



Grenada Co-operative Bank Limited
welcome home

Here when you
need us most

Annual Report 2020



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Corporate Information



CORPORATE OFFICE

#7 & 8 Church Street, St. George's, Grenada, W.I.
 Tel: (473) 440-2111
 Fax: (473) 440-6600
 Swift Address: GROAGDGD
 Email: info@grenadaco-opbank.com
 Website: www.grenadaco-opbank.com
 FaceBook: GrenadaCoopBank
 IG: grenadaco_opbank
 Twitter: GdaCo_opBank



DIRECTORS

Darryl Brathwaite, <i>Acc. Dir.</i>	- Chairman
Leslie Ramdhanny, <i>OBE, BSc, Acc. Dir.</i>	- Deputy Chairman
Richard W. Duncan, <i>BSc, M.A., FCGA, AICB, Acc. Dir.</i>	- Managing Director
Derick Steele, <i>Acc. Dir.</i>	- Director
Gordon V. Steele, <i>OBE</i>	- Director
Lisa Taylor, <i>B.A. (Hons.), LL.B (Hons.), Acc. Dir.</i>	- Director
Dr. Anthony Andall, <i>BSc, MSc, PhD</i>	- Director
Alfred Logie, <i>Lic., Acc. Dir.</i>	- Director
Samantha Hossle, <i>BSc, Acc., Dir</i>	- Director
Dr. Spencer Thomas, <i>BA, MSc, PhD, C. Dir.</i>	- Director



CORPORATE SECRETARY

Alana Twum-Barimah, *BSc, LLB, LEC*



AUDITORS

Messrs. BDO Eastern Caribbean
 Kingstown Park
 Kingstown
 St. Vincent



SOLICITORS

Messrs. Lewis & Renwick
 Veritas Legal



LOCATIONS

St. George's

#14 Church Street
 St. George's, Grenada, W.I.
 Tel: (473) 440-2111
 Fax: (473) 435-9621

Grenville

Victoria Street
 Grenville, St. Andrew
 Tel: (473) 440-2111
 Fax: (473) 442-8400

Sauteurs

Main Street
 Sauteurs, St. Patrick
 Tel: (473) 440-2111
 Fax: (473) 442-9888

Spiceland Mall

Morne Rouge
 St. George
 Tel: (473) 440-2111
 Fax: (473) 439-0776

Carriacou

Main Street
 Hillsborough
 Tel: (473) 440-2111
 Fax: (473) 443-8184



CORRESPONDENT BANKING RELATIONSHIPS

CAD Currency:

BANK: Bank of Montreal
 BANK'S ADDRESS: The International Branch,
 Toronto, Canada
 SWIFT ADDRESS: BOFMCAT2
 ACCOUNT NO.: 1019198
 TRANSIT #:31442 001

ECD Currency:

BANK: St. Kitts-Nevis-Anguilla National Bank
 BANK'S ADDRESS: P.O. Box 343,
 Basseterre, St. Kitts, W.I.
 SWIFT ADDRESS: KNANKNSK
 ACCOUNT NO.: 24673

GBP/ EUR Currency:

BANK: Lloyds TSB
 BANK'S ADDRESS: UK International Services,
 London, UK
 SWIFT ADDRESS: LOYDGB2L
 SORT CODE: 30-96-34
 ACCOUNT NO.: GBP 01017544
 EUR 86161549

BANK: Crown Agents Bank
 BANK'S ADDRESS: St. Nicholas House,
 St. Nicholas Road, Sutton, Surrey SM1 1EL, UK
 SWIFT ADDRESS: CRASGB2L
 SORT CODE: 608368
 ACCOUNT NO.: GBP 33025001
 IBAN: GB50CRAS60836833025001EUR:
 ACCOUNT NO.: EUR 33025401
 IBAN: GB17CRAS60836833025401

USD Currency:

BANK: Bank of America
 BANK'S ADDRESS: Miami, FL
 SWIFT ADDRESS: BOFAUS3M
 ACCOUNT NO.:1901964767
 ABA #:026009593

BANK: Crown Agents Bank
 BANK'S ADDRESS: St. Nicholas House,
 St. Nicholas Road, Sutton, Surrey SM1 1EL, UK
 SWIFT ADDRESS: CRASGB2L
 SORT CODE: 608368
 ACCOUNT NO.: USD 33025101
 IBAN: GB66CRAS60836833025101

TTD Currency:

BANK: Royal Bank of Trinidad & Tobago
 BANK'S ADDRESS: P.O. Box 287,
 3B Chancery Lane, Port of Spain,
 Trinidad & Tobago
 SWIFT ADDRESS: RBTITTPX
 ACCOUNT NO.: 8811022477

BBD Currency:

BANK: Republic Bank (Barbados) Limited
 BANK'S ADDRESS: No.1 Broad Street,
 Bridgetown, Barbados
 SWIFT ADDRESS: BNBABBBB
 ACCOUNT NO.:0229297



ELECTRONIC FUNDS TRANSFER (EFT) FOR ECCU REGION

Grenada Co-operative Bank Limited
 SWIFT ADDRESS: GROAGDGD
 ROUTING #: 000000233



ASSOCIATIONS

Caribbean Association of Banks
 Grenada Bankers Association



Mission Statement

With Grenadian pride, we improve the lives of our customers through the provision of high quality financial services, while ensuring a fair return to our shareholders and contributing to the well-being of the citizens where we operate.



Notice of Annual Meeting

Notice is hereby given that the Eighty-eighth Annual Meeting of the Bank will be held at the Grenada Trade Center, Morne Rouge, St. George on Thursday, January 14th, 2021 at 4:45 p.m.

AGENDA

1. To receive the audited financial statements for the year ended September 30th, 2020.
2. To announce the dividend for the year ended September 30th, 2020.
3. To elect Directors.
4. To appoint Auditors for the ensuing year.
5. To discuss any other business that may be given consideration at an Annual Meeting.

By order of the Board of Directors,

A handwritten signature in black ink, appearing to read 'Alana Twum-Barimah', enclosed in a thin oval.

Alana Twum-Barimah
CORPORATE SECRETARY
NOVEMBER 19th, 2020

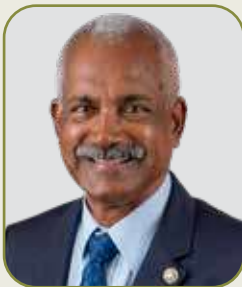
Board of Directors



DARRYL BRATHWAITE

Acc. Dir.

Chairman



LESLIE RAMDHANNY OBE

BSc, Acc. Dir.

Deputy Chairman



RICHARD W. DUNCAN

AICB, BSc, MA, FCGA Acc. Dir.

Managing Director



DERICK STEELE

Acc. Dir.



SAMANTHA HOSSLE

BSc, Acc., Dir



GORDON V. STEELE OBE



LISA TAYLOR

B.A. (Hons.), LL.B (Hons.), Acc. Dir



DR. ANTHONY ANDALL

BSc, MSc, PhD



ALFRED LOGIE

Lic., Acc., Dir.



DR. SPENCER THOMAS

BA, MSc, PhD, C. Dir.

Chairman's Review



DARRYL BRATHWAITE, *Acc. Dir.*
Chairman

During the 2020 financial year, Grenada's economy was thrown off its growth trajectory by the global efforts to contain the COVID-19 pandemic. Notwithstanding, the Bank's performance remained stable, recording after-tax profits of \$9.63 million, broadly on par with 2019.

The effects of the economic lockdown on the Banking sector have been ameliorated by the ECCB supported Loan Moratorium Programs.

Despite the ferocity of the competition for Loans and Advances in the banking sector, the Bank grew its Loan portfolio in 2020, a direct reflection of the dedicated efforts of the Board, Management and Staff.

THE ECONOMIC ENVIRONMENT

The outbreak of, and attempts at containing, the COVID-19 pandemic resulted in world-wide economic contraction in 2020. According to The World Bank's Global Economic Outlook (World Bank, 2020) the global economy will decline by 5.2% in 2020, the deepest contraction seen in eight (8) decades. There is optimism however, as the world economy is projected to grow at a moderate rate of 4.2% in 2021 buttressed by the sound economic policy of major governments and Central Banks, along with an improvement in global commerce.

Expectedly, Grenada's economy has been severely impacted with a projected 9.6% Gross Domestic contraction in 2020. Preliminary data from the Eastern Caribbean Central Bank (ECCB) indicates that Grenada's economy contracted by 12.59% over the onset of the lockdowns to November 2020, due to the lack of economic activity brought on by the COVID-19 pandemic. This performance is a stark contrast to the initial projected growth of 5% for 2020. This contraction was spurred primarily by significant reductions in the Transport, Education, Construction and Tourism sectors.

THE BANKING & FINANCIAL SERVICES ENVIRONMENT

As the economy continues to decline from the impact of the COVID-19 pandemic and unemployment continues to rise, we can expect the effects of the crisis to linger in 2021, i.e. low growth, high unemployment and significantly reduced spending.

The Banking Sector continues to experience excess liquidity with a 4.8% rise in Deposits versus a 2.3% increase in Loans and Advances for the period June 2019 to June 2020. Repressed consumer confidence combined with growing uncertainties drove elevated levels of liquidity in the Banking system. The Loan to Deposits ratio in the Sector moved from 53.8% as at June 2019 to 52.5% as at June 2020. High operating costs for banks are expected to persist due to increasing regulatory and compliance requirements.

COMPARISON OF BANKING SECTOR DEPOSITS & LOANS			
Indicator	Jun 2020	Jun 2019	Change %
Deposits (EC\$M)	3,330	3,177	4.8
Loans & Advances (EC\$M)	1,747	1,708	2.3
Loans to Deposit Ratio (%)	52.5	53.8	2.4

Table 1. Shows Sector Loans and Deposits for 2019 and 2020 (Source: Eastern Caribbean Central Bank)

THE BANK'S PERFORMANCE

Notwithstanding the impact of the pandemic on the local economy and a competitive financial services market, the Bank recorded its seventh (7th) consecutive year of steady profitability since the last financial and economic crisis.

Declining by 0.4%, the Bank turned in after-tax profits of \$9.6M compared with \$9.7M in 2019. This performance primarily reflects the contraction in commercial and economic activities along with an increase in operating expenses during the year.

The Bank's Non-Performing Loans Ratio remains below 1% as at September 30, 2020, demonstrating the success of our previously articulated commitment to continuous improvement in our credit underwriting and the containment of loan delinquency. Maintaining high asset quality remains one of our primary areas of focus.

In 2020, total assets of the Bank grew by 11% or \$123.3M, and now stands at \$1.29B, reflecting an increase in customer loans which expanded by \$37.1M or 7% from 2019. Also, cash and cash equivalents increased by \$75.9M or 44% over the period.

The Bank's Capital Adequacy Ratio remained within regulatory requirements of not less than 8%, and stood at 11% as at September 2020.

Our non-financial metrics remain strong as established by the annual independent Household Omnibus Survey conducted by Jude Bernard & Associates. Co-op Bank remains the number one Bank in the Commercial Banking sector with respect to the level of patronage (44%) enjoyed from households and is the main Banking institution for household customers. At the same time, our Customer Satisfaction Index (CSI) is the highest among Commercial Banks at 4.16 or 83.2%.

The audit of our Customer Service Charter by PKF Accountants & Business Advisors affirms Customer Satisfaction ratings above our 70% benchmark, standing at 76% in 2020.

Consistent with the foregoing our Net Promoter Score for 2020 was +35.

FUTURE PROSPECTS

Looking ahead, a growth rate of 6.5% is projected by the World Bank for the local economy in 2021. The financial services sector is forecasted to remain fiercely competitive as commercial banks, credit unions and non-bank financial institutions vie to maintain and capture new business in a slowly recovering economy.

In 2021, the Banking sector is projected to reflect modest loan growth as the economy slowly recovers with continued high levels of liquidity as consumer confidence remains subdued and COVID-19 pandemic anxieties linger. Therefore, Deposit growth is expected to outpace the growth in Loans and Advances with an expansion of 9.0% over the same period, which is not unusual given the current economic climate.

Our Bank holds a cautiously optimistic outlook on the prospects of Grenada's financial services sector for 2021 and will capitalize on opportunities to profitably grow selected avenues of business.

DIVIDENDS

Recalibrated in 2018, the Bank's dividend policy ensures the payment of dividends at a level that is consistent and sustainable.

The Bank has again refined its Dividend policy, fully cognizant of the significant challenges posed by the business environment and the need to augment capital to, inter alia, prepare the Bank for the implementation of more rigorous capital requirements from the ECCB as it implements the Basel II/III Capital Adequacy Framework.

In the context of moral suasion by the Eastern Caribbean Central Bank; prudence and effective management of shareholders' relationships, the Board of Directors has opted for a steep downward revision of its already conservative dividend policy for 2020, bearing in mind that adequate buffers have been created with respect to loan loss provisions (Expected Credit Losses), very low level of non-performing loans and NPL ratio; and adequacy of capital buffers.

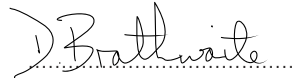
Consequently, the Board of Directors has declared a dividend of \$0.15 per share for the 2020 financial year. This represents a reduction of \$0.07 or 31.8% of the dividend paid in respect of the 2019 financial year.

ACKNOWLEDGEMENTS

First, I wish to convey my sincerest appreciation and gratitude to my colleague Directors. They have continued to demonstrate their commitment to the effective oversight of the Bank. Directors have also competently responded with prudence and alacrity to the challenges presented by the economic, banking, and regulatory environments, so as to ensure the Bank's sustained progress.

Second, I applaud the Management and Staff for their continued dedication to the Mission of the Bank. Though slightly dampened by the pandemic, the overall improved performance of the company would not have been possible without their hard work and determination.

Finally, to all our valued customers and shareholders, I express my heartfelt appreciation for your continued patronage and support of Co-op Bank.



Darryl Brathwaite, Acc. Dir.
CHAIRMAN

November 19, 2020

Corporate Governance Statement

The Board's central responsibilities are to provide strategic guidance for the company, oversee the company's corporate governance framework and exercise effective oversight of Management.

The Board has continued to function with the highest levels of transparency, accountability and compliance with the requirements of the Bank's regulators.

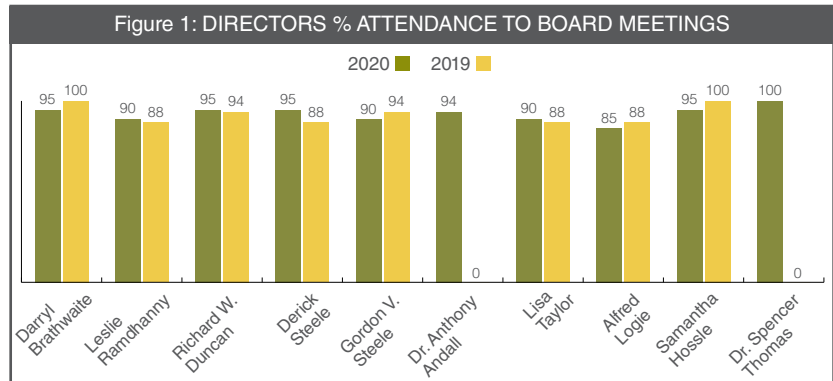
Consequently, the Board of Directors continued its effective oversight of the work of Management with particular attention being paid to the impact of the COVID-19 pandemic on the Banking Sector and on GCBL. In 2020, the Board and the Board Sub-Committees met more frequently to provide strategic guidance to the Company during the pandemic.

Board meetings serve as the main forum through which Directors and Executives share information and deliberate on the Bank's performance, plans and policies. Twenty (20) Board meetings were convened in 2020 (2019: 16). A participation rate of 93% (2019: 92%) was achieved.

BOARD SIZE AND COMPOSITION

The Bank is committed to ensuring that the size and composition of the Board foster effective oversight and decision making in the company. In building and maintaining a balanced and fit-for-purpose Board, GCBL strives to have a diverse Board of Directors, which includes the right combination of skills, competencies and expertise, experience, and demographics (including gender diversity).

GCBL has on its Board one (1) Executive Director and nine (9) Non-executive Directors:



DIRECTORS BY TENURE & TYPE

Name	Tenure	Type of Director
Darryl Brathwaite	September 2003	Non-Executive
Leslie Ramdhanny	December 2002	Non-Executive
Richard W. Duncan	February 2008	Executive
Alfred Logie	March 2013	Non-Executive
Derick Steele	June 1993	Non-Executive
Gordon V. Steele	January 2009	Non-Executive
Lisa Taylor	January 2010	Non-Executive
Dr. Anthony Andall	November 2019	Non-Executive
Samantha Hossle	May 2018	Non-Executive
Dr. Spencer Thomas	March 2020	Non-Executive

Table 1. Showing Directors by Tenure and Type

INDEPENDENCE OF DIRECTORS

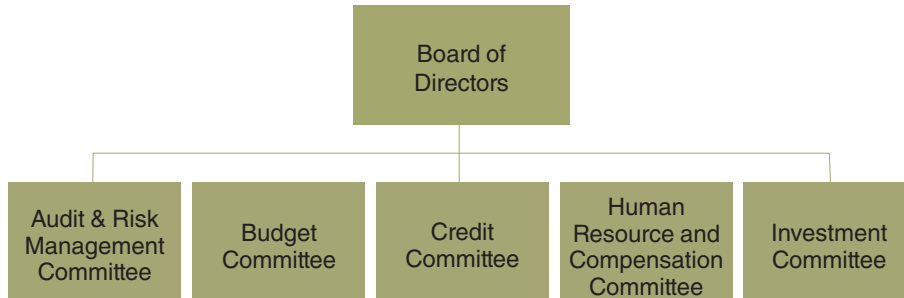
In accordance with the Bank's corporate governance principles, the majority of Directors on the Board must be independent. An independent Director must be a non-executive director and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of his/her unfettered and independent judgment. At a minimum, a Director who has served for ten (10) or more years is deemed to be non-independent.

The Board is committed to ensuring that the majority of its members are independent in order to continue to exercise prudent oversight of the Bank.

BOARD COMMITTEES

In order to ensure effectiveness and efficiency in the conduct of its oversight role, the Board has five (5) standing sub-committees:

Figure 2. SUB-COMMITTEES OF THE BOARD



1. Audit & Risk Management Committee

Members:

- » Alfred Logie, Chairperson
- » Lisa Taylor
- » Samantha Hossle
- » Dr. Anthony Andall

Role and Responsibilities:

The Audit & Risk Management Committee reviews and maintains oversight of the following:

- » Work of the External and Internal Auditors
- » Financial Reporting Process
- » Effectiveness of the Internal Controls System
- » Risk Management Policies
- » System for Monitoring Compliance with Laws and Regulations

Meetings and Engagements:

The Audit & Risk Management Committee met four (4) times (2019: 6) during the year 2020 with a participation rate of 93% (2019: 100%). During the period, the committee reviewed and recommended to the Board

for approval the 2019 Draft Audited Financial Statements and Annual Report, reviewed the Management Letter of 2019 and Management's responses thereto, approved the annual audit plan and reviewed the effectiveness of the Bank's internal controls system via the various audit reports prepared by the Chief Audit Executive.

The Committee maintained oversight of the Bank's Enterprise Risk Management programme through reports from the Executive Manager, Risk.

The Committee also exercised its responsibilities by providing oversight over the work of the Compliance Department through reports from the Chief Operating Officer.

2. Budget Committee

Members:

- » Darryl Brathwaite, Chairman
- » Derick Steele
- » Samantha Hossle
- » Dr. Spencer Thomas
- » Richard W. Duncan, Managing Director

Role and Responsibilities:

The Budget Committee maintains oversight of, and provides strategic guidance on, the company's fiscal affairs as it relates to matters of Budget, Revenue, Expenditure, Asset Acquisition and Liability Exposures. This is accomplished through the review and recommendation of the following:

- » The Corporate Balanced Scorecard
- » Three-year Rolling Budget forecasts
- » Annual Operating and Capital Budgets
- » Financial Policies and Policy Changes

Meetings and Engagements

The Budget Committee met five (5) times (2019: 4) during the financial year with a participation rate of 100% (2019: 85%) among Committee members. The Committee monitored the implementation of the Bank's strategy through quarterly financial reviews.

3. Credit Committee

Members:

- » Leslie Ramdhanny, Chairman
- » Gordon V. Steele
- » Derick Steele
- » Dr. Spencer Thomas

Role and Responsibilities:

The Credit Committee maintains oversight responsibility for approving and or reviewing the following:

- » The Credit Risk Strategy
- » The Credit Risk Control Environment
- » The Credit Risk Policies
- » Credit Applications within Delegated Limits and Authority

Meetings and Engagements:

The Credit Committee met eleven (11) times (2019: 15) during the year to monitor the Bank's implementation of its credit strategy and to adjudicate on credit facilities. The participation rate among Committee members was 97% (2019: 97%).

