"Once you believe in your people, unimaginable things are possible." -
Willan Edward Julien, D.C.M., Founder

ANNUAL REPORT 2023

Grenada Co-operative Bank Limited
welcome home

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Corporate Information

CORPORATE OFFICE
No. 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
Whatsapp: 410-CARE (2263)

DIRECTORS
Darryl Brathwaite, Acc. Dir.
Lisa Taylor, B.A. (Hons.), LL.B (Hons.), Acc. Dir.
Larry Lawrence, MBA, Acc. Dir.
Claudia Francis, CA,FCA, CPA, CMA, ACIS/ACG Acc. Dir.
Samantha Hossle, BSc, Acc. Dir.
Dr. Anthony Andall, BSc, MSc, PhD, Acc. Dir.
Alfred Logie, Lic., Acc. Dir.
Benedict Brathwaite, BSc, FCCA, Acc. Dir.
Marlon Joseph, BSc., MSc., CGA, Acc. Dir.

CORPORATE SECRETARY
Tanya K. Lambert, LL.B, L.E.C, LL.M

AUDITORS
Messrs. BDO Eastern Caribbean
Kingstown Park
Kingstown
St. Vincent

SOLICITORS
Messrs. Lewis & Renwick
Veritas Legal
Diaz, Reus & Targ, LLP

LOCATIONS

ST. GEORGE'S
#14 Church Street
St. George's, Grenada, W.I.
Tel: (473) 440-2111

GRENVILLE
Victoria Street
Grenville, St. Andrew
Tel: (473) 440-2111

SAUTEURS
Main Street
Sauteurs, St. Patrick
Tel: (473) 440-2111

SPICELAND MALL
Morne Rouge
St. George
Tel: (473) 440-2111

CARRIACOU
Main Street
Hillsborough
Tel: (473) 440-2111

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: Crown Agents Bank
BANK'S ADDRESS: St. Nicholas House, St. Nicholas Road, Sutton, Surrey SM1 1EL, UK
SWIFT ADDRESS: CRASGB2L
SORT CODE: 608368
GBP ACCOUNT NO.: 33025001
IBAN: GB50CRAS6083683302500
EUR ACCOUNT NO.: 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: RBTTTTPX
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

ECCU Electronic Funds Transfer

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 OF SHAREHOLDERS

Notice is hereby given that the Ninety-First Annual Meeting of Shareholders of Grenada Co-operative Bank Limited will be held at the G. V. Steele Conference Room, Tower Hive, No. 14 Church Street, St. George's on Friday, May 17th, 2024 at 4:45 p.m.

AGENDA

1. To receive the audited financial statements for the year ended September 30th, 2023.
2. To announce the dividend for the year ended September 30th, 2023.
3. To elect Directors.
4. To appoint Auditors for the ensuing year.
5. To authorize Directors to fix the remuneration of the Auditors.
6. To discuss any other business that may be given consideration at an Annual Meeting.

By order of the Board of Directors,

....

Tanya K. Lambert,
CORPORATE SECRETARY

APRIL 5th, 2024

NOTICE OF A SPECIAL MEETING OF SHAREHOLDERS

Notice is hereby given that a Special Meeting of Shareholders of Grenada Co-operative Bank Limited will be held at the G. V. Steele Conference Room, Tower Hive, No. 14 Church Street, St. George's on Friday, May 17th, 2024 at 6:15 p.m.

AGENDA

1. To consider and approve an Amendment to By-Law NO. 1 of Grenada Co-operative Bank Limited Sections 11.5 AND 11.6.

By order of the Board of Directors,

……………………………………………

Tanya K. Lambert,
CORPORATE SECRETARY

APRIL 5th, 2024

NOTICE TO SHAREHOLDERS

RE: ANNUAL SHAREHOLDERS' MEETING FRIDAY, MAY 17, 2024

ZOOM DETAILS

Shareholders are advised that the Ninety First Annual Shareholders' Meeting will be held in the form of a hybrid meeting- both virtually via the Zoom platform and in person at the G. V. Steele Conference Room, Tower Hive, No. 14 Church Street, St. George's.

Topic: Annual Shareholders' Meeting

Time: Friday, May 17th, 2024 at 4:45 p.m.

Register in advance for the Annual Shareholders' Meeting:

https://us06web.zoom.us/meeting/register/tZIkdO2orDMpHdEm3iPfEfgcKXZt_ve3sKtF

After registering, you will receive a confirmation email containing information about joining the meeting.

SCAN ME

NOTICE TO SHAREHOLDERS

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After registering, you will receive a confirmation email containing information about joining the meeting.

SCAN ME

BOARD RESOLUTION

The undersigned, Secretary, of **Grenada Co-operative Bank Limited** (hereinafter called "the Company") **DOES HEREBY CERTIFY** the following Resolution duly passed at a meeting of the Board of Directors of the Company held on the 29th day of August 2023 at No. 8 Church Street, St. George's, Grenada.

RESOLUTION TO AMEND BY-LAW NO. 1 OF GRENADA CO-OPERATIVE BANK LIMITED SECTIONS 11.5 AND 11.6.

WHEREAS Section 11.5 of the Company's By-Laws No.1 states that *"**Chairman**: A Chairman shall, when present, preside at all meetings of the directors, and any committee of the directors or the shareholders."*

AND WHEREAS Section 11.6 of the Company's By-Laws No.1 states that *"**Deputy Chairman:** If the Chairman is absent or is unable or refuses to act, the Deputy Chairman (if any) shall, when present, preside at all meetings of the directors, and any committee of the directors, or the shareholders."*

AND WHEREAS the Company is desirous of removing the obligation of the Chairman and Deputy Chairman of the Board to chair meetings of committees of the directors to ensure that the committees of the directors can be chaired by a director with specialist training and knowledge for the committee's work.

NOW THEREFORE BE IT RESOLVED:

1. That Section 11.5 is amended to read *"**Chairman:** A Chairman shall, when present, preside at all meetings of the full Board of Directors or at any meeting of the Shareholders."*
2. That Section 11.6 is amended to read *"**Deputy Chairman:** If the Chairman is absent or is unable or refuses to act, the Deputy Chairman (if any) shall, when present, preside at all meetings of the full Board of Directors or any meeting of the Shareholders."*

Dated this 5th day of April 2024

By order of the Board of Directors,

....

Tanya K. Lambert
CORPORATE SECRETARY

Board of Directors

Darryl Brathwaite
Acc. Dir
Chairman

Lisa Taylor
B.A. (Hons.), LL.B (Hons.), Acc. Dir
Deputy Chairman

Larry Lawrence
MBA, Acc. Dir
Managing Director

Claudia Francis
CA,FCA, CPA, CMA, ACIS/ACG Acc. Dir
Director

Samantha Hossle
BSc, Acc., Dir
Director

Dr. Anthony Andall
BSc, MSc, PhD, Acc. Dir
Director

Alfred Logie
Lic., Acc. Dir
Director

Benedict Brathwaite
BSc., FCCA, Acc. Dir
Director

Marlon Joseph
BSc., MSc., CGA, Acc. Dir.
Director

Chairman's Review

Grenada Co-operative Bank Limited has once again completed another successful financial year. This year's performance is historical in its significance for two reasons: the Bank's financial results were the best in its history to the tune of $21.9 million in profits after tax and the Bank has successfully completed the acquisition and integration of CIBC FirstCaribbean Grenada business in a deal announced in October 2021.

At $21.9 million, after tax profits are significantly above our 2022 performance of $2.1m. The Bank's Non-Performing Loans Ratio remains below 2% as at September 30th, 2023.

Grenada's economy is projected to continue expanding in 2023, but at a slower pace of 3.9% as tourism recovery matures and public investment scales back from a very high level during the pandemic period.

Consequently, in spite of the increase in cost of living and the intensity of the competition in the market for Loans and Advances, the Bank's loan portfolio grew in 2023, building on the growth of the previous year.

The Economic Environment

Despite the steepest global interest-rate hiking cycle in four decades, inflation remains high and will remain above the target range of most central banks. Policymakers in advanced economies will need to be exceptionally agile with their responses to the risks accompanying such rate hikes. Today, high interest rates aren't merely crimping growth in Emerging Markets and Developing Economies; they are also dampening investment and intensifying the risk of financial crises. These challenges would intensify in the event of more widespread banking-sector strains in advanced economies (World Bank, 2023).

The World Bank's latest projections indicate that the world economy will remain frail—and at risk of a deeper downturn—2023 and in 2024. Baseline scenarios call for global growth to slow from 3.1% in 2022 to 2.1% in 2023, before inching up to 2.4% in 2024.

In the Eastern Caribbean Currency Union (ECCU) real GDP growth for 2024 is now projected at 4.2%.

The IMF 2023 Article IV Mission concluding statement highlighted that Grenada's economy will continue to expand by 3.9% at the end of 2023. Despite the continued economic growth there still remains downside risk, that is, economic slowdown of key tourist source markets such as the U.S. and the U.K., especially if global inflation remains high and global financial conditions continue tightening. High import costs for construction materials could weigh on activity in the sector, while a renewed upswing in commodity prices would drag on growth and weaken the fiscal position.

The Banking & Financial Services Environment

With expected continued growth in the local economy, consumer spending remains strong with growth in loans and advances. However, the increased cost of living due to food and fuel price spikes continues to put pressure on consumers.

The banking sector continues to experience excess liquidity albeit deposits grew slower than in 2022 with a 5.9% rise in deposits in 2023. There was an 8.5% increase in Loans & Advances for the period June 2022 to June 2023. The Loan to Deposits ratio in the sector moved from 49.8% as at June 2022 to 51.0% as at June 2023. This 2.47% increase demonstrates the overall trend seen in the economy for 2023.

COMPARISON OF BANKING SECTOR DEPOSITS & LOANS

Indicator	Jun 2022	Jun 2023	% Change
Deposits (EC$M)	3,803	4,029	5.9
Loans & Advances (EC$M)	1,894	2,056	8.5
Loans to Deposit Ratio (%)	49.8	51.0	2.5

Table 1. Shows Sector Loans and Deposits for 2022 and 2023
(Source: Eastern Caribbean Central Bank)

The Bank's Performance

The Bank's exceptional results reflects the strength of the Grenadian economy despite the lingering effects of global inflationary pressures and its impact on economic activity in the local economy. The Bank recorded its tenth (10^{th}) consecutive year of steady profitability, and the highest in its history.

Increasing by 938%, the Bank turned in after-tax profits of $21.9m compared with $2.1m in 2022. This reflects management's effective credit risk management, consistent yields on a high-quality credit portfolio, efficient interest expense management, growth in investment income, and an increase in non-interest income.

The Bank's Non-Performing Loans Ratio is below 2% as at September 30^{th}, 2023, 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 our primary area of focus.

In 2023, total assets of the Bank experienced substantial growth, increasing by $610 million or 37% from the 2022 level of $1.6 billion to reach $2.2 billion. The most significant dollar growth includes loans and advances to customers, with an increase of $217 million or 34%, cash and cash equivalents, which rose by $236 million or 76%, and investment securities grew by $108 million. The primary contributor behind the Bank's asset expansion in 2023 being the acquisition of assets from CIBC FirstCaribbean Grenada business.

The Bank's Capital Adequacy Ratio remained above regulatory requirements of not less than 10%; and stood at 14.6% as at September 2023 (2022: 11.2%).

The Bank's non-financial metrics continue to demonstrate the public's confidence in us. According to 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 at 49.29% (2022: 42%) enjoyed from households; and is the main Banking institution for household customers. At the same time our Customer Satisfaction Index (CSI) is among the highest Commercial Banks at 4.25 or 85% (2022: 4.15 or 83%).

The audit of our Customer Service Charter by PKF Accountants & Business Advisors affirms Customer Satisfaction ratings above our 70% benchmark, standing at 73% in 2023 (2022: 71%).

CIBC FirstCaribbean Grenada Business Acquisition

On July 14th, 2023, we acquired certain assets and deposit liabilities of CIBC FirstCaribbean Grenada business. This saw substantial growth with the addition of approximately $360 million in total assets. The loan portfolio acquired was $154 million and $398 million in deposit liabilities. Of note, the acquired facilities contributed only marginally to the Bank's overall financial performance for the year ended September 30th, 2023.

As a safeguard, the Bank strategically pursued $50 million of additional capital in the form of subordinated debt which buttressed its Tier II buffer, strengthening its overall capital position.

This acquisition is a significant development in the evolution of the banking system of Grenada, Carriacou and Petite Martinique. The Bank acquired a lean book of business that bolts on well to its current business model with the intent of providing sought-after profitability, increased market share, and company momentum in a sustainable, long-term way. This all redounds to the achievement of the Bank's mission of ensuring a fair return to shareholders and contributing to the well-being of the citizens where we operate.

Delayed Audited Financial and Annual Shareholders' Meeting

The delay in scheduling the annual shareholders' meeting stemmed from the acquisition of assets and liabilities of the banking operations of CIBC FirstCaribbean Grenada business. Compliance with International Financial Reporting Standards (IFRS) necessitated a thorough valuation of both tangible and intangible assets obtained.

Deloitte, an independent consultant acting as Advisor for the acquisition, conducted the valuation exercise, which underwent review by our Auditors at BDO. Given the specialized expertise required, BDO enlisted assistance from a sister firm within its group.

The valuation process was comprehensive and time-intensive, leading to delays in finalizing the audited financial statements.

Future Prospects

World Bank projections for 2024 forecast growth in the local economy to be a moderate 3.3%. The financial services sector is expected to remain fiercely competitive as even fewer commercial banks compete with credit unions and non-bank financial institutions. As the economy continues its recovery, there will be significant opportunities for expansion and growth.

In 2024, continued growth is expected in the banking sector which should reflect significant loan growth as the economy continues to recover while adjusting to the inflationary pressures and increased cost of living. Deposits is expected to continue growing faster than loans & advances as per previous trend.

Grenada Co-operative Bank Limited maintains its optimism about the prospects of Grenada's financial services sector for 2024 and will capitalize on good opportunities that will arise in the evolving economic environment.

Dividends

The Bank has maintained a relatively restrictive dividend policy over the last three years to ensure that sufficient levels of capital are retained to meet its regulatory obligation under the Banking Act and in anticipation of the new Basel II/III Capital Standards. Therefore, given its profitability for the financial year end September 30, 2023, it is with great pleasure I announce that the Board of Directors has approved a dividend payout of 15% of the after-tax profits for the financial year 2023.

Acknowledgements

First, I must thank my fellow Directors for bringing your passion, intellect, insight, experience, and resources to the table in the execution of our responsibility to effectively oversee the affairs of the company. Collectively, we have 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 and the successful acquisition and integration of the CIBC FirstCaribbean Grenada book of business. Your commitment to the organization continues to be demonstrated in the Bank's year-on-year historical performance.

Finally, to all our valued customers and shareholders, I continue to express gratitude for your unwavering patronage and support of Co-op Bank.

D. Brathwaite

Darryl Brathwaite, Acc. Dir.
CHAIRMAN
April 5, 2024

Corporate Governance
Statement

For the financial year, the work of the Board was heavily consumed with providing strategic guidance and oversight on the acquisition of the CIBC FirstCaribbean Grenada business.

Going forward, the work of the Board is expected to be materially strengthened as the implementation of its revised corporate governance practices continues.

Board Meetings

The Board's central responsibilities are to provide strategic guidance for the Bank, oversee the Bank's corporate governance framework and exercise effective oversight of Management with respect to inter alia:

- Strategic Planning and Execution
- Identification and Management of Risks
- Management Succession Planning & Performance Management
- Capital Management
- Culture and Conduct
- Communications & Public Disclosures

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-one (21) Board meetings were convened in 2023 (2022: 21). A participation rate of ninety-six percent (96%) (2022: 99%) was achieved.

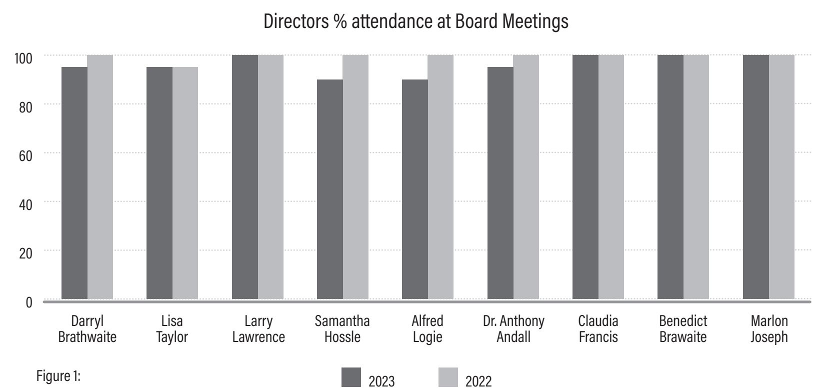


Figure 1:

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 Bank. The revised Corporate Governance Policies and Procedures, in particular, the Board Competency Framework and Board Succession Policy will always ensure that and for our ever-evolving business environment, the Bank has a balanced and fit-for-purpose Board with the right combination of skills, knowledge, competencies, experience, mindset, and diversity.

The recruitment and nominations process of Directors will be informed by identifying any needed expertise, competencies, or other attributes from potential candidates for the Board, including satisfying the minimum criteria of the Fit and Proper Policy, as vacancies become available.

Currently, GCBL has on its Board one (1) Executive Director and eight (8) Non-executive Directors. A representation of female to male ratio of 38/52 and an average tenure of five (5) years among Directors.

