



Grenada Co-operative Bank Limited
welcome home

Annual Report 2015



*Deep Roots...
Strong Branches*



Our Mission



To be the leading Grenadian Provider of High Quality Financial and Related Services to Individuals and Organizations in Local and International Markets, Maximizing Benefits for all Stakeholders.



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Corporate Information

Directors:

Derick Steele, *Acc. Dir.* – Chairman
Gordon V. Steele, *O.B.E.* – Deputy Chairman
Richard W. Duncan, *B.Sc., M.A., FCGA, AICB, Acc. Dir.*
Richard Mc Intyre, *Acc. Dir.*
Leslie Ramdhanny, *B.Sc., Acc. Dir.*
Lisa Taylor, *B.A. (Hons.), LL.B (Hons.), Acc. Dir.*
Darryl Brathwaite, *Acc. Dir.*
Ambrose Phillip, *B.Sc., M.Sc., Acc. Dir.*
Alfred Logie, *Lic., Acc. Dir.*

Corporate Secretary:

Richard W. Duncan, *B.Sc., M.A., FCGA, AICB, Acc. Dir.*

Auditors:

Messrs. PKF, Accountant & Business Advisers

Solicitors:

Messrs. Lewis & Renwick
Veritas Legal
Ciboney Chambers
Law Office of Alban M. John

Locations:

HEAD OFFICE

#8 Church Street
St. George's, Grenada, W.I.
Tel: (473) 440-2111/3549
Fax: (473) 440-6600
Swift Address: GROAGDGD
Email: info@grenadaco-opbank.com
Website: www.grenadaco-opbank.com
 fb.com/Grenada.Cooperative.Bank.Limited

ST. GEORGE'S

#14 Church Street
St. George's, Grenada, W.I.
Tel: (473) 440-2111/3549
Fax: (473) 435-9621

GRENVILLE

Victoria Street
Grenville, St. Andrew
Tel: (473) 442-7748/7708
Fax: (473) 442-8400

SAUTEURS

Main Street
Sauteurs, St. Patrick
Tel: (473) 442-9247/9248
Fax: (473) 442-9888

SPICELAND MALL

Morne Rouge
St. George
Tel: (473) 439-0778
Fax: (473) 439-0776

CAMBIO

Maurice Bishop International Airport
Tel: (473) 440-2111 Ext. 6357

CARRIACOU

Main Street
Hillsborough
Tel: (473) 443-6385/8424
Fax: (473) 443-8184

Correspondent Banking Relationship

Canadian Currency Transfers:

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

ECD Currency Transfers:

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 Transfers:

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

USD Currency Transfers:

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

TTD Currency Transfers:

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

BBD Currency Transfers:

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

Associations

Caribbean Association of Banks
 Grenada Bankers Association

Notice of Annual Meeting

Notice is hereby given that the Eighty-third Annual Meeting of the Bank will be held at the National Stadium's South Conference Room, Queens Park, River Road, St. George's on January 14, 2016 at 4:45 p.m.

AGENDA

- (1) To receive the audited financial statements for the year ended September 30, 2015, together with the Chairman's Review and Managing Director's Report thereon.
- (2) To announce a dividend for the year ended September 30, 2015.
- (3) To elect Directors.
- (4) To appoint auditors for the ensuing year.
- (5) To discuss any other business that may be given consideration at an annual meeting.

By order of the Board of Directors



Richard W. Duncan
Corporate Secretary
November 24, 2015

Appointment of External Auditors

This Information Circular provides a Background to Agenda Item no. 4 of the Annual Shareholders Meeting to be held on January 14th, 2016 at 4:45pm at the National Stadium's South Conference Room, Queens Park, River Road, St. George, wherein the Board will recommend that retiring Auditor PKF Accountants & Business Advisors being ineligible for re-appointment, be replaced by BDO Chartered Accountants & Advisors.

- (1) Banking Act 2015: Sub-section 60 (2) of the Banking Act 2015 states, "An external auditor may not serve for more than six consecutive years, however, the lead and concurring audit partner shall be changed every three years."
- (2) PKF Accountants & Business Advisors have been the Bank's Auditors for more than six (6) years. Therefore they are ineligible for re-appointment.
- (3) Request for Proposals: Consequently the Board requested proposals from four (4) eligible audit firms to provide external audit service to the Bank for the 2016 financial year. Proposals were received from three (3), while the fourth declined to offer a proposal. Proposals were received from PKF, Accountants & Business Advisors (Trinidad); BDO Chartered Accountants and Advisors; and KPMG Eastern Caribbean.
- (4) Evaluation Criteria: The proposals received were then evaluated by a Committee of Executive Managers, including the Chief Audit Executive on the following criteria, cost, relevant experience, staff capabilities and information technology audit expertise.
- (5) Evaluation Process: The assessment and findings of the Committee were submitted to the Audit & Risk Management Committee of the Board for further deliberations and recommendation to the full Board.
- (6) Recommendation: Based on the aggregate score, the Audit firm BDO Chartered Accountants and Advisors is recommended to be the Bank's external auditor for the 2016 financial year.

