage 1 to stage 2	**(2,261)**	**2,261**	**–**	**–**
Transfers from stage 1 to stage 3	**(3,676)**	**–**	**3,676**	**–**
Transfers from stage 2 to stage 3	**–**	**(1,238)**	**1,238**	**–**
Transfers from stage 2 to stage 1	**7,525**	**(7,525)**	**–**	**–**
Transfers from stage 3 to stage 2	**–**	**88**	**(88)**	**–**
Transfers from stage 3 to stage 1	**2,251**	**–**	**(2,251)**	**–**
Financial assets derecognized during the year other than write-offs	**(25,587)**	**(1,851)**	**(1,663)**	**(29,101)**
New financial assets originated or purchased	**78,469**	**410**	**1,131**	**80,010**
Financial assets written off	**(297)**	**(292)**	**(2,174)**	**(2,763)**
Repayments	**(30,472)**	**(655)**	**(3,415)**	**(34,542)**
Modification of contractual cash flows of financial assets	**9,133**	**310**	**983**	**10,426**
Changes in interest accrual	**108**	**(245)**	**(165)**	**(302)**
Gross carrying amounts as at December 31, 2024	**193,480**	**3,819**	**21,336**	**218,635**

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11 Impairment losses on loans and advances to customers *...continued*

Mortgage Loans	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Gross carrying amounts as at January 1, 2023	310,761	43,746	57,100	411,607
Transfers:				
Transfers from stage 1 to stage 2	(10,061)	10,061	–	–
Transfers from stage 1 to stage 3	(464)	–	464	–
Transfers from stage 2 to stage 3	–	(1,748)	1,748	–
Transfers from stage 2 to stage 1	11,484	(11,484)	–	–
Transfers from stage 3 to stage 2	–	–	–	–
Transfers from stage 3 to stage 1	1,739	–	(1,739)	–
Financial assets derecognized during the year other than write offs	(16,571)	(3,788)	(4,419)	(24,778)
New financial assets originated or purchased	49,129	1,510	785	51,424
Financial assets written off	–	–	(963)	(963)
Repayments	(24,873)	(770)	(2,918)	(28,561)
Modification of contractual cash flows of financial assets	13,432	(1,103)	(375)	11,954
Changes in interest accrual	4	(224)	–	(220)
Gross carrying amounts as at December 31, 2023	334,580	36,200	49,683	420,463
Gross carrying amounts as at January 1, 2024	**334,580**	**36,200**	**49,683**	**420,463**
Transfers:				
Transfers from stage 1 to stage 2	**(4,373)**	**4,373**	–	–
Transfers from stage 1 to stage 3	**(2,381)**	–	**2,381**	–
Transfers from stage 2 to stage 3	–	**(2,411)**	**2,411**	–
Transfers from stage 2 to stage 1	**25,251**	**(25,251)**	–	–
Transfers from stage 3 to stage 2	–	–	–	–
Transfers from stage 3 to stage 1	**14,809**	–	**(14,809)**	–
Financial assets derecognized during the year other than write offs	**(15,674)**	**(2,642)**	**(3,103)**	**(21,419)**
New financial assets originated or purchased	**44,353**	**1,449**	–	**45,802**
Financial assets written off	–	–	**(416)**	**(416)**
Repayments	**(24,120)**	**(951)**	**(3,079)**	**(28,150)**
Modification of contractual cash flows of financial assets	**9,472**	**1,293**	**1,990**	**12,755**
Changes in interest accrual	**675**	**(656)**	**(1,368)**	**(1,349)**
Gross carrying amounts as at December 31, 2024	**382,592**	**11,404**	**33,690**	**427,686**

East Caribbean Financial Holding Company Limited

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11 Impairment losses on loans and advances to customers *...continued*

Overdrafts and credit cards	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Gross carrying amounts as at January 1, 2023	35,416	2,179	8,510	46,105
Transfers:				
Transfers from stage 1 to stage 2	(638)	638	–	–
Transfers from stage 1 to stage 3	(37)	–	37	–
Transfers from stage 2 to stage 3	–	(129)	129	–
Transfers from stage 2 to stage 1	1,083	(1,083)	–	–
Transfers from stage 3 to stage 2	–	–	–	–
Transfers from stage 3 to stage 1	4,238	–	(4,238)	–
Financial assets derecognized during the year other than write offs	(22,607)	(121)	(1,571)	(24,299)
New financial assets originated or purchased	3,485	442	1	3,928
Financial assets written off	(1)	(2)	(300)	(303)
Repayments	(367)	(2)	–	(369)
Modification of contractual cash flows of financial assets	(2,569)	(40)	(302)	(2,911)
Changes in interest accrual	30	6	(7)	29
Gross carrying amounts as at December 31, 2023	18,033	1,888	2,259	22,180
Gross carrying amounts as at January 1, 2024	**18,033**	**1,888**	**2,259**	**22,180**
Transfers:				
Transfers from stage 1 to stage 2	**(715)**	**715**	**–**	**–**
Transfers from stage 1 to stage 3	**(179)**	**–**	**179**	**–**
Transfers from stage 2 to stage 3		**(38)**	**38**	**–**
Transfers from stage 2 to stage 1	**598**	**(598)**	**–**	**–**
Transfers from stage 3 to stage 2	**–**	**3**	**(3)**	**–**
Transfers from stage 3 to stage 1	**55**	**–**	**(55)**	**–**
Financial assets derecognized during the year other than write offs	**(1,527)**	**(461)**	**(221)**	**(2,209)**
New financial assets originated or purchased	**8,083**	**1,035**	**161**	**9,279**
Financial assets written off	**(215)**	**(104)**	**(305)**	**(624)**
Repayments	**–**	**–**	**–**	**–**
Modification of contractual cash flows of financial assets	**–**	**–**	**–**	**–**
Changes in interest accrual	**43**	**(7)**	**20**	**56**
Gross carrying amounts as at December 31, 2024	**24,176**	**2,433**	**2,073**	**28,682**

(expressed in thousands of Eastern Caribbean dollars)

