



# A FUTURE IN FOCUS

ANNUAL REPORT  
2025



WORKING HARDER TODAY FOR A BRIGHTER TOMORROW  
ST. KITTS-NEVIS-ANGUILLA  
NATIONAL BANK LIMITED

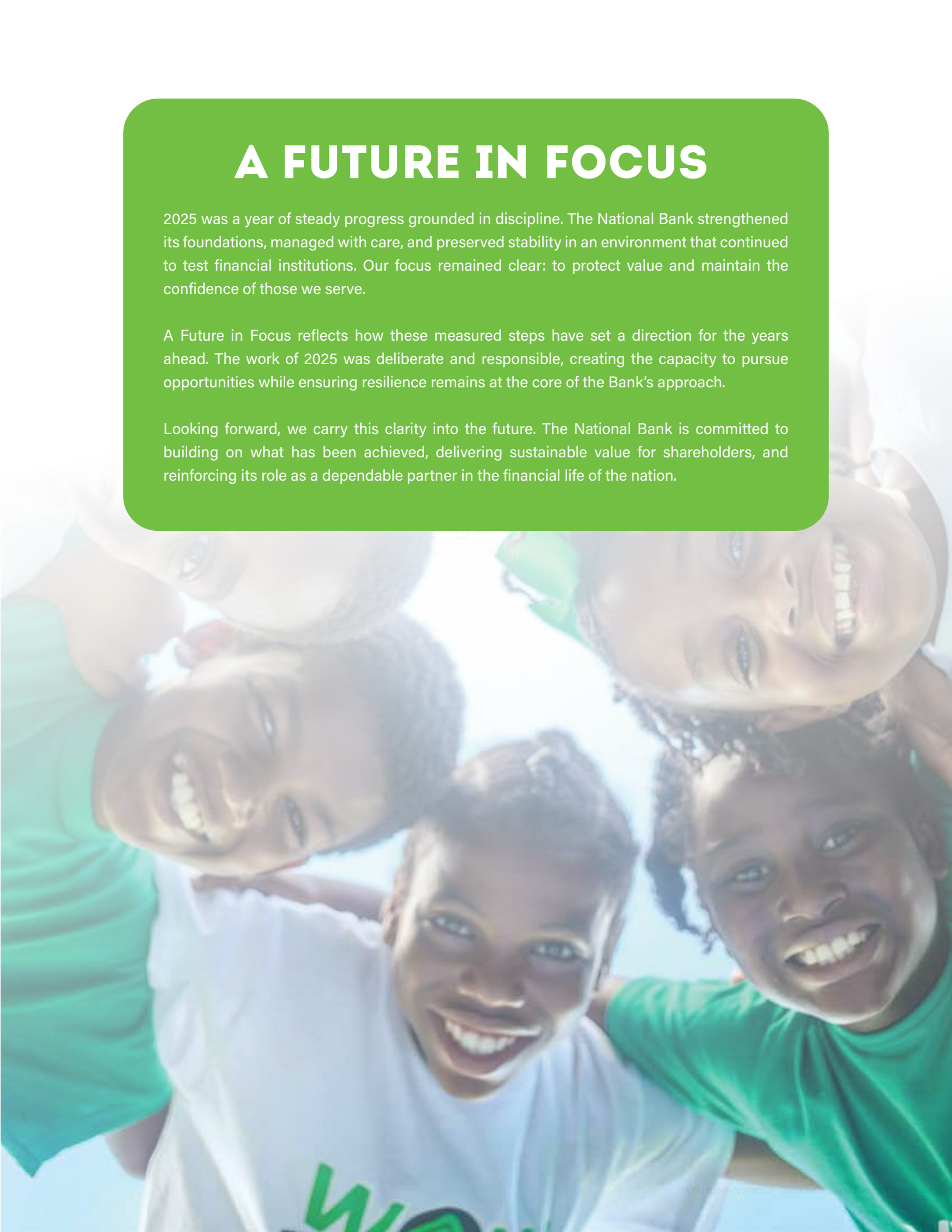


# A FUTURE IN FOCUS

2025 was a year of steady progress grounded in discipline. The National Bank strengthened its foundations, managed with care, and preserved stability in an environment that continued to test financial institutions. Our focus remained clear: to protect value and maintain the confidence of those we serve.

A Future in Focus reflects how these measured steps have set a direction for the years ahead. The work of 2025 was deliberate and responsible, creating the capacity to pursue opportunities while ensuring resilience remains at the core of the Bank's approach.

Looking forward, we carry this clarity into the future. The National Bank is committed to building on what has been achieved, delivering sustainable value for shareholders, and reinforcing its role as a dependable partner in the financial life of the nation.



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## VISION

To be recognized internationally as the premier financial institution through advanced technology, strategic alliances and superior products and services.

## MISSION

To be an efficient, profitable and growth-oriented financial institution, promoting social and economic development in the national and regional community by providing high quality financial services and products at competitive prices.

## CUSTOMER CHARTER

- To keep the Bank a customer friendly institution.
- To treat customers as an integral part of the Bank and serve them with the highest levels of integrity, fairness and goodwill.
- To provide customers with the products and services they need, in the form and variety they demand, at the time they require them, and at prices they can afford.
- To give our customers good value for the prices they pay.

## POLICY STATEMENT

- To mobilize domestic and foreign financial resources and allocate them to efficient productive uses to gain the highest levels of economic development and social benefits.
- To promote and encourage the development of entrepreneurship for the profitable employment of available resources.
- To exercise sound judgment, due diligence, professional expertise and moral excellence in managing our corporate business and advising our customers and clients.
- To maintain the highest standard of confidentiality, integrity, fairness and goodwill in all dealings with customers, clients and the general public.
- To create a harmonious and stimulating work environment in which our employees can experience career fulfillment, job satisfaction and personal accomplishment; to provide job security; to pay fair and adequate compensation based on performance, and to recognize and reward individual achievements.
- To promote initiative, dynamism and a keen sense of responsibility in our managers; to hold them accountable for achieving performance targets and to require of them sustained loyalty and integrity.
- To provide our shareholders with a satisfactory return on their capital and thus preserve and increase the value of their investment.
- To be an exemplary corporate citizen providing managerial, organizational and ethical leadership to the business community.

The policies set out above inform and inspire our customer relationships, staff interactions and public communication; guide our corporate decision-making process; influence the manner in which we perform our daily tasks and direct our recruitment, organizational, operational and development policies, plans and programmes.

Our Directors, Management and Staff are unreservedly committed to the observance of the duties and responsibilities stated above for the fulfillment of our Mission.

# NOTICE OF MEETING

Notice is hereby given that the **FIFTY-FIFTH ANNUAL GENERAL MEETING OF ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED** will be held at the Royal St. Kitts Hotel, Frigate Bay on Monday 29th December 2025 at 5:00 p.m. for the following purposes:-

1. To read and confirm the Minutes of the Meeting held on Thursday 20th March 2025.
2. To consider matters arising from the Minutes.
3. To receive the Directors' Report.
4. To receive the Auditor's Report.
5. To receive and consider the Accounts for the year ended 30th June 2025.
6. To declare a Dividend.
7. To elect Directors
8. To confirm the appointment of Auditors for year ending 30th June 2026 and to authorize the Directors to fix the remuneration of the Auditors.
9. To discuss any other business for which notice in writing is delivered to the Company's Secretary three (3) clear banking days prior to the meeting.

By Order of the Board



**Stephen O. A. Hector**  
**CORPORATE SECRETARY**

## SHAREHOLDERS OF RECORD

All shareholders of record as at 31st October 2025 will be entitled to receive a dividend in respect of the financial year ended 30th June 2025.

## PROXY

A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy to vote in his/her stead. No person shall be appointed a proxy who is not entitled to vote at the meeting for which the proxy is given. The proxy form must be delivered to the Company's Secretary not less than 24 hours before the meeting.

# ARTICLES GOVERNING MEETINGS

## ARTICLE 42

At any meeting, unless a poll is demanded as hereinafter provided, every resolution shall be decided by a majority of the Shareholders of their proxies present and voting, either by show of hands or by secret ballot, and in case there shall be an equality of votes, the Chairman of such meeting shall have a casting vote in addition to the vote to which he may be entitled as a member.

## ARTICLE 43

If at any meeting a poll is demanded by ten members present in person or by proxy and entitled to vote, the poll shall be taken in every such manner as the Chairman shall direct: and in such case every member present at the taking of the poll, either personally or by proxy, shall have a number of votes, to which he may be entitled as hereinafter provided: and in case at any such poll there shall be an equality of votes, the Chairman of the meeting at which such poll shall be taken shall be entitled to a casting vote in addition to any votes to which he may be entitled as a member and proxy.

## ARTICLE 45

Every member shall on a poll have one vote for every dollar of the capital in the Company held by him.

## ARTICLE 56

At every ordinary meeting one-third of the Directors shall retire from office. If the number of Directors be not divisible by three, then the nearest to one-third of the number of Directors shall retire from office. The Directors to retire shall be those who have been longest in office since their last election. As between Directors of equal seniority in office, the Directors to retire shall be elected from amongst them by lot. A retiring Director shall be immediately, or at any future time, if still qualified, eligible for re-election.

## ARTICLE 59

No one (other than a retiring Director) shall be eligible to be a Director, unless notice in writing that he is a candidate for such office shall have been given to the Company by two other members of the Company at least seven days before the day of holding the meeting at which election is to take place.

# FINANCIAL HIGHLIGHTS

	2025	2024 (Restated)	2023 (Restated)	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>BALANCE SHEET INFORMATION</b>					
Total assets	3,323,143	3,558,334	3,772,524	3,620,139	3,737,031
Total customer's deposits	2,293,599	2,707,136	2,982,428	2,839,826	2,595,318
Net Loans & advances	1,085,457	1,046,128	990,022	964,589	867,445
Investment securities and originated debts	1,217,773	1,391,239	1,303,776	1,324,852	1,461,564
Cash, cash equivalents and term deposits	206,214	256,051	397,217	581,840	451,452
<b>OPERATING RESULTS</b>					
Gross operating (loss)/income	200,048	182,266	162,236	(109,351)	421,091
Interest income	92,355	95,713	74,400	63,229	62,023
Interest expense	57,415	52,178	47,914	50,591	48,466
Net (loss)Income	27,781	50,811	47,017	(296,213)	188,368
Operating expenses/provisions	107,722	98,291	85,071	144,847	129,759
Number of employees*	333	314	289	274	269
Gross revenue per employee	608	580	561	(399)	1,565
Average assets per employee	10,333	11,673	12,790	13,434	13,191
<b>SHARE CAPITAL &amp; DIVIDEND INFORMATION</b>					
Common shares issued and outstanding (in thousands)	141,750	141,750	141,750	141,750	135,000
Total shareholder's equity	614,716	584,904	537,918	491,587	812,769
Dividends paid	7,087	7,087	-	41,850	-
Number of shareholders*	5,872	5,853	5,800	5,795	5,642
Earnings per share (\$)*	0.20	0.36	0.33	(2.14)	1.40
Dividends per share (\$)*	0.05	0.05	-	0.30	-
Book value per common share*	4.34	4.13	3.79	3.47	6.02
<b>BALANCE SHEET AND OPERATING RESULTS</b>					
	%	%	%	%	%
<b>RATIOS (%)</b>					
Gross loans and advances to deposits	49.0	40.0	34.3	36.7	36.2
Staff Cost/Total Cost	22.8	23.3	23.6	16.5	21.4
Staff Cost/Total Revenue	18.9	19.2	19.4	(29.4)	9.1
Cost/Income (Efficiency) before impairment	71.9	73.4	72.4	(66.1)	27.6
Cost/Income (Efficiency) after impairment	75.5	75.6	74.4	(90.6)	34.8
Return on Equity	4.9	9.0	9.1	(45.4)	26.4
Return on Assets	0.8	1.4	1.3	(8.0)	5.3
Asset Utilization	5.8	5.0	4.4	(3.0)	11.9
Yield on Earning Assets	3.2	3.1	2.3	2.0	2.0
Cost to fund Earning Assets	2.0	1.7	1.5	1.6	1.6
Net Interest Margin	1.2	1.4	0.8	0.4	0.4

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Carol Boddie	Chairman
Terrence Crossman	1st Vice Chairman
Lorna Hunkins	2nd Vice Chairman
Ophelia Blanchard	Director
Azuree Liburd	Director
Ronald Powell	Director
Hollis Prentice	Director
Glenville Rogers	Director
Winston Hutchinson	Director
Mitchell Gumbs	Director

## SECRETARY

Stephen O. A. Hector

## AUDITORS

Grant Thornton  
Corner Bank Street & West Independence Square  
P.O. Box 1038  
Basseterre  
St. Kitts

# BRANCHES, ATMS AND SUBSIDIARIES

## BRANCHES

### Head Office

Central Street,  
Basseterre

### Nevis Branch

Charlestown, Nevis

### Sandy Point Branch

Main Street, Sandy Point, St. Kitts

### Express Banking Center

Bird Rock, Basseterre, St. Kitts

### RLB Airport Branch

RLB International Airport

## ATMS

Basseterre Branch  
Buckley's  
Cayon  
CAP Southwell Industrial Park  
Frigate Bay-Marriott  
Frigate Bay-Sugars Complex  
Lodge  
Mapau  
Molineux  
Nevis Branch  
Old Road  
Pelican Mall  
RLB International Airport  
Sandy Point  
Saddlers  
St. Paul's  
St. Peter's  
Tabernacle  
The Circus  
Belmont Gardens, Pinneys, Nevis  
Central Street, Basseterre  
Express Banking Center,  
Bird Rock  
Ferry Terminal, Basseterre

## SUBSIDIARIES CONSOLIDATED

National Bank  
Trust Company  
(St. Kitts-Nevis-Anguilla)  
Limited  
Sands Complex,  
Basseterre, St. Kitts

National Caribbean  
Insurance Company  
Limited  
Port Zante,  
Basseterre, St. Kitts

St. Kitts and Nevis  
Mortgage and Investment  
Company Limited  
Sands Complex,  
Basseterre, St. Kitts

## REGISTERED OFFICE OF THE PARENT COMPANY

St. Kitts-Nevis-Anguilla  
National Bank Limited  
Central Street,  
Basseterre, St. Kitts

With innovative digital tools, we are shaping a financial ecosystem where young people can confidently build their future—anytime, anywhere.

# Empowering the Future, One Tap at a Time



# ST. KITTS-NEVIS- ANGUILLA NATIONAL BANK LIMITED (SKNANB)

## Chairman's Report

“

***As we reflect on the past year, there is evidence that our commitment to sustainability was foremost in our mind and is manifested in another year of profitability and growth in our Loans portfolio and Interest Income.***

**Carol I. Boddie**  
Chairman, SKNANB



Our theme for this year's annual report, **"A Future in Focus"**, aptly captures the strategic vision adopted by the Board of Directors and Management of the St. Kitts-Nevis-Anguilla National Bank. As we reflect on the past year, there is evidence that our commitment to sustainability was foremost in our mind and is manifested in another year of profitability and growth in our Loans portfolio and Interest Income.

Over the past year, events at both the Global and Regional levels have continued to dictate the path we must maneuver to ensure the sustainability of this august institution. Recent and ongoing developments have highlighted the realization that complacency can no longer be the accepted norm. It must give way to a proactive and sustained approach to conducting business.

The need to alter our approach is even more critical given the high levels of economic uncertainty which have resulted in delays in planned expansion, staff reduction, and curtailed tourism-related activities. These global issues pose serious threats to our operations. However, I am pleased that we have been able to deftly guide the Bank through the challenging and unsettling landscapes of :-

- Geopolitical instability – political unrest, international tensions, wars and conflicts,
- Trade wars – economic sanctions, tariffs, decrease in governments' spending,
- Increased regulatory and reporting requirements,
- Threats to business continuity – Cybersecurity, natural disasters.

Our people must be commended for their dedicated and invaluable efforts in ensuring that as a team we continue to serve our customers, manage the risks, incorporate technology and drive innovations. The Board and Management continue its investment in human capital, ensuring that the Staff

is properly equipped to identify and capitalize on opportunities to advance the institution. In this vein the staff participated in training including Conversational Spanish, Risk & Compliance, Leadership Development, Customer Service, Anti Money Laundering and Countering the Financing of Terrorism (AML/CFT), and Human Resources Management.

Several policies pertaining to Staff were updated and implemented, while work has commenced on others. We aim to continuously equip our staff with the requisite knowledge, skill and tools to empower them to serve our customers with high standards of professionalism. Their inclusion in decision making and strategic planning was underscored by the staff's participation in the first ever Employee Survey. The results of this survey are even now being incorporated in our daily activities.

Our Board and management are ever conscious of the importance of our mandate. We impact lives – helping people to attain their goals of home ownership, continued education, economic and financial independence. That is the "Future in Focus", not only for the Bank, but for our customers, shareholders and all other stakeholders. We continue to leverage partnerships with various organizations in the community to facilitate business development and expansion, the development of youth through sports and culture, and supporting others through their financial journey. Our commitment to socially responsible practices and initiatives remain strong.

Foremost in the minds of the Directors is the critically important need to strengthen our capital position. Through various strategic initiatives, we have seen steady improvement. The Bank's Capital Adequacy Ratio (CAR) is strong and exceeds the ECCB regulated 15%, while our Retained Earnings continues trending in a positive direction. The effort to align our investment portfolio to attain an optimal balance between profitability and liquidity while mitigating risks remains our focus.

Efforts to complete the initiatives identified for the year continue unabated. The relocation of the operations of the Pelican Mall Branch to the Express Banking Center at Bird Rock is one that offered a more esthetically pleasing, less congested business environment. Our new loan products, which are only offered at that location, have contributed greatly to our revenue growth. We continue to utilize the newest technology to ensure that our customers can access our ATMs in a safe and secure environment, while helping to mitigate the increasing threat to cybersecurity.

Work on enhancing the Core Banking System progresses. On integration, it is expected that the Bank will realize efficiencies in several key areas. Our aim in this venture is to prevent our banking infrastructure from becoming overwhelmed by the demands of our stakeholders. At the same time, we are positioning ourselves to deliver even greater value, to respond to the rapid pace of change with agility, and to advance the industry.

The Board and Management are excitedly looking ahead to the new financial year. In our thrust to navigate the ever evolving industry, dynamic and intensified competition, a clear and cohesive strategic direction is essential. To this end the following have been identified for action:

- Development of a new Strategic Plan for the company,
- Improvement in the culture mindset of the Institution through effective change management,
- Talent development through the operationalization of the Succession Policy,
- Continuous enhancement to the Risk Environment, and
- Further strengthening of the capital position through increased profits and alternate means.

We express our profound thanks to our Management and Staff, shareholders, valued customers and all other stakeholders for your continued commitment to the St. Kitts-Nevis-Anguilla National Bank. Your support and loyalty are forever appreciated. Do continue to provide us with your feedback which is always encouraged and welcomed. On behalf of the Board of Directors I extend best wishes for a Peaceful, Healthy and Productive 2026.



**Carol I. Boddie**  
Chairman, SKNANB

# Year at a Glance

## Group Performance



**+5.1%**

**\$614.7 Million**

**SHAREHOLDER'S EQUITY**



**\$4.34**

**5.1% Increase**

**BOOK VALUE PER SHARE**



**+3.8%**

**\$1.09 Billion**

**LOAN GROWTH**



**49.00%**

**22.5% Increase**

**GROSS LOANS TO DEPOSITS**



**5.80%**

**16.0% Increase**

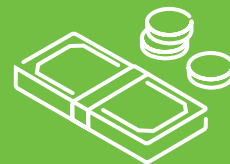
**ASSET UTILIZATION**



**3.20%**

**3.2% Increase**

**YIELD ON EARNING ASSETS**



**\$200M**

**9.8% Increase**

**GROSS REVENUE**

## Chairman's Report



***By embracing data insights, driving product innovation, and staying agile, we will keep NCIC synonymous with trust and regional leadership."***

**H.E. Ambassador  
Cedric Liburd**  
Chairman NCIC



### **A Modern Identity for a New Era**

This year, NCIC undertook a purposeful rebranding—honouring our 50-year legacy while meeting the evolving expectations of today's customer. Research confirmed a shift toward digital convenience, flexibility, and modern service experiences. Our refreshed promise, **"Always here for you...all ways,"** captures our commitment to remain both dependable and forward-thinking.

### **Early Results & Market Response**

The impact has been clear. Increased website traffic, rising online payments, and renewed customer engagement signal strong market acceptance. Our revitalised brand has also strengthened our presence through improved physical spaces and bolder marketing initiatives.

### **Enhancing the Customer Experience**

We continued advancing service excellence, with the upcoming Plexis Claims Management System set to improve adjudication speed and transparency. Our new Customer Service Department and digital feedback tool ensure customer voices remain central to how we operate.

### **Responsible & Sustainable Growth**

Our new identity reinforces our duty to protect families, uplift communities, and support national development. Customer-centricity and profitability are aligned—sustainable growth is built on trust, meaningful relationships, and delivering consistently high-value service.

### **Outlook**

Over the next five years, we aim to position NCIC as the leading insurer across all markets we serve. By embracing data insights, driving product innovation, and staying agile, we will keep NCIC synonymous with trust and regional leadership.

With pride in our progress and confidence in our future, we remain committed to serving our customers with excellence—today and for generations to come.

**H.E. Ambassador Cedric Liburd**  
Chairman NCIC

## Chairman's Report



***Looking ahead, we see the Trust poised to take its place as a regional leader in trust, investment, and digital financial services.***

**R.A. Peter Jenkins**  
Chairman NBT



In a period defined by rapid technological advancement and shifting global financial landscapes, our mandate at the National Bank Trust Co. remains clear: to safeguard the interests of our clients while preparing the institution for a future of sustainable, customer-centric growth. As we look back on the past year and ahead to the opportunities before us, our focus is firmly set on ensuring that the Trust continues to evolve with purpose, resilience, and strategic discipline.

### **Building a Smarter, More Responsive Trust**

This year marked the beginning of a transformative phase for the Trust as we continued to lay the foundation for a more data-driven organization. By integrating advanced analytics, artificial intelligence, and modern digital tools, we are positioning the Trust to anticipate client needs with greater accuracy and to identify opportunities with greater precision. These efforts will enhance how we assess risk, tailor solutions, and deliver long-term value across our portfolios.

At the same time, we are advancing innovations in investment management and customer onboarding that will redefine the client experience. The planned introduction of pooled investment funds, ESG-aligned portfolios, and a next-generation digital escrow and onboarding platform will open new pathways for accessibility, efficiency, and transparency—hallmarks of the modern financial institution we are building.

### **Strengthening Resilience and Responsibility**

Our commitment to customers and communities remains at the heart of every strategic choice we make. As a Trust with deep national roots, we are proud to expand our collaboration with the Government's Aspire Program and other

partners dedicated to strengthening social and economic resilience. Equally, our development of green and impact-oriented investment solutions underscores our belief that responsible finance is not simply good practice—it is an imperative for sustainable national transformation.

Balancing profitability with a customer-first philosophy is the cornerstone of our approach. By diversifying our revenue streams, optimizing our operations, and investing in digital transformation, we are building an agile institution capable of delivering consistent returns while always acting in the best interest of our clients.

## A Five-Year Vision of Regional Leadership

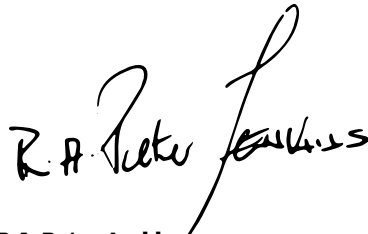
Looking ahead, we see the Trust poised to take its place as a regional leader in trust, investment, and digital financial services. With the strength of the Saint Kitts, Nevis and Anguilla National Bank Group behind us, we are leveraging synergies across the enterprise to design integrated, high-value financial solutions that meet the needs of individuals, institutions, and families throughout the Caribbean. Our ambition is not only to grow—but to lead with integrity, innovation, and unwavering confidence.

## Future in Focus

“Future in Focus” is more than a theme; it is a declaration of our direction. It captures our commitment to modernization, partnership, and the responsible stewardship of wealth. It reflects our dedication to giving clients the tools to build, preserve,

and transfer wealth with clarity and confidence. And most importantly, it reaffirms that our progress will always be guided by the values that have defined this institution for generations: trust, integrity, and service.

As we step forward into this next chapter, I extend my sincere appreciation to our clients, employees, and partners for their enduring confidence in the National Bank Trust Co. Together, we are shaping a future that is focused, resilient, and rich with possibility.



**R.A. Peter Jenkins**  
Chairman NBT

## Managing Director's Report



*The Group's strategic direction remains anchored in disciplined execution, prudential risk management, customer-centricity, and long-term value creation for our shareholders and stakeholders.*

**Terrence Crossman**  
Managing Director



### FUTURE FOCUSED

Strengthening the Core. Advancing Digitally.  
Expanding Regionally.

It is my privilege to present the Managing Director's Report for the fiscal year ended June 30, 2025, a year in which the St. Kitts-Nevis-Anguilla National Bank Group advanced several critical pillars of its long-term transformation strategy. This year's theme, Future Focused, captures our forward orientation: strengthening institutional resilience, accelerating our digital transition, improving operational performance, and laying the foundation for growth.

The Group's strategic direction remains anchored in disciplined execution, prudential risk management, customer-centricity, and long-term value creation for our shareholders and stakeholders.

I extend my heartfelt appreciation to our Boards of Directors, management teams, and staff for their dogged dedication. To our customers, thank you for your unwavering loyalty which continues to drive the sustainable growth our institution.

### GROUP FINANCIAL PERFORMANCE

#### STRATEGIC ACHIEVEMENTS & OPERATIONAL PROGRESS

##### 1. Growth in Lending & Product Performance

The Bank's strategy to diversify revenue and strengthen the quality of its loan book produced strong results:

- Newly introduced loan products performed as expected.
- Our Mortgage portfolio continues to grow as a result of our bold strategy to empower aspiring homeowners.
- Our Electronic Services Business

continues to grow and contribute to our overall profitability.

These outcomes demonstrate strong alignment between strategic intent and product innovation.

## 2. Investment Portfolio Restructuring & Risk Management

In light of persistent geopolitical instability, inflationary risk, and global financial market volatility, a highly conservative investment posture was adopted. Rebalancing and monitoring of the investment portfolio resulted in higher investment income compared to the prior year, while reducing overall risk to a positive risk-adjusted outcome aligned with regulatory expectations and policy.

## 3. Digital Transformation: A New Era

The most significant transformational milestone underway is the implementation of a modern digital banking system, replacing the Bank's four-decade-old legacy infrastructure. This investment, which represents one of the largest in the Bank's history, is the foundation for:

- Full-service integration across customer channels
- More seamless, real-time processing
- Enhanced cybersecurity and operational resilience
- Modern digital self-service tools

- Scalable technology

## 4. Subsidiary Performance

### National Caribbean Insurance Company (NCIC)

NCIC recorded one of its strongest financial performances in recent history, with net profit before tax increasing from \$3.02M in 2024 to \$6.09M in 2025, more than doubling year-over-year.

We are implementing a transformational real-time swipe-card claims processing system, which is due to become operational early next calendar year. Our customers can look forward to an enhanced experience through streamlined claims and settlement processes.

### National Bank Trust Company

The Board of National Bank Trust is keenly focused on redefining its mission and purpose and has begun efforts to reposition and redefine the organization.

## 5. Human Capital & Culture Transformation

Building a future-ready institution requires a skilled, aligned, and motivated workforce. To achieve this, several initiatives have been undertaken including:

- Leadership development led by global expert René Carayol
- Comprehensive staff engagement and culture assessment via McLean & Company
- Change management

programs with a regional consultant

- Recruitment strengthening, with more rigorous competency-based assessments
- Job rotation and succession planning initiatives
- Training on digital readiness, customer experience, and regulatory compliance

These programs reinforce our aspiration to be the employer of choice in our markets.

## GOVERNANCE, COMPLIANCE, & REGULATORY OVERSIGHT

The regulatory environment continues to intensify, with higher standards for capital adequacy, financial crime compliance, cyber resilience, and risk governance.

During the year, the Group:

- Strengthened compliance monitoring and reporting
- Enhanced AML/CFT systems and staff training
- Refreshed policies in alignment with ECCB, FATF, and regional requirements
- Improved internal audit coverage and issue-tracking effectiveness
- Advanced cybersecurity readiness in preparation for digital core migration

The Boards maintained robust oversight through their Audit, Risk and Compliance Committees, ensuring prudent supervision, accountability, and alignment with the Group's long-term strategy.

## FOUNDING & LEGACY

During the year, the Group mourned the passing of its Founder and former Managing Director, Sir Edmund Lawrence, a distinguished national figure whose visionary leadership established the very foundation upon which the St. Kitts-Nevis-Anguilla National Bank was built.

Sir Edmund Lawrence was not only the Bank's first Managing Director, he was its architect, its strategist, and its driving force for decades. His pioneering work transformed the financial services landscape of St. Kitts and Nevis, expanded access to banking for generations, and positioned National Bank as a pillar of development.

As we advance our digital transformation and prepare the institution for a new era of technological sophistication and regional reach, we do so in direct continuation of the legacy he created. The Bank's future-focused strategy stands firmly on the groundwork laid by Sir Edmund Lawrence, honoring his commitment to service, innovation, and the economic empowerment of our people.

## OUTLOOK FOR 2025–2026

Three strategic priorities will guide the Group through the upcoming year:

### 1. Successful Execution of the Digital Transformation Strategy

This is the most important catalyst for efficiency, service quality, and innovation.

### 2. Strengthening the Group's Capital Position and Earnings Sustainability

This would be achieved through:

- Active Capital Augmentation Plan
- Improved retained earnings
- Optimized asset quality
- Sustainable growth

### 3. Enhanced Risk and Compliance Regimen

The Group continues to enhance its Risk & Compliance frameworks to ensure alignment with international best practices, regulatory requirements and strategic objectives. The continued enhancement ensures that the Group maintains its Risk & Compliance focus while reinforcing its ability to remain agile and meet the requirements of its ever-evolving operating environment.

## APPRECIATION TO THE BOARDS, MANAGEMENT TEAMS, AND STAFF

As we reflect on the progress achieved throughout the 2024–2025 financial year, I extend my sincere appreciation to the Boards of Directors, whose guidance, governance, and steady oversight have been vital in steering the Group through a period of transformation and opportunity. Their commitment to prudent leadership and institutional stability continues to strengthen the foundation on which we build.

I also recognize the unwavering dedication and professionalism of the Executive and Management Teams across the Bank, NCIC, and the Trust. Their leadership in driving operational improvements, executing strategic projects, managing risk, and supporting our people have been instrumental in delivering the outcomes highlighted in this Report.

Finally, I extend profound appreciation to our staff members at every level of the organizations. Their resilience, discipline, customer service, and willingness to embrace new ways of working underpin our successes. Each employee contributes to the strength of our institutions, and their continued commitment remains essential as we shape the next chapter of our future.

## CLOSING STATEMENT

The 2024–2025 fiscal year marked meaningful progress for the National Bank and its subsidiaries – operationally, technologically, and strategically.

As we continue our transformation journey, we remain firmly Future Focused, committed to delivering sustainable value, advancing leadership, and building a modern, resilient financial group worthy of the trust placed in us by our customers, shareholders, regulators, and communities.

Respectfully submitted,



Terrence Crossman  
**Managing Director**

**St. Kitts-Nevis-Anguilla National Bank Limited**

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE

### BOARD RESPONSIBILITIES

The key responsibilities of the Boards of St. Kitts-Nevis-Anguilla National Bank and its subsidiaries (“the Group”) include

- Establishing a sound governance structure through the development of effective policies and controls.
- Providing prudent and ethical oversight of management’s performance and ensuring the achievement of strategic objectives.
- Ensuring there is a clear line of demarcation between the Board and Senior Management that promotes a culture of integrity, accountability and transparency.
- Establishing a robust risk management framework, effective internal controls, integrity in operational practices and financial reporting.
- Promoting values and standards that ensure its obligations to its shareholders, employees, customers and other stakeholders are met.

The Boards have appointed several Committees that consider key matters of the Group, under the guidance of clearly documented Charters. These committees are

- Credit Committee,
- Audit Committee,
- Human Resource Committee,
- Risk and Compliance Committee,
- Information Technology Committee,
- Finance Committee, and
- Facilities Committee.

### BOARD SIZE AND COMPOSITION

The Articles of Associations mandates a Board size for effective decision-making based on the complexity of the organization. The composition of the Board for the Bank is between five to ten directors, four to ten for National Caribbean Insurance Company (NCIC), and four to fifteen for the National Bank Trust Company. The Board size and composition are reviewed annually based on changes in legal requirements, best practices, the skills and experiences required to enhance the Board’s effectiveness and the number of directors needed to discharge the duties of the Board and its sub-committees effectively.

The composition imperatively ensures that the Boards continue to exercise objective judgment on the corporate affairs within the Group. The current composition of the Boards of the St. Kitts-Nevis-Anguilla National Bank, NCIC and National Bank Trust Company is comprised of ten (10)

members, ten (10) members and five (5) members who were elected and appointed by the holders of ordinary shares, respectively.

The table below outlines the relevant qualifications of each Director.