Established in Europe in 1963, BDO Chartered Accountants and Advisors is the world's 5th largest accountancy organization with 1,204 offices in 139 countries 16 of which are in the Caribbean.

Their client base includes: St. Vincent Co-operative Bank Ltd.; Bank of St. Vincent & the Grenadines Ltd.; National Insurance Corporation – St. Lucia; Sagicor Insurance; General Employees Co-operative Credit Union Limited.



Derick Steele
Chairperson

Notice of Special Meeting

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders will be held at the National Stadium's South Conference Room, Queens Park, River Road, St. George's, on 14th January, 2016 at 5:45 p.m. to consider and if thought fit, to pass the resolution hereunder presented as a special resolution.

RESOLUTION:

WHEREAS Grenada Co-operative Bank Limited is desirous of increasing the Tier I Capital of the company by \$15,000,000 - \$17,000,000

AND WHEREAS this has become necessary to strengthen the Bank to expand its operations, grant larger credits and withstand unforeseen shocks

AND WHEREAS the company's Articles of Continuance states that "The Company is authorized to issue an unlimited number of shares of various classes."

NOW THEREFORE BE IT RESOLVED:

- (1) That the Company creates a class of Perpetual Non-cumulative Preference Shares with the following rights and restrictions:
 - a. Voting Rights: None. Except in special circumstances under the Companies Act per Section 6.2 (i) (ii)
 - b. Transferability: Unrestricted
 - c. Convertibility: Convertible at the company's option into common shares
 - d. Redemption: Redeemable at the company's option every 5th anniversary
 - e. Dividends:
 - i. Dividend will be paid subject to Section 45 of the Banking Act and Section 51 of the Companies Act
 - ii. 3.25% to 4.5% paid annually
 - iii. Unpaid dividends will not accumulate for future payment
- (2) That the Articles of Continuance be amended accordingly
- (3) That the Company issues, by Private Placement, \$15,000,000 - \$17,000,000 in Perpetual Non-Cumulative Preference Shares

Dated this 28th day of September 2015

By order of the Board



Richard W. Duncan
Secretary

Board of Directors



Derick Steele,
Acc. Dir.
Chairman



Gordon V. Steele,
O.B.E., Acc. Dir.
Deputy Chairman



Richard W. Duncan,
B.Sc., M.A., FCGA, AICB, Acc. Dir.
Managing Director/
Corporate Secretary



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



Leslie Ramdhanny,
B.Sc., Acc. Dir.



Darryl Brathwaite,
Acc. Dir.



Richard Mc Intyre,
Acc. Dir.



Ambrose Phillip,
B.Sc., M.Sc., Acc. Dir.



Alfred Logie,
Lic., Acc. Dir.

Chairman's Review

The economic environment

The global economy is projected to grow at 3.1 percent for 2015, 0.3 percentage points lower than 2014. This lower than expected performance, is mainly due to a slowdown in the US economy while the emerging and developing countries continue to grapple with the persistent challenging economic conditions.

In the Eastern Caribbean Currency Union (ECCU), a similar pattern of lower growth rate in 2015 compared with 2014 is expected. The 2015 growth rate is projected at 2.21% being 0.7 percentage points below the estimated growth of 2014.

Grenada's economy remains challenged by high unemployment levels, weak productive sectors and high public debt. However, encouraging progress has been made in areas of fiscal stabilization and consolidation evidenced by attainment of several milestones under the Structural Adjustment Program.

Preliminary data from the ECCB indicates that Grenada's economy is expected to grow at a rate of 3.02% in 2015, compared to 4.85% last year (2014). The growth for 2016 is projected to be at 1.8%. This performance of the domestic economy was propelled primarily by growth in the Education Sector, Real Estate Sector, Communications & Transport Sector and Agricultural Sector.

These and other early results suggest that Grenada, which is in its second year of a Structural Adjustment Programme, is on the right path to achieving the aims of the programme, that is, fiscal and debt sustainability, job creation, poverty reduction and growth through sustainable economic growth and development.

The Banking & Financial Services Environment

Since the global economic crisis, which began in 2008, the Banking sector has experienced declining loan portfolios, rising liquidity and non-performing loans. These developments have coincided with several changes in the global financial landscape resulting in significant increases to the regulatory and compliance costs for Banks. Consequently, Banks have been restructuring their operations and business models in order to adapt to the changing environment.



*Derick Steele, Acc. Dir.
Chairman*

The Sector experienced significant growth in Deposits of 7.5% in 2015 (August 2015 compared with August 2014). This growth was funded primarily through domestic deposits.

On the other hand Loans and advances, showed a marked contraction of -4.3% year-on-year to August 2014.