Name	Tenure	Type of Director	Independence
Darryl Brathwaite	Director since September 2003	Non-Executive	Non-Independent
Lisa Taylor	Director since January 2010	Non-Executive	Non-Independent
Larry Lawrence	Director since December 2021	Executive	Non-Independent
Alfred Logie	Director since March 2013	Non-Executive	Non-Independent
Samantha Hossle	Director since May 2018	Non-Executive	Independent
Anthony Andall	Director since November 2019	Non-Executive	Independent
Claudia Francis	Director since June 2021	Non-Executive	Independent
Benedict Brathwaite	Director since September 2021	Non-Executive	Independent
Marlon Joseph	Director since June 2022	Non-Executive	Independent

Independence of Directors

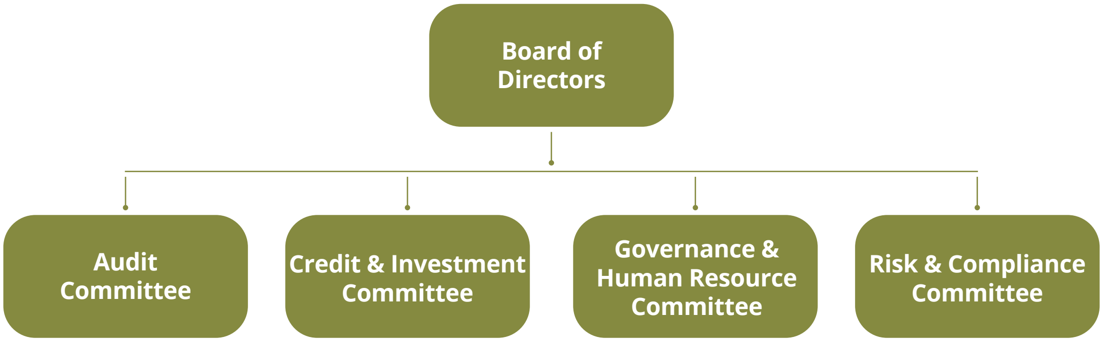
In accordance with the Bank's corporate governance principles, the majority of Directors on the Board must be independent. An independent Director must be a non-executive director and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of his/her unfettered and independent judgment. At a minimum, a director who has been a director 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. As part of the governance project, the Board has revised its approach to Board independence. Some of the enhancements include clear policies on Board Succession and guidelines for the age of retirement of directors; balancing the need for director experience and institutional knowledge, with the need for an appropriate level of board renewal that ensures a fresh perspective is maintained as well as compliance with the Bank's established independence standards.

Board Committees

As part of the enhancement to the governance structure and framework of the Bank, to ensure continued effectiveness and efficiency in the conduct of its oversight role, the sub-committees of the Board were reconstituted with robust charters.

The Board now has four (4) standing sub-committees:



1. Audit Committee

Members:

- Claudia Francis - Chairperson
- Dr. Anthony Andall
- Benedict Brathwaite
- Marlon Joseph

Role and Responsibilities:

The Audit Committee reviews and maintains oversight of the following:

- Work of the External and Internal Auditors
- Financial Reporting Process
- Effectiveness of the Internal Controls System

Meetings and Engagements:

The Audit Committee met eight (8) times (2022: 5) during the financial year 2023 with a participation rate of one hundred percent (100%) (2022: 100%). During the period the Committee reviewed and recommended to the Board for approval the 2022 Audited Financial Statements and Annual Report; reviewed the Management Letter of 2022 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.

2. Credit & Investment Committee

Members:

- Benedict Brathwaite – Chairperson
- Samantha Hossle
- Alfred Logie
- Marlon Joseph

Role and Responsibilities:

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

- The Credit Risk & Investment Strategies
- The Credit Risk Control Environment
- Investment risks and management frameworks
- The Credit and Investment Policies
- Credit Applications within Delegated Limits and Authority
- Sanctioning of new investments in accordance with the limits specified by the Board.

Meetings and Engagements:

The Credit & Investment Committee met twenty (20) times during the year to monitor the Bank's implementation of its credit and investment strategies, review its credit risk exposures and control environment, review the performance of the Investment portfolio and related risks and to adjudicate on credit facilities and new investments. The participation rate among Committee members was ninety-three percent (93%).

3. **Governance & Human Resource Committee**

Members:
- Lisa Taylor – Chairperson
- Claudia Francis
- Dr. Anthony Andall

Role and Responsibilities:
The Governance & Human Resource Committee (GHRC) provides strategic guidance for developing governance principles and guidelines to the Bank's affairs as it relates to matters of human resources, talent management and compensation. This is accomplished through the review and oversight of the following:

- The Corporate Governance System
- The Human Resources Strategy
- Succession Planning for the Managing Director and Executive Team
- The Human Resource policies and procedures
- The Performance of the Managing Director and the Executive Team
- The Remuneration and compensation package to staff, in particular Executives and Directors

Meetings and Engagements:
The GHRC met four (4) times during the year with a participation rate of one hundred percent (100%) among Directors. The Committee met to oversee the implementation of the Human Resources strategic plan; recommend new Executive appointments, review the performance of the Managing Director and the Executive Management team, consider and approve the succession planning schedule for the position of Chief Audit Executive, review the bonus structure of the Bank and consider the revision of the pay and grade structure of the Bank.

4. **Risk & Compliance Committee**

Members:
- Lisa Taylor – Chairperson
- Alfred Logie
- Samantha Hossle
- Marlon Joseph

Role and Responsibilities:
The Risk & Compliance Committee reviews and maintains oversight of the following:

- The Enterprise risk management framework.
- System for monitoring compliance with laws and regulations in particular, Anti-Money Laundering & Counter Terrorism Financing (AMLCFT).
- Information Technology security risks and governance.

Meetings and Engagements:
The Risk & Compliance Committee met four (4) times with a participation rate of ninety-nine percent (99%) among Directors. The Committee met to monitor the integrity of the Bank's Risk Management environment and the effectiveness of risk mitigating measures, monitor the status of the Bank's Information Technology assets and to review the Bank's AMLCFT regime and other compliance mechanisms.

In addition, the Board has two ad hoc Committees i.e. the Capital Working Group and the Nomination Committee.

5. **Capital Working Group**

Members:
- Darryl Brathwaite – Chairperson
- Larry Lawrence
- Benedict Brathwaite
- Alfred Logie

The Capital Working Group has a mandate to review options to augment and preserve the Bank's Capital and make recommendations to the full Board. The Committee met once for the financial year with a one hundred percent (100%) participation rate.

6. Nomination Committee

Members:

- Lisa Taylor – Chairperson
- Larry Lawrence
- Claudia Francis
- Dr. Anthony Andall

The Nomination Committee has a mandate to consider potential candidates for the Board, in keeping with the Board Succession Policy. The Nomination Committee did not meet in 2023.

Compensation

Director Compensation:

During the year Directors were remunerated in accordance with the Bank's policy on Director 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 ten (10) years and now includes the appointment to the Bank of one new Executive to fill the role of Corporate Secretary/ Executive Manager, Legal.

COMPENSATION	2023 $	2022 $
Executive Management Salaries & related benefits	$2,368,468	$2,866,867
Director's fees and expenses	$333,527	$382,217

Director Training

Directors are provided with the necessary avenues and support to strengthen their competencies to contribute to the effective oversight of the Bank. In 2023, a combination of face-to-face and online training sessions were conducted. Topics covered included:

- Customer Centricity – Policy & Strategy in Action
- Anti-Money Laundering/Counter Terrorist Financing
- Financial Performance Review – Analysis of Key Performance Indicators
- Cybersecurity in Mergers & Acquisition
- Risk Awareness

Additionally, Directors attended the Bank's annual W. E. Julien Distinguished Lecture Series and 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 6th annual J.B. Renwick/Arnold Williamson Shareholders' Outreach Forum on October 12th, 2023.

Mr. Henry Joseph, CA, FCCA presented on the topic "Understanding and Utilizing the Financial Statements and Annual Report – A Shareholders' Perspective". Mr. Joseph enlightened attendees on understanding the contents of an Annual Report, shares of a publicly listed company and the share value, the fiduciary duties of Directors and comprehending audited financial statements. Additionally, attendees were edified on the role of corporate governance and its impact on performance and shareholders were reminded of their responsibilities in the governance process of the Bank. The entire presentation was very well received by attendees and Mr. Joseph was highly commended for a well-structured and thoroughly researched presentation.

Strategic Planning

To ensure that the Bank's vision and goals are clearly defined and communicated throughout the organisation, the Board of Directors approved a revised Strategic Plan for the period 2024 – 2026.

Board Performance

As part of its new Governance manual, the Board now has a Board Evaluation Policy which follows good corporate governance practices for assessing the performance and effectiveness of the Board, its sub-committees, and individual Directors.

Consistent with the new policy, the Board evaluated its performance for the financial year 2023. A new Board Self-Evaluation survey was conducted to elicit the responses from Directors on the following broad dimensions:

(A) Board Performance

(B) Board Conduct and Processes

(C) Relationship with the Managing Director

(D) Performance of the Chairman

The 2023 results revealed the following:

DIMENSION	2023 RESULTS	COMMENTS
(A) Board performance	86%	The Board Performance was rated as having above expectations. Feedback relates to how the board fulfilled its responsibilities with respect to strategy and risk management. It was highlighted that more improvement is needed in the area of strategy discussion and crafting.
(B) Board conduct and processes	83%	Directors rated Board Conduct and Processes as having met expectations and highlighted that meeting management can be improved through more precise discussions on the issues at hand.
(C) Relationship with Managing Director	79%	The performance was rated as having met expectations. The Board's relationship with the Managing Director is healthy. However, more engagements are required to foster a better relationship.
(D) Chairman's Feedback	80%	Board members rated the performance here as having met expectations. Overall, Directors were generally satisfied with the performance of the Chairman.

Directors' Interests

The table below shows the shareholdings of Directors as at September 30, 2023 with comparisons to the previous year.

Director	Title	No. of Shares 2023	No. of Shares 2022	Change
Darryl Brathwaite	Chairman	3,857	3,857	-
Lisa Taylor	Deputy Chairman	2,000	2,000	-
Larry Lawrence	Managing Director	621	601	20
Anthony Andall	Director	1,000	1,000	-
Alfred Logie	Director	2,000	2,000	-
Samantha Hossle	Director	1,000	1,000	-
Claudia Francis	Director	1,000	1,000	-
Benedict Brathwaite	Director	1,000	1,000	-
Marlon Joseph	Director	1,000	-	1,000

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 Bank; or encouraging another person to do so if they are in possession of inside information.

Directors are bounded by 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 Bank outside of the trading window outlined in the Bank's policies and without submitting prior written expression of interest to the Corporate Secretary.

The Code of Conduct

GCBL's Code of Conduct (the Code) sets out Employees and Directors' obligations in meeting the Bank's commitment to ethical, moral, and legal standards. It provides a positive guide to Employees and Directors in their personal and professional activities by enforcing a minimum level of acceptable behavior.

Specifically, the Code requires Directors and Officers to act with honesty, integrity, and openness to promote the objectives and values of the Bank and protect the assets of the Bank against loss, theft, and misuse. The Code comprehensively addresses issues of conflict of interest whether actual or potential. It further provides guidance to the Directors and Officers of the Bank regarding disclosing and managing conflicts of interest.

Anti-Bribery and Corruption Policy

This policy manages the risks associated with bribery and corruption at GCBL. Further, the policy is in place to ensure that Management takes appropriate corrective action when failures are identified. Additionally, the policy provides guidance on the restrictions to be applied on the acceptance of gifts, hospitality, rewards, benefits, and incentives.

Retirement and Re-election

In accordance with 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 Ms. Lisa Taylor and Mr. Alfred Logie, who being fit and proper and eligible, offer themselves for re-election.

Profiles of Directors for re-election

Ms. Lisa Taylor, B.A. (Hons.), LL.B. (Hons), Acc. Dir.

A Director since January 2010, Ms. Taylor is an Attorney-at-Law by profession since 1996 whose practice areas include Corporate Law, Land Law, Insolvency and Family Law. She studied at Brooklyn College (City University of New York) and the University of the West Indies (UWI) where she obtained qualifications of Bachelor of Arts (B.A.) (Hons.) in Political Science and Bachelor of Laws (LL.B.) respectively.

Mr. Alfred Logie, Lic, 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's professional career includes being General Manager of the Grenada Cooperative Nutmeg Association and Executive Director of the National Insurance Board.

Mr. Logie has been a Director on several Boards including Grenada Electricity Co. Ltd., Grenreal Corporation and the Grenada Community Development Organisation. Mr. Logie also served as Chairman of the Board of Trustees of the Employees' pension plan of the Grenada Airports Authority.

Appointment of Auditors

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

The Board of Directors is satisfied with the value that the External Auditors have provided to the Bank in the past year.

The Corporate Governance Statement is accurate and up to date as at September 30th, 2023.

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Tanya K. Lambert, *LL.B, L.E.C., LL.M*
CORPORATE SECRETARY/EXECUTIVE MANAGER, LEGAL
April 5, 2024

Executive
Team

Larry Lawrence
MBA, Acc. Dir
Managing Director

Willvorn Grainger
CRU, Dip., MA
Chief Experience Officer

W. Gary Sayers
BBA, Dip. MBA
Executive Manager, Sales & Service

Allana Joseph
BSc, CGA, CPA, AICB, AML/CA
Executive Manager, Compliance

Dr. Aaron Logie
FCCA, MBA, DBA
Executive Manager, Finance and Wealth Management and Financial Services

Jennifer Robertson
Dip. Banking, AICB, CIRM, CRU, MBA, MCIBS, Exec. Dip. Banking
Executive Manager, Risk

Floyd Dowden
AICB, AML/CA, MBA-IB, CICRA, CBCS
Executive Manager, Operations & Administration

Garvin Baptiste
BSc., CISSP, CRISC, CCISO
Executive Manager, Information Technology

Nicola Philip
MCIBS, BSc, CCP, MBA
Executive Manager, Human Resources

Shallene Gooding
FCCA
Chief Audit Executive

Tanya K. Lambert
LL.B, L.E.C, LL.M
Corporate Secretary/Executive Manager Legal

Dr. Nadia Francis-Sandy
BSc, MSc, DBA
Executive Manager, Credit Administration

Managing Director's
Discussion & Analysis

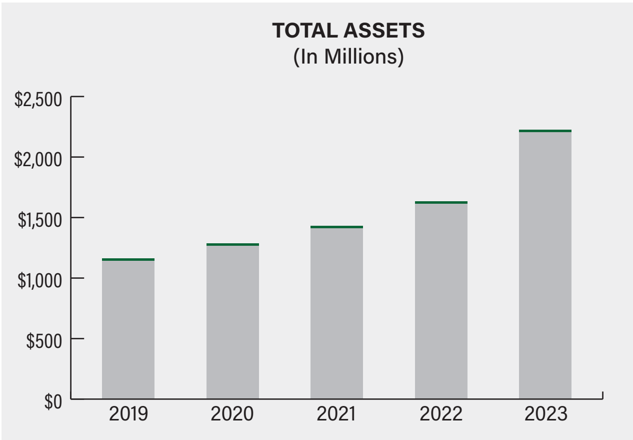
Overview

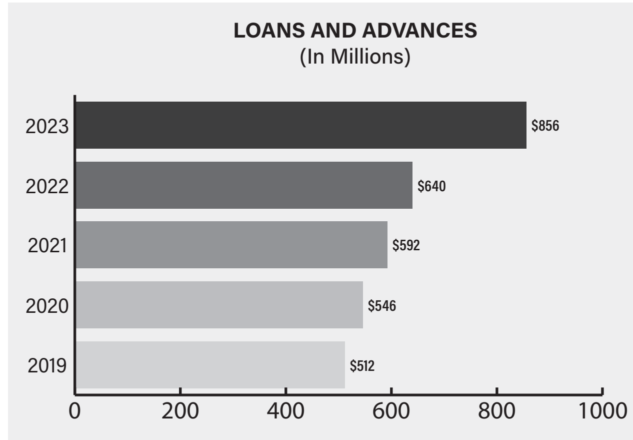
The fiscal year 2023 was a decisive period for Grenada Co-operative Bank Limited. This was marked by the improved financial performance of the Bank's book of business pre-CIBC FirstCaribbean and the significant growth and strategic expansion following the acquisition of CIBC FirstCaribbean Grenada business. The Bank experienced substantial increases in net profit after tax, total assets, and earnings per share. Notably, net profit after tax measured $21.9 million, a historic high for the institution, while total assets surged from $1.61 billion in 2022 to $2.22 billion in 2023.

The acquisition not only bolstered the Bank's market share but also solidified its position as the largest commercial bank in Grenada. The improved financial performance allows us to build resilience and capacity, so that we can invest in delivering high quality financial services, ensuring a fair return for our shareholders whilst improving the lives of our citizens across Grenada, Carriacou and Petite Martinique.

Statement of Financial Position Review

The Bank's total assets experienced a 38% increase, reaching $2.2 billion in 2023. This significant growth



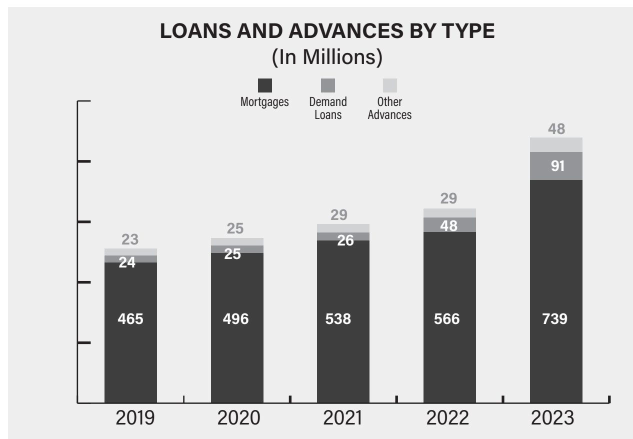


was evident across various asset categories including cash and cash equivalents, loans and advances, investments securities, and other assets and prepayments. Furthermore, this expansion was supported by increases in customers' deposits, subordinated debt, and equity, reflecting the Bank's robust financial performance and strategic initiatives undertaken during the fiscal year.

Loans and Advances to Customers

The Bank experienced a notable surge in gross loans and advances to customers, witnessing a 37% increase, totalling $234.7 million, reaching $877.9 million from $643.2 million compared to year end September 30, 2022. This substantial growth was driven by both organic expansion from existing operations, amounting to $83.4 million, and loans acquired from CIBC FirstCaribbean Grenada business, with a balance of $151.3 million as of September 30, 2023.