4. Human Resource & Compensation Committee**Members:**

- » Darryl Brathwaite, Chairperson
- » Leslie Ramdhanny
- » Lisa Taylor
- » Gordon V. Steele
- » Dr. Anthony Andall

Role and Responsibilities:

The Human Resource & Compensation Committee provides strategic guidance to the company's affairs as it relates to matters of Human Resources and Compensation. This is accomplished through the review and oversight of the following:

- » The Human Resources Strategy
- » The Human Resource Policies and Procedures
- » The Performance of the Managing Director
- » The Remuneration and Compensation Package to staff, in particular Executives and Directors.
- » Succession Planning

Meetings and Engagements:

Due primarily to its active engagement in the succession planning for the Managing Director position, the Human Resource & Compensation Committee met more frequently in 2020 than in prior years.

The HRCC met ten (10) times (2019: 5) during the year with a participation rate of 95% (2019: 87%) among Directors. The Committee met to approve the Job Accountability of the Managing Director and monitor and evaluate his performance in accordance with the Bank's Performance Management System (PMS). The Committee also reviewed the performance of other Executive Managers and received updates on the progress of the Managing Director's Succession Planning Programme and the COO Succession Planning Programme.

Additionally, during the year an ad hoc Nomination Committee was formed to consider potential candidates for directorship to the Board taking into consideration the required skills and competencies to continue building a balanced and fit-for-purpose Board.

5. Investment Committee**Members:**

- » Leslie Ramdhanny, Chairman
- » Derick Steele
- » Gordon V. Steele
- » Alfred Logie
- » Dr. Spencer Thomas
- » Richard W. Duncan, Managing Director

Role and Responsibilities:

The Investment Committee reviews and maintains oversight of the following:

- » The Bank's investment strategies
- » Investment risks and frameworks for the management of these risks.
- » Policy and policy changes with respect to investments and ensure that the portfolios are managed in accordance with the Bank's policies, applicable laws and regulations.
- » Sanctioning of new investments in accordance with the limits specified by the Board

Meetings and Engagements:

The Investment Committee met six (6) times (2019: 3) during the year to monitor the implementation of the Bank's investment strategy, adherence to policy and to adjudicate on Investment opportunities. The participation rate among Committee members was 94% (2019: 74%).

COMPENSATION**Director Compensation:**

During the year Directors were remunerated in accordance with the Bank's policy on Directors compensation which took effect from January 1st, 2017. The compensation to Directors has an enhanced fixed and variable fee structure. The fixed fee structure has pre-defined fees for Chairmanship and Board membership. The variable structure has pre-defined fees and is contingent upon the attendance to Board and Sub-Committee meetings. The variable structure also includes payment of a per hour rate for the attendance to any extra Director duties. The fee structure is set at a level that is comparable with other indigenous banks in the region.

Executive Management Compensation:

The compensation package to Executive Managers has remained consistent over the past eight (8) years and now includes the appointment to the Bank of one new Executive Manager to fill the role of Corporate Secretary/Executive Manager Legal and Compliance. Structurally, the required number of Executive Managers is ten (10) members (2019: 9). However, due to the Managing Director's Succession Planning Programme, the Bank had two (2) additional Executive Managers acting during the last year.

COMPENSATION	2020 \$	2019 \$	Change %
Executive Management Salaries & related benefits	\$2,624,098	\$2,283,678	15%
Director's fees and expenses	\$368,036	\$330,855	11%

Table 2. Showing Directors and Executive Management Compensation

DIRECTOR TRAINING

The Board continues to execute its strategy to strengthen Directors' competencies to provide adequate oversight of the Bank. In 2020, a combination of face-to-face and online training were conducted. Topics covered included: Anti-Money Laundering and Counter-Terrorism Financing, Cyber Security Impacts on Strategic Planning, Risk Management, GCBL's Customer Centric Strategy, The pandemic and Banking and Achieving Excellence in a pandemic and Corporate Governance Considerations during COVID- 19.

Additionally, individual members also attended the annual meetings and conferences of the Caribbean Association of Banks and the ECCB's Conference with Commercial Banks.

SHAREHOLDER ENGAGEMENT

The Bank held its second annual J.B. Renwick/Arnold Williamson Shareholders' Outreach Forum on Thursday June 18, 2020.

Mrs. Michelle Emmanuel-Steele, Attorney-at-Law, presented on, "Proxies – Importance, Rights and Uses: The Legal Provisions and Practical Experiences." This forum gave shareholders of the company an opportunity to learn, share and discuss a broad range of issues including the practical aspects of the role of the proxy holder at the Annual Shareholders Meeting. The presentation received good feedback with high commendations for excellent delivery.

STRATEGIC PLANNING

To ensure that the Bank's vision and goals are clearly defined and communicated throughout the organisation, the Board of Directors and the Executive Management team engaged in its Annual Strategic Planning Retreat. The output was a revised Strategic Plan for the period 2021 – 2023.

BOARD PERFORMANCE

Consistent with good corporate governance practice, the Board evaluated its performance during the year. The Annual Board Self-Evaluation elicited responses that allow Directors to examine the performance of the Board on the following broad dimensions:

- How well has the Board done its job
- How well the Board conducts itself
- Relationship with the Managing Director
- Performance of Individual Board Members

A comparative analysis of 2020 and 2019 results revealed the following:

Dimension	2020 Results	2019 Results	Comments
A. Board Performance	90%	83%	The Board's performance improved by seven (7) percentage points compared to last year's results.
B. Board Conduct	87%	77%	The Board's ratings on the conduct of the Board improved by ten (10) percentage points compared to last year's results.
C. Relationship with Managing Director	87%	78%	The Board's relationship with the Managing Director improved by nine (9) percentage points compared to last year's results.
E. Individual Performance	86%	86%	Unchanged, Directors rated their individual performance at an above average level over the period.

Table 3. Showing Results of the Board Self Evaluation Questionnaire for 2019 & 2020

DIRECTORS' INTERESTS

The table below shows the shareholdings of Directors as at September 30, 2020 with comparisons to the previous year.

Director	Title	No. of Shares 2020	No. of Shares 2019	Change
Darryl Brathwaite	Chairman	3,857	3,857	-
Leslie Ramdhanny	Deputy Chairman	16,000	15,000	1,000
Richard W. Duncan	Managing Director	21,300	21,300	-
Derick Steele	Director	278,088	278,088	-
Gordon V. Steele	Director	173,620	173,620	-
Lisa Taylor	Director	2,000	2,000	-
Dr. Anthony Andall	Director	1,000	-	1,000
Alfred Logie	Director	2,000	2,000	-
Samantha Hossle	Director	1,000	1,000	-
Dr. Spencer Thomas	Director	8,700	8,700	-

Table 4. Showing the Shareholdings of Directors

RESTRICTIONS ON SHARE DEALINGS BY DIRECTORS

The Directors and Senior Managers are subject to the Securities Act No. 23 of 2001 restrictions on applying for, acquiring and disposing of securities in, or other relevant financial products of the Company; or encouraging another person to do so, if they are in possession of inside information.

Directors are required to comply with the Bank's Trading Window Policy viz "Bank Directors, Senior Management and Staff of GCBL shall only trade in the shares of the Company 10 days after the release of information (i.e. financial performance, share issues, mergers and acquisitions etc.) to the public and up to 30 days thereafter."

Directors are not allowed to trade in the shares of the Company outside of the trading window outlined in the Bank's policies and without submitting prior written expression of interest to the Corporate Secretary.

CHANGES TO THE BOARD

Consequent to the resignation of Mr. Ambrose Phillip effective 4 November 2019, Dr. Spencer Thomas was invited to fill the casual vacancy effective March 2020.

RETIREMENT, ELECTION AND RE-ELECTION

Dr. Spencer Thomas was appointed to fill a casual vacancy created by the resignation of Mr. Ambrose Phillip; and being fit and proper and eligible, the Board now recommends his election to the Board of Directors of the Company.

PROFILE OF DIRECTOR FOR ELECTION

SPENCER THOMAS, PH. D., C. DIR.

Dr. Spencer Thomas is an Accredited Director who holds a Bachelor of Arts (B.A.) in Economics from Howard University, a Master of Science (MSc.) in Economics from Iowa State University

and a Ph.D. in Economics from Howard University. Dr. Thomas is also the holder of a post-doctoral Master of Science degree in Telecommunications Regulation and Policy from the University of the West Indies. Dr. Thomas is also Risk Committee certified (R.C.C.) and Audit Committee certified (A.C.C.).

Dr. Thomas has served in multiple capacities in international organisations and the public and private sectors. At present, Dr. Thomas serves as the Ambassador and Special Envoy for Multilateral Environmental Agreements with the Ministry of Foreign Affairs, Government of Grenada. He has also served as Economic Policy Advisor/ Consultant and Permanent Secretary of the Ministry of Finance. Dr. Thomas is currently Chairman of several Boards including the Public Utilities Regulatory Commission, the National Telecommunications Regulatory Commission and the Council of the T. A. Marryshow Community College.

PROFILE OF DIRECTORS FOR RE-ELECTION

In accordance with Section 4.5 of By-Law No 1, one third (1/3) of Directors or the number closest thereto (other than the Managing Director) must retire at each Annual General Meeting.

The Directors retiring are Mr. Alfred Logie, Mr. Gordon V. Steele, OBE and Mr. Leslie Ramdhanny, OBE who being fit and proper and eligible, offer themselves for re-election.

MR. ALFRED LOGIE - ACC. DIR.

Mr. Alfred Logie is an Accredited Director who holds a licentiate degree in Economic Planning from the University of Camaguey, Cuba, 1985. Mr. Logie has experience which includes the position of CEO/Secretary at the Grenada Co-operative Nutmeg Association (1991-1996), Senior Manager, NIS (1996-2004), Deputy Director NIS (2004 – 2008) and Director of NIS (2008-2019).

Mr. Logie has been a Director on several Boards including Grenada Electricity Co. Ltd., Grenreal Corporation and the Grenada Community Development Organisation.

MR. GORDON V. STEELE, OBE

Mr. Gordon V. Steele OBE is a retired career banker who served as the Managing Director of the Grenada Co-operative Bank Ltd. for more than thirty years.

Under his leadership the bank grew from XCD 1.2 million to over XCD 300 million in assets. His vision has always been to see the Grenada Co-operative Bank as the number one financial institution in Grenada.

MR. LESLIE RAMDHANNY, OBE – ACC. DIR.

Mr. Leslie Ramdhanny, OBE, is the Chairman of a family owned Hardware Company and has been a businessman for over 30 years. Mr. Ramdhanny has served as Director on several national boards including the National Development Foundation, the Grenada Chamber of Industry and Commerce and the Grenada Solid Waste Management Company. Mr. Ramdhanny has been elected 5 times as District Governor Representative for the Rotary Club of Grenada.

APPOINTMENT OF AUDITORS

The retiring Auditors, Messrs BDO Chartered Accountants, offer themselves for re-appointment.

Directors are satisfied with the value that the External Auditors have provided to the company in the past year.

The Corporate Governance Statement is accurate and up to date as at September 30th, 2020.



Alana Twum-Barimah,
BSc, LLB (Hons), LEC
CORPORATE SECRETARY

November 19, 2020

Executive Team



RICHARD W. DUNCAN
BSc, MA, FCGA, AICB
Managing Director



DEON MOSES
BSc, MBA, FICB
Chief Operating Officer



AARON LOGIE
FCCA, MBA
Executive Manager, Business Banking (Ag.)



ALANA TWUM-BARIMAH
BSc, LLB, LEC
Corporate Secretary/Executive Manager,
Legal & Compliance



ALLANA JOSEPH
BSc, CGA, CPA, AICB, AML/CA
Executive Manager, Finance (Ag.)



FLOYD DOWDEN
AICB, AML/CA, MBA-IB, CICRA, CBCS
Executive Manager, Operations
& Administration



JENNIFER ROBERTSON
Dip. Banking, AICB, CIRM, CRU, MBA, MCIBS,
Exec. Dip. Banking
Executive Manager, Risk



JULIA G. LAWRENCE
BS, MBA-IBF
Chief Audit Executive



NADIA FRANCIS-SANDY
BSc, MSc, DBA
Executive Manager on Rotation
(Finance)



NICOLA PHILIP
BSc, MBA, CCP
Executive Manager, Human Resources



W. GARY SAYERS
BBA, MBA, Dip.
Executive Manager, Retail Banking (Ag.)



WILLVORN GRAINGER
CRU, MA, Dip.
Executive Manager on Rotation
(Human Resources)

Managing Director's Discussion & Analysis



RICHARD W. DUNCAN, BSc, MA, FCGA, AICB
Managing Director

OVERVIEW

For the financial year ending September 30, 2020, Grenada Co-operative Bank Limited recorded an After Tax Profit of \$9.63 million.

The Bank remains well capitalized with a Capital Adequacy Ratio of 11% and a non-Performing Loan Ratio of 0.26%.

Total Assets now stand at \$1.29 billion, an increase of 11% from \$1.16 billion in 2019.

This year's performance reaffirms the Bank's commitment to manage its risks, capitalize on opportunities and utilize its strengths to add value to its Shareholders, while contributing to the growth and development of the market and our community.

NET PROFIT FOR THE YEAR

The Bank recorded a Net Profit for the year of \$9.63 million, a reduction of -0.4% or \$41 thousand from the prior year's reported Net Profit of \$9.67 million. This slight decline is due primarily to increased Operating Expenses of 3.1%. Earnings per Share remained unchanged at \$1.27.

INCOME

Net Operating Income increased by \$0.5 million or 0.9% from \$57.4 million in 2019 to \$57.9 million in 2020, an increase that is attributed to growth in both Net Interest Income and Other Operating Income of 0.5% and 1.4%, respectively. The year-on-year increase in Net Interest Income was largely the result of a reduction in Interest Expense for the year of \$0.2 million, despite the 9% growth in Deposits from Customers.

Interest Income from Loans and Advances

Figure 3: NET INCOME (In Millions)

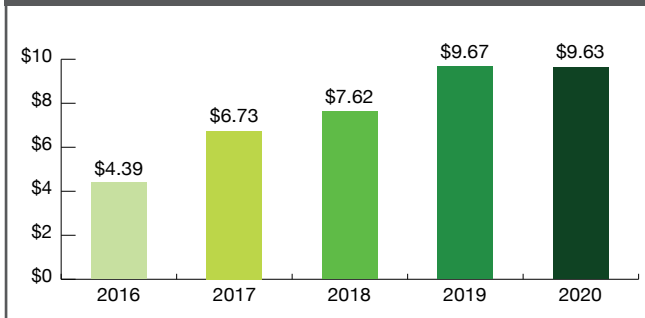


Figure 5: ASSETS EMPLOYED (In Millions)

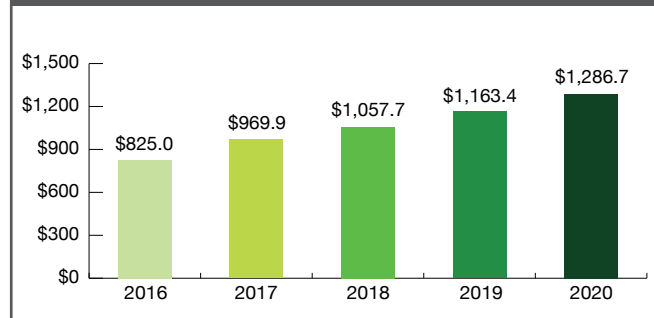


Figure 4: LOANS & ADVANCES (In Millions)

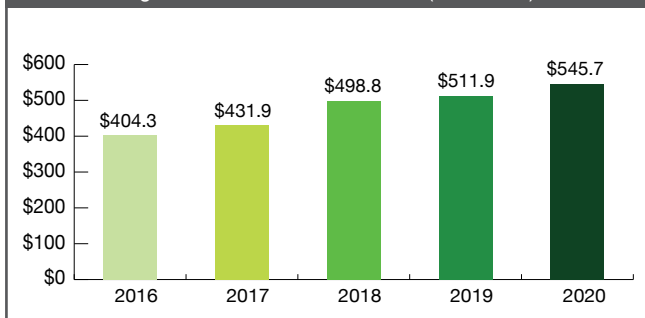
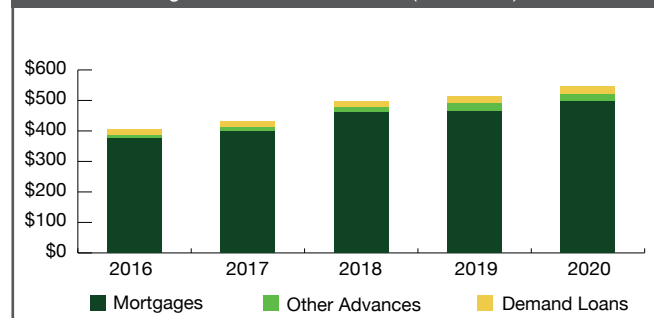


Figure 6: LOANS BY TYPE (In Millions)



decreased slightly by \$0.1 million or 0.3% year-on-year while Other Operating Income increased by \$0.4 million or 1% compared to the prior year.

OPERATING EXPENSES

The Bank's Operating Expenses stood at \$40.4 million at the end of the financial year, up \$1.2 million or 3% from the prior year, due largely to increasing Staff Costs.

STATEMENT OF FINANCIAL POSITION PERFORMANCE

Total Assets were recorded at \$1.3 billion in 2020, an increase of \$123 million or 11% from the previous year. Increases in Loans and Advances to Customers, Cash and Cash Equivalents, and Fixed Assets were the main asset classes that expanded this fiscal year.

The growth in Total Assets was supported

by increases in Deposits from Customers of \$90.8 million or 9%, Other Liabilities of \$16.1 million or 77% and Equity of \$16.8 million or 21%.

LOANS AND ADVANCES TO CUSTOMERS

Gross Loans and Advances to Customers increased by \$33.7 million or 7% standing at \$545.7 million at the end of 2020, compared to the prior year's balance of \$511.9 million, with increases reflected in all loan types.

Mortgages grew by \$30.4 million or 7% to \$495.5 million. Demand Loans grew by \$1.4 million or 6% to \$25.1 million and Overdrafts by \$1.9 million or 8% to \$25 million in 2020. The composition of the Mortgage portfolio at the end of 2020 was 50.04% Retail Mortgages and 49.96% Commercial Loans.

LOANS AND ADVANCES TO CUSTOMERS: SECTORAL ANALYSIS

A sectoral analysis of the Loans and Advances to Customers at the end of 2020 showed that lending was primarily concentrated in the following sectors: personal (55%), professional and other services (12%), tourism (10%), and public administration (7%).

Sectors experiencing the largest growth during the financial year were financial institutions (1,523%), Entertainment (99%), fisheries (50%) and professional and other services (36%). On the contrary, the largest declines were realized in construction and land development, utilities, public administration, and manufacturing with declines of 45%, 10%, 9% and 7%, respectively.