Indicator	Aug 2015 (000) in \$EC	Aug 2014 (000) in \$EC	% Change
Deposits	2,734,310	2,542,962	7.53%
Loans & Advances	1,729,712	1,807,156	-4.29%

Source: The Eastern Caribbean Central Bank

Bank's Performance

Though the financial and competitive challenges remained un-abated in 2015, Grenada Co-operative Bank Limited maintains its proactive stance in respect of impaired loans and advances, and loan delinquency management. For the third year running, the Bank made significant strides in reducing the level of our non-performing loans for 2015. In keeping with the requirements of the International Accounting Standards and the Guidelines of the Eastern Caribbean Central Bank the Bank has written-off \$8.9m (2014: \$3.3m) in Non-Performing Loans and Advances and made loan loss provisions of \$5.1m (2014: \$4.2m).

As a consequence, the Bank recorded an after tax profit of \$2.7m for the Financial Year 2015 compared with a Profit of \$2.5m in 2014.

The Bank's capital remains strong. Our Capital Adequacy Ratio and Solvency Ratio are above regulatory requirements. The Capital Adequacy Ratio should not be less than 8%. Our ratio is at 9%. Similarly, the Solvency Ratio should not

be less than 5%. Our ratio currently stands at 7%.

In addition to remaining adequately capitalized, total assets of the Bank grew by 14.4%, and now stand at \$749m. Fuelled by deposit growth (\$95.0m or 15.8%) the growth in assets reflects a build up in liquidity as the Bank's Cash and Cash equivalents increased to \$209.0m from \$132.0m or by 58%. Consistent with trends in the Sector, the Bank's Loans and Advances contracted, from \$416.0m to \$412.0m in 2015.

The Bank's non-financial fundamentals remain fairly strong. Grenada Co-operative Bank leads the financial sector in respect of the level of patronage (55%) it enjoys from households. Further, the Bank's Customer Satisfaction Rating is the second highest in the Banking Sector at 4.3 on a scale of 1-5 or 86%, according to the annual independent Household Omnibus Survey conducted by Jude Bernard and Associates.

Corporate Governance

The Directors continue to stress the importance of sound corporate governance as a key pillar in further strengthening the Bank and attaining its strategic goals. Grounded by our core values, the Bank's functions and operations are underpinned by a comprehensive and rigorous suite of policies and procedures to protect the interests of all stakeholders.

The Board of Directors maintains the governance of the Bank through its own and delegated oversight. Its main responsibility is to provide strategic guidance for the Company, oversee the Company's corporate governance framework and exercise effective oversight of management.

Board Committees

In order to ensure effectiveness and efficiency in the conduct of its oversight role, the Board has four (4) sub-committees:

A. Audit & Risk Management Committee

Members:

- Lisa Taylor, Chairperson
- Ambrose Phillip
- Darryl Brathwaite

Role and Responsibilities:

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

- The Work of the External and Internal Auditors
- The Financial Reporting Process

- The Effectiveness of the Internal Controls System
- The Risk Management Policies,
- The System for Monitoring Compliance with Laws and Regulations

B. Credit Committee

Members:

- Gordon V. Steele, Chairman
- Leslie Ramdhanny
- Richard Mc Intyre

Role and Responsibilities:

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

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

C. Budget Committee

Members:

- Derick Steele, Chairman
- Gordon V. Steele
- Alfred Logie

Role and Responsibilities:

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

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

D. Human Resource & Compensation Committee

Members:

- Derick Steele, Chairperson
- Gordon V. Steele
- Leslie Ramdhanny

Responsibilities:

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

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

Director Engagement

Board meetings served as the main forum through which Directors and Executives shared information and deliberated on the Bank's performance, plans and policies. The various sub-committees of the Board met with regularity, in accordance with their Charters, and carried out their regular duties and special assignments as mandated by the full Board. Fourteen (14) Board meetings were convened in 2015 (2014: 16). A participation rate of 88% (2014: 92%) was achieved. Non-participation was due mainly to ill-health.

Board Meeting Attendance for FY 2015

	Meetings Held	Meetings Attended	% Attendance
Derick Steele	14	10	71
Gordon V. Steele	14	14	100
Richard W. Duncan	14	13	93
Leslie Ramdhanny	14	14	100
Richard Mc Intyre	14	11	78
Lisa Taylor	14	12	86
Darryl Brathwaite	14	13	93
Alfred Logie	14	12	86
Ambrose Phillip	14	11	78

Director Training

As part of our plan to continue strengthening Directors' competence and ensure that they possess the requisite expertise to provide adequate oversight of the Bank, internal training sessions were conducted for Directors on Anti-Money Laundering and Counter Terrorism Financing. Additionally, members of the Audit & Risk Management Committee attended the Annual Meeting and Conference of the Caribbean Association of Audit Committee Members.

Further, being very aware that regulatory compliance among other things, is vital for the longevity of the Bank, Directors and Executive Managers on May 4, 2015 reviewed the new Banking Bill 2015, now Banking Act 2015, and committed to consistently strive to perform above the minimum standards set out in the new Act.