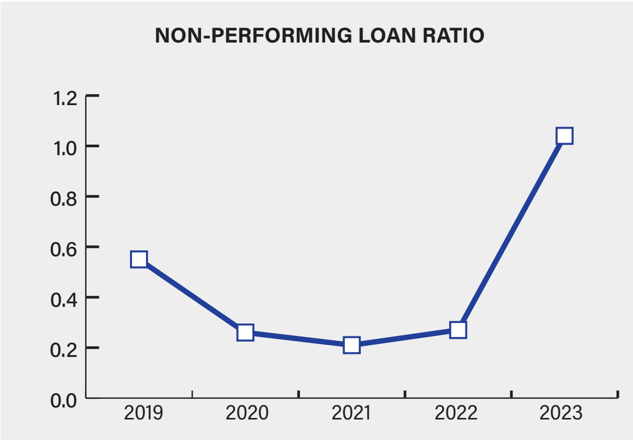
At the end of the fiscal year, mortgages increased by $56.04 million or 21%, commercial loans saw an uptick of $116.86 million or 40%, demand loans grew by $42.67 million or 89%, overdrafts increased by $11.71 million or 43% and credit cards grew by $7.39 million or 478%.

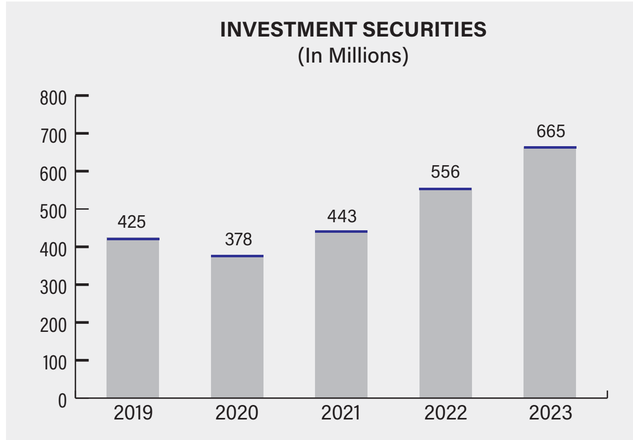


A sectoral analysis revealed the primary lending concentration sectors were in construction and land development, real estate activities, and private households.

Non-Performing Loan Ratio

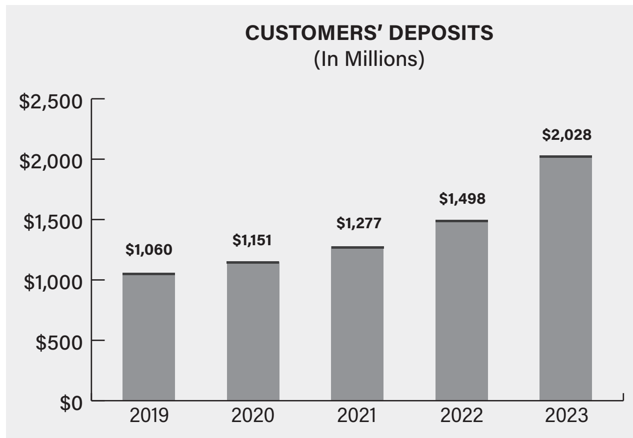
The non-performing loan ratio increased to 1.04% in 2023 from 0.27% in 2022, primarily due to the acquisition of CIBC FirstCaribbean Grenada business, but remains well within the ECCB's prudential benchmark of 5%. The non-performing portfolio increased to $9.2 million from $1.7 million recorded in 2022.





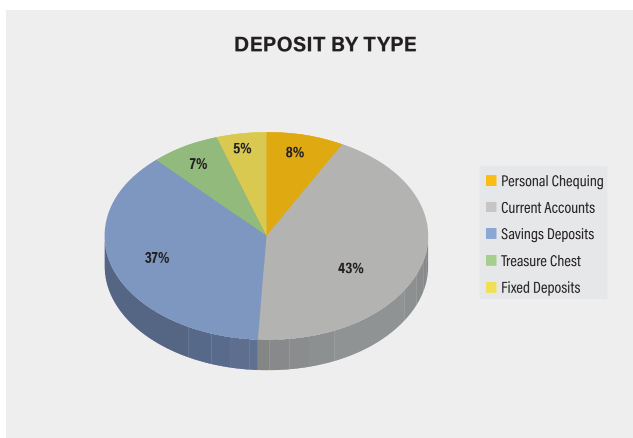
Investment Securities

The investment portfolio increased by $109.63 million or 20% to $665.67 million from $556.03 million in 2022, driven by growth in bonds, certificates of deposit, and the internationally managed portfolios. At the reporting date, 52% or $346 million was managed internationally.



Customers' Deposits

Customers' deposits surged by $529.9 million or 35% to $2.03 billion compared to $1.5 billion in 2022, with current accounts being the primary contributor. The growth in customers' deposits reflects the continued excess liquidity being experienced within the local economy and customers' confidence in the Bank.

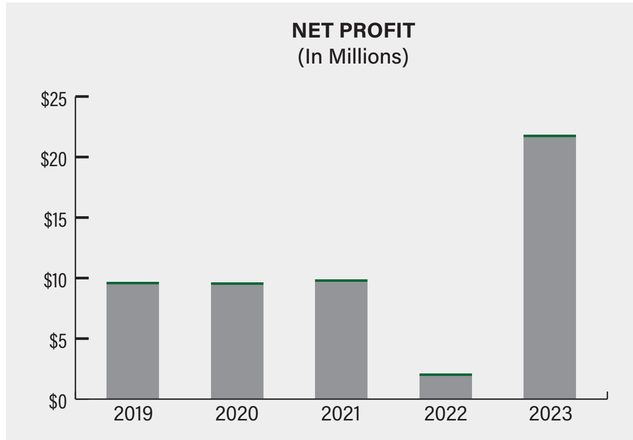


Deposits by Type

All categories of deposits within the portfolio realized increases except for Fixed Deposits, which decreased by $31.3 million or 24% to $97.7 million in 2023 from the $129 million collected in 2022. Increases were as follows: Savings $184.3 million or 33%, Personal Chequing Accounts $25.5 million or 19%, Treasure Chests $81.7 million or 132%.

Subordinated debt

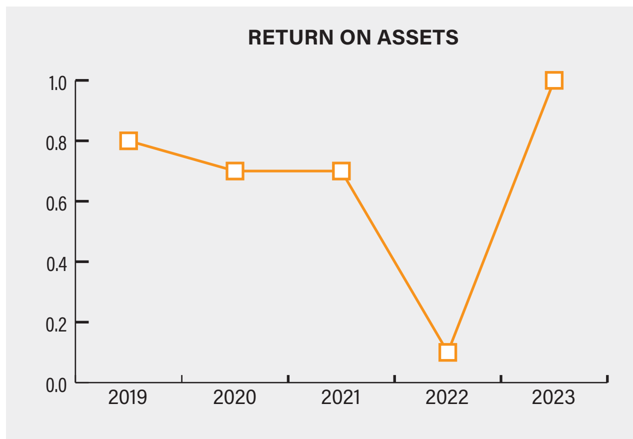
To ensure compliance with regulatory capital adequacy requirements following the acquisition, the Bank took proactive measures by securing $50 million in subordinated debt from various financial institutions both locally and regionally. This strategic move significantly bolstered the Bank's Tier II capital, further strengthening its overall capital position and ensuring continued regulatory compliance.

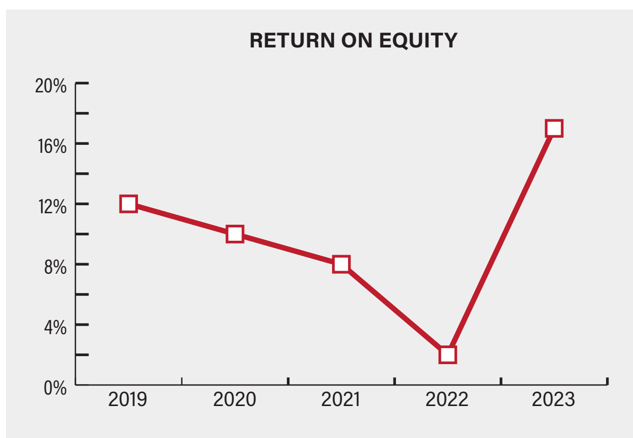


Statement of Income Review

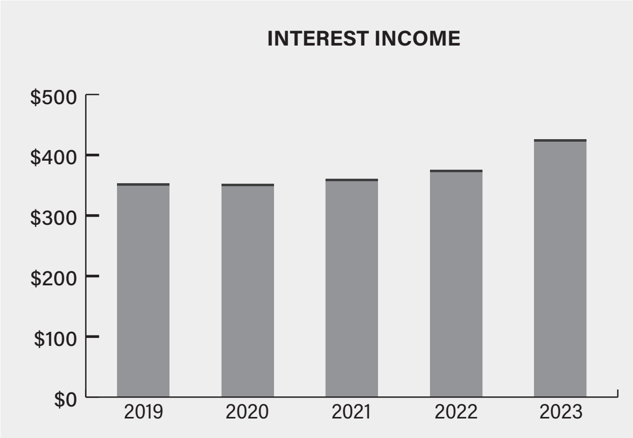
The Bank recorded an exceptional performance in 2023. Net profits surged to $21.9 million or 938% when compared to the $2.1m achieved in 2022. This substantial increase in profits can be attributed to the following key factors:

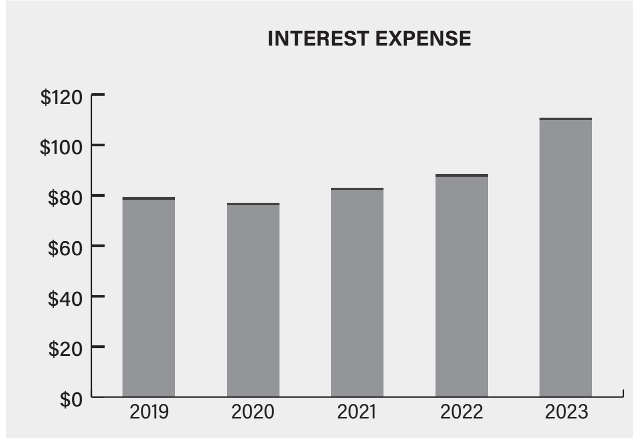
- Total revenue reached $104.3 million, a significant increase from the $71.5 million achieved in 2022. Notably, interest income, investment income, and other income experienced respective increases of $5.1 million, $10 million, and $27.7 million, contributing to the overall growth in revenue.
- Total expenditures amounted to $75.2 million, demonstrating a 9% increase from the $69.1 million spent during the same period in 2022. Despite the rise in expenditure, prudent cost management measures ensured that the increase remained manageable relative to the substantial growth in revenue.





These factors collectively drove the substantial increase in net profits, and ultimately resulted in a significant boost in earnings per share, rising from $0.28 in 2022 to $2.88 in 2023. This impressive growth underscores the Bank's commitment to delivering value to its shareholders and stakeholders through prudent financial management and strategic decision-making.





Furthermore, the increase in profits also reflected significant enhancements in key performance indicators. The Return on Assets (ROA) saw a notable rise from 0.1% to 1%, reflecting the Bank's improved efficiency in generating profits from its assets. Similarly, the Return on Equity (ROE) surged from 2% to an impressive 17%, indicating a useful increase in profitability relative to shareholder equity.

Interest income

Interest income on loans and advances experienced a noteworthy increase of $5.1 million, representing a growth of 13% compared to the prior year. This growth was observed across all categories of the loan portfolio, except for overdraft income, which saw a slight decrease of $0.15 million or 6%.

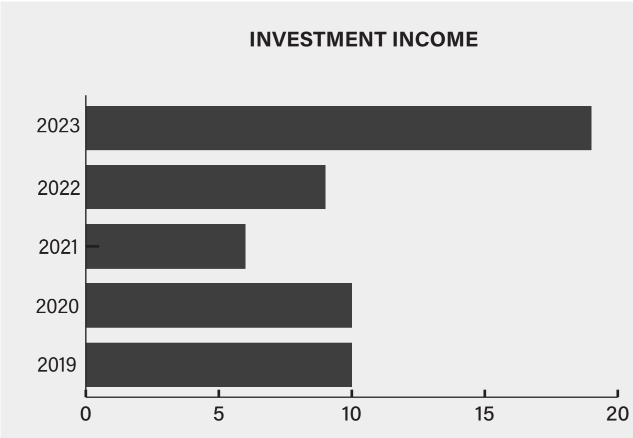
Despite the increase in interest income, the average yield on the loan portfolio decreased to 5.59% from 6.07% in the previous financial year. This decline in the average yield continues to be as a result of a shift in the composition of the loan portfolio or changes in interest rate dynamics, impacting the overall profitability of the loan portfolio.

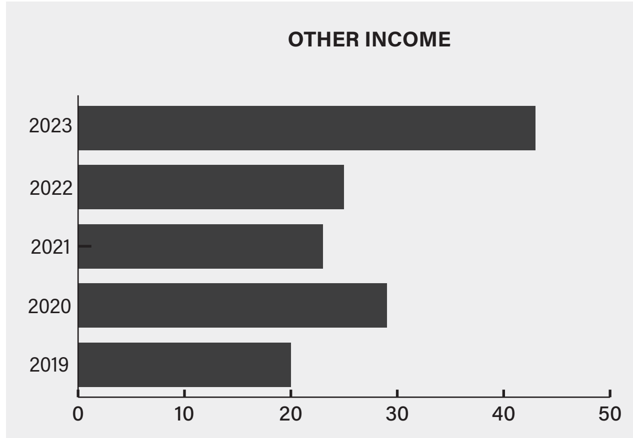
Interest expense

Interest expense consists of interest on customers' deposits, subordinated debt interest, and lease liability interest. In the current reporting period, total interest expense increased by $2.2 million, marking a 25% rise compared to the prior year.

Interest expenses on customers' deposits increased by $1.4 million or 16%, primarily driven by higher interest expenses on savings, offset by a decrease in fixed deposits interest expenses. Despite this increase, the cost of funds slightly decreased from 0.64% to 0.63%, reflecting the continued concentration of the portfolio in non-interest-bearing deposits.

Interest expense incurred on the subordinated debt, totaling $50 million, amounted to $0.79 million for just over two months up to the end of the financial year.



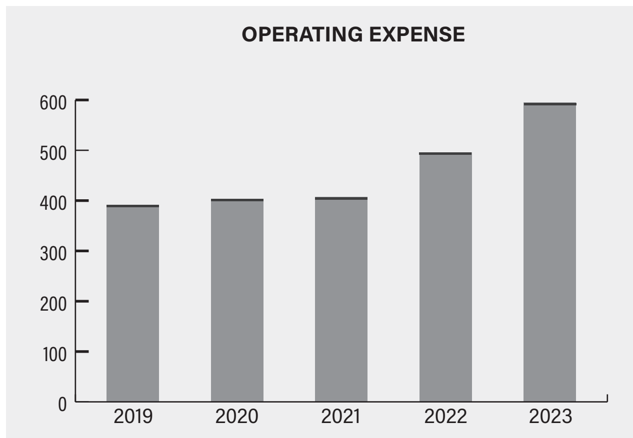


Other operating income

Other operating income, consisting of investment income and other income, experienced significant growth, with investment income increasing by $10 million and other income by $17.7 million.

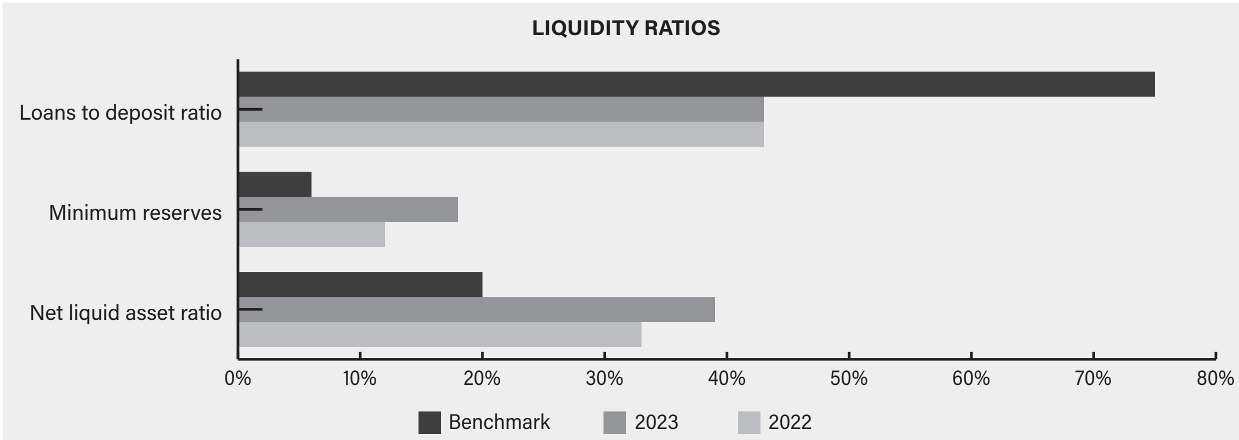
The rise in investment income by 112% was attributed to a combination of factors, including a 20% expansion in the gross investment portfolio and higher yields earned from new and rolled-over investment instruments sourced from the international market. Notably, the average interest rate on investment securities increased from 2% in 2022 to 3%.

On the other hand, the growth in other income, amounting to 71%, was primarily driven by increases in credit and debit card fees and commissions stemming from a growing portfolio of customers and transactions. Additionally, there were increases in forex earnings and other fees and commissions, contributing to the overall growth in other income.



Operating Expenses

The Bank's operating expenses rose by $9.8 million or 20% over the prior year, reaching $59.5 million in 2023 from $49.6 million in 2022. This increase was primarily driven by several contributing factors, including higher staff costs, card-related expenses, expenses associated with the acquisition, and other general administrative expenses.



Other key performance indicators

Liquidity

The chart above compares the Bank's liquidity ratios for 2023 and 2022 against the ECCB prudential requirements.