11 Impairment losses on loans and advances to customers *...continued*

Total gross carrying amounts	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Gross carrying amounts at January 1, 2023	675,175	72,153	187,336	934,664
Transfers:				
Transfers from stage 1 to stage 2	(17,361)	17,361	–	–
Transfers from stage 1 to stage 3	(938)	-	938	–
Transfers from stage 2 to stage 3	–	(3,059)	3,059	–
Transfers from stage 2 to stage 1	24,112	(24,112)	–	–
Transfers from stage 3 to stage 2	–	–	–	–
Transfers from stage 3 to stage 1	7,632	–	(7,632)	–
Financial assets derecognized during the year other than write offs	(119,592)	(7,656)	(13,145)	(140,393)
New financial assets originated or purchased	181,581	3,035	2,261	186,877
Financial assets written off	(7)	(16)	(4,313)	(4,336)
Repayments	(80,403)	(2,169)	(6,080)	(88,652)
Modification of contractual cash flows of financial assets	37,806	(1,599)	(5,338)	30,869
Changes in interest accrual	628	(524)	(1,372)	(1,268)
Gross carrying amount at December 31, 2023	708,633	53,414	155,714	917,761
Gross carrying amounts at January 1, 2024	**708,633**	**53,414**	**155,714**	**917,761**
Transfers:				
Transfers from stage 1 to stage 2	**(7,998)**	**7,998**	**–**	**–**
Transfers from stage 1 to stage 3	**(6,236)**	**–**	**6,236**	**–**
Transfers from stage 2 to stage 3	**–**	**(3,687)**	**3,687**	**–**
Transfers from stage 2 to stage 1	**33,374**	**(33,374)**	**–**	**–**
Transfers from stage 3 to stage 2	**–**	**91**	**(91)**	**–**
Transfers from stage 3 to stage 1	**33,138**	**–**	**(33,138)**	**–**
Financial assets derecognized during the year other than write offs	**(48,642)**	**(6,134)**	**(38,182)**	**(92,958)**
New financial assets originated or purchased	**182,970**	**2,894**	**1,292**	**187,156**
Financial assets written off	**(512)**	**(396)**	**(6,272)**	**(7,180)**
Repayments	**(78,974)**	**(1,712)**	**(7,117)**	**(87,803)**
Modification of contractual cash flows of financial assets	**32,778**	**1,605**	**2,150**	**36,533**
Changes in interest accrual	**387**	**(904)**	**(1,818)**	**(2,335)**
Gross carrying amount at December 31, 2024	**848,918**	**19,795**	**82,461**	**951,174**

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11 Impairment losses on loans and advances to customers *...continued*

The movement in the loan provisions by class was as follows:

Large corporate loans	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total provisions $
Balance at January 1, 2023	3,068	349	27,771	31,188
Changes due to financial assets recognized in the opening balance that have:				
Transfers from stage 1 to stage 2	(27)	27	–	–
Transfers from stage 1 to stage 3	–	–	–	–
Transfers from stage 2 to stage 3	–	–	–	–
Transfers from stage 2 to stage 1	254	(254)	–	–
Transfers from stage 3 to stage 2	–	–	–	–
Transfers from stage 3 to stage 1	–	–	–	–
New financial assets originated or purchased	569	–	1,031	1,600
Financial assets that have been derecognized	(895)	–	(1,411)	(2,306)
Modification of contractual cash flows of financial assets	–	–	–	–
Bad debts written off	–	–	(803)	(803)
Provision/(recovery) for the year	(1,177)	17	587	(573)
Balance at December 31, 2023	1,792	139	27,175	29,106
Balance at January 1, 2024	**1,792**	**139**	**27,175**	**29,106**
Changes due to financial assets recognized in the opening balance that have:				
Transfers from stage 1 to stage 2	**(7)**	**7**	–	–
Transfers from stage 1 to stage 3	–	–	–	–
Transfers from stage 2 to stage 3	–	–	–	–
Transfers from stage 2 to stage 1	–	–	–	–
Transfers from stage 3 to stage 2	–	–	–	–
Transfers from stage 3 to stage 1	**1,666**	–	**(1,666)**	–
New financial assets originated or purchased	**579**	–	–	**579**
Financial assets that have been derecognized	**(48)**	**(45)**	**(4,844)**	**(4,937)**
Modification of contractual cash flows of financial assets	**127**	–	**2,327**	**2,454**
Bad debts written off	–	–	**(3,377)**	**(3,377)**
Provision/(recovery) for the year	**(1,545)**	**(48)**	**(5,201)**	**(6,794)**
Balance at December 31, 2024	**2,564**	**53**	**14,414**	**17,031**

(expressed in thousands of Eastern Caribbean dollars)

11 Impairment losses on loans and advances to customers *...continued*

Term loans	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total provisions $
Balance at January 1, 2023	224	165	11,936	12,325
Changes due to financial assets recognized in the opening balance that have:				
Transfers from stage 1 to stage 2	(35)	35	–	–
Transfers from stage 1 to stage 3	(3)	–	3	–
Transfers from stage 2 to stage 3	–	(15)	15	–
Transfers from stage 2 to stage 1	144	(144)	–	–
Transfers from stage 3 to stage 2		–	–	–
Transfers from stage 3 to stage 1	282	–	(282)	–
New financial assets originated or purchased	637	28	171	836
Financial assets that have been derecognized	(170)	(66)	(1,396)	(1,632)
Modification of contractual cash flows of financial assets	225	4	(3)	226
Bad debts written off	–	–	(1,579)	(1,579)
Provision/(recovery) for the year	(657)	(74)	227	(504)
Balance at December 31, 2023	647	(67)	9,092	9,672
Balance at January 1, 2024	**647**	**(67)**	**9,092**	**9,672**
Changes due to financial assets recognized in the opening balance that have:				
Transfers from stage 1 to stage 2	**(10)**	**10**	–	–
Transfers from stage 1 to stage 3	**(28)**	–	**28**	–
Transfers from stage 2 to stage 3	–	**(25)**	**25**	–
Transfers from stage 2 to stage 1	**266**	**(266)**	–	–
Transfers from stage 3 to stage 2	–	–	–	–
Transfers from stage 3 to stage 1	**808**	–	**(808)**	–
New financial assets originated or purchased	**671**	**9**	**1,041**	**1,721**
Financial assets that have been derecognized	**(216)**	**(29)**	**(523)**	**(768)**
Modification of contractual cash flows of financial assets	**474**	**414**	**(6)**	**882**
Bad debts written off	**(233)**	**(209)**	**(1,951)**	**(2,393)**
Provision/(recovery) for the year	**(1,234)**	**206**	**2,304**	**1,276**
Balance at December 31, 2024	**1,145**	**43**	**9,202**	**10,390**

East Caribbean Financial Holding Company Limited

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11 Impairment losses on loans and advances to customers *...continued*

Mortgage loans	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total provisions $
Balance at January 1, 2023	693	(177)	22,396	22,912
Changes due to financial assets recognized in the opening balance that have:				
Transfers from stage 1 to stage 2	(25)	25	–	–
Transfers from stage 1 to stage 3	(1)	–	1	–
Transfers from stage 2 to stage 3	–	(24)	24	–
Transfers from stage 2 to stage 1	301	(301)	–	–
Transfers from stage 3 to stage 2	–	–	–	–
Transfers from stage 3 to stage 1	499	–	(499)	–
New financial assets originated/purchased	25	–	99	124
Financial assets that have been derecognized	(47)	(65)	(1,945)	(2,057)
Modification of contractual cash flows of financial assets	104	406	(1)	509
Bad debts written off	–	–	(652)	(652)
Provision/(recovery) for the year	(1,988)	(523)	(2,070)	(4,581)
Balance at December 31, 2023	(439)	(659)	17,353	16,255
Balance at January 1, 2024	**(439)**	**(659)**	**17,353**	**16,255**
Changes due to financial assets recognized in the opening balance that have:				
Transfers from stage 1 to stage 2	**(16)**	**16**	**–**	**–**
Transfers from stage 1 to stage 3	**(1)**	**–**	**1**	**–**
Transfers from stage 2 to stage 3	**–**	**(5)**	**5**	**–**
Transfers from stage 2 to stage 1	**540**	**(540)**	**–**	**–**
Transfers from stage 3 to stage 2	**–**	**–**	**–**	**–**
Transfers from stage 3 to stage 1	**5,195**	**–**	**(5,195)**	**–**
New financial assets originated/purchased	**8**	**9**	**–**	**17**
Financial assets that have been derecognized	**(4)**	**(9)**	**(1,060)**	**(1,073)**
Modification of contractual cash flows of financial assets	**4**	**975**	**20**	**999**
Bad debts written off	**–**	**–**	**(241)**	**(241)**
Provision/(recovery) for the year	**(5,497)**	**47**	**1,146**	**(4,304)**
Balance at December 31, 2024	**(210)**	**(166)**	**12,029**	**11,653**