Strategic Planning

In an effort to ensure that the Bank's vision and goals are clearly defined and communicated throughout the organisation, the Board of Directors and the Executive Management team engaged in its Annual Strategic Planning Retreat. The output was a revised Strategic Plan for the Bank for the period 2016-2018.

Annual Board Self-Evaluation

The Annual Board Self Evaluation uses a Questionnaire to elicit responses that allow Directors to examine the performance of the Board on the following broad dimensions:

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

A Comparative Analysis of 2015 & 2014 results revealed the following:

Dimension	2015 Results	2014 Results	Comments
A – Board Performance	85%	83%	Consistently, the Board has performed at an above average level when comparing the results for both years
B – Board Conduct	67%	73%	The conduct of the Board continues to meet expectations.
C – Relationship with Managing Director	70%	70%	Similarly, the Board's relationship with the Managing Director met expectations attaining the same amount of points in 2015 and 2014.
D – Individual Performance	83%	84%	In both years, Directors rated their performance at an above average level.

Directors' Interests

The table below shows the shareholdings of Directors as at September 30th 2015 with comparisons to the previous year.

Director	Title	No. of Shares 2015	No. of Shares 2014	Change
Derick Steele	Chairman	278,088	278,088	-
Gordon V. Steele	Deputy Chairman	166,620	208,970	(42,350)
Richard W. Duncan	Corporate Secretary	21,300	15,500	5,800
Ambrose Phillip	Director	5,000	5,000	-
Richard Mc Intyre	Director	9,000	9,000	-
Lisa Taylor	Director	2,000	2,000	-
Leslie Ramdhanny	Director	15,000	15,000	-
Darryl Brathwaite	Director	3,857	3,857	-
Alfred Logie	Director	2,000	2,000	-

Changes to the Board

There were no changes to the Board of Directors during the past year.

Dividend Policy

In light of the challenges facing the Bank, the Financial Services Sector, and the economy, the Board has adopted a more conservative dividend policy.

The Board of Directors declared a dividend of \$0.08 per share for the 2015 financial year.

The Annexed statement of changes in equity shows that:

The Net profit for the year amounts to	2,687,650
To which has been added from Retained earnings at the beginning of the year	<u>3,390,938</u>
	6,078,588
Transferred to Statutory reserves	(537,530)
Transferred to General reserves	(67,191)
Transferred to Regulatory Loss Reserves	(482,838)
Dividend paid for the year ended September 2014	(608,000)
Retained Earnings as at September 30, 2015	<u>4,383,029</u>

Future Prospects

As we forge on in anticipation of several more challenging years, the Bank remains both cautious and resolute in facing the challenges and opportunities of a still weak economy. The Bank holds a positive outlook of Grenada's continued recovery and growth potential, as well as its own capacity to profitably grow all avenues of business.

Our key areas of focus will remain as follows:

- Delivering a high level of customer service experiences
- Containing and reducing the non-performing loans portfolio
- Cost reduction and recovery
- Revenue diversification
- Quality portfolio growth

Acknowledgements

The Directors have consistently demonstrated their commitment to the effective oversight of the Bank's activities, and 2015 was no exception. Their relentless support and enthusiasm have been essential in responding to the challenges presented by the global financial and economic difficulties. I therefore would like to convey my sincerest appreciation and gratitude to my colleague Directors for their efforts in ensuring the Bank's sustained progress.

The overall performance of the bank in the face of ever aggressive competition and the economic and financial challenges would not have been possible without strong teamwork, dedication to duty and the will to succeed among Management and Staff alike.

Therefore, on behalf of the Board of Directors, I extend my sincerest appreciation to you all.

Finally, to all our valued customers and shareholders, I express my heartfelt thanks for your continued patronage and support for the Bank.



Derick Steele, Acc. Dir.
Chairman
November 30, 2015

Executive Team



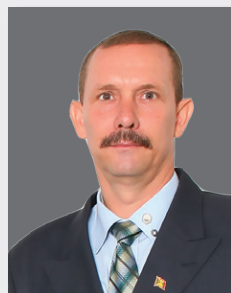
Richard W. Duncan,
B.Sc., M.A., FCGA, AICB,
Acc. Dir.
Managing Director



Deon Moses,
B.Sc., M.B.A., FCB
Chief Operating Officer



Aaron Logie,
FCCA, MBA
Executive Manager,
Finance



Floyd Dowden,
AICB, AML/CA, MBA-IB
Executive Manager,
Operations &
Administration
(On Rotation)



Nadia Francis-Sandy,
B.Sc., M.Sc.
Executive Manager,
Corporate & Commercial
Banking



Julia G. Lawrence,
B.S., MBA-IBF
Chief Audit Executive



Mondelle Squires-Francis,
B.Sc., M.Sc.
Executive Manager,
Customer Care



Willvorn Grainger,
CRU, Dip.
Executive Manager,
Retail Banking



Jennifer Robertson,
AICB, CIRM, CRU, Dip.
Executive Manager,
Risk



Richard Medford,
B.Sc.
Executive Manager,
Operations &
Administration (Ag.)