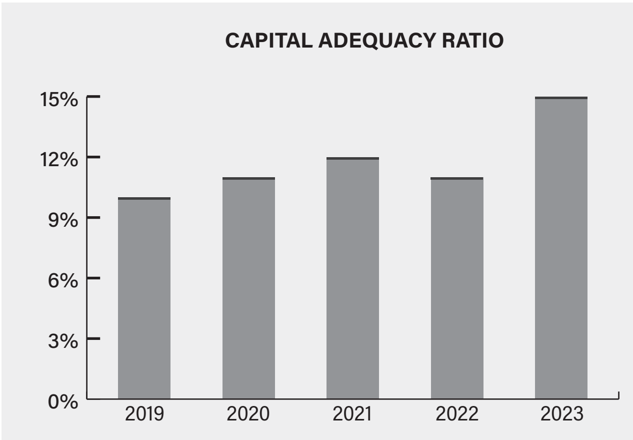
The Bank maintained a robust liquidity position by the end of the financial year, evidenced by its current daily reserve position requirements of 18%, significantly surpassing the minimum requirement of 6%. With short-term liquid assets amounting to $1.103 billion in 2023 (compared to $804 million in 2022), representing 51% of Total Assets, the Bank demonstrated its capability to meet obligations at maturity.

Although the Loans to Deposits ratio remained steady at 43% in 2023, it falls below the ECCB's minimum prudential benchmark of 75%. This scenario persists due to excess liquidity both locally and throughout the ECCU. However, the Bank remains committed to optimizing this excess liquidity by expanding its loan and investment portfolios. This strategic approach aims to further leverage available resources and enhance overall financial performance.

Capital

The Bank's capital serves as a crucial buffer to absorb unexpected losses. Throughout the year, the Bank consistently maintained its capital position above the prudential benchmark, as indicated by a Capital Adequacy Ratio (CAR) of 14.6% (compared to 11.2% in 2022) at the end of the year, exceeding the revised minimum regulatory requirement of 10%.

Shareholders' Equity stood at $126.5 million at the end of the financial year, marking a significant increase of $27.3 million or 28% over the prior year. This notable growth in equity can be primarily attributed to the profit for the year amounting to $21.9 million, along with increases in the accumulated other comprehensive income from the unrealized gains experienced in investments. This strengthened equity position underscores the Bank's resilience and capacity to navigate market challenges while maintaining financial stability and investor confidence.



Appreciation

The Bank remains steadfast in its commitment to effectively manage risks, seize opportunities, and leverage its strengths to create value for its shareholders while actively contributing to the growth and development of the market and community we serve. With this core principle in mind, I extend my deepest appreciation to our valued customers, shareholders, and other key stakeholders for their unwavering loyalty and trust placed in the Grenada Co-operative Bank Limited.

Furthermore, I express sincere gratitude to our Board of Directors for staying the course in the Bank's pursuit of the acquisition of CIBC FirstCaribbean Grenada business; our dedicated management team, and hardworking staff for their selfless commitment and unwavering dedication to realizing the Bank's objectives in the 2023 financial year. Together, our invaluable contributions have been instrumental in achieving the milestones and sustained growth witnessed over the past year. Your efforts have not gone unnoticed, and I am confident that with your continued dedication and collaborative spirit, we will achieve even greater success in 2024 and beyond.

Larry Lawrence
MANAGING DIRECTOR
April 5, 2024

Left to right Marketing & Branding Officer Francis St. Hillaire, Super Starter Education Investment Plan Winners 2023 & Manager Sales & Services St. George's RBU Brendon Mc. Gillivary

Corporate Social Responsibility

As the nation's only indigenous bank, Co-op Bank takes immense pride in its social responsibility as a conscientious corporate citizen. In 2023, the Bank increased its budget allocation towards community outreach, enhancing its impact in health, sports, education, the environment, culture and performing arts across communities in Grenada, Carriacou and Petite Martinique.

Education:

Co-op Bank continues to assist with cushioning the rising costs of education impacting Grenadian citizens. The Bank continued its Super Starter Education Investment Plan scholarship program, awarding 13 students nationwide. Six students received scholarships at the primary level valued at $1,200 each, six at the secondary level, valued at $2,500 each, and 1 person at the tertiary level received $45,000. In addition, the Bank made its annual contribution to over 80 students, fulfilling a commitment made during the COVID-19 pandemic years of 2020-2022, to assist with their education expenses throughout their primary and secondary tenures.

Co-op Bank was the main sponsor of the Carol Bristol Distinguished Lecture Series organized by the University of the West Indies. The lecture's theme was "Using Intellectual Property Tools to Create Value for Entrepreneurs in the Creative Industry: Women and IP - Accelerating Innovation and Creativity". This lecture formed part of the country's inaugural Creative Economy Conference.

Further, the Bank supported the TAMCC graduation, as well as the UWI/AA La Grenade award for the most outstanding student at the CAPE examinations.

Sports:

Co-op Bank's Brand Ambassador Kirani James and Managing Director Mr. Larry Lawrence presenting the trophy to St. Andrew, winners of the Co-op Bank Primary Schools' Games 2023

Co-op Bank embraced the return of sporting activities with the revival of the Co-op Bank National Primary Schools' Games after a four-year break. The Bank understood the significance of these Games to encourage the grassroots development of young athletes across the nation's seven parishes. This year was the first time that all seven parishes, including St. George, were under the Co-op Bank umbrella. The Bank also contributed towards football and cricket competitions on the sister island of Carriacou and supported various secondary school athletic sports meets throughout Grenada. Contributions were also made to the development of basketball, grassroots cricket, and football during the period under review.

Staff of Co-op Bank with the winners of the Co-op Bank National Primary Schools' Games

Culture & the Performing Arts:

The Bank continued to contribute towards rejuvenating and developing our steelpan culture by sponsoring the Commancheros Steel Orchestra. Co-op Bank Commancheros Junior Steel Orchestra copped the second position in the Junior Panorama at the kids' carnival frolic, while the senior team and defending champions placed third at the 2023 National Panorama Championship. To stimulate interest and growth in the artform, Co-op Bank employees and their children attended steelpan classes with tutors from the Co-op Bank Commancheros. They showcased their newly acquired skills at the Bank's annual Pump it Up Family Fun Walk, where they performed two renditions as a group. Several Co-op Bank employees also represented the senior team at the National Panorama Competition.

Co-op Bank staff performing at Pump it Up

Traditional Festival

Pump it Up Participants

In Carriacou, Co-op Bank collaborated on the inaugural Fundaytion, an innovative concept to stimulate the development of culture in youths. The event's focus was to nurture young, budding talents and cultivate the potential of passionate young people in the performing arts, particularly in Soca music. The event had an immediate impact, with the winner, Teknikal, creating history by becoming the youngest Soca Monarch and Road March king in Carriacou. The event also received significant attention, with impressive numbers in streaming and views online.

The Bank supported the Whitsuntide Regatta Festival in Petite Martinique, and provided support to "Behind the Mas", a radio series that sensitized the public on traditional mas, its origins and preparations. This was crucial given the waning interest, especially among younger people, in this aspect of Grenada's culture.

Health:

After a three-year hiatus due to the COVID-19 pandemic, Co-op Bank held its 12th **Pump it Up!** Family Fun Walk this year. This activity is the main event under the Bank's Healthier Lifestyles Program, geared towards raising awareness of healthy living and physical exercise and taking a proactive approach to health issues. The event seeks to encourage families to have fun together while engaging in exercise, hoping that it will ignite healthy lifestyle choices. The Bank disseminated health tips on social media and while participants were on the road.

The second objective of the Walk is to support a health-related charitable initiative that can help improve the lives of citizens. To achieve this, the Bank has been collaborating with benefactors from corporate Grenada since 2017 to raise funds toward a long-term sustainable initiative, the re-

Petite Martinique Whitsuntide Regatta Festival

Co-op Bank's Managing Director, Mr. Larry Lawrence presenting to the Permanent Secretary in the Ministry of Health, Mr. Kevin Andall establishment of the Carlton Home, a rehabilitation center for substance abusers. Despite the three-year break, the Bank and its benefactors have raised $488,800, just $11,200 shy of the $500,000 goal towards this initiative. The re-establishment of the Carlton Home is expected to have a positive impact on the Grenadian community with a facility equipped to treat those battling with substance abuse.

Winners of the Best Kept Kitchen Garden competition with Manager, Sales & Services St. George's, Mr. Brendon Mc Gillivary

Environment

The Bank's 90th Anniversary celebrations extended into 2023, concluding with the Best Kept Kitchen Garden competition. This event aimed to promote food security and encourage healthy eating. To participate, entrants needed a kitchen garden with primarily edible plants in their yard or container gardens with organic/traditional inputs such as animal manure, compost or mulch. Furthermore, water harvesting, plant health, and innovative pest management techniques were among the judging criteria. The competition attracted participants from Grenada, Carriacou and Petite Martinique, with one winner per parish.

Prime Minister Hon. Dickon Mitchell delivering the Feature Address at the Investment Migration Roundtable Conference

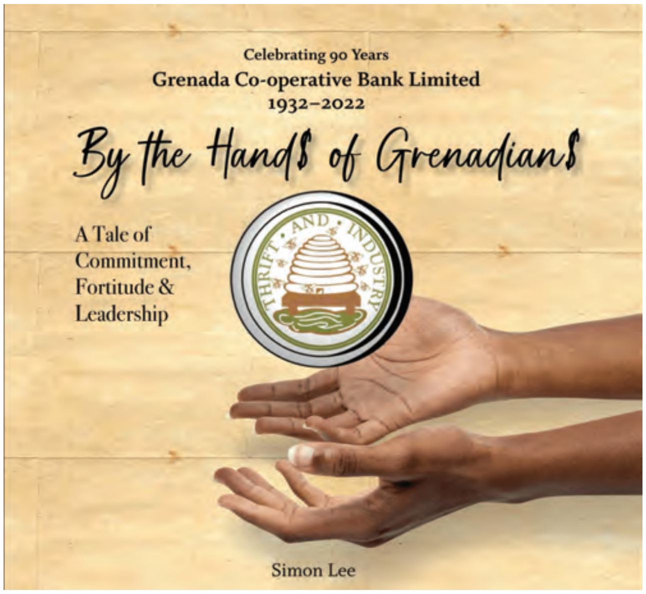
Participants at the Investment Migration Roundtable

Financial Education and Empowerment

The Bank launched its financial education program, "Conversations with Co-op Bank", a video series focused on educating the public on financial matters and other topics that customers frequently inquire about. Highlights included the impact of the government's bi-monthly payments and innovations in banking available to customers.

Further, Co-op Bank collaborated with the Grenada Citizenship by Investment (CBI) Committee to host the third Investment Migration Roundtable for national stakeholders in Grenada's CBI program. This forum aims to develop and refine Grenada's strategy for strengthening its investment migration program as a sustainable sector of the economy.

Co-op Bank's Book Launch



Co-op Bank launched its book, "By the Hand$ of Grenadian$, A Tale of Commitment, Fortitude, and Leadership" on July 26, 2023. The book chronicles the history of the Bank and Grenada over the 90 years and highlights the individuals and situations that shaped them. The book's unveiling on the Bank's anniversary brought the curtains down on the 90th anniversary celebrations. Copies of the book will be available in libraries for insightful reading by everyone.

Customer Service Promises & Standards

Monitoring and reporting are essential for effective execution. As a customer-centric institution, the Bank showcases its accountability and transparency by auditing its Customer Service Charter, measuring performance against service promises. This demonstrates the Bank's commitment to providing exceptional experiences throughout the customer's journey. Co-op Bank targets a 70% satisfaction rating for its promises. In 2023, the Bank surpassed its target by achieving a 73% rating, a notable accomplishment considering major renovations disrupted services at one Retail Banking Unit (RBU).

Customer Satisfaction

Regarding the Customer Satisfaction Index, which rates attributes like friendliness, staff interest, product knowledge, and effort to meet customers' needs, 75% of customers were satisfied with the service received. Co-op Bank conducted quarterly Customer Perception surveys to assess customers' views on overall service delivery and their likelihood of recommending the Bank to others. The Bank strives for customer service excellence by setting a Net Promoter Score (NPS) above comparable financial institutions' averages internationally. Commitment to customer service excellence through continuous staff development remained crucial. The Bank conducted the annual mandatory Customer Excellence Training for all staff, including the members of the Board and the auxiliary staff such as security guards. This is done to ensure that the quality of service is consistent across the organization and that the customer journey is pleasurable.

Mr. Trent Marshall 2023 Overall Winner – Customers' Choice for Customer Service

Co-op Bank continues to focus on providing superior customer experiences and continually recognizes members of staff based on customer feedback on a monthly, quarterly, and annual basis. The overall winner for 2023 was Mr. Trent Marshall.

Management
Team

Carlene Phillip-Frank
Exec. Dip. Banking, BSc, MBA, BSP, PMI-ACP
Senior Manager,
Programme & Strategy

Richard Medford
BSc, MSc
Manager,
Electronic Services & Retail Operations

Keri-ann St. Louis-Telesford
BAS, MSc
Senior Manager,
Human Resources

Roger Duncan
FICB
Manager,
Customer Care

Keisha Greenidge
BSc, MSc
Senior Manager,
Risk (Credit)

Brendon Mc Gillivary
IM, AICB, CRU, BSc, Exec. Dip. Banking
Sales & Services Manager,
St. George's Retail Banking Unit

Ericka Hosten
BSc
Manager,
Marketing & Customer Insight Unit

Roland Fletcher
AICB, MBA, CRU
Sales & Services Manager,
Sauteurs Retail Banking Unit

Aly-Terese Wilson
MBA, BS, PMI
Project Manager

Shane Regis
AICB, BSc
Sales & Services Manager,
Grenville Retail Banking Unit

Nedgra Paul
BSc
Sales & Services Manager,
Spiceland Mall Retail Banking Unit

Rachael Philip-Bethel
CRU
Sales & Services Manager,
Carriacou Retail Banking Unit

Kester Joseph
C.C.Sec., MBA, KPIP, BSP, BSc.
Strategy Manager

Keith Holas
Finance Manager

Ebernie Whyte-Best
MBA, Chartered Banker
Manager,
Business Banking

Jacqueline Phillip
MSC, BBA, AS, CERT
Manager,
Recoveries and Collections

Marquez Mc Sween
CRU, AMLCA, CPAML
Manager,
Compliance

Francis St. Hillaire
Marketing and Branding Officer

Javid Hosten
CISM, PCIP, VCA, CDPS
Manager,
Information Security

Shawn Slinger
BSc, CISM, VCP
Manager,
Information Systems & Technology

Human Resource Report

The Internal Audit Department, winners of the Department of the Year Award

The human resource capital of Grenada Co-operative Bank Limited is critical to the Bank's development, sustainability, and profitability. Co-op Bank remains steadfast in its commitment to human resource development throughout the organization.

As the Bank emerged from the COVID-19 pandemic and sought to regain a sense of emotional, financial, and social normalcy, the Human Resource Department made a conscious effort to keep its employees educated, grounded, and focused.

During the financial year 2022-2023, the department facilitated a number of sessions geared towards equipping staff with the tools required to excel both personally and professionally. A session was held with the National Insurance Scheme (NIS) to apprise staff of matters affecting them, including pension calculations and the increasing pension age. Financial management and stress management sessions were also conducted and were well received by staff.

Employee Appreciation Day was observed on March 1, 2023 and every employee was gifted a token of appreciation for their dedication and commitment to the Bank.

General Staff Meeting

It was a delight to host the 2022 Annual General Staff Meeting in person after hosting the event virtually for two years. The theme for the meeting was "Partners in Progress, Fostering Organizational Communication and Cooperation". Employees were awarded and recognized for their academic achievements, customer service delivery, years of service, and other outstanding contributions to the growth and development of the Bank.

The coveted Retail Banking Unit (RBU) of the Year and Department of the Year awards were won by the Spiceland Mall RBU and the Audit Department respectively. Spiceland Mall RBU dethroned the St. George's RBU, which held the RBU of the Year title for two consecutive years.

Ebernie Whyte-Best, Manager, Business Banking received the Managing Director's Special Award for her contributions throughout the year to the growth and development of the Bank.

Mrs. Ebernie Whyte-Best receiving the Managing Director's Special Award presented by Mr. Larry Lawrence

Staff at the Spiceland Mall RBU, winners of the RBU of the Year Award

Staff Social

On December 9, 2022, the Bank held its annual staff cocktail under the theme "La Dolce Vita" at Pier 57. The night presented the opportunity for staff to relax and engage in fellowship and camaraderie while being entertained by the Co-op Bank Commancheros and local artistes.

Photos from Staff Social 2022

Staff Recognition/Retirement

During the financial year, Co-op Bank bid farewell to its Chief Audit Executive, Ms. Julia G. Lawrence, after 21 years of dedicated service. Ms. Lawrence was the consummate professional, performing at the highest level of efficiency, and contributed significantly to the growth and transformation of the Internal Audit Department.

The Bank expresses its gratitude to Ms. Lawrence for the contributions made during her tenure and wishes her a happy, healthy retirement.

The Co-op Bank family lost two of its employees, Mrs. Jennifer Noel-Marshall and Ms. Renee Pilgrim, during this financial year. They will be remembered for their ingenuity, humility, and kindness. May they rest in peace.

Ms. Julia G. Lawrence with the staff of the Internal Audit Department at her retirement event

Training And Development

The banking sector is evolving at a rapid rate with the advancement of technology, threats to cyber security, and the implementation of more stringent regulations. Therefore, staff must be continuously trained and educated to keep updated with these changes. Training helps build capacity, develop new skills, improve performance and can lead to staff retention. In addition, it helps build a more efficient and engaged workforce, setting the foundation for delivering excellent customer experiences.

Training and Development for the financial year 2022-2023 were conducted in the areas below:

1. In-house/ Microsoft Teams and Zoom training
2. Resident external training
3. Certifications and Qualifications

In-House Training

Training in the areas that directly support our strategic goals was conducted in the following areas:

- Customer Service Excellence
- Customer Due Diligence and Risk Rating Methodology
- Mandatory AMLCFT
- Health in the Workplace
- Credit Underwriting - Sales & Service, Business Banking and Recoveries & Collections Department
- Sensitisation on completion of CDD & ADD Question
- Risk Awareness

Additionally, other in-house training sessions were conducted to develop employee competencies in their functional areas.