Figure 7: NON-PERFORMING & LOANS RATIO

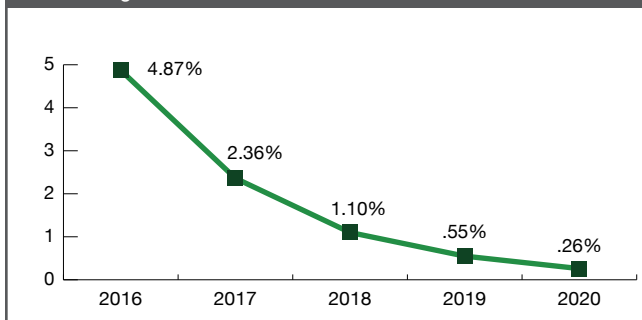


Figure 9: INVESTMENTS (In Millions)

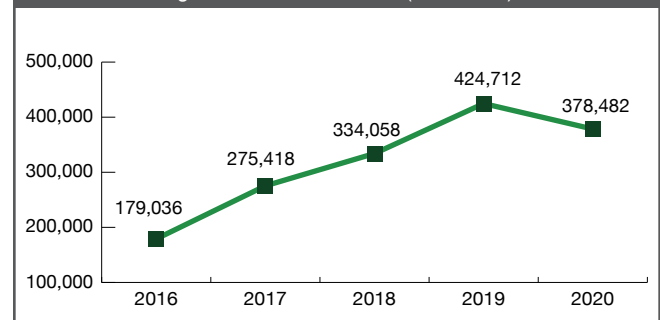


Figure 8: CUSTOMER DEPOSITS (In Millions)

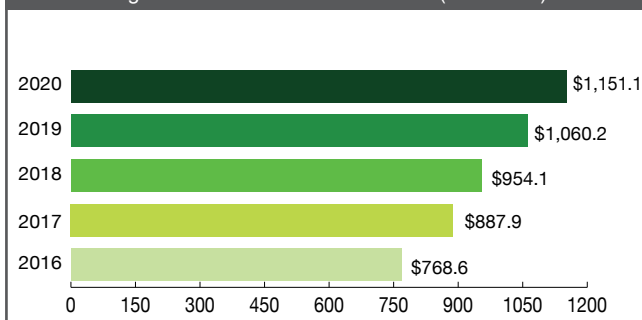
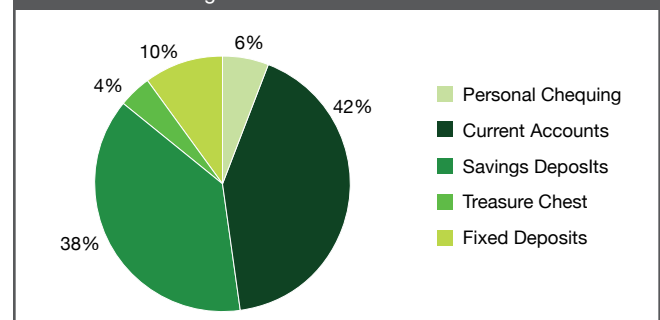


Figure 10: DEPOSITS BY TYPE



NON-PERFORMING LOAN RATIO

The Bank continues to maintain its Non-Performing Loan Ratio (NPL ratio) significantly within the ECCB's prudential benchmark of < 5%, reflecting a well-managed and quality portfolio. The NPL ratio at the end of the financial year showed further improvement from the 0.55% in 2019 to 0.26% in 2020.

INVESTMENT SECURITIES

The investment portfolio increased by \$7.3 million or 2% to \$378.5 million in the 2020 financial year from \$371.2 million in 2019. The increase was due largely to growth in both the regional and international investments as the Bank pursued opportunities to utilize the excess liquidity. At the reporting date 84% or \$211 million of the investment portfolio represents investment grade debt and equity securities traded internationally.

CUSTOMERS' DEPOSITS

In 2020 Customers' Deposits rose by \$90.8 million or 9% to \$1.15 billion compared to \$1.06 billion in 2019. An increase in Current Accounts is the main contributor to this performance. The growth in Customers' Deposits continues to fuel the ongoing excess liquidity in the Banking System and reflects, in part, the state of the economy and customers' confidence in the Bank.

DEPOSITS BY TYPE

Increases were realized across all categories of deposits within the portfolio except for Fixed Deposits. Current Accounts increased by \$88 million or 22% to \$483.6 million in 2020 from \$395.5 million in 2019. Other increases included Savings \$28 million or 7%, Treasure Chest \$2.9 million or 6%, and Personal Chequing Accounts \$7.4 million or 11%.

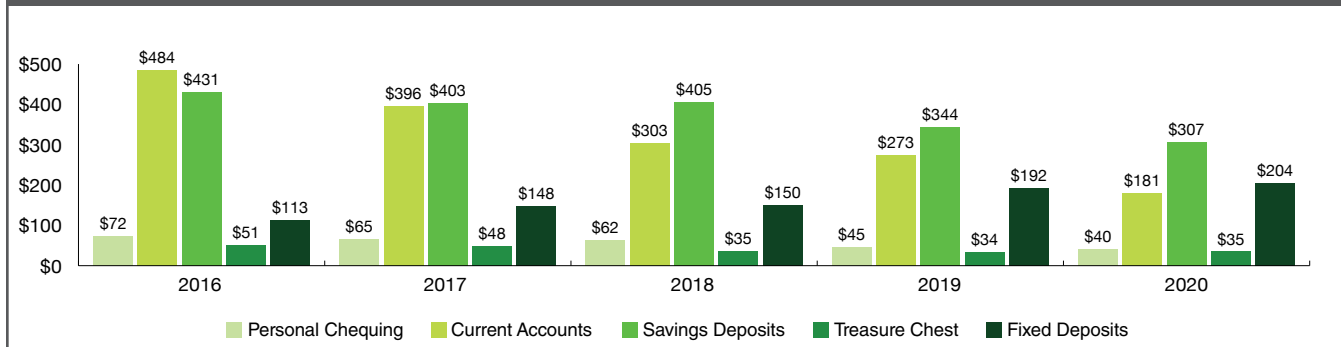
Fixed Deposits decreased by 24% or \$35.5 million. Consequently, the deposit portfolio was predominantly 42% Current Accounts and 37% Savings.

LIQUIDITY

The Table hereunder compares the Bank's liquidity ratios as at September 2020 against the ECCB prudential requirements.

	Benchmark	GCBL
Minimum reserves	>6%	13%
Loans to deposits	75% - 85%	47%
Net Liquid Asset	>20%	50%

Figure 11: DEPOSITS BY TYPE (In Millions)



The liquidity position of the Bank remained strong at the end of the financial year. The level of short-term liquid assets maintained were \$572.9 million in 2020 (2019: \$462.2 million), which represents 45% of Total Assets. This position demonstrates the Bank's ability to meet its obligations as they fall due. The Loans to Deposits ratio declined to 47% (2019: 48%), and remains below ECCB's prudential benchmark. This position is not unique to the Bank but is in itself an indication of the excess liquidity locally and throughout the ECCU. The Bank remains committed to seeking viable projects and opportunities to grow its loan portfolio and drive the Loans to Deposits ratio within the prudential corridor (75% - 85%).

CAPITAL

The Bank's capital is, inter alia, a buffer to absorb unexpected losses. The capital position of the Bank continues to be maintained above the prudential benchmark as evidenced by a Capital Adequacy Ratio (CAR) of 11% at the end of the year compared with the regulatory requirement of >8%. Shareholders' Equity stood at \$98.2 million at the end of the financial year, an increase of \$16.8 million or 21%. Return on Equity and Return on Assets both decreased to 10% (2019: 12%) and 0.7% (2019: 0.8%), respectively.

NON-FINANCIAL METRICS

Our non-financial metrics remain strong as established by the annual independent Household Omnibus Survey conducted by Jude Bernard & Associates. Co-op Bank continues to be the number one Bank in the Commercial Banking sector with respect to the level of patronage enjoyed from households, increasing from 37% in 2019 to 44% in 2020. The survey also revealed that the Bank is still considered to be the main Banking institution by customers despite a one percent decline from the 2019 score.

The 2020 Customer Satisfaction Index (CSI) saw a 0.12-point increase and now stands at 4.16 or 83.2% compared with 4.04 or 80.8% in 2019.

A review of our Customer Service Charter showed that the Bank had a marginal one percentage point decrease from 77% in 2019 to 76% in 2020 indicating there is significant room to improve our service delivery.

OUTLOOK

In 2021, the Banking sector is projected to reflect modest loan growth as the economy slowly recovers with continued high levels of liquidity as consumer confidence remains subdued and COVID-19 pandemic anxieties linger. Therefore, Deposit growth is expected to outpace the growth in Loans and Advances.

APPRECIATION

I wish to record my gratitude and appreciation to our Customers, Shareholders and other key stakeholders for their unrelenting support and confidence in Grenada Co-operative Bank Limited. Their contribution and loyalty are critical to the continued growth and success of the Bank.

I also thank our Board, Management team and Staff for their commitment to the Bank's mission and vision and look forward to their continued dedication in 2021.

Richard W. Duncan
MANAGING DIRECTOR
November 19, 2020

Corporate Social Responsibility



Mr. Brendon Mc Gillivray (far right), Sales & Service Manager, St. George's Retail Banking Unit, and the 2020 Super Starter Education Investment Plan Scholarship winners.

EDUCATION

Super Starter Education Investment Plan Programme

Co-op Bank continues to invest in the educational development of its young customers through the Super Starter Education Investment Plan (Super Starter EIP), which offers annual scholarship opportunities to its beneficiaries.

In 2020, the COVID-19 global pandemic had a significant impact on the financial resources of members of the community and created challenges in the educational realm for children without the means to participate fully in the new virtual learning environment. Recognising these challenges, Co-op Bank decided to

enhance the Super Starter EIP programme to benefit more students in more ways.

The Silver and Gold category scholarships, which contribute toward primary and secondary school expenses respectively, were increased from one (1) scholarship per parish to four (4) scholarships per parish, for a total of twenty-eight (28) scholarships per category. This year, twenty-six (26) scholarships were awarded to students enrolled in the Plan to cover school expenses for the remainder of their primary school education (Silver) and secondary school education (Gold). Gold scholarship winners also received one (1) laptop computer to enhance their learning experience.

The bi-annual Platinum category scholarship, which afforded one (1) individual enrolled in the Plan the ability to pursue university education in any subject area, anywhere in the world, was enhanced to include one (1) additional beneficiary. The Platinum scholarship was also expanded to include three (3) beneficiaries pursuing their education at the T.A. Marryshow Community College (TAMCC). The TAMCC scholarship winners also received one (1) laptop computer each to assist with their studies.



Mr. Brendon Mc Gillivray (R), Sales & Service Manager, St. George's Retail Banking Unit, with a 2020 Super Starter Education Investment Plan Platinum Scholarship winner.



Mr. Richard W. Duncan (L), Managing Director with Mr. Kent Joseph, Managing Director of Body Image Health Club at the 2020 Pump it Up! press launch

Star Points

The Bank increased the rewards for academic excellence through Star Points which were also awarded to students of the Super Starter Education Investment Plan. There was an increased contribution of \$5 for each 'A' or Grade 1 received, which is added to the Plan. The Bank encourages all customers enrolled in the Plan to remain committed to and enjoy the benefits of the programme. Over eleven (11) years, Co-op Bank has invested more than ECD \$812,000 in this programme.

SPORTS

Carriacou T20 Cricket Tournament

For five (5) consecutive years, Co-op Bank has been the sole sponsor of the Carriacou T20 Cricket Tournament, which runs for six (6) weekends between January and February. The 2020 tournament brought the usual keen but friendly competitive rivalry among teams and community members. Ten (10) teams participated in the Tournament, ending with Universal Bouncers from the village of Brunswick emerging the 2020 champions.



Co-op Bank representatives with Universal Bouncers, winners of the 2020 Carriacou T20 Cricket Tournament.

CULTURE AND THE PERFORMING ARTS

As an advocate for the development of Culture and the Performing Arts, the Bank provides strong support for theatre in Grenada. In 2019, Co-op Bank contributed to the production of three (3) theatre presentations, including a rerun of the iconic Ay Ya Yai Ivan, which depicts a lighter retelling of experiences during the passage of Hurricane Ivan.

PROMOTION OF HEALTHY LIFESTYLES

For the 12th year, the Bank continues to promote its Healthier Lifestyles Programme, welcoming on board in 2020 two (2) additional Benefactors Waggy T Rentals and Body Image Health Club. These companies join Jonas Browne & Hubbard (G'da) Limited, Guardian Group (O ECS) Limited, FLOW and Antillean Group and Coyaba Beach Resort.

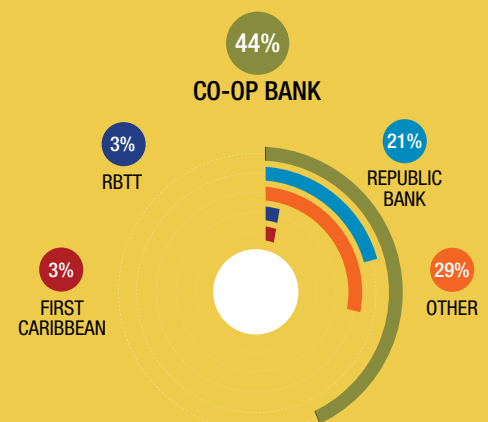
Although the 2020 Pump it Up! Family Fun Walk was cancelled due to the COVID-19 pandemic, the Bank and its Benefactors will continue the mission to raise funds over the next several years toward the re-establishment of the Carlton Home, a rehabilitation centre for substance abusers.

STRENGTHENING CONFIDENCE OF OUR CUSTOMERS

Public Perception

We remained the Bank of choice for customers, ranking number one in customer patronage among financial institutions in Grenada, as reported in the 2020 Omnibus survey.

The public perceived Co-op Bank as trustworthy, ethical, honest, prudent with resources and found that the Bank gives back to the communities it serves.



Customer Satisfaction

79% of customers expressed satisfaction that employees were friendly, courteous, respectful, knowledgeable about products and services, responsive to their needs and provided efficient services.

Customer Service Excellence

In 2020, Co-op Bank rolled out new policies governing Customer Care and the actions that will propel the Bank to achieve its customer centric strategy. The Bank continues to focus on providing high quality service, and continually recognises members of staff based on customer feedback on a monthly, quarterly and annual basis. The overall winner for 2020 was Mrs. Ria Jones-Cherman.



Mrs. Ria Jones-Cherman

TRUSTWORTHY, ETHICAL, HONEST

72%

GIVING BACK TO THE COMMUNITY

71%

PRUDENT WITH RESOURCES

71%

Customer Service Standards

The 2020 Audit of our Customer Service Charter revealed that 76% of our customers were satisfied with our service. The Bank remains committed to delivering the standards promised in our Customer Service Charter.

Figure 12: **Customer Satisfaction**

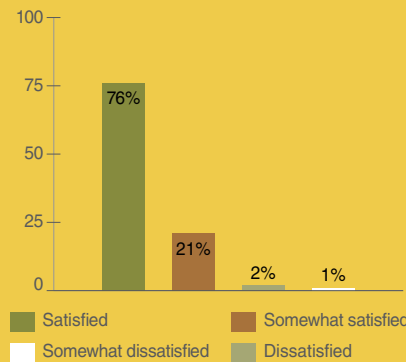


Figure 13: **Friendly & Courteous**

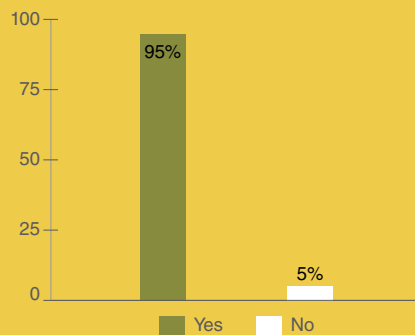
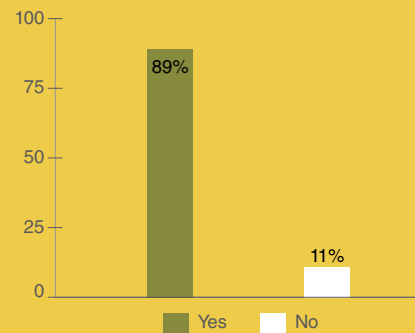


Figure 14: **Responsive to Customers' Needs**



J.B. Renwick/Arnold Williamson Shareholders' Outreach Forum

The 3rd event in this educational series targeted to the Bank's shareholders was held virtually in June 2020 under the topic Proxies – Importance, Rights and Uses: The Legal Provisions & Practical Experiences. The event offered shareholders an opportunity to learn, share and discuss matters of socio-economic importance, and to increase their confidence in engaging our leaders about their stewardship of the Bank.

FINANCIAL EMPOWERMENT

Brokerage & Investment Dialogue

Under the theme "Exploring the Securities Market", the Bank's Brokerage & Investments Services Unit undertook a series of two (2) discussions with existing and potential investors. The events offered participants an opportunity to learn about securities markets and how they operate, available investment instruments and the latest investment trends and tips.



Brokerage & Investment Dialogue

Moratorium Webinar

Co-op Bank hosted a virtual webinar to sensitize the populace about the six-month moratorium programme themed More Care, Less Fear which was designed to support its customers in coping with and overcoming the financial challenges faced as a result of the COVID-19 crisis. The webinar provided listeners and viewers with an overview of the programme's features and benefits, as well as the options available so that customers were better equipped to make informed choices.

Management Team



CARLENE PHILLIP-FRANK
BSc, MBA, Exec. Dip. Banking, BSP
Senior Manager, Programme & Strategy



SUSAN REDHEAD
AB
Manager, Recoveries & Collections



RICHARD MEDFORD
BSc, MSc
Manager, Electronic Services & Retail Operations



GARVIN BAPTISTE
BSc
Manager, Information Systems & Technology



KERI-ANN ST. LOUIS-TELESFORD
BAS, MSc
Senior Manager, Human Resources



KEISHA GREENIDGE
BSc, MSc
Senior Manager, Risk (Credit)



ROGER DUNCAN
FICB
Manager, Customer Care



SAMICA ROBERTS
BSc, MSc
Marketing Officer



ERICKA HOSTEN
BSc
Manager, Customer Insights Unit



SHALLENE GOODING
FCCA
Audit Manager



ALY-TERESE WILSON
MBA, BS, PMI
Project Manager



BRENDON MC GILLIVRAY
AICB, CRU, BSc, Exec. Dip. Banking
Sales & Service Manager, St. George's Retail Banking Unit



ROLAND FLETCHER
AICB, MBA, CRU
Sales & Service Manager, Sauteurs Retail Banking Unit



SHANE REGIS
AICB, BSc
Sales & Service Manager, Grenville Retail Banking Unit



NEDGRA ST. LOUIS
BSc
Sales & Service Manager (Ag.), Spiceland Mall Retail Banking Unit



RACHAEL PHILLIP-BETHEL
CRU
Sales & Service Manager, Carriacou Retail Banking Unit

Human Resource Report

STAFF BANQUET AND AWARDS CEREMONY

Co-op Bank employees were treated to one (1) major staff social activity for the financial year 2019 – 2020. The annual Staff Banquet and Award Ceremony was held at Spice Basket on December 14th, 2019 under the theme En Blanc. Staff and their invited guests enjoyed an evening of food, drinks and entertainment, while witnessing fellow staff members receive awards and recognition for years of service, academic achievements, customer service delivery and other outstanding contributions to the growth and development of the Bank. Mr. Javid Hosten, Card and Merchant Services Supervisor, was the recipient of the prestigious Managing Director's Special Award for his "Sterling contribution to the growth and transformation of Grenada Co-operative Bank Limited" for the financial year 2019 – 2020.

EMPLOYEE ASSISTANCE PROGRAMME (EAP)

The Bank recognises that human resources are at the heart of any organisation's success; even more so during an unprecedented global pandemic and tumultuous economic periods. Therefore, building a competitive advantage for our organisation required paying close attention to the mental health and well-being of our employees. To demonstrate our care, the Bank enhanced its Employee Assistance Programme by onboarding Mr. Josh Hector as an additional Employee Assistance service provider.

Given the mental health challenges faced by citizens due to the COVID-19 global pandemic and in commemoration of Mental Health Awareness month, Co-op Bank dedicated one (1) week in May 2020 as GCBL's Mental Health Week. The week included activities such as Green Day, Day of Kindness and Gratitude,



Sauteurs Retail Banking Unit - Unit of the Year, 2019



Award presentations to Co-op Bank employees

Mr. Javid Hosten, recipient of the 2019 Managing Director's Special Award

Day of Kindness to Self, Coping with Life's Challenges – Helping to Break the Stigma and GCBL's Pretty Mask and Jazzy Socks day which were initiated to promote mental health awareness and inspire actions endorsing the message of good mental health among employees.

TRAINING AND DEVELOPMENT REPORT

Training and Development focuses on strengthening skills and competencies, building the capacity of employees to deliver superior service, shaping a more efficient, competitive, and engaged workforce, and achieving the business goals of Grenada Co-operative Bank Limited, its Mission, Vision and Core Values.

The following Training and Development initiatives for the financial year 2019 – 2020 are as follows:

1. **In-house Training**
2. **Resident External Training**
3. **Academic/Professional Qualifications**

In-house Training

For the financial year, the Bank engaged in several in-house training sessions for its employees, management and Board of Directors, which directly support the organisation's strategic objectives. Training included Risk Management, Business Continuity, Fraud Detection, Anti-Money Laundering and Counter Terrorism Financing (AML-CTF), Customer Due Diligence, Performance Management System, Customer Service Excellence Programme, Code of Conduct and Board of Directors Training. The Bank also held Orientation and Induction Training and Counterfeit Detection for twenty-five (25) new members of staff.

Additional in-house training sessions were conducted to develop employee competencies in their functional areas.