Managing Director's Discussions & Analysis

Bank's Review and Financial Performance

Overview

This financial year marked a watershed for the Bank since the economic and financial crisis, the effects of which remain ever present. In 2015 several key milestones were reached, the challenging environment notwithstanding. Chief among these was the reduction of the Non-performing Loans ratio to single-digit i.e. 8%. This year also marks the highest level of net after tax profits since 2010; and the second consecutive year of net after tax profits during the last five years.

The effects of changes in the local and wider financial spaces continued to have an impact on the Bank's performance. The Bank recorded a slight improvement over its 2014 performance, with a reported after tax profit of \$2.7m, compared with its 2014 profit of \$2.5m. This growth in profits is mainly attributed to an increase of \$3.3m in non-interest income, as well as a reduction in interest expense. These results are indicative of the Bank's ability to manage the effects of new and changing risks in the banking sector.

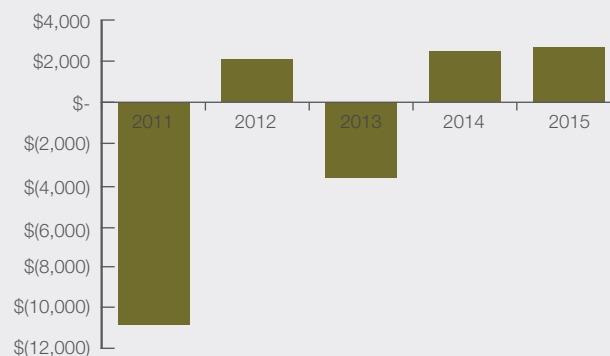
Income

Operating income, which comprises net interest income and other income, experienced an increase of 19.6%, moving from \$28.0m in 2014 to \$33.6m in 2015. Consistent with the movement in the loan portfolio, there was a reduction of \$0.9m in the Bank's interest income from loans and advances compared with 2014. There was growth in net interest income, supported by a decline in the Bank's interest expense, which moved from \$15.9m in 2014 to \$12.7m in 2015. This significant decrease (20%) was due to the lowering of ECCB's minimum savings rate from 3% to 2%, and the Bank's own measures to reduce rates on other interest bearing products.



*Richard Duncan,
B.Sc., M.A., FCGA, AICB, Acc. Dir.
Managing Director*

Net Income (in millions)
2011 - 2015

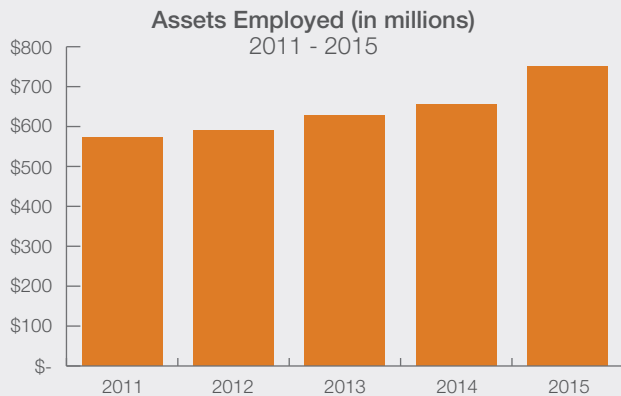


Non – Interest Expense

Non-performing loans continue to significantly impact on the bank's performance. This year, there was an increase in the impairment charge for credit losses over 2014, of 20% or \$0.9m. As the Grenadian economy shows weak signs of recovery, the Bank remains focused on growing the loan portfolio with quality loans. However, the quality of pledged real estate assets and the depressed property sale market will continue to have an impact on the Bank's provisioning requirements. These provisions are therefore not anticipated to decline within the foreseeable future. Consequently delinquency management remains a key priority for the Bank.

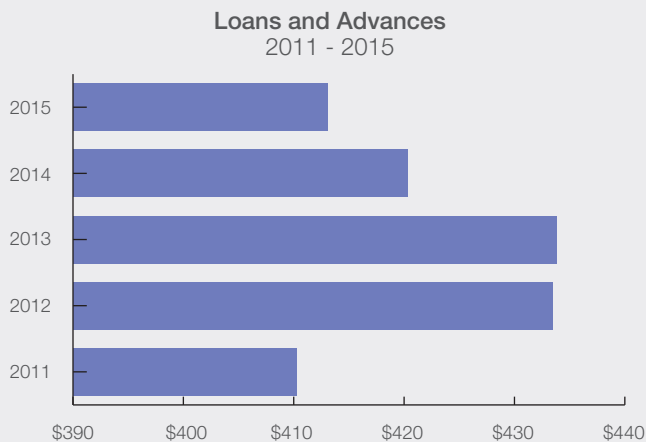
Assets and Liabilities

Increases in investments, and cash and balances with ECCB and other Banks were the key components of asset growth, from \$654.6m in 2014 to \$749.4m in 2015, representative of a 14.5% movement. Cash and balances with ECCB and other Banks increased by 58% over 2014.