Resident External/Teams And Zoom Training

The following training exercises were completed by various departments to improve effectiveness in functional areas.

Training	Recipients
Professional Business Etiquette for Success in the Workplace	Executive Risk Management Committee (ERMC), Managers, Supervisors, and the Human Resource Department
Train the Trainers on Policy Management	Manager's Assistants
• Reward and Recognition Strategies Workshop • Diversity & Inclusion in the Workplace	Human Resources Department
Effective Personal Productivity	Cameile Charles-Cummings, Daniella Mc Sween and Craig Belfon
New Policy Framework Classroom Training	Selected staff
Letters of Credit Webinar	Business Banking and Operations & Administration departments
AMLCTF Training - Open-Source Data Search	Citizens by Investment (CBI), Compliance and Risk Department
FACT World Limited	CBI Department
Core Competency training	125 members of staff
Stress Testing (Capital & Liquidity) & Economic Capital	Keith Holas
ACAMS – Transaction monitoring Foundations	Compliance Department
FIBA OFAC Sanction Certificate	Marquez Mc Sween and Daniella Mc Sween
CARICRIS – Credit Risk Analyst Certification Programme	Recoveries & Collection
• Critical Thinking – A Vital Auditing • Auditing Culture • Auditing Insider Threats • Auditing Reports: Communicating Assurance Results • Conducting the Assurance Engagement • Understanding the IPPF • Audit Interviews • Governance Overview • Developing a Risk-based Audit Plan Assessing Fraud Risk • Operational Auditing	Audit Department

CERTIFICATIONS/QUALIFICATIONS

The following employees successfully attained qualifications and certifications in the following areas:

Javid Hosten	**Certified Information Security Manager (CISM) – Infosec**
Carlene Phillip-Frank	**PMI-ACP (Agile Certified Practitioner) - Designation**
Viola Charter & Jenelle Antoine	**Real Estate Institute of Grenada (REIC) – Designation**
Vonlyn Pope	**ESCM Certification - ECSRC Representative Licence Certificate**
Daniella Mc Sween, Prycilla Sandiford, Chardy Baldeo, Renee Pilgrim, Najmie Lawrence and Zeleka Peters	**Anti-Money Laundering Certified Associate (AMLCA)**

Javid Hosten

Carlene Phillip-Frank

Viola Charter

Jenelle Antoine

Vonlyn Pope

Daniella Mc Sween

Prycilla Sandiford

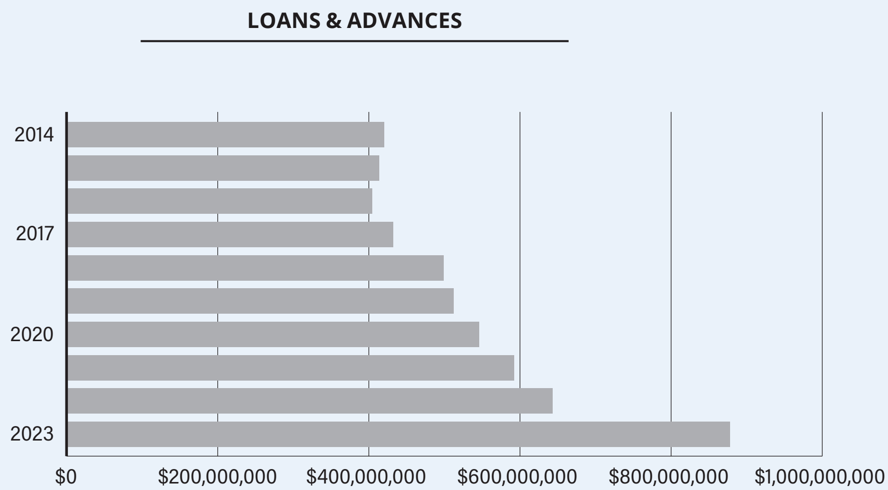
Chardy Baldeo

Zeleka Peters

Renee Pilgrim

Najmie Lawrence

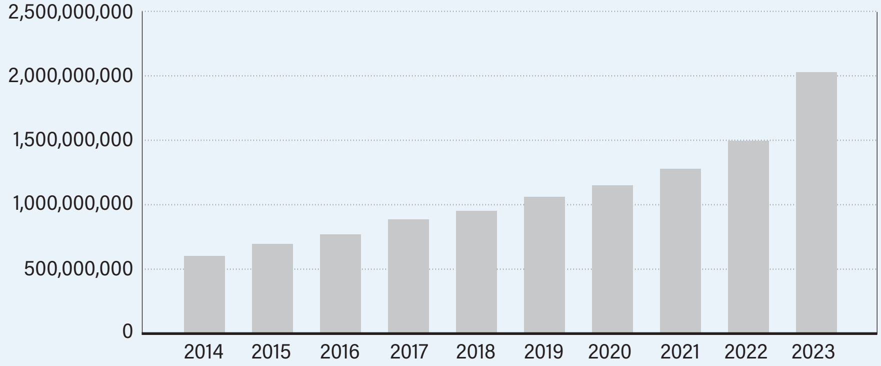
Selected Financial Statistics 2014 - 2023



	2014	2015	2016	2017
LOANS & ADVANCES (GROSS)				
Loans & advances	$420,375,729	$413,420,588	$404,328,044	$431,852,790
% Change	***-4.0%***	***-1.7%***	***-2.2%***	***6.8%***
DEPOSITS (GROSS)				
Deposits	$597,763,818	$692,632,948	$766,677,471	$887,906,649
% Change	13.2%	15.9%	10.7%	15.8%
Loans & advances to deposit ratio	70%	60%	53%	49%
PROFITS & DIVIDENDS				
Net after tax profits	$2,479,786	$2,687,650	$4,384,705	$6,732,801
% Change	167.1%	8.4%	63.1%	53.6%
Dividend Per Share	$0.08	$0.08	$0.11	$0.15

Source: Audited Financial Statements

DEPOSITS



2018	2019	2020	2021	2022	2023
$498,753,716	$511,932,524	$545,654,198	$592,233,938	$643,248,811	$877,909,989
15.5%	***2.6%***	***6.6%***	***8.5%***	***8.6%***	***36.5%***
$954,069,016	$1,060,169,908	$1,151,080,683	$1,276,810,288	$1,497,740,159	$2,027,630,925
7.5%	11.1%	8.6%	10.9%	17.3%	35.4%
52%	48%	47%	46%	43%	43%
$7,621,439	$9,670,312	$9,628,952	$9,870,931	$2,106,155	$21,853,224
13.2%	26.9%	-0.4%	2.5%	-78.7%	937.6%
$0.17	$0.22	$0.15	$0.15	$0.00	$0.43

Financial Statements

For the year ended September 30, 2023

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www.bdoecc.com

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Grenada Co-operative Bank Limited
St. George's
Grenada

Opinion

We have audited the financial statements of Grenada Co-operative Bank Limited (the "Bank"), set out on pages 53 to 115, which comprise the statement of financial position as at September 30, 2023, 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, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International 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

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
Grenada Co-operative Bank Limited
St. George's
Grenada

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>1. Expected credit losses</td><td></td></tr>
<tr><td>Refer to Notes 4, 9(c) and 11 to the financial statements.

IFRS 9, Financial Instruments, requires the Bank to evaluate credit losses using an expected credit loss ("ECL") model. This approach requires management to make judgment and assumptions in the determination of the probability of default, loss given default and the application 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 through profit or loss.

Management is continuously assessing the assumptions used in determining the allowance for ECL process, and estimates are updated to account for current market and economic conditions.

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.</td><td>We assessed and tested the design and operating effectiveness of controls over:

• Management's process for making lending decisions inclusive of the approval, disbursement and monitoring of loans and advances to customers.
• Management's process for the determination of expected credit losses.
• The completeness and accuracy of data used to determine the allowance for ECL, including transactional data captured at loan origination, internal credit quality assessments, storage of data and computations.

We performed the following procedures:

• Reviewed the provision for loan loss policy and evaluated the modeling methodologies developed by the Bank in order to estimate ECLs and assessed their compliance with IFRS 9.
• Assessed the adequacy of the provision for loan losses by testing the reasonableness of the methodologies and assumptions applied in determining 12-month and lifetime probability of default, loss given default, exposure at default, loan staging and the key assumptions and methodology for incorporating forward-looking information used in the Bank's ECL calculations.
• Tested the completeness and accuracy of the data used in the models to the underlying accounting records.
• Finally, we assessed the adequacy of the disclosures in the financial statements.</td></tr>
</table>

Independent Auditor's Report

To the Shareholders
Grenada Co-operative Bank Limited
St. George's
Grenada

Key Audit Matters	**How our audit addressed the key audit matter**
2. Fair Value of Investments	
Refer to Notes 4, 9(b) and 12 to the financial statements. The Bank invests in various investment securities measured at fair value. These include securities classified as Level 1, trading in active markets, securities classified as Level 2, trading on markets for which there are no published prices available but have variable inputs that can be measured, and securities classified as Level 3 that have no observable market data. 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. 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. Level 3 category includes financial assets that are not quoted as there are no active markets to determine a price.	Our procedures included the following: • We reviewed the valuation policy and considered whether the methodology remains appropriate given current market conditions. • We review the reasonableness of the methods and assumptions used in determining the fair value of investment securities. • We independently assessed the fair value of investments by performing independent valuations on the investment portfolio as well as reviewing the fair value levels and recalculating the unrealized gain (loss) recognized. • We involved our valuation specialist to evaluate the reasonableness of prices for specific investments by comparison to independent third-party pricing sources and validating the level of these investments within the IFRS fair value hierarchy. • We also reviewed management's assessments of whether there are any indicators of impairment including those securities that are not actively traded. • Finally, we assessed the adequacy of the disclosures in the financial statements.

Independent Auditor's Report

To the Shareholders
Grenada Co-operative Bank Limited
St. George's
Grenada

Key Audit Matters	How our audit addressed the key audit matter
3. Business Combination	
Refer to Notes 4, 9(f) and 34 of the Financial Statements. The Bank acquired the assets and assumed the liabilities of FirstCaribbean International Bank (Barbados) Limited – Grenada Branch on July 17, 2023. The acquisition was accounted for as a business combination in accordance with IFRS 3 and involved significant judgement and estimation to determine the fair value of the net assets acquired and the goodwill arising from the transaction. The determination of the fair value Involved judgement in the application of discounting cashflow analysis, including cashflow projections and discount rates and the purchase price allocation performed, required management to make estimates and assumptions. These measurements have a high level of estimation uncertainty and judgement applied.	We performed the following procedures: • Reviewed the transfer agreement, banking vesting order and regulatory approval for the business combination. • Assessed the appropriateness of the accounting policy used by management to record the business combination. • Engaged the services of our internal valuation specialists to review and conclude on the reasonableness of the methodology, assumptions and computations used by management and management's expert to arrive at the valuation of total net identifiable assets, including intangible assets, land and building and loans and advances. • Tested the completeness and accuracy of the underlying data including the closing statement, which formed the basis of accounting measurement for the transaction. • Assessed the adequacy of the presentation and disclosures in the financial statements for compliance with IFRS 3 Business Combinations.

Other information included in the Bank's 2023 Annual Report

Management is responsible for other information. The other information comprises the information included in the Bank's 2023 Annual Report, but does not include the financial statements and our auditor's report thereon. The Bank's 2023 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 financial statements in accordance with IFRSs, and for such internal controls as 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 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 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 Fitz Reuben K. John.

BDO

BDO Eastern Caribbean
Kingstown, St. Vincent and the Grenadines
April 12, 2024

STATEMENT OF FINANCIAL POSITION

As at September 30, 2023

(Expressed in Eastern Caribbean dollars)

	Notes	2023 $	2022 $
ASSETS			
Cash and cash equivalents	10	547,856,332	311,681,262
Loans and advances to customers	11	856,827,696	640,208,987
Investment securities	12	665,414,657	556,921,992
Other assets and prepayments	13	71,127,688	30,843,465
Property and equipment	14	73,412,160	66,102,467
Intangible assets	15	9,545,534	-
Deferred tax asset	16	358,200	157,130
Income tax refundable		-	3,071,850
Total assets		2,224,542,267	1,608,987,153
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits from customers	17	2,027,863,476	1,498,044,530
Subordinated debt	18	50,000,000	-
Trade and other liabilities	19	17,309,449	11,783,958
Income tax payable		2,888,549	-
Total liabilities		2,098,061,474	1,509,828,488
Shareholders' equity			
Stated capital	20	24,843,323	24,843,323
Statutory reserve	21	23,593,616	19,222,971
Accumulated other comprehensive income	22	14,324,126	8,275,624
Other reserves	23	2,360,557	1,814,226
Retained earnings		61,359,171	45,002,521
Total shareholders' equity		126,480,793	99,158,665
Total liabilities and shareholders' equity		2,224,542,267	1,608,987,153

The notes on pages 57 to 115 are an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD: -

D. Brathwaite
Darryl Brathwaite
Chairman

Lisa Taylor
Lisa Taylor
Deputy Chairman

Larry Lawrence
Managing Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended September 30, 2023

(Expressed in Eastern Caribbean dollars)

	Notes	2023 $	2022 $
Interest income	24	42,627,248	37,562,995
Interest expense	25	(11,073,448)	(8,857,344)
Net interest income		31,553,800	28,705,651
Other operating income	26	61,716,835	33,959,288
		93,270,635	62,664,939
Impairment charge	27	4,632,587	10,604,302
Operating expenses	28	59,460,115	49,612,065
		64,092,702	60,216,367
Operating profit before income tax		29,177,933	2,448,572
Income tax expense	29	(7,324,709)	(342,417)
Net profit for the year		21,853,224	2,106,155
Items that are or may be reclassified subsequently to profit and loss			
Net movement in fair value reserve	12.4	6,048,502	(33,712,139)
Movement in revaluation reserve		-	9,929,572
Total comprehensive income/(loss)		6,048,502	(23,782,567)
Total comprehensive income attributable to:			
Owners of Bank		27,901,726	(21,676,412)
Basic and diluted earnings per share	30	2.88	0.28

The notes on pages 57 to 115 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2023

(Expressed in Eastern Caribbean dollars)

	Notes	Stated Capital $	Statutory Reserve $	Accumulated Other Comprehensive Income $	Other Reserves $	Retained Earnings $	Total $
Balances as at October 1, 2021		24,843,323	18,801,740	32,058,191	1,761,572	43,909,779	121,374,605
Net profit for the year		-	-	-	-	2,106,155	2,106,155
Increase in statutory reserves	21	-	421,231	-	-	(421,231)	-
Other comprehensive income for year	22	-	-	(33,712,139)	-	599,992	(33,112,147)
Revaluation reserves	22	-	-	9,929,572	-	-	9,929,572
Transfer to general reserves	23	-	-	-	52,654	(52,654)	-
Dividends paid	20b	-	-	-	-	(1,139,520)	(1,139,520)
Balance as at September 30, 2022		24,843,323	19,222,971	8,275,624	1,814,226	45,002,521	99,158,665
Net profit for the year		-	-	-	-	21,853,224	21,853,224
Increase in Statutory Reserves	21	-	4,370,645	-	-	(4,370,645)	-
Other comprehensive income for year	22	-	-	6,048,502	-	(579,598)	5,468,904
Transfer to general reserves	23	-	-	-	546,331	(546,331)	-
Balance as at September 30, 2023		24,843,323	23,593,616	14,324,126	2,360,557	61,359,171	126,480,793

The notes on pages 57 to 115 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

As at September 30, 2023

(Expressed in Eastern Caribbean dollars)

	Notes	2023 $	2022 $
Cash flows from operating activities			
Net profit for the year		21,853,224	2,106,155
Adjustments for			
Depreciation	14,28	5,066,849	5,305,041
Net interest income		(31,553,800)	(28,705,651)
Investment income		(17,818,467)	(8,322,129)
Net impairment losses on loans and advances and investments	27	4,632,587	10,604,302
Gain on disposal of property and equipment		128,029	(2,950)
Dividend income	26.1	(1,127,473)	(601,288)
Income tax	29	7,324,709	342,417
Net loss before changes in operating assets and liabilities		(11,494,342)	(19,274,103)
Change in other assets and prepayments		(40,284,225)	(1,393,586)
Change in loans and advances to customers		(72,334,873)	(51,674,583)
Change in deposits from customers		147,597,766	220,890,545
Change in trade and other payables		5,525,496	(20,521,860)
Cash generated from operations		29,009,822	128,026,413
Interest received		48,787,835	37,496,926
Interest paid		(10,331,450)	(8,809,110)
Income taxes paid		(1,565,381)	(3,543,960)
Net cash generated from operating activities		65,900,826	153,170,269
Cash flows from investing activities			
Acquisition of business operations, net of cash acquired		208,425,256	-
Additions to investment securities		(104,165,758)	(146,591,996)
Interest received from investments		17,892,452	6,558,103
Dividends received		1,127,473	601,288
Acquisition of property and equipment	14	(2,277,425)	(1,906,489)
Proceeds from disposals		86,064	2,972
Net cash used in investing activities		121,088,062	(141,336,122)
Cash flows from financing activities			
Dividends paid	20b	-	(1,139,520)
Proceeds from subordinated debt	18	50,000,000	-
Interest paid on lease liabilities	25	(22,414)	(28,571)
Interest paid on subordinated debt	25	(791,404)	-
Net cash used in financing activities		49,186,182	(1,168,091)
Net increase in cash and cash equivalents		236,175,070	10,666,056
Cash and cash equivalents – beginning of year		311,681,262	301,015,206
Cash and cash equivalents – end of year	10	547,856,332	311,681,262

The notes on pages 57 to 115 are an integral part of these financial statements.

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 Securities 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 26th, 2017.