Director	Qualification
Mrs. Carol Boddie	Certified Professional Accountant (CPA) Bachelor of Arts (Accounting) Accredited Director (Acc. Dir)
Mr. Terrence Crossman	Master of Business Administration (Finance) Master of Science – Global Consumer Marketing Bachelor of Arts (Accounting) Associate of Arts Accredited Director (Acc. Dir)
Ms. Lorna Hunkins	Bachelor of Science – Economics/Accounts Diploma – Graduate School of Banking Risk Committee Certification (RCC) Accredited Director (Acc. Dir)
Ms. Ophelia Blanchard	Master of Science - Computer Science, IT Law and Management Bachelor of Science - Computer Information Systems Accredited Director (Acc. Dir)
Ms. Azuree Liburd	Legal Education Certificate (LEC), Bachelor of Laws, Associates in Education (UWI) Accredited Director (Acc. Dir)
Mr. Ronald Powell	Entrepreneur and Procurement Specialist Accredited Director (Acc. Dir)
Mr. Hollis Prentice	Master of Business Administration (Human Resources) Bachelor of Arts – Economics & Business Administration Diploma - Port Statistics, Costs and Tariffs Accredited Director (Acc. Dir)
Mr. Glenville Rogers	Bachelor of Arts (Accounting) Accredited Director (Acc. Dir)
Mr. Winston Hutchinson	Certified Professional Accountant (CPA) Master of Business Administration Accredited Director (Acc. Dir)
Mr. Mitchell Gumbs	Diploma – Retail Management Accredited Director (Acc. Dir)
Mr. Stephen O.A. Hector – Corporate Secretary	Legal Education Certificate (LEC), Bachelor of Laws, Bachelor of History Accredited Director (Acc. Dir)

## INDEPENDENCE

The Board believes that director independence is very important. A Director is considered independent only where the Board determines that the director has no material relationship with the National Bank Group of Companies. The assessment of Director's independence includes an evaluation of the length of time served on the Board. A material relationship is one which could be reasonably expected to interfere with the prudential exercising of the director's judgment.

All Directors must take decisions objectively in the best interest of the Group. The Boards have established clear delineation of responsibilities between the functions of the Board and the Executive responsible for daily operations within the Group. No one individual has unrestricted powers of decision making. The roles of Chairman of the Board and Chief Executive Officer and Managing Director cannot be exercised by the same individual and no individual or group of individuals dominates the decision-making process. The current structure of the Board maintains a ratio of 80 per cent independent members to non-independent members which exceeds the 20 per cent minimum required by the regulator.

## CONFLICTS OF INTEREST

All Directors of the Group must avoid any situation which might give rise to a conflict between their personal interests and those of the entities they serve. Prior to appointment, potential conflicts of interest are disclosed and assessed to ensure that there are no matters which would prevent that person from acquiring the role. Directors are responsible for notifying the Chairman and Company Secretary as soon as they become aware of actual or potential conflicting situations.

If directors or executive officers have a material interest in a transaction or agreement with the Group that is being considered by the Board or a Board committee, they should:

- 1) disclose that interest;
- 2) recuse himself/herself from the meeting during Board or committee discussion; and
- 3) not vote on the matter.

## THE DEVELOPMENT OF DIRECTORS' KNOWLEDGE, EXPERIENCE AND SKILLS

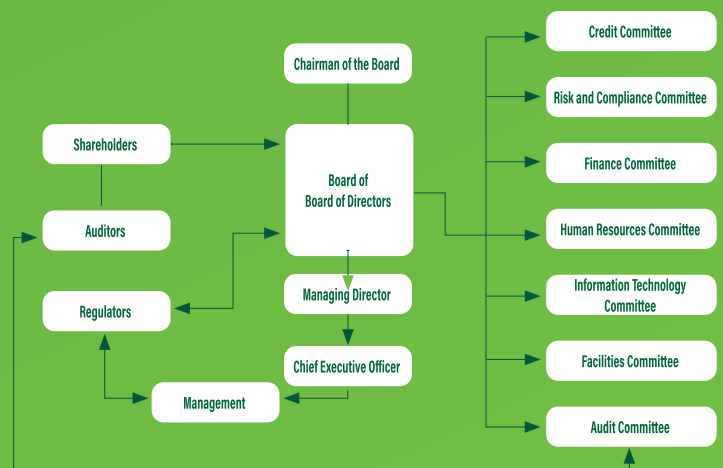
The Group ensures that those charged with governance are equipped with the requisite skills to oversee the operations, and encourage continuous development in critical areas. During the financial period, Directors within the Group attended seminars, conferences and fora that informed on the various developments and emerging

risks within the industries that might potentially affect the Group as detailed below.

- National Group - Anti-Money Laundering/ Counter Financing of Terrorism and Proliferation Financing Compliance Training
- Directors & Risk 2024
- CAB CEO & Director Forum 2025
- FIBA AML Conference 2024
- FIBA Annual Conference 2025
- Wells Fargo 2025 Caribbean Seminar
- Visa Conference 2025
- Human Resource Mandate & Requirements for Board Members 2024
- Executive Compensation Fundamentals 2024
- Directors Duties, New Technology & Data Governance 2024
- 2025 OECS Global Investment Summit
- International Facilities Management World Place Conference 2024

## COMMUNICATION

Management provides regular reporting to the Board of Directors allowing them to carry out their roles and responsibilities effectively. Additionally, information may be requested by the Directors and the diagram below provides an overview of how the Board interacts with the various stakeholder groups.



## ATTENDANCE AT BOARD MEETINGS

Board meetings serve key fora where executives and directors share information and deliberate on the institutions' performance, plans and policies. Attendance to meetings is critical to the execution of the fiduciary duties. The tables below detail the attendance records for the three Boards.

## SKNANB Board Meeting Attendance Report for year ended 30 June 2025

DIRECTORS	No. of Meetings Attended	Meeting Attendance	
		Number	Rate (%)
Mrs. Carol Boddie	25 of 25	25	100
Mr. Terrence Crossman	21 of 25	21	84
Ms. Lorna Hunkins	24 of 25	24	96
Ms. Ophelia Blanchard	25 of 25	25	100
Mr. Glenville Rogers	25 of 25	25	100
Ms. Azuree Liburd*	16 of 25	16	64
Mr. Ronald Powell	23 of 25	23	92
Mr. Hollis Prentice	25 of 25	25	100
Mr. Winston Hutchinson	23 of 25	23	92
Mr. Mitchell Gumbs	24 of 25	24	96
Mr. Stephen Hector (Secretary)	25 of 25	25	100
<b>No. of Meetings</b>		<b>25</b>	

\*During the period of review Director Liburd was ill for an extended period and therefore she could not attend a number of meetings.

## NCIC Board Meeting Attendance Report for year ended 30 June 2025

DIRECTORS	No. of Meetings Attended	Meeting Attendance	
		Number	Rate (%)
Mr. Cedric R. Liburd	17	17 of 17	100
Mrs. Emileta Warner-Paul	17	17 of 17	100
Ms. Thamesha Fyfield	13	13 of 17	76
Mr. Shannoid L. Bass	17	17 of 17	100
Mrs. Juliette James	16	16 of 17	94
Ms. Deanne Arthurton	16	16 of 17	94
Ms. Dorothy Caines	16	16 of 17	94
Mr. McLevon Tross	15	15 of 17	88
Mrs. Chanelle Myers	16	16 of 17	94
Mr. Terrence Crossman	17	17 of 17	100
Ms. Julita Lawrence (Secretary)	17	17 of 17	100
<b>No. of Meetings</b>		<b>17</b>	

## National Bank Trust Company (St. Kitts-Nevis-Anguilla) Limited Board of Directors

### Attendance Report for year ended 30 June 2025

DIRECTORS	No. of Meetings Attended	Meeting Attendance	
		Number	Rate (%)
Mr. R.A. Peter Jenkins	6	6 of 6	100
Mr. Delano Bart K.C.	6	6 of 6	100
Mrs. Carol Boddie	6	6 of 6	100
Mr. Terrence Crossman	6	6 of 6	100
Ms. Elyn Swanston (Secretary)	6	6 of 6	100
<b>No. of Meetings</b>		<b>6</b>	

### St Kitts and Nevis Mortgage and Investment Company Limited

The Board of Directors of the St. Kitts-Nevis-Anguilla National Bank Ltd provides corporate oversight and governance over the affairs of St. Kitts and Nevis Mortgage and Investment Company Ltd (MICO). The St. Kitts-Nevis-Anguilla National Bank Trust Company Ltd is responsible for operations of the company effective March 1, 2017.

### Directors' Rotation

At every ordinary general meeting one-third of the Directors shall retire from office. If the number of Directors be not divisible by three, then the nearest to one-third of the number of Directors shall retire from office. The retiring Directors shall be those who have been in office longest since being last elected. Where Directors are of equal seniority in office, the Directors to retire shall be selected from amongst them by lot. A retiring Director shall be immediately, or at any future time, if still qualified, eligible for re-election.

## Directors' Remuneration

Directors' fees are included in the Note 27 "Other Expenses".

Director	No. of Shares Owned	Type of Director
Ms. Carol Boddie	2,972	Non-Executive
Ms. Lorna Hunkins	840	Non-Executive
Mr. Terrence Crossman	31,920	Executive
Ms. Ophelia Blanchard	1,500	Non-Executive
Ms. Azuree Liburd	175	Non-Executive
Mr. Hollis Prentice	278	Non-Executive
Mr. Ronald Powell	300	Non-Executive
Mr. Glenville Rogers	2,500	Non-Executive
Mr. Winston Hutchinson	1,000	Non-Executive
Mr. Mitchel Gumbs	39,328	Non-Executive

## Election

Unless it be resolved to reduce the number of Directors, the ordinary general meeting at which Directors retire shall elect a successor to each retiring Director. A retiring Director shall remain in office until the close of the meeting notwithstanding the election of his successor.

### Retiring Directors to continue if no others elected

If at any meeting where there is no one elected to replace a retiring Director, the retiring Director shall continue to be a Director as though he/she had been re-elected at such meeting.

### Notice of Candidates

No one (other than a retiring Director) shall be eligible to be a Director, unless notice in writing that he is a candidate for such office shall have been given to the Company by two other members of the Company at least seven days before the day of holding the meeting at which the election is to take place.

## Resignation

A Director may at any time give one month's notice in writing to the Company of his desire to resign, and at the expiration of such notice his office shall be vacated.

### The role of the Board Committees

In an effort to effectively allocate tasks and responsibilities

at the Board level, the Board had established seven (7) standing committees for the Bank and four (4) for the NCIC.

The Boards are supported by its sub-committees which make recommendations to the Board on matters delegated to them, regarding internal control, risk, financial reporting, governance and employee matters. This enables the Board to spend a greater proportion of its time on strategic, forward-looking agenda items. Each Committee is chaired by an experienced Chairman.

### St. Kitts-Nevis-Anguilla National Bank Ltd Board Committees

The Board of the St. Kitts-Nevis-Anguilla National Bank Limited is supported by the following committees.

#### Audit Committee

The Audit Committee has a crucial role in monitoring and strengthening the control environment and reviewing the integrity of the financial statements of the National Bank Group of Companies. The Committee provides structured and systematic oversight on the internal controls over operations and promotes transparency and confidence in financial reporting as well as monitors compliance with legal and regulatory requirements. The Audit Committee is responsible for selecting external auditors for shareholder approval, reviewing the qualifications, independence, and performance of the external auditors, the internal auditors, monitoring the internal audit function and other providers of assurance. The Audit Committee reviews significant accounting and reporting issues; including critical accounting estimates and judgments used in applying accounting principles as well as the treatment of complex or unusual transactions to understand their impact on the financial statements. The members of the Committee are as follows:

*Ms. Lorna Hunkins – CHAIRMAN*

*Mr. Winston Hutchinson*

*Mr. Hollis Prentice*

*Ms. Azuree Liburd*

*Mr. Mitchell Gumbs*

*Mrs. Derry-Anne Browne – EX OFFICIO*

*Mr. Irvin Liddie – RECORDER*

#### Risk and Compliance Committee

The Risk and Compliance Committee ensures that the Group has a comprehensive program in place to identify and effectively mitigate risk. The Committee assesses and monitors the Enterprise Risk Management framework, ensures adequate management of operational risk events

and reviews the effectiveness of compliance activities within the Group entities. The Committee ensures that Senior Management is taking the appropriate measures to satisfy all of the regulatory requirements applicable to the Group and monitor compliance with regulatory, prudential, legal and ethical standards. The members of the Committee are as follows:

*Mr. Glenville Rogers – CHAIRMAN*

*Ms. Azuree Liburd*

*Mr. Hollis Prentice*

*Mr. Winston Hutchinson*

*Mr. Mitchell Gumbs*

*Mr. Brett Voisin – EX OFFICIO*

*Ms. Kimmoye Byron – RECORDER*

### **Finance Committee**

The Finance Committee is charged with oversight of all major Corporate Financial issues including but not limited to Investments, Budgets, Financial and Regulatory requirements. The composition of the Finance Committee is as follows:

*Mrs. Carol Boddie – CHAIRMAN*

*Mr. Glenville Rogers*

*Mr. Ronald Powell*

*Mr. Hollis Prentice*

*Mr. Winston Hutchinson*

*Mr. Anthony Galloway – EX OFFICIO*

*Mrs. Petronella Crooke – RECORDER*

### **Credit Committee**

The Credit Committee is charged with oversight of Credit Risk Management. The Committee reviews applications and approves loans. The Committee is also responsible for monitoring and reviewing nonperforming facilities. The Credit Committee reviews all special lending products and make appropriate recommendations to the Board of Directors. The Credit Committee also reviews all loan requests when special considerations are necessary. The members of the Committee are as follows:

*Mrs. Carol Boddie – CHAIRMAN*

*Ms. Lorna Hunkins*

*Mr. Glenville Rogers*

*Mr. Winston Hutchinson*

*Ms. Azuree Liburd*

*Mr. Anthony Galloway – EX OFFICIO*

*Mr. Stephen Hector – SECRETARY*

### **Human Resources Committee**

The Committee is responsible for assisting the Board in fulfilling its governance and supervisory responsibilities for strategic oversight of the Group's human capital, including organization effectiveness, succession planning and compensation, review of the Code of Conduct, and their alignment with the Group's strategy of consistent, sustainable performance, its risk appetite and control framework. The members of the Committee are as follows:

*Mr. Terrence Crossman – CHAIRMAN*

*Mrs. Carol Boddie*

*Ms. Lorna Hunkins*

*Ms. Ophelia Blanchard*

*Mr. Glenville Rogers*

*Mr. Anthony Galloway – EX OFFICIO*

*Ms. Giselle Solomon – RECORDER*

### **Information Technology Committee**

The Information Technology Committee is responsible for improving the effectiveness of the information technology governance of the Board of Directors. The Committee provides supervisory oversight with the Investment, Technology Risk and Security of the National Bank Group regarding change initiatives, information technology, business continuity and security effectiveness. The Committee ensures their alignment with the strategy of consistent, sustainable performance, as well as control matters. The members of the Committee are as follows:

*Ms. Ophelia Blanchard – CHAIRMAN*

*Ms. Azuree Liburd*

*Mr. Terrence Crossman*

*Mr. Ronald Powell*

*Mrs. Carol Boddie*

*Mr. Mitchell Gumbs*

*Mr. Quincy Prentice – EX OFFICIO*

*Mr. Anthony Galloway – EX OFFICIO*

*Ms. M. Patricia Bass – RECORDER*

## Facilities Committee

The Facilities Committee works closely with the facilities management team to provide safe and comfortable environment for employees and customers through space planning, construction and renovation projects.

The members of the Committee are as follows:

*Mr. Ronald Powell - CHAIRMAN*

*Mrs. Carol Boddie*

*Mr. Hollis Prentice*

*Ms. Ophelia Blanchard*

*Ms. Lorna Hunkins*

*Mr. Michael James - RECORDER*

## National Caribbean Insurance Company Limited (NCIC) Board Committees

The Board of the National Caribbean Insurance Company Limited (NCIC) is supported by the following committees which make recommendations to the Board on matters delegated to them. The mandates of these committees are the same as the responsibilities outlined earlier for the Bank.

### Audit Committee

The members of the Committee are as follows:

*Mrs. Chanelle Myers - CHAIRMAN*

*Mr. Terrence Crossman*

*Mrs. Juliette James*

*Ms. Thamesha Fyfield*

*Mrs. Derry-Anne Browne - EX OFFICIO*

*Mrs. Rosebud Lander-Abraham - RECORDER*

### Compliance Committee

The members of the committee are as follows:

*Mr. McLevon Tross - CHAIRMAN*

*Mrs. Juliette James*

*Ms. Dorothy Caines*

*Ms. Deanne Arthurton*

*Mr. Brett Voisin - EX OFFICIO*

*Ms. Almaz Glasford - RECORDER*

## Investment and Finance Committee

The members of the committee are as follows:

*Mr. Terrence Crossman - CHAIRMAN*

*Mr. McLevon Tross*

*Mrs. Chanelle Myers*

*Mrs. Emileta Warner-Paul*

*Mr. Clive Collins*

*Mr. Ryeburn Boyce - EX OFFICIO*

*Mr. Anthony Galloway - EX OFFICIO*

*Ms. Sherlene Johnson - RECORDER*

## Human Resources Committee

The members of the Committee are as follows:

*Mrs. Juliette James - CHAIRMAN*

*Ms. Dorothy Caines*

*Mr. Shannoid Bass*

*Mrs. Chanelle Myers*

*Ms. Sandra Swanston - RECORDER*

## Internal Audit Oversight

The third line of defense in the Group of Companies is the Internal Audit Unit. The mission of the Internal Audit Unit is to enhance and protect organizational value by providing risk-based and objective assurance, advise, foresight and insight. The Internal Audit Unit helps the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

The Internal Audit Unit reports directly to the Audit Committee on a quarterly basis on matters relating to staffing, training, audit engagements/ reviews and investigations.

## Organization Placement

The Chief Internal Auditor is responsible for the independent functioning of the Internal Audit Unit. The Chief Internal Auditor reports functionally to the Audit Committees and administratively to the Chief Executive Officer of the Bank. The Chief Internal Auditor has unencumbered access to the Audit Committees and may freely discuss audit policies, audit findings, and recommendations, audit follow-up, guidance issues and other matters.

## Professional Standards

The Internal Audit Unit follows the professional standards relevant to the execution of its function namely:

- i. The Global Internal Auditing Standards and Topical requirements effective January 2025.

## Independence and Objectivity

The Chief Internal Auditor will ensure that the Internal Audit Unit remains free from all conditions that threaten or interfere with the ability of the Internal Auditors to carry out their duties and responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing and report content. To emphasize the Internal Audit Unit's independence, the Unit is restricted from implementing internal controls, developing procedures, installing systems, preparing records, or engaging in any other activity that may impair the internal auditor's judgment.

The Chief Internal Auditor will confirm to the Audit Committee, at least annually, the organizational independence of the Internal Audit Unit. The Chief Internal Auditor will disclose to the Audit Committee any interference and related implications in determining the scope of the Internal Audit Unit performing work and/or communicating results.

## Audit Plan

The Audit Committee is responsible for reviewing and approving the annual audit plan which includes the audit scope and the overall risk assessment methodology presented by the Chief Internal Auditor. The Audit Committee will make an assessment whether it is appropriate, risk based and addresses critical activities over a measurable cycle. The Chief Internal Auditor reviews the status of the audit plan and any changes needed periodically, including reviews of:

- i) the results of audit activities, any significant issues reported to management and management's response and/or corrective actions;
- ii) the status of identified control weaknesses and implementation of corrective actions;
- iii) the adequacy and degree of compliance with its systems of internal control and regulations.

## Resources and Competencies

The Audit Committee recognizes that internal auditors must possess the required knowledge, expertise and competencies to perform their functions independently and collectively consistent with the requirements of the Ethics and Professionalism standards under the global internal auditing standards.

The Chief Internal Auditor therefore provides the Audit Committee with a multi-year training strategy designed to obtain the competencies required and continue professional development. A regular report on the Internal Audit Unit's personnel, including sufficiency of resources, their qualifications, certifications, and training and development needs is provided to the Audit Committee periodically.

## Periodic Review

The Audit Committee is responsible for reviewing the effectiveness of the Internal Audit Unit and assessing reports from the Chief Internal Auditor. The Internal Audit Unit had its first external quality assessment in June 2025, and the function received a conformance rating of '**Generally Achieves**' from the Institute of Internal Auditors. The rating indicates that the Internal Audit Unit operates in accordance with the Global Internal Auditing Standards issued by the Institute of Internal Auditors and meets the regulatory expectations. The results from the external quality assessment were presented to the three Boards of Directors and Senior Management at the Internal Audit 2025 Strategic Planning Workshop.

# National Bank Board of Directors



**Mrs. Carol I. Boddie**  
Chairman

Certified Public Accountant (CPA)  
Bachelor of Arts (Accounting)  
Accredited Director (Acc. Dir.)

**Mr. Terrence A. Crossman**  
1<sup>st</sup> Vice Chair/  
Managing Director

Master of Business Administration (Finance)  
Master of Science – Global Consumer Marketing  
Bachelor of Arts (Accounting)  
Associate of Arts  
Accredited Director (Acc. Dir.)

**Ms. Lorna Hunkins**  
2<sup>nd</sup> Vice Chair

Bachelor of Science – Economics/Accounts  
Diploma – Graduate School of Banking  
Risk Committee Certification (RCC)  
Accredited Director (Acc. Dir.)

**Mr. Hollis Prentice**  
Director

Master of Business Administration (Human Resources)  
Bachelor of Arts – Economics and Business Administration  
Diploma - Port Statistics, Costs and Tariffs  
Accredited Director (Acc. Dir.)

**Mr. Glenville Rogers**  
Director

Bachelor of Arts (Accounting)  
Accredited Director (Acc. Dir.)



**Ms. Ophelia Blanchard**  
Director

Master of Science - Computer Science, IT Law and Management  
Bachelor of Science - Computer Information Systems  
Accredited Director (Acc. Dir.)

**Ms. Azuree Liburd**  
Director

Legal Education Certificate(LEC)  
Bachelor of Laws  
Associates in Education (UWI)  
Accredited Director (Acc. Dir.)

**Mr. Ronald Powell**  
Director

Entrepreneur and Procurement Specialist  
Accredited Director (Acc. Dir.)

**Mr. Winston Hutchinson**  
Director

Certified Public Accountant (CPA)  
Master of Business Administration  
Accredited Director (Acc. Dir.)

**Mr. Mitchell Gumbs**  
Director

Diploma – Retail Management  
Accredited Director (Acc. Dir.)

# NCIC Board of Directors



**H.E. Ambassador  
Cedric Liburd**  
Chairman

Entrepreneur



**Mrs. Emileta  
Warner-Paul**  
Deputy Chairman

Post Graduate Certificate  
– Learning and Teaching  
Certificate (UWI) -  
Teaching



**Ms. Deanne  
Arthurton**  
Director

Bachelor of Science –  
Management Studies  
(Hons)  
Accredited Director  
(Acc. Dir.)



**Mr. Shannoid L. Bass**  
Director

Certificate – Teaching  
Accredited Director  
(Acc. Dir.)



**Ms. Dorothy Caines**  
Director

Bachelor of Arts  
(Language Education –  
Literacy Studies)  
Certificate – Primary  
Education



**Mr. Terrence A.  
Crossman**  
1<sup>st</sup> Vice Chair/  
Managing Director

Master of Business  
Administration (Finance)  
Master of Science  
– Global Consumer  
Marketing  
Bachelor of Arts  
(Accounting)  
Associate of Arts  
Accredited Director  
(Acc. Dir.)



**Ms. Thamesha  
Fyfield**  
Director

Certificate – Customer  
Service  
Certificate – Leadership



**Mrs. Juliette James**  
Director

Executive Diploma –  
Management  
Certification – Teaching  
Certificate – Investment  
and Savings  
Accredited Director  
(Acc. Dir.)



**Mrs. Chanelle Myers**  
Director

Bachelor of Science –  
Management Studies  
(Hons)  
Certificate – Supervisory  
Management  
Certificate –  
Understanding Financial  
Statements  
Accredited Director  
(Acc. Dir.)



**Mr. McLevon Tross**  
Director

Diploma – Electronic  
Engineering Technology  
City and Guilds  
Certificate – Basic  
Mechanical Engineering  
Accredited Director  
(Acc. Dir.)

# National Bank Trust Board of Directors



**Mr. Peter Jenkins**  
Chairman

Master of Science –  
Construction Engineering  
and Management

Bachelor of Science –  
Civil Engineering (Hons)

**Mr. Delano Bart KC,  
JP**

Director

LLB (Hons)

Barrister – at Law  
Certificate

**Mrs. Carol I. Boddie**

Director

Certified Public  
Accountant (CPA)

Bachelor of Arts  
(Accounting)

Accredited Director  
(Acc. Dir.)

**Mr. Terrence A.  
Crossman**

Director

Master of Business  
Administration (Finance)

Master of Science  
– Global Consumer  
Marketing

Bachelor of Arts  
(Accounting)

Associate of Arts  
Accredited Director  
(Acc. Dir.)

**Ms. Eslyn Swanston**

Director

Association of Chartered  
Certified Accountants  
(ACCA)

Bachelor of Science –  
Accounting (Hons)

Accredited Director (Acc.  
Dir.)



# DIRECTORS' REPORT

**Stephen O. A. Hector**  
Corporate Secretary

The Directors have pleasure in submitting their Report for the financial year ended June 30, 2025.

## DIRECTORS

In accordance with the Bank's Articles of Association one third of the Directors shall retire by rotation at every Annual General Meeting. Retiring Directors shall be eligible for re-election.

The retiring Directors by rotation are:

- Mr. Mitchell Gumbs
- Mr. Winston Hutchinson
- Ms. Lorna Hunkins

The retiring Directors, being eligible, offer themselves for re-election.

## BOARD COMMITTEES

In keeping with its management function and fiduciary duties, the Board of Directors operates through sub-committees of the Board. There are seven (7) such committees namely: Audit, Credit, Facilities, Finance, Human Resources, Information Technology (IT) and Risk and Compliance.

All committees work closely with management to deal with the many challenges facing the financial services industry and the Bank in particular.

## FINANCIAL RESULTS AND DIVIDENDS

The Bank focuses its strategic activities on increasing shareholders value by providing them with a reasonable return on their investment in the Bank.

During the period June 2021 to June 2025, dividend payments were as follows:

- cash dividend payment of \$28.4m (for the financial year ended June 30, 2021),
- cash dividend payment of \$7.1m (for the financial year ended June 30, 2023),
- cash dividend payment of \$7.1m (for the financial year ended June 30, 2024).

These represent a total dividend payout over the period of \$42.6m.

In accordance with the Articles of Association of the Bank, the Directors were not able to declare a dividend payment to the shareholders for the financial year ended June 30, 2022, as a result of the net loss incurred for the said financial year and the reduction in the equity reserves.

The Directors report that Profit after taxation for the year ended June 30, 2025, amounted to \$27.8 million, with earnings per common share of \$0.20.

An in-depth discussion of the financial performance for the year can be found in the Management's Discussion and Analysis, which is presented in a separate section of this Annual Report.

The Directors have decided to recommend a dividend payment of 5 cents per share for the financial year ended June 30, 2025. This recommendation, if approved by the Annual General Meeting, will mean a total dividend of \$7.1 million for the financial year ended June 30, 2025.

By Order of the Board of Directors

**Stephen O. A. Hector**  
CORPORATE SECRETARY

# National Bank Executive Management



**Mr. Terrence A. Crossman**  
Managing Director



**Mr. Anthony Galloway**  
Chief Executive Officer



**Mrs. Nuricer Archibald**  
Chief Retail Banking Officer (Ag)



**Mrs. Petronella Crooke**  
Chief Financial Officer



**Mrs. Bernice Grant Kelly**  
Chief Electronic Services Officer



**Mr. David Lake**  
Group Commercial Head



**Ms. Paula Morton**  
Chief Credit Officer



**Mr. Quincy Prentice**  
Chief Information Officer



**Mrs. Derry-Anne Browne**  
Chief Internal Auditor



**Mrs. Ermelin Sebastian-Duggins**  
Chief Legal Counsel



**Ms. Giselle Solomon**  
Chief Human Resource Officer



**Ms. Michele Thomas**  
Branch Co-ordinator, Express Banking Center and Branch Operations



**Mr. Brett Voisin**  
Senior Consultant, Risk and Compliance

# National Bank Senior Management



**Ms. Kimmoye Byron**  
Executive Manager  
Risk and Compliance Unit



**Mr. David Edwards**  
Executive Manager  
MIS Unit



**Mr. Elroy Halliday**  
Executive Manager  
MIS Unit



**Ms. Keesha Jones**  
Branch Manager  
Nevis Branch



**Ms. Lisa Merchant**  
Branch Manager (Ag.)  
Sandy Point Branch



**Mr. Anthony Morton**  
Executive Manager  
Credit and Recoveries  
Division



**Natika Rawlins**  
Executive Manager  
Legal Unit

# National Bank Trust Company



**Mr. Collin Walwyn**  
General Manager  
National Bank Trust

# National Caribbean Insurance Management



**Ms. Diana Williams - Humphrey**  
General Manager



**Mr. Ryeburn Boyce**  
Deputy General Manager



**Ms. Atisha Byron**  
Assistant General Manager



**Kendra Archibald-Woodley**  
Chief Financial Officer



**Mr. Clive Blanchard**  
Senior Manager, MIS



**Mr. Clive Collins**  
Executive Manager,  
Management Accounting



**Ms. Elrose Davis**  
Senior Manager,  
Customer Service  
Department



**Ms. Almaz Glasford**  
Senior Manager, Risk  
and Compliance



**Ms. Janice Hodge-Graham**  
Senior Manager, Life and  
Health Department



**Mr. Ericson James**  
Executive Manager  
Human Resources



**Ms. Sherlene Johnson**  
Executive Manager,  
Corporate Services



**Mrs. Hazel Manners-David**  
Branch Manager, Nevis



**Collin Morris**  
Manager, Sales



**Racquel Percival**  
Manager, Claims  
Department



**Ms. Eugenia Petty**  
Senior Manager, Human  
Resources Unit



**Mrs. Vernice Richardson**  
Branch Manager,  
Anguilla



**Ms. Sandra Swanston**  
Senior Manager, Human  
Resources



**Mr. Alister Thomas**  
Analyst, General  
Business Portfolio

By supporting the lifestyles and ambitions of the next generation, we are creating seamless financial moments that strengthen trust and build lasting prosperity.

# Connected Experiences, Confident Choices



# MANAGEMENT DISCUSSION AND ANALYSIS



***During the financial year ended June 30 2025, the Group continued to demonstrate resilience amidst a moderating economic environment.***

**Anthony Galloway**  
Chief Executive Officer



This Management's Discussion and Analysis (MD&A) is presented to enable readers to assess material changes in the financial condition and operating results of the St. Kitts-Nevis-Anguilla National Bank Ltd for the year ended June 30, 2025, compared with the corresponding period in the prior year. This MD&A should be read in conjunction with the audited Consolidated Financial Statements and related Notes for the year ended June 30, 2025.

Before going into the details of our financial performance, the economic environment in which we operated during the year is briefly outlined.

## **ECONOMIC AND OPERATING ENVIRONMENT**

### **Year in review - 2025**

Globally, economic performance during the financial year was characterized by cautious optimism. Growth remained subdued as high interest rates, tighter financial conditions and trade policy uncertainty persisted, yet the world economy continued to demonstrate resilience. Forecasts by multilateral institutions expect global GDP growth to remain around 3.3 percent in both 2025 and 2026, while inflation is projected to continue trending toward target levels as monetary policy normalizes.

The Eastern Caribbean Currency Union continued to show resilience during calendar year 2024. Regional GDP is estimated to have expanded by 3.9 percent, driven by a strong tourism recovery, enhanced airlift connectivity and public infrastructure investment that supported construction and employment. Growth within the ECCU is projected to moderate to approximately 3.2 to 3.5 percent in 2025 as structural vulnerabilities and external risks persist. The regional financial system remains stable, though legacy non performing loans and evolving macroeconomic conditions still require close oversight. Headline inflation declined significantly across the ECCU from a peak of over 9.0 percent in 2023 to below 2.0 percent during 2024, aligning with the trend in global food and energy prices.

Despite this relief, the region remains highly vulnerable to external shocks including climate

related events and geopolitical tensions affecting tourism and trade.

Economic conditions in St Kitts and Nevis during the financial year reflected a moderation of post pandemic momentum. Based on the IMF World Economic Outlook, real GDP growth for calendar year 2024 slowed to an estimated 1.5 percent, down from 4.3 percent in 2023, as the initial surge in tourism and wider economic recovery decelerated. Inflation pressures eased considerably, averaging close to 1.0 percent by the end of 2024 due to lower international fuel and commodity prices. Medium term projections point to a gradual strengthening of activity, with real GDP growth expected to rise toward 2.0 percent in 2025 and 2.5 percent thereafter, supported by continued recovery in tourism and modest expansion in government services.

During the financial year ended June 30 2025, the Group continued to demonstrate resilience amidst a moderating economic environment. Stronger credit demand and focused lending strategies supported growth in the loan portfolio, while disciplined risk management and enhanced customer engagement contributed positively to operating performance.

However, liquidity dynamics presented challenges during the year. Drawdowns by institutional depositors, aligned with shifts in investment activity, adversely affected the Group's liquidity position, resulting in a reduction in short term interest bearing deposits and overseas investments that are typically held for liquidity management purposes. In response, the Group took proactive steps to strengthen liquidity through targeted deposit raising initiatives, enhanced balance sheet monitoring, and prudent diversification of funding sources.

