

**Schedule 2  
FORM ECSRC-OR**

**(Select One)**

**QUARTERLY FINANCIAL REPORT** for the period ended 31, March 2024

**Pursuant to Section 98(2) of the Securities Act, 2001**

**OR**

**TRANSITION REPORT**

for the transition period from to

**Pursuant to Section 98(2) of the Securities Act, 2001**

*(Applicable where there is a change in reporting issuer's financial year)*

Issuer Registration Number: GCB26071932GR

Grenada Co-operative Bank Limited

(Exact name of reporting issuer as specified in its charter)

(Territory or jurisdiction of incorporation)

No. 8 Church Street, St. George's, Grenada

(Address of principal executive Offices)

Reporting issuer's:

Telephone number (including area code): 1 473 440 2111

Fax number: 1 473 440 6600

Email address: info@grenadaco-opbank.com

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(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuers classes of common stock, as of the date of completion of this report 1.


CLASS	NUMBER
Common stock	7600000

SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.


The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:  
Larry Lawrence

  
Signature:


04.30.24  
Date

Name of Director:  
Darryl Brathwaite

  
Signature:

04.30.24  
Date

Name of Chief Financial Officer:  
Dr. Aaron Logie

  
Signature

04/30/24  
Date

## 1. Financial Statements.

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

1. Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
2. Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
3. Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
4. By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

## 2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

## *General Discussion and Analysis of Financial Condition*

The following is an analysis of the financial conditions and results of the Bank's operations for the six months to March 31, 2024.

**Liquidity:** The Bank maintains a robust liquidity position, holding ample cash and cash equivalents to meet short-term obligations. Throughout the reporting period, liquidity remained stable with no significant changes compared to the previous financial year. Moreover, the Bank has access to credit facilities from reputable financial institutions, offering additional liquidity support if needed.

**Capital Resources:** The Bank's capital resources remain strong, reflecting a well-balanced capital structure. Regulatory capital ratios, including the Capital Adequacy Ratio (CAR), consistently exceeded requirements during the reporting period, reaching 13.7%. The Bank's funding base remains diversified, comprising equity and deposits from both retail and corporate customers.

**Changes in Financial Condition:** Over the reporting period, the Bank experienced a 12% growth in total assets. Investment Securities, one of the major contributors soared to \$1.04 billion during the quarter. Other assets including loans and advances to customers (7%), and other assets and prepayments (81%) also experienced significant increases. The Bank maintained prudent lending practices, emphasizing rigorous credit risk assessment and risk management processes. The Bank's loan portfolio quality remained healthy, with a low level of non-performing loans at 1% and a stable provision for credit losses. Strategic investments were made in technology and infrastructure to enhance operational efficiency and customer experience.

**Results of Operations:** Net profit surged to \$16.8 million in 2024 compared to the same period last year of \$10 million. This exceptional result can be attributed to enhanced revenue streams particularly from investment and other sources. Investment income soared to 103% which was propelled by the significant growth in Investment securities, whilst other income growth was primarily attributed to card related income. Operating expenses however grew by 35%.

**Material Trends and Uncertainties:** The Bank operates in a dynamic and competitive market environment, exposing it to various risks and uncertainties such as credit quality, interest rate fluctuations, regulatory changes, and economic conditions. The Bank diligently monitors these risks and takes appropriate measures to mitigate them, including robust risk management practices, revenue source diversification, and continuous monitoring of asset quality.

**Measures Taken or to be Taken:** The Bank remains committed to its strategic priorities, focusing on maintaining a strong capital position, prudent risk management, and delivering excellent customer service. Investments in technology and innovation continue to be a focus to improve operational efficiency and enhance the customer experience. The Bank proactively monitors market conditions and regulatory changes, taking necessary actions to manage risks and capitalize on growth opportunities. Cost management and operational effectiveness remain focal points to maintain a competitive edge.