On 17 July 2023, the assets and liabilities of FirstCaribbean International Bank (Barbados) Limited – Grenada Branch were acquired and assumed respectively by the Grenada Co-operative Bank Limited. The acquisition has been accounted for using the acquisition method. (See note 34)

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 April 5, 2024.

3. BASIS OF PREPARATION

These financial statements have been prepared on a 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 – fair value
- Contingent consideration - fair value
- Intangible assets - fair value

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 days or less at the date of purchase. Investments with maturities between ninety days 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.

(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 are 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 from 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%
Leasehold improvements	6.67%
Furniture and equipment	15%
Computer equipment	20%
Motor Vehicles	25%

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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

(c) Foreign currency translation (cont'd)

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.

(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 a 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

(e) Financial assets (cont'd)

i) *Amortised cost*

These assets incorporate financial assets where the objective is to hold these assets 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 is 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 several 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.

The Bank has debt securities whose objective is achieved by both holding these securities 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

(e) Financial assets *(cont'd)*

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

The Bank recognises loss allowances for expected credit losses (ECL) on debt financial instruments measured at fair value through other comprehensive income (FVOCI) and amortised cost. The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

(i) debt investment securities that are determined to have low credit risk at the reporting date; and

(ii) other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments. Consequently, financial instruments for which a lifetime ECL is recognised and are credit-impaired are referred to as 'Stage 3 financial instruments.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

(f) Impairment of financial assets (cont'd)

i) Credit impaired financial assets

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 using Expected Credit Loss (ECL) model, as provided for in the IFRS9 standards.

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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

(f) Impairment of financial assets *(cont'd)*

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of the debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

ii) Write Off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cashflows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

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 loan is recovered, the amount of the reversal is recognised in the statement of profit or loss in impairment charge for credit losses.

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.

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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

(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 classified and measured at amortized cost 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 an accrual basis using 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 the 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

(i) Revenue recognition *(cont'd)*

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.

(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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

(k) Deferred tax (cont'd)

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

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

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

(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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

(n) Leases (cont'd)

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.

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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

(o) Intangible assets

Intangible assets acquired in a business combination are recognised at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. The useful lives on intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period for an intangible asset with a finite useful life is reversed at a minimum at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by charging the amortisation period and treated as charges in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in profit or loss. Intangible assets with infinite useful lives are measured at cost less impairment losses. They are assessed for impairment at least annually.

i) Goodwill

Goodwill represents the excess of cost of the acquisition over the net fair value of identifiable assets/liabilities of the acquiree. When the cost is less than the fair value (negative goodwill), it is recognised immediately in profit/loss. Goodwill is measured at cost less accumulated impairment losses and is assessed for impairment at least annually.

ii) Core deposits

Core deposits have a finite useful life and are measured at cost less accumulated amortisation is calculated using the straight-line method to allocate the cost over the expected retention period within the Bank, which ranged from 9.5 to 10 years.

iii) Impairment

At each reporting date intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognized if the carrying amount exceeds the recoverable amount. The Bank chooses to use the cost model for the measurement after recognition. Intangible assets with indefinite useful life are annually tested for impairment and whenever there is an indication that the asset may be impaired, the intangible asset is analysed to assess whether their carrying amount is fully recoverable.

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

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) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
The amendments to IAS 16 prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling samples, together with the costs of producing them, are now recognized in profit and loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022.

(ii) Reference to the Conceptual Framework (Amendments to IFRS 3)
The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard. The amendment is effective for annual reporting periods beginning on or after 1 January 2022.

(iii) Interest Rate Benchmark Reform (Amendments to 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 2022.

(iv) Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment is effective for annual reporting periods beginning on or after 1 January 2022.

(v) Annual Improvements to IFRS Standards 2018–2021 makes amendments to the following standards:

- IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

6. NEW, REVISED AND AMENDED STANDARDS AND INTERPRETATIONS THAT BECAME EFFECTIVE DURING THE YEAR *(CONT'D)*

- IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. The amendment is effective for annual reporting periods beginning on or after 1 January 2022.

(vi) Covid-19-Related Rent Concessions beyond 30 June 2022 (Amendment to IFRS 16)
The amendment extends, by one year, the May 2021 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 April 2022.

The said amendment does 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 2023 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.

Additional amendments have been included to capture the following:

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023.
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.

7. NEW, REVISED AND AMENDED STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE *(CONT'D)*

- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination.
- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.
- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.
- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held.
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.

Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.

(ii) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment is effective for annual reporting periods beginning on or after 1 January 2023.

An amendment was made to defer the effective date of the January 2021 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.

(iii) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendment is effective for annual reporting periods beginning on or after 1 January 2023.

7. NEW, REVISED AND AMENDED STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE *(CONT'D)*

(iv) Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendment is effective for annual reporting periods beginning on or after 1 January 2023.

(v) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendment is effective for annual reporting periods beginning on or after 1 January 2023.

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, 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. FINANCIAL RISK MANAGEMENT *(CONT'D)*

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 fulfil 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.

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 to obtain 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, 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.

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.

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.1.1 Risk limit control and mitigation policies *(cont'd)*

Collateral held

The Bank holds collateral and other credit enhancements against certain of its credit exposures. The following table set out the principal types of collateral held against different types of financial assets.

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.

Types of credit exposure

Credit Facility	Principal type of collateral held
Loans and advances to banks	
Loans	None
Daily cheque clearing (ACH)	None
Loans and advances to retail customers	
Mortgage lending	Mortgage over residential properties, cash collateral
Personal loans and credit cards	Mortgage over residential properties, bill of sale, cash collateral, personal guarantees
Loans and advances to corporate customers	
Corporate loans and advances	Mortgages over commercial properties Mortgage debenture/charges over business assets such as premises, inventory, and accounts receivable; and 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.

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.1.1 Risk limit control and mitigation policies *(cont'd)*

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, which considers 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 an Expected Credit Loss (ECL) model, as provided for in the IFRS9 standards, which comprise:

1) A 'roll-rate' migration pillar, which maps a significant increase in credit risk to the percentage chance of delinquency and becoming non-performing.
2) The incorporation of adequate forward-looking information which considers variables such as: interest rate, time value of money, macro-economic and industry/sector performance forecasts; drawn from reasonable and credible available data.
3) 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

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.1.2 Impairment and provisioning policies *(cont'd)*

- 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.

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

- 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.

In determining whether there has been a significant increase in credit risk, the Bank considers the probability of default upon initial recognition of an 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.

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.1.2 Impairment and provisioning policies *(cont'd)*

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
Stage 3	Credit facilities that are impaired and which require a lifetime ECL. 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:

Year ended September 30, 2023	Loan balances $	Accrued interest $	ECL $	Total $
Stage 1	748,633,991	1,492,853	(24,723,323)	725,403,521
Stage 2	73,171,665	2,795,166	(2,200,983)	73,765,848
Stage 3	56,104,333	4,010,839	(2,456,845)	57,658,327
As at September 30, 2023	877,909,989	8,298,858	(29,381,151)	856,827,696

Year ended September 30, 2022	Loan balances $	Accrued interest $	ECL $	Total $
Stage 1	470,740,352	1,843,411	(3,732,269)	468,851,494
Stage 2	152,040,804	9,862,378	(11,899,762)	150,003,420
Stage 3	20,467,655	2,753,657	(1,867,239)	21,354,073
As at September 30, 2022	643,248,811	14,459,446	(17,499,270)	640,208,987

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 re-confirmation of its enforceability) and the anticipated receipts for that individual account.

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.1.2 Impairment and provisioning policies *(cont'd)*

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.

Bank Rating	Credit risk exposure 2023 %	Credit risk exposure 2022 %	Impairment allowance 2023 %	Impairment allowance 2022 %
Pass	86	89	0	0
Special mention	8	8	30	30
Substandard	6	3	52	52
Doubtful	0	0	16	16
Loss	0	0	2	2
	100	100	100	100

Expected credit loss on investment debt securities are as follows:

Year ended September 30, 2023	Debt securities balances $	ECL $	Total $
Stage 1	526,870,210	(2,695,779)	524,174,431
Stage 2	104,324,497	(1,106,761)	103,217,736
Stage 3	-	-	-
As at September 30, 2023	631,194,707	(3,802,540)	627,392,167

Year ended September 30, 2022	Debt securities balances $	ECL $	Total $
Stage 1	478,089,013	(1,516,127)	476,572,886
Stage 2	50,338,872	(1,218,401)	49,120,471
Stage 3	-	-	-
As at September 30, 2022	528,427,885	(2,734,528)	525,693,357

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.1.2 Impairment and provisioning policies *(cont'd)*

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

	Maximum Exposure	
	2023 $000's	2022 $000's
Deposits with Central Bank and other banks	518,554	290,004
Investment securities	665,666	556,032
Loans and advances to customers:		
Personal overdrafts and loans	422,060	322,774
Corporate overdrafts and loans	455,850	320,475
Other assets and prepayments	71,128	30,843
	2,133,258	1,520,128

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

	2023 $	2022 $
Financial guarantees	10,470,833	8,985,741
Loan commitments and other related obligations	129,369,226	59,626,645
	139,840,059	68,612,386

The above schedule represents a worst-case scenario of credit risk exposure to the Bank as of reporting date, without considering 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 considering any collateral held or other credit support by the industry sectors of the Bank's counterparties.

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.1.3 Concentration of risks of financial assets with credit exposure *(cont'd)*

At September 30, 2023	Financial Institutions $'000	Construction and Land Development $'000	Real Estate Activities $'000	Public Administration $'000	Transport and Storage $'000	Private Households $'000	Other industries* $'000	Total $'000
Deposit with Central bank and other banks	518,554	-	-	-	-	-	-	518,554
Investment securities	224,539	-	-	56,402	-	-	384,725	665,666
Loans and advances to customers:								
Overdrafts	5	4,615	893	257	16,603	4,626	11,894	38,893
Demand loans and mortgages	8,420	285,428	177,663	-	52,513	132,422	182,571	839,017
Other assets	71,128	-	-	-	-	-	-	71,128
	822,646	290,043	178,556	56,659	69,116	137,048	579,190	2,133,258
Loan commitments, letters of credit guarantees and other credit obligations	-	11,280	17,696	-	22,572	22,406	65,886	139,840

At September 30, 2022	Financial Institutions $'000	Construction and Land Development $'000	Real Estate Activities $'000	Public Administration $'000	Transport and Storage $'000	Private Households $'000	Other industries* $'000	Total $'000
Deposit with Central bank and other banks	290,004	-	-	-	-	-	-	290,004
Investment securities	144,708	-	-	64,855	-	-	346,469	556,032
Loans and advances to customers:								
Overdrafts	5	2,677	538	-	1,554	3,109	19,300	27,183
Demand loans and mortgages	8,409	238,679	136,550	-	64,285	57,279	110,864	616,066
Other assets	30,843	-	-	-	-	-	-	30,843
	473,969	241,356	137,088	64,855	65,839	60,388	476,633	1,520,128
Loan commitments, letters of credit guarantees and other credit obligations	-	8,410	3,186	-	40,381	3,575	13,060	68,612

*Other industries include sectors such as manufacturing, wholesale and retail trade, repair of motor vehicles and motorcycles etc.

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.1.4 Loans and advances to customers are summarised as follows:

September 30, 2023	Mortgages $	Demand loans $	Overdrafts and credit card $	Total 2023 $
Neither past due nor impaired	639,724,725	80,435,442	44,918,556	765,078,723
Past due but not impaired	94,127,544	7,657,534	2,383,834	104,168,912
Individually impaired	5,300,323	2,838,960	523,071	8,662,354
Gross				877,909,989
Add: interest receivable				8,298,858
Less: allowance for impairment				(29,381,151)
Net				856,827,696

September 30, 2022	Mortgages $	Demand loans $	Overdrafts and credit card $	Total 2023 $
Neither past due nor impaired	528,155,100	44,983,283	28,062,988	601,201,371
Past due but not impaired	35,506,241	4,245,852	286,906	40,038,999
Individually impaired	1,139,497	489,626	379,318	2,008,441
Gross				643,248,811
Add: interest receivable				14,459,446
Less: allowance for impairment				(17,499,270)
Net				640,208,987

The total allowance for impairment losses on loans and advances is $29,381,151 (2022: $17,499,270), which includes 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.

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.1.5 Age analysis of loans and advances *(cont'd)*

	Mortgages $	Demand loans $	Overdrafts and credit card $	Total 2023 $
At September 30, 2023	639,724,725	80,435,442	44,918,556	765,078,723
At September 30, 2022	528,155,100	44,983,283	28,062,988	601,201,371

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:

	Mortgages $	Demand loans $	Overdrafts and credit card $	Total 2023 $
At September 30, 2023				
Past due up to 30 days	65,601,109	4,596,136	-	70,197,245
Past due 31 - 60 days	15,696,898	1,646,772	2,383,834	19,727,504
Past due 61 - 90 days	12,829,537	1,414,626	-	14,244,163
	94,127,544	7,657,534	2,383,834	104,168,912

	Mortgages $	Demand loans $	Overdrafts and credit card $	Total 2023 $
At September 30, 2022				
Past due up to 30 days	19,638,586	2,475,425	286,906	22,400,917
Past due 31 - 60 days	13,595,359	1,136,499	-	14,731,858
Past due 61 - 90 days	2,272,296	633,928	-	2,906,224
	35,506,241	4,245,852	286,906	40,038,999

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.1.5 Age analysis of loans and advances *(cont'd)*

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

	Mortgages $	Demand loans $	Overdrafts and credit card $	Total 2023 $
At September 30, 2023	5,300,323	2,838,960	523,071	8,662,354
At September 30, 2022	1,139,497	489,626	379,318	2,008,441

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.

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.2.1 Currency risk *(cont'd)*

	ECD $	USD $	CAD $	GBP $	EUR $	Other $	Total $
At September 30, 2023							
Financial assets							
Cash and cash equivalents	423,442,515	120,035,330	1,426,408	1,597,007	809,650	545,422	547,856,332
Loans and advances to customers	766,795,240	90,032,456	-	-	-	-	856,827,696
Investment securities	121,402,754	544,011,903	-	-	-	-	665,414,657
Other assets and prepayments	71,127,688	-	-	-	-	-	71,127,688
Total financial assets	1,382,768,197	754,079,689	1,426,408	1,597,007	809,650	545,422	2,141,226,373

	ECD $	USD $	CAD $	GBP $	EUR $	Other $	Total $
At September 30, 2023							
Financial liabilities							
Deposits from customers	1,889,689,539	138,173,937	-	-	-	-	2,027,863,476
Subordinated Debt	50,000,000						50,000,000
Trade and other payables	17,309,449	-	-	-	-	-	17,309,449
Total financial liabilities	1,956,998,988	138,173,937	-	-	-	-	2,095,172,925

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.2.1 Currency risk *(cont'd)*

	ECD $	USD $	CAD $	GBP $	EUR $	Other $	Total $
At September 30, 2022							
Financial assets							
Cash and cash equivalents	211,601,883	94,399,680	2,546,094	1,934,124	589,957	609,524	311,681,262
Loans and advances to customers	548,009,861	92,199,126	-	-	-	-	640,208,987
Investment securities	115,558,798	441,363,194	-	-	-	-	556,921,992
Other assets and prepayments	30,843,465	-	-	-	-	-	30,843,465
Total financial assets	906,014,007	627,962,000	2,546,094	1,934,124	589,957	609,524	1,539,665,706

	ECD $	USD $	CAD $	GBP $	EUR $	Other $	Total $
At September 30, 2022							
Financial liabilities							
Deposits from customers	1,359,870,593	138,173,937	-	-	-	-	1,498,044,530
Trade and other payables	11,783,958	-	-	-	-	-	11,783,958
Total financial liabilities	1,371,654,551	138,173,937	-	-	-	-	1,509,828,488

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.2.2 Interest rate risk

Interest rate risk manifests in two primary forms: cash flow risk and fair value risk. Cash flow interest rate risk pertains to potential fluctuations in the future cash flows of a financial instrument due to shifts in market interest rates. Conversely, fair value interest rate risk involves the possibility of changes in the value of a financial instrument because of changes in market interest rates. The Bank is exposed to the impact of fluctuations in market interest rates on both cash flow and fair value risks. While interest margins could increase due to such fluctuations, unforeseen movements may lead to decreases or losses. The Bank's Asset/Liability Committee reviews and monitors on a monthly basis the level of mismatch of interest rate repricing gap.

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

	Up to one year $'000	Between 1 – 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $ '000
At September 30, 2023					
Assets					
Cash and cash equivalents	133,184	-	-	414,672	547,856
Loans and advances to customers	127,565	75,030	637,967	16,266	856,828
Investment securities	607,571	31,777	23,140	2,927	665,415
Other assets and prepayments	-	-	-	71,128	71,128
Total assets	**868,320**	**106,807**	**661,107**	**504,993**	**2,141,227**
Liabilities					
Deposits from customers	1,924,243	-	-	103,620	2,027,863
Subordinate debt	-	-	50,000	-	50,000
Trade and other payables	-	-	-	17,309	17,309
Total liabilities	**1,924,243**	**-**	**50,000**	**120,929**	**2,095,172**
Net interest re-pricing gap	(1,055,923)	106,807	611,107	384,064	46,055

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.2.2 Interest rate risk *(cont'd)*

	Up to one year $'000	Between 1 – 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $ '000
At September 30, 2022					
Assets					
Cash and cash equivalents	125,893	-	-	185,788	311,681
Loans and advances to customers	157,760	75,030	398,601	8,818	640,209
Investment securities	326,786	214,902	12,307	2,927	556,922
Other assets and prepayments	-	-	-	30,843	30,843
Total assets	**610,439**	**289,932**	**410,908**	**228,376**	**1,539,655**
Liabilities					
Deposits from customers	757,068	-	-	740,977	1,498,045
Trade and other payables	-	-	-	11,784	11,784
Total liabilities	**757,068**	**-**	**-**	**752,761**	**1,509,829**
Net interest re-pricing gap	(146,629)	289,932	410,908	(524,385)	29,826

Cash flow interest rate risk arises from loans and advances to customers at variable rates. At September 30, 2023 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 $153,194 (2022: $103,443) 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 the liquidity position. There is no significant deterioration anticipated in the short-term given the current liquidity position.