(expressed in thousands of Eastern Caribbean dollars)

11 Impairment losses on loans and advances to customers *...continued*

Overdrafts and credit cards	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total provisions $
Balance at January 1, 2023	2,790	727	3,742	7,259
Changes due to financial assets recognized in the opening balance that have:				
Transfers from stage 1 to stage 2	(49)	49	–	–
Transfers from stage 1 to stage 3	(3)	–	3	–
Transfers from stage 2 to stage 3	–	(13)	13	–
Transfers from stage 2 to stage 1	451	(451)	–	–
Transfers from stage 3 to stage 2	–	–	–	–
Transfers from stage 3 to stage 1	1,487	–	(1,487)	–
New financial assets originated/purchased	3,496	106	1	3,603
Financial assets that have been derecognized	(1,582)	(108)	(497)	(2,187)
Modification of contractual cash flows of financial assets				
Bad debts written off	–	–	(50)	(50)
Provision/(recovery) for the year	(5,884)	508	14	(5,362)
Balance at December 31, 2023	706	818	1,739	3,263
Balance at January 1, 2024	**706**	**818**	**1,739**	**3,263**
Changes due to financial assets recognized in the opening balance that have:				
Transfers from stage 1 to stage 2	**(13)**	**13**	**–**	**–**
Transfers from stage 1 to stage 3	**(2)**	**–**	**2**	**–**
Transfers from stage 2 to stage 3	**–**	**(26)**	**26**	**–**
Transfers from stage 2 to stage 1	**541**	**(541)**	**–**	**–**
Transfers from stage 3 to stage 2	**–**	**3**	**(3)**	**–**
Transfers from stage 3 to stage 1	**55**	**–**	**(55)**	**–**
New financial assets originated/purchased	**142**	**143**	**21**	**306**
Financial assets that have been derecognized	**(129)**	**(69)**	**(12)**	**(210)**
Modification of contractual cash flows of financial assets	**–**	**–**	**–**	**–**
Bad debts written off	**(81)**	**(46)**	**(337)**	**(464)**
Provision/(recovery) for the year	**(558)**	**415**	**328**	**185**
Balance at December 31, 2024	**661**	**710**	**1,709**	**3,080**

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11 Impairment losses on loans and advances to customers *...continued*

Total credit provisioning	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total provisions $
Balance at January 1, 2023	6,777	1,065	65,842	73,684
Changes due to financial assets recognized in the opening balance that have:				
Transfers from stage 1 to stage 2	(136)	136	–	–
Transfers from stage 1 to stage 3	(8)	–	8	–
Transfers from stage 2 to stage 3	–	(52)	52	–
Transfers from stage 2 to stage 1	1,150	(1,150)	–	–
Transfers from stage 3 to stage 2	–	–	–	–
Transfers from stage 3 to stage 1	2,269	–	(2,269)	–
New financial assets originated or purchased	4,728	132	1,303	6,163
Financial assets that have been derecognized	(2,693)	(239)	(5,249)	(8,181)
Modification of contractual cash flows of financial assets	328	409	(4)	733
Bad debts written off	–	–	(3,086)	(3,086)
Provision/(recovery) for the year	(9,705)	(71)	(1,241)	(11,017)
Balance at December 31, 2023	2,710	230	55,356	58,296
Balance at January 1, 2024	**2,710**	**230**	**55,356**	**58,296**
Changes due to financial assets recognized in the opening balance that have:				
Transfers from stage 1 to stage 2	**(46)**	**46**	**–**	**–**
Transfers from stage 1 to stage 3	**(31)**	**–**	**31**	**–**
Transfers from stage 2 to stage 3	**–**	**(56)**	**56**	**–**
Transfers from stage 2 to stage 1	**1,347**	**(1,347)**	**–**	**–**
Transfers from stage 3 to stage 2	**–**	**3**	**(3)**	**–**
Transfers from stage 3 to stage 1	**7,724**	**–**	**(7,724)**	**–**
New financial assets originated or purchased	**1,400**	**161**	**1,062**	**2,623**
Financial assets that have been derecognized	**(397)**	**(152)**	**(6,439)**	**(6,988)**
Modification of contractual cash flows of financial assets	**605**	**1,389**	**2,341**	**4,335**
Bad debts written off	**(314)**	**(255)**	**(5,906)**	**(6,475)**
Provision/(recovery) for the year	**(8,834)**	**620**	**(1,423)**	**(9,637)**
Balance at December 31, 2024	**4,164**	**639**	**37,351**	**42,154**

(expressed in thousands of Eastern Caribbean dollars)

11 Impairment losses on loans and advances to customers *...continued*

The table below outlines the reconciliation of changes in the net carrying amount of credit-impaired loans and advances to customers:

	$
Balance at January 1, 2023	121,494
Change in allowance for impairment	10,486
Classified as credit impaired during the year	6,258
Transferred to performing during the year	(7,632)
Net repayments	(7,452)
Write-offs and amounts derecognized	(22,796)
Balance at December 31, 2023	100,358
Balance at January 1, 2024	**100,358**
Change in allowance for impairment	**18,005**
Classified as credit impaired during the year	**11,215**
Transferred to performing during the year	**(33,229)**
Net repayments	**(8,935)**
Write-offs and amounts derecognized	**(42,304)**
Balance at December 31, 2024	**45,110**

The table below provides information on financial assets that were modified while they had a loss allowance measured at an amount equal to LECL.

	$
Financial assets modified during the year ended December 31, 2024	
At amortized cost before modification	**7,314**
Net modification gain	**28**
Financial assets modified since initial recognition at December 31, 2024	
Gross carrying amount at December 31, 2024 of financial assets for which loss allowance has changed to 12-month measurement during the year	**4,538**
Financial assets modified during the year ended December 31, 2023	
At amortized cost before modification	7,795
Net modification loss	(329)
Financial assets modified since initial recognition at December 31, 2023	
Gross carrying amount at December 31, 2023 of financial assets for which loss allowance has changed to 12-month measurement during the year	3,133

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12 Impairment losses on investment securities

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Total $
Debt investment securities at FVOCI			
Balance at January 1, 2023	1,284	–	1,284
Remeasurement of loss allowance	(8)	141	133
Balance at December 31, 2023	1,276	141	1,417
Balance at January 1, 2024	**1,276**	**141**	**1,417**
Remeasurement of loss allowance	**540**	**(141)**	**399**
Balance at December 31, 2024	**1,816**	**–**	**1,816**

The above loss allowance is recorded in Other Comprehensive Income within the fair value through OCI reserve in the consolidated statement of financial position and recognized in the consolidated statement of profit or loss. The loss allowance is not recorded against the gross carrying amounts of the investment securities because the carrying amount of debt investment securities at FVOCI is their fair value.

