SigniaGlobe Financial Group Inc.

Financial Statements
December 31, 2023
(expressed in Barbados dollars)

SigniaGlobe Financial Group Inc.

TABLE OF CONTENTS

Independent auditor's report

To the Shareholder of SigniaGlobe Financial Group Inc.

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SigniaGlobe Financial Group Inc. (the Company) as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Other matter

This report is made solely to the Company's shareholder, as a body corporate, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder as a body corporate, for our audit work, for this report, or for the opinion we have formed.

PricewaterhouseCoopers SRL

Bridgetown, Barbados
March 27, 2024

SigniaGlobe Financial Group Inc.

Statement of Financial Position

As at December 31, 2023

(Amounts in Barbados dollars)

	Notes	December 31, 2023 $	December 31, 2022 $
Assets			
Cash resources	4	**16,728,270**	38,134,365
Restricted cash	4	**11,566,331**	10,322,413
Due from parent company	5	**38,211**	217,356
Financial investments	6	**9,899,404**	10,497,447
Loans and advances to customers	7	**346,237,495**	339,408,208
Property, plant and equipment	8	**5,456,948**	5,666,453
Intangible assets	9	**900,527**	1,199,442
Right-of-use assets	10	**1,154,049**	1,307,922
Operating lease assets	11	**19,569**	263,729
Other assets	12	**3,593,552**	3,365,278
Corporation tax receivable	13	**146,722**	354,375
Deferred tax asset	13	**71,185**	112,321
Total assets		**395,812,263**	410,849,309
Liabilities			
Due to customers	14	**322,336,701**	337,716,458
Other liabilities	15	**4,646,050**	7,249,135
Lease liability	10	**1,209,603**	1,345,210
Asset tax payable	16	**457,543**	449,931
Shareholder loan	17	**6,571,936**	7,771,936
Total liabilities		**335,221,833**	354,532,670
Equity			
Share capital	18	**9,210,857**	9,210,857
Statutory reserves	19	**9,210,857**	9,210,857
Retained earnings		**42,168,716**	37,894,925
		60,590,430	56,316,639
Total liabilities and equity		**395,812,263**	410,849,309

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

Approved by the Board of Directors on March 26, 2024

________________ Chairman ________________ Director

SigniaGlobe Financial Group Inc.

Statement of Changes in Equity

For the year ended December 31, 2023

(Amounts in Barbados dollars)

	Share capital $	Statutory reserves $	Retained earnings $	Total $
Balance at December 31, 2021	9,210,857	8,586,399	34,139,208	51,936,464
Dividends declared (note 18)	–	–	(1,645,867)	(1,645,867)
Total comprehensive income for the year	–	–	6,026,042	6,026,042
Transfer to statutory reserves (note 19)	–	624,458	(624,458)	–
Balance at December 31, 2022	9,210,857	9,210,857	37,894,925	56,316,639
Dividends declared (note 18)	–	–	(3,162,957)	(3,162,957)
Total comprehensive income for the year	–	–	7,436,748	7,436,748
Balance at December 31, 2023	**9,210,857**	**9,210,857**	**42,168,716**	**60,590,430**

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

SigniaGlobe Financial Group Inc.

Statement of Comprehensive Income

For the year ended December 31, 2023

(Amounts in Barbados dollars)

	Notes	December 31, 2023 $	December 31, 2022 $
Interest income		**23,769,610**	23,431,461
Interest expense		**(5,059,418)**	(5,541,972)
Net interest income	20	**18,710,192**	17,889,489
Impairment losses on loans and advances	7	**(1,462,224)**	(3,088,393)
Net interest income after impairment charges		**17,247,968**	14,801,096
Fee and commission income	21	**1,291,722**	1,215,149
Fee and commission expense	21	**(109,815)**	(101,321)
Net fee and commission income		**1,181,907**	1,113,828
Net lease income	22	**252,138**	570,707
Other operating income	23	**791,577**	1,526,508
Foreign exchange and brokerage income	24	**1,305,173**	1,350,359
Asset tax expense	16	**(1,359,116)**	(1,293,140)
Operating lease expense	10	**(205,213)**	(210,522)
Operating expenses	25	**(11,322,969)**	(10,685,810)
Profit before corporation tax		**7,891,465**	7,173,026
Taxation	13	**(454,717)**	(1,146,984)
Profit for the year		**7,436,748**	6,026,042
Total comprehensive income for the year		**7,436,748**	6,026,042

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

SigniaGlobe Financial Group Inc.

Statement of Cash Flows

For the year ended December 31, 2023

(Amounts in Barbados dollars)

	December 31, 2023 $	December 31, 2022 $
Cash flows from operating activities		
Profit before corporation tax	**7,891,465**	7,173,026
Adjustments for:		
Depreciation of property, plant and equipment and operating lease assets and amortisation of intangible assets	**940,139**	987,344
Depreciation of right-of-use leased assets	**153,873**	153,873
Impairment losses on loans and advances	**1,462,224**	3,088,393
Loss/(gain) on disposal of property, plant and equipment	**1,792**	(46,811)
Interest income	**(23,769,610)**	(23,431,461)
Fee income	**(869,093)**	(808,938)
Interest expense	**5,059,418**	5,541,972
Gain on sale of operating lease assets	**(21,936)**	(52,610)
	(9,151,728)	(7,395,212)
Changes in working capital		
(Increase)/decrease in restricted cash	**(1,243,918)**	872,711
Decrease/(increase) in due from parent company	**179,145**	(161,069)
Increase in loans and advances to customers	**(8,477,944)**	(12,291,840)
Net change in operating lease assets	**92,317**	149,155
(Increase)/decrease in other assets	**(91,741)**	3,502,432
Decrease in due to customers	**(14,944,309)**	(3,406,386)
Decrease in other liabilities	**(2,609,187)**	(994,745)
Increase/(decrease) in asset tax payable	**7,612**	(47,958)
Fees received	**712,087**	843,824
Taxation paid	**(205,929)**	(1,054,863)
Interest paid	**(5,496,756)**	(5,447,223)
Interest received	**23,939,576**	23,043,885
Net cash used in operating activities	**(17,290,775)**	(2,387,289)
Cash flows generated from investing activities		
Purchase of property, plant and equipment	**(306,289)**	(288,242)
Purchase of intangibles	**(90,463)**	(36,214)
Proceeds from the sale of property, plant and equipment	**491**	49,320
Proceeds from principal payments on financial investments	**779,505**	193,014
Net cash provided by/(used in) investing activities	**383,244**	(82,122)
Carried forward	**(16,907,531)**	(2,469,411)

SigniaGlobe Financial Group Inc.

Statement of Cash Flows …*continued*

For the year ended December 31, 2023

(Amounts in Barbados dollars)

	December 31, 2023 $	December 31, 2022 $
Brought forward	**(16,907,531)**	(2,469,411)
Cash flows from financing activities		
Payment of dividends	**(3,162,957)**	–
Payment of shareholder loan	**(1,200,000)**	(1,200,000)
Principal payment of lease liabilities	**(135,607)**	(130,298)
Net cash used in financing activities	**(4,498,564)**	(1,330,298)
Net decrease in cash and cash equivalents	**(21,406,095)**	(3,799,709)
Cash and cash equivalents - beginning of year	**38,134,365**	41,934,074
Cash and cash equivalents - end of year	**16,728,270**	38,134,365
Represented by:		
Cash at bank (note 4)	**10,271,415**	36,133,771
Short term deposits (note 4)	**6,456,855**	2,000,594
	16,728,270	38,134,365

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

(Amounts in Barbados dollars)

1 Incorporation, ownership and principal activities

Signia Financial Group Inc. was incorporated under the Laws of Barbados on September 13, 1996. The Company is licenced under the Financial Institutions (Amendment) Act 2018 to carry on business as a finance company. On September 4, 2018 Signia Financial Group Inc. acquired Globe Finance Inc. a company incorporated under the Laws of Barbados, licensed under the Financial Institutions Act and engaged in lending, motor vehicle leasing and deposit taking. The operations of the two businesses were amalgamated and was registered as SigniaGlobe Financial Group Inc. (the Company).

The Company's principal activities are the provision of term finance, motor vehicle leasing and the acceptance of deposits. The Company is also an authorised foreign exchange dealer and custodian service provider as well as a licensed stock broker.

The Company is wholly-owned by CSGK Finance Holdings Limited (CSGK), which is a company incorporated under the Laws of Barbados and is a joint venture between Cave Shepherd & Co. Limited a company incorporated under the Laws of Barbados, and First Global Holdings Limited, a subsidiary of Grace Kennedy & Company Limited, a company incorporated in Jamaica.

The Company's principal place of business is 'Shirley House', Hastings Main Road, Christ Church, Barbados.

The Board of Directors has the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

These financial statements are prepared in accordance with IFRS Accounting Standards, ("IFRS"). Significant accounting policies are set out below and have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements comprise the statement of financial position, the statement of changes in equity, the statement of comprehensive income, the statement of cash flows and the notes to the financial statements.

These financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets at Fair value through other comprehensive income (FVOCI).

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(Amounts in Barbados dollars)

2 Summary of significant accounting policies *…continued*

a) Basis of preparation *…continued*

New standards and amendments adopted by the Company

The Company applied amendments to published standards that became applicable for the 2023 financial year.

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

- Amendments to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction. These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

New standards, amendments and interpretations to published standards that are not yet effective but have been early adopted by the Company

There are no new standards that are not yet effective that have been early adopted by the Company.