**Key Performance Indicators (KPIs):** The Bank utilizes various KPIs, such as return on equity (ROE), return on assets (ROA), and efficiency ratio, to assess its financial performance and track progress

toward strategic objectives. The Bank closely monitors these KPIs and implements appropriate measures to achieve financial targets and enhance shareholder value.

Non-Financial Indicators: In addition to financial indicators, the Bank monitors non-financial metrics to evaluate operational performance and sustainability. These metrics include customer satisfaction ratings and employee engagement scores. The Bank places high value on its reputation, striving to maintain strong relationships with customers, employees, and communities while upholding the highest standards of corporate governance and social responsibility.

## **Liquidity and Capital Resources**

Provide a narrative explanation of the following (but not limited to):

- i. The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii. Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii. The issuer's internal and external sources of liquidity and any material unused sources of liquid assets
- iv. Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v. Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi. Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii. The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii. The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix. Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering

changes between debt, equity and any off-balance sheet financing arrangements.

### *Discussion of Liquidity and Capital Resources*

Explanation relating to the Liquidity and Capital Resources:

- 1.The Bank continues to exhibit a robust financial condition, boasting ample liquidity and capital resources to sustain its Its capital position remains strong, aligning with regulatory requirements and industry benchmarks. Vigilant monitoring and management of capital resources, encompassing common equity Tier 1 capital, Tier 1 capital, and total capital, ensure that appropriate levels are maintained to support ongoing operations and absorb unforeseen losses. The Capital Adequacy Ratio (CAR) declined from 14.6% in September 2023 to 13.7% March 2024.
- 2.Rigorous liquidity management is a key priority, ensuring the Bank possesses adequate cash and liquid assets to meet short-term obligations such as deposit withdrawals and operational expenses. The Loan to Deposit (LTD) ratio, a barometer of the Bank's liquidity, stands at 41%, markedly below the minimum prudential guideline of 75%. This indicates a surplus of liquidity available for loans or investment opportunities. In response to the competitive loan market, these surplus funds have been strategically deployed for investing activities, evident in the debt exposure ratio of 88%. Although the net liquid assets to deposits ratio for the period ending March 31, 2024, declined to 27% from the September 30, 2023, position of 39%, it remains above the prudential requirement of 20%.
- 3.The Bank's liquidity sources are diverse, encompassing customer deposits and access to interbank funding markets. A portfolio of highly liquid assets, including cash, government securities, and marketable securities, provides flexibility to readily convert assets to cash to address short-term liquidity needs. Furthermore, the Bank maintains access to substantial untapped liquid assets, such as unused credit lines and committed credit facilities, which can be leveraged in response to unforeseen liquidity requirements.

### Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
  
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
  
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the offbalance sheet arrangements.
  
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

The Bank's off-balance sheet arrangements pertain specifically to undrawn loan commitments, guarantees and letters of credit, as is common in the normal course of commercial banking. This exposure is considered and monitored in the management of the Bank's liquidity position. There were no unusual off balance sheet arrangements during the quarter.

### Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.



## *Overview of Results of Operations*

The Bank's management is pleased to present the financial results for the six months ending March 31, 2024. Our comprehensive range of products and services, covering personal and commercial banking, wealth management, and investment services, are delivered through a robust network of branches, ATMs, and online and mobile banking platforms, ensuring efficient service for our customers.

For the period March 31, 2024, the Bank achieved a profit after tax of \$16.8 million, marking a significant 67% increase from \$10.1 million in the same period in 2023. These exceptional results are attributed to enhanced revenue streams, particularly from investments and other sources, showcasing our unwavering dedication to delivering top-tier financial services to our valued customers.

The dynamics of our revenues and expenses significantly influence our financial performance. Notably, net interest income exhibited an impressive 29% growth for the first six months of the fiscal year, while non-interest income saw a substantial increase of 71%. However, operating expenses rose by 35% during the same period. This increase was primarily fuelled by our emphasis on digital innovation to enhance our offerings and improve the customer experience, along with costs associated with our staff.