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

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 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.

	Up to one year $'000	Between 1 – 5 years $'000	Over 5 years $'000	Total $ '000
At September 30, 2023				
Financial liabilities				
Deposits from customers	2,027,863	-	-	2,027,863
Subordinated debt	-	-	50,000	50,000
Trade and other payables	14,806	2,503	-	17,309
Total financial liabilities	2,042,669	2,503	50,000	2,095,172
Assets held for managing liquidity				
Cash and cash equivalents	547,856	-	-	547,856
Loans and advances to customers	127,565	75,030	654,233	856,828
Investment securities	607,571	31,777	26,067	665,415
Total financial assets held for managing liquidity	1,282,992	106,807	680,300	2,070,099
Net liquidity gap	(759,677)	104,304	630,300	(25,073)

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.3.1 Liquidity risk management *(cont'd)*

	Up to one year $'000	Between 1 – 5 years $'000	Over 5 years $'000	Total $ '000
At September 30, 2022				
Financial liabilities				
Deposits from customers	1,498,045	-	-	1,498,045
Trade and other payables	8,376	3,226	182	11,784
Total financial liabilities	1,506,421	3,226	182	1,509,829
Assets held for managing liquidity				
Cash and cash equivalents	311,681	-	-	311,681
Loans and advances to customers	157,760	75,030	407,419	640,209
Investment securities	326,786	214,902	15,234	556,922
Total financial assets held for managing liquidity	796,227	289,932	422,653	1,508,812
Net liquidity gap	(710,194)	286,706	422,471	(1,017)

Off-statement of financial position items

(a) Financial guarantees

Financial guarantees (Note 31) 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 31), are summarised in the table below.

	2023 $	2022 $
Financial guarantees	10,470,833	8,985,741
Loan commitments and other related obligations	129,369,226	59,626,645
Total	**139,840,059**	**68,612,386**

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

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 that are unquoted are carried at cost less impairment which is management's estimate of fair value. The fair value of off-statement of financial position commitments are also assumed to approximate the amounts disclosed in Note 31 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 non-interest-bearing deposits, is the amount repayable on demand. Deposits payable on a fixed date at rates which reflect market conditions 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.

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.4 Fair value of financial assets and liabilities *(cont'd)*

The following table summarises the carrying amounts and fair values of those financial assets and liabilities presented on the Bank's statement of financial position.

	Carrying value		Fair value	
	2023 $	2022 $	2023 $	2022 $
Financial assets				
Cash and cash equivalents	547,856,332	311,681,262	547,856,332	311,681,262
Loans and advances to customers	856,827,696	640,208,987	856,827,696	640,208,987
Investment securities:				
- Unquoted debt securities	630,942,984	423,318,213	630,942,984	423,318,213
- Unquoted equity securities	1,288,936	1,288,936	1,288,936	1,288,936
- Quoted securities	33,182,737	132,314,843	33,182,737	132,314,843
Other assets and prepayments	71,127,688	30,843,465	71,127,688	30,843,465
Total financial assets	2,141,226,373	1,539,655,706	2,141,226,373	1,539,655,706

	Carrying value		Fair value	
	2023 $	2022 $	2023 $	2022 $
Financial liabilities				
Deposits from customers	2,027,863,476	1,498,044,530	2,027,863,476	1,498,044,530
Subordinated debt	50,000,000	-	50,000,000	-
Trade and other payables	17,309,449	11,783,958	17,309,449	11,783,958
Total financial liabilities	2,095,172,925	1,509,828,488	2,095,172,925	1,509,828,488
Off-statement of financial position instruments				
Loan commitments, letters of credit, guarantees and other credit obligations	139,840,059	68,612,386	139,840,059	68,612,386
	139,840,059	68,612,386	139,840,059	68,612,386

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.5 Financial instruments measured at fair value - Fair value hierarchy

	Level 1 $	Level 2 $	Level 3 $	Total $
September 30, 2023				
Assets measured at fair value through OCI:				
- debt securities	314,758,686	-	-	314,758,686
- equity securities	33,182,737	-	1,288,936	34,471,673
Total	347,941,423	-	1,288,936	349,230,359
September 30, 2022				
Assets measured at fair value through OCI:				
- debt securities	308,480,012	-	-	308,480,012
- equity securities	26,314,897	-	1,288,936	27,603,833
	334,794,909	-	1,288,936	336,083,845

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 the 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.

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.6 Capital management *(cont'd)*

Capital adequacy and the use of regulatory capital are monitored 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 Regulator 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%.

This requirement was revised by the communication from the East Caribbean Central Bank dated May 16, 2023 which states that the bank will be required to maintain a minimum capital adequacy ratio (CAR) of 10%, pursuant to Section 47 of the Banking Act, 2015 of Grenada (No 20 of 2015), amended ("the Act").

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 the regulatory capital and the Capital Adequacy Ratio (CAR) of the Bank as of the reporting date. During the reporting periods, the Bank complied with all of the ECCB capital requirements.

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

8.6 Capital management *(cont'd)*

	2023 $	2022 $
Tier I Capital:		
Paid up ordinary share capital	24,843,323	24,843,323
Statutory reserves	23,593,616	19,222,971
General reserves	2,360,557	1,814,226
Retained earnings	61,359,171	45,002,521
Total Tier I Capital before deductions	112,156,667	90,883,041
Less deductions:		
Goodwill	(2,745,534)	-
Other intangibles	(6,800,000)	-
Total Core Capital - Tier I	102,611,133	90,883,041
Tier II Capital:		
Fixed assets revaluation reserves	20,522,225	18,176,606
General provision	5,371,280	-
Subordinated debt	50,000,000	-
Allowable Tier II Capital	75,893,505	18,176,606
Total Capital before deductions	178,504,638	109,059,647
Less deductions		
Brokerage license	(1,000,000)	(1,000,000)
Total qualifying capital	177,504,638	108,059,647
Total risk weighted assets:		
On-statement of financial position	1,238,302,230	990,739,000
Less specific provisioning for loan loss	(24,009,869)	(22,970,000)
Total adjusted risk weighted assets	1,214,292,361	967,769,000
Capital adequacy ratio	14.6%	11.2%

The capital adequacy ratio is calculated as total qualifying capital divided by total risk-weighted assets.

8. FINANCIAL RISK MANAGEMENT *(CONT'D)*

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 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 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.

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) Impairment of financial assets

The measurement of the allowances for expected credit loss (ECL) allowance for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour losses). A number of significant judgements are required in applying the accounting requirements for measuring ECL, such as:

- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 8.1.

(b) Fair value measurement

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'). (See note 8.5)

(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 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.

9. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONT'D)*

(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 valuators 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.

(f) Business combination

The fair values of material asset categories were established as follows:

- Intangible assets: The fair value of the Core Deposit Intangibles was estimated using a cost savings method. The cost savings method is used to estimate the value of an intangible asset based on the estimated net cost savings attributable to the acquired asset over the expected remaining life of the asset. The cost savings derived is calculated as the difference between the prevailing alternative costs of the asset and the actual all-in cost of the asset. The cost savings are discounted to present value using a risk adjusted discount rate.
- The fair value assessment for loans and advances acquired from CIBC FirstCaribbean Grenada business employed a valuation methodology based on discounted future cash flows. The discount rates used are reflective of the average current rates used by the Bank.
- Land and building: The value of land and building was assessed through market comparison techniques by qualified independent valuation assessors (See note 14).
- The other assets comprise gross contractual amounts which were expected to be fully collectible at the date of acquisition.

10. CASH AND CASH EQUIVALENTS

	2023 $	2022 $
Cash on hand	29,302,112	21,677,261
Amounts due from banks	133,184,305	125,894,600
	162,486,417	147,571,861
Due from ECCB	347,571,667	149,761,190
ECCB ACH collateral	35,192,144	13,538,211
Deposits pledged with other institutions	2,606,104	810,000
	547,856,332	311,681,262

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 $120,673K (2022: $88,299K).

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 included in cash resources to arrive at cash and cash equivalents.

11. LOANS AND ADVANCES TO CUSTOMERS

	2023 $	2022 $
Mortgages	739,152,592	566,346,579
Demand loans	90,931,936	48,173,020
Overdrafts	38,892,628	27,183,471
Credit cards	8,932,833	1,545,741
	877,909,989	643,248,811
Interest receivable	8,298,858	14,459,446
	886,208,847	657,708,257
Less: allowance for expected loss (Note 11.2)	(29,381,151)	(17,499,270)
	856,827,696	640,208,987

11. LOANS AND ADVANCES TO CUSTOMERS *(CONT'D)*

	2023 $ 000's	2022 $ 000's
Due within one year	127,565	157,760
Due after one year	729,263	482,449
	856,828	640,209

The effective interest yield during the year on loans and advances: 5.59% (2022: 6.07%).

11.1 Sectoral analysis

	2023 $ 000's	2023 %	2022 $ 000's	2022 %
Agriculture, Forestry & Fishing	15,479	1.76	4,512	0.70
Mining & Quarrying	-	-	525	0.08
Manufacturing	25,696	2.93	18,372	2.85
Electricity, Gas, Steam and Air Conditioning	10,454	1.19	1,393	0.22
Water Supply, Sewerage and Waste Management	947	0.11	1,470	0.23
Construction and Land Development	290,043	33.04	241,356	37.52
Wholesale and Retail Trade, Repair of Motor Veh.	66,524	7.58	46,619	7.25
Transport and Storage	69,116	7.87	65,839	10.24
Accommodation and Food Service Activities	26,240	2.99	18,341	2.85
Information and Communication	3,622	0.41	3,673	0.57
Financial Intermediation	8,425	0.96	8,414	1.31
Real Estate Activities	178,556	20.34	137,088	21.31
Professional, Scientific and Technical Services	8,511	0.97	6,485	1.01
Administrative and Support Service Activities	2,446	0.28	2,307	0.36
Education	10,025	1.14	11,236	1.75
Human Health and Social Work Activities	4,354	0.50	4,458	0.69
Arts, Entertainment and Recreation	1,766	0.20	1,630	0.25
Other Service Activities	18,657	2.12	9,143	1.42
Private Households	137,049	15.61	60,388	9.39
	877,910	100.00	643,249	100.00
Add: interest receivable, net	8,299		14,459	
Less: allowance for impaired loans and advances (Note 8.1.2)	(29,381)		(17,499)	
	856,828	100.00	640,209	100.00

11. LOANS AND ADVANCES TO CUSTOMERS *(CONT'D)*

11.2 Loans and advances impairment analysis

	2023 $	2022 $
Stage 1 – 12 months ECL - performing	24,723,323	3,732,269
Stage 2 – Lifetime ECL – performing	2,200,983	11,899,762
Stage 3 – Lifetime ECL – credit impaired	2,456,845	1,867,239
	29,381,151	17,499,270

11.3 Loans and advances impairment analysis

Movement in allowance for loan losses is as follows:

	2023 $	2022 $
Balance beginning of year	17,499,270	8,100,798
Bad debts written-off	(1,263,481)	(728,378)
Provision on loans acquired through business combination	9,580,787	-
Increase in allowance (Note 27)	3,564,575	10,126,850
Balance end of year	29,381,151	17,499,270

11. LOANS AND ADVANCES TO CUSTOMERS *(CONT'D)*

11.3 Loans and advances impairment analysis *(cont'd)*

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

	2023 $	2023 %	2022 $	2022 %
Agriculture, Forestry & Fishing	369,689	1.26	327,566	1.87
Mining & Quarrying	-	-	50	-
Manufacturing	1,019,705	3.47	369,462	2.11
Electricity, Gas, Steam and Air Conditioning	83,530	0.28	301,987	1.73
Water Supply, Sewerage and Waste Management	7,359	0.03	3,453	0.02
Construction and Land Development	5,295,832	18.03	5,710,617	32.63
Wholesale and Retail Trade, Repair of Motor Veh.	2,385,346	8.12	1,803,147	10.30
Transport and Storage	3,508,345	11.94	1,675,258	9.57
Accommodation and Food Service Activities	822,505	2.80	3,973,051	22.70
Information and Communication	92,695	0.32	505,983	2.89
Financial Intermediation	148,301	0.50	19,808	0.11
Real Estate Activities	3,018,491	10.27	1,194,477	6.83
Professional, Scientific and Technical Services	453,154	1.54	413,292	2.36
Administrative and Support Service Activities	112,266	0.38	165,652	0.95
Education	302,687	1.03	63,356	0.36
Human Health and Social Work Activities	28,367	0.10	79,396	0.45
Arts, Entertainment and Recreation	61,042	0.21	114,743	0.66
Other Service Activities	597,074	2.03	112,167	0.64
Private Households	5,703,483	19.41	665,805	3.80
General Provisioning	5,371,280	18.28	-	-
	29,381,151	100.00	17,499,270	100.00

12. INVESTMENT SECURITIES

The Bank holds the following financial instruments:

At September 30, 2023	Instruments at amortized cost $	Fair value through OCI $	Total $
Quoted equity securities	-	33,182,737	33,182,737
Unquoted equity securities	-	1,288,936	1,288,936
Government debt securities	80,537,130	3,179,738	83,716,868
Other debt securities:			
Financial institutions	222,759,273	311,578,948	534,338,221
Nonfinancial institutions	13,139,618	-	13,139,618
	316,436,021	349,230,359	665,666,380
Interest receivable	3,550,817	-	3,550,817
Expected credit loss	(3,741,390)	(61,150)	(3,802,540)
	316,245,448	349,169,209	665,414,657

At September 30, 2022	Instruments at amortized cost $	Fair value through OCI $	Total $
Quoted equity securities	-	26,314,897	26,314,897
Unquoted equity securities	-	1,288,936	1,288,936
Government debt securities	64,854,585	-	64,854,585
Other debt securities:			
Financial institutions	142,928,985	308,480,012	451,408,997
Nonfinancial institutions	12,164,303	-	12,164,303
	219,947,873	336,083,845	556,031,718
Interest receivable	3,624,802	-	3,624,802
Expected credit loss	(2,700,696)	(33,832)	(2,734,528)
	220,871,979	336,050,013	556,921,992

The weighted average effective interest rate on investment securities at 30 September 2023 was 3% (2022: 2%).

12.1 Investments subject to impairment assessment

	2023 $	2022 $
Exposure at default	669,217,197	559,656,520
ECL	(3,802,540)	(2,734,528)
Net exposure at default	**665,414,657**	**556,921,992**

12. INVESTMENT SECURITIES *(CONT'D)*

12.2 Expected credit loss allowance

	2023 $	2022 $
Stage 1 – 12 months ECL - performing	2,695,778	1,516,127
Stage 2 – Lifetime ECL – performing	1,106,762	1,218,401
Stage 3 – Lifetime ECL – credit impaired	-	-
	3,802,540	2,734,528

12.3 Expected credit loss allowance

	2023 $	2022 $
ECL allowance as at October 1, 2022	2,734,528	2,257,076
Increase in allowance (Note 27)	1,068,012	477,452
ECL allowance as at September 30, 2023	3,802,540	2,734,528

12.4 Gains recognized in other comprehensive income

	2023 $	2022 $
Unrealized gains/(loss) on investment instruments	6,048,502	(33,712,139)
Realized gains on equity instruments	-	-
	6,048,502	(33,712,139)

13. OTHER ASSETS AND PREPAYMENTS

	2023 $	2022 $
Receivables from other financial institutions	50,770,209	29,552,515
Other assets	18,633,721	766,152
Prepayments	1,723,758	524,798
	71,127,688	30,843,465

14. PROPERTY AND EQUIPMENT

	Freehold land & buildings $	Right-of -use $	Leasehold improvements	Furniture & equipment $	Computer equipment $	Motor vehicles $	Work-in-progress $	Total $
Cost or valuation								
Balance at October 1, 2021	45,174,469	6,235,062	7,459,900	12,320,794	15,277,203	900,207	1,179,649	88,547,284
Additions	-	-	-	327,902	432,644	167,000	1,739,489	2,667,035
Disposals	-	-	-	(80,700)	-	(139,595)	-	(220,295)
Transfers	-	-	-	-	-	-	(760,546)	(760,546)
Revaluation	4,572,330	-	-	-	-	-	-	4,572,330
Balance at September 30, 2022	49,746,799	6,235,062	7,459,900	12,567,996	15,709,847	927,612	2,158,592	94,805,808
Balance at October 1, 2022	49,746,799	6,235,062	7,459,900	12,567,996	15,709,847	927,612	2,158,592	94,805,808
Additions	-	-	-	31,540	-	-	2,245,885	2,277,425
Fair value of assets acquired through business combination (Note 34)	10,313,210	-	-	-	-	-	-	10,313,210
Disposals	-	-	-	(403,563)	(289,799)	(277,000)	(165,787)	(1,136,149)
Transfers	-	-	33,118	2,068,369	994,766	-	(3,096,253)	-
Balance at September 30, 2023	60,060,009	6,235,062	7,493,018	14,264,342	16,414,814	650,612	1,142,437	106,260,294
Accumulated depreciation								
Balance at October 1, 2021	4,298,781	1,910,226	1,840,682	8,328,047	12,070,869	527,210	-	28,975,815
Write back on revaluation	(5,357,251)	-	-	-	-	-	-	(5,357,251)
Charge for the year	1,058,470	955,113	372,995	1,432,300	1,292,971	193,192	-	5,305,041
Disposal	-	-	-	(80,670)	-	(139,594)	-	(220,264)
Balance at September 30, 2022	-	2,865,339	2,213,677	9,679,677	13,363,840	580,808	-	28,703,341
Balance at October 1, 2022	-	2,865,339	2,213,677	9,679,677	13,363,840	580,808	-	28,703,341
Revaluation	-	-	-	-	-	-	-	-
Charge for the year	1,237,438	955,113	378,701	1,244,534	1,108,823	142,240	-	5,066,849
Disposal	-	-	-	(358,691)	(286,366)	(276,999)	-	(922,056)
Balance at September 30, 2023	1,237,438	3,820,452	2,592,378	10,565,520	14,186,297	446,049	-	32,848,134
Carrying amounts								
Balance at October 1, 2021	40,875,688	4,324,836	5,619,218	3,992,747	3,206,334	372,997	1,179,649	59,571,469
Balance at September 30, 2022	49,746,799	3,369,723	5,246,223	2,888,319	2,346,007	346,804	2,158,592	66,102,467
Balance at September 30, 2023	58,822,571	2,414,610	4,900,640	3,698,822	2,228,517	204,563	1,142,437	73,412,160

14. PROPERTY AND EQUIPMENT *(CONT'D)*

The Bank's freehold land and buildings were revalued on an open market basis on September 27, 2022, by Barry's Engineering Company Limited, an independent valuator. On September 20, 2023, the Bank revalued the property acquired through business combination of CIBC FirstCaribbean banking operation in Grenada, on an open market basis by Barry's Engineering Company Limited. The fair value of the land and buildings were determined using level 3 fair value measurement. The surplus arising on revaluation was accounted for as part of the business combination. See note 34.