New standards, amendments and interpretations to published standards that are not yet effective but will be relevant to the Company

- Amendments to IFRS 16 - 'Leases on sale and leaseback'. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

- Amendments to IAS 1 - 'Non current liabilities with covenants'. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

(Amounts in Barbados dollars)

2 Summary of significant accounting policies *…continued*

b) Foreign currency translation

i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the economic environment in which the Company operates. The financial statements are presented in Barbados Dollars which is the Company's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

c) Financial assets

i) Financial assets

Classification and measurement

The Company classifies its financial assets in the following measurement categories:

- Amortised cost or
- Fair value through other comprehensive income (FVOCI).

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

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

Business model test:

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company'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.

(Amounts in Barbados dollars)

2 Summary of significant accounting policies *…continued*

c) Financial assets *…continued*

i) Financial assets *…continued*

Solely Payments of Principal and Interest test (SPPI):

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. 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 Company classifies its debt instruments into one of the following two 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 ('SPPI'), and that are not designated at Fair value through profit or loss (FVPL), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is recognised in profit or loss using the effective interest rate method.

- Fair value through other comprehensive income (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 FVPL, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, 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 recognised in profit or loss. Interest income from these financial assets is recognised in profit or loss using the effective interest rate method.

The Company 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 very infrequent and none occurred during the years ended December 31, 2023 and 2022.

(Amounts in Barbados dollars)

2 Summary of significant accounting policies *…continued*

c) Financial assets *…continued*

i) Financial assets *…continued*

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. The Company subsequently measures equity investments at fair value through profit or loss unless the asset is not held for trading purposes and the Company makes an irrevocable election to designate the assets as FVOCI. This election is made on an instrument by instrument basis. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. 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 Company's right to receive payments is established.

The Company has elected to irrevocably designate at FVOCI its existing non-trading equity portfolio.

Recognition and measurement

Purchases and sales of financial assets are recognised on settlement date, the date on which the Company settles the purchase or sells the asset. Loans and receivables are reported in the statement of financial position as loans and advances to financial institutions or customers or as financial investments. Financial assets are initially recognised at fair value plus transaction costs for all financial assets.

After initial recognition, an expected credit loss (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income (FVOCI).

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

(Amounts in Barbados dollars)

2 Summary of significant accounting policies *…continued*

c) Financial assets *…continued*

i) Financial assets *…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 Stages 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 Stages 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 Company examines the issuer's capital adequacy, financial performance, and liquidity position, to assess whether the issuer has experience significant increase in credit risk since the origination of the assets. The Company also considers if there is any negative press or adverse market information that may indicate changes in credit risk.

For loans and receivables, delinquency status is utilised as the main indicator for changes in credit risk. Credit management actions are triggered by movement in days past due. Accounts that are 30 days past due are considered to have experienced significant increase in credit risk. This criteria is also a backstop prescribed by IFRS 9. Other qualitative factors are considered, which include but are not limited to:

- Early signs of cashflow/liquidity problems
- In short-term forbearance
- Known adverse change in financial conditions
- Known adverse changes in business or economic conditions in which the borrower operates

For debt securities, default is defined as the miss of contractual payment of principal or interests. For loans and receivables, the Company defines default based on the following criteria:

Quantitative criteria
- The borrower is more than 90 days past due on its contractual payments

(Amounts in Barbados dollars)

2 Summary of significant accounting policies *…continued*

c) Financial assets *…continued*

i) Financial assets *…continued*

Credit risk measurement *…continued*

Qualitative criteria
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
- The borrower is in breach of financial covenants

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

Impairment measurement

The Company assesses on a forward-looking basis the expected credit losses (‘ECL’) associated with its debt instrument assets carried at amortised cost and FVOCI and the exposure arising from loan commitments. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

PD represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. PD is generated based on historical default data of each portfolio.

EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). EAD is assessed based on contractual terms of the debt instrument.

(Amounts in Barbados dollars)

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

c) Financial assets *...continued*

i) Financial assets *...continued*

Impairment measurement *...continued*

LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, availability of collateral or other credit support, and historical recovery information.

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 adjusted for forward looking information. 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.

Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering among others the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk.

If the terms are substantially different, the Company derecognizes the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition.

(Amounts in Barbados dollars)

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

c) Financial assets *...continued*

i) Financial assets *...continued*

Write-offs

Write-offs are made when a loan is deemed uncollectible or is forgiven. Write-offs are charged against previously established provisions for credit losses and reduce the principal amount of a loan.

Recoveries in part or in full of amounts previously written-off are credited to provision for credit losses in arriving at net profit or loss.

Forward-looking information

When incorporating forward looking information, such as macroeconomic forecasts, into determination of expected credit losses, the Company considers the relevance of the information for each specific group of financial instruments. The macroeconomic indicators assessed include, but are not limited to, GDP growth, unemployment rate and inflation rate.

In addition to the base economic scenario, the Company also incorporated upside and downside scenarios. The economic scenarios have been translated to percentage variances on the default rates utilised. The best-case economic scenario is represented by a 10% decline in default rates across all categories, while the worst case is represented by a 10% increase in these rates. The attributes of scenarios are reassessed at each reporting date and are designed to account for the current economic conditions.

The final default rates utilized in the model are calculated as a probability-weighted average of the rates determined in each scenario. The scenario weightings are strategically determined after consideration of the take account of the range of possible outcomes each chosen scenario is representative of.

The table below shows the variance in the ECL as at December 31, 2023 that would result from these possible changes in economic outlooks from the actual assumptions used in the Company’s economic variable assumptions:

	Default Rate Variance	Variance to Actual (Probability Weighted)
Base Case	0%	(52,314)
Worst Case	+10%	122,067
Best Case	-10%	(226,696)

(Amounts in Barbados dollars)

2 Summary of significant accounting policies *…continued*

d) Financial liabilities

Financial liabilities are initially measured at fair value and then subsequently at amortised cost, and are primarily deposits from customers or banks. Trade payables and other liabilities are initially recognised at fair value and subsequently carried at amortised cost.

The Company derecognises a financial liability when its contractual obligations are discharged.

e) Current and deferred tax

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

The principal temporary differences arise from depreciation of property, plant and equipment and operating lease assets and the collective allowance for impairment losses.

Income tax payable on profits, based on the applicable tax law is recognised as an expense in the period in which the profits arise. The tax effects of tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available to utilise against these losses.

f) Tax on assets

The Company is subject to a tax of 0.35% of its average domestic assets, which was enacted through the Banks (Tax on Assets) Act, 2017. Tax on assets expense is recognised in the statement of comprehensive income monthly based on the average of the domestic assets for three months. The tax on assets liability is settled quarterly. Where the final asset tax outcome is different from the amount initially recorded, such differences are recognised in the statement of comprehensive income.

(Amounts in Barbados dollars)

2 Summary of significant accounting policies *…continued*

g) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate. All other repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation is provided on the straight-line method at the following annual rates considered appropriate to write off the cost of the assets over their estimated useful lives as follows:

Buildings	-	2%
Leasehold improvements	-	20% or over the term of the lease
Computers	-	14% - 33%
Furniture and equipment	-	10% - 50%
Motor vehicles	-	20%
Leased vehicles and equipment	-	Over the term of the lease agreement

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each statement of financial position date. 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.

h) Intangible assets

Intangible assets acquired in a business combination are recognised at their estimated fair values at the acquisition date. The intangible assets have a finite useful life and are carried at estimated realisable value less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives of the intangible assets which is 15 years for the Globe Finance Brand and 8 years for Core Deposits.

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years.

At each reporting date, as well as whenever a trigger event has been observed for impairment testing intangible assets acquired in a business combination are tested for impairment. Brands and trade marks are tested by comparing the present value of the expected future cash flows with the carrying value of its net assets. Core Deposits are assessed for impairment by comparing the retention rate of deposits over the prior reporting period.

(Amounts in Barbados dollars)

2 Summary of significant accounting policies *…continued*

i) Leases

iii) The Company is the lessor

Finance Leases

Leases in which a significant portion of the risks and rewards of ownership are passed on to the lessee are classified as finance leases. When assets are held subject to a finance lease, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. Assets leased as operating leases are depreciated over their expected useful lives. Rental income is recognised on a straight-line basis over the lease term.

iv) The Company is the lessee

The Company leases various offices and equipment, rental contracts are typically made for fixed periods of 1 year to 5 years.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities are measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to lease liabilities is 4%. The incremental borrowing rate utilised represents the interest rate the Company would have to pay to borrow over a similar term.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability and
- any initial direct costs

(Amounts in Barbados dollars)

2 Summary of significant accounting policies *…continued*

i) Leases *…continued*

ii) The Company is the lessee …continued

Right-of-use assets are depreciated on a straight-line basis over the lease term.

Payments associated with the short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets is comprised of copiers and printers.

j) Repossessed property

In certain circumstances, property is repossessed following the foreclosure on loans or leases that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less costs to sell and reported within 'Other assets'.

k) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and balances with three months or less maturity from the date of acquisition, including, amounts due from other banks.

l) Shareholder loan

Shareholder loans are recognised initially at fair value, net of transaction costs incurred. Shareholder loans are subsequently carried at amortised cost.

m) Share capital

i) Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax from the proceeds.

ii) Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's directors.

n) Statutory reserves

In accordance with Section 33 of the Financial Institutions (Amendment) Act, 2018, 15% of the Company's annual net income is appropriated to a reserve fund until the balance of such fund equals the Company's share capital.

(Amounts in Barbados dollars)

2 Summary of significant accounting policies *…continued*

o) Fees and commission income

Fees and commissions primarily relate to transaction service fees and commissions, securities brokerage commissions and foreign exchange fees.