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Debt investment securities at amortized cost				
Balance at January 1, 2023	293	300	3,771	4,364
Write offs during the year	–	–	(3,771)	(3,771)
Remeasurement of loss allowance	(52)	107	–	55
Balance at December 31, 2023	241	407	–	648
Balance at January 1, 2024	**241**	**407**	**–**	**648**
Remeasurement of loss allowance	**351**	**(31)**	**–**	**320**
Balance at December 31, 2024	**592**	**376**	**–**	**968**

(expressed in thousands of Eastern Caribbean dollars)

12 Impairment losses on investment securities *...continued*

Total investment provisions were as follows:

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Balance at January 1, 2023	1,579	300	3,771	5,650
Write offs during the year	–	–	(3,771)	(3,771)
Remeasurement of loss allowance	(62)	248	–	186
Balance at December 31, 2023	1,517	548	–	2,065
Balance at January 1, 2024	**1,517**	**548**	**–**	**2,065**
Remeasurement of loss allowance	**891**	**(172)**	**–**	**719**
Balance at December 31, 2024	**2,408**	**376**	**–**	**2,784**

(expressed in thousands of Eastern Caribbean dollars)

13 Investment securities

	Amortized cost $	FVOCI - Debt $	FVOCI - Equity $	FVTPL -Debt $	FVTPL - Equity $	Total $
At January 1, 2023	245,060	679,449	27,335	–	31,710	983,554
Additions	53,984	278,625	–	–	512	333,121
Movements in interest accrued	390	75	–	–	–	465
Disposals (maturities)	(35,167)	(310,804)	–	–	–	(345,971)
Disposal (sales)	(7,003)	(50,078)	–	–	(3,613)	(60,694)
Changes in fair values	–	16,757	1,395	–	6,660	24,812
(Provision)/recovery for the year	(55)	–	–	–	–	(55)
Amortization of (premium)/discount	(17)	(143)	–	–	–	(160)
At December 31, 2023	257,192	613,881	28,730	–	35,269	935,072
At January 1, 2024	**257,192**	**613,881**	**28,730**	**–**	**35,269**	**935,072**
Additions	**218,741**	**308,279**	**–**	**3,694**	**7,304**	**538,018**
Movements in interest accrued	**2,284**	**2,008**	**–**	**46**	**–**	**4,338**
Disposals (maturities)	**(66,322)**	**(163,477)**	**–**	**(365)**	**–**	**(230,164)**
Disposal (sales)	**–**	**(13,944)**	**–**	**(15)**	**(677)**	**(14,636)**
Net reclassifications	**10,552**	**–**	**–**	**–**	**–**	**10,552**
Changes in fair values	**–**	**2,422**	**812**	**34**	**7,442**	**10,710**
(Provision)/recovery for the year	**320**	**–**	**–**	**–**	**–**	**320**
Amortization of (premium)/discount	**434**	**1,381**	**–**	**16**	**–**	**1,831**
At December 31, 2024	**423,201**	**750,550**	**29,542**	**3,410**	**49,338**	**1,256,041**

(expressed in thousands of Eastern Caribbean dollars)

13 Investment securities *...continued*

	2024 $	2023 $
Securities measured at amortized cost		
Debt securities at amortized cost		
- Unlisted	**991**	6,501
- Listed	**423,178**	251,339
Less allowance for impairment (note 12)	**(968)**	(648)
	423,201	257,192
Securities measured at fair value through OCI		
Debt securities at fair value		
- Unlisted	**36,890**	39,953
- Listed	**713,660**	573,928
Total debt securities	**750,550**	613,881
Equity securities at fair value		
- Unlisted	**2,083**	2,601
- Listed	**27,459**	26,129
Total equity securities	**29,542**	28,730
Total securities at fair value through OCI	**780,092**	642,611
Securities measured at fair value through P&L		
Debt securities at fair value		
- Listed	**3,410**	–
Total debt securities	**3,410**	–
Equity securities at fair value		
- Listed	**49,338**	35,269
Total securities at fair value through P&L	**52,748**	35,269
Total investment securities	**1,256,041**	935,072

The weighted average effective interest rate on securities at fair value through other comprehensive income at December 31, 2024 was 4.41% (2023 - 3.51%).

The weighted average effective interest rate on debt securities at amortized cost at December 31, 2024 was 3.79% (2023 - 3.46%).

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14 Investment in associates

The movement in investments in associates are as follows:

Investments in associates are recorded using the equity method of accounting and as such, the carrying balance is initially recorded at cost and subsequently at the investors' share of the investee's net assets.

	2024 $	2023 $
At beginning of year	**76,885**	66,639
Share of profit of associates	**16,371**	10,229
Dividends received	**(2,442)**	(684)
Share of other comprehensive income	**1,049**	701
At end of year	**91,863**	76,885

Investment in Eastern Caribbean Amalgamated Bank Limited
The Group invested $4.8M and has a 20% shareholding in the Eastern Caribbean Amalgamated Bank Limited (ECAB). The company is an unlisted company incorporated in Antigua & Barbuda. This undertaking represented the Group's contribution to a joint initiative of indigenous banks of the Eastern Caribbean Currency Union to salvage and restructure the previous Bank of Antigua Limited.

ECAB's financial reporting period ends on September 30.

The adjustments for share of profits of ECAB for 2024 were based on management accounts at September 30, 2024 and December 31, 2024.

The Group's interest in its associate ECAB as at December 31 is as follows:

	2024 $	2023 $
Assets	**2,355,001**	2,271,969
Liabilities	**(2,064,513)**	(2,028,888)
Preference shares	**(47,869)**	(47,869)
Equity	**242,619**	195,212
% ownership	**20%**	20%
Share of equity in associate	**48,524**	39,042
Carrying amount of the investment	**48,524**	39,042

(expressed in thousands of Eastern Caribbean dollars)

14 Investment in associates *...continued*

Summarized statement of profit or loss of ECAB as at December 31 is as follows:

	2024 $	2023 $
Revenue	**127,013**	106,626
Administrative cost	**(50,207)**	(57,592)
Depreciation	**(7,623)**	(7,772)
Profit for the year	**69,183**	41,262
Tax expense	**(23,525)**	(12,155)
Net income	**45,658**	29,107
	45,658	29,107
% ownership	**20%**	20%
Share of profit	**9,132**	5,821
Other comprehensive income	**2,409**	2,464
Ownership	**20%**	20%
Share of other comprehensive income	**482**	493
Total comprehensive income	**9,614**	6,314

(expressed in thousands of Eastern Caribbean dollars)

14 Investment in associates *...continued*

Investment in Bank of St. Vincent and the Grenadines Limited

Bank of St. Vincent and the Grenadines Limited (BOSVG) is a listed company incorporated in St. Vincent. In 2017, the Group disposed of majority interest (31%) in BOSVG, retaining 20%. The transaction resulted in a gain on disposal of $5.3M representing the excess of the fair value of the purchase consideration over the carrying value of the subsidiary. The fair value of the purchase consideration in this case was the cash proceeds received and fair value of the 20% interest retained. The investment in associates was at that point recorded at fair value plus the $5.3M (2023 - $5.3M).

Bank of St. Vincent and the Grenadines Limited's financial reporting period ends on December 31.