Resident External Training

Several managers participated in the Florida International Bankers Association's (FIBA) Virtual Conference Strategies for Minimizing Negative Impacts on Credit Portfolios. The managers participating were:

- » Mr. Aaron Logie – Executive Manager, Business Banking (Ag.)
- » Mr. Floyd Dowden – Executive Manager, Operations & Administration
- » Dr. Nadia Francis-Sandy – Executive Manager on Rotation
- » Mr. Willvorn Grainger – Executive Manager on Rotation
- » Mrs. Jennifer Marshall-Robertson – Executive Manager, Risk
- » Mrs. Allana Joseph – Executive Manager – Finance (Ag.)
- » Ms. Keisha Greenidge – Senior Manager – Risk (Credit)
- » Mrs. Rackel Lindsay - Risk Analyst - Market & Operational Risk
- » Mrs. Michelle Noel-Gibbs - Credit Risk Analyst – Risk (Credit)
- » Ms. Rachael Duncan - Senior Treasury Officer – Finance
- » Mr. Keith Holas – Senior Finance Officer – Finance

Members of the Bank's Compliance Department participated in one (1) of three (3) virtual Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) webinars facilitated by the Eastern Caribbean Central Bank (ECCB) and Association of Certified Anti-Money Laundering Specialists (ACAMS).

Managers and Supervisors participated in the Caribbean Association of Banks' (CAB) webinar training themed "Leading in Turbulent Times" that aimed to guide the team through the next restructuring, crisis and strategic shift resulting from the COVID-19 pandemic.

Several middle management and supervisory staff attended the Grenada Employers Federation's (GEF) training titled Conflict Resolution Skills for Business Executives. The participants were:

- » Ms. Keisha Greenidge – Senior Manager, Risk (Credit)
- » Mrs. Rachael Philip-Bethel – Sales and Services Manager (Ag.), Carriacou Retail Banking Unit

- » Ms. Karlene Delfish – Senior Compliance Officer (Ag.)
- » Mr. Craig Belfon – Operations Officer (Ag.), Sauteurs Retail Banking Unit
- » Ms. Akisha Henry – Operations Officer, St. George's Retail Banking Unit
- » Ms. Chardy Baldeo – Junior Operations Supervisor, Operations & Administration
- » Mrs. Dixi-ann Modeste-Paul – Operations Officer, Grenville Retail Banking Unit

Mr. Garvin Baptiste, Manager, Information Systems & Technology, attended the InfoSec Flex – Certified Information Systems Security Professional (CISSP) Bootcamp in Henderson, Nevada.

Mrs. Caryl Modeste, Credit Administration Officer, attended the Royal Institute of Chartered Surveyors and International Property Tax Institute's (RICS/IPTI) 8th Annual Caribbean Valuation & Construction Conference in the Bahamas.

These external trainings were necessary to improve efficiency in functional areas.

Academic/Professional Qualifications

The following persons successfully attained qualifications in their Academic Studies, thus enhancing the overall capacity of the Bank:

- » Ms. Summer Jackson and Ms. Liesha Belfon both attained their Anti-Money Laundering Certified Associate (AMLCA) designation from the Florida International Bankers Association (FIBA).
- » Ms. Dianne C.V. Joseph and Mrs. Vanda Patrick-Raeburn both earned a certification in Occupational Health and Safety (OHS) from the University of the West Indies (UWI).
- » Mrs. Carlene Phillip-Frank attained the Balanced Scorecard Professional (BSP) designation, thus enhancing the management of the Bank's strategic focus and direction.
- » Mr. Brendon Mc Gillivary gained a Certificate in Investment Migration (CertIM).
- » Ms. Laurian Modeste successfully attained the Eastern Caribbean Securities Market (ECSM) Certification from the Eastern Caribbean Securities Regulatory Commission (ECSRC).



Ms. Summer Jackson



Ms. Liesha Belfon



Ms. Dianne C.V. Joseph



Mrs. Vanda Patrick-Raeburn



Mrs. Carlene Phillip-Frank



Mr. Brendon Mc Gillivary

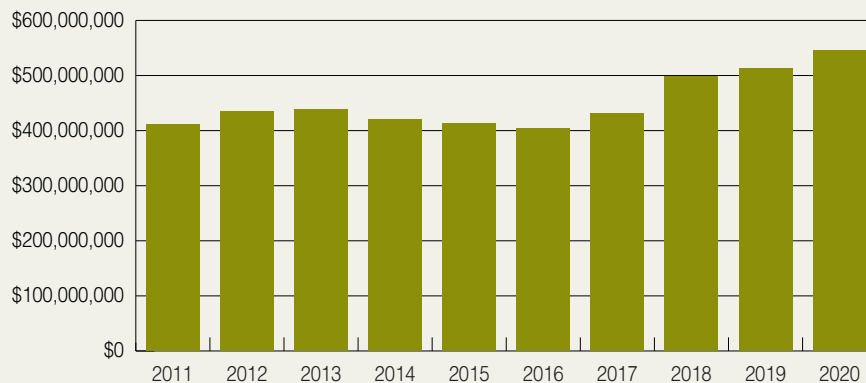


Ms. Laurian Modeste

Selected Financial Statistics

2011-2020

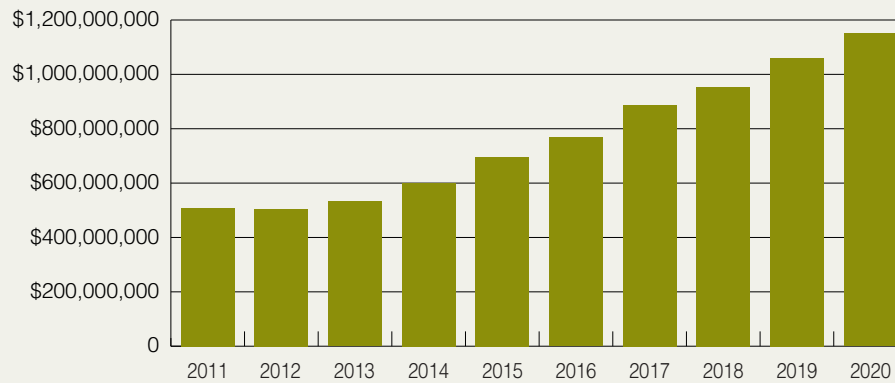
Figure 15: LOANS & ADVANCES



	2011	2012	2013	2014
LOANS & ADVANCES				
Loans & Advances	\$410,634,725	\$434,656,704	\$437,944,376	\$420,375,729
% Change	10.6%	5.8%	0.8%	-4.0%
DEPOSITS (Customers deposits inclusive of interest payable)				
Deposits	\$509,118,529	\$505,134,323	\$532,961,783	\$601,102,761
% Change	10.5%	-0.8%	5.5%	12.8%
Loans & Advances to Deposit Ratio	81%	86%	82%	70%
PROFITS & DIVIDENDS				
Net After Tax Profits	(\$10,778,874)	\$2,069,870	(\$3,694,152)	\$2,479,786
% Change	-1514.0%	119.2%	278.5%	167.1%
Dividend Per Share	\$0.00	\$0.07	\$0.00	\$0.08

Source: Audited Financial Statements

Figure 16: DEPOSITS



	2015	2016	2017	2018	2019	2020
	\$413,420,588	\$404,328,044	\$431,852,790	\$498,753,716	\$511,932,524	\$545,654,198
	-1.7%	-2.2%	6.8%	15.5%	2.6%	6.6%
	\$695,517,632	\$768,598,674	\$887,906,649	\$954,069,016	\$1,060,169,907	\$1,151,080,685
	15.7%	10.5%	15.5%	7.5%	11.1%	8.6%
	59%	53%	49%	52%	48%	47%
	\$2,687,650	\$4,384,705	\$6,732,801	\$7,621,439	\$9,670,312	\$9,628,952
	-8.4%	63.1%	53.6%	13.2%	26.9%	-0.4%
	\$0.08	\$0.11	\$0.15	\$0.17	\$0.22	\$0.15

Audited Financial Report

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*For the Year Ended September 30, 2020*

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The Financial Services Centre  
P.O. Box 561  
Kingstown Park  
St. Vincent and the Grenadines

# Independent Auditor's Report

TO THE SHAREHOLDERS OF GRENADA CO-OPERATIVE BANK LIMITED

## Report on the Audit of the Financial Statements

### OPINION

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We have audited the financial statements of Grenada Co-operative Bank Limited ("the Bank"), set out on pages 35 to 82, which comprise the statement of financial position as at September 30, 2020, the statement of Profit or Loss and Other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of the Bank as at September 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

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

# Independent Auditor's Report

TO THE SHAREHOLDERS OF GRENADA CO-OPERATIVE BANK LIMITED (...continued)

| Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Expected credit losses</b></p> <p>Refer to Notes 4, 9(c) and 11 to the financial statements.</p> <p>The Bank adopted IFRS 9, Financial Instruments, effective October 1, 2019. The standards changed the evaluation of credit losses from an incurred approach to an expected credit loss ("ECL") model which requires management's judgment and incorporation of forward-looking information. IFRS 9 requires the Bank to record allowance for ECLs for all loans and advances to customers and other financial assets not measured at fair value.</p> <p>The allowance for ECL on loans and advances to customers is considered to be a significant matter as it requires the application of judgement and use of subjective assumptions by management. The identification of impairment and the determination of the recoverable amounts are an inherently uncertain process involving various assumptions and factors including the financial condition of the counterparty and the timing and amount of expected future cash flows. Further, the models used to determine credit impairment are complex and certain inputs used are not fully observable. An assessment is made on the market value of the collateral and the time and cost to collect in determining the expected cash flows.</p> <p>Management is continuously assessing the assumptions used in determining the allowance for ECL process, and estimates are changed to account for current market and economic conditions, including the state of the real estate market. During the current year, management reassessed and amended the loan loss provisioning policy based on their historical experience in foreclosing and realizing the underlying collateral security and based on the current economic environment.</p> | <p>We assessed and tested the design and operating effectiveness of controls over:</p> <ul style="list-style-type: none"> <li>» Management's process for making lending decisions inclusive of the approval, disbursement and monitoring of loans and advances to customers.</li> <li>» Data used to determine the allowance for ECL, including transactional data captured at loan origination, internal credit quality assessments, storage of data and computations.</li> </ul> <p>In addition, we evaluated the modeling methodologies developed by the Bank in order to estimate ECLs and assessed their compliance with IFRS 9. We assessed the adequacy of the provision for loan losses by testing the key assumptions used in the Bank's ECL calculations. We assessed the reasonableness of the methodologies and assumptions applied in determining 12-month and lifetime probability of default (PD), loss given default (LGD), exposure at default (EAD) and loan staging.</p> <ul style="list-style-type: none"> <li>» We reviewed the accounting for loans and allowances for loan impairment policy and assessed the reasonableness of the change in estimates based on the Bank's historical experience of the realization of security, actual collection of cash flows and the current market conditions. We assessed the model and inputs and assumptions for the inherent risk provisions.</li> <li>» We also assessed the model for modification in response to increase exposure resulting from COVID-19 pandemic.</li> </ul> <p>In addition, we assessed the adequacy of the disclosures in the financial statements.</p> |

# Independent Auditor's Report

TO THE SHAREHOLDERS OF GRENADA CO-OPERATIVE BANK LIMITED (...continued)

| Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Fair Value of Investments</b></p> <p>Refer to Notes 4 and 9(b) to the financial statements.</p> <p>The Bank invests in various investment securities, some of these securities are trading in active markets and are classified as Level 1 while others are trading on markets for which there are no published prices available but have variable inputs that can be measured and have been classified as Level 2 within the IFRS fair value hierarchy.</p> <p>Valuation techniques for these investments can be subjective in nature and involve various assumptions regarding pricing factors. Associated risk management disclosure is complex and dependent on high quality data. A specific area of audit focus includes the valuation of fair value Level 2 assets and Level 3 assets where valuation techniques are applied in which unobservable inputs are used.</p> <p>For Level 2 assets, these techniques include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analyses making maximum use of market inputs, such as the market risk free yield curve.</p> <p>Included in the Level 3 category are financial assets that are not quoted as there are no active markets to determine a price.</p> | <p>We reviewed the reasonableness of the methods and assumptions used in determining the fair value of investment securities. We considered whether the methodology remains appropriate given current market conditions. We independently assessed the fair value of investments by performing independent valuations on the investment portfolio as well as recalculating the unrealized gain (loss) recognized. We verified that the required IFRS disclosures have been included in the financial statements at year end. We also reviewed management's assessments of whether there are any indicators of impairment including those securities that are not actively traded.</p> <p>In addition, we assessed the adequacy of the disclosures in the financial statements.</p> |

## EMPHASIS OF MATTER

We draw attention to Note 32 of the financial statements, events after the reporting date, which describes the uncertainty related to the Coronavirus outbreak. Our opinion is not modified in respect of this matter.

## OTHER INFORMATION INCLUDED IN THE BANK'S 2020 ANNUAL REPORT

Management is responsible for the information included in the Bank's 2020 Annual Report, other than the financial statements and our auditor's report thereon. The Bank's 2020 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the respective financial statements in accordance with IFRS, and for such internal controls as

# Independent Auditor's Report

TO THE SHAREHOLDERS OF GRENADA CO-OPERATIVE BANK LIMITED (...continued)

management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 bank's internal control.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- » Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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



BDO Eastern Caribbean  
Kingstown, St. Vincent and the Grenadines  
November 30, 2020

## Statement of Financial Position

As at September 30, 2020 (Expressed in Eastern Caribbean dollars)

|                                                   | Notes | 2020<br>\$           | 2019<br>\$           |
|---------------------------------------------------|-------|----------------------|----------------------|
| <b>ASSETS</b>                                     |       |                      |                      |
| Cash and cash equivalents                         | 10    | 248,661,750          | 172,739,923          |
| Loans and advances to customers                   | 11    | 546,843,528          | 509,759,716          |
| Investment securities                             | 12    | 377,218,552          | 370,570,068          |
| Other assets and prepayments                      | 13    | 53,861,576           | 54,097,194           |
| Property and equipment                            | 14    | 60,050,480           | 56,238,329           |
| Deferred tax asset                                | 15    | 95,114               | 29,695               |
| <b>Total assets</b>                               |       | <b>1,286,731,000</b> | <b>1,163,434,925</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |       |                      |                      |
| <b>Liabilities</b>                                |       |                      |                      |
| Deposits from customers                           | 16    | 1,151,401,091        | 1,060,587,895        |
| Trade and other liabilities                       | 17    | 37,080,775           | 20,935,853           |
| Income tax payable                                |       | 57,430               | 515,473              |
| <b>Total liabilities</b>                          |       | <b>1,188,539,296</b> | <b>1,082,039,221</b> |
| <b>Shareholders' equity</b>                       |       |                      |                      |
| Stated capital                                    | 18    | 24,871,739           | 24,871,739           |
| Statutory reserve                                 | 19    | 16,827,554           | 14,901,764           |
| Accumulated other comprehensive income            | 20    | 26,631,613           | 17,792,565           |
| Other reserves                                    | 21    | 1,514,799            | 1,274,075            |
| Retained earnings                                 |       | 28,345,999           | 22,555,561           |
| <b>Total shareholders' equity</b>                 |       | <b>98,191,704</b>    | <b>81,395,704</b>    |
| <b>Total liabilities and shareholders' equity</b> |       | <b>1,286,731,000</b> | <b>1,163,434,925</b> |

The notes on pages 39 to 82 are an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD: -

  
Darryl Brathwaite  
Chairman

  
Leslie Ramdhanny  
Deputy Chairman

  
Richard W. Duncan  
Managing Director

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended September 30, 2020

(Expressed in Eastern Caribbean dollars)

|                                                                              | Notes | 2020<br>\$  | 2019<br>\$  |
|------------------------------------------------------------------------------|-------|-------------|-------------|
| Interest income                                                              | 22    | 35,246,676  | 35,344,951  |
| Interest expense                                                             | 23    | (7,689,780) | (7,917,646) |
| Net interest income                                                          |       | 27,556,896  | 27,427,305  |
| Other operating income                                                       | 24    | 30,349,558  | 29,940,258  |
|                                                                              |       | 57,906,454  | 57,367,563  |
| Impairment charge                                                            |       | 4,387,661   | 4,886,944   |
| Operating expenses                                                           | 25    | 40,372,813  | 39,161,613  |
|                                                                              |       | 44,760,474  | 44,048,557  |
| <b>Operating profit before income tax</b>                                    |       | 13,145,980  | 13,319,006  |
| <b>Income tax expense</b>                                                    | 26    | (3,517,028) | (3,648,694) |
| <b>Net profit for the year</b>                                               |       | 9,628,952   | 9,670,312   |
| <b>Items that are or may be reclassified subsequently to profit and loss</b> |       |             |             |
| Net movement in fair value reserve                                           | 12.4  | 8,839,048   | 1,156,951   |
| <b>Total comprehensive income</b>                                            |       | 18,468,000  | 10,827,263  |
| <b>Total comprehensive income attributable to:</b>                           |       |             |             |
| Owners of Bank                                                               |       | 18,468,000  | 10,827,263  |
| <b>Basic and diluted earnings per share</b>                                  | 27    | 1.27        | 1.27        |

The notes on pages 39 to 82 are an integral part of these financial statements.



## Statement of Changes in Equity

For the year ended September 30, 2020  
(Expressed in Eastern Caribbean dollars)

|                                         | Notes | Stated<br>Capital<br>\$ | Statutory<br>Reserve<br>\$ | Accumulated<br>Comprehensive<br>Income<br>\$ | Other<br>Reserves<br>\$ | Retained<br>Earnings<br>\$ | Total<br>\$ |
|-----------------------------------------|-------|-------------------------|----------------------------|----------------------------------------------|-------------------------|----------------------------|-------------|
| <b>Balances as at October 1, 2018</b>   |       | 24,871,739              | 12,967,702                 | 16,635,614                                   | 1,032,317               | 16,804,700                 | 72,312,072  |
| Impact of adoption of IFRS 9            |       | -                       | -                          | -                                            | -                       | (451,631)                  | (451,631)   |
| Net profit for the year                 |       | -                       | -                          | -                                            | -                       | 9,670,312                  | 9,670,312   |
| Increase in statutory reserves          | 19    | 1,934,062               | 1,934,062                  | -                                            | -                       | (1,934,062)                | -           |
| Other comprehensive income for year     | 20    | -                       | -                          | 1,156,951                                    | -                       | -                          | 1,156,951   |
| Transfer to general reserves            | 21    | -                       | -                          | -                                            | 241,758                 | (241,758)                  | -           |
| Dividends paid                          |       | -                       | -                          | -                                            | -                       | (1,292,000)                | (1,292,000) |
| <b>Balance as at September 30, 2019</b> |       | 24,871,739              | 14,901,764                 | 17,792,565                                   | 1,274,075               | 22,555,561                 | 81,395,704  |
| Net profit for the year                 |       | -                       | -                          | -                                            | -                       | 9,628,952                  | 9,628,952   |
| Increase in statutory reserves          | 19    | -                       | 1,925,790                  | -                                            | -                       | (1,925,790)                | -           |
| Other comprehensive income for year     | 20    | -                       | -                          | 8,839,048                                    | -                       | -                          | 8,839,048   |
| Transfer to general reserves            | 21    | -                       | -                          | -                                            | 240,724                 | (240,724)                  | -           |
| Dividends paid                          |       | -                       | -                          | -                                            | -                       | (1,672,000)                | (1,672,000) |
| <b>Balance as at September 30, 2020</b> |       | 24,871,739              | 16,827,554                 | 26,631,613                                   | 1,514,799               | 28,345,999                 | 98,191,704  |

The notes on pages 39 to 82 are an integral part of these financial statements.