Commissions and fees related to securities brokerage commissions, transaction service fees/commissions and foreign exchange fees related to the provision of specific transaction type services are recognised when the service is fulfilled.

When service fees and other costs are incurred in relation to commissions and fees earned, these costs are recorded on a gross basis.

p) Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all interest bearing financial instruments using the effective interest method. Income from leasing of motor vehicles and from term deposits and investments is recognised using the effective interest method.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

i) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

ii) Financial assets that are not 'POCI' but have subsequently become credit impaired, for which interest revenue is calculated by applying the effective interest rate to the net carrying amount of the financial asset (after deduction of the expected credit loss provision).

q) Employee retirement benefits

The Company's employees are members of the Cave Shepherd & Co. Limited Group Defined Contribution Pension Plan. The plan is administered by Trustees and investments are held by an independent Custodial Trustee. Contributions to the plan are based on pensionable salary and are recognised as an employee benefit expense when they are due.

r) Provisions

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events; if it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The Company recognises no provisions for future operating losses.

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.

(Amounts in Barbados dollars)

2 Summary of significant accounting policies *…continued*

s) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquiree comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the company

Identifiable assets acquired and liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

(Amounts in Barbados dollars)

3 Critical accounting estimates, and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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.

a) Impairment losses on loans and advances

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires significant assumptions about future economic conditions and credit behaviour (e.g the likelihood of customers defaulting and the resulting losses). Explanations of the inputs, assumptions and estimation techniques used in measuring the ECL are detailed in note 2(c). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Choosing appropriate assumptions for the measurement of ECL including PD, EAD and LGD;
- Developing a range of unbiased future economic scenarios and relative weightings; and
- Establishing groups of similar financial assets for the purpose of measuring ECL.

Information about the judgements and estimates made by the Company in the above areas is set out in note 2(c).

The Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from loans and advances. This evidence typically presents itself as adverse changes in scheduled payments from borrowers.

The overall macroeconomic conditions as reported by the Central Bank of Barbados are also considered in formulating default rates. Various metrics such as economic growth, unemployment rates and inflation are holistically assessed to determine the extent of the potential variances that could be expected on baseline default rates calculated from the portfolio. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

(Amounts in Barbados dollars)

4 Cash resources

	December 31, 2023 $	December 31, 2022 $
Cash at bank	**10,271,415**	36,133,771
Short term deposits	**2,000,594**	2,000,594
US Treasury Bills	**4,456,261**	–
Total cash resources	**16,728,270**	38,134,365
Restricted cash	**11,566,331**	10,322,413
Total cash resources and restricted cash	**28,294,601**	48,456,778

The Company is required to maintain mandatory reserve deposits with the Central Bank of Barbados representing a percentage of deposit liabilities as cash or deposits. These funds are not available to finance the Company's day to day operations and as such, are excluded from cash resources to arrive at cash and cash equivalents. At December 31, 2023 the Company was required to hold **$11,566,331** (2022 - $10,322,413) in mandatory deposits.

5 Due from parent company

Amounts due from parent company bear no interest and have no stated terms of repayment.

6 Financial investments

	Treasury bills at amortised cost $	Debt securities at amortised cost $	Equity investments at FVOCI $	Total $
Balance, December 31, 2021	1,729,816	8,392,623	318,565	10,441,004
Principal repayment	–	(193,014)	–	(193,014)
Amortisation of interest on investments	–	249,457	–	249,457
Balance, December 31, 2022	1,729,816	8,449,066	318,565	10,497,447
Principal repayment	–	(779,504)	–	(779,504)
Amortisation of interest on investments	–	181,461	–	181,461
Balance, December 31, 2023	**1,729,816**	**7,851,023**	**318,565**	**9,899,404**

(Amounts in Barbados dollars)

7 Loans and advances to customers

	Corporate 2023 $	Individual 2023 $	Total December 2023 $
Gross loans and advances	107,828,339	254,889,181	362,717,520
Less: Expected credit losses	(7,679,010)	(8,801,015)	(16,480,025)
Balance, end of year	**100,149,329**	**246,088,166**	**346,237,495**

	Corporate 2022 $	Individual 2022 $	Total December 2022 $
Gross loans and advances	101,410,584	258,267,658	359,678,242
Less: Expected credit losses	(10,160,173)	(10,109,861)	(20,270,034)
Balance, end of year	**91,250,411**	**248,157,797**	**339,408,208**

Analysis of loans by industry sector

	December 31, 2023 $	December 31, 2022 $
Education	**87,766**	–
Financial corporations	**4,011,179**	4,893,399
Manufacturing	**3,246,737**	3,526,532
Transport, storage and communication	**7,700,117**	7,666,355
Hotels and restaurants	**3,212,691**	3,134,810
Agriculture	**8,333,907**	9,967,476
Health and social work	**12,096,433**	11,133,509
Construction	**3,668,681**	5,673,485
Real estate, renting and other business	**53,939,988**	58,336,595
Individuals and individual trusts	**266,420,021**	255,346,081
	362,717,520	359,678,242
Receivable 12 months or less after the reporting period	**84,153,047**	89,858,709
Receivable more than 12 months after the reporting period	**278,564,473**	269,819,533
	362,717,520	359,678,242

Loans and advances to customers are predominantly secured by the vehicles and title deeds relating to property financed under the individual contracts.

(Amounts in Barbados dollars)

7 Loans and advances to customers *...continued*

Impairment losses on loans and advances

	December 31, 2023 $	December 31, 2022 $
Increase in impairment losses on loans and advances	**1,753,363**	3,017,935
Amounts written off during the year as uncollectible	**410,435**	563,749
	2,163,798	3,581,684
Amounts received on loans previously written off	**(701,574)**	(493,291)
	1,462,224	3,088,393

Loans and advances to customers include finance lease receivables as follows:

Gross investment in finance lease receivables:

	December 31, 2023 $	December 31, 2022 $
No later than 1 year	**2,459,444**	2,682,685
Later than 1 year but no later than 5 years	**5,547,152**	6,081,011
	8,006,596	8,763,696
Unearned future finance income on finance leases	**(579,649)**	(564,068)
Net investment in finance lease receivables	**7,426,947**	8,199,628

The net investment in finance lease receivables may be analysed as follows:

	December 31, 2023 $	December 31, 2022 $
No later than 1 year	**2,365,608**	2,662,154
Later than 1 year but no later than 5 years	**5,061,339**	5,537,474
	7,426,947	8,199,628

The carrying amount of finance lease receivables includes **$2,839,642** (2022 - $3,258,583) of unguaranteed residual value accruing to the benefit of the Company.

(Amounts in Barbados dollars)

8 Property, plant and equipment

	Land & buildings $	Leasehold improvements $	Computers $	Furniture & equipment $	Motor vehicles $	Total $
Cost						
January 1, 2022	5,400,393	288,492	1,198,730	1,258,336	630,755	8,776,706
Additions	–	–	80,119	46,333	161,790	288,242
Disposals	–	(214,186)	(63,944)	(77,037)	(159,910)	(515,077)
December 31, 2022	5,400,393	74,306	1,214,905	1,227,632	632,635	8,549,871
Additions	–	60,640	225,374	20,275	–	306,289
Disposals	–	(9,750)	(413,498)	(78,057)	–	(501,305)
December 31, 2023	**5,400,393**	**125,196**	**1,026,781**	**1,169,850**	**632,635**	**8,354,855**

(Amounts in Barbados dollars)

8 Property, plant and equipment *...continued*

	Land & buildings $	Leasehold improvements $	Computers $	Furniture & equipment $	Motor vehicles $	Total $
Depreciation						
January 1, 2022	408,104	241,758	994,336	818,549	360,562	2,823,309
Charge for the year	125,073	14,862	137,326	177,260	118,156	572,677
Disposals	–	(214,186)	(62,072)	(76,400)	(159,910)	(512,568)
December 31, 2022	533,177	42,434	1,069,590	919,409	318,808	2,883,418
Charge for the year	125,073	15,872	76,836	177,649	118,066	513,496
Disposals	–	(8,610)	(413,498)	(76,899)	–	(499,007)
December 31, 2023	**658,250**	**49,696**	**732,928**	**1,020,159**	**436,874**	**2,897,907**
Net Book Value						
December 31, 2022	4,867,216	31,872	145,315	308,223	313,827	5,666,453
December 31, 2023	**4,742,143**	**75,500**	**293,853**	**149,691**	**195,761**	**5,456,948**

(Amounts in Barbados dollars)

9 Intangible assets

	Brand $	Core Deposits $	Computer Software $	Total $
Cost				
January 1, 2022	300,000	1,800,000	718,968	2,818,968
Additions	–	–	36,214	36,214
Disposals	–	–	(80,313)	(80,313)
December 31, 2022	300,000	1,800,000	674,868	2,774,868
Additions	–	–	90,463	90,463
Disposals	–	–	(256,145)	(256,145)
December 31, 2023	**300,000**	**1,800,000**	**509,186**	**2,609,186**
Amortisation				
January 1, 2022	66,667	750,000	475,134	1,291,801
Amortisation charge for the year	20,000	225,000	118,938	363,938
Disposals	–	–	(80,313)	(80,313)
December 31, 2022	86,667	975,000	513,759	1,575,426
Amortisation charge for the year	20,000	225,000	144,378	389,378
Disposals	–	–	(256,145)	(256,145)
December 31, 2023	**106,667**	**1,200,000**	**401,992**	**1,708,659**
Net Book Value				
December 31, 2022	213,333	825,000	161,109	1,199,442
December 31, 2023	**193,333**	**600,000**	**107,194**	**900,527**

(Amounts in Barbados dollars)

10 Right-of-use assets

	December 31, 2023 $	December 31, 2022 $
Buildings		
Beginning of year	**1,307,922**	1,461,795
Depreciation expense	**(153,873)**	(153,873)
End of year	**1,154,049**	1,307,922

	December 31, 2023 $	December 31, 2022 $
Lease liabilities		
Beginning of year	**1,345,210**	1,475,508
Interest	**51,340**	56,649
Lease payments	**(186,947)**	(186,947)
End of year	**1,209,603**	1,345,210
Current	**141,132**	135,607
Non-current	**1,068,471**	1,209,603
End of year	**1,209,603**	1,345,210

(Amounts in Barbados dollars)

10 Right-of-use assets *...continued*

Amounts recognised in the statement of comprehensive income.