The Group remains well capitalized with buffers above regulatory minimums, underlining our capacity to support ongoing lending, absorb market shocks and invest in the continued transformation of the Bank. Despite a tempered pace of domestic economic activity, overall performance for the year reflected steady progress in advancing strategic priorities and improving our competitiveness in the financial services landscape.

### Regulatory Environment

The Group continues to operate in an environment of evolving regulatory standards, increased supervisory oversight and heightened expectations for governance and risk management. We remain fully committed to meeting these requirements while proactively anticipating and responding to emerging regulatory developments that may influence our business model, capital planning, customer due diligence practices and financial reporting obligations.

During the financial year, the Group advanced key

initiatives to strengthen risk management frameworks, compliance monitoring capabilities and AML CFT controls, consistent with regional supervisory priorities. We also continued preparations for identified regulatory changes across credit risk classification, cybersecurity, consumer protection and corporate governance standards. These initiatives reflect our strategic focus on safeguarding the integrity of the institution, protecting our customers and reinforcing financial system stability.

Our ongoing investment in risk, compliance and internal controls remains essential to supporting sustainable and responsible growth, ensuring that the Group continues to meet both the letter and the spirit of regulatory expectations.

## OVERVIEW

In this dynamic operating environment, we remain focused on achieving our strategic objectives. As we reflect on our achievements during the past year, we note that these were not without challenges. The Group delivered a net income of \$27.8 million in 2025, a decline from the 50.8 million earned in 2024. While revenues grew modestly, driven predominantly by substantial investment-related income, expense pressures, increased impairment costs and reduced tax benefits led to lower profitability. Despite the earnings decline, the Group remained well-capitalized, with shareholders' equity rising to \$614.7 million from \$584.9 million, reflecting the recovery in retained earnings.

### Net Interest Income

Net interest income for the year fell by 19.8% from \$43.5 million in 2024 to \$34.9 million in 2025. Despite the growth in loan interest income of \$2.4 million, total interest income declined by \$3.4 million (-3.5%) due to reduced investment assets which directly impacted interest earned on investments. The strong market demand and performance of loan products, which surpassed our initial goals, fueled the surge in loan interest income.

The Group incurred higher interest expenses of \$57.4 million for 2025 when compared with \$52.2 million in 2024, reflecting the cost of borrowing on the line of credit, which was utilized to fund liquidity needs.

Consequently, the Group's net interest margin (net interest income as a percentage of average assets) decreased to 1.2% in 2025 from 1.4% in 2024. (See Table 1)

TABLE 1

(In Millions)	2025	2024	Change	
			\$	%
Interest Income	92.3	95.7	(3.4)	(3.6)
Loans & Advances	47.9	45.5	2.4	5.3
Investments	44.4	50.2	(5.8)	(11.6)

(In Millions)	2025	2024	Change	
			\$	%
Interest Expense	57.4	52.2	5.2	10.0
Demand	0.9	0.6	0.3	50.0
Savings	13.5	13.0	0.5	3.8
Time	35.6	38.5	(2.9)	(7.5)
Other	7.4	0.07	7.3	10,471.4
<b>Net Interest Income</b>	<b>34.9</b>	<b>43.5</b>	<b>(8.6)</b>	<b>(19.8)</b>



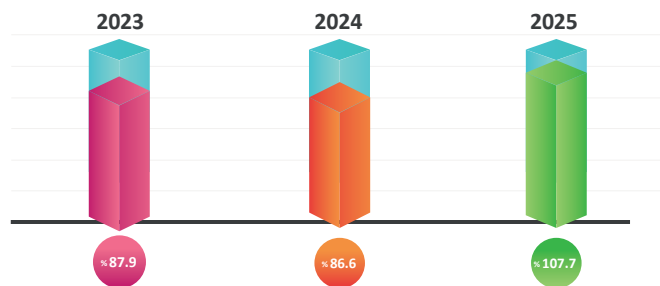
## Non-Interest Income

Non-interest income was the principal driver of profitability, rising to \$107.7 million when compared with \$86.6 million in 2024. Key contributors were market-based gains following strong performance in the investment portfolio and fees and commission income. The positive market momentum and capital appreciation across the portfolio resulted in increased returns on investments of \$60.7 million, up \$16.1 million or 36.1% from 2024. The year-over-year increase of \$4.3 million in fees and commissions primarily reflected the successful implementation of revised service fee structures across card and retail banking products and services. These adjustments strengthened the Bank's non-interest revenue base and aligned pricing with the cost of providing the service and market conditions. However, these gains were offset by lower foreign exchange gains and dividend income. (See Table 2)

TABLE 2

(In Millions)	2025	2024	Change	
			\$	%
Fee and Commission	30.0	25.7	4.3	16.7
Dividend	9.2	9.7	(0.5)	(5.2)
Net Gains/(losses) on Investments	60.7	44.6	16.1	36.1
Net Insurance related income	0.0	0.0	-	-
Foreign Exchange Gains	4.7	5.5	(0.8)	(14.5)
Other	3.1	1.1	2.0	181.8
<b>Non-Interest Income (Loss)</b>	<b>107.7</b>	<b>86.6</b>	<b>21.1</b>	<b>24.4</b>

## Non-Interest Income

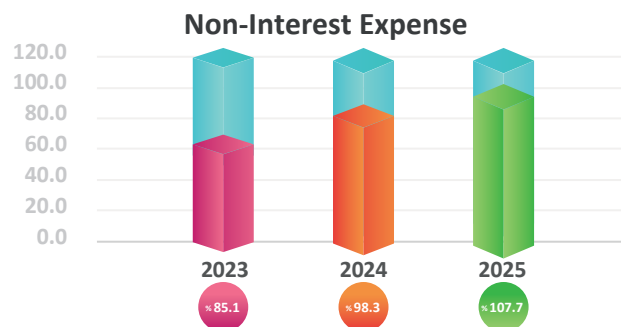


## Non-Interest Expenses

Total operating expenses increased by 8.2%, rising from \$74 million in 2024 to \$80.1 million in 2025. This upward movement reflects cost pressures that affected the Group's operations during the year. The increase was driven primarily by higher administrative costs, and a significant rise in credit impairment charges following the increase in the credit portfolio and loss model updates to reflect revised loss assumptions, in line with historical trends. Despite the increase, management maintained a disciplined approach to discretionary spending. Looking forward, cost pressures are expected to moderate as strategic efficiency initiatives gain traction. (See Table 3)

TABLE 3

(In Millions)	2025	2024	Change	
			\$	%
Administrative and general expenses	68.1	65.0	3.1	4.8
Fee expenses	27.6	24.3	3.3	13.6
Impairment charges	4.5	2.7	1.8	66.7
Depreciation and amortization	4.3	3.6	0.7	19.4
Directors Fees & Expenses	2.0	2.0	-	-
Professional fees and related expenses	1.2	0.7	0.5	71.4
<b>Non-Interest Expense</b>	<b>107.7</b>	<b>98.3</b>	<b>9.4</b>	<b>9.6</b>



## Net Income

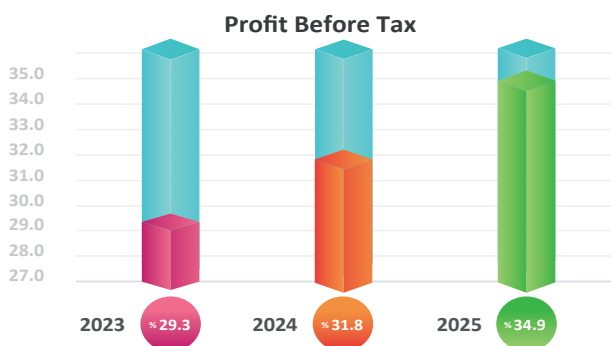
Despite a challenging operating environment, the Group delivered a satisfactory net income after tax of \$27.8 million in 2025, demonstrating the resilience of its core business model.

Notably, profit before tax increased year-over-year by \$3.1 million, reaching \$34.9 million in 2025, compared with \$31.8 million in 2024.

The variance between pre-tax and after-tax results was driven primarily by the shift from a tax credit of \$19.0 million in 2024 to a tax expense of \$7.1 million in 2025, which significantly influenced the final profit reported after tax. As a result, earnings per share (basic and diluted) declined to \$0.20 in 2025, compared with \$0.36 in 2024. (See Table 4)

TABLE 4

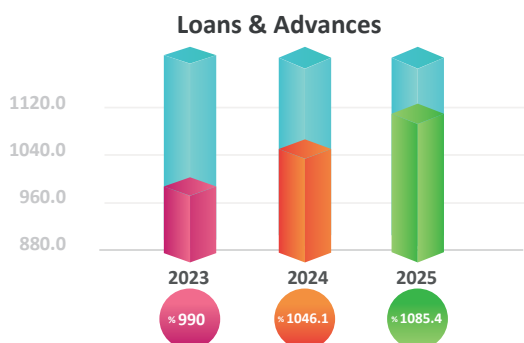
(In Millions)	2025	2024	Change	
			\$	%
Net Interest Income	34.9	43.5	(8.6)	(19.8)
Non-Interest Income	107.7	86.6	21.1	24.4
Non-Interest Expense	(107.7)	(98.3)	(9.4)	9.6
<b>Net Income (Profit b/f Tax)</b>	<b>34.9</b>	<b>31.8</b>	<b>3.1</b>	<b>9.7</b>



## Financial Conditions

### Loans and Advances

The Group experienced a considerable increase in loan volume, a testament to our competitive offerings and strategies. The solid performance reflects a strong upward trajectory in our lending activities, balanced with sound risk management. The robust loan growth of \$40.3 million was fueled by the effective launch of our new loan suite of products, which have boosted loan revenue.



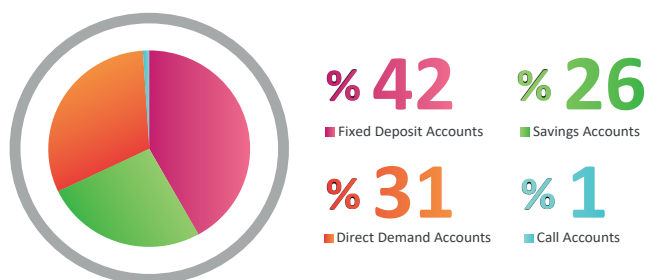
### Deposits

The inflow of customer deposits remained steady, most

importantly from retail customers and small businesses. Nevertheless, total customer deposits fell significantly by 15.3% from \$2.71 billion to 2.29 billion at June 2025, with the outflow of deposits by the institutional depositors outweighing the inflow of retail deposits. Strong deposit growth, which increased at a rate of 5.1%, was seen in the savings category, comprised of retail customers. Decreased fixed deposits and direct demand deposits were the main contributing factors to the overall decline in customer deposits. To support liquidity triggered by the reduced deposits, the Group utilized borrowings during the year from an available line of credit.

Despite these shifts, liquidity remained adequate, supported by a stable investment securities base.

### Deposit Mix



## Capital and Liquidity

The Group views capital as a critical source of financial resilience and manages its capital position proactively, taking into account business opportunities, risk exposures, capital availability, internal capital policies and evolving regulatory requirements. Our commitment to maintain safety and soundness, even under stressed conditions, remains firmly in place. The Group continues to pursue sustainable organic growth, honour obligations to creditors and counterparties, preserve access to liquidity sources, support subsidiary entities and consistently meet regulatory capital thresholds.

Capital remains central to the Group's risk-mitigation framework. As of June 30, 2025, the Tier 1 Capital Ratio and Basel Capital Ratio stood at 21% and 22% respectively, well above internationally accepted minimum standards. These robust levels underscore the Group's strong capitalization and its capacity to absorb potential shocks.

The Group also maintained a solid liquidity position during the year, despite lower levels of liquid deposits relative to the prior period. The current liquidity profile reflects the Group's continued ability to support its asset base and effectively meet contractual obligations as they fall due. This disciplined approach to liquidity management reinforces the institution's ongoing financial stability and operational flexibility.

## Risk Management

Amidst a challenging geopolitical and financial landscape, the National Bank Group continued to demonstrate strong risk stewardship across its operational, financial, earnings, strategic, regulatory, capital, cyber security, and compliance domains. The Group continually strengthens its Enterprise Risk Management Framework to remain responsive to regulatory developments and to ensure resilience in an evolving supervisory environment.

The Credit and Recoveries Division continue to work diligently to ensure the improvement in the recovery of the delinquent loans and asset quality. The initiative is a significant driver in the Group's plan to reduce the Non-Performing Loans (NPL) to Gross Loans ratio and achieve alignment with regulatory thresholds.

Market risk remained effectively managed through active oversight of the investment portfolio and the continued implementation of diversification strategies that provide a natural hedge against market volatility. The Group conducted regular stress tests to evaluate the portfolio's resilience to adverse macroeconomic and market shocks, allowing Management to swiftly adjust asset allocations where necessary to safeguard value and mitigate emerging risks.

Operational efficiency also remained a strategic priority. The Group advanced several automation initiatives aimed at improving data capture, accuracy, and reporting timelines. Ongoing upgrades to the Core Banking System are expected to further enhance process efficiency, strengthen system integrity, and elevate service quality ensuring the institution remains competitive within the regional financial sector. Management and the Board continued to foster a strong risk-aware culture throughout the organization, supported by targeted training, capacity development, and ongoing reinforcement of sound risk management practices.

## National Caribbean Insurance Company (NCIC)

NCIC delivered strong profitability growth in the current year. Net profit before tax increased to \$6.1 million for the current year, up \$3.1 million or 101% from the prior year. Enhanced investment income, which rose by \$0.9 million, coupled with operational cost rationalization drove this increase. Operating and administrative expenses decreased significantly from \$7.8 million to \$5.4 million, representing a \$2.4 million (31%) reduction.

## National Bank Trust Company

At the end of June 2025, the National Bank Trust Company reported an after-tax profit of \$4.5 million; an increase of \$4.9 million over the previous year's loss of -\$0.5 million.

This improvement in financial performance was the result of a dividend payment of \$5.0 million received from National Caribbean Insurance Company Ltd (NCIC) during the year.

## MICO

The St. Kitts-Nevis Mortgage and Investment Company reported an after-tax profit of \$34K in 2025.

## Outlook and Forward-looking Commentary

Ongoing economic uncertainty, both domestically and globally, requires vigilance. Management remains committed to disciplined risk management, sustainable growth, and delivering resilient returns to shareholders. Although margin pressures and rising impairment costs present challenges for the Group, capital improvement, diverse revenue streams, and active balance sheet management place the Group in a favourable position.

For the 2025/2026 financial year, management is committed to focusing on a number of strategic priorities. Going forward, we will emphasize:

- Enhancing deposit stability and reducing reliance on market borrowings.
- Continual strategic rebalancing of the investment portfolio to reduce earnings volatility.
- Strengthening credit underwriting to offset rising impairment trends.
- Expanding fee-based revenue streams to enhance consistent income.
- Maintaining strong capital and improving liquidity buffers.
- Leveraging strategic investments and digital infrastructure for operational efficiency.

With a disciplined focus, we believe that the Group is well positioned to navigate the moderate growth environment and continue to deliver sustainable value to our stakeholders. In the years ahead, it will be crucial to venture into new territory to further enhance the growth and reach of the Group. The recent investment in a new core software will allow a modern digital banking experience which is essential for the future of the Group.

As a competent and reliable partner for our customers and with our business activities anchored in the economy for more than 50 years, we will continue to contribute to economic growth and financial stability and, thus, to the prosperity of our region.



**Anthony Galloway**  
Chief Executive Officer, SKNANB

# NATIONAL CARIBBEAN INSURANCE COMPANY LIMITED (NCIC)

## General Manager's Report



This past year heralded entry into an era of renewal, resilience and strategic growth for NCIC. It was a year defined by operational transformation and a renewed commitment to our various publics. As we reflect on the period, we see a year marked not only by strong financial performance but by persistent organisational transformation, increased brand awareness and recognition, human capital investment and facilities enhancement. All while ensuring our customers continue to be our priority.

**Diana Williams-Humphrey**  
General Manager

### Financial Performance

For the fiscal year 2024-25 we saw an increase of 101% in profit before tax (EC\$3.02M in 2024—EC\$6.09M in 2025). This increase is attributable not only to a steady growth in our life and property portfolios, but also a combination of strategic, operational and financial improvements implemented over the period. Our financial gains represent more than strong numbers. They are also testament to our commitment to honouring our promise of always being there for you – all ways. This year, we established a Customer Services Department dedicated to elevating the claims handling experience, expanding customer support and buttressing customer trust and confidence in NCIC.

### Looking Ahead

As we look ahead, the insurance industry is entering a period of rapid transformation fueled by technology, changing customer expectations, climate change, and increasing regulatory oversight. If we are to remain competitive industry leaders, we must innovate. There are several key areas of focus that will define our landscape moving forward. These include:

1. Digital Transformation - For the new financial year NCIC will be introducing automated health claims processing that will not only improve operational efficiencies but enhance the overall customer experience.

2. Data and Technology– The rapidly changing climate conditions have resulted in frequency and severity of weather-related happenings, and this continues to impact our catastrophe exposure. As part of our strategy we are moving to enhance our data infrastructure by replacing legacy systems that lack the flexibility for today's environment. These systems will help to strengthen our risk management, facilitate improved catastrophe modelling capabilities and drive enhanced data-driven strategic decision making.

### Conclusion

Our strategy is clear, we will continue to innovate, continue to listen, and continue to build an NCIC that is forward thinking. With our top-tier team, and loyal customers, we are well-positioned to continue to deliver sustainable value, while remaining firm in our purpose. We at NCIC remain committed to safeguarding our policyholders in moments that matter most.

Thank you for your trust and partnership.

**Diana Williams-Humphrey**  
General Manager, NCIC

# NATIONAL BANK TRUST COMPANY

## General Manager's Report



### Charting a Path Forward

The Chairman's vision for customer-centric growth and technology innovation provides the foundation for our next phase of transformation. Management's focus is on turning this vision into reality — driving operational excellence, expanding client value, and positioning National Bank Trust as a modern, technology-enabled financial institution.

**Collin W. Walwyn**  
General Manager

### Driving Innovation and Digital Transformation

We are advancing our digital transformation journey with purpose. In the coming year, we will introduce a next-generation digital escrow and onboarding platform, simplifying client access and increasing transparency. Alongside this, the planned launch of pooled investment funds and ESG-aligned portfolios will mark a significant step toward diversified, sustainable growth. Together, these initiatives will enhance how we serve our clients and expand our role within the regional financial ecosystem.

### Strengthening Governance and Resilience


Our operations are anchored in strong governance and risk management. We continue to invest in technology and training to meet evolving regulatory standards and to safeguard client trust. Through partnerships such as the Government's Aspire Program and collaboration across our Group, we are aligning business growth with national development goals and global best practices in responsible finance.

### Empowering People and Building Capacity

Our people remain the heart of our success. We are cultivating a culture of innovation, accountability, and professional excellence. By equipping our team with the skills and tools to deliver superior client experiences, we are ensuring that our transformation is sustainable and future-ready.

### Looking Ahead

The coming years will see National Bank Trust evolve into a more agile, data-informed, and customer-driven institution. Our commitment to innovation, efficiency, and impact will guide every decision we make. As we execute the Board's strategic plan, we remain focused on one clear goal — to deliver lasting value for our clients, shareholders, and the communities we serve.

  
**Collin W. Walwyn**  
General Manager, NBT

We stand beside the rising generation of entrepreneurs and professionals, helping them build legacies that will shape communities for years to come.

# Investing in Today's Professionals, Inspiring Tomorrow's Leaders



# **CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

(expressed in thousands of Eastern Caribbean Dollars)



## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of St. Kitts-Nevis-Anguilla National Bank Limited

#### Opinion

We have audited the consolidated financial statements of **St. Kitts-Nevis-Anguilla National Bank Limited** and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at June 30, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

#### Basis for Opinion

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

#### Key Audit Matters

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

#### *Expected credit losses ("ECL") of financial assets*

##### *Description of the Matter*

The ECL of financial assets is a key audit matter, as it requires the application of critical management judgement and use of subjective estimates in determining the amount of ECL that are required to be recognised in the consolidated financial statements. As of June 30, 2025, the Group's financial assets with credit risk that are subject to ECL assessment amounted to \$2,309,390,000 which represents 69% of total assets.

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#### Grant Thornton

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## Key Audit Matters ...continued

### *Expected credit losses (“ECL”) of financial assets ...continued*

Accordingly, the Group used an ECL model in determining the credit loss allowance for its financial assets. Under IFRS 9, *Financial Instruments*, the assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, the associated loss ratio and of default correlation between counterparties. Furthermore, the Group incorporates forward-looking information into the assessment of whether the credit risk of an instrument has increased significantly from its initial recognition to the measurement date of ECL. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

The disclosures relating to the credit loss allowances for the financial assets, and the related credit risk are included in notes 3 to 10, 16 and 32 to the consolidated financial statements. The ECL allowance on the loans and advances to customers was considered to be a significant risk.

### *How the Matter was addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to the adequacy of the ECL allowance on the loans and advances to customers included the following:

- Obtained an understanding of and critically assessed the Group’s accounting policies relating to the classification, measurement and ECL assessment of loans and advances to customers;
- Assessed and evaluated the effectiveness of controls over the approval, recording and monitoring of loans and advances to customers, classification into credit risk stages, and calculation of ECL allowance;
- Evaluated the inputs and assumptions, as well as the formulae used in the development of the ECL models for the various financial assets. This includes assessing the appropriateness of design of the ECL impairment model and formulae used in determining the ECL;
- Evaluated the classification of credit-impaired loans and advances to customers for completeness of the population of loans and advances to customers included in the stage 3 ECL calculation. Independently tested the accuracy of management’s stage 3 ECL calculation on a sample basis;
- Examined the collateral values recorded by management by comparing them to independent valuation reports of independent professional valuers;
- Assessed the estimated costs and time to sell pledged collaterals used in the ECL calculation for reasonableness;
- Assessed the key credit risk factors such as default history, macro-economic factors and financial capability of counterparties; and
- Assessed the disclosures for completeness and adequacy to ensure compliance with IFRS 9.

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 the Board of Directors.

**Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements**

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

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.

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

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

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

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

We communicate with Board of Directors 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 the Board of Directors 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.

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

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

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



**Chartered Accountants**  
**December 2, 2025**  
**Basseterre, St. Kitts**



## Consolidated Statement of Financial Position

### June 30, 2025


(expressed in thousands of Eastern Caribbean dollars)

	Notes	2025 \$	Restated 2024 \$	Restated 2023 \$
<b>Assets</b>				
Cash and balances with Central Bank	5	193,446	211,799	225,874
Treasury bills	6	99,321	145,408	360,604
Deposits with other financial institutions	7	152,476	208,115	384,420
Loans and advances to customers	8	1,085,457	1,046,128	990,022
Originated debts	9	114,725	155,641	119,536
Financial asset	32	363,111	357,629	357,415
Investment securities	10	1,103,048	1,235,598	1,184,240
Property inventory	11	8,565	8,565	8,565
Investment property	12	4,040	4,040	4,040
Income tax recoverable	19	65,421	51,024	34,814
Property and equipment	13	45,726	45,718	37,996
Intangible assets	14	11,641	774	1,070
Right-of-use assets	15	5,155	2,368	1,063
Other assets	16	45,256	52,930	45,060
Deferred tax asset	19	25,757	32,597	17,805
<b>Total assets</b>		<b>3,323,145</b>	<b>3,558,334</b>	<b>3,772,524</b>
<b>Liabilities</b>				
Customers' deposits	17	2,293,599	2,707,136	2,982,428
Borrowings	33	130,052	–	–
Provisions, creditors and accruals	18	270,802	251,856	237,867
Acceptances, guarantees and letters of credit		3,906	7,456	7,456
Income tax payable	19	1,234	981	1,974
Lease liabilities	15	5,255	2,446	1,084
Deferred tax liability	19	3,581	3,555	3,797
<b>Total liabilities</b>		<b>2,708,429</b>	<b>2,973,430</b>	<b>3,234,606</b>
<b>Shareholders' equity</b>				
Issued share capital	20	141,750	141,750	141,750
Share premium		3,877	3,877	3,877
Reserves	21	464,715	471,426	456,923
Retained earnings/(accumulated deficit)		4,374	(32,149)	(64,632)
<b>Total shareholders' equity</b>		<b>614,716</b>	<b>584,904</b>	<b>537,918</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,323,145</b>	<b>3,558,334</b>	<b>3,772,524</b>

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

Approved for issue by the Board of Directors on December 1, 2025.

  
Chairman

  
Director



## Consolidated Statement of Income

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

	Notes	2025 \$	2024 \$
Interest income	22	92,355	95,713
Interest expense	22	(57,415)	(52,178)
<b>Net interest income</b>		<b>34,940</b>	<b>43,535</b>
Fees and commission income	23	30,017	25,680
Fees expenses	23	(27,624)	(24,333)
<b>Net fees and commission income</b>		<b>2,393</b>	<b>1,347</b>
Other income, net	24	77,676	60,873
<b>Operating income</b>		<b>115,009</b>	<b>105,755</b>
<b>Operating expenses</b>			
Administrative and general expenses	25	(68,127)	(64,981)
Other expenses	27	(7,458)	(6,254)
Credit and other impairment charges, net	26	(4,513)	(2,723)
<b>Total operating expenses</b>		<b>(80,098)</b>	<b>(73,958)</b>
<b>Net income before tax</b>		<b>34,911</b>	<b>31,797</b>
Income tax (expense)/credit	19	(7,130)	19,014
<b>Net income for the year</b>		<b>27,781</b>	<b>50,811</b>
<b>Earnings per share (basic and diluted)</b>	28	<b>0.20</b>	<b>0.36</b>

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



## Consolidated Statement of Comprehensive Income

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

	Notes	2025 \$	2024 \$
<b>Net income for the year</b>		<b>27,781</b>	<b>50,811</b>
<b>Other comprehensive income, net of tax:</b>			
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>			
Financial assets measured at FVOCI – debt instruments:			
Net unrealised gains on investment securities, net of tax	21	12,434	8,263
Expected credit (losses)/recoveries recognised on FVOCI – debt securities	21	(50)	111
Reclassification adjustments for net losses included in income, net of tax	21	(8,799)	(927)
		<b>3,585</b>	<b>7,447</b>
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Revaluation surplus on properties	21	3,637	–
Financial assets measured at FVOCI – equity instruments:			
Unrealised gains on investment securities, net of tax	21	3,645	3,294
Realised losses transferred to retained earnings, net of tax	21	–	(5,480)
Re-measurement loss on defined benefit asset, net of tax	21	(1,749)	(1,868)
		<b>1,896</b>	<b>(4,054)</b>
<b>Total other comprehensive income for the year, net of tax</b>		<b>9,118</b>	<b>3,393</b>
<b>Total comprehensive income for the year</b>		<b>36,899</b>	<b>54,204</b>

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



## Consolidated Statement of Changes in Shareholders' Equity

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

	Notes	Issued share capital \$	Share premium \$	Reserves \$	Retained earnings/ (accumulated deficit) \$	Total \$
<b>Balance at July 1, 2023, as previously reported</b>		141,750	3,877	456,923	(63,367)	539,183
Prior year adjustment – write-offs	36	–	–	–	(1,265)	(1,265)
<b>Balance at June 30, 2023, as restated</b>		141,750	3,877	456,923	(64,632)	537,918
Net income for the year		–	–	–	50,811	50,811
Other comprehensive income		–	–	8,873	(5,480)	3,393
<b>Total comprehensive income for the year</b>		–	–	<b>8,873</b>	<b>45,331</b>	<b>54,204</b>
Prior year adjustment – penalty fees	36	–	–	–	(109)	(109)
Effects of IFRS 17 transition	36	–	–	–	(22)	(22)
Transfer to reserves		–	–	5,630	(5,630)	–
<i>Transactions with shareholders</i>						
Dividends	29	–	–	–	(7,087)	(7,087)
<b>Balance at June 30, 2024, as restated</b>		141,750	3,877	471,426	(32,149)	584,904
Net income for the year		–	–	–	27,781	27,781
Other comprehensive income		–	–	9,118	–	9,118
<b>Total comprehensive income for the year</b>		–	–	<b>9,118</b>	<b>27,781</b>	<b>36,899</b>
Transfer from reserves, net		–	–	(15,829)	15,829	–
<i>Transactions with shareholders</i>						
Dividends	21	–	–	–	(7,087)	(7,087)
<b>Balance at June 30, 2025</b>		141,750	3,877	464,715	4,374	614,716

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



## Consolidated Statement of Cash Flows

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

	Notes	2025 \$	2024 \$
<b>Cash flows from operating activities</b>			
Net income before tax		34,911	31,797
Adjustments for items not affecting cash:			
Interest expense	22	57,415	52,178
Depreciation and amortisation	13, 14, 15	5,402	4,278
Credit and other impairment charges, net	26	4,513	2,723
Pension expense	34	1,390	1,263
Revaluation loss on property and equipment	25	319	–
Dividend income	24	(9,217)	(9,682)
Fair value gains on FVTPL investment securities	10	(47,617)	(35,062)
Interest income	22	(92,355)	(95,713)
<b>Operating loss before changes in operating assets and liabilities</b>		<b>(45,239)</b>	<b>(48,218)</b>
<i>Changes in operating assets:</i>			
Loans and advances to customers		(44,599)	(57,933)
Mandatory deposits with Central Bank		23,552	16,668
Other assets		4,025	(8,971)
<i>Changes in operating liabilities:</i>			
Customers' deposits		(411,902)	(275,013)
Provisions, creditors and accruals		18,946	13,326
<b>Cash used in operations</b>		<b>(455,217)</b>	<b>(360,141)</b>
Interest received		51,983	54,467
Pension contributions paid	34	(2,906)	(2,676)
Income tax paid	19	(14,985)	(15,821)
Interest paid		(58,930)	(52,391)
<b>Net cash used in operating activities</b>		<b>(480,055)</b>	<b>(376,562)</b>
<b>Cash flows from investing activities</b>			
Disposals of investment securities and originated debts		741,351	835,361
Changes in term deposits and treasury bills, net		101,084	265,218
Interest received		37,496	36,345
Dividends received		9,217	9,682
Proceeds from disposal of property and equipment		114	42
Acquisition of intangible assets	14	(5,792)	(134)
Purchase of property and equipment	13	(5,180)	(10,188)
Purchase of investment securities and originated debts		(566,045)	(896,944)
<b>Net cash from investing activities</b>		<b>312,245</b>	<b>239,382</b>
<b>Subtotal carried forward</b>		<b>(167,810)</b>	<b>(137,180)</b>



## Consolidated Statement of Cash Flows ...continued

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

	Notes	2025 \$	2024 \$
<b>Subtotal brought forward</b>		<u>(167,810)</u>	<u>(137,180)</u>
<b>Cash flows from financing activities</b>			
Repayments of lease liabilities	15	(1,973)	(1,368)
Interest paid on lease liabilities	15	(120)	(66)
Dividends paid	29	<u>(7,087)</u>	<u>(7,087)</u>
<b>Net cash used in financing activities</b>		<u>(9,180)</u>	<u>(8,521)</u>
<b>Net decrease in cash and cash equivalents</b>		(176,990)	(145,701)
<b>Cash and cash equivalents, beginning of year</b>		<u>224,152</u>	<u>369,853</u>
<b>Cash and cash equivalents, end of year</b>	33	<u>47,162</u>	<u>224,152</u>

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



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 1 Incorporation and principal activity

St. Kitts-Nevis-Anguilla National Bank Limited (the “Bank”) was incorporated as a public limited company on February 15, 1971 under the Companies Act Chapter 335, and was re-registered under the new Companies Act No. 22 of 1996 on April 14, 1999. The Bank operates in both St. Kitts and Nevis and is subject to the provisions of the Banking Act of 2015. The Bank is a public company listed on the Eastern Caribbean Securities Exchange.

The Bank’s registered office is at Central Street, Basseterre, St. Kitts. The principal activities of the Bank and its subsidiaries (the “Group”) are described below.

The Bank is principally involved in the provision of financial services being primarily commercial banking and investment activities. The Bank is regulated by the Eastern Caribbean Central Bank (“the Central Bank” or “ECCB”).

The Bank’s subsidiaries and their activities are as follows:

- *National Bank Trust Company (St. Kitts-Nevis-Anguilla) Limited (“Trust Company”)*

The Trust Company was incorporated on January 26, 1972 under the Companies Act Chapter 335, and was re-registered under the new Companies Act No. 22 of 1996 on April 14, 1999.

The principal activity of the Trust Company is the provision of long-term mortgage financing, raising long-term investment funds, real estate development, property management and the provision of trustee services.

- *National Caribbean Insurance Company Limited (“Insurance Company”)*

The Insurance Company was incorporated on June 20, 1973 under the Companies Act Chapter 335, and was re-registered under the new Companies Act No. 22 of 1996 on April 14, 1999.

The Insurance Company provides life insurance coverage, non-life insurance coverage and pension schemes.

The Company is regulated by Financial Services Regulatory Commission (FSRC) and the Anguilla Financial Services Commission (AFSC) for its operations in St. Kitts and Nevis and for its operations in Anguilla, respectively.

- *St. Kitts and Nevis Mortgage and Investment Company Limited (“MICO”)*

MICO was incorporated on May 25, 2001 under the Companies Act No. 22 of 1996 and commenced operations on May 13, 2002.