The Group's interest in its associate BOSVG as at December 31 is as follows:

	2024 **$**	**2023** **$**
Assets	**2,098,638**	1,901,594
Preference shares	**(1,908,504)**	(1,738,937)
Equity	**190,134**	162,657
% ownership	**20%**	20%
Share of equity in associate	**38,027**	32,531
Equity method goodwill	**5,312**	5,312
Carrying amount of the investment	**43,339**	37,843

(expressed in thousands of Eastern Caribbean dollars)

14 Investment in associates *...continued*

Summarized statement of profit or loss of BOSVG at December 31 is as follows:

	2024 $	2023 $
Revenue	**103,273**	90,672
Administrative cost	**(60,968)**	(62,797)
Profit for the year	**42,305**	27,875
Tax expense	**(6,108)**	(5,835)
Net income	**36,197**	22,040
% ownership	**20%**	20%
Share of profit	**7,239**	4,408
Other comprehensive income	**2,835**	1,042
% ownership	**20%**	20%
Share of comprehensive income	**567**	208
Total comprehensive income	**7,806**	4,616

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15 Property and equipment

	Land and buildings $	Leasehold improvements $	Office furniture and equipment $	Computer equipment $	Work-in-progress $	Motor vehicles $	Total $
Year ended December 31, 2024							
Opening net book amount	48,106	896	9,884	2,695	7,311	554	69,446
Additions	666	–	3,499	966	1,256	813	7,200
Disposals at cost	–	(8)	(1,582)	(283)	–	(157)	(2,030)
Transfers	2,102	35	2,154	–	(4,291)	–	–
Accumulated depreciation on disposal	–	8	1,560	283	–	145	1,996
Revaluation surplus	7	–	–	–	–	–	7
Depreciation charge	–	(127)	(2,406)	(1,537)	–	(251)	(4,321)
Closing net book amount	50,881	804	13,109	2,124	4,276	1,104	72,298
At December 31, 2024							
Cost or valuation	50,881	1,498	26,025	7,511	4,276	2,126	92,317
Accumulated depreciation	–	(694)	(12,916)	(5,387)	–	(1,022)	(20,019)
Net book amount	50,881	804	13,109	2,124	4,276	1,104	72,298

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15 Property and equipment *...continued*

	Land and buildings $	Leasehold improvements $	Motor vehicles $	Office furniture and equipment $	Computer equipment $	Work-in-progress $	Total $
Year ended December 31, 2023							
Opening net book amount	48,157	82	7,865	1,869	6,426	637	65,036
Additions	–	–	3,747	2,155	3,084	160	9,146
Disposals at cost	–	–	(1,295)	(225)	–	–	(1,520)
Transfers	1,066	843	290	–	(2,199)	–	–
Accumulated depreciation on disposal	–	–	1,247	224	–	–	1,471
Depreciation charge	(1,117)	(29)	(1,970)	(1,328)	–	(243)	(4,687)
Closing net book amount	48,106	896	9,884	2,695	7,311	554	69,446
At December 31, 2023							
Cost or valuation	50,341	1,471	21,954	6,828	7,311	1,470	89,375
Accumulated depreciation	(2,235)	(575)	(12,070)	(4,133)	–	(916)	(19,929)
Net book amount	48,106	896	9,884	2,695	7,311	554	69,446

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15 Property and equipment *...continued*

The major component of land and buildings were revalued on December 11, 2024 by an independent valuer based on the income approach. The historical cost of land and buildings is as follows:

	2024 $	2023 $
Cost	**47,676**	44,908
Accumulated depreciation based on historical cost	**(27,168)**	(25,999)
Depreciated historical cost	**20,508**	18,909

16 Intangible assets

	Computer software $
Year ended December 31, 2024	
Balance at January 1, 2024	**900**
Additions	**975**
Amortization	**(755)**
Disposal	**(12,699)**
Accumulated amortization on disposals	**12,699**
Closing net book value	**1,120**
At December 31, 2024	
Cost	**3,560**
Accumulated amortization	**(2,440)**
Net book value	**1,120**
Year ended December 31, 2023	
Balance at January 1, 2023	1,656
Additions	233
Amortization	(989)
Closing net book value	900
At December 31, 2023	
Cost	15,284
Accumulated amortization	(14,384)
Net book value	900

(expressed in thousands of Eastern Caribbean dollars)

17 Investment properties

	2024 $	2023 $
Land and buildings		
At beginning of year	**31,282**	31,748
Additions during the year	**303**	-
Fair value loss on revaluation of investment property	**(122)**	(466)
At end of year	**31,463**	31,282

The investment properties are composed of land and buildings. The investment properties are valued annually based on the income approach by an independent, professionally qualified valuer.

The Group has no restrictions on the realizability of its investment properties and no contractual obligation to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The following amounts have been recognized in profit or loss:

	2024 $	2023 $
Rental income	**1,491**	1,534
Direct operating expenses arising from investment properties that generated rental income	**(670)**	(509)
	821	1,025

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18 Right-of-use lease asset

The Group leases a facility to house operations of one of the branches of its subsidiary. The lease typically runs for a period of two years, with an option to renew the lease at expiration. Lease payments are negotiated with every new lease contract to reflect market rentals.

Right-of-use assets related to leased properties are as follows:

	Land and buildings $
Balance at January 1, 2024	**971**
Depreciation	**(486)**
At December 31, 2024	**485**
Balance at January 1, 2023	1,456
Depreciation	(485)
At December 31, 2023	971

The Group had a lease liability of $589 (2023 - $1,088) against the lease asset.

Amounts recognized in the consolidated statement of profit or loss were as follows:

	2024 $	**2023 $**
Depreciation charge on right-of-use asset	**486**	485
Interest expense	**50**	138
Total cash outflow for right-of-use lease liability	**550**	550

(expressed in thousands of Eastern Caribbean dollars)

19 Other assets

	2024 $	2023 $
Suspense accounts and other receivables	**9,798**	7,523
Other receivables - card services	**191,969**	170,720
Rent receivable	**803**	1,037
	202,570	179,280
Less provision for impairment of other receivables (note 20)	**(1,344)**	(1,712)
	201,226	177,568
Stationery and supplies	**731**	610
Prepaid expenses	**4,148**	3,889
	4,879	4,499
	206,105	182,067

As at December 31, 2024, trade receivables of $601 (2023 - $731) were past due but not impaired. These relate mainly to receivables from existing customers with some defaults in the past but all amounts due were fully recovered. The aging analysis of these trade receivables is as follows:

	2024 $	2023 $
Greater than 30 days but less than 60 days	**115**	125
Greater than 60 days but less than 90 days	**–**	125
Greater than 90 days	**486**	481
	601	731

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

(expressed in thousands of Eastern Caribbean dollars)

20 Provision for impairment of other assets

The movement in the provision for impairment of other receivables was as follows:

	2024 $	2023 $
At beginning of year	**1,712**	1,525
Provisions made during the year	**550**	746
Recoveries during the year	–	(45)
Reversals during the year	**(66)**	–
Write offs during the year	**(852)**	(514)
At end of year	**1,344**	1,712

21 Retirement benefit asset

A retirement benefit asset is included within the consolidated statement of financial position for the defined contribution plan as the Group determines the return of the defined contribution plan, similar to its defined benefit plan. The actual rates of return differ from the credited rates, resulting in a (liability)/asset on the consolidated statement of financial position.