## Statement of Cash Flows

As of September 30, 2020

(Expressed in Eastern Caribbean dollars)

|                                                                    | Notes  | 2020<br>\$   | 2019<br>\$   |
|--------------------------------------------------------------------|--------|--------------|--------------|
| <b>Cash flows from operating activities</b>                        |        |              |              |
| Net profit for the year                                            |        | 9,628,952    | 9,670,312    |
| <b>Adjustments for</b>                                             |        |              |              |
| Depreciation                                                       | 14, 25 | 3,969,979    | 3,038,448    |
| Net interest income                                                |        | (27,556,896) | (27,427,305) |
| Interest income from investments                                   |        | (8,647,509)  | (8,596,435)  |
| Net impairment losses on loans and advances and investments        |        | 4,387,661    | 4,886,944    |
| Gain on disposal of property and equipment                         |        | (47,096)     | (10,219)     |
| Dividend income                                                    |        | (439,406)    | (887,476)    |
| Income tax                                                         | 26     | 3,517,028    | 3,648,694    |
| <b>Net loss before changes in operating assets and liabilities</b> |        | (15,187,287) | (15,677,037) |
| Change in other assets and prepayments                             |        | 235,618      | (20,914,906) |
| Change in loans and advances to customers                          |        | (35,742,915) | (16,032,548) |
| Change in deposits from customers                                  |        | 90,910,775   | 106,137,152  |
| Change in trade and other payables                                 |        | 16,144,922   | (10,098,176) |
| <b>Cash generated from operations</b>                              |        | 56,361,113   | 43,414,485   |
| Interest received                                                  |        | 30,955,922   | 35,308,691   |
| Interest paid                                                      |        | (7,787,359)  | (7,881,386)  |
| Income taxes paid                                                  |        | (4,040,490)  | (3,450,793)  |
| <b>Net cash from operating activities</b>                          |        | 75,489,186   | 67,390,997   |
| <b>Cash flows from investing activities</b>                        |        |              |              |
| Acquisition of investment securities                               |        | (193,523)    | (36,225,375) |
| Interest received from investments                                 |        | 9,593,792    | 9,524,532    |
| Dividends received                                                 |        | 439,406      | 887,476      |
| Additions to property and equipment                                | 14     | (7,782,134)  | (4,102,345)  |
| Proceeds from disposals                                            |        | 47,100       | 14,877       |
| <b>Net cash provided by (used in) investing activities</b>         |        | 2,104,641    | (29,900,835) |
| <b>Cash flows from financing activity</b>                          |        |              |              |
| Dividends paid                                                     | 18(b)  | (1,672,000)  | (1,292,000)  |
| <b>Net cash used in financing activity</b>                         |        | (1,672,000)  | (1,292,000)  |
| <b>Net increase in cash and cash equivalents</b>                   |        | 75,921,827   | 36,198,162   |
| <b>Cash and cash equivalents - beginning of year</b>               |        | 172,739,923  | 136,541,761  |
| <b>Cash and cash equivalents - end of year</b>                     | 10     | 248,661,750  | 172,739,923  |

The notes on pages 39 to 82 are an integral part of these financial statements.

# Notes to the Financial Statements

For the year ended September 30, 2020

## 1. INCORPORATION

Grenada Co-operative Bank Limited (the Bank) was incorporated on July 26, 1932, and continued as company 18 of 1926 under the Companies Act 1994 of Grenada. The Bank holds a license from the Eastern Caribbean Central Bank to engage in commercial banking activities. The Bank's registered office and principal place of business is situated on Church Street, St. George's. The Bank is primarily involved in the offering of retail and corporate banking services. It operates five retail units.

On September 28, 2015, the Bank obtained a broker-dealer license from the Eastern Caribbean Security Regulatory Commission. The Bank launched its Brokerage and Investment Services to the public on November 22, 2017.

The Bank was listed on the Eastern Caribbean Securities Exchange on July 26<sup>th</sup>, 2017.

## 2. STATEMENT OF COMPLIANCE

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

The financial statements were authorised for issue by the Bank's Board of Directors on November 19, 2020.

## 3. BASIS OF PREPARATION

These financial statements have been prepared on an historical cost basis; except for the following items (refer to individual accounting policy notes for details):

- Financial instruments – fair value through other comprehensive income
- Revalued property and equipment
- Contingent consideration

## 4. ESTIMATES CRITICAL TO REPORTED AMOUNTS, AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 9.

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Cash and cash equivalents

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

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (...continued)

#### *b. Property and equipment*

Land and buildings are stated at the most recent valuation less subsequent depreciation for buildings. Valuations are performed by independent professional valuers. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property and equipment is stated at historic cost less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against the surplus directly in equity; all other decreases are charged to the statement of profit or loss.

Land is not depreciated. Leasehold improvements are amortised over the term of the lease. Depreciation of other assets is calculated using a straight-line method, at rates which are expected to write-off the cost or valuation of the assets over their estimated useful lives at the following annual rates:

|                         |        |
|-------------------------|--------|
| Freehold buildings      | 2.5%   |
| Land improvements       | 6.67%  |
| Furniture and equipment | 10%    |
| Computer equipment      | 16.67% |
| Motor Vehicles          | 20%    |

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining the profit or loss. When revalued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings.

Repairs and maintenance are charged to the statement of profit or loss when the expenditure is incurred. The cost of improvements is capitalized where such improvements would extend the remaining useful life of the buildings.

#### *c. Foreign currency translation*

These financial statements are presented in Eastern Caribbean Dollars which is the currency of the primary economic environment in which the entity operates, which is the Bank's functional currency and its presentation currency. All amounts are rounded to the nearest dollar except where otherwise stated.

These financial statements are expressed in Eastern Caribbean dollars, the Bank's functional currency. Monetary items denominated in a foreign currency are translated with the closing rates as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Changes in the fair value of monetary securities denominated in foreign currencies held to maturity designated at amortised cost are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security.

Translation differences on non-monetary items, such as equities held at fair value are recognised through the statement of profit or loss and are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities designated as fair value through OCI, are included in the fair value in other comprehensive income and ultimately accounted for in accumulated other comprehensive income.

# Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (...continued)

### d. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### e. Financial assets

The Bank classifies its financial assets in the categories below, depending on the purpose for which the asset was acquired. Management determines the classification of its investments at initial recognition.

#### i) Amortised cost

These assets incorporate financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Interest on interest-bearing loans are included in the statement of income and is reported as "interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of loan and receivables and recognised in the statement of income.

#### ii) Fair value through profit or loss

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income in the finance income or expense line.

The Bank does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

#### iii) Fair value through other comprehensive income

The Bank has a number of strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Bank has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Bank considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the equity section. Upon disposal any balance within accumulated other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.



## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (...continued)

#### e. *Financial assets* (...continued)

##### iii) Fair value through other comprehensive income (...continued)

The Bank has debt securities whose objective is achieved by both holding these securities in order to collect contractual cash flows and having the intention to sell the debt securities before maturity. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to profit or loss.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the accumulated other comprehensive income reserve.

#### f. *Impairment of financial assets*

##### i) Assets carried at amortised cost

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

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

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three (3) months and twelve (12) months; in exceptional cases, longer periods are warranted.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

# Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (...continued)

### *f. Impairment of financial assets (...continued)*

#### *i) Assets carried at amortised cost (...continued)*

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses to the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written-off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the borrower's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of profit or loss in impairment charge for credit losses.

#### *ii) Assets classified at fair value through other comprehensive income*

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified at fair value through other comprehensive income, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of profit or loss.

#### *iii) Renegotiated loans*

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due on the basis of the renegotiated terms and conditions.

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (...continued)

#### *f. Impairment of financial assets (...continued)*

##### iii) Renegotiated loans (...continued)

If an impairment instrument has been renegotiated, interest continues to be accrued on the reduced carrying amount of the asset and is recorded as part of "interest income". If the fair value of the instrument increases in a subsequent year, the impairment loss is reversed through the statement of profit or loss.

#### *g. Financial liabilities*

Financial liabilities are measured at amortised cost. Financial liabilities are derecognised when extinguished.

Financial liabilities measured at amortised cost are substantially deposits from customers.

#### *h. Loans and advances to customer, and allowance for loan losses*

Loans are stated net of unearned interest and allowance for loan losses.

The allowance for losses is based on an annual appraisal of loans. Specific and general allowance for loan losses is based on the year-end appraisal of loans. The specific element relates to identified loans whereas the general element relates to latent bad and doubtful loans which are present in any loan portfolio but have not been specifically identified. Loans are written down to estimated realisable value when the normal banking relationship with the customer has ceased; interest on the loan up to that time is credited to operations and allowance is made where appropriate.

#### *i. Revenue recognition*

##### i) Interest income and expense

Interest income and expense are recognised in the statement of profit or loss for all interest bearing instruments on accrual basis during the effective interest yield method based on the actual purchase price or estimated recoverable amount. Interest income includes coupons earned on fixed income investments and trading securities and accrued discount and premium on treasury bills and other discounted instruments.

##### ii) Fees and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction.

##### iii) Dividends

Dividends are recognised in the statement of profit or loss when the Bank's right to receive payment is established.

##### iv) Other income

Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportioned basis. Asset management fees related to investment funds are recognised rateably over the period in which the service is provided.

The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

# Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (...continued)

### *j. Employee benefits*

#### *i) Pension obligation*

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

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

#### *ii) Termination benefits*

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

### *k. Deferred tax*

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

The principal temporary differences arise from depreciation of property and equipment, provisions for pensions and other post-retirement benefits and tax losses carried forward; and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base. The rates enacted or substantively enacted at the reporting date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

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

### *l. Stated capital*

#### *i) Share issue cost*

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

#### *ii) Dividends on ordinary shares*

Dividends on ordinary shares are recognized in equity in the period in which they are declared by the Directors.

Dividends for the year that are declared after reporting date are disclosed within the subsequent events note.

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (...continued)

#### *m. Guarantees and letters of credit*

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

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

#### *n. Leases*

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

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

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

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



## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (...continued)

#### *n. Leases (...continued)*

The Bank presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in 'trade and other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

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

### 6. NEW, REVISED AND AMENDED STANDARDS AND INTERPRETATIONS THAT BECAME EFFECTIVE DURING THE YEAR

a) Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Bank has assessed them and has adopted those which are relevant to its financial statements, viz:

i) IFRS 16 Leases. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Details of the impact of application of this standard is disclosed in Note 31.

ii) IFRIC 23 Uncertainty over Income Tax Treatments. The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

The said interpretation does not have a significant impact in the Bank's financial statements.

iii) Prepayment Features with Negative Compensation (Amendments to IFRS 9). Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The said amendment does not have a significant impact in the Bank's financial statements.

iv) Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28). Clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The said amendment does not have a significant impact in the Bank's financial statements.

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 6. NEW, REVISED AND AMENDED STANDARDS AND INTERPRETATIONS THAT BECAME EFFECTIVE DURING THE YEAR (...continued)

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are: If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The said amendment does not have a significant impact in the Bank's financial statements.

- v) Annual Improvements to IFRS Standards 2015–2017 Cycle makes amendments to the following standards:

IFRS 3 and IFRS 11 - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 - The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

IAS 23 - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The above amendments do not have a significant impact in the Bank's financial statements.

### 7. NEW, REVISED AND AMENDED STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2020 and earlier application is permitted; however, the Bank has not early adopted the following new or amended standards in preparing these financial statements.

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

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The Bank is assessing the possible impact that this standard will have on its financial statements.

- ii) Amendments to References to the Conceptual Framework in IFRS Standards. Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 7. NEW, REVISED AND AMENDED STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE (...continued)

Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

- iii) Definition of a Business (Amendments to IFRS 3). The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:
- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
  - narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
  - add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
  - remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
  - add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendment is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

- iv) Definition of Material (Amendments to IAS 1 and IAS 8). The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards. The amendment is effective for annual reporting periods beginning on or after 1 January 2020.
- v) IFRS 9, IAS 39 and IFRS 7). The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendment is effective for annual reporting periods beginning on or after 1 January 2020.

### 8. FINANCIAL RISK MANAGEMENT

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

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

Risk management is carried out by the Executive Risk Management Committee under policies approved by the Board of Directors. The Bank's Executive Risk Management Committee identifies, evaluates, and hedges financial risks in close co-operation with the Bank's operating units. The Board provides written principles for overall risk management,

# Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

## 8. FINANCIAL RISK MANAGEMENT (...continued)

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

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

### 8.1. Credit risk

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

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

#### *Loans and advances to customers*

The Bank takes on exposure to credit risk which, is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses in accordance with IFRS 9. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Bank's portfolio, could result in losses that are different from those provided for at the reporting date. Management therefore carefully manages its exposure to credit risk.

In response to the COVID-19 pandemic, management has been performing more frequent reviews of loans and advances to sectors severely impacted such as Tourism, Personal, Professional and other services, Construction and Land Development, Distributive Trades and Manufacturing. The Bank manages its exposure to credit risk from these affected sectors by extending a moratorium programme and implementing an even stricter regime of monitoring and risk management. During the year ended September 30, 2020, the Bank granted moratorium for up to 6 months for specific customers with liquidity constraints arising as a direct result of the COVID-19 pandemic. Each moratorium is extended after careful consideration of the impact of the COVID-19 pandemic on the creditworthiness of the customer with close monitoring for credit deterioration.

#### *Debt securities and other bills*

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

#### *Cash and cash equivalents*

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

### 8.1.1. Risk limit control and mitigation policies

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

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees, except for personal lending where no such facilities can be obtained.

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.1. Credit risk (...continued)

##### 8.1.1. Risk limit control and mitigation policies (...continued)

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments.

##### *Collateral*

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

- i) Mortgages over Real properties;
- ii) Charges over business assets such as premises, inventory, and accounts receivable; and
- iii) Charges over financial instruments such as debt securities and equities.

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

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

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

##### *Credit-related commitments*

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

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

##### 8.1.2. Impairment and provisioning policies

The Bank's internal rating system focuses on expected credit losses, that is, taking into account the risk of future events giving rise to losses. In contrast, impairment allowance is recognised for financial reporting purposes only for losses that have been incurred at the reporting date based on objective evidence of impairment.

The Bank has adopted a Simple Expected Credit Loss (ECL) model, as provided for in the IFRS9 standards, which comprise:

A 'roll-rate' migration pillar; which maps a significant increase in credit risk to the percentage chance of delinquency and becoming non-performing.



## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.1. Credit risk (...continued)

##### 8.1.2. Impairment and provisioning policies (...continued)

The incorporation of adequate forward looking information which takes into account variables such as: interest rate, time value of money, macro-economic and industry/sector performance forecasts; drawn from reasonable and credible available data.

Adequate portfolio segmentation.

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

- The method and process for identifying the staging of individual loans and advances
- Segmentation of loans into appropriate categories to determine historical loss information which will be subsequently updated to reflect the effects of forward-looking information
- Present value of expected future cash flows used to measure ALP
- Fair value of collateral
- The approximate recovery cost and discount rate
- Estimation of current and future probability of default (PD), exposure at default (EAD), loss given default (LGD), and discount rate, incorporating forward-looking information and modelling scenarios. For significant drivers, future variables are required and shall be considered when calculating expected credit loss.
- Assessment of whether there has been a significant increase in credit risk for the portfolio.
- Modelling scenarios into the business cycle based on historical information, including: determination of the number of scenarios used to evaluate the performance of each segment of the portfolio, and the weightings associated with each scenario.
- Delinquency and non-accrual/non-performing reports.

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

In determining whether there has been a significant increase in credit risk, the Bank considers the probability of default upon initial recognition of asset on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Bank compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

The Bank uses three categories for loans which reflect their credit risk and how the loan loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings recommended by the Eastern Caribbean Central Bank.

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

| Category | Definition                                                                                                                                                                                                                                                       | Basis of recognition of ECL                                                 |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Stage 1  | Credit facilities that have not experienced a significant increase in credit risk (SICR) since initial recognition and not purchased or originated as credit impaired. Customers have a low risk of default and a strong capacity to meet contractual cash flows | Recognize 12 month expected losses                                          |
| Stage 2  | Credit facilities that experience a SICR since initial recognition, but are not yet credit impaired. Included under watch list 30 days past due                                                                                                                  | Recognize lifetime expected losses and presenting interest on a gross basis |

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.1. Credit risk (...continued)

#### 8.1.2. Impairment and provisioning policies (...continued)

| Category | Definition                                                                                                     | Basis of recognition of ECL                                           |
|----------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Stage 3  | Credit facilities that are impaired and which require a lifetime ECL.<br>Nonperforming status 90 days past due | Recognize lifetime expected losses presenting interest on a net basis |

Expected credit loss on loans and advances to customers are as follows:

|                                      | Loan balances<br>\$ | ECL<br>\$   | Total<br>\$ |
|--------------------------------------|---------------------|-------------|-------------|
| <b>Year ended September 30, 2020</b> |                     |             |             |
| Stage 1                              | 530,802,591         | (5,526,447) | 525,276,144 |
| Stage 2                              | 8,154,864           | (171,810)   | 7,983,054   |
| Stage 3                              | 6,696,743           | (471,166)   | 6,225,577   |
| As at September 30, 2020             | 545,654,198         | (6,169,423) | 539,484,775 |
| <b>Year ended September 30, 2019</b> |                     |             |             |
| Stage 1                              | 493,456,712         | (4,416,709) | 489,040,003 |
| Stage 2                              | 12,175,732          | (383,097)   | 11,792,635  |
| Stage 3                              | 6,300,080           | (441,001)   | 5,859,079   |
| As at September 30, 2019             | 511,932,524         | (5,240,807) | 506,691,717 |

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

The following summarises the percentage of the Bank's loans and advances to customers and the associated impairment allowance for each of the five internal rating grades.

|                 | Credit risk exposure |           | Impairment allowance |           |
|-----------------|----------------------|-----------|----------------------|-----------|
|                 | 2020<br>%            | 2019<br>% | 2020<br>%            | 2019<br>% |
| Bank Rating     |                      |           |                      |           |
| Pass            | 86                   | 90        | 0                    | 0         |
| Special mention | 9                    | 5         | 0                    | 0         |
| Substandard     | 5                    | 5         | 73                   | 75        |
| Doubtful        | 0                    | 0         | 24                   | 21        |
| Loss            | 0                    | 0         | 3                    | 4         |
|                 | 100                  | 100       | 100                  | 100       |

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.1. Credit risk (...continued)

#### 8.1.2. Impairment and provisioning policies (...continued)

The following summarises the maximum credit risk relating to the financial assets in the statement of financial position: -

|                                            | Maximum Exposure |                  |
|--------------------------------------------|------------------|------------------|
|                                            | 2020<br>\$000's  | 2019<br>\$000's  |
| Deposits with Central Bank and other banks | 224,724          | 149,643          |
| Investment securities                      | 378,482          | 371,224          |
| Loans and advances to customers:           |                  |                  |
| Personal overdrafts and loans              | 275,562          | 246,069          |
| Corporate overdrafts and loans             | 270,092          | 265,863          |
| Other assets and prepayments               | 53,862           | 54,097           |
|                                            | <b>1,202,722</b> | <b>1,086,896</b> |

The following summarises the maximum credit risk relating to off balance sheet financial assets:

|                                                | 2020<br>\$        | 2019<br>\$        |
|------------------------------------------------|-------------------|-------------------|
| Financial guarantees                           | 4,435,956         | 4,836,601         |
| Loan commitments and other related obligations | 20,770,668        | 22,789,443        |
|                                                | <b>25,206,624</b> | <b>27,626,044</b> |

The above schedule represents a worst-case scenario of credit risk exposure to the Bank as of reporting date, without taking into account any collateral held or credit enhancements attached. For on-statement of financial position assets, the exposure set out above are based on net carrying amounts as reported in the statement of financial position.

#### 8.1.3. Concentration of risks of financial assets with credit exposure

The Bank operates primarily in Grenada. Based on the country of domicile of its counterparties, exposure to credit risk is concentrated in these locations, except for investments which have other exposures, primarily in the United States of America.

The following table breaks down the Bank's credit exposure at carrying amounts without taking into account any collateral held or other credit support by the industry sectors of the Bank's counterparties.

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.1. Credit risk (...continued)

##### 8.1.3. Concentration of risks of financial assets with credit exposure (...continued)

|                                                                      | Financial institutions<br>\$'000 | Manufacturing<br>\$'000 | Tourism<br>\$'000 | Government<br>\$'000 | Professional and other services<br>\$'000 | Personal industries*<br>\$'000 | Total<br>\$'000 |
|----------------------------------------------------------------------|----------------------------------|-------------------------|-------------------|----------------------|-------------------------------------------|--------------------------------|-----------------|
| <b>At September 30, 2020</b>                                         |                                  |                         |                   |                      |                                           |                                |                 |
| Deposits with Central Bank and other banks                           | 227,724                          | -                       | -                 | -                    | -                                         | -                              | 227,724         |
| Investment securities                                                | 61,252                           | -                       | -                 | 52,204               | -                                         | 265,026                        | 378,482         |
| Loans and advances to customers:                                     |                                  |                         |                   |                      |                                           |                                |                 |
| Overdrafts                                                           | 139                              | 314                     | 2,644             | -                    | 4,272                                     | 3,664                          | 24,984          |
| Demand loans and mortgages                                           | 6,630                            | 14,243                  | 53,178            | -                    | 61,143                                    | 297,451                        | 520,670         |
| Other assets                                                         | 53,566                           | -                       | -                 | -                    | -                                         | -                              | 53,862          |
|                                                                      | 349,311                          | 14,557                  | 55,822            | 52,204               | 65,415                                    | 301,115                        | 1,205,722       |
| Financial guarantees /loan commitments and other related obligations | 60                               | 1,031                   | 34                | -                    | 2,803                                     | 9,201                          | 25,207          |
| <b>At September 30, 2019</b>                                         |                                  |                         |                   |                      |                                           |                                |                 |
| Deposits with Central Bank and other banks                           | 149,643                          | -                       | -                 | -                    | -                                         | -                              | 149,643         |
| Investment securities                                                | 66,416                           | -                       | -                 | 49,330               | -                                         | -                              | 371,224         |
| Loans and advances to customers:                                     |                                  |                         |                   |                      |                                           |                                |                 |
| Overdrafts                                                           | 152                              | 1,311                   | 2,644             | -                    | 3,841                                     | 6,508                          | 23,107          |
| Demand loans and mortgages                                           | 265                              | 14,297                  | 51,657            | -                    | 44,125                                    | 278,804                        | 488,825         |
| Other assets                                                         | 53,799                           | -                       | -                 | -                    | -                                         | -                              | 54,097          |
|                                                                      | 270,275                          | 15,608                  | 54,301            | 49,330               | 47,966                                    | 285,312                        | 1,086,896       |
| Financial guarantees /loan commitments and other related obligations | 500                              | 2,030                   | 1,781             | -                    | 4,192                                     | 9,843                          | 27,626          |

\*Other industries include sectors such as agriculture, construction and land development, transportation, and storage, etc.