The statement of comprehensive income shows the following amounts relating to leases:

	December 31, 2023 $	December 31, 2022 $
Depreciation expense of right-of-use assets	**153,873**	153,873
Interest expense on lease liabilities	**51,340**	56,649
Operating lease expense	**205,213**	210,522
Expense relating to short-term leases (included in administrative expenses)	**60,000**	60,000
Expenses relating to lease of low-value assets (included in administrative expenses)	**39,588**	35,646
Total amount recognised in statement of comprehensive income	**304,801**	306,168

The total cash outflow for leases in 2023 was **$293,463** (2022 - $288,831).

(Amounts in Barbados dollars)

11 Operating lease assets

Leased vehicles

	December 31, 2023 $	December 31, 2022 $
Cost		
Beginning of year	**1,268,216**	2,134,237
Additions	**23,680**	202,166
Transfer to end of lease stock	**(192,255)**	(940,782)
Disposals	**(172,171)**	(127,405)
End of year	**927,470**	1,268,216
Accumulated depreciation		
Beginning of year	**1,004,487**	1,723,235
Charge for the year (note 22)	**37,264**	50,729
Transfer to end of lease stock	**(122,910)**	(671,417)
Disposals	**(10,940)**	(98,060)
End of year	**907,901**	1,004,487
Net book value		
End of year	**19,569**	263,729
Beginning of year	**263,729**	411,002

12 Other assets

	December 31, 2023 $	December 31, 2022 $
Prepaid expenses	**788,079**	541,542
Other receivables	**1,492,752**	1,740,828
Repossessed or end of lease stock	**1,199,697**	914,673
VAT recoverable	**113,024**	168,235
	3,593,552	3,365,278
Receivable 12 months or less after the reporting period	**3,545,414**	3,317,140
Receivable more than 12 months after the reporting period	**48,138**	48,138
	3,593,552	3,365,278

(Amounts in Barbados dollars)

13 Taxation

	December 31, 2023 $	December 31, 2022 $
Current tax charge	**413,581**	324,556
Deferred tax credit	**41,136**	(8,162)
Pandemic levy	**–**	830,590
	454,717	1,146,984

The tax on the Company's profit before corporation tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	December 31, 2023 $	December 31, 2022 $
Profit before corporation tax	**7,891,465**	7,173,026
Corporation tax at a tax rate of **5.5%** (2022 - 5.5%)	**434,031**	394,516
Income not subject to tax	**55,261**	(1,612)
Expenses not deductible for tax	**116,137**	20,233
Prior year under provision - deferred tax	**–**	(14,507)
Tax effect of rate at which deferred tax is computed	**(150,712)**	(82,236)
Pandemic levy	**–**	830,590
Taxation charge for the year	**454,717**	1,146,984

The Company carries a corporation tax receivable of **$146,722** (2022 - $354,375), representing the tax refunds expected to be received due to overpayments in prior periods.

(Amounts in Barbados dollars)

13 Taxation *…continued*

The movement on the deferred tax account is as follows:

	December 31, 2023 $	December 31, 2022 $
Asset - beginning of year	**112,321**	104,160
Prior year under provision - deferred tax	**–**	14,507
Deferred tax charge	**(41,136)**	(6,346)
Asset - end of year	**71,185**	112,321

The deferred tax asset consists of the following components:

	December 31, 2023 $	December 31, 2022 $
Delayed tax depreciation	**(1,115,817)**	437,353
Collective allowance for impairment losses	**1,906,761**	1,604,843
	790,944	2,042,196
Deferred tax asset at corporation tax rate of **9%** (2022 - 5.5%)	**71,185**	112,321

(Amounts in Barbados dollars)

14 Due to customers

	December 31, 2023 $	December 31, 2022 $
Financial institutions		
Payable with notice	**6,778,547**	8,086,299
Payable at fixed dates	**48,500,080**	43,767,890
Individuals		
Payable with notice	**7,653,314**	8,073,642
Payable at fixed dates	**192,204,855**	194,854,742
Business and government		
Payable with notice	**10,295,302**	22,658,699
Payable at fixed dates	**53,729,560**	57,082,078
Other		
Payable with notice	**60,724**	60,724
Payable at fixed dates	**3,114,319**	3,132,384
Deposits due to customers	**322,336,701**	337,716,458
Payable with notice	**24,787,887**	38,879,364
Payable at fixed dates	**297,548,814**	298,837,094
	322,336,701	337,716,458
Payable 12 months or less after the reporting period	**195,388,457**	233,642,127
Payable more than 12 months after the reporting period	**126,948,244**	104,074,331
	322,336,701	337,716,458

The rates of interest on fixed deposits vary in accordance with the length and value of the deposit from **1% to 3%** (2022 - 1% to 3.4%). **$3,397,842** (2022 - $4,566,434) of these deposits are held as security on loans and advances to customers.

(Amounts in Barbados dollars)

15 Other liabilities

	December 31, 2023 $	December 31, 2022 $
Due to brokers and related customers	**3,189,079**	3,986,055
Dividend payable	**–**	1,645,867
Other payables	**1,456,971**	1,617,213
	4,640,050	7,249,135
Payable 12 months or less after the reporting period	**4,640,050**	7,249,135

16 Asset tax payable

	December 31, 2023 $	December 31, 2022 $
Beginning of year	**449,931**	497,889
Asset tax expense	**1,359,116**	1,293,140
Asset tax paid	**(1,351,504)**	(1,341,098)
End of year	**457,543**	449,931

In accordance with Banks (Tax on Assets) Act, 2017, a bank asset tax is levied on the average domestic assets of a bank at a rate of 0.35% per annum, payable quarterly.

(Amounts in Barbados dollars)

17 Related party transactions

A number of transactions are entered into with related parties in the normal course of business. These transactions are included in loans and advances to customers, due to customers, custodian and administrative services. The volume of related party transactions and outstanding balances at year end and related income and expenses for the year are as follows:

a) Loans and advances to customers

	Directors and key management personnel	
	December 31, 2023 $	**December 31, 2022 $**
Loans and advances to customers		
Loans and advances outstanding at beginning of year	**270,928**	416,995
Loans and advances issued during the year	**20,451**	83,448
Loan repayments during the year	**(26,783)**	(229,515)
Loans and advances outstanding at end of year	**264,596**	270,928
Interest income earned	**16,495**	16,545

Interest is payable on related party loans and advances at **5.5% to 6%** (2022 - 5.5% to 6%) per annum.

b) Amounts due from parent company

	December 31, 2023 $	**December 31, 2022 $**
CSGK Finance Holdings Limited	**38,211**	217,356

(Amounts in Barbados dollars)

17 Related party transactions *…continued*

c) Due to customers

	Directors, key management personnel and related companies	
	December 31, 2023	**December 31, 2022**
	$	**$**
Due to customers		
Deposits at beginning of year	**5,119,285**	1,559,904
Deposits received during the year	**5,168,882**	4,062,530
Deposits repaid during the year	**(4,478,923)**	(503,149)
Deposits at end of year	**5,809,244**	5,119,285
Interest expense on deposits	**59,383**	78,330

d) Shareholder loan

During 2018, the Company entered into an agreement for an unsecured non-interest-bearing loan in the amount of $11,371,936 with its parent company to finance the purchase of the net assets of Globe Finance Inc. The principal is repayable via semi-annual payments of $600,000 beginning June 2020 until the principal loan amount has been repaid. At December 31, 2023 the balance outstanding was **$6,571,936** (2022 - $7,771,936).

The Company also entered into a five-year facility agreement with its parent company which stipulates that a facilitation fee is to be paid to the parent company for entering into a term facility agreement with a commercial bank. The fee is to be paid at a rate of 4% of $12,000,000 per annum for the first three (3) years of the facility after which the facilitation fee shall be based on the Barbados lending rate less 4% per annum. The initial loan agreement expired on December 31, 2023 and is in the process of being renegotiated.

e) Custodian services

Custodian services are currently being offered solely to a related company and the income generated from these services during the year was **$622,913** (2022 - $616,618).

(Amounts in Barbados dollars)

17 Related party transactions *...continued*

f) Key management compensation

	December 31, 2023 $	December 31, 2022 $
Key management compensation		
Salaries	**1,350,325**	1,244,284
NIS contributions	**54,835**	52,887
Medical	**7,770**	7,468
Pension & Group Life	**61,264**	58,384
	1,474,194	1,363,023

Directors' remuneration

In 2023, the total remuneration to the directors was **$164,500** (2022 - $160,000).

18 Share capital

Authorised:

The Company is authorised to issue an unlimited number of common shares of no par value.

Issued:

	December 31, 2023 $	December 31, 2022 $
9,210,857 common shares issued (2022 - 9,210,857)	**9,210,857**	9,210,857

A dividend of $0.1787 per share for the year ended December 31, 2021 was declared on December 13, 2022. A final dividend of $1,645,867 was paid on January 20, 2023.