MICO acts as the real estate arm of the Group with its main operating activities being the acquisition and sale of properties.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information

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

#### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain properties and financial instruments at fair value through profit or loss and fair value through other comprehensive income. The measurement bases are fully described in the material accounting policy information. The consolidated financial statements have been prepared under the assumption that the Group operates on a going concern basis which assumes the Group will be able to discharge its liabilities as they fall due.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards as issued by the IASB requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

#### 2.2 Changes in accounting policies

##### *New standards and amendments effective for the financial year beginning July 1, 2024*

Standards and amendments that are effective for the first time on July 1, 2024 are as follows:

- IFRS S1, *General Requirement for Disclosure of Sustainability-related Financial Information*;
- IFRS S2 *Climate-related Disclosures*;
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Non-current Liabilities with Covenants (Amendments to IAS 1); and,
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

These amendments do not have a material impact on these consolidated financial statements and therefore the disclosures have not been made.

##### *Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group*

At the date of authorisation of these consolidated financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective and have not been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. These standards are not expected to have a material impact on the Group's consolidated financial statements in future reporting periods and on foreseeable future transactions.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

## 2 Material accounting policy information ...continued

### 2.3 Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of June 30, 2025. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of June 30. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

### 2.4 Cash and cash equivalents

Cash comprises cash on hand and demand and call deposits with banks. Cash equivalents are short-term, highly liquid investments with original maturities of ninety (90) days or less that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents are subject to an insignificant risk of change in value. Cash and cash equivalents exclude balances held to meet statutory requirements and restricted deposits.

### 2.5 Financial assets and liabilities

#### Classification and measurement

The Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

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

#### i) Debt instruments

Debt instruments are those instruments that contain contractual obligations to pay the instrument holder certain cash flows, such as government and corporate bonds, and loans and receivables.

Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.5 Financial assets and liabilities ...continued

##### Classification and measurement ...continued

##### i) Debt instruments ...continued

###### *Business model test:*

Business model reflects the objective of the Group holding different assets. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, the financial assets are held for trading purposes and are measured at FVTPL.

###### *Solely payments of principal and interest (SPPI) test:*

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Group considers whether interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.
- **FVOCI:** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognized in profit or loss.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be infrequent and none occurred during the period.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.5 Financial assets and liabilities ...continued

##### Classification and measurement ...continued

##### ii) Equity instruments

Equity instruments are instruments that do not contain contractual obligations to pay the instrument holder and that evidence residual interests in the issuer's net assets. The Group subsequently measures all equity investments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI.

The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

When the Group purchases an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When the Bank writes an option, an amount equal to fair value which is based on the premium received by the Bank is recorded as a liability. When options are closed, the difference between the premium and the amount paid or received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a gain or loss and is presented in the statement of comprehensive income under fair value reserves – FVOCI.

Options are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period.

The Group option acquired by the Bank has been designated as a hedge of the fair value of certain quoted equity instruments included in investment securities. The Group documents its risk management objective and strategy for undertaking its hedge transaction(s). The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 10.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument and is disclosed in note 10.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.5 Financial assets and liabilities ...continued

##### Credit risk measurement

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'stage 1'. Financial instruments in stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'stage 2' but is not yet deemed to be credit-impaired. Instruments in stage 2 have their ECL measured based on expected credit losses on a lifetime basis.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'stage 3'. Instruments in stage 3 have their ECL measured based on expected credit losses on a lifetime basis.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis.

For debt securities, the Group examines the issuer's capital adequacy, financial performance, liquidity position, and credit rating to assess whether the issuer has experienced significant increase in credit risk since the origination of the assets. When no external credit rating is available, the Group assigns internal credit rating based on internal risk criteria. The Group also considers if there is any negative press or adverse market information that may indicate changes in credit risk.

For loans and advances and other receivables, delinquency status is utilized as the main indicator for changes in credit risk. Credit management actions are triggered by movement in days past due. Other qualitative factors are considered, which include but are not limited to:

- Early signs of cash flow/liquidity problems;
- In short-term forbearance;
- Known adverse change in financial conditions; and,
- Known adverse changes in business or economic conditions in which the borrower operates.

##### *Significant increase in credit risk (SICR)*

The Group considers a financial instrument to have experienced a SICR if:

- An obligor's external or internal credit rating is downgraded to below investment grade (BB+/Ba1, its internal equivalent or lower) compared to the rating at initial recognition;
- A below investment grade instrument is lowered by 2 or multiple notches; or
- Payment of principal and/or interest is more than 30 days past due.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.5 Financial assets and liabilities ...continued

##### Credit risk measurement ...continued

##### *Significant increase in credit risk (SICR) ...continued*

If one or more of the above conditions are satisfied, the financial asset is transferred to stage 2 from stage 1. The assignment of a financial instrument to stage 3 will be based on the status of the obligor being in default. Assets in stage 2 or 3 will be transferred back to stage 1 or 2 once the criteria for significant increase in credit risk or impairment are no longer met.

The staging assessment requires the Group to monitor credit risk through regular credit reviews or other monitoring at a counterparty level.

All loans and investment securities held by the Group are allocated to a credit quality rating or risk grade (internal or external) based on the most recent review, using forward-looking and other available information on an annual basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by Management.

##### *Backstop*

A backstop is applied and the financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

If an asset is in investment grade at reporting date, it will be in stage 1 irrespective of its origination rating. With respect to loans and advances to customers however, the Group has not used the low credit risk exemption for any of those financial instruments for the years ended June 30, 2025 and June 30, 2024.

##### *Default*

For debt securities, default is defined as having missed the contractual payments of principal or interest. For loans and advances, and other receivables, the Group defines default based on the following criteria:

##### Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. Examples of these instances are:

- The borrower is in long-term forbearance;
- The borrower is deceased;
- The borrower is insolvent; and
- The borrower is in breach of financial covenants.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.5 Financial assets and liabilities ...continued

##### Credit risk measurement ...continued

##### Default ...continued

##### Impairment measurement

The criteria above are consistent with the definition of default used for internal credit risk management purposes.

ECL is determined by projecting the PD, LGD and EAD for future periods and for each individual exposure or collective segment. These three components are multiplied together and discounted back to the reporting date using the effective interest rate. For expected credit loss provisions modelled on a collective basis, a group of exposures is assessed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

##### Forward looking information

When incorporating forward looking information, such as macroeconomic forecasts, into the determination of expected credit losses, the Group considers the relevance of the information for each specific group of financial instruments. The macroeconomic indicators utilised include, but are not limited to, GDP growth and unemployment rate. These variables and their associated impact on the ECL varies by financial instrument.

In addition to the base economic scenario, the Group also incorporates upside and downside scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each product type to ensure non-linearities are captured. The attributes of scenarios are reassessed at each reporting date. The scenario weightings takes account of the range of possible outcomes of which each chosen scenario is representative.

##### Derecognition of financial assets

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the consolidated statement of financial position as 'Pledged assets', if the transferee has the right to sell or repledge them.

##### Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities include customers' deposits, borrowings, acceptances, guarantees and letters of credit, provisions, creditors and accruals, other liabilities and lease liabilities.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.5 Financial assets and liabilities ...continued

##### Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

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

#### 2.6 Employee benefits

##### i) Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities included in provisions, creditors and accruals, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

##### ii) Gratuity

The Group provides a gratuity to its employees after fifteen (15) years of employment. The amount of the gratuity payment to eligible employees at retirement is computed with reference to final salary and calibrated percentage rates based on the number of years of service. Provisions for these amounts are included in the consolidated statement of financial position.

##### iii) Pension plan

The Group operates a defined benefit plan. The administration of the plan is conducted by the Insurance Company, one of the subsidiaries. The plan is funded through payments to trustee-administered deposit funds determined by periodic actuarial calculations. A defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement based on factors such as age, years of service and final salary.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.6 Employee benefits ...continued

##### iii) Pension plan ...continued

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at the end of each reporting period.

The asset figure recognised in the consolidated statement of financial position in respect of net defined benefit asset is the fair value of the plan assets less the present value of the defined benefit obligation at the reporting date. The retirement benefit asset recognised in the consolidated statement of financial position represents the actuarial surplus in the defined benefit plan. Re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the consolidated statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Re-measurement recorded in other comprehensive income is not recycled. However, the Group may transfer those amounts recognised in other comprehensive income within equity.

#### 2.7 Property and equipment

Land and buildings held for use in the rendering of services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity, usually every five (5) years, such that the carrying amount does not differ materially from that which would be determined using fair values at the year end.

Any revaluation increase arising on the revaluation of such land and buildings is credited in equity to revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in income, in which case the increase is credited to income to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to income to the extent that it exceeds the balance, if any, held in the fixed asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the consolidated statement of income. On the subsequent sale or retirement of a revalued property, any revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the fixed asset revaluation reserve to retained earnings except when an asset is derecognised.

Projects ongoing represents structures under construction and project development not yet completed and is stated at cost. This includes the costs of construction and other direct costs. Projects ongoing is not depreciated until such time that the relevant assets are ready for use.

Freehold land is not depreciated. Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on the following bases:



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.7 Property and equipment ...continued

Buildings:	25 – 45 years
Leasehold improvements:	25 years, or over the period of lease if less than 25 years
Equipment, fixtures and fittings and motor vehicles:	3 – 10 years
Right-of-use assets:	3 – 10 years

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

All repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the consolidated statement of income.

#### 2.8 Impairment of non-financial assets

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.9 Insurance and reinsurance contracts

##### i) Classification

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred. Insurance contracts can also transfer financial risk. The Group issues immediate annuity contracts and term life contracts with a surrender value.

The Group also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities. The Group provides reinsurance cover for immediate annuity and term life contracts.

The Group does not issue any contracts with direct participating features.

##### ii) Separating components from insurance and reinsurance contracts

The Group assesses its life insurance and reinsurance products to determine whether they contain components which must be accounted for under another IFRS rather than IFRS 17 (distinct non insurance components). After separating any distinct components, an entity must apply IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's products do not include distinct components that require separation.

Some term life contracts issued by the Group include a surrender option under which the surrender value is paid to the policyholder on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component in IFRS 17. IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance expenses. The surrender options are considered non distinct investment components as the Group is unable to measure the value of the surrender option component separately from the life insurance portion of the contract.

Some life reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The profit commission components have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.9 Insurance and reinsurance contracts ...continued

##### iii) Level of aggregation

IFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Group identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Group makes an evaluation of whether a series of contracts can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Group has defined portfolios of insurance and reinsurance contracts issued based on its product lines, namely immediate annuity and term life contracts due to the fact that the products are subject to similar risks and managed together. The expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business. In determining groups of contracts, the Group has elected to include in the same group contracts where its ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation.

The groups of contracts for which the modified retrospective and the fair value approach has been adopted on transition include contracts issued more than one year apart.

The annuity and term insurance and reinsurance contracts portfolios are divided into:

- A group of contracts that are onerous at initial recognition
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently
- A group of the remaining contracts in the portfolio

The reinsurance contracts held portfolios are divided into:

- A group of contracts on which there is a net gain on initial recognition
- A group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition
- A group of the remaining contracts in the portfolio



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

## 2 Material accounting policy information ...continued

### 2.9 Insurance and reinsurance contracts ...continued

#### iv) Recognition

The Group recognises groups of insurance contracts that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due, or when the first payment is received if there is no due date
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.

The Group recognises a group of reinsurance contracts held it has entered into from the earliest of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date

The reinsurance contracts held by the Group provide proportionate cover. Therefore, the Group does not recognise a proportional reinsurance contract held until at least one underlying direct insurance contract has been recognised. The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

#### v) Onerous groups of contracts

The Group issues some contracts before the coverage period starts and the first premium becomes due. Therefore, the Group has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due. The Group looks at facts and circumstances to identify if a group of contracts are onerous based on:

- Pricing information;
- Results of similar contracts it has recognised; and
- Environmental factors, e.g., a change in market experience or regulations,

#### vi) Contract boundary

Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.9 Insurance and reinsurance contracts ...continued

##### vi) Contract boundary ...continued

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
  - The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
  - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

For life contracts with renewal periods, the Group assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals are established by the Group by considering all the risks covered for the policyholder by the Group, that the Group would consider when underwriting equivalent contracts on the renewal dates for the remaining service. The Group reassesses contract boundary of each group at the end of each reporting period.

##### vii) Insurance contracts – initial measurement

The general model measures a group of insurance contracts as the total of:

- Fulfilment cash flows
- A CSM representing the unearned profit the Group will recognise as it provides insurance contract services under the insurance contracts in the group

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Group estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

## 2 Material accounting policy information ...continued

### 2.9 Insurance and reinsurance contracts ...continued

#### vii) Insurance contracts – initial measurement ...continued

When estimating future cash flows, the Group includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows;
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims;
- Payments to policyholders resulting from embedded surrender value options;
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs;
- Claims handling costs;
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries;
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts; and
- Transaction-based taxes.

The Group does not provide investment-return services in respect of contracts that it issues, nor does it perform investment activities for the benefit of policyholders.

The Group incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The Group estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by policyholders.
- Other information about the known or estimated characteristics of the insurance contracts.
- Historical data about the Group's own experience, supplemented when necessary with data from other sources. Historical data is adjusted to reflect current conditions.
- Current pricing information, when available.

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract in a systematic and rational way on the basis of the passage of time. The Group does not elect to accrete interest on insurance acquisition cash flows to be allocated to profit or loss.

#### viii) Reinsurance contracts held – initial measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes.
- The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.9 Insurance and reinsurance contracts ...continued

##### viii) Reinsurance contracts held – initial measurement ...continued

- The Group recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, it establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts held, the Group uses a systematic and rational method to determine the portion of losses recognised on the underlying group of insurance contracts to insurance contracts covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage. Where the Group enters into reinsurance contracts held which provide coverage relating to events that occurred before the purchase of the reinsurance, such cost of reinsurance is recognised in profit or loss on initial recognition.

##### ix) Insurance contracts – subsequent measurement

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of insurance contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
  - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
  - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.
- The effect of any currency exchange differences on the CSM
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.9 Insurance and reinsurance contracts ...continued

##### ix) Insurance contracts – subsequent measurement ...continued

The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach at inception.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM)
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable. The same applies to a policyholder loan that becomes repayable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

Where, during the coverage period, a group of insurance contracts becomes onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

The Group measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Group comprising the fulfilment cash flows related to past service allocated to the group at that date.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

## 2 Material accounting policy information ...continued

### 2.9 Insurance and reinsurance contracts ...continued

#### x) Reinsurance contracts held – subsequent measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.
- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the contractual service margin as they do not relate to future service.

Any change in the fulfilment cash flows of a retroactive reinsurance contract held due to the changes of the liability for incurred claims of the underlying contracts is taken to profit and loss and not the contractual service margin of the reinsurance contract held.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where the Group has established a loss-recovery component, the Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

A loss-recovery component reverses consistent with reversal of the loss component of underlying groups of contracts issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of reinsurance contracts held. Reversals of the loss-recovery component that are not changes in the fulfilment cashflows of the group of reinsurance contracts held adjust the CSM.

#### xi) Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.9 Insurance and reinsurance contracts ...continued

##### xii) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the CSM of the related group of insurance contracts. The Group expects to derecognise all assets for insurance acquisition cash flows within one year.

##### xiii) Presentation

The Group has presented separately in the consolidated statement of financial position the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are recognised are included in the carrying amount of the related portfolios of insurance contracts issued.

The Group disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

##### xiv) Insurance revenue

The Group's insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Group adjusted for financing effect (the time value of money) and excluding any investment components).



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

## 2 Material accounting policy information ...continued

### 2.9 Insurance and reinsurance contracts ...continued

#### xiv) Insurance revenue ...continued

The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- Insurance service expenses, excluding any amounts relating to the risk adjustment for non-financial risk and any amounts allocated to the loss component of the liability for remaining coverage
- Amounts related to income tax that are specifically chargeable to the policyholder
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The CSM release
- Amounts related to insurance acquisition cash flows

#### xv) Loss components

The Group has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Group has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfilment cash flows to: (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the fulfilment cash flows and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Group uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

#### xvi) Loss-recovery components

When the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.9 Insurance and reinsurance contracts ...continued

##### xvi) Loss-recovery components ...continued

Where a loss-recovery component has been set up at initial recognition or subsequently, the Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

##### xvii) Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

The Group disaggregates insurance finance income or expenses on insurance contracts issued for its immediate annuity and term life portfolios between profit or loss and OCI. The impact of changes in market interest rates on the value of the life insurance and related reinsurance assets and liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities. The Group's financial assets backing the insurance issued portfolios are predominantly measured at amortised cost or FVOCI. Finance income or expenses on the Group's issued reinsurance contracts is not disaggregated because the related financial assets are managed on a fair value basis and measured at fair value through profit or loss.

The Group systematically allocates expected total insurance finance income or expenses over the duration of the group of contracts to profit or loss using discount rates determined on initial recognition of the group of contracts.

In the event of transfer of a group of insurance contracts or derecognition of an insurance contract, the Group reclassifies the insurance finance income or expenses to profit or loss as a reclassification adjustment to any remaining amounts for the group (or contract) that were previously recognised in other comprehensive income.

##### xviii) Net income or expense from reinsurance contracts held

The Group presents separately on the face of the statement of profit or loss and other comprehensive income the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.9 Insurance and reinsurance contracts ...continued

##### xviii) Net income or expense from reinsurance contracts held ...continued

The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

#### 2.10 Guarantees and letters of credit

Guarantees and letters of credit comprise undertaking by the Group 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.

#### 2.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

## 2 Material accounting policy information ...continued

### 2.12 Revenue recognition

The Group determines whether to recognize revenue based on a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group's revenue generating activities are described below.

#### i) *Interest income and expense*

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the consolidated statement of income using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, estimates of cash flows that consider all contractual terms of the financial instrument are included (for example, repayment options), except 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 impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

#### ii) *Fees and commission income*

Fees and commissions are generally recognised 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 recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants.

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 business – are recognised on completion of the underlying transaction.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.12 Revenue recognition ...continued

##### iii) *Dividend income*

Dividends are recognised in the consolidated statement of income when the right to receive payment is established.

##### iv) *Property sales*

Revenue from property sales is recognised when title of the properties has passed to the buyer.

#### 2.13 Operating expenses and fees expenses

Operating expenses and fees expenses are recognised in the consolidated statement of income upon utilisation of the services or as incurred.

#### 2.14 Foreign currency translation

##### i) *Functional and presentation currency*

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the “functional currency”). The consolidated financial statements are presented in Eastern Caribbean Dollars, which is the Group’s functional and presentation currency. The values presented in the consolidated financial statements have been rounded to the nearest thousands unless otherwise stated.

##### ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 recognised in the consolidated statement of income. Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated statement of income within ‘Other income’.

#### 2.15 Equity, reserves and dividend payments

##### i) *Issued share capital and share premium*

Issued share capital represents the proceeds of shares that have been issued. Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.15 Equity, reserves and dividend payments ...continued

##### ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are paid by the Board of Directors and or approved by the Group's shareholders.

##### iii) Other components of equity

Other components of equity include the following:

- *Statutory reserve* – reserve fund as per the regulatory requirement;
- *Revaluation reserve* – represents gains and losses from the revaluation of land and buildings;
- *Fair value reserves – FVOCI* – represent unrealised gains and losses from changes in the fair value of the FVOCI investment securities; and
- *Other reserves* – comprises the defined benefit pension plan reserve, regulatory reserve for loan impairment, regulatory reserve for interest accrued on non-performing loans, insurance and claims equalisation reserve and general reserve.

##### iv) Retained earnings/(accumulated deficit)

Retained earnings/(accumulated deficit) include cumulative balance of net losses, dividend distributions, effect of changes in accounting policy and other capital adjustments.

#### 2.16 Current and deferred income tax

Income tax payable on profits, based on applicable tax law in St. Kitts and Nevis is recognised as an expense in the period in which profits arise, except to the extent that it relates to items recognised directly in equity. In such cases, the tax is recognised in a deferred tax liability account. The tax expense for the period comprises current and deferred tax.

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

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

A deferred tax asset is recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.16 Current and deferred income tax ...continued

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognised as a component of tax charge or credit in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of available-for-sale investment securities) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

The Group is subjected to the following tax rates:

- (i) *Income tax rates*  
The Group is subject to corporate income taxes at a rate of 25% (2024: 25%).
- (ii) *Premium tax rates*  
Insurers are subject to tax on premium revenues generated in certain jurisdictions. The principal rate of premium tax is 5% for general insurance and nil for life insurance.

#### 2.17 Deposit funds

Deposit administration contracts are issued by the Group to registered pension schemes for the deposit of pension plan assets with the Group.

Deposit administration liabilities are recognised initially at fair value and are subsequently stated at:

- amortised cost where the insurer is obligated to provide investment returns to the pension scheme in the form of interest; and
- fair value through income where the Group is obligated to provide investment returns to the pension scheme in direct proportion to the investment returns on specified blocks of assets.

Deposit administration contributions are recorded directly as liabilities. Withdrawals are deducted directly from the liability. The interest or investment return provided is recorded as an interest expense.

#### 2.18 Business segments

Business segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

#### 2.19 Events after the financial reporting date

Post-year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting (non-adjusting events) are disclosed in the notes to the financial statements when material.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 2 Material accounting policy information ...continued

#### 2.20 Earnings per share

Basic earnings per share are determined by dividing income by the weighted average number of ordinary shares outstanding during the period after giving retroactive effect to stock dividends declared, stock splits and reverse stock splits during the period, if any.

Diluted earnings per share are computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. Currently, the Group does not have dilutive potential shares outstanding, hence, the diluted earnings per share is equal to the basic earnings per share.

#### 2.21 Comparatives

The classification of certain items in the consolidated financial statements has been changed from the prior period to achieve a clearer or more appropriate presentation. The comparative figures have been similarly formatted and reclassified in order to achieve comparability with the current period.

### 3 Management of financial and insurance risks

The Group's activities expose it to a variety of financial and insurance risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the commercial Banking business and insurance, 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 analyse risks, to set appropriate levels and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Credit Division and Finance Division under policies approved by the Board of Directors. Management identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as approved policies covering specific areas, such as foreign exchange, interest rate, insurance and credit risks. In addition, Internal Audit is responsible for the independent review of risk management and the control environment.

The most important types of financial and insurance risks are credit risk, liquidity risk, market risk, insurance risk (property, casual and life insurance risk) and other operational risk. Market risk includes foreign exchange risk, interest rate risk and other price risk.

#### 3.1 Credit risk

The Group takes on exposure to credit risk, which is the risk that counterparties will cause financial losses for the Group by failing to discharge their obligations. 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 such credit risks. Credit exposure arises principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's asset portfolio.



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The credit risk management and control are centralised and reported to the Board of Directors.

The Group's exposure to credit risk is managed through regular analysis of the ability of its borrowers and potential borrowers to meet interest and capital repayment obligations. Credit risk is managed also in part by the taking of collateral and corporate and personal guarantees as securities on advances.

##### i) *Loans and advances to customers*

The prudential guidelines of the Bank's regulator are included in the daily credit operational management of the Group. The operational measurements can be contrasted with impairment allowances required under IFRS 9, which are based on an expected credit loss model approach.

The Group assesses the probability of default of individual borrowers using internal rating tools tailored to the various categories of the counterparty. These rating tools are fashioned from the guidelines of the commercial Group's regulators.

Advances made by the Group are segmented into five rating classes that reflect the range of default probabilities for each rating class. The rating tools are kept under review and upgraded as necessary.

Group's rating	Description of the classifications
1	Pass
2	Special mention
3	Sub-standard
4	Doubtful
5	Loss

##### ii) *Debt securities and other bills*

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



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

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

The exposure to any one borrower, including Groups and other financial institutions, is further restricted by sub-limits covering on-balance sheet and off-balance sheet exposures. Actual exposures against limits are monitored. 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.

Other specific controls and mitigation measures are outlined below:

##### i) 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 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.

Longer-term finance and lending to corporate entities and individual credit facilities are generally secured. In addition, in order to minimize 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, treasury and other eligible bills are generally unsecured.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

##### 3.1.1 Risk limit control and mitigation policies ...continued

###### ii) Credit-related commitments

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

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans and advances, guarantees or letters of credit. With respect to credit risk, 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 of maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

**Notes to Consolidated Financial Statements**

June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

#### 3.1.2 Impairment and provisioning

The debt securities and other financial assets at amortised cost are summarised as follows in the consolidated financial statements:

	Deposits with other financial institutions (term deposits) \$	Treasury bills \$	Originated debts \$	Financial asset \$	Debt securities – FVOCI \$	Other assets \$	Total \$
<b>Credit grade:</b>							
Investment grade	28,150	1,350	40,284	–	523,046	14,155	606,985
Non–investment grade	32,738	98,069	74,786	365,651	47,384	871	619,499
Default	–	–	–	–	–	1,111	1,111
Gross carrying amount	60,888	99,419	115,070	365,651	570,430	16,137	1,227,595
Loss allowance	(88)	(98)	(345)	(2,540)	–	(591)	(3,662)
<b>Carrying amount as at June 30, 2025</b>	<b>60,800</b>	<b>99,321</b>	<b>114,725</b>	<b>363,111</b>	<b>570,430</b>	<b>15,546</b>	<b>1,223,933</b>
<b>Credit grade:</b>							
Investment grade	28,161	73,100	82,029	–	498,400	25,288	706,978
Non–investment grade	20,606	72,365	74,290	359,994	49,603	1,617	578,475
Default	–	–	–	–	–	1,111	1,111
Gross carrying amount	48,767	145,465	156,319	359,994	548,003	28,016	1,286,564
Loss allowance	(97)	(57)	(678)	(2,365)	–	(1,310)	(4,507)
<b>Carrying amount as at June 30, 2024</b>	<b>48,670</b>	<b>145,408</b>	<b>155,641</b>	<b>357,629</b>	<b>548,003</b>	<b>26,706</b>	<b>1,282,057</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

##### 3.1.2 Impairment and provisioning ...continued

The loans and advances to customers are summarised as follows in the consolidated financial statements:

	Loans to customers \$	Overdrafts \$	Credit cards \$	Total \$
<b>Credit grade:</b>				
Performing	640,230	40,736	14,667	695,633
Under-performing	5,044	1,131	582	6,757
Non-performing	367,099	55,952	886	423,937
Gross carrying amount	1,012,373	97,819	16,135	1,126,327
Loss allowance	(31,800)	(6,430)	(2,640)	(40,870)
<b>Carrying amount as at June 30, 2025</b>	<b>980,573</b>	<b>91,389</b>	<b>13,495</b>	<b>1,085,457</b>
<b>Credit grade:</b>				
Performing	630,621	17,434	13,360	661,415
Under-performing	4,652	–	466	5,118
Non-performing	358,504	55,864	739	415,107
Gross carrying amount	993,777	73,298	14,565	1,081,640
Loss allowance	(29,180)	(4,240)	(2,092)	(35,512)
<b>Carrying amount as at June 30, 2024</b>	<b>964,597</b>	<b>69,058</b>	<b>12,473</b>	<b>1,046,128</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

##### 3.1.2 Impairment and provisioning ...continued

The following tables contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

Debt securities and other financial assets at amortised cost	Stage 1 12-month ECL \$	Stage 2 lifetime ECL \$	Stage 3 lifetime ECL \$	Total \$
<b>Credit grade:</b>				
Investment grade	606,985	–	–	606,985
Non-investment grade	588,316	30,589	594	619,499
Default	–	–	1,111	1,111
Gross carrying amount	1,195,301	30,589	1,705	1,227,595
Loss allowance	(993)	(2,078)	(591)	(3,662)
<b>Carrying amount as at June 30, 2025</b>	<b>1,194,308</b>	<b>28,511</b>	<b>1,114</b>	<b>1,223,933</b>
<b>Credit grade:</b>				
Investment grade	706,978	–	–	706,978
Non-investment grade	538,385	30,589	9,501	578,475
Default	–	–	1,111	1,111
Gross carrying amount	1,245,363	30,589	10,612	1,286,564
Loss allowance	(1,047)	(2,150)	(1,310)	(4,507)
<b>Carrying amount as at June 30, 2024</b>	<b>1,244,316</b>	<b>28,439</b>	<b>9,302</b>	<b>1,282,057</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

##### 3.1.2 Impairment and provisioning ...continued

Loans and advances to customers	Stage 1 12-month ECL \$	Stage 2 lifetime ECL \$	Stage 3 lifetime ECL \$	Total \$
<b>Credit grade:</b>				
Performing	695,633	–	–	695,633
Under-performing	–	6,757	–	6,757
Non-performing	–	–	423,937	423,937
Gross carrying amount	695,633	6,757	423,937	1,126,327
Loss allowance	(8,135)	(1,749)	(30,986)	(40,870)
<b>Carrying amount as at June 30, 2025</b>	<b>687,498</b>	<b>5,008</b>	<b>392,951</b>	<b>1,085,457</b>
<b>Credit grade:</b>				
Performing	661,415	–	–	661,415
Under-performing	–	5,118	–	5,118
Non-performing	–	–	415,107	415,107
Gross carrying amount	661,415	5,118	415,107	1,081,640
Loss allowance	(5,948)	(1,481)	(28,083)	(35,512)
<b>Carrying amount as at June 30, 2024</b>	<b>655,467</b>	<b>3,637</b>	<b>387,024</b>	<b>1,046,128</b>

#### Loss allowances

The allowance for ECL is recognised in each reporting period and is impacted by a variety of factors, as described below:

- Transfers between stages due to financial assets experiencing significant movement in credit risk or becoming credit-impaired during the period;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to inputs used in the calculation including the movement between 12-month and lifetime ECL;
- Impacts on the measurement of ECL due to changes made to models and model assumptions; and
- Foreign exchange retranslations for assets denominated in foreign currencies.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

##### 3.1.2 Impairment and provisioning ...continued

##### Loss allowances ...continued

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	Stage 1 12-month ECL \$	Stage 2 lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
<b>Debt securities and other financial assets at amortised cost</b>				
<b>Loss allowance as at June 30, 2024</b>	1,047	2,150	1,310	4,507
New financial assets originated or purchased	41	–	–	41
Financial assets fully derecognised during the year	(84)	–	–	(84)
Changes to inputs used in ECL calculation	(11)	(72)	(719)	(802)
<b>Loss allowance as at June 30, 2025</b>	<b>993</b>	<b>2,078</b>	<b>591</b>	<b>3,662</b>
<b>Loss allowance as at June 30, 2023</b>	744	2,318	757	3,819
New financial assets originated or purchased	65	–	–	65
Financial assets fully derecognised during the year	(26)	–	–	(26)
Changes to inputs used in ECL calculation	264	(168)	553	649
<b>Loss allowance as at June 30, 2024</b>	<b>1,047</b>	<b>2,150</b>	<b>1,310</b>	<b>4,507</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 31 Credit risk ...continued

##### 3.1.2 Impairment and provisioning ...continued

##### Loss allowances ...continued

	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 Lifetime ECL	Total
	\$	\$	\$	\$
<b>Loans and advances to customers</b>				
<b>Loss allowance as at June 30, 2024</b>	5,948	1,481	28,083	35,512
Transfers:				
Transfer from stage 1 to stage 2	(36)	36	–	–
Transfer from stage 1 to stage 3	(558)	–	558	–
Transfer from stage 2 to stage 1	640	(640)	–	–
Transfer from stage 2 to stage 3	–	(173)	173	–
Transfer from stage 3 to stage 1	128	–	(128)	–
Transfer from stage 3 to stage 2	–	6	(6)	–
New financial assets originated or purchased	1,554	310	12	1,876
Financial assets fully derecognised during the year	(568)	(331)	(1,099)	(1,998)
Changes to inputs used in ECL calculation	1,027	1,060	3,393	5,480
<b>Loss allowance as at June 30, 2025</b>	<b>8,135</b>	<b>1,749</b>	<b>30,986</b>	<b>40,870</b>
<b>Loss allowance as at June 30, 2023</b>	6,281	1,118	26,500	33,899
Transfers:				
Transfer from stage 1 to stage 2	(34)	34	–	–
Transfer from stage 1 to stage 3	(44)	–	44	–
Transfer from stage 2 to stage 1	31	(31)	–	–
Transfer from stage 2 to stage 3	–	(118)	118	–
Transfer from stage 3 to stage 1	121	–	(121)	–
Transfer from stage 3 to stage 2	–	–	–	–
New financial assets originated or purchased	1,040	14	20	1,074
Financial assets fully derecognised during the year	(90)	(14)	(208)	(312)
Changes to inputs used in ECL calculation	(1,357)	478	1,730	851
<b>Loss allowance as at June 30, 2024</b>	<b>5,948</b>	<b>1,481</b>	<b>28,083</b>	<b>35,512</b>

According to the ECCB loan provisioning guidelines, the calculated allowance for loan impairment amounts to \$207,613 (2024: \$199,119). The loan loss provision calculated under IFRS 9 for the loans held by the Group amounted to \$40,870 (2024: \$35,512). When the ECCB loan loss provision is greater than the loan loss provision calculated under IFRS 9, the difference is set aside as a non-distributable reserve through equity. As of June 30, 2025, the loan loss provision calculated under IFRS 9 was less than the ECCB provision for the loans held by the Group. Therefore, a non-distributable reserve through equity was required at the reporting date and is included in other reserves in equity (note 21). The gross carrying value of impaired loans at the year-end was \$423,937 (2024: \$415,107). Interest receivable on loans that would not be recognised under ECCB guidelines amounted to \$84,052 (2024: \$80,533) and is included in other reserves in equity (note 21).