The amounts recognized in the consolidated statement of financial position are determined as follows:

	Defined Benefit		Defined Contribution	
	2024 $	2023 $	2024 $	2023 $
Fair value of plan assets	**76,520**	75,777	**17,984**	13,846
Present value of funded obligations	**(62,357)**	(61,010)	**(17,905)**	(13,875)
Asset in the consolidated statement of financial position	**14,163**	14,767	**79**	(29)

The movement in the benefit obligation over the year is as follows:

	Defined Benefit		Defined Contribution	
	2024 $	2023 $	2024 $	2023 $
Beginning of year	**61,010**	58,600	**13,875**	10,157
Current service cost	–	–	**2,758**	2,606
Interest cost	**4,490**	4,303	**697**	447
Employee contribution	–	–	**936**	881
Actuarial gain	**(805)**	547	**(135)**	(108)
Benefits paid	**(2,338)**	(2,440)	**(226)**	(108)
End of year	**62,357**	61,010	**17,905**	13,875

(expressed in thousands of Eastern Caribbean dollars)

21 Retirement benefit asset *…continued*

The movement in the fair value of plan assets of the year is as follows:

	Defined Benefit		Defined Contribution	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Beginning of year	**75,777**	73,281	**13,846**	10,088
Actual return on plans assets	**3,352**	5,231	**709**	405
Employer contributions	**–**	–	**2,758**	2,606
Employee contribution	**–**	–	**936**	881
Benefits paid	**(2,338)**	(2,440)	**(226)**	(108)
Administrative expenses	**(271)**	(295)	**(39)**	(26)
End of year	**76,520**	75,777	**17,984**	13,846

The movement in the net retirement benefit asset recognized in the consolidated statement of financial position is as follows:

	Defined Benefit		Defined Contribution	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Beginning of year	**14,767**	14,681	**(29)**	(69)
Net periodic cost	**826**	795	**(2,872)**	(2,692)
Contributions paid	**–**	–	**2,758**	2,606
Effect on the consolidated statement of comprehensive income	**(1,430)**	(709)	**222**	126
End of year	**14,163**	14,767	**79**	(29)

(expressed in thousands of Eastern Caribbean dollars)

21 Retirement benefit asset *...continued*

The net benefit cost recognized in the consolidated statement of profit or loss is as follows:

	Defined Benefit		Defined Contribution	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Current service cost	**–**	–	**2,758**	2,606
Net interest on net defined benefit (liability)/asset	**4,490**	4,303	**697**	447
Expected return on plan assets	**(5,587)**	(5,393)	**(622)**	(387)
Administrative expenses	**271**	295	**39**	26
Consolidated statement of profit or loss	**(826)**	(795)	**2,872**	2,692

The net re-measurement gains recognized in the consolidated statement of comprehensive income are as follows:

	Defined Benefit		Defined Contribution	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
(Gain)/loss from experience	**(805)**	547	**(135)**	(108)
Expected return on plan assets	**5,587**	5,393	**622**	387
Actual return on plan assets	**(3,352)**	(5,231)	**(709)**	(405)
Consolidated statement of comprehensive income	**1,430**	709	**(222)**	(126)

The principal actuarial assumptions used were as follows:

	2024	**2023**
	%	**%**
Discount rate	**7.5**	7.5
Future promotional salary increases	**4.5**	4.5
Future inflationary salary increases	**2**	2

(expressed in thousands of Eastern Caribbean dollars)

21 Retirement benefit asset *...continued*

Assumptions are set to approximate the expected average rates over the long term and may not be appropriate in any specific year.

Plan assets allocation is as follows:

	2024 %	2023 %
Debt securities	**72**	77
Equity securities	**16**	14
Other	**12**	9
	100	100

The pension plan assets do not include assets or ordinary shares of the Group.

Mortality rate

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in Saint Lucia.

The average life expectancy in years of a pensioner retiring at age 60 after the consolidated statement of financial position date is as follows:

	2024	2023
Male	**25.27**	25.19
Female	**27.16**	27.11

The assumption adopted for the expected return on assets considers the actual assets the Plan holds and the outlook for returns on various asset classes. This assumption is usually derived by looking at actual asset mix and making assumptions about returns relative to the “baseline” of the plan’s discount rate, which are taken to be the returns on corporate and government bonds.

(expressed in thousands of Eastern Caribbean dollars)

21 Retirement benefit asset *...continued*

The major categories of the fair value of the total plan assets are as follows:

	Defined Benefit		Defined Contribution	
	2024	2023	2024	2023
	$	$	$	$
Quoted investment securities				
Quoted equity securities:				
- Energy	**34**	42	**–**	–
- Consumer staples	**3,083**	3,751	**–**	–
- Other	**10,610**	7,460	**1,065**	570
Quoted debt securities:				
- Sovereign bonds	**18,920**	24,861	**976**	3,037
- Industrial	**7,455**	5,899	**–**	1,541
- Financial	**5,638**	428	**380**	867
- Other	**11,440**	7,784	**6,181**	1,619
Cash and cash equivalents	**7,277**	5,073	**4,592**	3,051
Unquoted investment securities				
Unquoted debt securities:				
- Sovereign bonds	**12,055**	17,354	**779**	3,161
- Industrial	**–**	–	**1,014**	–
- Financial	**–**	1,054	**721**	–
- Other	**–**	1,666	**2,105**	–
Unquoted equity securities:				
- Other	**8**	405	**171**	–
Total	**76,520**	75,777	**17,984**	13,846

Included in cash is $4,928 (2023 - $4,157) held on behalf of the Pension Fund.

The following payments are expected contributions to the pension plan in future years:

	2024	2023
	$	$
Within the next 12 months	**1,592**	1,519
Between 1 and 5 years	**8,738**	7,985
Between 5 and 10 years	**19,384**	17,562
Total expected payments	**29,714**	27,066

The average duration of the defined benefit plan obligation at the end of the reporting period is 12.25 years (2023 - 12.50 years).

At December 31, 2024, there were 359 (2023 - 346) members of the defined contribution section of the plan.

(expressed in thousands of Eastern Caribbean dollars)

22 Deposits from banks

	2024 $	2023 $
Deposits from banks	**17,025**	22,429

The weighted average effective interest rate on deposits from banks at December 31, 2024 was 0.75% (2023 - 0.77%).

23 Due to customers

	2024 $	2023 $
Term deposits	**314,535**	327,895
Savings deposits	**935,044**	863,397
Call deposits	**454,942**	326,335
Demand deposits	**1,257,588**	872,373
	2,962,109	2,390,000

The weighted average effective interest rate of customers' deposits at December 31, 2024 was 0.97% (2023 - 1.04%).

24 Borrowings

		2024		2023	
	Due	Interest rate %	$	Interest rate %	$
Other borrowed funds					
Caribbean Development Bank	2024	**4.9**	–	4.9	677
National Insurance Corporation (Saint Lucia)	2026	**7.25**	–	7.25	25,616
			–		26,293

The Bank has not had any defaults of principal, interest or other breaches with respect to borrowings during the year.