For the year ended December 31, 2022 a dividend of $0.3433 was declared on August 28, 2023, a final dividend of $3,162,957 was paid on August 31, 2023.

(Amounts in Barbados dollars)

19 Statutory reserves

	December 31, 2023 $	December 31, 2022 $
Balance, beginning of year	**9,210,857**	8,586,399
Transfer from retained earnings	**–**	624,458
Balance, end of year	**9,210,857**	9,210,857

Section 33 of the Financial Institutions Act, 1996 requires that a minimum of 15% of annual net income be appropriated to a reserve fund until the balance of such fund equals the Company's share capital.

20 Net interest income

	December 31, 2023 $	December 31, 2022 $
Interest income		
Cash and other short term funds	**982**	1,022
Investment securities	**1,012,996**	574,628
Finance lease income	**801,614**	892,568
Loans and advances	**21,954,018**	21,963,243
	23,769,610	23,431,461
Interest expense		
Due to customers	**(5,059,418)**	(5,541,972)
Net interest income	**18,710,192**	17,889,489

(Amounts in Barbados dollars)

21 Net fee and commission income

	December 31, 2023 $	December 31, 2022 $
Fee and commission income		
Foreign exchange trading fees	**148,338**	162,165
Credit related fees	**869,093**	808,938
Other fees and commissions	**274,291**	244,046
	1,291,722	1,215,149
Fee and commission expense		
Dealer commissions	**(109,815)**	(101,321)
	1,181,907	1,113,828

22 Net lease income

	December 31, 2023 $	December 31, 2022 $
Operating lease income	**289,402**	621,436
Depreciation expense (note 11)	**(37,264)**	(50,729)
	252,138	570,707

23 Other operating income

	December 31, 2023 $	December 31, 2022 $
Profit on sale of lease assets and vehicle stock	**711,311**	1,410,708
Profit on sale of fixed assets	**(1,792)**	46,811
Other income	**82,058**	68,989
	791,577	1,526,508

(Amounts in Barbados dollars)

24 Foreign exchange and brokerage income

	December 31, 2023 $	December 31, 2022 $
Foreign exchange transaction gains and losses	**427,919**	619,721
Custodian income	**622,913**	616,618
Stock brokerage income	**254,341**	114,020
	1,305,173	1,350,359

25 Operating expenses

	December 31, 2023 $	December 31, 2022 $
Staff costs (note 26)	**5,959,091**	5,665,721
Administrative expenses (note 27)	**4,461,003**	4,083,474
Depreciation of property, plant and equipment and intangible assets	**902,875**	936,615
	11,322,969	10,685,810

26 Staff costs

	December 31, 2023 $	December 31, 2022 $
Salaries and wages	**4,785,467**	4,603,032
Management fees	**336,000**	318,598
National Insurance contributions	**423,644**	376,394
Pension costs:		
- defined contribution plan	**122,577**	115,576
Other	**291,403**	252,121
	5,959,091	5,665,721

(Amounts in Barbados dollars)

27 Administrative expenses

	December 31, 2023 $	December 31, 2022 $
Advertising and marketing expense	**453,151**	417,516
Professional fees	**569,226**	440,210
Property and utilities	**688,900**	719,273
Licensing	**432,076**	355,475
Technology expense	**194,167**	146,706
Bank charges	**425,818**	387,111
Stationery expenses	**101,333**	112,964
Insurance expense	**291,483**	310,567
Irrecoverable VAT	**330,501**	276,393
Other expenses	**974,348**	917,259
	4,461,003	4,083,474

Professional fees incurred during the financial year include the following fees paid to the Company's auditor:

	December 31, 2023 $	December 31, 2022 $
Audit fees	**228,900**	245,780
Non audit fees	**9,825**	8,875

(Amounts in Barbados dollars)

28 Contingent liabilities and commitments

a) Legal proceedings

No contingent liabilities associated with legal action have been disclosed as professional advice indicates that it is unlikely that any significant loss will arise.

b) Commitments

The Company had undrawn loan commitments as follows:

	December 31, 2023 $	December 31, 2022 $
Undrawn loan commitments	**15,998,005**	20,148,602

29 Financial instruments, financial risk and capital management

By its nature, the Company's activities expose it to a variety of financial risks such as credit risk, market risk (predominantly cash flow interest rate risk) and liquidity risk. The Company accepts deposits from customers at fixed interest rates over varying terms of maturity and seeks to earn the appropriate interest margin through lending to commercial and retail borrowers at fixed and variable rates over varying terms of maturity and by investing funds in high quality assets. This note presents information about the Company's exposure to each of the above financial risks, the Company's objectives, policies and procedures for measuring and managing these risks, as well as the Company's management of its capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Credit Committee and the Asset and Liability Committee ("ALCO") both of which include non-executive members and regularly report to the Board of Directors on their activities. In addition, the Board has established an Audit Committee to assist the directors in overseeing the reliability of the Company's financial statements, compliance with legal and regulatory requirements, external and internal auditor independence, as well as business practices and ethical standards. The Audit Committee also oversees compliance with the Company's risk management policies and procedures, as well as reviews the adequacy of the risk management framework in relation to the potential risks which the Company faces.

a) Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Company resulting in a financial loss to the Company. Credit risk is considered to be the most significant of the financial risks which the Company faces and as a result, the Company's financial risk management focuses heavily on managing its exposure to credit risk. Credit risk arises primarily from the Company's lending activities that result in loans and advances to customers, including finance leases, as well as investment activities that bring fixed income securities into the Company's investment portfolio.

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

a) Credit risk *...continued*

The Board of Directors has delegated the oversight of credit risk management and control to the Credit Committee and the Senior Credit Committee. In addition, these Committees share the responsibility for:

- reviewing internal credit policies and establishing approval limits;
- establishing portfolio composition limits;
- monitoring and assessing the loan portfolio to ensure that the Company's lending policies and practices are adhered to;
- reviewing and vetting the Company's lending policies and procedures for submission to the Board of Directors;
- approving or declining loan applications submitted to the Committee;
- reviewing and analysing delinquency statistics; and
- providing general guidance on lending practices.

The Company has formulated commercial and retail lending credit policies and guidelines. These policies and guidelines measure, manage, limit and control credit risk and the potential for concentration therein. These policies also cover collateral requirements, credit evaluations and ongoing credit assessments, risk grading and reporting, documentary and legal procedures, as well as compliance with regulatory requirements.

Authorised lending limits are established by the Credit Committee and approved by the Board of Directors. The Chief Executive Officer assigns lending limits to selected credit officers within which they can approve loans that conform to the Company's credit policies and guidelines. Management closely monitors the composition of the loan portfolio by industry sector and potential concentration of credit risk therein on a monthly basis - see Note 7 for analysis of loans by industry sector as of December 31, 2023 and December 31, 2022. All loans and advances are made to customers located within Barbados and as a result, there is no need to monitor the loan portfolio by geographic sector.

Exposure to credit risk from loans and advances to customers, including net investment in finance leases, is further managed through the regular analysis of the ability of potential and existing borrowers to meet their contractual obligations.

The Company currently utilises the Central Bank of Barbados Asset Classification and Provisioning Guidelines rating system to assess its loan portfolio. Under this system, customers are segmented into the five rating categories, which reflect the full range of credit quality.

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *…continued*

a) Credit risk …continued

The category of Pass typically includes loans where the financial condition of the borrower is generally sound. The Special Mention category includes loans which, although up to date, may present credit challenges in the future. This may be as a result of a potential deterioration in the borrower's ability to service the loan or the impairment of the associated collateral. Loans are assigned to the Substandard category when well-defined credit weaknesses exist, such as insufficient cash flow to service the loan. Loans are automatically assigned to this category once they have accumulated more than 90 days of arrears. The Doubtful category consists of loans where the collection of the full contractual amounts due is questionable or improbable. In this category, the possibility of incurring a financial loss exists but other factors may be present which could improve the current situation. Loans are automatically assigned to this category once they have accumulated more than 180 days of arrears. Finally, the category of Loss is used where the loan is deemed uncollectible and is utilized for facilities which have surpassed 365 days of arrears.

The following table 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 Company's maximum exposure to credit risk on these assets.

Maximum exposure to credit risk before collateral held or other credit enhancements.

Credit risk exposures relating to on and off balance sheet as follows:

	Gross maximum exposure 2023 $	**Gross maximum exposure 2022 $**
Cash resources	**28,294,601**	48,456,778
Loans and advances to customers	**362,717,520**	359,678,242
Financial investments at amortised cost	**9,670,051**	10,268,094
Other assets	**2,524,648**	2,777,275
Total	**403,206,820**	421,180,389
Total credit commitments	**15,998,005**	20,148,602
Total credit exposure	**387,208,815**	401,031,787

The above table represents a worst case scenario of credit risk exposure to the Company at December 31, 2023, without taking account of collateral held or other credit enhancements attached. As shown above, **94%** (2022 - 90%) of the total maximum exposure is derived from loans and **3%** (2022 - 3%) represents securities held.