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.1. Credit risk (...continued)

##### 8.1.4. Loans and advances to customers are summarised as follows:

|                                | Overdrafts<br>\$ | Demand loans<br>\$ | Mortgages<br>\$ | Total<br>\$ |
|--------------------------------|------------------|--------------------|-----------------|-------------|
| <b>September 30, 2020</b>      |                  |                    |                 |             |
| Neither past due or impaired   | 16,615,553       | 23,803,783         | 462,139,814     | 502,559,150 |
| Past due but not impaired      | 6,290,517        | 1,239,449          | 32,166,176      | 39,696,142  |
| Individually impaired          | 2,077,718        | 88,094             | 1,233,094       | 3,398,906   |
| Gross                          |                  |                    |                 | 545,654,198 |
| Less: allowance for impairment |                  |                    |                 | (6,169,423) |
| Net                            |                  |                    |                 | 539,484,775 |
| <b>September 30, 2019</b>      |                  |                    |                 |             |
| Neither past due or impaired   | 22,163,923       | 22,308,208         | 423,060,682     | 467,532,813 |
| Past due but not impaired      | 44,239           | 1,372,647          | 40,136,915      | 41,553,801  |
| Individually impaired          | 899,218          | 28,238             | 1,918,454       | 2,845,910   |
| Gross                          |                  |                    |                 | 511,932,524 |
| Less: allowance for impairment |                  |                    |                 | (5,240,807) |
| Net                            |                  |                    |                 | 506,691,717 |

The total allowance for impairment losses on loans and advances is \$6,169,423 (2019: \$5,240,807) which include a provision for individually impaired loans. Further information of the allowance for impairment losses on loans and advances to customers is provided in note 11.2.

#### 8.1.5. Age analysis of loans and advances

The credit quality of the portfolio on loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Bank.

|                              | Overdrafts<br>\$ | Demand loans<br>\$ | Mortgages<br>\$ | Total<br>\$ |
|------------------------------|------------------|--------------------|-----------------|-------------|
| <b>At September 30, 2020</b> | 16,615,553       | 23,803,783         | 462,139,814     | 502,559,150 |
| <b>At September 30, 2019</b> | 22,163,923       | 22,308,208         | 423,060,682     | 467,532,813 |

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate contrary.

The gross amount of loans and advances by class to customers that were past due but not impaired were as follows: -

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.1. Credit risk (...continued)

##### 8.1.5. Age analysis of loans and advances (...continued)

|                              | Overdrafts<br>\$ | Demand loans<br>\$ | Mortgages<br>\$ | Total<br>\$ |
|------------------------------|------------------|--------------------|-----------------|-------------|
| <b>At September 30, 2020</b> |                  |                    |                 |             |
| Past due up to 30 days       | 6,290,517        | 1,028,536          | 24,613,858      | 31,932,911  |
| Past due 31 - 60 days        | -                | 144,137            | 5,000,498       | 5,144,635   |
| Past due 61 - 90 days        | -                | 66,776             | 2,551,820       | 2,618,596   |
|                              | 6,290,517        | 1,239,449          | 32,166,176      | 39,696,142  |
| <b>At September 30, 2019</b> |                  |                    |                 |             |
| Past due up to 30 days       | 44,239           | 1,013,652          | 28,944,786      | 30,002,677  |
| Past due 31 - 60 days        | -                | 240,670            | 7,232,302       | 7,472,972   |
| Past due 61 - 90 days        | -                | 118,325            | 3,959,827       | 4,078,152   |
|                              | 44,239           | 1,372,647          | 40,136,915      | 41,553,801  |

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

|                              | Overdrafts<br>\$ | Demand loans<br>\$ | Mortgages<br>\$ | Total<br>\$ |
|------------------------------|------------------|--------------------|-----------------|-------------|
| <b>At September 30, 2020</b> | 2,077,718        | 88,094             | 1,233,094       | 3,398,906   |
| <b>At September 30, 2019</b> | 899,218          | 28,238             | 1,918,454       | 2,845,910   |

#### 8.2. Market risk

The Bank takes on exposure to market risks, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rate or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

Non-trading portfolios primarily arise from the interest rate management of the Bank's retail banking assets and liabilities. Non-trading portfolios also consist of exchange and equity risks arising from the Bank's equity security investments (Note 12).

##### 8.2.1. Currency risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The Bank's exposure to currency risk is minimal since most of its assets and liabilities in foreign currencies are held in United States dollars. The exchange rate of the Eastern Caribbean dollar (EC\$) to the United States dollar (US\$) has been formally pegged at EC\$2.70 = US\$1.00 since 1976. The following table summarises the Bank's exposure to foreign currency exchange rate risk at 30 September.



## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.2. Market risk (...continued)

##### 8.2.1. Currency risk (...continued)

|                                    | ECD                  | USD                | CAD              | GBP              | EUR              | Other          | Total                |
|------------------------------------|----------------------|--------------------|------------------|------------------|------------------|----------------|----------------------|
|                                    | \$                   | \$                 | \$               | \$               | \$               | \$             | \$                   |
| <b>At September 30, 2020</b>       |                      |                    |                  |                  |                  |                |                      |
| <b>Financial assets</b>            |                      |                    |                  |                  |                  |                |                      |
| Cash and cash equivalents          | 170,373,116          | 71,270,710         | 2,364,408        | 1,361,178        | 2,740,220        | 552,118        | 248,661,750          |
| Loans and advances to customers    | 469,668,036          | 77,175,492         | -                | -                | -                | -              | 546,843,528          |
| Investment securities              | 91,591,422           | 285,627,130        | -                | -                | -                | -              | 377,218,552          |
| Other assets and prepayments       | 53,861,576           | -                  | -                | -                | -                | -              | 53,861,576           |
| <b>Total financial assets</b>      | <b>785,494,150</b>   | <b>434,073,332</b> | <b>2,364,408</b> | <b>1,361,178</b> | <b>2,740,220</b> | <b>552,118</b> | <b>1,226,585,406</b> |
| <b>At September 30, 2020</b>       |                      |                    |                  |                  |                  |                |                      |
| <b>Financial liabilities</b>       |                      |                    |                  |                  |                  |                |                      |
| Deposits from customers            | 1,065,309,091        | 86,092,000         | -                | -                | -                | -              | 1,151,401,091        |
| Trade and other payables           | 37,080,775           | -                  | -                | -                | -                | -              | 37,080,775           |
| <b>Total financial liabilities</b> | <b>1,102,389,866</b> | <b>86,092,000</b>  | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>       | <b>1,188,481,866</b> |
| <b>At September 30, 2019</b>       |                      |                    |                  |                  |                  |                |                      |
| <b>Financial assets</b>            |                      |                    |                  |                  |                  |                |                      |
| Cash and cash equivalents          | 154,933,860          | 12,392,756         | 1,764,543        | 1,341,628        | 1,635,125        | 672,011        | 172,739,923          |
| Loans and advances to customers    | 436,512,756          | 73,246,960         | -                | -                | -                | -              | 509,759,716          |
| Investment securities              | 93,657,671           | 276,912,397        | -                | -                | -                | -              | 370,570,068          |
| Other assets and prepayments       | 54,097,194           | -                  | -                | -                | -                | -              | 54,097,194           |
| <b>Total financial assets</b>      | <b>739,201,481</b>   | <b>362,552,113</b> | <b>1,764,543</b> | <b>1,341,628</b> | <b>1,635,125</b> | <b>672,011</b> | <b>1,107,166,901</b> |
| <b>At September 30, 2019</b>       |                      |                    |                  |                  |                  |                |                      |
| <b>Financial liabilities</b>       |                      |                    |                  |                  |                  |                |                      |
| Deposits from customers            | 884,973,351          | 175,614,544        | -                | -                | -                | -              | 1,060,587,895        |
| Trade and other payables           | 20,935,853           | -                  | -                | -                | -                | -              | 20,935,853           |
| <b>Total financial liabilities</b> | <b>905,909,204</b>   | <b>175,614,544</b> | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>       | <b>1,081,523,748</b> |

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.2. Market risk (...continued)

##### 8.2.2. Interest rate risk

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

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

|                                    | Up to<br>one year<br>\$'000 | Between<br>1 – 5 Years<br>\$'000 | Over<br>5 years<br>\$'000 | Non-interesting<br>bearing<br>\$'0'000 | Total<br>\$'000  |
|------------------------------------|-----------------------------|----------------------------------|---------------------------|----------------------------------------|------------------|
| <b>At September 30, 2020</b>       |                             |                                  |                           |                                        |                  |
| <b>Assets</b>                      |                             |                                  |                           |                                        |                  |
| Cash and cash equivalents          | 61,073                      | -                                | -                         | 187,589                                | 248,662          |
| Loans and advances to customers    | 23,147                      | 80,291                           | 443,406                   | -                                      | 546,844          |
| Investment securities              | 326,042                     | 36,036                           | 12,242                    | 2,899                                  | 377,219          |
| Other assets and prepayments       | -                           | -                                | -                         | 53,862                                 | 53,862           |
| <b>Total assets</b>                | <b>410,262</b>              | <b>116,327</b>                   | <b>455,648</b>            | <b>244,350</b>                         | <b>1,226,587</b> |
| <b>Liabilities</b>                 |                             |                                  |                           |                                        |                  |
| Deposits from customers            | 690,756                     | 20                               | -                         | 460,625                                | 1,151,401        |
| Trade and other payables           | 973                         | 4,331                            | -                         | 31,777                                 | 37,081           |
| <b>Total liabilities</b>           | <b>691,729</b>              | <b>4,351</b>                     | <b>-</b>                  | <b>492,402</b>                         | <b>1,188,482</b> |
| <b>Net interest re-pricing gap</b> | <b>(281,467)</b>            | <b>111,976</b>                   | <b>455,648</b>            | <b>(248,052)</b>                       | <b>38,105</b>    |
| <b>At September 30, 2019</b>       |                             |                                  |                           |                                        |                  |
| <b>Assets</b>                      |                             |                                  |                           |                                        |                  |
| Cash and cash equivalents          | 75,315                      | -                                | -                         | 97,425                                 | 172,740          |
| Loans and advances to customers    | 46,468                      | 75,227                           | 388,065                   | -                                      | 509,760          |
| Investment securities              | 288,723                     | 51,549                           | 27,578                    | 2,720                                  | 370,570          |
| Other assets and prepayments       | -                           | -                                | -                         | 54,097                                 | 54,097           |
| <b>Total assets</b>                | <b>410,506</b>              | <b>126,776</b>                   | <b>415,643</b>            | <b>154,242</b>                         | <b>1,107,167</b> |
| <b>Liabilities</b>                 |                             |                                  |                           |                                        |                  |
| Deposits from customers            | 592,906                     | 7,057                            | -                         | 460,625                                | 1,060,588        |
| Trade and other payables           | -                           | -                                | -                         | 20,936                                 | 20,936           |
| <b>Total liabilities</b>           | <b>592,906</b>              | <b>7,057</b>                     | <b>-</b>                  | <b>481,561</b>                         | <b>1,081,524</b> |
| <b>Net interest re-pricing gap</b> | <b>(182,400)</b>            | <b>119,719</b>                   | <b>415,643</b>            | <b>(327,319)</b>                       | <b>25,643</b>    |

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.2. Market risk (...continued)

##### 8.2.2. Interest rate risk (...continued)

Cash flow interest rate risk arises from loans and advances to customers at variable rates. At September 30, 2020 if variable interest rates had been 0.5% higher/lower with all other variables held constant, post-tax profit for the year would have been \$175,439 (2019: \$176,000) higher/lower, mainly as a result of higher/lower interest income on variable rate loans.

#### 8.3. Liquidity risk

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

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

The Bank responds to possible future liquidity constraints arising from the COVID-19 pandemic through enhanced active monitoring of liquidity position. There is no significant deterioration anticipated in the short-term given the current liquidity position.

##### 8.3.1. Liquidity risk management

The liquidity management process ensures that the Bank is able to honour all its commitments when they fall due. Liquidity risk is managed by the Bank's Executive Risk Management Committee, which formulates strategies for maintaining adequate exposure from deposit concentrations and also building core deposits.

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

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

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities and assets held for managing liquidity risks by remaining contractual maturities at the statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows.

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.3. Liquidity risk (...continued)

##### 8.3.1. Liquidity risk management (...continued)

|                                                           | Up to<br>one year<br>\$'000 | Between<br>1 – 5 Years<br>\$'000 | Over<br>5 years<br>\$'000 | Total<br>\$'000  |
|-----------------------------------------------------------|-----------------------------|----------------------------------|---------------------------|------------------|
| <b>At September 30, 2020</b>                              |                             |                                  |                           |                  |
| <b>Financial liabilities</b>                              |                             |                                  |                           |                  |
| Deposits from customers                                   | 1,151,381                   | 20                               | -                         | 1,151,401        |
| Trade and other payables                                  | 32,750                      | 4,331                            | -                         | 37,081           |
| <b>Total financial liabilities</b>                        | <b>1,184,131</b>            | <b>4,351</b>                     | <b>-</b>                  | <b>1,188,482</b> |
| <b>Assets held for managing liquidity</b>                 |                             |                                  |                           |                  |
| Cash and cash equivalents                                 | 248,662                     | -                                | -                         | 248,662          |
| Loans and advances to customers                           | 23,147                      | 80,291                           | 443,406                   | 546,844          |
| Investment securities                                     | 326,042                     | 36,036                           | 15,141                    | 377,219          |
| <b>Total financial assets held for managing liquidity</b> | <b>597,851</b>              | <b>116,327</b>                   | <b>458,547</b>            | <b>1,172,725</b> |
| <b>Net liquidity gap</b>                                  | <b>(586,280)</b>            | <b>111,976</b>                   | <b>458,547</b>            | <b>(15,757)</b>  |
| <b>At September 30, 2019</b>                              |                             |                                  |                           |                  |
| <b>Financial liabilities</b>                              |                             |                                  |                           |                  |
| Deposits from customers                                   | 1,053,531                   | 7,057                            | -                         | 1,060,588        |
| Trade and other payables                                  | 20,936                      | -                                | -                         | 20,936           |
| <b>Total financial liabilities</b>                        | <b>1,074,467</b>            | <b>7,057</b>                     | <b>-</b>                  | <b>1,081,524</b> |
| <b>Assets held for managing liquidity</b>                 |                             |                                  |                           |                  |
| Cash and cash equivalents                                 | 172,740                     | -                                | -                         | 172,740          |
| Investment securities                                     | 288,723                     | 51,549                           | 30,298                    | 370,570          |
| Loans and advances to customers                           | 46,468                      | 75,227                           | 388,065                   | 509,760          |
| <b>Total financial assets held for managing liquidity</b> | <b>507,931</b>              | <b>126,776</b>                   | <b>418,363</b>            | <b>1,053,070</b> |
| <b>Net liquidity gap</b>                                  | <b>(566,536)</b>            | <b>119,719</b>                   | <b>418,363</b>            | <b>(28,454)</b>  |

Off-statement of financial position items

#### a. Financial guarantees

Financial guarantees (Note 28) are also included below based on the earliest contractual maturity date.

#### b. Loan commitments and other related obligations

The dates of the contractual amounts of the Bank's off-statement of financial position financial instruments that commit it to extend credit to customers and other facilities (Note 28), are summarised in the table below.

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.3. Liquidity risk (...continued)

##### 8.3.1. Liquidity risk management (...continued)

|                                                | 2020<br>\$        | 2019<br>\$        |
|------------------------------------------------|-------------------|-------------------|
| Financial guarantees                           | 4,435,956         | 4,836,601         |
| Loan commitments and other related obligations | 20,770,668        | 22,789,443        |
| <b>Total</b>                                   | <b>25,206,624</b> | <b>27,626,044</b> |

#### 8.4. Fair value of financial assets and liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties, who are under no compulsion to act and is best evidenced by a quoted market price. If no quoted market prices exist, the fair values represented are estimates derived using present value or other valuation techniques indicative of net realizable value.

The fair values of cash resources, other assets and liabilities, cheques, and other items in transit and due to other banks are assumed to approximate their carrying values due to their short-term nature. Debt securities are carried at amortised cost in the absence of market value and are considered to reflect fair value. Equity investments are that unquoted and are carried at cost less impairment which is management's estimate of fair value. The fair value of offstatement of financial position commitments are also assumed to approximate the amounts disclosed in Note 28 due to their short-term nature.

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

##### a. Deposits from customers

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

##### b. Investment securities

Investment securities include interest bearing debt and equity securities. Debt securities are carried at amortised cost in the absence of market value and are considered to reflect fair value. Assets classified for sale are measured at fair value based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit maturity and yield characteristics.

##### c. Loans and advances to customers

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

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

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.4. Fair value of financial assets and liabilities (...continued)

|                                                                              | Carrying value       |                      | Fair value           |                      |
|------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                              | 2020<br>\$           | 2019<br>\$           | 2020<br>\$           | 2019<br>\$           |
| <b>Financial assets</b>                                                      |                      |                      |                      |                      |
| Cash and cash equivalents                                                    | 248,661,750          | 172,739,923          | 248,661,750          | 172,739,923          |
| Loans and advances to customers                                              | 546,843,528          | 509,759,716          | 546,843,528          | 509,759,716          |
| Investment securities:                                                       |                      |                      |                      |                      |
| - Unquoted debt securities                                                   | 106,864,862          | 126,636,291          | 106,864,862          | 126,636,291          |
| - Unquoted equity securities                                                 | 1,255,052            | 1,758,932            | 1,255,052            | 1,758,932            |
| - Quoted securities                                                          | 269,098,638          | 242,194,845          | 269,098,638          | 242,194,845          |
| Other assets and prepayments                                                 | 53,861,576           | 54,097,194           | 53,861,576           | 54,097,194           |
| <b>Total financial assets</b>                                                | <b>1,226,585,406</b> | <b>1,107,166,901</b> | <b>1,226,585,406</b> | <b>1,107,166,901</b> |
| <b>Financial liabilities</b>                                                 |                      |                      |                      |                      |
| Deposits from customers                                                      | 1,151,401,091        | 1,060,587,895        | 1,151,401,091        | 1,060,587,895        |
| Trade and other payables                                                     | 36,782,670           | 20,935,853           | 36,782,670           | 20,935,853           |
| <b>Total financial liabilities</b>                                           | <b>1,188,183,761</b> | <b>1,081,523,748</b> | <b>1,188,183,761</b> | <b>1,081,523,748</b> |
| Off-statement of financial position instruments                              |                      |                      |                      |                      |
| Loan commitments, letters of credit, guarantees and other credit obligations | 25,206,624           | 27,626,044           | 25,206,624           | 27,626,044           |
|                                                                              | 25,206,624           | 27,626,044           | 25,206,624           | 27,626,044           |

#### 8.5. Financial instruments measured at fair value - Fair value hierarchy

|                                                   | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$ |
|---------------------------------------------------|---------------|---------------|---------------|-------------|
| <b>September 30, 2020</b>                         |               |               |               |             |
| <b>Assets measured at fair value through OCI:</b> |               |               |               |             |
| - debt securities                                 | 188,970,330   | -             | 20,645,126    | 209,615,456 |
| - equity securities                               | 42,081,097    | -             | 1,255,052     | 43,336,149  |
| Total                                             | 231,051,427   | -             | 21,900,178    | 252,951,605 |
| <b>September 30, 2019</b>                         |               |               |               |             |
| <b>Assets measured at fair value through OCI:</b> |               |               |               |             |
| - debt securities                                 | 158,196,943   | -             | 37,453,752    | 195,650,695 |
| - equity securities                               | 47,072,429    | -             | 1,758,932     | 48,831,361  |
| Total                                             | 205,269,372   | -             | 39,212,684    | 244,482,056 |



## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.5. Financial instruments measured at fair value - Fair value hierarchy (...continued)

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

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

#### 8.6. Capital management

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

- To comply with the capital requirements set by the Eastern Caribbean Central Bank;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

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

The ECCB requires each bank or banking group to: (a) hold the minimum level of regulatory capital of \$20,000,000 and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the "Capital Adequacy Ratio") at or above the minimum indicated in the prudential guidelines of 8%.