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

##### 3.1.2 Impairment and provisioning ...continued

#### IFRS 9 carrying values

The following tables explain the changes in the carrying value between the beginning and the end of the year. The gross carrying amounts of financial assets below represent the Group's maximum exposure to credit risk on these assets.

	Stage 1 12-month ECL \$	Stage 2 lifetime ECL \$	Stage 3 lifetime ECL \$	Total \$
<b>Debt securities and other financial assets at amortised cost</b>				
<b>Gross carrying amount as at June 30, 2024</b>	1,245,363	30,589	10,612	1,286,564
New financial assets originated or purchased	360,272	–	–	360,272
Financial assets fully derecognised during the year	(417,857)	–	–	(417,857)
Changes in principal and interest	7,523	–	(8,907)	(1,384)
<b>Gross carrying amount at June 30, 2025</b>	<b>1,195,301</b>	<b>30,589</b>	<b>1,705</b>	<b>1,227,595</b>
<b>Gross carrying amount as at June 30, 2023</b>	1,159,530	30,709	9,296	1,199,535
New financial assets originated or purchased	826,640	–	–	826,640
Financial assets fully derecognised during the year	(749,375)	–	–	(749,375)
Changes in principal and interest	8,568	(120)	1,316	9,764
<b>Gross carrying amount at June 30, 2024</b>	<b>1,245,363</b>	<b>30,589</b>	<b>10,612</b>	<b>1,286,564</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

##### 3.1.2 Impairment and provisioning ...continued

##### IFRS 9 carrying values ...continued

	Stage 1 12-month ECL \$	Stage 2 lifetime ECL \$	Stage 3 lifetime ECL \$	Total \$
<b>Loans and advances to customers</b>				
<b>Gross carrying amount as at June 30, 2024</b>	<b>661,415</b>	<b>5,118</b>	<b>415,107</b>	<b>1,081,640</b>
Transfers:				
Transfer from stage 1 to stage 2	(3,186)	3,186	–	–
Transfer from stage 1 to stage 3	(30,172)	–	30,172	–
Transfer from stage 2 to stage 1	2,517	(2,517)	–	–
Transfer from stage 2 to stage 3	–	(679)	679	–
Transfer from stage 3 to stage 1	1,927	–	(1,927)	–
Transfer from stage 3 to stage 2	–	88	(88)	–
New financial assets originated or purchased	136,888	1,218	182	138,288
Financial assets fully derecognised during the year	(52,664)	(1,303)	(16,582)	(70,549)
Changes in principal and interest	(21,092)	1,646	(3,606)	(23,052)
<b>Gross carrying amount as at June 30, 2025</b>	<b>695,633</b>	<b>6,757</b>	<b>423,937</b>	<b>1,126,327</b>
<b>Gross carrying amount as at June 30, 2023</b>	<b>615,162</b>	<b>4,713</b>	<b>404,046</b>	<b>1,023,921</b>
Transfers:				
Transfer from stage 1 to stage 2	(4,206)	4,206	–	–
Transfer from stage 1 to stage 3	(5,254)	–	5,254	–
Transfer from stage 2 to stage 1	1,280	(1,280)	–	–
Transfer from stage 2 to stage 3	–	(4,808)	4,808	–
Transfer from stage 3 to stage 1	1,982	–	(1,982)	–
Transfer from stage 3 to stage 2	–	4	(4)	–
New financial assets originated or purchased	124,898	558	319	125,775
Financial assets fully derecognised during the year	(29,631)	(577)	(3,417)	(33,625)
Changes in principal and interest	(42,816)	2,302	6,083	(34,431)
<b>Gross carrying amount as at June 30, 2024</b>	<b>661,415</b>	<b>5,118</b>	<b>415,107</b>	<b>1,081,640</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

##### 3.1.2 Impairment and provisioning ...continued

#### Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at June 30, are set out below.

#### As at June 30, 2024

		2024	2025
World GDP growth rate	Base	2.90%	3.20%
	Upside	4.70%	5.00%
	Downside	1.10%	1.40%
US GDP growth rate	Base	1.40%	2.60%
	Upside	3.30%	4.40%
	Downside	-0.60%	0.80%
St. Kitts and Nevis GDP growth rate	Base	4.20%	4.10%
	Upside	8.90%	8.80%
	Downside	-0.60%	-0.60%
St. Lucia GDP growth rate	Base	2.60%	2.70%
	Upside	9.00%	9.00%
	Downside	-3.80%	-3.50%

#### As at June 30, 2025

		2025	2026
World GDP growth rate	Base	3.20%	3.10%
	Upside	5.00%	4.80%
	Downside	1.40%	1.30%
US GDP growth rate	Base	2.60%	2.30%
	Upside	4.40%	4.10%
	Downside	0.80%	0.50%
St. Kitts and Nevis GDP growth rate	Base	4.10%	1.80%
	Upside	8.80%	6.40%
	Downside	-0.60%	-2.90%
St. Lucia GDP growth rate	Base	2.70%	3.40%
	Upside	9.00%	9.90%
	Downside	-3.50%	-3.10%



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

##### 3.1.2 Impairment and provisioning ...continued

##### Economic variable assumptions ...continued

The scenario weightings assigned to each economic scenario were as follows:

Year	Base	Upside	Downside
June 30, 2025	82%	4%	14%
June 30, 2024	82%	4%	14%

Set out below are the changes to the ECL as at June 30, 2025 that would result from reasonably possible variations in the most significant assumptions affecting the ECL allowance for the financial assets in stages 1 to 2 with respect to the credit risk:

	ECL impact of:		
	Change in threshold	Increase in value \$	Decrease in value \$
<b>Loss Given Default</b>			
Debt securities – amortised cost	+/- 5%	156	(156)
Debt securities – FVOCI	+/- 5%	40	40
	ECL impact of:		
	Change in threshold	Increase in value \$	Decrease in value \$
<b>Collateral haircut</b>			
Loans	+/- 5%	3,792	(3,460)
Advances	+/- 5%	2,323	(2,121)

##### Purchased or originated credit-impaired (POCI) financial assets

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. This population includes the recognition of a new financial instrument following a renegotiation where concessions have been granted for economic or contractual reasons relating to the borrower's financial difficulty that otherwise would not have been considered. The amount of change-in-lifetime ECL is recognised in profit or loss until the POCI is derecognised, even if the lifetime ECL is less than the amount of ECL included in the estimated cash flows on initial recognition.

##### Loans and advances to customers renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans. Renegotiated loans during the year amounted to \$1,508 (2024: \$286).



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

##### 3.1.3 Geographical concentrations of on-balance sheet and off-balance sheet with credit risk exposure

The Group operates three (3) business segments as follows:

- commercial and retail banking;
- insurance coverage; and
- Real estate and trust services.

These are predominantly localised to St. Kitts and Nevis. Commercial Banking activities, however, account for a significant portion of credit risk exposure.

The credit risk exposure is, therefore, spread geographically and over a diversity of personal and commercial customers.

	St. Kitts & Nevis \$	United States & Canada \$	Europe \$	Other Caribbean Territories \$	Total \$
<b>As of June 30, 2025</b>					
Cash and balances with Central Bank	29,086	–	–	–	29,086
Treasury bills	97,972	1,349	–	–	99,321
Deposits with other financial institutions	37,454	106,810	4,361	3,851	152,476
Financial asset	363,111	–	–	–	363,111
Loans and advances to customers	989,829	70,417	1,467	23,744	1,085,457
Originated debts	27,089	40,273	–	47,363	114,725
Debt investment securities	–	585,930	5,174	–	591,104
Acceptances, guarantees and letters of credit	3,906	–	–	–	3,906
Other assets	10,354	1,286	–	–	11,640
	<b>1,558,801</b>	<b>806,065</b>	<b>11,002</b>	<b>74,958</b>	<b>2,450,826</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

#### 3.1.3 Geographical concentrations of on-balance sheet and off-balance sheet with credit risk exposure ...continued

	St. Kitts & Nevis \$	United States & Canada \$	Europe \$	Other Caribbean Territories \$	Total \$
<b>As of June 30, 2024</b>					
Cash and balances with					
Central Bank	26,002	—	—	—	26,002
Treasury bills	72,332	73,076	—	—	145,408
Deposits with other financial institutions	39,567	158,024	2,959	7,565	208,115
Financial asset	357,629	—	—	—	357,629
Loans and advances to customers	951,476	66,719	1,558	26,375	1,046,128
Originated debts	25,894	81,976	—	47,771	155,641
Debt investment securities	—	548,003	—	—	548,003
Acceptances, guarantees and letters of credit	7,456	—	—	—	7,456
Other assets	18,502	748	—	—	19,250
	<b>1,498,858</b>	<b>928,546</b>	<b>4,517</b>	<b>81,711</b>	<b>2,513,632</b>

## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

#### 3.1.4 Concentration of risks of financial assets with credit exposure

The following tables break down the Group's main credit exposures at their carrying amounts, as categorised by industry sectors of the counterparties:

	Public sector \$	Construction \$	Tourism \$	Financial institutions \$	Individuals \$	Other industries \$	Total \$
<b>As of June 30, 2025</b>							
Cash and balances with Central Bank	–	–	–	29,086	–	–	29,086
Treasury bills	99,321	–	–	–	–	–	99,321
Deposits with other financial institutions	29,437	–	–	123,039	–	–	152,476
Financial asset	363,111	–	–	–	–	–	363,111
Loans and advances to customers	238,125	115,113	206,589	35,907	399,695	90,028	1,085,457
Originated debits	114,725	–	–	–	–	–	114,725
Debt investment securities	259,464	489	2,206	181,263	–	147,682	591,104
Acceptances, guarantees and letters of credit	3,906	–	–	–	–	–	3,906
Other assets	1,865	–	–	1,947	2,102	5,726	11,640
	<b>1,109,954</b>	<b>115,602</b>	<b>208,795</b>	<b>371,242</b>	<b>401,797</b>	<b>243,436</b>	<b>2,450,826</b>

## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1 Credit risk ...continued

##### 3.1.4 Concentration of risks of financial assets with credit exposure ...continued

	Public sector \$	Construction \$	Tourism \$	Financial institutions \$	Individuals \$	Other industries \$	Total \$
<b>As of June 30, 2024</b>							
Cash and balances with Central Bank	–	–	–	26,002	–	–	26,002
Treasury bills	145,408	–	–	–	–	–	145,408
Deposits with other financial institutions	29,942	–	–	178,173	–	–	208,115
Financial asset	357,629	–	–	–	–	–	357,629
Loans and advances to customers	239,400	119,459	209,524	38,963	327,544	111,238	1,046,128
Originated debts	155,641	–	–	–	–	–	155,641
Debt investment securities	260,030	467	272	149,501	–	137,733	548,003
Acceptances, guarantees and letters of credit	3,381	–	–	–	–	4,075	7,456
Other assets	1,188	–	–	2,658	1,458	13,946	19,250
	<b>1,192,619</b>	<b>119,926</b>	<b>209,796</b>	<b>395,297</b>	<b>329,002</b>	<b>266,992</b>	<b>2,513,632</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.1.4 Concentration of risks of financial assets with credit exposure ...continued

The Government of St. Kitts and Nevis accounts for \$622,901 (2024: \$583,165) or 26% (2024: 23%) of total credit exposure, which represents a significant concentration of credit risk. The amounts due from the Government are included in the Public Sector category.

#### 3.2 Market risk

The Group is exposed to market risk, 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 the market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The Group's exposure to market risks primarily arises from the interest rate management of the Group's retail and commercial Banking assets and liabilities, debt investment securities and equity risks arising from its FVOCI investments.

##### 3.2.1 Price risk

The Group is exposed to price risk in respect to its investment securities classified on the consolidated statement of financial position as FVTPL (note 10). If the quoted stock price for these securities increased or decreased by 10%, profit or loss and retained earnings would have changed by \$51,487 (2024: \$67,969).

The investments in listed securities classified on the consolidated statement of financial position as FVOCI are considered long-term strategic investments. The performance of these investments is continuously monitored.

##### 3.2.2 Foreign exchange risk

The Group is exposed to foreign exchange risk through fluctuation in certain prevailing foreign exchange rates on its consolidated financial position and cash flows. The Board of Directors limits the level of exposure by currency and in total 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 Group uses the mid-rate of exchange ruling on that day to convert all assets and liabilities in foreign currencies to Eastern Caribbean dollars (EC\$). The Group has set the mid-rate of exchange rate of the Eastern Caribbean (EC\$) to the United States dollar (US\$) at EC\$2.7026 = US\$1.00 since 1976.

The following table summarises the Group's exposure to foreign currency exchange rate risk at the reporting date. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.2 Market risk ...continued

##### 3.2.2 Foreign exchange risk ...continued

##### Concentration of currency risk

As of June 30, 2025	XCD \$	USD \$	EURO \$	GBP \$	CAN \$	BDS \$	GUY \$	Total \$
<b>Assets</b>								
Cash and balances with Central Bank	187,408	5,808	45	115	38	32	–	193,446
Treasury bills	97,972	1,349	–	–	–	–	–	99,321
Deposits with other financial institutions	37,878	109,855	282	1,275	425	2,757	4	152,476
Loans and advances to customers	688,879	396,578	–	–	–	–	–	1,085,457
Originated debts	35,155	79,570	–	–	–	–	–	114,725
Acceptances, guarantees and letters of credit	–	3,906	–	–	–	–	–	3,906
Investment securities – FVOCI	11,766	571,723	–	–	–	–	–	583,489
Investment securities – FVTPL	2,760	516,799	–	–	–	–	–	519,559
Financial asset	363,111	–	–	–	–	–	–	363,111
Other assets	10,488	1,152	–	–	–	–	–	11,640
<b>Total financial assets</b>	<b>1,435,417</b>	<b>1,686,740</b>	<b>327</b>	<b>1,390</b>	<b>463</b>	<b>2,789</b>	<b>4</b>	<b>3,127,130</b>
<b>Liabilities</b>								
Customers' deposits	1,956,732	336,462	31	192	182	–	–	2,293,599
Borrowings	–	130,052	–	–	–	–	–	130,052
Lease liabilities	5,255	–	–	–	–	–	–	5,255
Acceptances, guarantees and letters of credit	–	3,906	–	–	–	–	–	3,906
Provisions, creditors and accruals	254,201	3,064	1	269	105	124	2	257,766
<b>Total financial liabilities</b>	<b>2,216,188</b>	<b>473,484</b>	<b>32</b>	<b>461</b>	<b>287</b>	<b>124</b>	<b>2</b>	<b>2,690,578</b>
<b>Net on-balance sheet position</b>	<b>(780,771)</b>	<b>1,213,256</b>	<b>295</b>	<b>929</b>	<b>176</b>	<b>2,665</b>	<b>2</b>	<b>436,552</b>
<b>Credit commitments</b>	<b>43,762</b>	<b>25,092</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>68,854</b>

## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.2 Market risk ...continued

##### 3.2.2 Foreign exchange risk ...continued

##### Concentration of currency risk ...continued

As of June 30, 2024	XCD \$	USD \$	EURO \$	GBP \$	CAN \$	BDS \$	GUY \$	Total \$
<b>Assets</b>								
Cash and balances with Central Bank	207,128	4,475	57	86	27	26	—	211,799
Treasury bills	72,332	73,076	—	—	—	—	—	145,408
Deposits with other financial institutions	42,815	159,557	825	665	716	3,516	21	208,115
Loans and advances to customers	633,147	412,981	—	—	—	—	—	1,046,128
Originated debts	34,653	120,988	—	—	—	—	—	155,641
Acceptances, guarantees and letters of credit	7,456	—	—	—	—	—	—	7,456
Investment securities – FVOCI	7,897	548,008	—	—	—	—	—	555,905
Investment securities – FVTPL	1,035	678,658	—	—	—	—	—	679,693
Financial asset	357,629	—	—	—	—	—	—	357,629
Other assets	8,514	10,736	—	—	—	—	—	19,250
<b>Total financial assets</b>	<b>1,372,606</b>	<b>2,008,479</b>	<b>882</b>	<b>751</b>	<b>743</b>	<b>3,542</b>	<b>21</b>	<b>3,387,024</b>
<b>Liabilities</b>								
Customers' deposits	2,363,602	343,105	28	213	188	—	—	2,707,136
Lease liabilities	2,446	—	—	—	—	—	—	2,446
Acceptances, guarantees and letters of credit	7,456	—	—	—	—	—	—	7,456
Provisions, creditors and accruals	201,469	35,379	3	369	817	118	2	238,157
<b>Total financial liabilities</b>	<b>2,574,973</b>	<b>378,484</b>	<b>31</b>	<b>582</b>	<b>1,005</b>	<b>118</b>	<b>2</b>	<b>2,955,195</b>
<b>Net on-balance sheet position</b>	<b>(1,202,367)</b>	<b>1,629,995</b>	<b>851</b>	<b>169</b>	<b>(262)</b>	<b>3,424</b>	<b>19</b>	<b>431,829</b>
<b>Credit commitments</b>	<b>37,321</b>	<b>24,714</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>62,035</b>



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.2 Market risk ...continued

##### 3.2.3 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 its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board of Directors limits the level of mismatch of interest rates repricing that may be undertaken.

The table below summarises the Group's exposure to interest rate risks. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates:

## Notes to Consolidated Financial Statements

June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

## 3 Management of financial and insurance risks ...continued

## 3.2 Market risk ...continued

## 3.2.3 Interest rate risk ...continued

## As of June 30, 2025

Assets	Up to 1 month \$	1 to 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Cash and balances with Central Bank	—	—	—	—	—	193,446	193,446
Treasury bills	—	18,688	80,064	—	—	569	99,321
Deposit with other financial institutions	58,970	—	23,926	14,533	—	55,047	152,476
Loans and advances to customers	396,891	50	18,570	71,669	598,133	144	1,085,457
Originated debts	13,503	—	6,967	29,138	63,275	1,842	114,725
Acceptances, guarantees and letters of credit	—	—	—	—	—	3,906	3,906
Investment securities – FVOCI	17,459	7,473	18,880	294,029	159,352	86,296	583,489
Investment securities – FVTPL	—	—	—	—	—	519,559	519,559
Financial asset	—	—	—	351,316	—	11,795	363,111
Other assets	945	—	—	—	—	10,695	11,640
<b>Total financial assets</b>	<b>487,768</b>	<b>26,211</b>	<b>148,407</b>	<b>760,685</b>	<b>820,760</b>	<b>883,299</b>	<b>3,127,130</b>
<b>Liabilities</b>							
Customers' deposits	720,069	140,883	802,333	17,173	—	613,141	2,293,599
Borrowings	130,052	—	—	—	—	—	130,052
Lease liabilities	171	342	1,540	3,202	—	—	5,255
Acceptances, guarantees and letters of credit	—	—	—	—	—	3,906	3,906
Provisions, creditors and accruals	—	—	—	—	—	257,766	257,766
<b>Total financial liabilities</b>	<b>850,292</b>	<b>141,225</b>	<b>803,873</b>	<b>20,375</b>	<b>—</b>	<b>874,813</b>	<b>2,690,578</b>
<b>Total interest repricing gap</b>	<b>(362,524)</b>	<b>(115,014)</b>	<b>(655,466)</b>	<b>740,310</b>	<b>820,760</b>	<b>8,486</b>	<b>436,552</b>

## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)



### 3 Management of financial and insurance risks ...continued

#### 3.2 Market risk ...continued

##### 3.2.3 Interest rate risk ...continued

As of June 30, 2024	Up to 1 month \$	1 to 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
<b>Assets</b>							
Cash and balances with Central Bank	–	–	–	–	–	211,799	211,799
Treasury bills	31,832	17,116	93,571	–	–	2,889	145,408
Deposit with other financial institutions	112,883	13,511	26,818	13,869	–	41,034	208,115
Loans and advances to customers	352,996	595	5,261	81,096	591,581	14,599	1,046,128
Originated debts	–	25,235	27,013	75,927	25,862	1,604	155,641
Acceptances, guarantees and letters of credit	–	–	–	–	–	7,456	7,456
Investment securities – FVOCI	270	1,080	24,632	297,217	158,529	74,177	555,905
Investment securities – FVTPL	–	–	–	–	–	679,693	679,693
Financial asset	–	–	–	351,492	–	6,137	357,629
Other assets	752	–	–	–	–	18,498	19,250
<b>Total financial assets</b>	<b>498,733</b>	<b>57,537</b>	<b>177,295</b>	<b>819,601</b>	<b>775,972</b>	<b>1,057,886</b>	<b>3,387,024</b>
<b>Liabilities</b>							
Customers' deposits	866,897	216,363	859,523	–	–	764,353	2,707,136
Lease liabilities	105	210	945	1,186	–	–	2,446
Acceptances, guarantees and letters of credit	–	–	–	–	–	7,456	7,456
Provisions, creditors and accruals	(9)	–	–	–	–	238,166	238,157
<b>Total financial liabilities</b>	<b>866,993</b>	<b>216,573</b>	<b>860,468</b>	<b>1,186</b>	<b>–</b>	<b>1,009,975</b>	<b>2,955,195</b>
<b>Total interest repricing gap</b>	<b>(368,260)</b>	<b>(159,036)</b>	<b>(683,173)</b>	<b>818,415</b>	<b>775,972</b>	<b>47,911</b>	<b>431,829</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.2 Market risk ...continued

##### 3.2.3 Interest rate risk ...continued

The Group's fair value market rate risk arises from debt securities classified as FVOCI and FVTPL. Had market interest rates at the reporting date been 100 basis points higher/lower with all variables held constant, equity for the year would have been \$5,632 (2024: \$5,445) higher/lower as a result of the increase/decrease in revaluation reserve for fair value through other comprehensive income debt securities and profit or loss for the year would have been \$nil (2024: \$nil) higher/lower due to an increase/decrease in fair value of debt securities measured at fair value through profit or loss.

Cash flow interest rate risk arises from loans and advances to customers at available rates. Had variable rates at the reporting date been 100 basis points higher/lower with all other variables held constant, profits for the year would have been \$5,218 (2024: \$4,935) higher/lower, mainly as a result of higher/lower interest income from loans and advances (all loans and advances carry variable interest rates).

#### 3.3 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 fulfil commitments to lend.

##### 3.3.1 Liquidity risk management

The Group's liquidity is managed and monitored by the Finance Division with guidance, where necessary, from the Board of Directors. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This includes:

- Daily monitoring of the Group's liquidity position to ensure that requirements can be met. These include the replenishment of funds as they mature and/or are borrowed by customers.
- Maintaining a portfolio of marketable assets that can easily be liquidated as protection against unforeseen liquidity problems. Additionally, the investment portfolio is diversified by geography, product, industry, and term.
- Daily monitoring of the statement of financial position liquidity ratios against internal and regulatory requirements.
- Managing the concentration and profile of debt maturities.
- Formalised arrangements with non-regional financial institutions to fund any liquidity needs that may arise.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.3 Liquidity risk ...continued

##### 3.3.2 Funding approach

Sources of liquidity are regularly reviewed to maintain a wide diversification of geography, currency, providers, products and terms. The Group holds a diversified portfolio of cash loans and investment securities to support payment obligations and contingent funding in a stressed market environment. The Group's assets held for managing liquidity risk include the following:

- Cash and balances with Central Bank;
- Deposits with other financial institutions;
- Loans and advances to customers;
- Treasury bills;
- Originated debts;
- Investment securities;
- Financial asset;
- Acceptances, guarantees and letters of credit; and
- Other assets.

## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.3 Liquidity risk ...continued

##### 3.3.3 Cash flows

The table below analyses assets and liabilities of the Group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

As of June 30, 2025	Up to 1 month \$	1 to 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	Total \$
<b>Financial liabilities</b>						
Customers' deposits	1,321,587	144,962	831,990	17,182	—	2,315,721
Borrowings	130,052	—	—	—	—	130,052
Lease liabilities	181	363	1,631	3,347	—	5,522
Acceptances, guarantees and letters of credit	1,990	—	1,001	915	—	3,906
Provisions, creditors and accruals	239,539	18,227	—	—	—	257,766
<b>Total financial liabilities</b>	<b>1,693,349</b>	<b>163,552</b>	<b>834,622</b>	<b>21,444</b>	<b>—</b>	<b>2,712,967</b>
<b>Assets held to manage liquidity risk</b>	<b>1,371,065</b>	<b>26,211</b>	<b>148,407</b>	<b>760,686</b>	<b>820,761</b>	<b>3,127,130</b>
<b>Net liquidity gap</b>	<b>(322,284)</b>	<b>(137,341)</b>	<b>(686,215)</b>	<b>739,242</b>	<b>820,761</b>	<b>414,163</b>
<b>As of June 30, 2024</b>						
<b>Financial liabilities</b>						
Customers' deposits	1,618,951	221,099	890,849	—	—	2,730,899
Lease liabilities	109	219	983	1,213	—	2,524
Acceptances, guarantees and letters of credit	2,058	4,075	408	915	—	7,456
Provisions, creditors and accruals	219,762	18,395	—	—	—	238,157
<b>Total financial liabilities</b>	<b>1,840,880</b>	<b>243,788</b>	<b>892,240</b>	<b>2,128</b>	<b>—</b>	<b>2,979,036</b>
<b>Assets held to manage liquidity risk</b>	<b>1,556,619</b>	<b>57,537</b>	<b>177,295</b>	<b>819,601</b>	<b>775,972</b>	<b>3,387,024</b>
<b>Net liquidity gap</b>	<b>(284,261)</b>	<b>(186,251)</b>	<b>(714,945)</b>	<b>817,473</b>	<b>775,972</b>	<b>407,988</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.3 Liquidity risk ...continued

##### 3.3.4 Off-balance sheet items

###### 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 31), are summarised in the table below.

	Up to 1 year \$	1 to 3 years \$	Over 3 years \$	Total \$
<b>As of June 30, 2025</b>				
Loan commitments	10,661	–	41,230	51,891
Credit card commitments	16,963	–	–	16,963
	<b>27,624</b>	<b>–</b>	<b>41,230</b>	<b>68,854</b>
<b>As of June 30, 2024</b>				
Loan commitments	9,006	389	36,325	45,720
Credit card commitments	16,315	–	–	16,315
	<b>25,321</b>	<b>389</b>	<b>36,325</b>	<b>62,035</b>

#### 3.4 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The Group attempts to limit its exposure of potential loss on an insurance policy, by ceding certain levels of risk to a reinsurer. The Group selects reinsurers which have a well-established capability to meet their contractual obligations and which generally have high credit ratings. The credit ratings of reinsurers are monitored by management on a regular basis.

For its property risks, the Group uses quota share and excess of loss catastrophe reinsurance treaties to obtain reinsurance coverage. Catastrophe reinsurance is obtained for multiple claims arising from one event or occurring within a specified time period. However, treaty limits may apply and may expose the insurer to further claims exposure. Under some treaties, when treaty limits are reached, the insurer may be required to pay an additional premium to reinstate the reinsurance coverage.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefits payments exceed the carrying amount of the insurance liabilities. This could occur because of the frequency or severity of claims and if benefits payments are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate.



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.4 Insurance risk ...continued

For other insurance risks, the Group limits their exposure by event or per person by excess of loss or through quota share treaties. Retention limits represent the level of risk retained by the insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit.

The Group is exposed to potential loss on its life insurance policies from the possibility that an insured event occurs. The Group has no reinsurance on its life insurance contracts. Hence, this risk is fully borne by the Group.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

##### i) *Property insurance*

Property insurance contracts are underwritten using the following main risk categories: fire, business interruption, weather damage and theft.

##### ***Frequency and severity of claims***

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, flooding, hurricanes, earthquake, etc.), increase the frequency and severity of claims and their consequences. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type, the amount of risk and industry.

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from fire, hurricane, and earthquake damage. The Group has reinsurance cover for such damage to limit losses to \$0.50 million (2024: \$0.50 million) in any one occurrence, per individual property risk. There is a balance between commercial and personal properties in the overall portfolio of insured buildings.



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.4 Insurance risk ...continued

##### i) Property insurance ...continued

##### **Sources of uncertainty in the estimation of future claim payments**

Claims on property contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract even if the loss is discovered after the end of the contract term. There are several variables that affect the amount and timing of cash flows from these contracts. The compensation paid on these contracts is the monetary awards granted for property damage caused by insured perils as stated in the contract of insurance.

The estimated costs of claims include direct expenses to be incurred in settling claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Property claims are less sensitive as the shorter settlement period for these claims allows the Group to achieve a higher degree of certainty about the estimated cost of claims. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for incurred claims for these contracts also include a provision for incurred but not reported claims (IBNR), risk adjustments, consideration for the effect of discounting and a provision for reported claims not yet paid (outstanding claims) at the reporting date.

In estimating the cost of reported claims not yet paid, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Claims are assessed on a case-by-case basis.

##### ii) Casualty insurance

The Group's casualty insurance is motor, marine and liability insurance.

##### **Frequency and severity of claims**

The frequency and severity of claims can be affected by several factors. The most significant is the number of cases coming to Court that have been inactive or latent for a long period of time. Estimated inflation is also a significant factor due to the long period required to settle these cases.

The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type, the amount of risk and industry.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Furthermore, the Group's strategy limits the total exposure to the Group only by the use of reinsurance treaty arrangements. The reinsurance arrangements include excess of loss cover. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance loss of more than \$0.50 million (2024: \$0.50 million) per risk for casualty insurance.



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.4 Insurance risk ...continued

##### ii) Casualty insurance ...continued

##### **Sources of uncertainty in the estimation of future claim payments**

Claims on casualty contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract even if the loss is discovered after the end of the contract term. As a result, casualty and financial risk claims are settled over a longer period of time. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employers' liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur because of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for incurred claims for these contracts includes a provision for incurred but not reported claims, risk adjustments, consideration for the effect of discounting and a provision for reported claims not yet paid (outstanding claims) at the reporting date. The Group's loss reserves are derived using the paid loss development estimation method (triangular method). Each business classes' loss reserve was calculated using claims data and loss history for all regions combined, where the Group conducts business. The quantum of casualty claims is particularly sensitive to the level of Court awards and to the development of legal precedent on matters of contract and tort.

The estimated cost of unpaid claims is calculated based upon actual claims experience as time passes. Claims reserves are estimated on a case-by-case basis. An estimate of the reserve is arrived at by examining the following:

- Circumstances which caused the loss or injury,
- The nature of the loss or injury,
- The settlement experience with the type of loss,
- The average amount of time from inception to settlement and,
- The professional advice of loss adjusters, retained attorneys, medical practitioners, etc, of the cost/awards and related expenses of settlement.

##### iii) Life insurance contracts

The Group is exposed to potential loss on its life insurance policies from the possibility that an insured event occurs. The Group has no reinsurance on its life insurance contracts. Hence, this risk is fully borne by the Group.

**Notes to Consolidated Financial Statements**

June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

**3 Management of financial and insurance risks ... continued****3.4 Insurance risk ... continued***iv) Claims development*

The Group employs loss (claims) development tables as a means of measuring actual claims compared with previous estimates. Claims are typically resolved within one year and are assessed on a case-by-case basis. The claims that tend to extend beyond one year are normally from the Accident Line of business and to a lesser extent, the motor line.

The claims reserve for the individual event years at the respective reporting dates (gross) are as follows:

<b>EC\$ Date</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
6/30/2016	6,013	—	—	—	—	—	—	—	—	—	6,013
6/30/2017	1,990	3,244	—	—	—	—	—	—	—	—	5,234
6/30/2018	1,634	473	5,632	—	—	—	—	—	—	—	7,739
6/30/2019	652	417	1,102	4,146	—	—	—	—	—	—	6,317
6/30/2020	329	417	972	437	3,174	—	—	—	—	—	5,329
6/30/2021	287	342	816	719	680	4,254	—	—	—	—	7,098
6/30/2022	289	345	514	300	543	610	6,793	—	—	—	9,394
6/30/2023	98	73	488	222	492	639	987	7,122	—	—	10,121
6/30/2024	98	27	217	229	392	576	639	987	7,122	—	10,287
<b>6/30/2025</b>	<b>100</b>	<b>27</b>	<b>64</b>	<b>175</b>	<b>337</b>	<b>493</b>	<b>623</b>	<b>1,428</b>	<b>1,119</b>	<b>6,473</b>	<b>10,839</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.4 Insurance risk ...continued

##### iv) Claims development...continued

Following is the reconciliation of the outstanding claims to the liabilities for incurred claims as reported in note 18.

	Notes	2025 \$
Gross undiscounted liability for incurred claims		10,839
Effect of discounting		(2,782)
Effect of the risk adjustment margin for non-financial risk	18	<u>506</u>
<b>Total liabilities for incurred claims</b>		<b><u>8,563</u></b>

The total liability for incurred claims is represented as follows:

	Notes	2025 \$
Present value of future cash flows	18	8,057
Risk adjustment margin for non-financial risk	18	<u>506</u>
<b>Total liabilities for incurred claims</b>		<b><u>8,563</u></b>

#### 3.5 Fair values of financial assets and liabilities

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

The fair values of cash resources, other assets and liabilities, items in transit are assumed to approximate their carrying values due to their short-term nature. The fair values of off-balance sheet commitments are also assumed to approximate the amount disclosed in note 31. Fair values of financial assets and financial liabilities are also determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with pricing models based on discounted cash flow analysis using prices from observable current market transactions.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.5 Fair values of financial assets and liabilities ...continued

##### i) Treasury bills

Treasury bills are assumed to approximate their carrying value due to their short-term nature.