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

a) Credit risk ...continued

	2023 ECL Staging				
Total debt securities - amortised cost	**Stage 1 12-month ECL $**	**Stage 2 life-time ECL $**	**Stage 3 life-time ECL $**	**Purchased credit-impaired $**	**Total $**
Credit grade:					
Investment grade	–	**1,819,028**	–	–	**1,819,028**
Non-investment grade	–	–	–	**7,851,023**	**7,851,023**
Watch	–	–	–	–	–
Default	–	–	–	–	–
	–	**1,819,028**	–	**7,851,023**	**9,670,051**
Loss allowance	–	**(89,212)**	–	–	**(89,212)**
Carrying amount	–	**1,729,816**	–	**7,851,023**	**9,580,839**

	2022 ECL Staging				
Total debt securities - amortised cost	**Stage 1 12-month ECL $**	**Stage 2 life-time ECL $**	**Stage 3 life-time ECL $**	**Purchased credit-impaired $**	**Total $**
Credit grade:					
Investment grade	–	1,819,028	–	–	1,819,028
Non-investment grade	–	–	–	8,449,066	8,449,066
Watch	–	–	–	–	–
Default	–	–	–	–	–
	–	1,819,028	–	8,449,066	10,268,094
Loss allowance	–	(89,212)	–	–	(89,212)
Carrying amount	–	1,729,816	–	8,449,066	10,178,882

Included in the carrying amount of the purchased credit-impaired debt securities is **$326,607** (2022 - $326,607) in undiscounted credit losses.

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

a) Credit risk ...continued

	2023 ECL Staging			
Loans and advances to customers - amortised cost	**Stage 1 12-month ECL $**	**Stage 2 life-time ECL $**	**Stage 3 life-time ECL $**	**Total $**
Credit grade:				
Pass	**263,211,847**	**15,042,021**	**–**	**278,253,868**
Special Mention	**19,901,252**	**22,813,424**	**–**	**42,714,676**
Substandard	**–**	**283,480**	**14,761,717**	**15,045,197**
Doubtful	**–**	**215,854**	**3,641,609**	**3,857,463**
Loss	**–**	**–**	**22,846,316**	**22,846,316**
Gross carrying amount	**283,113,099**	**38,354,779**	**41,249,642**	**362,717,520**
Loss allowance	**(1,134,453)**	**(772,309)**	**(14,573,263)**	**(16,480,025)**
Carrying amount	**281,978,646**	**37,582,470**	**26,676,379**	**346,237,495**

	2022 ECL Staging			
Loans and advances to customers - amortised cost	**Stage 1 12-month ECL $**	**Stage 2 life-time ECL $**	**Stage 3 life-time ECL $**	**Total $**
Credit grade:				
Pass	275,186,313	9,678,590	–	284,864,903
Special Mention	9,682,389	14,864,187	–	24,546,576
Substandard	–	1,001,931	10,029,837	11,031,768
Doubtful	–	28,590	7,268,816	7,297,406
Loss	–	–	31,937,589	31,937,589
Gross carrying amount	284,868,702	25,573,298	49,236,242	359,678,242
Loss allowance	(1,278,768)	(332,340)	(18,658,926)	(20,270,034)
Carrying amount	283,589,934	25,240,958	30,577,316	339,408,208

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

a) Credit risk ...continued

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 derecognised 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.

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 $	Purchased credit-impaired $	Total $
Total debt securities - Loss allowance					
Loss allowance as at January 1, 2023	–	**89,212**	–	–	**89,212**
Transfers:					
Transfer from Stage 1 to Stage 2	–	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Financial assets fully derecognised during the period	–	**(89,212)**	–	–	**(89,212)**
New financial assets originated or purchased	–	**89,212**	–	–	**89,212**
Loss allowance as at December 31, 2023	–	**89,212**	–	–	**89,212**

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

a) Credit risk ...continued

Loss allowances *...continued*

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Purchased credit-impaired $	Total $
Total debt securities - Loss allowance					
Loss allowance as at January 1, 2022	–	89,212	–	–	89,212
Transfers:					
Transfer from Stage 1 to Stage 2	–	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Financial assets fully derecognised during the period	–	(89,212)	–	–	(89,212)
New financial assets originated or purchased	–	89,212	–	–	89,212
Loss allowance as at December 31, 2022	–	89,212	–	–	89,212

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

a) Credit risk ...continued

Loss allowances *...continued*

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Purchased credit-impaired $	Total $
Loans and advances to customers - Loss allowance					
Loss allowance as at January 1, 2023	**1,278,768**	**332,340**	**18,658,926**	**–**	**20,270,034**
New financial assets originated or purchased	**370,803**	**283,023**	**503,947**	**–**	**1,157,773**
Transfers:					
Transfer from Stage 1 to Stage 2	**(145,633)**	**145,633**	**–**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(61,561)**	**–**	**61,561**	**–**	**–**
Transfer from Stage 2 to Stage 1	**135,866**	**(135,866)**	**–**	**–**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(78,794)**	**78,794**	**–**	**–**
Transfer from Stage 3 to Stage 1	**544,333**	**-**	**(544,333)**	**–**	**–**
Transfer from Stage 3 to Stage 2	**–**	**501,767**	**(501,767)**	**–**	**–**
Financial assets fully derecognised during the period	**(114,762)**	**(15,788)**	**(5,950,480)**	**–**	**(6,081,030)**
Changes to inputs used in ECL calculation	**(873,362)**	**(260,006)**	**2,266,616**	**–**	**1,133,248**
Loss allowance as at December 31, 2023	**1,134,452**	**772,309**	**14,573,264**	**–**	**16,480,025**

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

a) Credit risk ...continued

Loss allowances *...continued*

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Purchased credit-impaired $	Total $
Loans and advances to customers - Loss allowance					
Loss allowance as at January 1, 2022	1,066,035	933,096	18,856,829	–	20,855,960
New financial assets originated or purchased	525,515	165,142	1,653,549	–	2,344,206
Transfers:					
Transfer from Stage 1 to Stage 2	(52,038)	52,038	–	–	–
Transfer from Stage 1 to Stage 3	(22,877)	–	22,877	–	–
Transfer from Stage 2 to Stage 1	585,952	(585,952)	–	–	–
Transfer from Stage 2 to Stage 3	–	(154,276)	154,276	–	–
Transfer from Stage 3 to Stage 1	686,734	–	(686,734)	–	–
Transfer from Stage 3 to Stage 2	–	665,858	(665,858)	–	–
Financial assets fully derecognised during the period	(114,289)	(75,808)	(3,191,845)	–	(3,381,942)
Changes to inputs used in ECL calculation	(1,396,264)	(667,758)	2,515,832	–	451,810
Loss allowance as at December 31, 2022	1,278,768	332,340	18,658,926	–	20,270,034

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

a) Credit risk ...continued

IFRS 9 carrying values

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

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Purchased credit-impaired $	Total $
Total debt securities - amortised cost					
Gross carrying amount as at January 1, 2023	**–**	**1,819,028**	**–**	**8,449,066**	**10,268,094**
Transfers:					
Transfer from Stage 1 to Stage 2	–	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Financial assets fully derecognised during the period	–	**(1,819,028)**	–	–	**(1,819,028)**
New financial assets originated or purchased	–	**1,819,028**	–	–	**1,819,028**
Changes in principal and interest	–	–	–	**(598,043)**	**(598,043)**
Gross carrying amount as at December 31, 2023	–	**1,819,028**	–	**7,851,023**	**9,670,051**

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

a) Credit risk ...continued

IFRS 9 carrying values *...continued*

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Purchased credit-impaired $	Total $
Total debt securities - amortised cost					
Gross carrying amount as at January 1, 2022	–	1,819,028	–	8,392,623	10,211,651
Transfers:					
Transfer from Stage 1 to Stage 2	–	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Financial assets fully derecognised during the period	–	(1,819,028)	–	–	(1,819,028)
New financial assets originated or purchased	–	1,819,028	–	–	1,819,028
Changes in principal and interest	–	–	–	56,443	56,443
Gross carrying amount as at December 31, 2022	–	1,819,028	–	8,449,066	10,268,094

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

a) Credit risk ...continued

IFRS 9 carrying values *...continued*

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Purchased credit-impaired $	Total $
Loans and advances to customers - amortised cost					
Gross carrying amount as at January 1, 2023	**284,868,702**	**25,573,298**	**49,236,242**	**–**	**359,678,242**
Transfers:					
Transfer from Stage 1 to Stage 2	**(26,331,292)**	**26,331,292**	**–**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(9,423,179)**	**–**	**9,423,179**	**–**	**–**
Transfer from Stage 2 to Stage 1	**11,346,496**	**(11,346,496)**	**–**	**–**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(5,104,956)**	**5,104,956**	**–**	**–**
Transfer from Stage 3 to Stage 1	**3,559,783**	**–**	**(3,559,783)**	**–**	**–**
Transfer from Stage 3 to Stage 2	**–**	**2,173,091**	**(2,173,091)**	**–**	**–**
New financial assets Originated or purchased	**83,767,963**	**8,782,187**	**1,877,806**	**–**	**94,427,956**
Financial assets fully derecognised during the period	**(26,592,567)**	**(2,679,837)**	**(11,231,022)**	**–**	**(40,503,426)**
Changes in principal and interest	**(38,082,808)**	**(5,373,801)**	**(7,428,643)**	**–**	**(50,885,252)**
Gross carrying amount as at December 31, 2023	**283,113,098**	**38,354,778**	**41,249,644**	**–**	**362,717,520**

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

a) Credit risk ...continued

IFRS 9 carrying values *...continued*

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Purchased credit-impaired $	Total $
Loans and advances to customers - amortised cost					
Gross carrying amount as at January 1, 2022	251,490,838	44,670,509	54,684,489	–	350,845,836
Transfers:					
Transfer from Stage 1 to Stage 2	(9,707,553)	9,707,553	–	–	–
Transfer from Stage 1 to Stage 3	(9,557,983)	–	9,557,983	–	–
Transfer from Stage 2 to Stage 1	25,759,503	(25,759,503)	–	–	–
Transfer from Stage 2 to Stage 3	–	(10,091,066)	10,091,066	–	–
Transfer from Stage 3 to Stage 1	5,234,477	–	(5,234,477)	–	–
Transfer from Stage 3 to Stage 2	–	3,760,041	(3,760,041)	–	–
New financial assets Originated or purchased	93,075,231	9,466,881	3,565,269	–	106,107,381
Financial assets fully derecognised during the period	(31,857,251)	(3,197,377)	(7,500,391)	–	(42,555,019)
Changes in principal and interest	(39,568,560)	(2,983,740)	(12,167,656)	–	(54,719,956)
Gross carrying amount as at December 31, 2022	284,868,702	25,573,298	49,236,242	–	359,678,242

Movements in the carrying values noted in the tables above are influenced by contractual and non-contractual repayments to the facilities in question.