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

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

The risk-weighted assets are measured by means of a hierarchy of five (5) risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

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

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.6. Capital management (...continued)

|                                                | 2020<br>\$         | 2019<br>\$         |
|------------------------------------------------|--------------------|--------------------|
| <b>Tier 1 capital:</b>                         |                    |                    |
| Paid up ordinary share capital                 | 24,871,739         | 24,871,739         |
| Statutory reserves                             | 16,827,554         | 14,901,764         |
| General reserves                               | 1,514,799          | 1,274,075          |
| Retained earnings                              | 28,345,999         | 22,555,561         |
| <b>Total tier 1 capital</b>                    | <b>71,560,091</b>  | <b>63,603,139</b>  |
| <b>Tier 2 capital:</b>                         |                    |                    |
| Fixed assets revaluation reserves <sup>1</sup> | 14,097,494         | 12,720,628         |
| General provisions                             | -                  | -                  |
| Regulatory capital reserves                    | -                  | -                  |
| <b>Total tier 2 capital</b>                    | <b>14,097,494</b>  | <b>12,720,628</b>  |
| <b>Total qualifying capital</b>                | <b>85,657,585</b>  | <b>76,323,767</b>  |
| <b>Risk weighted assets:</b>                   |                    |                    |
| On statement of financial position             | 766,297,189        | 766,638,191        |
| <b>Total risk – weighted assets</b>            | <b>766,297,189</b> | <b>766,638,191</b> |
| <b>Capital adequacy ratio</b>                  | <b>11%</b>         | <b>10%</b>         |

The capital adequacy ratio is calculated as total qualifying capital divided by total riskweighted assets.

#### 8.7. Operational risk

Operational risk is the risk of direct or indirect loss in both financial and non-financial terms arising from a wide variety of causes associated with the Bank's processes, personnel, technology, and infrastructure. It may also arise from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations and are faced by all departments.

Managing operational risk in the Bank is seen as an integral part of day-to-day operations and management, which includes explicit consideration of both the opportunities and the risks of all business activities. The Bank's objective is to manage operational risk so as to balance an avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the management team of each department. This responsibility is supported by bank-wide corporate policies which describe the standard of conduct required of staff and specific internal control systems designed around the particular characteristics of various Bank activities.

<sup>1</sup> Amounts noted for fixed assets revaluation reserve should not exceed 20% of total qualifying tier1 capital.

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 8. FINANCIAL RISK MANAGEMENT (...continued)

#### 8.7. Operational risk (...continued)

Compliance with corporate policies and departmental control systems are managed by:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of the controls and procedures to assess the risks identified;
- Development and periodic testing of contingency plans;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation, including insurance where it is effective;
- A structured induction program for new employees.

Compliance with the Bank's standards is supported by a programme of periodic reviews undertaken by the Internal Audit Department. The results of the internal audit reviews are discussed with the management of the department to which they relate, and summaries are submitted to the Board Audit Committee and Executive Risk Management Committee of the Bank.

### 9. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### *a. Going concern*

The Bank's management is satisfied that it has the resources to continue in business for the foreseeable future. The Bank's management is not aware of any material uncertainties that may cast significant doubt upon its ability to continue as a going concern.

#### *b. Fair value of investments*

The Bank determines that investment securities held for trading are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

#### *c. Expected credit losses on loans and advances*

The Bank reviews its loan portfolio to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in the statement of profit or loss, the Bank makes judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that 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. Guidelines issued by the Eastern Caribbean Central Bank on methodology and

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 9. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (...continued)

#### c. *Expected credit losses on loans and advances (...continued)*

assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

#### d. *Income taxes/Deferred taxes*

Estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### e. *Revaluation of land and buildings*

The Bank utilises professional valuers to determine the fair value of its properties. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumptions chosen.

### 10. CASH AND CASH EQUIVALENTS

|                                          | 2020<br>\$         | 2019<br>\$         |
|------------------------------------------|--------------------|--------------------|
| Cash on hand                             | 23,937,987         | 23,097,251         |
| Amounts due from banks                   | 88,849,340         | 75,315,319         |
|                                          | 112,787,327        | 98,412,570         |
| Due from ECCB                            | 122,157,608        | 61,821,280         |
| ECCB ACH collateral                      | 11,000,000         | 11,000,000         |
| Deposits pledged with other institutions | 2,716,815          | 1,506,073          |
| <b>Total</b>                             | <b>248,661,750</b> | <b>172,739,923</b> |

#### *Reserve deposit*

Statutory reserve deposits with the ECCB represent the Bank's regulatory requirement to maintain a minimum percentage of 6% on deposits liabilities as cash in vault and or deposits with the ECCB in accordance with Article 33 of the ECCB Agreement of 1983. As at balance sheet date, the minimum reserves requirement was \$69,084K (2019: \$63,635K).

#### *Deposits pledged with other institutions*

Deposits pledged with other institutions are non-interest bearing and represent cash placed as security to facilitate the Bank's card services, and are excluded from cash resources to arrive at cash and cash equivalents.

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 11. LOANS AND ADVANCES TO CUSTOMERS

|                                               | 2020<br>\$      | 2019<br>\$      |
|-----------------------------------------------|-----------------|-----------------|
| Mortgages                                     | 495,539,084     | 465,116,052     |
| Demand loans                                  | 25,131,326      | 23,709,092      |
| Overdrafts                                    | 24,983,788      | 23,107,380      |
|                                               | 545,654,198     | 511,932,524     |
| Interest receivable                           | 7,358,753       | 3,067,999       |
|                                               | 553,012,951     | 515,000,523     |
| Less: allowance for expected loss (Note 11.2) | (6,169,423)     | (5,240,807)     |
|                                               | 546,843,528     | 509,759,716     |
|                                               | 2020<br>\$000's | 2019<br>\$000's |
| Due within one year                           | 23,147          | 46,468          |
| Due after one year                            | 522,507         | 465,465         |
|                                               | <b>545,654</b>  | <b>511,933</b>  |

The effective interest yield during the year on loans and advances: 6.64% (2019: 6.97%).

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 11. LOANS AND ADVANCES TO CUSTOMERS (...continued)

#### 11.1. Sectoral analysis

|                                                                 | 2020<br>\$000's | 2020<br>% | 2019<br>\$000's | 2019<br>% |
|-----------------------------------------------------------------|-----------------|-----------|-----------------|-----------|
| Agriculture                                                     | 6,044           | 1.11      | 6,292           | 1.23      |
| Fisheries                                                       | 1,012           | 0.18      | 675             | 0.13      |
| Manufacturing                                                   | 14,557          | 2.67      | 15,608          | 3.05      |
| Utilities (electricity, water, telephone & media)               | 1,021           | 0.19      | 1,134           | 0.22      |
| Construction and land development                               | 7,952           | 1.46      | 14,482          | 2.83      |
| Distributive trades                                             | 27,175          | 4.98      | 27,192          | 5.31      |
| Tourism                                                         | 55,822          | 10.23     | 54,301          | 10.61     |
| Entertainment and catering                                      | 7,888           | 1.45      | 3,970           | 0.78      |
| Transportation and storage                                      | 11,458          | 2.10      | 11,058          | 2.16      |
| Financial institutions                                          | 6,769           | 1.24      | 417             | 0.08      |
| Professional and other services                                 | 65,415          | 11.99     | 47,966          | 9.37      |
| Public administration                                           | 39,426          | 7.22      | 43,531          | 8.50      |
| Personal                                                        | 301,115         | 55.18     | 285,307         | 55.73     |
|                                                                 | 545,654         | 100.00    | 511,933         | 100.00    |
| Add: interest receivable, net                                   | 7,359           |           | 3,068           |           |
| Less: allowance for impaired loans and advances<br>(Note 8.1.2) | (6,169)         |           | (5,241)         |           |
|                                                                 | 546,844         |           | 509,760         |           |

#### 11.2. Loans and advances impairment analysis

Movement in allowance for loan losses is as follows: -

|                                                   | 2020<br>\$       | 2019<br>\$       |
|---------------------------------------------------|------------------|------------------|
| Balance beginning of year under IAS 39            | 5,240,807        | 3,730,198        |
| Increase to opening balance as a result of IFRS 9 | -                | 1,053,408        |
| Balance beginning of year under IFRS 9            | 5,240,807        | 4,783,606        |
| Bad debts written-off                             | (2,021,241)      | (3,885,858)      |
| Increase in allowance                             | 2,949,857        | 4,343,059        |
| Balance end of year                               | <b>6,169,423</b> | <b>5,240,807</b> |



## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 11. LOANS AND ADVANCES TO CUSTOMERS (...continued)

#### 11.2. Loans and advances impairment analysis (...continued)

The following is a sectoral analysis of the composition of the allowance for loan losses:

|                                                   | 2020<br>\$ | 2020<br>% | 2019<br>\$000's | 2019<br>% |
|---------------------------------------------------|------------|-----------|-----------------|-----------|
| Agriculture                                       | 77,510     | 1.26      | 141,308         | 2.70      |
| Fisheries                                         | 48,369     | 0.78      | 43,253          | 0.83      |
| Manufacturing                                     | 276,696    | 4.48      | 455,862         | 8.70      |
| Utilities (electricity, water, telephone & media) | 23,988     | 0.39      | 22,965          | 0.44      |
| Construction and land development                 | 71,702     | 1.16      | 139,933         | 2.67      |
| Distributive trades                               | 1,166,310  | 18.90     | 882,790         | 16.84     |
| Tourism                                           | 2,415,042  | 39.15     | 945,190         | 18.04     |
| Entertainment and catering                        | 231,441    | 3.75      | 170,738         | 3.26      |
| Transportation and storage                        | 195,314    | 3.17      | 194,319         | 3.71      |
| Financial institutions                            | 60,233     | 0.98      | 8,013           | 0.15      |
| Professional and other services                   | 1,032,561  | 16.74     | 1,084,957       | 20.70     |
| Public administration                             | 7,951      | 0.13      | 7,216           | 0.14      |
| Personal                                          | 562,306    | 9.11      | 1,144,263       | 21.82     |
|                                                   | 6,169,423  | 100.00    | 5,240,807       | 100.00    |

### 12. INVESTMENT SECURITIES

The Bank holds the following financial instruments: -

|                              | Instruments at<br>amortized cost<br>\$ | Fair value<br>through OCI<br>\$ | Total<br>\$ |
|------------------------------|----------------------------------------|---------------------------------|-------------|
| <b>At September 30, 2020</b> |                                        |                                 |             |
| Quoted equity securities     | -                                      | 42,081,097                      | 42,081,097  |
| Unquoted equity securities   | -                                      | 1,255,052                       | 1,255,052   |
| Government debt securities   | 52,204,112                             | -                               | 52,204,112  |
| Other debt securities        |                                        |                                 |             |
| Financial institutions       | 61,251,980                             | 209,615,456                     | 270,867,436 |
| Nonfinancial institutions    | 12,074,244                             | -                               | 12,074,244  |
|                              | 125,530,336                            | 252,951,605                     | 378,481,941 |
| Interest receivable          | 367,207                                | 626,480                         | 993,687     |
| Expected credit loss         | (1,660,057)                            | (597,019)                       | (2,257,076) |
|                              | 124,237,486                            | 252,981,066                     | 377,218,552 |

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 12. INVESTMENT SECURITIES (...continued)

|                              | Instruments at<br>amortized cost<br>\$ | Fair value<br>through OCI<br>\$ | Total<br>\$ |
|------------------------------|----------------------------------------|---------------------------------|-------------|
| <b>At September 30, 2019</b> |                                        |                                 |             |
| Quoted equity securities     | -                                      | 47,072,429                      | 47,072,429  |
| Unquoted equity securities   | -                                      | 1,758,932                       | 1,758,932   |
| Government debt securities   | 49,330,352                             | -                               | 49,330,352  |
| Other debt securities        |                                        |                                 |             |
| Financial institutions       | 65,211,669                             | 195,650,695                     | 260,862,364 |
| Nonfinancial institutions    | 12,200,000                             | -                               | 12,200,000  |
|                              | 126,742,021                            | 244,482,056                     | 371,224,077 |
| Interest receivable          | 373,065                                | 242,197                         | 615,262     |
| Expected credit loss         | (868,849)                              | (400,422)                       | (1,269,271) |
|                              | 126,246,237                            | 244,323,831                     | 370,570,068 |

The weighted average effective interest rate on investment securities at 30 September 2020 was 3.07% (2019 – 2.79%).

#### 12.1. Investments subject to impairment assessment

|                         | 2020<br>\$         | 2019<br>\$         |
|-------------------------|--------------------|--------------------|
| Exposure at default     | 379,475,628        | 371,839,339        |
| ECL                     | (2,257,076)        | (1,269,271)        |
| Net exposure at default | <b>377,218,552</b> | <b>370,570,068</b> |

#### 12.2. Expected credit loss allowance

|                                          |                  |                  |
|------------------------------------------|------------------|------------------|
| Stage 1 – 12 months ECL - performing     | 2,257,076        | 1,269,271        |
| Stage 2 – Lifetime ECL – performing      | -                | -                |
| Stage 3 – Lifetime ECL – credit impaired | -                | -                |
|                                          | <b>2,257,076</b> | <b>1,269,271</b> |

#### 12.3. Expected credit loss allowance

|                                                  |                  |                  |
|--------------------------------------------------|------------------|------------------|
| ECL Allowance as at October 1, 2019 under IFRS 9 | 1,269,271        | 725,386          |
| Increase in ECL                                  | 1,437,804        | 543,885          |
| Write off                                        | (449,999)        | -                |
| ECL Allowance as at September 30, 2020           | <b>2,257,076</b> | <b>1,269,271</b> |

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 12. INVESTMENT SECURITIES (...continued)

#### 12.4. Net movement in fair value reserve

|                                            | 2020<br>\$       | 2019<br>\$       |
|--------------------------------------------|------------------|------------------|
| Unrealized gains on investment instruments | 6,327,550        | 1,026,566        |
| Realized gains on equity instruments       | 2,511,498        | 130,385          |
|                                            | <b>8,839,048</b> | <b>1,156,951</b> |

### 13. OTHER ASSETS AND PREPAYMENTS

|                                     |                   |                   |
|-------------------------------------|-------------------|-------------------|
| Accounts receivable and prepayments | <b>53,861,576</b> | <b>54,097,194</b> |
|-------------------------------------|-------------------|-------------------|

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 14. PROPERTY AND EQUIPMENT

|                                      | Freehold<br>land<br>& buildings<br>\$ | Right-of<br>-use<br>\$ | Leasehold<br>improve-<br>ments<br>\$ | Furniture<br>&<br>equipment<br>\$ | Computer<br>equipment<br>\$ | Motor<br>vehicles<br>\$ | Work-in-<br>progress<br>\$ | Total<br>\$       |
|--------------------------------------|---------------------------------------|------------------------|--------------------------------------|-----------------------------------|-----------------------------|-------------------------|----------------------------|-------------------|
| <b>Cost or valuation</b>             |                                       |                        |                                      |                                   |                             |                         |                            |                   |
| Balance at October 1, 2018           | 44,178,284                            |                        | 5,904,998                            | 10,407,133                        | 12,187,122                  | 713,275                 | 201,714                    | 73,592,526        |
| Additions                            |                                       |                        | 468,605                              | 674,983                           | 1,065,179                   | 136,000                 | 1,757,578                  | 4,102,345         |
| Disposals                            |                                       |                        |                                      | (51,988)                          |                             | (76,657)                | -                          | (128,645)         |
| Revaluation                          |                                       |                        | 903,226                              |                                   |                             |                         | (903,226)                  | -                 |
| <b>Balance at September 30, 2019</b> | <b>44,178,284</b>                     |                        | <b>7,276,829</b>                     | <b>11,030,128</b>                 | <b>13,252,301</b>           | <b>772,618</b>          | <b>1,056,066</b>           | <b>77,566,226</b> |
| Balance at October 1, 2019           | 44,178,284                            |                        | 7,276,829                            | 11,030,128                        | 13,252,301                  | 772,618                 | 1,056,066                  | 77,566,226        |
| Additions                            | 50,331                                | 6,235,062              | 183,071                              | 430,808                           | 882,862                     |                         | -                          | 7,782,134         |
| Disposals                            | -                                     |                        |                                      | (9,836)                           |                             | (94,411)                | -                          | (104,247)         |
| Transfers                            | 923,386                               |                        |                                      |                                   |                             |                         | (923,386)                  | -                 |
| <b>Balance at September 30, 2020</b> | <b>45,152,001</b>                     | <b>6,235,062</b>       | <b>7,459,900</b>                     | <b>11,451,100</b>                 | <b>14,135,163</b>           | <b>678,207</b>          | <b>132,680</b>             | <b>85,244,113</b> |
| <b>Accumulated depreciation</b>      |                                       |                        |                                      |                                   |                             |                         |                            |                   |
| Balance at October 1, 2018           | 1,240,031                             |                        | 789,963                              | 6,121,366                         | 9,903,773                   | 358,303                 | -                          | 18,413,436        |
| Charge for the year                  | 992,025                               |                        | 304,729                              | 800,318                           | 824,374                     | 117,002                 | -                          | 3,038,448         |
| Disposal                             | -                                     |                        |                                      | (47,277)                          | (52)                        | (76,658)                | -                          | (123,987)         |
| <b>Balance at September 30, 2019</b> | <b>2,232,056</b>                      |                        | <b>1,094,692</b>                     | <b>6,874,407</b>                  | <b>10,728,095</b>           | <b>398,647</b>          | <b>-</b>                   | <b>21,327,897</b> |
| Balance at October 1, 2019           | 2,232,056                             |                        | 1,094,692                            | 6,874,407                         | 10,728,095                  | 398,647                 | -                          | 21,327,897        |
| Charge for the year                  | 1,008,254                             | 955,113                | 372,995                              | 797,153                           | 700,823                     | 135,641                 | -                          | 3,969,979         |
| Disposal                             | -                                     |                        |                                      | (9,833)                           |                             | (94,410)                | -                          | (104,243)         |
| <b>Balance at September 30, 2020</b> | <b>3,240,310</b>                      | <b>955,113</b>         | <b>1,467,687</b>                     | <b>7,661,727</b>                  | <b>11,428,918</b>           | <b>439,878</b>          | <b>-</b>                   | <b>25,193,633</b> |
| <b>Carrying amounts</b>              |                                       |                        |                                      |                                   |                             |                         |                            |                   |
| Balance at October 1, 2018           | 42,938,253                            |                        | 5,115,035                            | 4,285,767                         | 2,283,349                   | 354,972                 | 201,714                    | 55,179,090        |
| Balance at September 30, 2019        | 41,946,228                            |                        | 6,182,137                            | 4,155,721                         | 2,524,206                   | 373,971                 | 1,056,066                  | 56,238,329        |
| <b>Balance at September 30, 2020</b> | <b>41,911,691</b>                     | <b>5,279,949</b>       | <b>5,992,213</b>                     | <b>3,789,373</b>                  | <b>2,706,245</b>            | <b>238,329</b>          | <b>132,680</b>             | <b>60,050,480</b> |

The Bank's properties were revalued on an open market basis on May 4, 2017 by Barry's Engineering Company Limited, an independent valuator.

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 15. DEFERRED TAX ASSET

Deferred income taxes are calculated in full on temporary differences, under the liability method using the statutory tax rate of 28% (2019: 28%), which is expected to be in force in the upcoming financial year.

As of reporting date, deferred tax asset comprises of temporary differences attributable to:

|                                         | 2020<br>\$    | 2019<br>\$    |
|-----------------------------------------|---------------|---------------|
| Taxed provisions                        | 603,178       | 603,178       |
| Temporary differences on capital assets | (508,064)     | (573,483)     |
|                                         | <b>95,114</b> | <b>29,695</b> |

This balance includes the following:

|                                                              |               |               |
|--------------------------------------------------------------|---------------|---------------|
| Deferred tax asset to be recovered after more than 12 months | <b>95,114</b> | <b>29,695</b> |
|--------------------------------------------------------------|---------------|---------------|

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

|                                    |               |               |
|------------------------------------|---------------|---------------|
| Balance at beginning of year       | 29,695        | 66,230        |
| Income statement release (Note 26) | 65,419        | (36,535)      |
| Balance at end of year             | <b>95,114</b> | <b>29,695</b> |

### 16. DEPOSITS FROM CUSTOMERS

|                   |                      |                      |
|-------------------|----------------------|----------------------|
| Savings           | 430,856,274          | 402,815,304          |
| Fixed deposit     | 112,671,462          | 148,192,835          |
| Treasure chest    | 51,447,603           | 48,536,468           |
| Chequing accounts | 72,469,818           | 65,118,468           |
| Current accounts  | 483,635,526          | 395,506,833          |
|                   | 1,151,080,683        | 1,060,169,908        |
| Interest payable  | 320,408              | 417,987              |
|                   | <b>1,151,401,091</b> | <b>1,060,587,895</b> |

The weighted average effective interest rate of deposits from customers at September 30, 2020 was 0.70% (2019: 0.79%).