##### ii) Deposits with other financial institutions

Deposits with other financial institutions include cash on operating accounts fixed deposits. These deposits are estimated to approximate their carrying values due to their short-term nature.

##### iii) Loans and advances to customers and originated debts

The estimated fair values of loans and advances to customers and originated debts represent the discounted amount of estimated future cash flow expected to be received. Expected cash flows are discounted at current market rate to determine fair value. Initial loan values are taken as fair value and where observed values are different, adjustments are made.

##### iv) Customers' deposits

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 and are at rates which reflect market conditions, are assumed to have fair values which approximate carrying values.

##### v) Acceptances, guarantees and letters of credit

Acceptances, guarantees and letters of credit are short-term in nature therefore fair value in this category is estimated to approximate carrying value.



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.5 Fair values of financial assets and liabilities ...continued

The table below summarises 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	
	2025	2024	2025	2024
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and balances with Central Bank	193,446	211,799	193,446	211,799
Treasury bills	99,321	145,408	99,321	145,408
Deposits with other financial institutions	152,476	208,115	152,476	208,115
Financial asset	363,111	357,629	363,111	357,629
Loans and advances to customers	1,085,457	1,046,128	1,012,193	913,836
Originated debts	114,725	155,641	114,725	155,641
Acceptances, guarantees and letters of credit	3,906	7,456	3,906	7,456
Other assets	11,640	19,250	11,640	19,250
	<b>2,024,082</b>	<b>2,151,426</b>	<b>1,950,818</b>	<b>2,019,134</b>
<b>Financial liabilities</b>				
Customers' deposits	2,293,599	2,707,136	2,293,599	2,707,136
Borrowings	130,052	–	130,052	–
Lease liabilities	5,255	2,446	5,255	2,446
Acceptances, guarantees and letters of credit	3,906	7,456	3,906	7,456
Provisions, creditors and accruals	257,766	238,157	257,766	238,157
	<b>2,690,578</b>	<b>2,955,195</b>	<b>2,690,578</b>	<b>2,955,195</b>

#### 3.5.1 Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observed. No transfers occurred between the levels of the securities during the year.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair values measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks...continued

#### 3.5 Fair values of financial assets and liabilities ...continued

##### 3.5.2 Fair value measurements of FVTPL and FVOCI investment securities

	Level 1	Level 2	Level 3	Total
As of June 30, 2025	\$	\$	\$	\$
Debt securities	531,710	–	59,394	591,104
Equities	418,442	1,371	92,131	511,944
	<b>950,152</b>	<b>1,371</b>	<b>151,525</b>	<b>1,103,048</b>
<b>As of June 30, 2024</b>				
Debt securities	491,994	–	56,009	548,003
Equities	604,877	1,315	81,403	687,595
	<b>1,096,871</b>	<b>1,315</b>	<b>137,412</b>	<b>1,235,598</b>

There were no any transfers in or out of level 1, 2 and 3 in both periods.

The Group's finance team performs valuation of financial assets at FVOCI for financial reporting purposes and reports directly to the Group's Finance Director. Discussion of valuation process and result are held between the Group's Finance Director and finance team at least quarterly, in line with the Group's quarterly reporting periods.

The market value of level 1 and 2 are derived from the trade reports of the listed equity and debt securities on various securities markets, regional and international.

The fair value of level 3 investment securities derived using fundamental analysis by examining various financial and economic factors. This involves analyzing a company's financial statements to determine whether the asset is undervalued or overvalued in the market. This approach is distinct from technical analysis, which focuses on historical price trends and market sentiment.

##### 3.5.3 Fair value measurements of non-financial assets

The following table shows the level within the hierarchy of non-financial assets measured at fair value:

	Level 1	Level 2	Level 3	Total
As of June 30, 2025	\$	\$	\$	\$
Land and property	–	–	36,210	36,210
<b>As of June 30, 2024</b>				
Land and property	–	–	31,725	31,725

The fair value of the Group's land and property included in property and equipment is estimated based on appraisals performed by an independent property valuer. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors. The appraisal was carried out primarily using a market based approach that reflects the selling prices for similar properties and incorporates adjustments for factors specific to the properties in question, including square footage, location and current condition/use.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.6 Capital management

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

- To comply with the capital requirement set by the Central Bank;
- 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 Central Bank for supervisory purposes.

In addition, there are also capital requirements for the insurance business based on the Insurance Act No. 8 of 2009. According to the Act, the required paid-up capital is \$2,000 (2024: \$2,000). The Group has met this capital requirement for its insurance business.

The Central Bank requires each bank or banking group to: (a) hold the minimum level of the regulatory capital of \$20,000 and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Basel ratio') at or above the international agreed minimum of 8%.

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

- Tier 1 Capital: share capital, retained earnings and reserves created by appropriation of retained earnings.
- Tier 2 Capital: qualifying subordinated loan capital, collective impairment allowance and unrealised gains arising on the fair valuation of security instruments held as FVOCI.

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



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.6 Capital management ...continued

The table below summarises the composition of regulatory capital and the ratios of the Bank for the two-year presentation. During those two years, the Bank complied with all of the externally imposed capital requirements to which it must comply (see note 21).

	2025	Restated 2024
	\$	\$
<b>Tier 1 capital</b>		
Issued share capital	141,750	141,750
Share premium	3,877	3,877
Issued bonus shares from capitalisation of unrealised assets revaluation gain reserve	(4,500)	(4,500)
Reserves	464,715	471,426
Fair value reserves – FVOCI	(14,410)	(7,181)
Less revaluation reserve	(29,561)	(25,924)
Retained earnings/(accumulated deficit)	4,374	(32,149)
<b>Total qualifying tier 1 capital</b>	<b>566,245</b>	<b>547,299</b>
<b>Tier 2 capital</b>		
Fair value reserves – FVOCI	14,410	7,181
Revaluation reserve	29,561	25,924
Bonus shares capitalisation	4,500	4,500
<b>Total qualifying tier 2 capital</b>	<b>48,471</b>	<b>37,605</b>
<b>Total regulatory capital</b>	<b>614,716</b>	<b>584,904</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.6 Capital management ...continued

	2025 \$	2024 \$
<b>Risk-weighted assets:</b>		
On-balance sheet	2,700,396	2,416,546
Off-balance sheet	54,173	53,532
<b>Total risk-weighted assets</b>	<b>2,754,569</b>	<b>2,470,078</b>
<b>Tier 1 capital ratio</b>	<b>21%</b>	<b>22%</b>
<b>Basel ratio</b>	<b>22%</b>	<b>24%</b>

With respect to its insurance line of business, the Group's objectives when managing capital are:

- To comply with the insurance capital requirements required by the regulators of the insurance markets where the Group operates;
- To safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance commensurately with the level of risk.

The Group manages its capital to ensure that it will be able to continue as a going concern and to satisfy regulators' capital requirements. The capital structure comprises equity, comprising issued share capital, reserves and retained earnings.

The capital requirement in accordance with the Insurance Act No.8 of 2009 for insurance companies conducting life and general business is paid up capital of \$2,000. The insurance subsidiary has issued and fully paid-up capital of \$10,000 and has met the criteria of the Insurance Act.

In St. Kitts and Nevis, the solvency criteria prescribed by section 54 (c) of the Insurance Act 2009 states that in the case of a registered insurance company carrying on both long-term insurance and general insurance business, shall be deemed to be insolvent, if the excess of its total assets over its total liabilities is less than the greater of the following amounts:

- i) \$500 or 20% of its premium income in respect of the general insurance business in its last preceding financial year and,
- ii) 5% of the life liability.

	2025 \$	2024 \$
20% of net premium income of the preceding year (2025: \$34,160; 2024: \$35,239)	6,832	7,048
5% of life liability (2025: \$88,691; 2024: \$74,049)	4,434	3,702
	<b>11,266</b>	<b>10,750</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 3 Management of financial and insurance risks ...continued

#### 3.6 Capital management ...continued

Compliance with minimum margin of solvency of the insurance subsidiary is determined as follows:

	2025 \$	Restated 2024 \$
Total assets of St. Kitts and Nevis operations	283,563	318,168
Total liabilities of St. Kitts and Nevis operations	<u>(200,732)</u>	<u>(188,597)</u>
Margin of solvency	82,831	129,571
Required minimum margin of solvency	<u>(11,266)</u>	<u>(10,750)</u>
Margin of solvency in excess of requirement	<u>71,565</u>	<u>118,821</u>

The margin of solvency was met and exceeded by the insurance subsidiary in 2025 and 2024 in accordance with the regulations of St. Kitts and Nevis.

In Anguilla, the solvency criteria is prescribed by section 8 (13) of the Insurance Act 2004. An operating entity is considered insolvent if total admissible assets less total liabilities is less than the minimum margin of solvency. The required minimum margin of solvency is stated as 20% of EC\$13,441 with an additional requirement of 10% applied to the portion of net premiums in excess of EC\$13,441.

Compliance with minimum margin of solvency of the insurance subsidiary is determined as follows:

	2025 \$	Restated 2024 \$
Total assets	283,563	318,168
Assets not allowed	(5,248)	(4,955)
Total liabilities	<u>(200,733)</u>	<u>(188,597)</u>
Margin of solvency	77,582	124,616
Required minimum margin of solvency	<u>(6,026)</u>	<u>(6,164)</u>
Margin of solvency in excess of requirement	<u>71,556</u>	<u>118,452</u>

The margin of solvency was met and exceeded by the insurance subsidiary in 2025 and 2024 in accordance with the regulations of Anguilla.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 4 Critical accounting estimates and judgements

The Group's consolidated financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the consolidated financial statements. Estimates and judgments 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. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates that have a significant risk of causing material adjustments to the carrying amounts of assets within the next financial year are discussed below:

#### *i) Fair value of financial instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Group's financial assets at FVOCI and FVTPL and the amounts of fair value changes recognised on those assets are disclosed in Note 10.

#### *ii) Testing of cash flow characteristics of financial assets and continuing evaluation of the business model*

In determining the classification of financial assets, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortised cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, IFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortised cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 4 Critical accounting estimates and judgements ...continued

#### iii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised 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 earlier detailed, which also sets out key sensitivities of the ECL to changes in these elements.

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

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

Detailed information about the judgements and estimates made by the Group in the above areas is set out before in note 3.1.2 “Impairment and provisioning”.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences in estimates and actual loss experienced. To the extent that the net present value of estimated cash flows differs by +/-5%, the provision for loans and advances to customers would be estimated as \$4,838 lower or \$5,537 higher (2024: \$3,025 lower or \$5,588 higher).

#### iv) Insurance and reinsurance contracts

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The Group disaggregates information to disclose life insurance contracts issued and reinsurance contracts issued separately. This disaggregation has been determined based on how the company is managed.

##### *The methods used to measure insurance contracts*

The Group issues whole life, limited payment life, endowment, term insurance, health and medical insurance policies. The estimation of the actuarial liabilities arising under these insurance contracts is dependent on estimates made by the Group. The estimate is subject to several sources of uncertainty that need to be considered in determining the future benefit payments.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 4 Critical accounting estimates and judgements ...continued

#### iv) Insurance and reinsurance contracts ...continued

##### *The methods used to measure insurance contracts ...continued*

- i. Mortality and morbidity rates – Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract type. An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Group. Were the mortality rate to differ by +/-10% from management's estimate, the actuarial liabilities would decrease by approximately \$2,854 or increase by approximately \$2,764.
- ii. Longevity – Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by a number of factors including (but not limited to) policyholder gender, underwriting class and contract type. An increase in expected longevity rates will lead to an increase in expected cost of immediate annuity payments which will reduce future expected profits of the Group.
- iii. Expenses – Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. An increase in the expected level of expenses will reduce future expected profits of the Group. The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics.
- iv. Lapse and surrender rates – Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits of the Group, but later increases are broadly neutral in effect.

##### *Discount rates*

Life insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the life insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates, including sovereign debt, corporate debt and market swap rates.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 4 Critical accounting estimates and judgements ...continued

#### iv) Insurance and reinsurance contracts ...continued

##### *Discount rates ...continued*

Discount rates applied for discounting of future cash flows are listed below:

##### *Risk adjustment for non-financial risk*

The risk adjustment for non-financial risk represents the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

The Group has estimated the risk adjustment using a cost of capital technique. The cost of capital technique requires the Group to estimate the probability distribution of the fulfilment cash flows, and the additional capital that it requires at each future date in the cash flow projection to comply with the Group's internal economic capital requirements.

A cost of capital rate is applied to the additional capital requirement in future reporting periods. The cost of capital represents the return required by the Group to compensate for exposure to the non-financial risk. The Group's cost of capital is set at 6% per annum. The calculated risk adjustment at future durations is discounted to the reporting date at the risk free rate, to be held as a part of the total life insurance contract liability.

The risk adjustment for life insurance corresponds with 80% to 85% confidence levels (2024: 80% to 85%).

##### *Amortisation of the Contractual Service Margin*

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future
- Recognising in profit or loss the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of life insurance contracts, the quantity of benefits is the contractually agreed sum insured over the period of the contracts. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 4 Critical accounting estimates and judgements ...continued

#### iv) Insurance and reinsurance contracts ...continued

##### *Amortisation of the Contractual Service Margin ...continued*

For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum probable loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the CSM amortisation is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

##### *Assets for insurance acquisition cash flows*

The Group applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to groups including future renewals and the volume of expected renewals from new contracts issued in the period.

In the current and prior years, the Group did not allocate any insurance acquisition cash flows to future groups of insurance contracts, as it did not expect any renewal contracts to arise from new contracts issued in the period. In the current and prior year, the Group did not identify any facts and circumstances indicating that the assets may be impaired.

#### v) Estimation of current and deferred income taxes

Significant judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The extent to which deferred tax assets and tax credits can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. The estimated deferred tax asset and tax credit may vary from the actual amounts recovered in the future.



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 4 Critical accounting estimates and judgements ...continued

##### vi) Fair value measurement of land and property

Management uses valuation techniques to determine the fair value of its non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the asset. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see note 13). Additional information is disclosed in note 3.5.

#### 5 Cash and balances with Central Bank

	Note	2025 \$	2024 \$
Cash on hand		24,771	22,656
Balances with Central Bank other than mandatory deposits		<b>29,086</b>	26,002
Included in cash and cash equivalents	33	<b>53,857</b>	48,658
Mandatory deposits with Central Bank		<b>139,589</b>	163,141
		<b>193,446</b>	211,799

The Group is required to maintain an Automated Clearing Housing (ACH) collateral amount with the Central Bank. This amount can be in the form of cash and/or ECCU member Government securities issued on the Regional Government Securities Market. The Group's collateral amount held with the Central Bank at June 30, 2025 amounted to \$14,799 (2024: \$14,130).

Commercial banks are also required under Section 57 of the Banking Act, 2015 to maintain a reserve deposit with the Central Bank equivalent to 6 percent of their total customer deposits. This reserve deposit is not available to finance the Group's day-to-day operations.

Cash and balances with Central Bank, which include mandatory and ACH collateral deposits are not interest bearing.



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 6 Treasury bills

	2025	2024
	\$	\$
Treasury bills – Federal Government of the USA	1,349	70,647
Treasury bills – Government of St Kitts & Nevis	97,501	71,929
Interest receivable	569	2,889
	<hr/>	<hr/>
Treasury bills, gross	99,419	145,465
Less: provision for expected credit losses	(98)	(57)
	<hr/>	<hr/>
<b>Total treasury bills, net</b>	<b>99,321</b>	<b>145,408</b>

Treasury bills are held with the Government of Saint Kitts and Nevis and the Federal Government of the United States of America with original terms to maturity of 90 days to one year. The treasury bills included in cash and cash equivalents as at June 30, 2025 amounted to \$14,944 (2024: \$14,376) (see note 33). Interest on treasury bills is accrued at interest rates ranging from 3.73% to 4.00% (2024: 2.75% to 5.15%).

The movement in the treasury bills during the year is as follows:

	2025	2024
	\$	\$
Balance at beginning of year	145,408	360,604
Additions	98,849	237,394
Disposals (sales/redemptions)	(142,575)	(452,165)
Movement of interest receivable	(2,320)	(431)
Impairment (recoveries)/losses during the year, net	(41)	6
	<hr/>	<hr/>
<b>Balance at end of year</b>	<b>99,321</b>	<b>145,408</b>

The movement in the provision for expected credit losses is as follows:

	2025	2024
	\$	\$
Balance at beginning of year	57	63
Expected credit losses/(recoveries) during the year, net	41	(6)
	<hr/>	<hr/>
<b>Balance at end of year</b>	<b>98</b>	<b>57</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 7 Deposits with other financial institutions

	Note	2025 \$	2024 \$
Operating cash balances		88,260	156,828
Interest bearing term deposits		16,737	1,673
Items in the course of collection		3,416	2,617
Included in cash and cash equivalents	33	108,413	161,118
Interest bearing term deposits		29,000	31,899
Restricted term deposits		14,533	13,869
		151,946	206,886
Interest receivable		618	1,326
Total deposits with other financial institutions, gross		152,564	208,212
Less: provision for expected credit losses		(88)	(97)
<b>Total deposits with other financial institutions, net</b>		<b>152,476</b>	<b>208,115</b>
Current		137,943	194,246
Non-current		14,533	13,869
		152,476	208,115

The operating balances are zero-interest bearing (2024: 0%). The amounts held in these accounts are to facilitate the short-term commitments and day-to-day operations of the Group.

Restricted term deposits are interest bearing fixed deposits collateral used in the Group's international business operations. These deposits are not available for use in the day-to-day operations of the Group.

Interest earned on restricted term deposits is credited to the consolidated statement of income. The effective interest rate on 'Deposits with other financial institutions' at June 30, 2025 was 3.79% (2024: 4.24%).

Interest bearing term deposits are deposits which earn interest at a rate of 3.25% to 4.22% per annum (2024: 1.50% to 5.75%) and have original terms of maturity of one day to one year ending within the period July 1, 2025 to February 25, 2026 (2024: July 9, 2024 to June 29, 2025).

The movement in expected credit losses is as follows:

	2025 \$	2024 \$
Balance at beginning of year	97	72
Expected credit (recoveries)/losses during the year, net	(9)	25
<b>Balance at end of year</b>	<b>88</b>	<b>97</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 8 Loans and advances to customers

	2025 \$	2024 \$
<i>Performing</i>		
Demand	372,949	405,199
Mortgages	219,120	185,396
Other secured	29,058	27,425
Overdrafts	40,736	17,434
Credit cards	14,667	13,360
Consumer	17,313	10,899
<i>Under-performing</i>		
Demand	2,313	2,915
Mortgages	2,296	1,472
Overdrafts	1,131	–
Credit cards	582	466
Consumer	435	265
<i>Non-performing</i>	423,937	415,107
Interest receivable	1,790	1,702
Total loans and advances to customers, gross	1,126,327	1,081,640
Less: provision for expected credit losses	(40,870)	(35,512)
<b>Total loans and advances to customers, net</b>	<b>1,085,457</b>	<b>1,046,128</b>
Current	415,655	373,451
Non-current	669,802	672,677
	<b>1,085,457</b>	<b>1,046,128</b>

The weighted average effective interest rate on performing loans and advances excluding overdrafts at June 30, 2025 was 5.92% (2024: 5.45%) and on overdrafts was 9.95% (2024: 7.26%).

The movement in the provision for expected credit losses is as follows:

	Note	2025 \$	2024 \$
Balance at beginning of year		35,512	33,899
Expected credit losses during the year, net	26	5,358	1,925
Write offs		–	(312)
<b>Balance at end of year</b>		<b>40,870</b>	<b>35,512</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

## 9 Originated debts

	2025	2024
	\$	\$
Local sovereign bonds	27,093	25,879
Regional sovereign bonds	39,122	47,727
International sovereign bond	47,013	35,222
International Gov't agency bonds	–	45,887
	<b>113,228</b>	154,715
Interest receivable	1,842	1,604
Total originated debts, gross	<b>115,070</b>	156,319
Less: provision for expected credit losses	<b>(345)</b>	(678)
<b>Total originated debts, net</b>	<b>114,725</b>	155,641
Current	22,312	53,852
Non-current	92,413	101,789
	<b>114,725</b>	155,641

Originated debts are bonds held with sovereigns in the Eastern Caribbean Currency Union (ECCU), in regional financial institution and international financial institutions.

### a) Local and regional sovereign bonds

The Bank has certain investment securities which comprise of fixed rate bonds held with sovereigns in the ECCU. Bonds yield interest at rates of 1.50% – 6.75% (2024: 1.50% – 6.75%). Bonds have remaining terms to maturity ranging from within one month – 32 years (2024: within three months – 33 years) and will mature between July 18, 2025 and April 18, 2057 (2024: September 12, 2024 and April 18, 2057) and pay semi-annual coupon interest payments until maturity.

### b) International bonds

The Bank holds various Agency bonds purchased through Wells Fargo which are denominated in United States Dollars and which yield interest rates ranging from 3.89% – 5.50% (2024: 3.0% – 4.75%). The bonds have maturity dates ranging from November 10, 2028 – November 8, 2034 (2024: December 23, 2024 – February 8, 2029).

### c) Certificates of participation in the Government of Antigua and Barbuda 7-Year Long Term Note

The Bank placed funds on deposit with ABI Bank Limited (ABIB). These deposits were placed with ABIB, which at the time was facing serious liquidity challenges, at the request of the ECCB, having regard to the contagion effect on the ECCU and the Bank that would result if ABIB were unable to mitigate its liquidity risks.

By April 28, 2010, the Bank had placed total deposits of \$32,000 with ABIB. On May 7, 2010, these deposits, along with an additional \$6,710 were used to purchase from ABIB a series of certificates of participation (COPs) in the cash flows from a Long-Term Note issued by the Government of Antigua and Barbuda (GoAB), which had been securitized by ABIB.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 9 Originated debts ...continued

#### c) Certificates of participation in the Government of Antigua and Barbuda 7-Year Long Term Note ...continued

On July 22, 2011, the ECCB was directed by the Monetary Council to exercise the special emergency powers conferred on it by Part IIA, Article 5B of the ECCB Agreement Act 1983, to assume control of ABIB. During the years of ECCB's control of ABIB, the Bank received an annual confirmation from the ECCB of the total outstanding amounts of the COP, with the stated objective of stabilizing the operations of ABIB so that all obligations would be settled in the normal course of business. ABIB was placed in receivership on November 27, 2015 by ECCB.

On July 11, 2019, the Bank wrote to Caribbean Financial Services Corporation informing them that the Group intended to exercise its rights under clause 9.2 of the Trust Deed to bring proceedings against the Government of Antigua and Barbuda and/or any holder of the proceeds of the Note.

As at June 30, 2021, the Bank's interest under the COP amounted to \$36,243. All of the COP have matured and are past due. A decision was made and approved by the Board of Directors to have the COP which amounted to \$36,243 written-off at the end of the financial year ended June 2022. As at June 30, 2025 and 2024, the Bank's consolidated financial statements no longer show an interest under COP.

The Bank will continue to pursue its entitlement under the COP through ongoing legal action to recover its interest. The Bank's external legal counsel team was buttressed by the retention of Legal Counsel out of the United Kingdom, who the Bank was advised is an expert in this particular area of the law.

The Bank continues to rely on the expert legal advice received thus far as pertains to the prospects of enforcing recovery and anticipate an eventual settlement.

The movement in the originated debts during the year is as follows:

	2025	2024
	\$	\$
Balance at beginning of year	155,641	119,536
Additions	65,741	68,714
Disposals (sales/redemptions)	(107,228)	(33,146)
Expected credit recoveries/(losses) during the year, net	333	(313)
Movement in interest receivable	238	850
<b>Balance at end of year</b>	<b>114,725</b>	<b>155,641</b>

The movement in the provision for expected credit losses is as follows:

	2025	2024
	\$	\$
Balance at beginning of year	678	365
Expected credit (recoveries)/losses, net	(333)	313
<b>Balance at end of year</b>	<b>345</b>	<b>678</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 10 Investment securities

	2025	2024
	\$	\$
<b>FVTPL</b>		
Equity investments	498,885	679,693
Debt investments	20,674	–
	<u>519,559</u>	<u>679,693</u>
<b>FVOCI – equity securities</b>		
Quoted equity investments	1,786	403
Unquoted equity investments	11,273	7,499
	<u>13,059</u>	<u>7,902</u>
<b>FVOCI – debt securities</b>		
Quoted corporate bonds	303,332	275,510
Quoted sovereign bonds	251,718	243,293
Government sponsored enterprise debentures	4,311	12,989
Preferred securities	544	–
Certificates of deposits	3,886	9,493
Interest receivable	6,639	6,718
	<u>570,430</u>	<u>548,003</u>
<b>Total debt securities – FVOCI</b>	<u>570,430</u>	<u>548,003</u>
<b>Total investment securities</b>	<u>1,103,048</u>	<u>1,235,598</u>
Current	649,667	746,238
Non-current	453,381	489,360
<b>Total investment securities</b>	<u>1,103,048</u>	<u>1,235,598</u>

The movement in investment securities during the year is as follows:

	FVTPL	Equity securities – FVOCI	Debt securities – FVOCI	Total
	\$	\$	\$	\$
Balance as at June 30, 2024	679,693	7,902	548,003	1,235,598
Additions	221,255	1,556	222,938	445,749
Disposals (sales/redemptions)	(396,858)	–	(205,304)	(602,162)
Fair value losses on disposal of investment securities, net	(32,148)	–	(11,713)	(43,861)
Fair value gains on existing securities, net	47,617	3,601	16,585	67,803
Movement of interest receivable	–	–	(79)	(79)
<b>Balance as at June 30, 2025</b>	<u>519,559</u>	<u>13,059</u>	<u>570,430</u>	<u>1,103,048</u>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 10 Investment securities ...continued

	FVTPL	Equity securities – FVOCI	Debt securities – FVOCI	Total
	\$	\$	\$	\$
Balance as at June 30, 2023	913,446	20,838	249,956	1,184,240
Additions	223,596	–	582,568	806,164
Disposals (sales/redemptions)	(533,455)	(18,539)	(297,657)	(849,651)
Fair value gains/(losses) on disposal of investment securities	41,044	7,307	(1,219)	47,132
Fair value (losses)/gains on existing securities	35,062	(1,704)	10,382	43,740
Movement of interest receivable	–	–	3,973	3,973
<b>Balance as at June 30, 2024</b>	<b>679,693</b>	<b>7,902</b>	<b>548,003</b>	<b>1,235,598</b>

i) *FVTPL – quoted debt and equity instruments*

The Group maintains certain debt and equity instruments trading in regional and international markets denominated in USD and XCD currency.

ii) *FVOCI – equity instruments*

The Group maintains certain equity instruments which are quoted and unquoted. The instruments are denominated in USD and XCD currency. The Group has made the irrevocable election to classify these securities as FVOCI – equity instruments as management has not obtained these instruments for the purposes of speculation or active trading.

*Unquoted equity instruments*

For unquoted equity securities, the Group undertakes a fair value assessment at each reporting date to assess the gains or losses attributable to such assets. During the financial year, net fair value losses related to financial assets in equity securities which are not trading in an active market amounted to \$3,774 (2024: \$1,369).



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 10 Investment securities ...continued

#### iii) FVOCI – debt securities – quoted corporate and sovereign bonds

The Group has certain investment securities which comprise of quoted corporate and sovereign fixed rate bonds. Bonds have coupon rates of 0.25% to 9.70% (2024: 0.949% to 9.70%); whilst, the effective interest rate for these bonds ranges from 0.25% to 9.70% (2024: 0.95% to 10.15%). Bonds have a average term of ten (10) years and will mature between July 2025 and May 2067 and pay semi-annual coupon interest payments until maturity. As at June 30, 2025, the fair values of these amounted to \$570,430 (2024: \$548,003).

#### iv) Government sponsored enterprise debentures

The Group has certain debt instruments in government sponsored enterprises of the Federal Government of the United States of America. The bonds have maturity dates ranging from January 2030 to September 2032. The bonds have coupon rates of 4.50% to 5.18% (June 30, 2024: 4.55% to 6.23%).

#### v) Certificates of deposits

The Group has certificates of deposits with various financial institutions based in United States and Canada. The certificates of deposits have maturity dates ranging from August 2025 – March 2028. The certificates of deposits have coupon rates of 3.25% to 5.00%.

### 11 Property inventory

Property inventory relates mainly to land and buildings held for sale by certain companies within the Group and, is measured at the lower of cost and net realisable value.

	2025 \$	2024 \$
Cost	<u>8,783</u>	8,783
Net realisable value	<u>8,565</u>	8,565

### 12 Investment property

	2025 \$	2024 \$
Land at Camps	2,021	2,021
Land at Brighton	<u>2,019</u>	2,019
	<u>4,040</u>	4,040

All of the Group's investment property is held under freehold interests. The estimated fair market value of the investment property is \$4,574 based on an independent valuation that was performed in 2025.

## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)



### 13 Property and equipment

Note	Land and Buildings \$	Equipment, furniture and fittings \$	Motor vehicles \$	Reference books \$	Projects ongoing \$	Total \$
<b>At June 30, 2023</b>						
Cost or valuation	35,734	26,056	1,860	161	490	64,301
Accumulated depreciation	(3,254)	(21,911)	(980)	(160)	—	(26,305)
<b>Net book value</b>	<b>32,480</b>	<b>4,145</b>	<b>880</b>	<b>1</b>	<b>490</b>	<b>37,996</b>
<b>Year ended June 30, 2024</b>						
Opening net book value	32,480	4,145	880	1	490	37,996
Additions	95	2,290	—	—	7,803	10,188
Disposals	—	(2,447)	(277)	—	—	(2,724)
Depreciation charge	(685)	(1,477)	(262)	—	—	(2,424)
Write-back on disposals	—	2,446	236	—	—	2,682
<b>Closing net book value</b>	<b>31,890</b>	<b>4,957</b>	<b>577</b>	<b>1</b>	<b>8,293</b>	<b>45,718</b>
<b>At June 30, 2024</b>						
Cost or valuation	35,829	25,899	1,583	161	8,293	71,765
Accumulated depreciation	(3,939)	(20,942)	(1,006)	(160)	—	(26,047)
<b>Net book value</b>	<b>31,890</b>	<b>4,957</b>	<b>577</b>	<b>1</b>	<b>8,293</b>	<b>45,718</b>

Included in the projects ongoing was \$5,575 which were incorrectly classified under property and equipment. In the current year, these costs were appropriately reclassified to ongoing software projects. As a result of this, the additions reflected in intangible assets, include a total transfer from property and equipment amounting to \$5,461 (see note 14), which do not represent current year cash outflows. No such transfer was completed in the financial year June 30, 2024.

Included in land and property are leasehold improvements which are not subject to revaluation. As at the year ended June 30, 2025, the net book value of these leasehold improvements amounted to \$120 (2024: \$165).

## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 13 Property and equipment ...continued

	Note	Land and property	Equipment, furniture and fittings	Motor vehicles	Reference books	Projects ongoing	Total
		\$	\$	\$	\$	\$	\$
<b>Year ended June 30, 2025</b>							
Opening net book value		31,890	4,957	577	1	8,293	45,718
Additions		2,043	2,299	838	—	—	5,180
Disposals		—	—	—	—	(5,575)	(5,575)
Depreciation charge	27	(1,027)	(1,707)	(287)	—	—	(3,021)
Effect of elimination of accumulated depreciation against valuation:							
Valuation		(3,198)	—	—	—	—	(3,198)
Accumulated depreciation		3,198	—	—	—	—	3,198
Revaluation surplus		3,743	—	—	—	—	3,743
Revaluation loss		(319)	—	—	—	—	(319)
<b>Closing net book value</b>		<b>36,330</b>	<b>5,549</b>	<b>1,128</b>	<b>1</b>	<b>2,718</b>	<b>45,726</b>
<b>At June 30, 2025</b>							
Cost or valuation		37,872	28,198	2,421	161	2,718	71,370
Accumulated depreciation		(1,542)	(22,649)	(1,293)	(160)	—	(25,644)
<b>Net book value</b>		<b>36,330</b>	<b>5,549</b>	<b>1,128</b>	<b>1</b>	<b>2,718</b>	<b>45,726</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 13 Property and equipment ...continued

In 2025, the Group's land and buildings were revalued based on the appraisals made by an independent firm of appraisers. Valuations were made on the basis of comparative recent market transactions on arm's length terms. The revaluation surplus was credited to 'revaluation reserve' in shareholders' equity.

The following is the historical cost carrying amount of land and buildings carried at revalued amounts.

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At June 30, 2025</b>			
Cost	4,656	18,030	22,686
Accumulated depreciation	–	(9,188)	(9,188)
<b>Net book value</b>	<b>4,656</b>	<b>8,842</b>	<b>13,498</b>
<b>At June 30, 2024</b>			
Cost	4,656	18,030	22,686
Accumulated depreciation	–	(8,773)	(8,773)
<b>Net book value</b>	<b>4,656</b>	<b>9,257</b>	<b>13,913</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 14 Intangible assets

	Notes	Computer software \$	Work in progress \$	Total \$
<b>At June 30, 2023</b>				
Cost		9,591	–	9,591
Accumulated amortisation		(8,521)	–	(8,521)
<b>Net book value</b>		<b>1,070</b>	<b>–</b>	<b>1,070</b>
<b>Year ended June 30, 2024</b>				
Opening balance		1,070	–	1,070
Additions		134	–	134
Amortisation charge	27	(430)	–	(430)
<b>Closing net book value</b>		<b>774</b>	<b>–</b>	<b>774</b>
<b>At June 30, 2024</b>				
Cost		9,725	–	9,725
Accumulated amortisation		(8,951)	–	(8,951)
<b>Net book value</b>		<b>774</b>	<b>–</b>	<b>774</b>
<b>Year ended June 30, 2025</b>				
Opening balance		774	–	774
Additions		279	5,513	5,792
Transfer from property and equipment	13	–	5,461	5,461
Amortisation charge	27	(386)	–	(386)
<b>Closing net book value</b>		<b>667</b>	<b>10,974</b>	<b>11,641</b>
<b>At June 30, 2025</b>				
Cost		10,004	10,974	20,978
Accumulated amortisation		(9,337)	–	(9,337)
<b>Net book value</b>		<b>667</b>	<b>10,974</b>	<b>11,641</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

## 15 Leases

The Group leases properties and equipment for its operations with lease terms ranging from 3 to 10 years. The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets.