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

a) Credit risk *...continued*

IFRS 9 carrying values *...continued*

Expected credit losses are calculated under varying economic scenarios, captured through percentage variations in the probability of default rates on loans in the portfolio. Three scenarios are probability weighted using the table below, which was inspired by management's opinion of the Central Bank's outlook for the Barbadian economy in the coming year.

The scenario weightings assigned to each economic scenario at December 31, 2022 were as follows:

	Base	Upside	Downside
SigniaGlobe Financial portfolio	50%	10%	40%

Purchased or originated credit-impaired financial assets

The Government of Barbados defaulted on its debt instruments on June 1, 2018 when principal and interest payments were suspended. On October 1, 2018 the debt exchange was completed with new instruments exchanged for the old instruments in Barbados dollars. 15% of these debt instruments held by the Company were converted to 90-day Treasury Bills, and the remaining were converted to Series B Government Bonds.

The restructuring triggered the derecognition of the old instruments and the recognition of the new instruments, which were considered as Purchased Originated Credit Impaired, as they were the result of a debt restructuring under default conditions.

Following the restructure the new instruments were initially recognised at their fair value of $8,340,515 and an impairment loss of $3,809,014 was also recognised. The fair value of the new instruments included an undiscounted ECL of $326,607.

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

a) Credit risk ...continued

The Company's main source of credit risk arises from its loans and advances which are inclusive of net investment in finance lease receivables. As mentioned previously, the analysis does not take into account any security or collateral which is normally required by the Company on loans in an attempt to mitigate credit risk. The Company has specific policies in place detailing the requirement for acceptable collateral. Loans and advances to customers are typically secured by bills of sale on the underlying vehicles and mortgages over the underlying properties, as well as other forms of security such as stocks, bonds, mutual funds and the cash surrender values on borrower's life insurance policies. In order to further minimise credit risk, the Company may seek additional collateral from a borrower as soon as there is objective evidence of impairment or other similar indicators. The Company has not issued any financial guarantees.

Cash and cash equivalents as well as short term deposits are all placed with reputable financial institutions which have been pre-approved by the ALCO committee for periods up to 3 months. Additionally, under the guidance and supervision of the ALCO committee, a portion of foreign currency deposits have also been invested in US Treasury Bills. The level of credit risk arising from the remaining financial assets is not considered to be significant.

The Company currently utilises the Central Bank of Barbados Asset Classification and Provisioning Guidelines rating system to assess its loan portfolio. Under this system, customers are segmented into the five rating categories, as summarised in the table below, which reflect the full range of default probabilities. The Company assesses the probability of default of individual customers based on the aging of the portfolio of loans and advances which is then mapped to the Central Bank of Barbados' rating categories. This exercise is supplemented by the judgment of experienced credit officers within the Company. The table below shows the Company's internal rating and the associated impairment provision on loans and advances at December 31.

		Impairment allowance			
Company's rating	**Description**	**2023 $**	**2023 %**	**2022 $**	**2022 %**
1	Pass	**1,397,090**	**9**	1,318,415	6
2	Special mention	**481,148**	**3**	274,121	1
3	Substandard	**2,987,363**	**18**	2,359,007	12
4	Doubtful	**1,696,195**	**10**	2,602,464	13
5	Loss	**9,918,229**	**60**	13,716,027	68
		16,480,025		20,270,034	

The fair value of the collateral for individually impaired loans is as follows:

	December 31, 2023 $	**December 31, 2022 $**
Fair value of collateral	**35,419,005**	42,712,897

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

b) Market risk

Market risk is the risk that changes in market prices such as interest rates, equity prices and foreign exchange rates will affect the Company's income or the value of its financial instruments. The Company is not directly exposed to changes in foreign exchange rates given that the Company does not hold significant foreign currency denominated monetary assets or liabilities. The most significant type of market risk to which the Company is exposed is interest rate risk, which generally includes cash flow interest rate risk and fair value 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, whereas 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 majority of the Company's financial instruments are measured at amortised cost and as a result, the Company is not directly exposed to fair value interest rate risk. However, the Company is exposed to fluctuations in the prevailing levels of market interest rates whereby net interest margins may increase as a result of these changes or may be reduced in the event that unexpected movements take place.

Interest rate risk

Assuming that the interest-bearing financial assets and liabilities as at December 31, 2023 were to remain until maturity or settlement without any action by the Company to alter the resulting interest rate risk exposure, an immediate and sustained increase/decrease of 100 basis points in market rates across all maturities would result in an insignificant increase/decrease in the net income of the following year.

Management closely monitors net interest margins, as well as other related ratios such as interest earned to average loans and interest incurred to average deposits. The ALCO Committee's responsibilities include ensuring adherence to the Company's policies and procedures concerning asset and liability management, which in addition to liquidity risk, addresses interest rate risk.

Management reserves the right to adjust the company's interest rate offerings on new and variable rate products to address negative interest rate exposure.

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

b) Market risk ...continued

<u>*Interest rate risk*</u> *...continued*

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

December 31, 2023

	Up to 3 months $	3 - 12 months $	1 - 5 years $	Over 5 years $	Non interest bearing $	Total $
Assets						
Cash resources	16,728,270	–	–	–	11,566,331	28,294,601
Financial investments	446,025	608,935	3,556,716	4,969,146	318,582	9,899,404
Loans and advances to customers	27,338,415	50,998,028	200,518,092	67,382,960	–	346,237,495
Total financial assets	44,512,710	51,606,963	204,074,808	72,352,106	11,884,913	384,431,500
Liabilities						
Customer deposits	67,427,243	127,162,295	127,742,158	5,005	–	322,336,701
Shareholder loan	6,571,936	–	–	–	–	6,571,936
Total financial liabilities	73,999,179	127,162,295	127,742,158	5,005	–	328,908,637
Total repricing gap	(29,486,469)	(75,555,332)	76,332,650	72,347,101	11,884,913	55,522,863

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

b) *Market risk* *...continued*

Interest rate risk *...continued*

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

December 31, 2022

	Up to 3 months $	3 - 12 months $	1 - 5 years $	Over 5 years $	Non interest bearing $	Total $
Assets						
Cash resources	38,134,365	–	–	–	10,322,413	48,456,778
Financial investments	1,729,816	598,068	2,768,425	5,082,573	318,565	10,497,447
Loans and advances to customers	35,478,941	46,242,388	185,802,369	71,884,510	–	339,408,208
Total financial assets	75,343,122	46,840,456	188,570,794	76,967,083	10,640,978	398,362,433
Liabilities						
Customer deposits	100,414,647	132,552,279	104,746,345	3,187	–	337,716,458
Shareholder loan	–	7,771,936	–	–	–	7,771,936
Total financial liabilities	100,414,647	140,324,215	104,746,345	3,187	–	345,488,394
Total repricing gap	(25,071,525)	(93,483,759)	83,824,449	76,963,896	10,858,334	52,874,039

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

b) Market risk ...continued

Foreign exchange risk

The Company is exposed to foreign exchange risk arising primarily from exposure to the United States dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management manages this risk by limiting its exposure to the United States dollar which has a fixed parity to the functional currency of the Company. This fixed parity allows management to predict with relative certainty the potential outcome of foreign exchange transactions and the likely impact on the Company's performance. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. At December 31, 2023, all the Company's financial assets and liabilities are denominated in Barbados Dollars with the exception of **$13.58 million** (2022 - $22.59 million) in cash and **$6.86 million** (2022 - $19.18 million) in liabilities denominated in United States dollars.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Company is exposed to price risk because of investments held and classified on the balance sheet as FVOCI. The Company mitigates this risk by holding an equity security within specified limits set by the ALCO. An increase/decrease of +/-10.00% would result in an increase/decrease of $31,857 in the carrying value of the equity investment.

c) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations as they fall due.

The Board of Directors has delegated the responsibility for and oversight of liquidity risk management to the ALCO. The ALCO's responsibilities include but are not limited to:

- monitoring management's adherence to policies and procedures that are established to ensure adequate liquidity at all times;
- establishing asset and liability pricing policies to protect the liquidity structure, as well as to assess the probability of various 'liquidity shocks' and interest rate scenarios;
- ensuring compliance with the Company's asset and liability policies and procedures which address the management of liquidity, foreign exchange and interest rate risk;
- managing the statement of financial position and ensuring that business strategies are consistent with liquidity requirements; and
- establishing and monitoring relevant liquidity and prudential ratios, as well as specific statement of financial position targets.

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

c) Liquidity risk *...continued*

The Company is exposed to daily requirements for its available cash resources arising from maturing customer deposits, the advancement of loans and other cash settled transactions. The Company does not maintain sufficient cash resources to meet all of these liquidity needs, as historical industry and company-specific experience has shown that a high level of reinvestment of maturing funds can be predicted with a high level of certainty. The Company, however, has two committed lines of credit in the amount of $16 million upon which it can draw to meet unforeseen liquidity needs; the line of credit of $6 million currently has an effective rate of 6.8% (2022 - Nil%). The line of credit of $10 million has an effective rate of **6.5%** (2022 - 6.5%).