Looking ahead, we maintain a cautiously optimistic outlook. While uncertainties and risks persist, we are confident that our robust financial position, coupled with our key strategic initiatives, will propel us toward continued growth and success in the foreseeable future. Our key strategic initiatives involve expanding our customer base, enhancing operational efficiency, and investing in strategic growth opportunities.

In summary, the Bank's results underscore our commitment to delivering robust financial performance while adapting to the evolving market landscape. We remain steadfast in our focus on customers and are dedicated to pursuing growth opportunities to ensure our sustained success.

### 3. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

As a bank, we recognize the importance of acknowledging and addressing various risk factors that could impact our operations and financial condition. Here are some key risk factors we face and the strategies we employ to manage them:

1. **Credit Risk:** We are exposed to the risk of customers defaulting on loans or credit. To mitigate this risk, we employ rigorous credit assessment processes, including risk rating customers and regularly monitoring their creditworthiness. Additionally, we consider changes in economic conditions to identify potential credit risks and take appropriate measures to mitigate them.
2. **Market Risk:** Fluctuations in interest rates, exchange rates, and other market variables can impact the value of our assets and liabilities. We actively monitor and manage market risk by using hedging strategies, diversifying our investment portfolio, and conducting stress tests to assess the potential impact of adverse market conditions.
3. **Liquidity Risk:** The risk of not being able to meet financial obligations as they come due is known as liquidity risk. We maintain a robust liquidity risk management framework to always ensuring sufficient liquidity. This includes maintaining liquidity buffers, diversifying funding sources, and conducting regular stress tests to assess our ability to meet obligations under various scenarios.
4. **Operational Risk:** Operational risks arise from errors, system failures, fraud, or other problems in our operational processes. We manage operational risk by implementing strong internal controls, conducting employee training programs, regularly reviewing, and improving processes, and implementing disaster recovery plans to minimize operational disruptions.
5. **Legal and Regulatory Risk:** As a regulated entity, we are subject to a wide range of laws and regulations. Non-compliance with these laws and regulations can have significant implications for our operations, financial condition, and reputation. We actively monitor changes in the legal and regulatory environment, maintain a robust compliance program, and engage in ongoing dialogue with regulatory authorities to ensure compliance and mitigate legal and regulatory risks.

By implementing appropriate risk management strategies and controls, we aim to mitigate the impact of these risk factors on our operations and financial condition. Our commitment to proactive risk management helps us maintain the stability and resilience required in the banking industry.

#### 4. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

Legal proceedings are primarily those for entering judgement in the ordinary course of doing business in respect of delinquent borrowers.

Matters commenced by the Bank during the period under review are:

- 1 First Caribbean Bank (Barbados) Ltd v Roger Roy Henry – GDAHCV2021/0316
- 2 Grenada Co-operative Bank Ltd v Dannie Daniel Junior Belmar (Trading as Danny's Enterprise) – GDAHCV2024/104
- 3 Grenada Co-operative Bank Ltd v Jamal Aaron Phil Clarence – GDAHCV2024/105
- 4 Grenada Co-operative Bank Ltd v Ronnisha Chance – GDAHCV2024/0156.
- 5 Grenada Co-operative Bank Ltd v Arlene Lewis – GDAHCV2023/0482

This matter was commenced for the recovery of monies due and owing to the Bank.

#### 5. Changes in Securities and Use of Proceeds

(a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

None

(b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

Offer opening date (provide explanation if different from date disclosed in the registration statement)

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Offer closing date (provide explanation if different from date disclosed in the registration statement)

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Name and address of underwriter(s)

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Amount of expenses incurred in connection with the offer

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Net proceeds of the issue and a schedule of its use

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Payments to associated persons and the purpose for such payments

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Not applicable

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(c) Report any working capital restrictions and other limitations upon the payment of dividends.

Not applicable
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## 6. Defaults upon Senior Securities.

(a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund installment, state the amount of the default and the total arrears on the date of filing this report.

None

(b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

None

## 7. Submission of Matters to a Vote of Security Holders

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

(a) The date of the meeting and whether it was an annual or special meeting.

(e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

Not applicable

## 8. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

None