Information about leases for which the Group is a lessee is presented below.

i) *Amounts recognised in the consolidated statement of financial position:*

<b>Right-of-use assets</b>	<b>Notes</b>	<b>\$</b>
Cost		4,202
Accumulated depreciation		<u>(3,139)</u>
<b>Balance as at June 30, 2023</b>		<b><u>1,063</u></b>
<b>Year ended June 30, 2024</b>		
Opening net book value		1,063
Additions		2,729
Depreciation charge	27	<u>(1,424)</u>
<b>Closing net book value</b>		<b><u>2,368</u></b>
Cost		7,102
Accumulated depreciation		<u>(4,734)</u>
<b>Balance as at June 30, 2024</b>		<b><u>2,368</u></b>
<b>Year ended June 30, 2025</b>		
Opening net book value		2,368
Additions		4,782
Depreciation charge	27	<u>(1,995)</u>
<b>Closing net book value</b>		<b><u>5,155</u></b>
Cost		11,884
Accumulated depreciation		<u>(6,729)</u>
<b>Balance as at June 30, 2025</b>		<b><u>5,155</u></b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 15 Leases ...continued

##### i) Amounts recognised in the consolidated statement of financial position: ...continued

	Notes	2025 \$	2024 \$
<b>Lease liabilities</b>			
Balance at beginning of year		2,446	1,084
Additions		4,782	2,730
Interest expense	22	120	66
Lease payments		(2,093)	(1,434)
<b>Balance at end of year</b>		<b>5,255</b>	<b>2,446</b>
Current		2,053	1,260
Non-current		3,202	1,186
		<b>5,255</b>	<b>2,446</b>

##### ii) Amounts recognised in the consolidated statement of income:

		2025 \$	2024 \$
Depreciation charge on right-of-use assets		1,995	1,424
Interest expense on lease liabilities	22	120	66
		<b>2,115</b>	<b>1,490</b>

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Each lease is either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Group is prohibited from selling or pledging the underlying leased asset as security. Further, the Group must keep the leased properties in a good state of repair and return the leased properties in its original condition at the end of the lease. Also, the Group must insure items of property and equipment and incur maintenance fees on such items in accordance with the lease contracts.



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 15 Leases ...continued

The table below describes the nature of the Group's leasing activity by type of right-of-use assets recognised on the consolidated statement of financial position.

<b>June 30, 2025</b>					
<b>Right-of-use asset</b>	<b>No. of right-of-use assets leased</b>	<b>Range of remaining term</b>	<b>Average Remaining lease term</b>	<b>No. of leases with extension option</b>	<b>No. of leases with termination options</b>
Office buildings	16	5	3	12	11
Storage facilities	3	1	0.7	3	2
IT Equipment	9	3	2.2 years	9	–
<b>June 30, 2024</b>					
<b>Right-of-use asset</b>	<b>No. of right-of-use assets leased</b>	<b>Range of remaining term</b>	<b>Average remaining lease term</b>	<b>No. of leases with extension option</b>	<b>No. of leases with Termination options</b>
Office buildings	15	5	3	11	11
Storage facilities	2	–	–	2	1
IT Equipment	8	3	2.5 years	8	–

The lease liabilities are unsecured and future minimum lease payments are as follows:

	<b>Within 1 year</b>	<b>1 – 2 years</b>	<b>2 – 3 years</b>	<b>3 – 4 years</b>	<b>4 – 5 years</b>	<b>After 5 years</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>June 30, 2025</b>							
Lease payments	2,175	1,238	942	823	344	–	5,522
Finance charges	(122)	(75)	(46)	(21)	(3)	–	(267)
Net present values	<b>2,053</b>	<b>1,163</b>	<b>896</b>	<b>802</b>	<b>341</b>	–	<b>5,255</b>
<b>June 30, 2024</b>							
Lease payments	1,311	858	286	39	30	–	2,524
Finance charges	(51)	(22)	(4)	(1)	–	–	(78)
Net present values	<b>1,260</b>	<b>836</b>	<b>282</b>	<b>38</b>	<b>30</b>	–	<b>2,446</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 15 Leases ...continued

##### Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

#### 16 Other assets

	Notes	2025 \$	Restated 2024 \$
Insurance related and other receivables, gross		11,623	14,386
Provision for expected credit losses		(591)	(1,310)
Insurance and other receivables, net		11,032	13,076
Acceptances, guarantees and letters of credit		3,906	7,456
Net defined benefit asset	34	15,816	16,632
Suspense assets and prepayments		12,515	13,746
Reinsurance contract assets	18	913	1,074
Stationery and card stock		1,074	946
		<b>45,256</b>	<b>52,930</b>
Current		19,803	30,563
Non-current		25,453	22,367
		<b>45,256</b>	<b>52,930</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 17 Customers' deposits

	2025	2024
	\$	\$
Fixed deposit accounts	950,556	1,150,299
Direct demand accounts	716,101	720,902
Savings accounts	599,605	697,169
Call accounts	16,605	126,519
	<u>2,282,867</u>	<u>2,694,889</u>
Interest payable	10,732	12,247
	<u>2,293,599</u>	<u>2,707,136</u>
Current	2,276,426	2,707,136
Non-current	17,173	—
	<u>2,293,599</u>	<u>2,707,136</u>

Customers' deposits represent all types of deposit accounts held by the Group on behalf of customers. The deposits include demand deposit accounts, call accounts, savings accounts and fixed deposits.

The Group pays interest on all categories of customers' deposits except demand deposits. At the reporting date, total interest expense on customers' deposit accounts for the year amounted to \$49,985 (2024: \$52,111). The average effective rate of interest paid on customers' deposits was 2.91% (2024: 2.66%).

#### 18 Provisions, creditors and accruals

	2025	2024
	\$	\$
Insurance contract liabilities	110,606	102,718
Reinsurance contract liabilities	6,989	5,684
Deposit pension funds	70,736	67,541
Suspense liabilities	35,351	31,937
Other payables	42,133	37,920
Unpaid drafts on other banks	3,188	3,073
Managers' cheques and banker's payments	1,799	2,983
	<u>270,802</u>	<u>251,856</u>
Current	200,066	184,315
Non-current	70,736	67,541
	<u>270,802</u>	<u>251,856</u>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 18 Provisions, creditors and accruals ...continued

##### *Deposit pension funds*

	<b>2025</b>	<b>2024</b>
	\$	\$
Contributions	<b>3,442</b>	3,317
Interest	<b>2,568</b>	2,462
	<b>6,010</b>	5,779
<i>Less expenses</i>		
Management expenses	<b>(159)</b>	(158)
Group pension benefits	<b>(2,656)</b>	(2,240)
	<b>(2,815)</b>	(2,398)
Surplus for the year	<b>3,195</b>	3,381
Fund at beginning of the year	<b>67,541</b>	64,160
Fund at end of the year	<b>70,736</b>	67,541

The deposit funds represent pension funds which the Insurance Subsidiaries Company manages on behalf of the Group and third-party entities. The fund balance represents the amount outstanding on account of the contributors to the fund and those liabilities are supported by term deposits and treasury bills held by the Insurance Subsidiaries Company as disclosed in notes 5 and 6. There are additional deposits maintained by the Insurance Subsidiaries Company to support the liability in the amounts of \$24,552 (2024: \$25,812).

**Notes to Consolidated Financial Statements**

June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

**18 Provisions, creditors and accruals ...continued***Insurance contract liabilities*

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below. The insurance subsidiary has made an accounting policy choice to expense acquisition cash flows as they arise.

	Liabilities for remaining coverage		Liabilities for incurred claims			Total \$
	Excluding loss component \$	Loss Component \$	Present value of future cash flows \$	Risk adjustment for non-financial risk \$		
<b>Insurance contracts issued</b>						
Opening insurance contract liabilities	89,544	3,277	8,842	1,055		102,718
Opening insurance contract assets	—	—	—	—	—	—
Net balance as of July 1, 2024	89,544	3,277	8,842	1,055		102,718
Insurance revenue	(65,053)	—	—	—		(65,053)
Insurance service expenses						
Incurred claims and other directly attributable expenses	1,301	1,120	40,074	112		42,607
Changes that relate to past and future service -adjustments to the LIC	—	—	367	(680)		(313)
Changes that relate to future service	—	587	—	—		587
Insurance service expenses	1,301	1,707	40,441	(568)		42,881
Insurance service result	(63,752)	1,707	40,441	(568)		(22,172)
Finance expenses from insurance contracts issued	5,771	212	(936)	19		5,066
Total amounts recognised in comprehensive income	(57,981)	1,919	39,505	(549)		(17,106)
Cash flows:						
Premiums received	68,586	—	—	—		68,586
Claims and other directly attributable expenses paid	(3,302)	—	(40,290)	—		(43,592)
Total cash flows	65,284	—	(40,290)	—		24,994
<b>Net balance as of June 30, 2025</b>	<b>96,847</b>	<b>5,196</b>	<b>8,057</b>	<b>506</b>		<b>110,606</b>
<b>Closing insurance contract liabilities</b>	<b>96,847</b>	<b>5,196</b>	<b>8,057</b>	<b>506</b>		<b>110,606</b>
<b>Closing insurance contract assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>		<b>—</b>
<b>Net balance as of June 30, 2025</b>	<b>96,847</b>	<b>5,196</b>	<b>8,057</b>	<b>506</b>		<b>110,606</b>

**Notes to Consolidated Financial Statements**

June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

**18 Provisions, creditors and accruals ...continued***Insurance contract liabilities ...continued*

	Liabilities for remaining coverage		Liabilities for incurred claims		Total \$
	Excluding loss component \$	Loss Component \$	Present value of future cash flows \$	Risk adjustment for non-financial risk \$	
<b>Insurance contracts issued</b>					
Opening insurance contract liabilities	84,084	1,482	10,310	1,052	96,928
Opening insurance contract assets	—	—	—	—	—
Net balance as of July 1, 2023, restated	<b>84,084</b>	<b>1,482</b>	<b>10,310</b>	<b>1,052</b>	<b>96,928</b>
Insurance revenue	(62,567)	—	—	—	(62,567)
Insurance service expenses					
Incurred claims and other directly attributable expenses	426	(671)	36,504	325	36,584
Changes that relate to past and future service -adjustments to the LIC	—	2,406	(2,645)	(332)	(571)
Insurance service expenses	426	1,735	33,859	(7)	36,013
Insurance service result	(62,141)	1,735	33,859	(7)	(26,554)
Finance expenses from insurance contracts issued	5,113	60	483	10	5,666
Total amounts recognised in comprehensive income	(57,028)	1,795	34,342	3	(20,888)
Cash flows:					
Premiums received	65,071	—	—	—	65,071
Claims and other directly attributable expenses paid	(2,583)	—	(35,810)	—	(38,393)
Total cash flows	62,488	—	(35,810)	—	26,678
<b>Net balance as of June 30, 2024</b>	<b>89,544</b>	<b>3,277</b>	<b>8,842</b>	<b>1,055</b>	<b>102,718</b>
<b>Closing insurance contract liabilities</b>	<b>89,544</b>	<b>3,277</b>	<b>8,842</b>	<b>1,055</b>	<b>102,718</b>
<b>Closing insurance contract assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net balance as of June 30, 2024</b>	<b>89,544</b>	<b>3,277</b>	<b>8,842</b>	<b>1,055</b>	<b>102,718</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 18 Provisions, creditors and accruals ...continued

*Insurance contract liabilities ...continued*

*Reinsurance contracts held*

	Note	2025 \$	2024 \$
Opening reinsurance contract assets		1,074	2,556
Opening reinsurance contract liabilities		<u>(5,684)</u>	<u>(1,242)</u>
Net balance at beginning of year		(4,610)	1,314
Net expenses from reinsurance contracts held			
Reinsurance expenses	24	(17,224)	(20,865)
Cash flows			
Premiums paid net of ceding commissions		<u>15,758</u>	<u>14,941</u>
<b>Balance at end of year</b>		<b><u>(6,076)</u></b>	<b><u>(4,610)</u></b>
	Note	2025 \$	2024 \$
Closing reinsurance contract assets	16	913	1,074
Closing reinsurance contract liabilities		<u>(6,989)</u>	<u>(5,684)</u>
		<b><u>(6,076)</u></b>	<b><u>(4,610)</u></b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

## 19 Taxation

The corporate income tax rate has been officially set at 25% effective January 1, 2024.

	2025 \$	2024 \$
Net income before tax	<u>34,911</u>	<u>31,797</u>
Tax expense at effective tax rate of 25% (2024: 25%)	8,728	7,949
Non-deductible expenses and other permanent differences	23,480	8,272
Deferred tax movement not recorded	104	249
Income not subject to tax	(18,115)	(4,936)
Prior year's deferred income tax, not previously recognized	–	(4,614)
Movement in deferred tax on unutilised tax losses recognised during the year	15	(18,722)
Tax credit from discounted interest on government loans	<u>(7,082)</u>	<u>(7,212)</u>
Income tax expense/(credit)	<u>7,130</u>	<u>(19,014)</u>

### Represented as follows:

Current year's income tax expense	7,923	7,656
Tax credit from discounted interest on government loans	<u>(7,082)</u>	<u>(7,212)</u>
	841	444
Deferred tax expense/(credit)	<u>6,289</u>	<u>(19,458)</u>
Income tax expense/(credit)	<u>7,130</u>	<u>(19,014)</u>

During the year, the Group incurred realised losses of \$nil (2024: \$7,307) on FVOCI equity securities held by the Bank, with a tax benefit of \$nil (2024: \$1,827), that were transferred directly to retained earnings.



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 19 Taxation ...continued

##### Deferred tax asset/(liability)

The net deferred tax asset/(liability) is comprised as follows:

	2025	2024
	\$	\$
<i>Items recognised in profit or loss:</i>		
Accelerated depreciation	1,439	1,468
Tax losses carried forward	30,167	36,049
Net defined benefit asset	(4,504)	(4,126)
	<u>27,102</u>	<u>33,391</u>
<i>Items recognised directly in other comprehensive income:</i>		
Unrealised losses on FVOCI securities	(3,077)	(1,851)
Revaluation of buildings	(1,784)	(1,849)
Net defined benefit asset	(65)	(649)
	<u>(4,926)</u>	<u>(4,349)</u>
	<u>22,176</u>	<u>29,042</u>
<b>Comprised as follows on the consolidated statement of financial position:</b>		
Deferred tax asset	25,757	32,597
Deferred tax liability	(3,581)	(3,555)
	<u>22,176</u>	<u>29,042</u>

The movements on net deferred tax asset/(liability) are as follows:

	2025	2024
	\$	\$
<b>Balance at beginning of year</b>	<b>29,042</b>	<b>14,009</b>
Movement in net unrealised losses on investment securities	(1,226)	(5,047)
Deferred tax movement for pension asset in profit and loss	(378)	447
Movement in accelerated depreciation	(29)	287
Deferred tax on revaluation of buildings	65	–
Tax losses carried forward	(5,882)	18,724
Movement in re-measurement of defined benefit asset	584	622
<b>Balance at end of year</b>	<b>22,176</b>	<b>29,042</b>



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 19 Taxation ...continued

#### Income tax payable

The movement in the income tax payable is as follows:

	2025	2024
	\$	\$
<b>Balance at beginning of year</b>	<b>981</b>	1,974
Transfer of advance tax overpayment to tax recoverable	–	1,905
Prior year over-provision in tax payable	–	–
Current year's tax liability (limited to 20% of the Bank's taxes)	<b>1,176</b>	923
Taxes paid during the year	<b>(923)</b>	(3,821)
<b>Balance at end of year</b>	<b>1,234</b>	981

#### Tax losses

The Group has incurred income tax losses amounting to \$240,861 (2024: \$264,861) which may be carried forward and applied to reduce taxable income by an amount not exceeding one half of taxable income in any one year of assessment within 5 years following the year in which the losses were incurred. Subsequent to the year end, on December 31, 2024, the IRD approved the request from the Bank to carry forward the number of years to utilise the tax losses from five to ten years.

The losses expire as follows:

Year of loss	Year loss expires	Balance at June 30, 2024	Expired or utilised	Incurred loss	Balance at June 30, 2025
		\$	\$	\$	\$
2019	2024	470	(470)	–	–
2020	2025	475	–	–	475
2021	2026	572	–	–	572
2022	2027	263,344	(23,530)	–	239,814
		<b>264,861</b>	<b>(24,000)</b>	–	<b>240,861</b>

#### Deferred tax asset

As at June 30, 2025, the Group recognised a deferred tax asset of \$30,167 (2024: \$36,049) in its financial year based on management's estimates of its ability to earn future taxable profits to utilize the loss.

#### Income tax recoverable

Included in the consolidated statement of financial position is an amount of \$65,421 (2024: \$51,024) that relates to income tax credits/advance tax payments due from the IRD in respect of tax assessments that were finalised up to the year ended June 30, 2020 and the change in the Group's estimate of the current income tax expense based on a settlement agreement with the IRD. The amount may be applied against any future taxes payable by the Group, with certain agreed restrictions.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 19 Taxation ...continued

#### Income tax recoverable ...continued

The movement in the income tax recoverable is as follows:

	2025	Restated 2024
	\$	\$
<b>Balance, beginning of year, as previously reported</b>	<b>50,602</b>	34,392
Prior period adjustment	422	422
<b>Balance, beginning of year, as restated</b>	<b>51,024</b>	34,814
Current year's income tax credit	7,082	7,212
Taxes paid during the year	14,062	12,000
Transfer from income tax liability	–	1,905
Current year's income tax expense offset	(6,747)	(4,907)
<b>Balance, end of year</b>	<b>65,421</b>	51,024

### 20 Issued share capital

	2025	2024
	\$	\$
Authorised		
270,000,000 ordinary shares of \$1 each	<b>270,000</b>	270,000
Issued and fully paid		
141,750,000 ordinary shares of \$1 each	<b>141,750</b>	141,750

### 21 Reserves

The reserves are comprised as follows:

	2025	2024
	\$	\$
Statutory reserve	144,457	144,457
Revaluation reserve	29,561	25,924
Fair value reserves – FVOCI	14,410	7,181
Other reserves	276,287	293,864
	<b>464,715</b>	471,426

i) *Statutory reserve*

In accordance with Section 45 (1) of Saint Christopher and Nevis Banking Act, 2015, the Group is required to maintain a reserve fund into which it shall transfer not less than 20% of its net income of each year whenever the reserve fund is less than the Group's paid-up capital.

The reserve requirement was met in the year ended June 30, 2025 and 2024. Accordingly, no additional transfers were made in both years.



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

## 21 Reserves ...continued

### ii) Revaluation reserve

	2025	2024
	\$	\$
Balance at beginning of year	25,924	25,924
Change in fair value of land and buildings, net of tax	3,637	–
<b>Balance at end of year</b>	<b>29,561</b>	<b>25,924</b>

### iii) Fair value reserves – FVOCI

	2025	2024
	\$	\$
Balance at beginning of year	7,181	(3,562)
Realised losses transferred to accumulated deficit, net of tax	–	5,480
Movement in market value of securities, net	7,280	5,150
Expected credit (losses)/recoveries recognised on investment securities	(50)	111
Other changes	(1)	2
<b>Balance at end of year</b>	<b>14,410</b>	<b>7,181</b>

The details of movement in market value of securities, net are as follows:

	2025	2024
	\$	\$
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		
Net unrealised gains on investment securities, net of tax	12,434	8,263
Net realised losses on investment securities, net of tax	(8,799)	(927)
	<b>3,635</b>	<b>7,336</b>
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		
Net unrealised gains on investment securities, net of tax	3,645	3,294
Net realised losses on investment securities, net of tax	–	(5,480)
	<b>3,645</b>	<b>(2,186)</b>
	<b>7,280</b>	<b>5,150</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

## 21 Reserves ...continued

### iv) Other reserves

	Note	2025 \$	2024 \$
Balance at beginning of year		293,864	290,104
Transfer to regulatory reserve for loan impairment		3,136	633
Transfer to regulatory reserve for interest accrued on non-performing loans		3,519	6,746
Transfer (from)/to insurance and claims equalisation reserves		(22,483)	2,142
Transfer from accumulated deficit to general reserve		–	3,488
Transfer from general reserve to regulatory reserves		–	(7,379)
Other movement		(1)	–
		<b>(15,829)</b>	<b>5,630</b>
Remeasurement loss on defined benefit asset, net of tax		(1,749)	(1,868)
Other charges		1	(2)
<b>Balance at end of year</b>		<b>276,287</b>	<b>293,864</b>
<b>Other reserves is represented by:</b>			
Regulatory reserve for loan impairment	3.1.2	166,743	163,607
Regulatory reserve for interest accrued on non-performing loans	3.1.2	84,052	80,533
Insurance and claims equalisation reserves		25,723	48,206
General reserve		853	853
Defined benefit pension plan reserve		(1,084)	665
		<b>276,287</b>	<b>293,864</b>

The details of the movement in the general reserve is as follows:

	2025 \$	2024 \$
<b>Balance at beginning of year</b>	<b>853</b>	<b>4,746</b>
Transfer to regulatory reserve for interest accrued on non-performing loans	–	(6,746)
Transfer from accumulated deficit to general reserves	–	3,486
Transfer to regulatory reserve for loan impairment	–	(633)
<b>Balance at end of year</b>	<b>853</b>	<b>853</b>

Included in other reserves are the following individual reserves:

#### General reserve

General reserve is used from time to time to transfer profits from retained earnings at the discretion of the Board of Directors. There is no policy of regular transfer.



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

## 21 Reserves ...continued

### iv) Other reserves ...continued

#### *Insurance and claims equalisation reserves ...continued*

The insurance reserve is a discretionary reserve for the health and public liability insurance business. The underlying assets are included in the Group's cash balances which form part of 'Cash and cash equivalents'.

Claims equalisation reserve represents cumulative amounts appropriated from retained earnings based on the discretion of the Board of Directors as part of the Insurance Company's risk management strategies to mitigate against catastrophic events. Annually, the claims equalisation reserve is assessed, and transfers made as considered necessary by the Board of Directors. This reserve is in addition to the catastrophe reinsurance cover.

The movement in the insurance and claims equalisation reserve is as follows:

	2025	2024
	\$	\$
<b>Balance at beginning of year</b>	<b>48,206</b>	46,064
Transferred to retained earnings	<b>(24,466)</b>	–
Transferred from retained earnings	<b>1,983</b>	2,142
<b>Balance at end of year</b>	<b>25,723</b>	48,206

On January 3, 2025, the Board of Directors approved the transfer of \$24,466 of the discretionary claims equalisation reserve back to the retained earnings.

#### *Regulatory reserve for loan impairment*

Regulatory reserve represents cumulative amounts appropriated from retained earnings based on the prudential guidelines of the ECCB. When the ECCB loan provision is greater than the loan provision calculated under IFRS 9, the difference is set aside in a reserve in equity and it is not available for distribution to the shareholders.

Based on an agreement between the St. Kitts-Nevis-Anguilla National Bank Limited (the Bank) and Eastern Caribbean Central Bank ("ECCB" or the "Regulator"), the Bank is required to institute measures to ensure compliance with Sections 10.4, 10.5 and 10.6 of The Impaired Assets Standard (TIAS) as follows:

- (i) Undertake a reclassification exercise to ensure all classifications are in compliance with TIAS and ensure provisioning for impaired credit facilities align with the classifications; and
- (ii) Ensure that a minimum of 100.0 per cent provisioning is assigned to the loss category of the lending portfolio. The Bank currently assigns a minimum loss per cent provision of 60% for all loans and advances assigned to the lending portfolio.

Consistent with the terms of the agreement, the Bank has devised a plan, which would enable the Bank to meet the 100.0 per cent provisioning requirement for non-performing loans, over a five (5) to seven (7) year period. The ECCB continues to monitor the progress the Bank to achieve compliance with this requirement. As such, an extension to this requirement has been provided until December 31, 2025, to allow the Bank to complete required evaluations related to this plan.

Were the Bank to determine the regulatory reserve for loan impairment in accordance with TIAS, the regulatory reserve and the accumulated deficit would both increase by \$135,296.



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

## 21 Reserves ...continued

### iv) Other reserves ...continued

#### *Reserve for interest accrued on non-performing loans*

This reserve is created to set aside interest accrued on non-performing loans where certain conditions are met in accordance with IFRS 9. The prudential guidelines of the ECCB do not allow for the accrual of such interest. As a result, the interest is set aside in a reserve and it is not available for distribution to shareholders until received.

#### *Defined benefit pension plan reserve*

This reserve is used to record the actuarial re-measurement of the defined benefit pension asset in other comprehensive income.

## 22 Net interest income

	Notes	2025 \$	2024 \$
<b>Interest income</b>			
Loans and advances to customers		47,939	45,524
Financial asset	32	5,657	5,673
Originated debts		7,075	8,381
Deposits with other financial institutions		3,424	3,779
Investment securities at FVTPL and FVOCI		24,954	21,667
Others		3,306	10,689
<b>Interest income for the year</b>		<b>92,355</b>	<b>95,713</b>
<b>Interest expense</b>			
Fixed deposit accounts		35,628	38,534
Savings accounts		13,248	12,817
Line of credit		7,310	1
Call accounts		1,109	760
Finance lease liabilities	15	120	66
<b>Interest expense for the year</b>		<b>57,415</b>	<b>52,178</b>
<b>Net interest income</b>		<b>34,940</b>	<b>43,535</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 23 Net fees and commission income

	2025	2024
	\$	\$
<b>Fees and commission income</b>		
International business and foreign exchange	19,749	17,573
Brokerage and other fees and commission	5,149	3,890
Credit related fees and commission	5,119	4,217
	<u>30,017</u>	<u>25,680</u>
<b>Fee expenses</b>		
International business and foreign exchange	25,423	21,771
Other fee expenses	2,034	2,470
Brokerage and other related fee expenses	167	92
	<u>27,624</u>	<u>24,333</u>
<b>Net fees and commission income</b>	<u>2,393</u>	<u>1,347</u>

#### 24 Other income, net

	2025	2024
	\$	\$
Net gains on FVTPL investment securities	69,460	45,519
Dividend income	9,217	9,682
Foreign exchange gain	4,736	5,500
Other operating income	3,164	1,060
Net insurance financial result	(118)	23
Net losses on financial assets measured at FVOCI reclassified to profit or loss	(8,783)	(911)
	<u>77,676</u>	<u>60,873</u>

##### *Net insurance financial result*

	2025	2024	
	\$	\$	
	Notes		
Insurance revenue	18	65,053	62,567
Insurance service expense	18	(42,881)	(36,013)
Net expense from reinsurance contracts held	18	(17,224)	(20,865)
		<u>4,948</u>	<u>5,689</u>
<b>Investment return</b>			
Net finance expenses from insurance contracts	18	(5,066)	(5,666)
<b>Net insurance financial result</b>		<u>(118)</u>	<u>23</u>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 25 Administrative and general expenses

2025	Note	Expenses related to insurance \$	Other operating expenses \$	Total \$
Employee cost		9,369	37,712	47,081
Repairs and maintenance		2,832	7,191	10,023
Management fees on investment		—	9,142	9,142
Other general		—	1,959	1,959
Advertisement and marketing		—	2,107	2,107
Legal fees and expenses		—	2,446	2,446
Sundry losses		—	1,392	1,392
Communication		—	1,103	1,103
Stationery and supplies		—	870	870
Utilities		—	846	846
Security services		—	901	901
Insurance		—	754	754
Taxes and licences		—	590	590
Shareholders' expenses		—	334	334
Revaluation loss of property and equipment	13	—	319	319
Rent and occupancy		—	293	293
Premises upkeep		—	168	168
		<b>12,201</b>	<b>68,127</b>	<b>80,328</b>
2024		Expenses related to insurance \$	Other operating expenses \$	Total \$
Employee cost		8,557	35,060	43,617
Management fees on investment		—	9,910	9,910
Repairs and maintenance		2,720	8,009	10,729
Other general		—	2,806	2,806
Advertisement and marketing		—	2,493	2,493
Legal fees and expenses		—	1,158	1,158
Communication		—	993	993
Stationery and supplies		—	882	882
Utilities		—	864	864
Security services		—	780	780
Insurance		—	669	669
Sundry losses		—	365	365
Taxes and licences		—	306	306
Shareholders' expenses		—	278	278
Rent and occupancy		—	257	257
Premises upkeep		—	151	151
		<b>11,277</b>	<b>64,981</b>	<b>76,258</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 25 Administrative and general expenses ...continued

##### Employee cost

	Note	2025 \$	2024 \$
Salaries and wages		29,522	27,292
Other staff cost		13,376	12,590
Insurance and other benefits		2,793	2,472
Pension expense	34	1,390	1,263
		<u>47,081</u>	<u>43,617</u>

#### 26 Credit and other impairment charges, net

	Note	2025 \$	2024 \$
Loans and advances to customers	8	5,358	1,925
Investment securities and other financial assets at amortised cost		(845)	798
		<u>4,513</u>	<u>2,723</u>

#### 27 Other expenses

2025	Notes	Expenses related to insurance \$	Other operating expenses \$	Total \$
Depreciation and amortisation	13, 14, 15	1,144	4,258	5,402
Directors' fees and expenses	30	–	2,004	2,004
Professional fees and related expenses		–	1,196	1,196
		<u>1,144</u>	<u>7,458</u>	<u>8,602</u>

2024	Notes	Expenses related to insurance \$	Other operating expenses \$	Total \$
Depreciation and amortisation	13, 14, 15	715	3,563	4,278
Directors' fees and expenses	30	–	1,954	1,954
Professional fees and related expenses		–	737	737
		<u>715</u>	<u>6,254</u>	<u>6,969</u>



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 28 Earnings per share

Earnings per share is calculated by dividing the net income attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2025 \$	2024 \$
Net income attributable to shareholders	27,781	50,811
Weighted average number of ordinary shares in issue (in thousands)	141,750	141,750
Basic and diluted earnings per share	0.20	0.36

### 29 Dividends

The consolidated financial statements reflect dividends of \$7,087 (2024: \$7,087) or \$0.05 (2024: \$0.05) per share for the financial year ended June 30, 2024 paid on March 20, 2025 (2024: financial year ended June 30, 2023 paid on December 27, 2023). Approval of this payment was given at the Fifty-fourth Annual General Meeting held on March 20, 2025 (2024: Fifty-third Annual General Meeting held on December 27, 2023).

Section 45 (2c) of the Banking Act, Cap. 21.01 as amended in 2023, states that, “No licensed financial institution shall declare, credit or pay any dividend or make transfer from profits whenever the declaration, credit, payment or transfer would result in negative retained or accumulated deficit.”

At the end of the reporting period, while the Group reported retained earnings of \$4,374 (2024: accumulated deficit of \$32,149), the Bank reported an accumulated deficit of \$43,698 (2024: accumulated deficit of \$99,563 in its separate financial statements). Therefore, the payment of the dividends is not in compliance with Section 45 (2c) of the Banking Act.

### 30 Related parties balances and transactions

A related party relationship exists when one party has the ability to control directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between or among entities under common control, with the reporting enterprise and its key management personnel, directors and shareholders.

#### *Government of St. Kitts and Nevis*

The Government of St. Kitts and Nevis holds 51% of the Group’s issued share capital. The remaining 49% of the issued share capital is held by individuals and other institutions (over 5,500 shareholders). The Government is a customer of the Group and, as such, all transactions executed by the Group on behalf of the government are performed on strict commercial banking terms at existing market rates.



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 30 Related parties balances and transactions ...continued

	Notes	2025 \$	2024 \$
<b>Public sector</b>			
Customer's deposits		931,982	1,332,972
Financial asset	32	363,111	357,629
Loans and advances to customers		363,287	358,298
Interest on deposits		29,640	33,223
Interest on loans and advances to customers		11,150	11,439
Gross premium written		23,434	29,176
Gross claims incurred		13,153	11,907
Interest on financial asset	32	5,657	5,673
Insurance contract liabilities		–	–
<b>Associated companies</b>			
Loans and advances to customers		51,252	51,252
Customers' deposits		8,466	15,670
Interest on customers' deposits		88	87
<b>Directors and associates</b>			
Customers' deposits		549	1,949
Directors' fees and expenses	27	2,004	1,954
Loans and advances to customers		1,181	1,355
Interest from loans and advances to customers		74	52
Gross premiums written		146	44
Interest on customers' deposits		30	12
Outstanding balances		60	3
<b>Key management</b>			
Salaries and short-term benefits		8,757	9,001
Loans and advances to customers		2,437	1,388
Customers' deposits		1,223	1,308
Interest from loans and advances to customers		89	56
Gross written premiums		93	82
Interest on customers' deposits		24	20
Claims incurred		223	39
Insurance contract liabilities		28	2

As at June 30, 2025, directors held total shares in the Group of 81 (2024: 80) and key management held total shares in the Group of 11 (2024: 11).