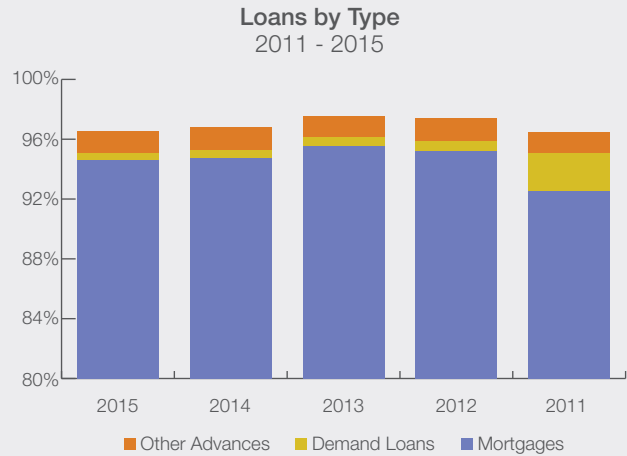
Customers' Loans and Advances

Similar to last fiscal, the loans and advances portfolio experienced a decline in 2015. This is not deviant from the general trend in the local banking sector, given the spin offs from high unemployment, high liquidity and minimal opportunities for business growth and new business. The decline was to the tune of \$3.8m or 0.9%. The subject of loan growth demands the full attention of the Bank, as its main source of income. It is anticipated that the re-installation of resources in credit departments throughout the Bank in 2016 would contribute to the desired changes in loans and advances, despite the effects of negative external factors.



Loans by Type

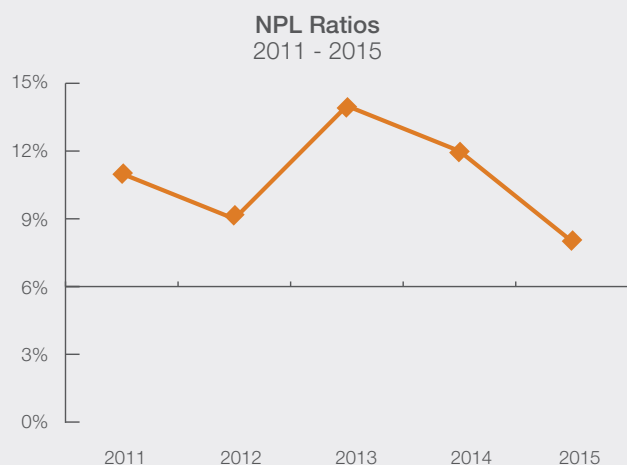
The composition of the Bank's total loan portfolio at the end of 2015 remained unchanged, dominated by mortgages (88%) compared with 2014. Other advances and demand loans constitute 9.2% and 2.6% to the total portfolio respectively, reflecting marginal variances when compared with 2014.



Overall the loan portfolio declined by \$7.0m or 1.7%. All loan types contracted reflecting primarily weak demand for credit occasioned by the high level of unemployment and the softness of the economy.

Loans by Economic Sector

An analysis of the loan portfolio by economic sector reveals that there have been changes in the composition over 2014. Increases in portfolio share were recorded in the Agriculture, Tourism and Construction sectors of 29%, 14% and 20% respectively. These increases show a strong correlation to the growth performance of the economic sectors highlighted in the 2015 national budget.



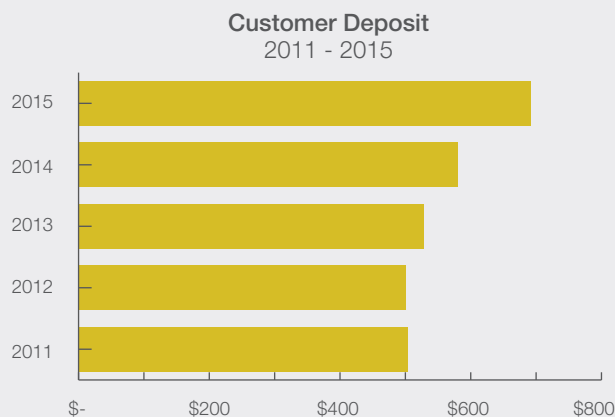
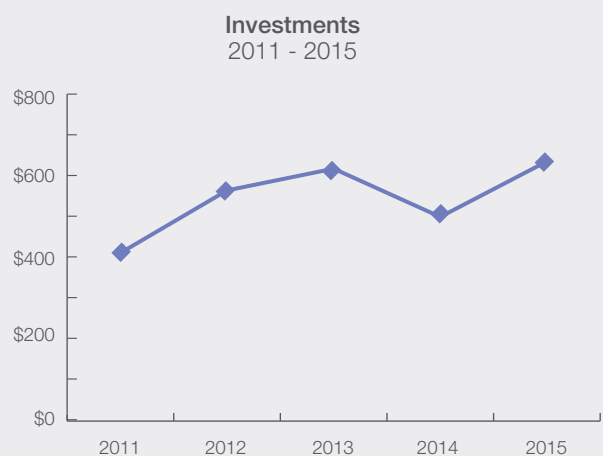
Non-performing Loans