The valuation techniques and significant unobservable inputs used in measuring the fair value of Freehold Land and Building as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
Market comparable approach: The approach relies heavily upon the principle of substitution. Recent sales of similar properties are gathered, and a meaningful unit of comparison is developed. A comparative analysis of the subject is done, involving consideration for differences in location, time, terms of sales and physical characteristics.	• Sales of similar properties	The estimated fair value would increase/(decrease) if: • Sales prices of similar properties were higher/ (lower)

15. INTANGIBLE ASSETS

	Note	Goodwill $	Core deposit Intangibles $	Total $
Year ended September 30, 2023				
Opening net book amount		-	-	-
Acquired through combinations	34	2,745,534	6,800,000	9,545,534
Amortization		-	-	-
Closing net book amount		2,745,534	6,800,000	9,545,534
As at September 30, 2023				
Cost		2,745,534	6,800,000	9,545,534
Accumulated amortization		-	-	-
Net book amount		2,745,534	6,800,000	9,545,534

16. DEFERRED TAX ASSET

Deferred income taxes are calculated in full on temporary differences, under the liability method using the statutory tax rate of 28% (2022: 28%), which is expected to be in force in the upcoming financial year.

As of reporting date, deferred tax asset/(liability) comprises of temporary differences attributable to:

	2023 $	2022 $
Taxed provisions	673,605	603,178
Temporary differences on capital assets	(315,405)	(446,048)
	358,200	157,130

This balance includes the following:

	2023 $	2022 $
Deferred tax asset to be recovered/paid after more than 12 months	358,200	157,130

The gross movement on the deferred income tax asset/(liability) is as follows:

	2023 $	2022 $
Balance at beginning of year	157,130	(112,389)
Income statement release (Note 29)	201,070	269,519
Balance at end of year	358,200	157,130

17. DEPOSITS FROM CUSTOMERS

	2023 $	2022 $
Savings	749,918,427	565,666,171
Fixed deposit	97,732,078	129,054,908
Treasure chest	143,782,726	62,042,468
Chequing accounts	162,142,961	136,637,974
Current accounts	874,054,733	604,338,638
	2,027,630,925	1,497,740,159
Interest payable	232,551	304,371
	2,027,863,476	1,498,044,530

The weighted average effective interest rate of deposits from customers at September 30, 2023 was 0.63% (2022: 0.64%).

18. SUBORDINATED DEBT

In July 2023, the Bank entered into subordinated debt agreements totalling $50 million with various financial institutions to meet the regulatory capital requirement for acquiring the FirstCaribbean International Bank (Barbados) Limited – Grenada Branch. These institutions include:

(a) Bank of Saint Lucia Limited

(b) Bank of St. Vincent and the Grenadines Limited

(c) 1st National Bank of St. Lucia Limited

(d) National Bank of Dominica Ltd

(e) National Insurance Board (Grenada)

The subordinated debt has a term of up to 10 years, with an average interest rate of 6.8%. Interest payments only are required for the first five years, followed by blended payments of interest and principal until maturity.

19. TRADE AND OTHER LIABILITIES

	2023 $	2022 $
Trade and other payables	14,318,179	7,842,546
Lease liabilities (Note 19.1)	2,486,537	3,436,679
ECL provision on undrawn loans commitments	504,733	504,733
	17,309,449	11,783,958

19.1 Lease liabilities

	2023 $	2022 $
As of October 1, 2022	3,436,679	4,380,664
Additions	-	-
Interest expense	22,414	28,571
Lease payments	(972,556)	(972,556)
As of September 30, 2023	2,486,537	3,436,679

20. (A) STATED CAPITAL

	2023 $	2022 $
Authorized capital		
Unlimited ordinary voting shares with no par value	Unlimited	Unlimited
Issued capital		
7,600,000 ordinary voting shares with no par value	24,871,739	24,871,739
Less: Treasury shares (3,200 shares)	(28,416)	(28,416)
	24,843,323	24,843,323

(B) DIVIDEND

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

	2023 $	2022 $
Ordinary shares: dividend per shares: $nil (2022: $0.15)	-	1,139,520

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

	2023 $	2022 $
Ordinary shares: dividend per shares: $0.43 (2022: nil)	3,266,624	-

21. STATUTORY RESERVE

Movement in statutory reserve

	2023 $	2022 $
Statutory reserve – beginning of year	19,222,971	18,801,740
Amount appropriated in current year	4,370,645	421,231
Statutory reserve – end of year	23,593,616	19,222,971

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 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.

22. ACCUMULATIVE OTHER COMPREHENSIVE INCOME

	Property revaluation surplus $	Net Un-realized gains/losses $	Total $
Balance at October 1, 2021	14,097,494	17,960,697	32,058,191
Decrease in fair value investment securities, net of tax	-	(33,712,139)	(33,712,139)
Revaluation of property	9,929,572	-	9,929,572
Balance at September 30, 2022	24,027,066	(15,751,442)	8,275,624
Increase in fair value investment securities, net of tax	-	6,048,502	6,048,502
Balance at September 30, 2023	24,027,066	(9,702,940)	14,324,126

23. OTHER RESERVES

During the year, the Bank appropriated $546,331 (2022: $52,654) to other reserves. The following summarises the movement on other reserves.

	Regulatory Loss Reserves $	Other General Reserves $	Total $
Balance at October 1, 2021	-	1,761,572	1,761,572
Transfer to general reserves	-	52,654	52,654
Balance at September 30, 2022	-	1,814,226	1,814,226
Transfer to general reserves	-	546,331	546,331
Balance at September 30, 2023	-	2,360,557	2,360,557

24. INTEREST INCOME

	2023 $	2022 $
Income from loans and advances to customers	42,553,862	37,494,326
Income from deposits with other banks	73,386	68,669
	42,627,248	37,562,995

25. INTEREST EXPENSE

	2023 $	2022 $
Saving deposits	9,790,248	8,242,551
Other time deposits	467,525	584,796
Chequing accounts	1,857	1,426
Subordinated debt	791,404	-
Lease liability	22,414	28,571
	11,073,448	8,857,344

26. OTHER OPERATING INCOME

	2023 $	2022 $
Commissions and fees	39,439,748	22,564,010
Miscellaneous	3,331,148	2,471,860
Investment income (Note 26.1)	18,945,939	8,923,418
	61,716,835	33,959,288

26.1 Investment income

	2023 $	2022 $
Interest income	17,957,317	8,913,276
Dividend income	1,127,473	601,288
Loss realised on sale of debt securities	(138,851)	(591,146)
	18,945,939	8,923,418

27. IMPAIRMENT CHARGE FOR CREDIT LOSSES

	2023 $	2022 $
Loans and advances to customers	3,564,575	10,126,850
Investment securities	1,068,012	477,452
	4,632,587	10,604,302

28. OPERATING EXPENSES

The following summarises operating expenses by nature:

	2023 $	2022 $
Staff Costs		
Wages, salaries and NIS	18,792,100	17,969,965
Other staff costs	2,574,383	2,640,392
	21,366,483	20,610,357
Other operating expenses	21,810,733	13,620,641
Depreciation	5,066,849	5,305,041
Operating lease rentals	55,393	24,091
Advertising and promotion	1,891,521	2,013,710
Directors' fee	333,527	382,217
Professional fees	3,825,839	2,227,148
Utilities	2,326,450	1,918,083
Repairs and maintenance	2,783,320	3,510,777
	59,460,115	49,612,065

As of reporting date, the Bank's staff complement included 267 (2022: 215) full time employees.

29. INCOME TAX EXPENSE

	2023 $	2022 $
Current tax	7,525,779	611,936
Deferred tax (Note 16)	(201,070)	(269,519)
	7,324,709	342,417

Deferred tax release for the year comprises:

	2023 $	2022 $
Temporary differences on provisions	(70,427)	-
Temporary differences on capital assets	(130,643)	(269,519)
	(201,070)	(269,519)

29. INCOME TAX EXPENSE *(CONT'D)*

The income tax charge differs from the amount computed by applying the tax statutes income tax rate, 28% (2022: 28%), to earnings before tax. The differences in the effective rate of tax are accounted as follows:

	2023 %	2023 $	2022 %	2022 $
Profit before income tax		29,177,933		2,448,572
Tax calculated at the statutory rate 28%	28.00	8,169,821	28.00	685,600
Income not subject to taxation	(4.53)	(1,321,577)	(30.98)	(758,552)
Expenses not deductible for tax purposes	0.37	106,506	0.47	11,454
Depreciation on items not eligible for capital allowances	2.46	719,951	27.29	668,242
Allowance claimed (excess)/ under of capital asset eligible	(0.51)	(148,922)	0.21	5,192
Recognition/derecognition of temporary difference	(0.69)	(201,070)	(11.01)	(269,519)
Total	25.10	7,324,709	13.98	342,417

30. EARNINGS PER SHARE

Basic earnings per share is 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.

	2023 $	2022 $
Profit attributable to ordinary shareholders	21,853,224	2,106,155
Weighted average number of ordinary shares in issue	7,596,800	7,596,800
	2.88	0.28

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.

31. 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 go against the Bank, any damages resulting there from will be charged to profit or loss at that time.

31. CONTINGENCIES AND COMMITMENTS *(CONT'D)*

(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:

	2023 $	2022 $
Undrawn loan commitments	129,369,226	59,626,645
Guarantees and standby letters of credit	10,470,833	8,985,741
	139,840,059	68,612,386

(c) *Leasehold commitments*

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

	2023 $	2022 $
Under 1 year	1,002,002	1,005,452
1 to 5 years	2,502,690	3,501,122
	3,504,692	4,506,574

32. 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 2023 was $930,962 (2022: $926,346).

33. RELATED PARTY TRANSACTIONS

In the ordinary course of business, a number of banking transactions were conducted with related parties. These include loans and deposits provided to key management personnel, in accordance to the approved staff lending and deposit guidelines regarding rates.

33. RELATED PARTY TRANSACTIONS *(CONT'D)*

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

	2023 $	2022 $
Loans and advances		
Directors and key management personnel (and their families)	8,188,687	4,997,933
Deposits and other liabilities		
Directors and key management personnel (and their families)	847,755	1,495,522
Interest income		
Directors and key management personnel (and their families)	147,520	124,664
Interest expenses		
Directors and key management personnel (and their families)	11,857	11,429

No provisions have been recognised in respect to loans given to related parties.

	2023 $	2022 $
Key management compensation		
Salaries and other short-term employee benefits	2,368,468	2,866,867
Directors' fees and expenses	333,527	382,217

34. BUSINESS COMBINATION

On 17 July 2023 the Bank acquired the assets and assumed the liabilities of FirstCaribbean International Bank (Barbados) Limited – Grenada Branch ("CIBC FirstCaribbean Grenada"). The principal reasons for this acquisition were to secure additional market share, increase revenue, and to achieve greater economies of scale. Valuation of acquired tangible and intangible assets are finalised.

Details of the fair value of identifiable assets and liabilities acquired purchase consideration.
and goodwill are as follows:

	$'000
Purchase consideration – net cash paid	2,460
Fair value of net identifiable assets	286
Goodwill	2,746

The purchase consideration used to settle the transaction was cash.

34. BUSINESS COMBINATION *(CONT'D)*

	Book Value $'000	Adjustment $'000	Fair Value $'000
Net assets			
Property and equipment	5,916	4,397	10,313
Loans and advances to customers	153,788	221	154,009
Cash	210,885	-	210,885
Core deposit intangibles	-	6,800	6,800
Deposits from customers	(382,293)	-	(382,293)
	(11,704)	11,418	(286)

The main factors leading to the recognition of goodwill are the presence of certain intangible assets, such as core deposit intangibles, which do not qualify for separate recognition and material cost savings which result in the Bank being prepared to pay a premium.

This goodwill recognized will not be deductible for tax purposes.

Since the acquisition date, CIBC FirstCaribbean Grenada business has contributed $2.05 million to revenues and $0.3 million to profit. If the acquisition had occurred on October 1, 2022, revenue would have been $13.6 million and profit for the year would have been $2.96 million.

Acquisition-related costs included the cost on stamp duty amounting to $4,551 and legal fees amounting to $154,766. These have been recognized as part of operating expenses in the statement of comprehensive income.

35. RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year balances have been reclassified for consistency with the current year presentation. Those reclassifications have no effect on the reported results of operation.

Grenada Co-operative Bank Limited
Offices

Head Office: Nos. 7 & 8 Church Street St. George P.O. Box 135 Tel: (473) 440-2111/444-2667 Fax: (473) 440-6600 Website: www.grenadaco-opbank.com E-mail: info@grenadaco-opbank.com	Managing Director	L. Lawrence, *MBA (Fin)*
	Chief Experience Officer	W. Grainger, *CRU, Dip. MA*
	Executive Manager, Finance and Wealth Management & Financial Services	A. Logie, *FCCA, MBA, DBA*
	Corporate Secretary/Executive Manager, Legal	T.K. Lambert (Ms.), *LL.B, L.E.C, LL.M*
	Chief Audit Executive	S. Gooding (Ms.), *FCCA*
	Executive Manager, Operations & Administration	F. Dowden, *AICB, AML/CA, MBA-IB, CIRCA, CBCS*
	Executive Manager, Sales & Service	W.G. Sayers, *BBA, Dip, MBA*
	Executive Manager, Credit Administration	N. Francis-Sandy (Mrs.), *BSc, MSc, DBA*
	Executive Manager, Risk	J. Robertson (Mrs.), *AICB, CIRM, CRU, MBA, MCIBS, Exec. Dipl – Banking (UW, GSB)*
	Executive Manager, Compliance	A. Joseph (Mrs.), *BSc, CGA, CPA, AICB, AML/CA*
	Executive Manager, Human Resources	N. Philip (Ms.), *BSc, CCP, MBA*
	Executive Manager, Information Technology	G. Baptiste, *BSc, CISSP, CRISC, CCISO*
	Manager, Recoveries & Collections	J. Phillip (Mrs.) *MSc, BBA, AS, CERT*
	Senior Manager, Human Resources	K. St.Louis-Telesford (Mrs.), *BAS, MSc*
	Manager, Business Banking	E. White-Best (Mrs.), *AICB, CCP, CRU, MBA*
	Senior Manager, Risk (Credit)	K. Greenidge (Ms.), *BSc, MSc*
	Manager, Customer Care	R.D. Duncan, *FICB*
	Manager, Strategy	K. Joseph, *C.C.Sec., MBA, KPIP, BSP, BSc*
	Manager, Finance	K. Holas
	Manager, Electronic Services & Retail Operations	R. Medford, *BSc, MSc*
	Senior Manager, Programme & Strategy	C. Phillip-Frank (Mrs.), *Exec. Dip. Banking, BSc, MBA, BSP*
	Project Manager	A. Wilson (Ms.), *MBA, BS, PMI*
	Manager, Information Security	J. Hosten, *PCIP, VCA, CDPS, CISM*
	Manager, Compliance	M. Mc Sween, *CRU,AMLCA,CPAML*
	Manager, Marketing & Customer Insight	E. Hosten, *BSc*
	Marketing & Branding Officer	F. St. Hillaire
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St. George's: No. 14 Church Street St. George Tel: (473) 440-2111 Fax: (473) 435-9621	Manager, Sales & Service	B. Mc Gillivary, *AICB, CRU, BSc, Exec. Dip. Banking (GSB)*
Spiceland Mall: Morne Rouge St. George Tel: (473) 440-2111 Fax: (473) 439-0776	Manager, Sales & Service (Ag.)	N. Paul (Ms.), *BSc*
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Sauteurs: Main Street Sauteurs, St. Patrick Tel: (473) 440-2111 Fax: (473) 442-9888	Manager, Sales & Service	R. Fletcher, *AICB, MBA, CRU*
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Notes

Notes

GRENADA CO-OPERATIVE BANK LTD.

FORM OF PROXY

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

I/We ______________________________ the undersigned, being a shareholder of Grenada Co-operative Bank Ltd., hereby appoint the Chairman, Mr. 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 the 17th day of May, 2024 at 4:45p.m. at the G.V. Steele Conference Room, No. 14 Church Street, St. George; 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 ____________________ 202 ________

Signature(s) of Shareholder(s) ______________________________

Signature(s) of Shareholder(s) ______________________________

Name(s) in Block Letters ______________________________

Notes:

1. 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.
2. A person appointed by proxy need not be a shareholder.
3. To be valid, a proxy form duly completed must be deposited with the Corporate 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 LTD.

FORM OF PROXY

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

I/We ______________________________ the undersigned, being a shareholder of Grenada Co-operative Bank Ltd., hereby appoint the Chairman, Mr. 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 Special Meeting of the shareholders of the said company to be held on the 17th day of May, 2024 at 4:45p.m. at the G.V. Steele Conference Room, No. 14 Church Street, St. George; 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 ____________________ 202 ________

Signature(s) of Shareholder(s) ______________________________

Signature(s) of Shareholder(s) ______________________________

Name(s) in Block Letters ______________________________

Notes:

1. 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.
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Grenada Co-operative Bank Limited

welcome home

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