Loans advanced to directors and key management during the year are repayable on a monthly basis at a weighted average effective interest rate of 5.09% (2024: 6.19%). Secured loans are collateralised by cash and mortgages over properties.

No provision (2024: \$nil) has been recognised at June 30, 2025 in respect to advances made to related parties (associated company).



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 31 Contingent liabilities and commitments

#### Insurance claims

The Group, like all other insurers, is subject to litigation in the normal course of its business. The Group does not believe that such litigation will have a material effect on its consolidated financial statements.

#### Commitments

As at reporting date, the Group had contractual commitments to extend credit to customers, guarantee and other facilities as follows:

	2025 \$	2024 \$
Loan commitments	51,891	45,720
Private equity commitment to IFC	25,179	–
Credit card commitments	16,963	16,315
	94,033	62,035

#### Commitment to IFC Emerging Market Funds

The Group has committed to investing US\$10 million in IFC Emerging Markets Sustainability Funds in accordance with a partnership agreement entered during the financial year. As at June 30, 2025, an amount of US\$9,317 remains undrawn under this commitment. The timing and amount of future calls on these funds for placement in additional private equity fund investments are subject to the investment requirements of IFC Emerging Markets.

#### Contingent Liabilities

##### Legal Matters for the financial year ended June 30, 2025

##### *Nautilus Club (Nevis) Ltd v St. Kitts-Nevis-Anguilla National Bank Ltd*

On January 13, 2025, the Bank was served with a claim instituted by the Nautilus Club (Nevis) Limited. In its claim, The Nautilus Club (Nevis) Limited alleges that the Bank failed to honour its obligations under the loan agreement dated April 16, 2021, by refusing to provide the agreed drawdowns which constitutes a breach of contract. The Nautilus Club (Nevis) Limited seeks damages for breach of contract, breach of fiduciary care and professional negligence, exemplary damages, restitution, declarations and costs.

The Bank in turn filed a Defence and Counterclaim and an Ancillary Claim against the Guarantors of the loan through its external counsel Michael Hylton, of the firm Hylton and Powell, who was retained in November 2024. The Bank claims that TNCN and its guarantors defaulted in several stipulations under the loan agreement.

On November 10, 2025, subsequent to the financial year ended June 2025, the Master delivered his decision on the matter as follows:

- i. TNCN's application for summary judgement was dismissed,
- ii. The Master struck out substantial portions of TNCN's pleadings and affidavits.

The attorneys for the Bank have recommended that the Bank make submissions for costs since TNCN's application for summary judgement was unsuccessful.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 31 Contingent liabilities and commitments ...continued

#### Contingent Liabilities ...continued

#### **Legal Matters for the financial year ended June 30, 2025 ...continued**

##### Glimbaro International Trading Company Limited v St. Kitts Nevis Anguilla National Bank Limited

The Bank was served with a claim in this matter on October 11, 2024. It is the Claimant's (Glimbaro) case that the Bank breached Glimbaro's constitutional rights and committed multiple breaches of the Laws of the Federation of St. Christopher and Nevis; namely, the Banking Act, Consumer Affairs Act, Freedom of Information Act, and the Integrity in Public Life Act. Glimbaro seeks (i) declarations to that extent, (ii) damages (of an unspecified sum) to be assessed, (iii) interest, and (iv) costs.

The allegations stem from a loan and overdraft facility that Glimbaro held with the Bank. Glimbaro claims that neither its loan refinancing request nor its request for the renewal of its overdraft facility were approved by the Bank. Glimbaro asserts that this was done without reason and consequently, it suffered economic loss and damages to its property.

The Bank filed its Acknowledgment of Service on October 21, 2024, its Defence on November 8, 2024, and a Strike Out Application on November 15, 2024. On January 22, 2025, Glimbaro filed an Affidavit in response to the Bank's Strike Out Application. The Bank is currently awaiting a court date.

The Bank has estimated that the financial effect on the Bank from possible loss will be negligible based on the likelihood of success in both matters.

##### Pinneys Hotel Development Limited vs St. Kitts-Nevis-Anguilla National Bank Ltd

The Bank is a defendant in ongoing litigation brought by Pinneys Hotel Development Limited concerning an alleged breach of a loan agreement dated July 2014 for \$1,285,200. The Claimant seeks damages for breach of contract arising from the Bank's refusal to disburse loan funds following delays and a caveat on the property intended for purchase.

The matter has been subject to extensive procedural applications and appeals, including to the Judicial Committee of the Privy Council, which refused permission to appeal in April 2022. Recent applications by the Claimant to strike out the Bank's amended defence were dismissed, and costs have been awarded in favor of the Bank. The substantive claim remains unresolved, and the matter is scheduled for further hearing on January 30, 2026.

Based on external legal advice, management believes the Bank has strong grounds to defend the claim. However, as the outcome of the litigation cannot be determined with sufficient reliability at this time, no provision has been recognized in these financial statements. The amount of any potential liability cannot be reasonably estimated at this stage, and the timing and outcome of the proceedings remain uncertain. The Bank will continue to monitor developments and update its assessment as necessary.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 31 Contingent liabilities and commitments ...continued

#### Contingent Liabilities ...continued

##### Tax matter for the financial year ended June 30, 2025

#### VAT on Imported Services

The Group has received a request from the Inland Revenue Department (IRD) for payment of Value Added Tax (VAT) in relation to imported services. Preliminary calculation of the obligation by the Group amounts to approximately \$1.3 million. The Group has formally challenged the request, and the matter is currently under review by the Ministry of Finance for further discussions with the Attorney General's Office.

As at the reporting date, there is significant uncertainty regarding the outcome of the review. Management believes there are valid grounds for contesting the liability. However, due to the inherent uncertainty of legal and regulatory proceedings, the likelihood of a favorable or unfavorable outcome cannot be reliably assessed.

In accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, no provision has been recognised in respect of this matter, as the liability is not considered probable at this stage. The matter has been disclosed as a contingent liability due to the potential financial impact should the challenge be unsuccessful.

If the challenge is unsuccessful, the Group may be required to pay VAT in the amount of approximately \$1.3 million. The timing of any resolution remains uncertain.

### 32 Financial asset

	2025 \$	2024 \$
Financial asset	352,284	352,284
Interest receivable	13,367	7,710
Financial asset, gross	<u>365,651</u>	<u>359,994</u>
Less provision for expected credit losses	<u>(2,540)</u>	<u>(2,365)</u>
<b>Financial asset, net</b>	<b><u>363,111</u></b>	<b><u>357,629</u></b>

The movement in the provision for expected credit losses is as follows:

	2025 \$	2024 \$
Beginning provision	2,365	2,562
Expected credit losses/(recoveries) for the year	<u>175</u>	<u>(197)</u>
<b>Ending provision</b>	<b><u>2,540</u></b>	<b><u>2,365</u></b>



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 32 Financial asset ...continued

The financial asset of \$363,111 (2024: \$357,629) along with the provision for expected credit losses of \$2,540 (2024: \$2,365) represents the Group's right to that amount of cash flows from the sale of certain lands pursuant to a Shareholder's Agreement (Agreement) dated April 18, 2012 and September 4, 2014 between the Group and its majority shareholder, the Government of St. Kitts & Nevis ("GOSKN"), and the Nevis Island Administration ("NIA"), respectively. Under the terms of the Agreement, the secured debt obligations owed to the Group by the GOSKN, NIA and certain public corporations would be irrevocably released and discharged by the Group in exchange for the transfer of certain land assets to the Group. Further, the unsecured debt obligations owed to the Group by GOSKN, NIA and certain public corporations would be irrevocably released and discharged by the Group in exchange for the transfer of certain unencumbered land assets to a specially created entity, Special Land Sales Company (St. Kitts) Limited ("SLSC") and the allocation of certain shares in SLSC to the Group. SLSC was incorporated for the purpose of selling land assets in order to fulfill the terms of the Agreement of the contracting parties. Other lands would be transferred to the SLSC for sale, if necessary, in order to satisfy the agreement of the contracting parties.

By way of supplemental agreements, the effective date of the Agreement was amended to July 1, 2013. Accordingly, the first step in the 'Land for Debt' swap took place on July 1, 2013 in the amount of \$565,070, which is the value of the 1,200 acres of land in the first tranche based on an independent valuation. The second and third tranches were completed during 2015 and the amounts swapped amounted to \$230,951 which is the value of 735 acres of land.

Based on the terms of the Agreement:

1. On the effective date, SLSC shall use all appropriate commercial efforts to sell the secured land assets that were vested to the Group at the best price reasonably possible and as soon as reasonably practicable.
2. Commencing from the effective date of the Agreement, July 1, 2013, the Group is entitled to receive interest payments at a rate of 3.5% per annum on the face value of the eligible secured debt that was exchanged for the secured land assets. The amount is to be paid by the GOSKN annually from the effective date. Subsequently, the interest rate was reduced to 2.75% for the period July 1, 2017 to June 30, 2019 and 1.75% for the period July 1, 2019 to July 30, 2020. At year end the interest remained at 1.75%.
3. Distribution of sale proceeds of the Group land assets shall be applied as follows:
  - a. First towards the payment of selling and operational costs of SLSC;
  - b. Secondly to the Group until the Group has received the face amount of the eligible secured debt immediately prior to the effective date and the interest payments, less amounts paid to the Group;
  - c. Thirdly to the Group in exchange for the redemption of its relative interest in SLSC which was allotted for the release of eligible unsecured debt that was owed to the Group prior to the effective date; and
  - d. Fourthly to the Government of St. Kitts and Nevis.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 32 Financial asset ...continued

For the year ended June 30, 2025, the Group's consolidated statement of income includes interest income amounting to \$5,657 (2024: \$5,673) (see note 22). Further, as of June 30, 2025, interest receivable of \$13,367 (2024: \$7,710) was pending from the GOSKN. During the year no interest payments (2024: \$5,657) of cumulative interest payments were received from the GOSKN. The increase in the provision for expected credit losses amounted to \$175 (2024: decrease of \$197) during the year. Subsequent to the financial year end, on November 25, 2025, interest payments totalling \$5,673 were received from the GOSKN.

Based on the terms of the Agreement, all of the risks and rewards of ownership of the secured land assets have not been transferred to the Group. The Group is only entitled to receive cash flows from the sales of said lands up to the face value of the eligible secured debt that was exchanged and any interest payments as noted above. Additionally, if the lands are sold for less than the value that was transferred, the GOSKN and NIA is obligated to transfer additional lands to make up for the shortfall. The Group's interest in the land assets is not subject to variation of returns as there is no risk of loss for the Group, and also the Group does not stand to benefit should the lands be sold for more than the value. Therefore, the Group has not classified the amounts received in exchange for the loans as inventory, but as a financial asset based on its rights to the cash flows from the sales of the land assets under the Agreement.

The Group has not included in these consolidated financial statements any investment in SLSC. Further, the Group has not invested any funds in SLSC.

### 33 Cash and cash equivalents

	Notes	2025 \$	2024 \$
Deposits with other financial institutions	7	108,413	161,118
Cash and balances with Central Bank	5	53,857	48,658
Treasury bills	6	14,944	14,376
		<u>177,214</u>	224,152
Less: Borrowings – Line of credit		<u>(130,052)</u>	–
		<u>47,162</u>	224,152

#### *Borrowings*

The Group has a Line of Credit with Raymond James which provides a maximum borrowing capacity of US\$90 million (US\$90 million). As of June 30, 2025, the outstanding balance was \$130,052 (2024: \$nil). The credit line is secured by investment securities under management. Subsequent to the financial year ended June 30, 2025, the amount outstanding on the Line of Credit was fully repaid on August 14, 2025.

The rate of interest charged on the outstanding Line of Credit balance is variable, calculated using the US Federal Funds rate plus 100 basis points. The interest rate charged on the Line of Credit balance as at June 30, 2025, was 5.50%. Total interest paid during the year amounted to \$7,310 (2024: \$nil) (see note 22).



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 34 Defined benefit asset

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as of June 30, 2025 by independent actuaries. The present value of the defined benefit obligation and related current service cost were measured using the Projected Unit Credit Method.

	2025 Per annum %	2024 Per annum %
<b>Actuarial assumptions</b>		
Discount rate	3.50	3.50
Return on plan assets	5.00	5.00
Future salary increases	3.00	3.00
Mortality table (UP94 table projected to 2021 using Scale AA) in both years.		
	2025 \$	2024 \$
<b><i>Changes in the present value of the defined benefit obligation</i></b>		
<b>Opening defined benefit obligation</b>	63,808	59,348
Current service cost	2,946	2,811
Interest cost	2,234	2,077
Actuarial losses	1,422	1,642
Benefits paid	(2,209)	(2,070)
<b>Closing defined benefit obligation</b>	<b>68,201</b>	<b>63,808</b>
<b><i>Changes in the fair value of the plan assets</i></b>		
<b>Opening fair value of plan assets</b>	80,440	77,057
Interest income	4,022	3,853
Employer's contribution	2,906	2,676
Management fees	(232)	(228)
Return on plan assets (other than net interest)	(910)	(848)
Benefit paid	(2,209)	(2,070)
<b>Closing fair value of plan assets</b>	<b>84,017</b>	<b>80,440</b>
<b><i>Benefit cost</i></b>	<b>Note</b>	
Current service cost	2,946	2,811
Interest cost	2,234	2,077
Management fees	232	228
Interest on plan assets	(4,022)	(3,853)
<b>Pension expense</b>	<b>25</b>	<b>1,390</b>
		<b>1,263</b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 34 Defined benefit asset ...continued

	2025 \$	2024 \$
<i>Amount recognised in other comprehensive income</i>		
Actuarial losses	1,422	1,642
Interest income on plan assets	4,022	3,853
Actual return on plan assets	<u>(3,112)</u>	<u>(3,005)</u>
<b>Re-measurement loss on net defined benefit asset</b>	<b><u>2,332</u></b>	<b><u>2,490</u></b>

	2025 \$	2024 \$
<i>Net defined benefit asset recognised in the consolidated statement of financial position</i>		
Fair value of plan assets	84,017	80,440
Present value of defined benefit obligation	<u>(68,201)</u>	<u>(63,808)</u>
<b>Net defined benefit asset</b>	<b><u>15,816</u></b>	<b><u>16,632</u></b>

	2025 \$	2024 \$
<i>Reconciliation: Net defined benefit asset</i>		
<b>Opening balance</b>	<b>16,632</b>	17,709
Employer's contribution	2,906	2,676
Period cost	(1,390)	(1,263)
Other effects recognised in other comprehensive income	<u>(2,332)</u>	<u>(2,490)</u>
<b>Closing balance</b>	<b><u>15,816</u></b>	<b><u>16,632</u></b>

Note

Plan assets allocation is as follows:

	2025 %	2024 %
Certificates of deposit	99.60	99.60
Shares and treasury bills	<u>0.40</u>	<u>0.40</u>
	<b><u>100.00</u></b>	<b><u>100.00</u></b>



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

#### 34 Defined benefit asset ...continued

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit obligation.

	<b>Discount rate plus 50 basis points \$</b>	<b>Discount rate minus 50 basis points \$</b>
(Decrease)/increase in obligation	<u>(3,480)</u>	<u>3,792</u>
	<b>Mortality plus 10% \$</b>	<b>Mortality minus 10% \$</b>
(Decrease)/increase in obligation	<u>(1,552)</u>	<u>1,687</u>

#### 35 Subsidiaries

	<b>Percentage of direct and indirect equity interest held</b>	
	<b>2025 %</b>	<b>2024 %</b>
National Bank Trust Company (St. Kitts-Nevis-Anguilla) Limited	100	100
National Caribbean Insurance Company Limited	100	100
St. Kitts and Nevis Mortgage and Investment Company Limited	100	100



## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 36 Prior period adjustments and reclassifications

#### *Prior period adjustment for the treatment of deposit payments*

The Group recognised a prior period adjustment related to the write-off of a deposit previously paid for the planned construction of a new headquarters at Camps Estate amounting to \$1,687. The Board subsequently decided not to proceed with the project as part of a revised strategic direction. As a result, the deposit was assessed as unrecoverable and written off.

#### *Prior period adjustment for penalty fees for National Bank Trust Company (St. Kitts-Nevis) Limited*

The Group Financial Statements as at June 30, 2024, have been restated to incorporate the impact of penalty fees of \$109 payable to the Financial Services Regulatory Commission (FSRC) in accordance with Section 19(7) of the Financial Services (Trust and Corporate Business) Regulations, No. 3 of 2019 for the late filing of the audited financial statements of National Bank Trust Company (St. Kitts-Nevis) Limited.

In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, these prior period adjustments have been accounted for retrospectively. Comparative information has been restated and the opening retained earnings of the earliest period presented has been adjusted to reflect these corrections.

The following table outlines the impact on the statement of financial position:

	Other assets \$	Income tax Recoverable \$	Accumulated deficit \$	
<b>Balance as previously reported at July 1, 2024</b>	46,745	34,392	(63,367)	
Prior period adjustment - deposits	(1,687)	422	(1,265)	
<b>Balance as restated at July 1, 2023</b>	<b>45,058</b>	<b>34,814</b>	<b>(64,632)</b>	
	Other assets \$	Provisions, Creditors and Accruals \$	Income tax recoverable \$	Accumulated deficit \$
<b>Balance as previously reported at July 1, 2024</b>	54,085	251,193	50,602	(30,753)
Prior period adjustment – deposits	(1,687)		422	(1,265)
Prior period adjustment – penalties	–	109	–	(109)
Effects of IFRS 17 transition	(22)	–	–	(22)
<b>Balance as restated at July 1, 2024</b>	<b>52,376</b>	<b>251,302</b>	<b>51,024</b>	<b>(32,149)</b>

There was no impact on the consolidated statement of income, consolidated statement of other comprehensive income or the consolidated statement of cashflows as a result of these adjustments.



## Notes to Consolidated Financial Statements June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 36 Prior period adjustments and reclassifications ...continued

#### Reclassifications

Certain line items in the consolidated financial statements have been reclassified to achieve a clearer or more appropriate presentation. The comparative figures have been similarly formatted and reclassified in order to achieve comparability with the current period.

The summary of reclassifications is shown below.

	Balance, as restated at July 1, 2024	Reclassifications	As reclassified at July 1, 2024
	\$	\$	\$
<b>Effect on the consolidated statement of financial position</b>			
<b>Assets</b>			
Other assets	52,376	554	52,930
<b>Liabilities</b>			
Other liabilities	251,302	554	251,856

### 36 Business segments

As at June 30, 2025, the operating segments of the Group were as follows:

1. Commercial and retail banking incorporating deposit accounts, loans and advances, investment brokerage services and debit, prepaid and gift cards;
2. Insurance including coverage of life assurance, non-life assurance and pension schemes; and
3. Real estate, property management and the provision of trustee services.

Transactions between the business segments are carried out on normal commercial terms and conditions. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment and rating results.

Segment information is based on internal reporting about the results of operating segments, such as revenue, expenses, profits or losses, assets, liabilities and other information on operations that are regularly reviewed by the Boards of Directors of the various Group companies.

## Notes to Consolidated Financial Statements

### June 30, 2025

(expressed in thousands of Eastern Caribbean dollars)

### 36 Business segments ...continued

The table below gives the results and balances of those transactions:

	Commercial and retail Banking \$	Insurance \$	Real estate and trust services \$	Consolidation and other adjustments \$	Total \$
<b>June 30, 2025</b>					
Total segment revenues	238,808	5,767	5,473	(50,000)	200,048
Intersegment revenues	199	5,750	232	(6,181)	-
Revenue for the year from external customers	239,007	11,517	5,705	(56,181)	200,048
Cost of revenue generation	(164,526)	(5,430)	(1,208)	6,027	(165,137)
Income tax expense	(4,873)	(2,257)	-	-	(7,130)
<b>Net income for the year</b>	<b>69,608</b>	<b>3,830</b>	<b>4,497</b>	<b>(50,154)</b>	<b>27,781</b>
Property and equipment and intangible assets	46,923	10,430	14	-	57,367
Depreciation and amortisation	3,735	1,618	49	-	5,402
Segment assets	3,253,658	283,563	26,106	(240,182)	3,323,145
Segment liabilities	2,709,244	200,732	15,862	(217,409)	2,708,429
<b>June 30, 2024</b>					
Total segment revenues	176,709	5,116	441	-	182,266
Intersegment revenues	749	5,750	234	(6,733)	-
Revenue for the year from external customers	177,458	10,866	675	(6,733)	182,266
Cost of revenue generation	(148,808)	(7,842)	(1,703)	7,884	(150,469)
Income tax credit/(expense)	20,050	(1,036)	-	-	19,014
<b>Net income for the year</b>	<b>48,700</b>	<b>1,988</b>	<b>(1,028)</b>	<b>1,151</b>	<b>50,811</b>
Property and equipment and intangible assets	38,495	7,976	21	-	46,492
Depreciation and amortisation	3,160	1,067	51	-	4,278
Segment assets, as restated	3,499,087	318,169	22,444	(281,366)	3,558,334
Segment liabilities, as restated	3,026,884	188,598	15,174	(257,226)	2,973,430



**SUMMARY SEPARATE FINANCIAL  
STATEMENTS**

**JUNE 30, 2025**

(expressed in Eastern Caribbean Dollars)

**Independent Auditor's Report**  
**To the Shareholders of**  
**St. Kitts-Nevis-Anguilla National Bank Limited**

**Opinion**

The summary separate financial statements, which comprise the summary separate statement of financial position as of June 30, 2025, the summary separate statement of comprehensive income, summary separate statement of changes in shareholders' equity and summary separate statement of cash flows for the year then ended, and the related note, are derived from the audited separate financial statements of **St. Kitts-Nevis-Anguilla National Bank Limited** (the "Bank") for the year ended June 30, 2025. We expressed an unqualified opinion in our report dated December 2, 2025.

In our opinion, the accompanying summary separate financial statements are consistent, in all material respects, with the audited separate financial statements, on the basis described in Note 1.

**Summary Separate Financial Statements**

The summary separate financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited separate financial statements and the auditor's report thereon.

**The Audited Separate Financial Statements and Our Report Thereon**

We expressed an unqualified audit opinion on the audited separate financial statements in our report dated December 2, 2025. Our report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the separate financial statements of the current period.

**Management's Responsibility for the Summary Separate Financial Statements**

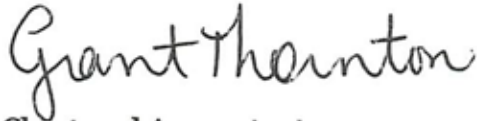
Management is responsible for the preparation of the summary separate financial statements on the basis described in Note 1.

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**Auditor's Responsibility**

Our responsibility is to express an opinion on whether the summary separate financial statements are consistent, in all material respects, with the audited separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.



**Chartered Accountants**  
**December 2, 2025**  
**Basseterre, St. Kitts**



## Summary Separate Statement of Financial Position


### June 30, 2025


(expressed in Eastern Caribbean dollars)

	2025 \$	2024 \$
<b>Assets</b>		
Cash and balances with Central Bank	193,441,011	211,793,644
Treasury bills	80,501,391	128,160,713
Deposits with other financial institutions	149,374,496	203,152,032
Loans and advances to customers	1,097,576,368	1,055,560,298
Originated debts	114,725,382	155,641,237
Financial asset	363,111,025	357,629,437
Investment securities	1,068,811,984	1,206,487,097
Investment in subsidiaries	22,514,642	23,112,027
Acceptances, guarantees and letters of credit	3,905,951	7,456,067
Income tax recoverable	64,288,146	49,912,551
Property and equipment	35,347,885	37,787,042
Intangible assets	11,574,743	707,879
Right-of-use assets	2,525,949	821,621
Other assets	20,199,844	28,268,353
Deferred tax asset, net	25,756,719	32,597,277
<b>Total assets</b>	<b>3,253,655,536</b>	<b>3,499,087,275</b>
<b>Liabilities</b>		
Customers' deposits	2,498,877,638	2,952,286,966
Borrowings	130,051,586	–
Provisions, creditors and accruals	72,669,830	65,384,973
Acceptances, guarantees and letters of credit	3,905,951	7,456,067
Income tax payable	1,176,484	922,748
Lease liabilities	2,562,426	833,748
<b>Total liabilities</b>	<b>2,709,243,915</b>	<b>3,026,884,502</b>
<b>Shareholders' equity</b>		
Issued share capital	141,750,000	141,750,000
Share premium	3,877,424	3,877,424
Reserves	442,482,446	426,138,229
Accumulated deficit	(43,698,249)	(99,562,880)
<b>Total shareholders' equity</b>	<b>544,411,621</b>	<b>472,202,773</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,253,655,536</b>	<b>3,499,087,275</b>

The accompanying note is an integral part of these summary separate financial statements.

Approved for issue by the Board of Directors on December 1, 2025.

  
Chairman

  
Director



## Summary Separate Statement of Income

### June 30, 2025

(expressed in Eastern Caribbean dollars)

	2025 \$	2024 \$
Interest income	89,952,899	94,034,959
Interest expense	<u>(63,593,656)</u>	<u>(58,316,946)</u>
<b>Net interest income</b>	<b>26,359,243</b>	<b>35,718,013</b>
Fees and commission income	29,769,083	25,390,216
Fee expenses	<u>(27,623,966)</u>	<u>(24,332,911)</u>
<b>Net fees and commission income</b>	<b>2,145,117</b>	<b>1,057,305</b>
Net gains on investments in debt and equity instruments	58,238,466	42,632,718
Dividend income	53,857,960	9,681,762
Gain on foreign exchange, net	4,734,783	5,499,592
Other operating income	<u>2,453,889</u>	<u>218,755</u>
<b>Other income</b>	<b>119,285,098</b>	<b>58,032,827</b>
<b>Total operating income</b>	<b>147,789,458</b>	<b>94,808,145</b>
<b>Operating expenses</b>		
Administrative and general expenses	(61,986,104)	(58,536,087)
Depreciation and amortisation	(3,734,934)	(3,160,078)
Credit and other impairment charges, net	(5,836,652)	(2,688,113)
Directors' fees and expenses	(1,250,958)	(1,144,526)
Professional fees and related expenses	<u>(500,000)</u>	<u>(629,786)</u>
<b>Total operating expenses</b>	<b>(73,308,648)</b>	<b>(66,158,590)</b>
<b>Operating profit before tax</b>	<b>74,480,810</b>	<b>28,649,555</b>
Income tax (expense)/credit	<u>(4,873,592)</u>	<u>20,050,122</u>
<b>Net income for the year</b>	<b>69,607,218</b>	<b>48,699,677</b>
<b>Earnings per share (basic and diluted)</b>	<b>0.49</b>	<b>0.34</b>

The accompanying note is an integral part of these summary separate financial statements.



## Summary Separate Statement of Comprehensive Income June 30, 2025

(expressed in Eastern Caribbean dollars)

	2025 \$	2024 \$
<b>Net income for the year</b>	<b>69,607,218</b>	48,699,677
<b>Other comprehensive income/(loss), net of tax:</b>		
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>		
Financial assets measured at FVOCI – debt instruments:		
Net unrealised gains on investment securities, net of tax	12,377,780	8,215,266
Reclassification adjustments for net losses included in income, net of tax	(8,784,707)	(915,019)
Expected credit (losses)/recoveries on FVOCI – debt securities	(49,851)	111,429
	<u>3,543,222</u>	<u>7,411,676</u>
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</i>		
Revaluation surplus on properties	<u>3,660,623</u>	–
Financial assets measured at FVOCI – equity instruments:		
Unrealised gains on investment securities, net of tax	3,572,298	3,373,623
Realised losses transferred to retained earnings, net of tax	–	(5,480,126)
Re-measurement loss on defined benefit asset, net of tax	(1,087,013)	(1,726,019)
	<u>2,485,285</u>	<u>(3,832,522)</u>
Total other comprehensive income for the year, net of tax	<u>9,689,130</u>	<u>3,579,154</u>
<b>Total comprehensive income for the year</b>	<b><u>79,296,348</u></b>	<b><u>52,278,831</u></b>

The accompanying note is an integral part of these summary separate financial statements.



## Summary Separate Statement of Changes in Shareholders' Equity June 30, 2025

(expressed in Eastern Caribbean dollars)

	Issued share capital \$	Share premium \$	Reserves \$	Accumulated deficit \$	Total \$
<b>Balance as of June 30, 2023</b>	<b>141,750,000</b>	<b>3,877,424</b>	<b>406,362,601</b>	<b>(124,978,583)</b>	<b>427,011,442</b>
Net income for the year	–	–	–	48,699,677	48,699,677
Other comprehensive income/(loss), net	–	–	9,059,280	(5,480,126)	3,579,154
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>9,059,280</b>	<b>43,219,551</b>	<b>52,278,831</b>
Transfer to reserves	–	–	10,716,348	(10,716,348)	–
<b>Transaction with owners</b>					
Dividends	–	–	–	(7,087,500)	(7,087,500)
<b>Balance as of June 30, 2024</b>	<b>141,750,000</b>	<b>3,877,424</b>	<b>426,138,229</b>	<b>(99,562,880)</b>	<b>472,202,773</b>
Net income for the year	–	–	–	69,607,218	69,607,218
Other comprehensive income, net	–	–	9,689,130	–	9,689,130
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>9,689,130</b>	<b>69,607,218</b>	<b>79,296,348</b>
Transfer to reserves	–	–	6,655,087	(6,655,087)	–
<b>Transaction with owners</b>					
Dividends	–	–	–	(7,087,500)	(7,087,500)
<b>Balance as of June 30, 2025</b>	<b>141,750,000</b>	<b>3,877,424</b>	<b>442,482,446</b>	<b>(43,698,249)</b>	<b>544,411,621</b>

The accompanying note is an integral part of these summary separate financial statements.



## Summary Separate Statement of Cash Flows

### June 30, 2025

(expressed in Eastern Caribbean dollars)

	2025 \$	2024 \$
<b>Cash flows from operating activities</b>		
Operating profit before tax	74,480,810	28,649,555
Adjustments for:		
Interest expense	63,593,656	58,316,946
Credit and other impairment charges, net	5,836,652	2,688,113
Depreciation and amortisation	3,734,934	3,160,078
Pension expense	1,191,313	1,074,159
Revaluation loss on property and equipment	205,130	–
Fair value gains, net on FVTPL investment securities	(45,287,929)	(32,166,434)
Dividend income	(53,857,960)	(9,681,762)
Interest income	(89,952,899)	(94,034,958)
Loss on disposal of property and equipment	–	42,431
<b>Operating loss before changes in operating assets and liabilities</b>	<b>(40,056,293)</b>	<b>(41,951,872)</b>
<i>(Increase)/decrease in operating assets:</i>		
Loans and advances to customers	(47,342,520)	(55,897,836)
Mandatory deposits with Central Bank	23,552,422	16,667,915
Other assets	7,520,999	(8,990,246)
<i>Increase/(decrease) in operating liabilities:</i>		
Customers' deposits	(451,841,205)	(267,995,239)
Provisions, creditors and accruals	7,284,857	2,168,232
<b>Cash used in operations</b>	<b>(500,881,740)</b>	<b>(355,999,046)</b>
Interest received	50,470,924	53,813,484
Pension contributions paid	(2,093,153)	(1,938,613)
Income taxes paid	(12,922,748)	(13,046,722)
Interest paid	(65,087,877)	(58,507,584)
<b>Net cash used in operating activities</b>	<b>(530,514,594)</b>	<b>(375,678,481)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investment securities and originated debts	719,890,320	827,943,033
Interest received from investment securities and originated debts	36,606,537	35,326,588
Dividends received	53,857,960	9,681,762
Proceeds from sale of property and equipment	114,672	–
Purchase of equipment and intangible assets	(7,630,843)	(10,226,262)
Decrease in term deposits and treasury bills	127,698,535	243,148,755
Purchase of investment securities and originated debts	(567,389,884)	(868,959,853)
<b>Net cash from investing activities</b>	<b>363,147,297</b>	<b>236,914,023</b>
<b>Net balance carried forward</b>	<b>(167,367,297)</b>	<b>(138,764,458)</b>



## Summary Separate Statement of Cash Flows ...continued

### June 30, 2025

(expressed in Eastern Caribbean dollars)

	2025 \$	2024 \$
<b>Balance brought forward</b>	<u>(167,367,297)</u>	<u>(138,764,458)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(7,087,500)	(7,087,500)
Interest paid on lease liabilities	(73,902)	(21,752)
Principal repayments of lease liabilities	<u>(1,166,627)</u>	<u>(718,638)</u>
<b>Net cash used in financing activities</b>	<u>(8,328,029)</u>	<u>(7,827,890)</u>
<b>Net decrease in cash and cash equivalents</b>	(175,695,326)	(146,592,348)
<b>Cash and cash equivalents, beginning of year</b>	<u>204,795,868</u>	351,388,216
<b>Cash and cash equivalents, end of year</b>	<u>29,100,542</u>	<u>204,795,868</u>

The accompanying note is an integral part of these summary separate financial statements.



## **Note to Summary Separate Financial Statements June 30, 2025**

(expressed in Eastern Caribbean dollars)

### **1 Basis of preparation**

These summary separate financial statements are derived from the audited separate financial statements of St. Kitts-Nevis-Anguilla National Bank for the year ended June 30, 2025.

# NOTES

# NOTES

# NOTES





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