The decline in the non-performing loan ratio from 12% in 2014 to 8% in 2015 is a significant achievement for the Bank, in its efforts to attain and sustain the ECCB prudential benchmark of

less than 5%. The quality of the credit portfolio is fundamental to the long term sustainability and financial viability of the Bank. Further reduction in this ratio is anticipated in 2016 as the Bank continues its Non-Performing Loan Containment and Reduction Program, including rehabilitations, enhanced marketing strategies and effective asset recovery measures.

Investments

The Bank's investment portfolio increased by \$13.6m over the 2014 financial year. This is due largely to a \$12.2m Grenreal bond investment undertaken. Interest receivable on financial investments also increased by 117%, moving from a total of \$0.2m in 2014 to \$0.6m in 2015. The investment portfolio is so structured to assist with liquidity management as well as the generation of favourable returns.

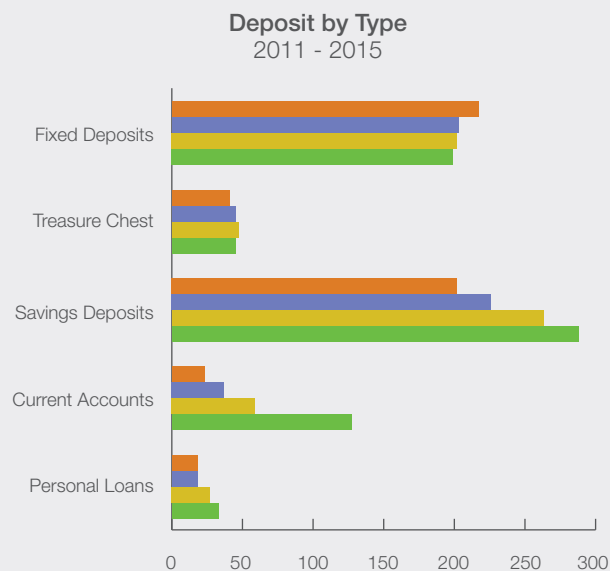


Customer Deposits

As at the end of 2015, customer deposits constituted 98% of the Bank's total liabilities. This is reflected in the \$95m increase in deposits over September 2014.

Deposits by Type

The impact of closures of commercial bank branches continue to be felt by the Bank. In addition to the RBC/RBTT and CIBC/FCIB branch closures of 2014, the Bank of Nova Scotia and CIBC/FCIB closed their Grenville branches in 2015. To curtail the influx of deposits, the Bank extended its deposit growth limitation strategies adopted in 2014. Fixed deposits, which stood at \$202m (34% of deposits) in 2014 declined to \$199m in 2015 (29% of deposits). Trend analysis reveals a steady increase in the composition of both current accounts and personal chequing accounts to total deposits over the past three (3) years. Savings deposits, which totaled \$263m in 2014 increased to \$288m in 2015 representative of a 10% growth. At 42%, Savings Deposits continue to be the largest component of the deposit base of the Bank.



Liquidity

The Bank's liquidity position continued along the same trend from 2014. Cash and cash equivalents increased by \$77m or 58% over 2014, having moved from \$131.0m to \$209.0m.

	ECCB Benchmark	GCBL
Minimum reserves	6%	13.71%
Loans to deposits	75% - 85%	60%
Net liquidity ratio	20%	36%

The above table compares the Bank's liquidity ratios as at September 30, 2015 with the ECCB prudential requirements. All indices point to excess liquidity which is occasioned by the soft economic fundamentals over the past several years.

Appointment of Auditors and Election of Directors

The requirements of the 2015 Banking Act render the retiring auditors, Messrs PKF, Chartered Accountants ineligible for re-election.

Consequently, the Board requested proposals from four (4) eligible Audit firms to provide external audit service to the Bank for 2016. Proposals were received from three (3) while the fourth declined to offer a proposal. The proposals received were then evaluated on the following criteria, cost, relevant experience, staff capabilities and information technology audit expertise. Based on the aggregate score, the Audit firm BDO Chartered Accountants and Advisors is recommended to be the Bank's Auditor for the 2016 financial year.

The Directors retiring are Messrs. Richard Mc Intyre, Darryl Brathwaite and Lisa Taylor who being eligible, offer themselves for re-election.