In August 2016, the Bank issued a ten (10) year, EC$50 million unsecured bond via private placement. The bond which qualifies as tier II capital, pays interest semi-annually at the rate of 7.25%. Principal repayments are to be amortized by way of 10 semi-annual payments over the last 5-year term of the instrument. The National Insurance Corporation was the sole purchaser of the bond.

East Caribbean Financial Holding Company Limited
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(expressed in thousands of Eastern Caribbean dollars)

25 Other liabilities

	2024 $	2023 $
Other payables and suspense	**180,867**	174,214
Managers' cheques outstanding	**5,840**	4,321
Agency loans	**625**	491
	187,332	179,026
Net assets attributable to holders of units of the mutual fund	**1,725**	38
	189,057	179,064

The agency loans are funds issued to the Group by the Government of Saint Lucia for disbursement to the related projects. The Group earns an agency fee on the amounts disbursed. The funds belong to the Government of Saint Lucia and the Group bears no risk in relation to these funds.

26 Deferred tax liability

The movements in the deferred tax asset are as follows:

	2024 $	2023 $
Net deferred tax position at beginning of year	**2,149**	1,400
Deferred tax charge to the income statement:		
Arising from retirement benefit plan	**214**	213
Prior year timing differences	**594**	-
Arising from other timing differences	**802**	711
Deferred tax charge for the year (note 38)	**1,610**	924
Deferred tax charge to other comprehensive income		
Deferred tax arising from retirement benefit plan	**(362)**	(175)
Deferred tax liability at end of year	**3,397**	2,149

(expressed in thousands of Eastern Caribbean dollars)

26 Deferred tax *...continued*

The deferred tax account is detailed as follows:

	2024 $	2023 $
Accelerated capital allowances	**(876)**	(2,273)
Retirement benefit asset	**4,273**	4,422
Net deferred tax liability	**3,397**	2,149

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.

27 Share capital

	2024		2023	
	No of shares	$	No of shares	$
Ordinary shares				
Authorized:				
Unlimited ordinary shares of no-par value				
Issued and fully paid				
At beginning and end of year	**24,465,589**	**170,081**	24,465,589	170,081

28 Contributed capital

Total capital contributions received at December 31 were as follows:

	2024 $	2023 $
Productive Sector Equity Fund	**1,118**	1,118

The figures above represent the contributions to the Group by third parties in support of the named fund.

East Caribbean Financial Holding Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(expressed in thousands of Eastern Caribbean dollars)

29 Reserves

	2024 $	2023 $
(a) General reserve	**14,005**	14,005
(b) Statutory reserve	**156,293**	139,693
(c) Student loan guarantee fund reserve	**943**	943
(d) Retirement benefit reserve	**14,242**	14,738
(e) Contingency reserve	**22,091**	23,590
Total reserves at December 31	**207,574**	192,969

Movements in reserves were as follows:

	2024 $	2023 $
(a) General		
At beginning and end of the year	**14,005**	14,005

It is the policy of the Group to maintain a general reserve for reinvestment in operations. Transfers to the reserve are based on a maximum of 35% of the consolidated Group's profit for the year after transfers to the statutory reserve. There were no transfers to reserves in 2024 and 2023.

	2024 $	2023 $
(b) Statutory		
At beginning of the year	**139,693**	125,449
Allocated from profits during the year	**16,600**	14,244
At end of the year	**156,293**	139,693

Pursuant to Section 45 (1) of the Banking Act 2015, banking institutions shall, out of its net profits of each year, transfer to that reserve a sum equal to not less than twenty percent of such profits whenever the amount of the fund is less than one hundred percent of the paid-up capital of the banking institutions.

(expressed in thousands of Eastern Caribbean dollars)

29 Reserves *...continued*

	2024 $	2023 $
(c) Student loan guarantee fund		
At beginning of the year	**943**	898
Contributions received during the year	**–**	45
At end of the year	**943**	943

This is a non-distributable reserve. Transfers are made to the reserve at an amount equal to the net profit of the Student Loan Guarantee Fund.

	2024 $	2023 $
(d) Retirement benefit		
At beginning of the year	**14,738**	14,612
(Transferred to retained earnings)/allocated from profits during the year	**(496)**	126
At end of the year	**14,242**	14,738

The retirement benefit reserve is a non-distributable reserve. It is the Group's policy to match the amount the net defined benefit (liability)/asset with the retirement benefit reserve.

	2024 $	2023 $
(e) Contingency		
At beginning of the year	**23,590**	28,052
Transferred to retained earnings	**(1,499)**	(4,462)
At end of the year	**22,091**	23,590

The contingency reserve fund is created as an appropriation from retained earnings to set aside a portion of profits against loan loss provisions. This reserve will be funded annually until the total loan loss provisions and the contingency reserve equates to non-performing loans.

(expressed in thousands of Eastern Caribbean dollars)

30 Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party by making financial and operational decisions.

The following accounts maintained by related parties are included under due to customers and deposits from banks:

	2024 $	2023 $
Bank of St. Vincent and the Grenadines Limited		
Current account	**16,068**	6,836
GK Insurance (Eastern Caribbean) Limited		
Current account	**9,889**	7,645
Fixed deposit	**359**	355
Eastern Caribbean Amalgamated Bank Limited		
Current account	**52**	197
Fixed deposit	**10,621**	13,715

The following transactions were carried out with related companies:

	2024 $	2023 $
Income		
Bank of St. Vincent and the Grenadines Limited	**18**	18
GK Insurance (Eastern Caribbean) Limited	**12**	12
Total service and management fees	**30**	30

The Group has an agency arrangement with GK Insurance (Eastern Caribbean) Limited. The balances and transactions with respect to this arrangement are as follows:

	2024 $	2023 $
Liabilities	**83**	83
Commissions	**1,709**	1,292
Expenses	**625**	683

(expressed in thousands of Eastern Caribbean dollars)

30 Related party transactions and balances *...continued*

Other related parties

A number of banking transactions are entered into with other related parties in the normal course of business. These include loans and deposits. These transactions were carried out on commercial terms and at market rates. The volumes of related party transactions, outstanding balances at year end, and related expenses and income for the year are as follows:

	2024		2023	
	Loans $	Deposits $	Loans $	Deposits $
Directors and key management	**8,544**	**6,643**	4,021	4,323

The loans issued to directors and other key management personnel are repayable monthly over an average of 10.6 years (2023 - 8 years) and have a weighted average effective interest rate of 4.5% (2023 - 5.36%). The loans advanced to the directors are secured by mortgages over residential properties.

Interest income and interest expense with related parties were as follows:

	2024		2023	
	Income $	Expense $	Income $	Expense $
Directors and key management	**364**	**159**	199	100

Key management compensation
Key management includes the Group's 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	**4,554**	3,466
Pension costs	**409**	325
	4,963	3,791
Directors' remuneration	**502**	395

The Government of Saint Lucia has a significant shareholding in ECFH and the exemption allowed under IAS 24 which allows exemption for disclosure of information for government related entities, was adopted. A number of Banking transactions are entered into with the Government of Saint Lucia in the normal course of business, including loans and overdrafts and the related interest income, deposits and the related interest expense, investment securities, brokerage services and payment of taxes.