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 17. TRADE AND OTHER LIABILITIES

|                          | 2020<br>\$        | 2019<br>\$        |
|--------------------------|-------------------|-------------------|
| Trade and other payables | 31,777,505        | 20,935,853        |
| Lease Liabilities        | 5,303,270         | -                 |
|                          | <b>37,080,775</b> | <b>20,935,853</b> |

#### 17.1. Lease liabilities

|                    |                  |   |
|--------------------|------------------|---|
| As of October 1    | -                | - |
| Additions          | 6,235,062        | - |
| Interest expense   | 40,764           | - |
| Lease payments     | (972,556)        | - |
| As of September 30 | <b>5,303,270</b> | - |

### 18. a. Stated capital

|                                                    |                   |                   |
|----------------------------------------------------|-------------------|-------------------|
| <b>Authorised capital</b>                          |                   |                   |
| Unlimited ordinary voting shares with no par value | Unlimited         | Unlimited         |
| <b>Issued capital</b>                              |                   |                   |
| 7,600,000 ordinary voting shares with no par value | 24,871,739        | 24,871,739        |
|                                                    | <b>24,871,739</b> | <b>24,871,739</b> |

#### b. Dividend

The following dividends were recognised as distributions to owners during the year:

|                                                             |                  |                  |
|-------------------------------------------------------------|------------------|------------------|
| Ordinary shares: dividend per shares: \$0.22 (2019: \$0.17) | <b>1,672,000</b> | <b>1,292,000</b> |
|-------------------------------------------------------------|------------------|------------------|

After reporting date, the following dividends were proposed by the Board of Directors. The dividends have not been recognised as liabilities and there are no tax consequences.

|                                                             |                  |                  |
|-------------------------------------------------------------|------------------|------------------|
| Ordinary shares: dividend per shares: \$0.15 (2019: \$0.22) | <b>1,140,000</b> | <b>1,672,000</b> |
|-------------------------------------------------------------|------------------|------------------|



## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 19. STATUTORY RESERVE

| Movement in statutory reserve         | 2020<br>\$        | 2019<br>\$        |
|---------------------------------------|-------------------|-------------------|
| Statutory reserve – beginning of year | 14,901,764        | 12,967,702        |
| Amount appropriated in current year   | 1,925,790         | 1,934,062         |
| Statutory reserve – end of year       | <b>16,827,554</b> | <b>14,901,764</b> |

The Banking Act of 2015 under Sub-section 45 (1) requires that a minimum of 20% of net after tax profits in each year be transferred to a Statutory Reserve Fund until the balance of this fund is equal to the issued Share Capital. The reserve is not available for distribution as dividends or any form of appropriation.

### 20. ACCUMULATED OTHER COMPREHENSIVE INCOME

|                                                          | Property<br>revaluation<br>surplus<br>\$ | Net Unrealized<br>gains/losses<br>\$ | Total<br>\$       |
|----------------------------------------------------------|------------------------------------------|--------------------------------------|-------------------|
| <b>Balance at October 1, 2018</b>                        | 14,097,494                               | 2,538,120                            | 16,635,614        |
| Increase in fair value investment securities, net of tax | -                                        | 1,156,951                            | 1,156,951         |
| Balance at September 30, 2019                            | 14,097,494                               | 3,695,071                            | 17,792,565        |
| Increase in fair value investment securities, net of tax | -                                        | 8,839,048                            | 8,839,048         |
| <b>Balance at September 30, 2020</b>                     | <b>14,097,494</b>                        | <b>12,534,119</b>                    | <b>26,631,613</b> |

### 21. OTHER RESERVES

During the year, the Bank appropriated \$240,724 (2019: \$241,758) to other reserves. The following summarises the movement on other reserves.

|                                      | Regulatory<br>Loss<br>Reserves<br>\$ | Other<br>General<br>Reserves<br>\$ | Total<br>\$      |
|--------------------------------------|--------------------------------------|------------------------------------|------------------|
| <b>Balance at October 1, 2018</b>    | -                                    | 1,032,317                          | 1,032,317        |
| Transfer to general reserves         | -                                    | 241,758                            | 241,758          |
| Balance at September 30, 2019        | -                                    | 1,274,075                          | 1,274,075        |
| Transfer to general reserves         | -                                    | 240,724                            | 240,724          |
| <b>Balance at September 30, 2020</b> | <b>-</b>                             | <b>1,514,799</b>                   | <b>1,514,799</b> |

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 22. INTEREST INCOME

|                                             | 2020<br>\$        | 2019<br>\$        |
|---------------------------------------------|-------------------|-------------------|
| Income from loans and advances to customers | 35,087,827        | 35,200,046        |
| Income from deposits with other banks       | 158,849           | 144,905           |
|                                             | <b>35,246,676</b> | <b>35,344,951</b> |

### 23. INTEREST EXPENSE

|                     |                  |                  |
|---------------------|------------------|------------------|
| Saving deposits     | 7,161,050        | 6,744,046        |
| Other time deposits | 525,512          | 1,126,283        |
| Chequing accounts   | 3,218            | 1,371            |
| Other               | -                | 45,946           |
|                     | <b>7,689,780</b> | <b>7,917,646</b> |

### 24. OTHER OPERATING INCOME

|                               |                   |                   |
|-------------------------------|-------------------|-------------------|
| Commissions and fees          | 16,593,138        | 17,029,413        |
| Miscellaneous                 | 3,344,797         | 2,482,638         |
| Investment income (Note 24.1) | 10,411,623        | 10,428,207        |
|                               | <b>30,349,558</b> | <b>29,940,258</b> |

#### 24.1. Investment income

|                                      |                   |                   |
|--------------------------------------|-------------------|-------------------|
| Interest income                      | 8,647,509         | 8,596,435         |
| Dividend income                      | 439,406           | 887,476           |
| Gains realised on sale of securities | 1,324,708         | 944,296           |
|                                      | <b>10,411,623</b> | <b>10,428,207</b> |

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 25. OPERATING EXPENSES

The following summarises operating expenses by nature:

|                           | 2020<br>\$               | 2019<br>\$               |
|---------------------------|--------------------------|--------------------------|
| Staff Costs               |                          |                          |
| Wages, salaries and NIS   | 17,628,110               | 15,366,656               |
| Other staff costs         | 1,253,300                | 1,320,650                |
|                           | <u>18,881,410</u>        | <u>16,687,306</u>        |
| Other operating expenses  | 11,302,869               | 11,989,602               |
| Depreciation              | 3,969,979                | 3,038,448                |
| Operating lease rentals   | 114,383                  | 852,939                  |
| Advertising and promotion | 1,546,060                | 1,839,629                |
| Directors' fee            | 368,036                  | 330,855                  |
| Professional fees         | 1,175,878                | 1,489,446                |
| Utilities                 | 1,560,884                | 1,781,695                |
| Repairs and maintenance   | 1,453,314                | 1,151,693                |
|                           | <u><b>40,372,813</b></u> | <u><b>39,161,613</b></u> |

As of reporting date, the Bank's staff complement included 202 (2019: 199) full time employees.

### 26. INCOME TAX EXPENSE

|                        |                         |                         |
|------------------------|-------------------------|-------------------------|
| Current tax            | 3,582,447               | 3,612,159               |
| Deferred tax (Note 15) | (65,419)                | 36,535                  |
|                        | <u><b>3,517,028</b></u> | <u><b>3,648,694</b></u> |

Deferred tax release for the year comprises: -

|                                         |                        |                      |
|-----------------------------------------|------------------------|----------------------|
| Temporary differences on capital assets | <u><b>(65,419)</b></u> | <u><b>36,535</b></u> |
|-----------------------------------------|------------------------|----------------------|

The income tax charge differs from the amount computed by applying the tax statutes income tax rate, 28% (2019: 28%), to earnings before tax. The differences in the effective rate of tax are accounted as follows: -

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 26. INCOME TAX EXPENSE (...continued)

|                                                           | 2020<br>%    | 2020<br>\$       | 2019<br>%    | 2019<br>\$       |
|-----------------------------------------------------------|--------------|------------------|--------------|------------------|
| Profit before income tax                                  |              | 13,145,980       |              | 13,319,006       |
| Tax Calculated at the statutory rate 28%                  | 28.00        | 3,680,874        | 28.00        | 3,729,322        |
| Income not subject to taxation                            | (6.33)       | (832,018)        | (3.66)       | (487,471)        |
| Expenses not deductible for tax purposes                  | 0.11         | 13,990           | 0.58         | 76,914           |
| Depreciation on items not eligible for Capital allowances | 4.98         | 654,182          | 2.48         | 329,929          |
| Total                                                     | <b>26.75</b> | <b>3,517,028</b> | <b>27.39</b> | <b>3,648,694</b> |

### 27. EARNINGS PER SHARE

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

|                                                     | 2020<br>\$  | 2019<br>\$  |
|-----------------------------------------------------|-------------|-------------|
| Profit attributable to ordinary shareholders        | 9,628,952   | 9,670,312   |
| Weighted average number of ordinary shares in issue | 7,600,000   | 7,600,000   |
|                                                     | <b>1.27</b> | <b>1.27</b> |

The Bank has no ordinary shares issued and outstanding which potentially would give rise to a dilution of the basic earnings per share. Therefore, diluted earnings per share would be the same as basic earnings per share.

### 28. CONTINGENCIES AND COMMITMENTS

#### a. Legal proceedings

As of reporting date, there were six (6) legal proceedings outstanding against the Bank. Counsel has advised that it is unlikely that ruling will go against the Bank. As a result, no provision for damages is made as of reporting date. If, however, on final resolution of the matters, rulings goes against the Bank, any damages resulting there from will be charged to profit or loss at that time.

#### b. Undrawn loan commitments, guarantees and other financial facilities

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

|                                          |                   |                   |
|------------------------------------------|-------------------|-------------------|
| Undrawn loan commitments                 | 20,770,668        | 22,789,443        |
| Guarantees and standby letters of credit | 4,436,456         | 4,836,601         |
|                                          | <b>25,207,124</b> | <b>27,626,044</b> |

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 28. CONTINGENCIES AND COMMITMENTS (...continued)

#### c. Leasehold commitments

As of reporting date, the Bank was committed to annual leasehold payments as follows:

|              | 2020<br>\$       | 2019<br>\$       |
|--------------|------------------|------------------|
| Under 1 year | 972,556          | 1,014,077        |
| 1 to 5 years | 4,466,873        | 4,055,308        |
|              | <b>5,493,429</b> | <b>5,069,385</b> |

### 29. PENSION SCHEME

The Bank maintains a Defined Contribution Pension Plan into which the employer contributes 6.5% and employee contributes 5% of gross salary. The Bank's contribution to the Plan in 2020 was \$1,108,883 (2019: \$651,563).

### 30. RELATED PARTY TRANSACTIONS

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

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

|                                                                                  |           |           |
|----------------------------------------------------------------------------------|-----------|-----------|
| <b>Loans and advances</b>                                                        |           |           |
| Directors and key management personnel (and their families)                      | 6,235,132 | 5,326,253 |
| <b>Deposits and other liabilities</b>                                            |           |           |
| Directors and key management personnel (and their families)                      | 8,211,888 | 9,126,554 |
| <b>Interest income</b>                                                           |           |           |
| Directors and key management personnel (and their families)                      | 206,195   | 175,763   |
| <b>Interest expenses</b>                                                         |           |           |
| Directors and key management personnel (and their families)                      | 127,918   | 111,960   |
| No provisions have been recognised in respect to loans given to related parties. |           |           |
| <b>Key management compensation</b>                                               |           |           |
| Salaries and other short-term employee benefits                                  | 2,624,098 | 2,283,678 |
| Directors' fees and expenses                                                     | 368,036   | 330,855   |

### 31. EFFECT CHANGE IN ACCOUNTING POLICY

The Bank has adopted IFRS 16 Leases retrospectively from 1 October 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 October 2019. The new accounting policies are disclosed in note 5(n).

## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 31. EFFECT CHANGE IN ACCOUNTING POLICY (...continued)

On adoption of IFRS 16, the Bank recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 October 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 October 2019 was 0.65%.

#### i) Practical expedients applied

In applying IFRS 16 for the first time, the Bank has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 October 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 October 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Bank has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Bank relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

#### ii) Measurement of lease liabilities

|                                                                  | \$        |
|------------------------------------------------------------------|-----------|
| Operating lease commitments as at 30 September 2019              | 6,411,986 |
| Weighted average incremental borrowing rate as at 1 October 2019 | 0.65%     |
| Discounted operating lease commitments as at 1 October 2019      | 6,235,062 |
| Lease liability recognised as at 1 October 2019                  | 6,235,062 |

#### iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 September 2019.

#### iv) Adjustments recognised in the balance sheet on 1 October 2019

The change in accounting policy affected the following items in the balance sheet on 1 October 2019:

- right-of-use assets – increase by \$6,235,062
- lease liabilities – increase by \$6,235,062.

#### v) Lessor accounting

The Company did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.



## Notes to the Financial Statements

For the year ended September 30, 2020 (...continued)

### 32. EVENTS AFTER THE REPORTING DATE

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic. The global impact of the outbreak has been rapidly evolving and resulted in many countries instituting quarantines and restrictions on travel and limiting hours of operations for non-essential offices. Such actions have resulted in disruption in global supply chains and is adversely impacting a number of industries in which the Bank's stakeholders operate. This situation has presented material uncertainty and risk if the global response to contain COVID-19 escalates.

The extent of COVID-19's effect on the Bank's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. Nevertheless, the Bank could experience adverse effect on its business, financial condition, results of operations and cash flows, which may be due to negative impacts to reduced transaction volumes and customer activity, customers and investees inability to fulfill their financial commitments, fluctuation in values of its investment portfolio, changes in law and/or regulation, and uncertainty regarding government and regulatory policy. The Bank is currently unable to reasonably estimate and project the overall impact of COVID-19 on its business and financial results.

The Bank has adjusted its recorded amounts for the following assets and liabilities to reflect the known and direct impacts of COVID-19 at its year ended September 30, 2020:

- i) Loan and advances. The expected credit loss has increased by \$928,616. Adjustments were made to the forward-looking assumptions and probability of default, utilizing negative outlook due to impact of COVID-19.
- ii) Investments securities. The expected credit loss has increased by \$987,805, with the increase mostly on investments measured at amortised cost. The expected credit loss has been calculated with due regard to the forecast negative outlook due to impact of COVID-19.

# Grenada Co-operative Bank Limited

## Offices

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Head Office:</b><br/>No. 8 Church Street<br/>St. George<br/>P.O. Box 135<br/>Tel: (473) 440-2111/444-2667<br/>Fax: (473) 440-6600<br/>Website: www.grenadaco-opbank.com<br/>E-mail: info@grenadaco-opbank.com</p> | <p>Managing Director<br/>Chief Operating Officer<br/>Executive Manager, Business Banking (Ag.)<br/>Executive Manager, Corporate Secretary/ Legal &amp; Compliance<br/>Chief Audit Executive<br/>Executive Manager, Operations &amp; Administration<br/>Executive Manager on Rotation (Human Resources)<br/>Executive Manager on Rotation (Finance)<br/>Executive Manager, Risk<br/><br/>Executive Manager, Finance (Ag.)<br/>Executive Manager, Human Resources<br/>Executive Manager, Retail Banking (Ag.)<br/>Senior Manager, Programme &amp; Strategy<br/>Manager, Recoveries &amp; Collections<br/>Senior Manager, Human Resources<br/>Manager, Information Systems &amp; Technology</p> | <p>R.W. Duncan, BSc, MA., FCGA, AICB, Acc. Dir.<br/>D. Moses, BSc, MBA, FICB<br/>A. Logie, FCCA, MBA<br/>A. Twum-Barimah (Mrs.), BSc, LLB, LEC<br/><br/>J.G. Lawrence (Ms.), B.S., MBA-IBF<br/>F. Dowden, AICB, AML/CA, MBA-IB, CIRCA, CBCS<br/>W. Grainger, CRU, Dip. MA<br/>N. Francis-Sandy (Mrs.), BSc, MSc, DBA<br/>J. Robertson (Mrs.), AICB, CIRM, CRU, MBA, MCIBS, Exec. Diploma – Banking (UW, GSB)<br/>A. Joseph (Mrs.), BSc, CGA, CPA, AICB, AML/CA<br/>N. Philip (Ms.), BSc, CCP, MBA<br/>W.G. Sayers, BBA, Dip, MBA<br/>C. Phillip-Frank (Mrs.), BSc, MBA, Exec. Dip. Banking, BSP<br/>S. Redhead (Mrs.), AB<br/>K. St.Louis-Telesford (Mrs.), BAS, MSc<br/>G. Baptiste, BSc</p> |
| <p><b>Head Office Annex:</b><br/>No. 7 Church Street<br/>St. George<br/>Tel: (473) 440-2111<br/>Fax: (473) 440-6600</p>                                                                                                 | <p>Senior Manager, Risk (Credit)<br/>Manager, Customer Care<br/>Marketing Officer<br/>Manager, Electronic Services &amp; Retail Operations</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>K. Greenidge (Ms.), BSc, MSc<br/>R.D. Duncan, FICB<br/>S. Roberts (Ms.), BSc, MSc<br/>R. Medford, BSc, MSc</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <p><b>St. George's:</b><br/>No. 14 Church Street<br/>St. George<br/>Tel: (473) 440-2111<br/>Fax: (473) 435-9621</p>                                                                                                     | <p>Manager, Sales &amp; Service</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>B. Mc Gillivray, AICB, CRU, BSc, Exec. Dip. Banking (GSB)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p><b>Spiceland Mall:</b><br/>Morne Rouge<br/>St. George<br/>Tel: (473) 440-2111<br/>Fax: (473) 439-0776</p>                                                                                                            | <p>Manager, Sales &amp; Service (Ag.)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p>N. St. Louis (Mrs.), BSc</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p><b>Grenville:</b><br/>Victoria Street<br/>Grenville, St. Andrew<br/>Tel: (473) 440-2111<br/>Fax: (473) 442-8400</p>                                                                                                  | <p>Manager, Sales &amp; Service</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>S. Regis, AICB, BSc</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p><b>Sauteurs:</b><br/>Main Street<br/>Sauteurs, St. Patrick<br/>Tel: (473) 440-2111<br/>Fax: (473) 442-9888</p>                                                                                                       | <p>Manager, Sales &amp; Service</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>R. Fletcher, AICB, MBA, CRU</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p><b>Carriacou:</b><br/>Main Street<br/>Hillsborough<br/>Tel: (473) 440-2111<br/>Fax: (473) 443-8184</p>                                                                                                               | <p>Manager, Sales &amp; Service</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>R. Phillip-Bethel (Mrs.), CRU</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

## Form of Proxy

The Company Secretary  
 Grenada Co-operative Bank Limited  
 No. 8 Church Street  
 St. George's  
 Grenada

I/We \_\_\_\_\_ the undersigned, being a shareholder of Grenada Co-operative Bank Limited, hereby appoint the Chairman, Darryl Brathwaite of St. George, Grenada, or failing him, \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to attend and act for me/us and on my/our behalf at the Annual Meeting of the shareholders of the said company to be held on January 14, 2020 at 4:45 p.m. at the Grenada Trade Center, Morne Rouge, Grand Anse, St. George's; and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_

Signature(s) of Shareholder(s) \_\_\_\_\_

Signature(s) of Shareholder(s) \_\_\_\_\_

Name(s) in Block Letters \_\_\_\_\_

### **Notes:**

Votes at meetings of shareholders may be given either personally or by proxy, or in case of a shareholder who is a body corporate or association, by an individual authorized by a resolution of the directors or governing body of that body corporate or association to represent it at meetings of shareholders of the company.

A person appointed by proxy need not be a shareholder.

To be valid, a proxy form duly completed must be deposited with the Company Secretary at the Registered Office of the Company, No. 8 Church Street, St. George's, at least 48 hours before the time appointed for the meeting or adjourned meeting.





**Grenada Co-operative Bank Limited**  
*welcome home*

**HEAD OFFICE**

#8 Church Street, St. George's, Grenada, W.I.

**PHONE**

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