The table below shows the undiscounted cash flows on the basis of their earliest contractual maturities. Expected cash flows from these instruments can vary significantly from this analysis. For example, customer deposits are expected to maintain a stable or increasing balance and unrecognised loan commitments are not all expected to be drawn down immediately.

Management prepares daily cash flow forecasts to assess liquidity needs in the period ahead. These cash flow forecasts report the current level of liquid resources along with customer deposits maturing within 90 days and after 90 days and maturing investments in the period ahead. Additionally, management closely monitors net free cash flows, as well as the concentration of customer deposits.

The table below represents the Company's cash flows payable under non-derivative financial liabilities by remaining contractual maturities at the statement of financial position date and the assets held to manage liquidity risk.

	Up to 3 months $	3 - 12 months $	1 - 5 years $	Over 5 years $	Total $
December 31, 2023					
Assets					
Cash resources	**28,294,601**	–	–	–	**28,294,601**
Loans and advances to customers	**33,050,398**	**51,102,649**	**204,674,059**	**73,890,412**	**362,717,518**
Financial investments	**2,021,808**	**608,935**	**3,556,716**	**4,966,854**	**11,154,313**
Total financial assets	**63,366,807**	**51,711,584**	**208,230,775**	**78,857,266**	**402,166,432**
Liabilities					
Due to customers	**67,521,396**	**128,421,707**	**132,606,158**	**5,679**	**328,554,940**
Shareholder loan	**6,571,936**	–	–	–	**6,571,936**
Total financial liabilities	**74,093,332**	**128,421,707**	**132,606,158**	**5,679**	**335,126,876**
Undrawn loan commitments	**15,998,005**	–	–	–	**15,998,005**

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

c) Liquidity risk *...continued*

	Up to 3 months $	3 - 12 months $	1 - 5 years $	Over 5 years $	Total $
December 31, 2022					
Assets					
Cash resources	48,456,778	–	–	–	48,456,778
Loans and advances to customers	43,402,380	46,456,329	190,100,788	79,718,745	359,678,242
Financial investments	1,819,028	779,529	3,426,580	5,908,697	11,933,834
Total financial assets	93,678,186	47,235,858	193,527,368	85,627,442	420,068,854
Liabilities					
Due to customers	100,567,836	133,866,523	108,768,017	3,187	343,205,563
Shareholder loan	–	7,771,936	–	–	7,771,936
Total financial liabilities	100,567,836	141,638,459	108,768,017	3,187	350,977,499
Undrawn loan commitments	20,348,602	–	–	–	20,348,602

In addition to the contractual cashflows of the loan portfolio, the Company holds a diversified portfolio of cash and securities to support payment obligations and contingent funding in a stressed market environment. The Company's assets held for managing liquidity risk comprise:

- Cash resources
- Financial investments excluding equities

The Company's management notes that at December 2023 there is a shortfall between the liquid securities held and the payment obligations due within 12 months. However, the historical performance has shown that the Company has maintained a deposit retention rate that is more than 80%. This figure indicates that less than 20% of the deposit portfolio is expected to be called upon over the coming financial year and as such, there is no expectation of significant withdrawals in customer deposits. Management customarily offers extensions on maturing customer deposits, while closely monitoring the pattern of deposit withdrawals. Additionally, customers making withdrawals from their call accounts are required to give three business days notice before the request is fulfilled. If this withdrawal exceeds $100,000 this notice period is extended to five days.

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

d) Fair value:

Financial instruments carried at fair value in the financial statements are measured in accordance with a fair value hierarchy based on the degree to which the fair values are observable as follows:

- Level 1 includes those instruments which are measured based on quoted prices in active markets for identical assets or liabilities.
- Level 2 includes those instruments which are measured using inputs other than quoted prices within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices).
- Level 3 includes those instruments which are measured using valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

The following table shows the financial assets carried at fair value at December 31 on a recurring basis by level of the fair value hierarchy.

2023	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
FVOCI:				
Equity investments	–	–	**318,565**	**318,565**
Total assets	–	–	**318,565**	**318,565**

2022	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
FVOCI:				
Equity investments	–	–	318,565	318,565
Total assets	–	–	318,565	318,565

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

d) Fair value ...continued

The following table presents the movement in Level 3 instruments for the year.

	December 31, 2023 $	December 31, 2022 $
Beginning of year	**318,565**	318,565
Additions	**–**	–
End of year	**318,565**	318,565

The fair value hierarchy of other financial instruments not carried at fair value but for which fair value disclosure is required is set out below. Of the Company's financial assets amounting to **$384,469,711** (2022 - $398,579,789), $384,151,146 falls within the IFRS 9 category of financial assets at amortised cost whereas $318,565 falls within the category of FVOCI. The Company's financial liabilities amounting to **$333,945,799** (2022 - $353,306,338) all fall within the IFRS 9 category of financial liabilities measured at amortised cost.

The following table sets out the carrying value of the Company's loans and advances to customers and due to customers along with their estimated fair values:

	December 31, 2023		December 31, 2022	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Financial assets				
Loans and advances to customers				
Individuals	**246,088,166**	**249,220,160**	248,157,797	251,378,973
Corporate and other entities	**100,149,329**	**104,078,292**	91,250,411	93,310,158
Financial liabilities				
Due to customers				
Financial institutions	**55,278,627**	**55,074,221**	51,854,189	51,692,131
Individuals	**199,858,169**	**199,158,413**	202,928,384	202,446,786
Business and government	**64,024,861**	**63,625,034**	79,740,777	79,643,788
Other	**3,175,043**	**3,151,459**	3,193,108	3,191,300

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

d) Fair value ...continued

The fair values of loans and deposits are estimated by applying current loan and deposit rates on the existing portfolio, while taking into consideration current payments and time to maturity. These fair values are classified within level 3 of the fair value hierarchy.

The following table analyses within the fair value hierarchy other assets and liabilities (by class) not measured at fair value at December 31, but for which fair value is disclosed.

December 31, 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Cash resources	**28,294,601**	**–**	**–**	**28,294,601**
Due from parent company	**–**	**38,211**	**–**	**38,211**
Financial investments	**–**	**–**	**9,580,839**	**9,580,839**
Other assets	**–**	**1,605,778**	**–**	**1,605,778**
Total	**28,294,601**	**1,643,989**	**9,580,839**	**39,519,429**
Liabilities				
Shareholder loan	**–**	**6,637,655**	**–**	**6,637,655**
Other liabilities	**–**	**3,827,559**	**–**	**3,827,559**
Total	**–**	**10,465,214**	**–**	**10,465,214**

December 31, 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Cash resources	48,456,778	–	–	48,456,778
Due from parent company	–	217,356	–	217,356
Financial investments	–	–	10,178,882	10,178,882
Other assets	–	1,909,063	–	1,909,063
Total	48,456,778	2,126,419	10,178,882	60,762,079
Liabilities				
Shareholder loan	–	8,044,907	–	8,044,907
Other liabilities	–	6,472,734	–	6,472,734
Total	–	14,517,641	–	14,517,641

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

d) Fair value ...continued

The methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practical to estimate fair value are as follows:

i) Short-term financial assets and liabilities

The carrying value of these assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets and liabilities comprise cash and cash equivalents, short term deposits, treasury bills, amounts due from parent company, other assets and other liabilities.

ii) Longer-term financial assets and liabilities

The estimated fair value of loans and advances to customers represents the discounted amount of the estimated future cash flows expected to be received. Loans and advances are reported net of provisions for impairment losses.

The estimated fair value of customer deposits with no stated maturity, which includes non interest bearing deposits, is the amount repayable with notice. The estimated fair value of customer deposits represents the discounted amount of the principal and interest due to customers on fixed rate deposits using interest rates for new debt.

e) Capital management:

The Company's objectives when managing its capital are to:

- comply with the capital requirements established by the Central Bank of Barbados;
- safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to its shareholder and benefits to other stakeholders; and
- maintain a strong capital base to support the growth and development of its business, as well as to maintain customer and market confidence.

Capital adequacy and the use of regulatory capital are reviewed and monitored monthly by the Company's management so as to ensure compliance with the capital requirements imposed externally by the Central Bank of Barbados. The required information concerning capital adequacy is reported to the ALCO and filed with the Central Bank of Barbados on a quarterly basis.

The Central Bank of Barbados requires that the Company:

- hold no less than a minimum level of stated capital of $2,000,000; and
- maintain a ratio of regulatory capital to risk-weighted assets at or above the prescribed minimum requirement of 8%.

The Company's regulatory capital consists entirely of Tier 1 capital, which is comprised of share capital, retained earnings and other reserves created by the appropriation of retained earnings. As at December 31, 2023, the Company's capital adequacy ratio was **18.84%** (2022 - 17.16%).

(Amounts in Barbados dollars)

29 Financial instruments, financial risk and capital management *...continued*

e) Capital management *...continued*

Throughout the current year the Company complied with the capital requirements relevant to its licensing and there has been no material change in the Company's management of capital during the year compared with the prior year.

The table below summarises the composition of regulatory capital of the Company.

	December 31, 2023 $	December 31, 2022 $
Tier 1 Capital		
Share capital	**9,210,857**	9,210,857
Statutory reserves	**9,210,857**	9,210,857
Retained earnings	**42,168,716**	37,894,925
Total qualifying Tier 1 capital	**60,590,430**	56,316,639
Risk-weighted assets		
On-balance sheet	**305,533,353**	307,996,285
Off-balance sheet	**15,998,005**	20,148,602
Total risk-weighted assets	**321,531,358**	328,144,887
Capital adequacy ratio	**18.84%**	17.16%