East Caribbean Financial Holding Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(expressed in thousands of Eastern Caribbean dollars)

31 Net interest income

	2024 $	2023 $
Interest income		
Loans and advances	**57,751**	57,108
Investment securities	**39,193**	33,593
Deposits with banks and financial institutions	**25,150**	11,914
	122,094	102,615
Interest expense		
Term deposits	**(6,714)**	(5,982)
Savings	**(19,381)**	(17,993)
Other borrowed funds	**(1,232)**	(2,792)
Demand deposits	**(654)**	(12)
Correspondent banks	**(141)**	(171)
	(28,122)	(26,950)
Net interest income	**93,972**	75,665

32 Net fee and commission income

	2024 $	2023 $
Fee and commission income		
Fees and commissions	**62,386**	44,627
Brokerage related fees and commissions	**5,250**	4,798
Asset management and related fees	**204**	720
	67,840	50,145

(expressed in thousands of Eastern Caribbean dollars)

33 Net foreign exchange trading income

	2024 $	2023 $
Foreign exchange		
Transaction gains, net	**11,043**	9,965
Translation gains, net	**786**	1,453
	11,829	11,418

34 Other operating income

	2024 $	2023 $
Rental income	**2,475**	2,519
Bad debt recovery income	**4,687**	7,019
Dividend income	**686**	688
Service and management fees	**702**	30
	8,550	10,256

35 Other gains, net

	2024 $	2023 $
Losses on disposal of FVOCI investment securities	**(936)**	(244)
Losses on disposal of amortized cost investment securities	–	(64)
Gains on disposal of FVTPL investment securities	–	921
Unrealized gains on FVTPL investment securities	**7,460**	6,128
Fair value loss on revaluation of land and buildings	**(2,710)**	–
Fair value loss on revaluation of investment property	**(122)**	(466)
	3,692	6,275

(expressed in thousands of Eastern Caribbean dollars)

36 Operating expenses

	2024 $	2023 $
Employee benefit expense (note 37)	**38,472**	30,431
Depreciation and amortization (notes 15, 16 and 18)	**5,562**	6,161
Utilities	**5,441**	5,287
Repairs and maintenance	**15,446**	13,370
Advertising and promotion	**3,426**	2,434
Bank and other licences	**241**	215
Security	**2,122**	1,916
Printing and stationery	**913**	943
Legal and professional fees	**1,283**	874
Audit fees	**799**	762
Insurance	**1,257**	1,121
Credit card expenses	**16,174**	13,059
Bank charges	**2,057**	1,773
Travel and entertainment	**473**	180
Other expenses	**5,540**	9,472
	99,206	87,998

37 Employee benefit expense

	2024 $	2023 $
Wages and salaries	**25,709**	26,254
Other staff costs	**10,721**	9,490
Pension expense/(recovery)	**2,042**	(5,313)
	38,472	30,431

Included in employee benefit expense is the reversal of an accrual of $Nil (2023 - $7,210) which was recorded for the expected settlement loss on the transfer of employee accrued benefits from the defined benefit to the defined contribution section of the pension plan.

(expressed in thousands of Eastern Caribbean dollars)

38 Income tax expense

	2024 $	2023 $
Current tax	**17,681**	10,943
Deferred tax charge (note 26)	**1,610**	924
	19,291	11,867
Deferred tax on other comprehensive income:		
Deferred tax release arising from defined benefit pension plan	**(362)**	(175)
	18,929	11,692

Tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate of 30% as follows:

	2024 $	2023 $
Profit for the year before income tax and dividends on preference shares	**111,966**	86,821
Tax calculated at the applicable tax rate of 30%	**33,590**	26,046
Tax effect of income not subject to tax	**(16,904)**	(13,045)
Deferred tax expense	**594**	–
Expense/(recovery) not deductible for tax purposes	**2,011**	(1,134)
	19,291	11,867

Income not subject to tax includes income derived from investments in securities issued by the Government of Saint Lucia, investment securities issued outside Saint Lucia (Income Tax (Amendment) Act No 12 of 2018, income from housing mortgages (section 28 of the Income Tax Act Chapter 15.02) and income from associates recognized under the equity method of accounting for Investments in Associates.

(expressed in thousands of Eastern Caribbean dollars)

39 Earnings per share

Basic and diluted
Basic profit per share is calculated by dividing profit for the year attributable to ordinary shareholders of $92,384 (2023 - $74,663) by the weighted average number of ordinary shares in issue each year of 24,465,589 (2023 - 24,465,589). Profit attributable to shareholders is profit after deducting preference dividends of $291 (2023 - $291).

Diluted profit per share is calculated by dividing profit for the year attributable to ordinary shareholders of $92,384 (2023 - $74,663) by the weighted average number of dilutive shares of 25,295,589 (2023 - 25,295,589) being the total number of shares that would exist if all the preference shares are converted to ordinary shares. Profit attributable to shareholders is profit after deducting preference dividends of $291 (2023 - $291).

40 Cash and cash equivalents

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

	2024 $	2023 $
Cash and balances with Central Bank (note 6)	**117,691**	110,864
Deposits with other banks (note 7)	**405,715**	249,298
Deposits with non-bank financial institutions (note 9)	**40,105**	11,058
	563,511	371,220

41 Contingent liabilities and commitments

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

	2024 $	2023 $
Loan commitments	**165,754**	160,274
Guarantees and letters of credit	**8,423**	10,199
	174,177	170,473

(expressed in thousands of Eastern Caribbean dollars)

42 Principal subsidiary undertakings

	Holding 2024 %	Holding 2023 %
Bank of Saint Lucia Limited	**100**	100

As part of its strategic objectives, the local companies of the ECFH Group namely; Bank of Saint Lucia Limited and ECFH Global Investment Solutions were amalgamated with ECFH in October 2016, and this amalgamated entity continued as Bank of Saint Lucia Limited.

Another company named East Caribbean Financial Holding Company Limited was then incorporated at the same time to hold the shares of Bank of Saint Lucia Limited, Bank of Saint Lucia International Limited and Bank of St. Vincent and the Grenadines Limited. On March 10, 2017 the Group disposed of its subsidiary Bank of Saint Lucia International Limited and on June 30, 2017, the group disposed of its majority holding in Bank of St. Vincent and the Grenadines Limited, as part of its strategic objective to focus on its local share of Bank of Saint Lucia Limited.

43 Cumulative preference shares

	2024 No. of shares	2024 $	2023 No. of shares	2023 $
7% Cumulative preference shares				
Authorized:				
11,550,000 preference shares				
At beginning and end of year	**830,000**	**4,150**	830,000	4,150

The preference shares are non-voting and are to be converted to ordinary shares. The Group has imposed certain restrictions with respect to the number of preference shares that can be converted to ordinary shares in any one year.

The Board of Directors of the Group and the National Insurance Corporation respectively have formally agreed that future conversions of preference shares should be done at $5 per share.

Dividends declared and unpaid on the preference shares during the year amounted to $291 (2023 - $291).

44 Comparatives

Certain balances were reclassified in the prior year to be consistent with the current year's presentation. These changes had no impact on the total assets or total equity.

45 Dividends paid

On March 25, 2025 the Directors declared a dividend of $0.75 (2023 - $0.60) per ordinary share to shareholders in respect of the 2024 financial year.

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