Appreciation

On behalf of the Board of Directors and myself, I wish to place on record my gratitude and appreciation for the contributions and support of our customers, shareholders and stakeholders. Their unwavering loyalty to and confidence in Grenada Co-operative Bank Limited is invaluable in this challenging economic era; and I look forward to their continued support in the year ahead.

I also thank our management team and staff for their commitment and devotion to the Bank's goals and objectives throughout the past year; and anticipate even deeper commitment and dedication to duty in 2016 and beyond.



Richard W. Duncan
Managing Director

Corporate Social Responsibility

Co-op Bank's corporate social responsibility remains sound. The Bank is committed to enhancing the lives of the Grenadian community, both locally and abroad. Therefore, a number of initiatives were executed under its community outreach programme, which impacted a wide cross-section of the population.

Deep Roots... Strong Branches



St. George's Anniversary Celebration: Mr. Roger Duncan, Manager Retail Banking, St. George's cutting the ceremonial cake with customer, Ms. Rosabelle Alexander.

At the forefront of the Bank's activities were the anniversary celebrations for four of its five Retail Banking Units (RBUs) with the fifth to celebrate in the upcoming financial year. The opportunities were to highlight the role of the Bank as an indigenous institution in various communities over the years.

The first audit of our Customer Service Charter was executed. The Bank received an overall satisfaction rating of 69%. The Bank strives to attain a 70% or more satisfaction rate on all promises made in the Charter.

The Bank urged Grenadians to 'Claim' their dreams of property, vehicles and improved lifestyles, through its 'Make it Yours!' campaign and featured reduced interest rates and specials offers, making it more affordable to acquire desired possessions, thereby enhancing the quality of life. Prize winners won cash prizes towards furnishing a room, property improvement and cash.



Mr. Floyd Dowden, Executive Manager, Operations & Administration (On Rotation) presenting to one of the winners of the 'Make it Yours!' Campaign, Mr. & Mrs. Lincoln Morgan.

Diaspora Initiative

Being the Bank of the Diaspora, Co-op Bank participated in the 2015 Grenada Day, in New York with three of the Bank's officers operating this year's booth where they interacted with members of the Diaspora, providing them with information on the multiple channels available to allow them to bank at home while living overseas. The Bank's eBanking, CONNEX International Debit Card, wire transfer services and suite of loan products and properties available for sale were showcased.

Dominica Relief

The staff of Co-op Bank enthusiastically responded to the plight of the people of the Commonwealth of Dominica after the passing of tropical storm Erika. Staff gave generously of their time, food items, clothing and money.



Staff packaging goods for Dominica.

The Bank also played its part and doubled the contributions made by staff. The contributions from staff and the Bank afforded the Bank the opportunity to provide three pallets of goods and water for the staff of fellow indigenous Bank, National Bank of Dominica.

Education, Youth and Health are our Concern

Understanding the importance of education, the Bank awarded thirteen scholarships under its Super Starter Education Investment Plan (EIP) in 2015. Seven students were awarded in the silver category, one per parish, to cover primary school expenses and six were awarded in the Gold category, to cover secondary school expenses. In addition, the Bank continued to award Star Points to students who excelled in their end of year examinations. Star Points are given for each 'A' or grade 1 received.

Co-op Bank Primary Schools' Games



Individual winners of the Co-op Bank National Primary Schools' Games.

Co-op Bank has been involved with primary schools' games for more than 10 years, sponsoring the St. Patrick's and St. Andrews' parishes' primary school games and the national athletics games. In 2015 the Bank for the first time sponsored the primary school games at St. Mark, Carriacou & Petite Martinique and St. David Primary Schools' Games. With the addition of these parishes, it can truly be said that Co-op Bank is a major advocate for the development of athletes and athletics in Grenada.

Pump it Up!

The seventh annual **Pump it Up** Family Fun Walk was held in May 2015 at Carriacou and Grenada. 4,557 persons registered for the event. This year's beneficiary group was the Lupus Foundation of Grenada which received a cheque in the amount of \$17,605.27. The Foundation intends to embark on a training of trainers programme for organizations in Grenada that provide assistance to people with chronic illnesses.



*Participants at the 7th annual **Pump it Up** Family Fun Walk in Carriacou.*

Inaugural Carol Bristol Lecture

Co-op Bank was a major sponsor of the UWI Inaugural Carol Bristol Lecture Series. The Series is expected to cover topics of social development with the first focusing on Culture. The inaugural lecture was delivered by Professor Hollis Liverpool, who spoke on the subject Calypso: Its Contribution to Culture, National Identity and Development.



Mrs. Mondelle Squires-Francis, Executive Manager, Customer Care, delivering remarks on behalf of the Bank.

Human Resources Report

Grenada Co-operative Bank Limited is committed to the continued growth of the institution and views its human resources as critical to its success as a major stakeholder. In the 2015 financial year staff development continued to be the a major focus of the Bank and employees continue to embrace all aspects of employee development avenues and opportunities presented to them.

The following staff have accomplished qualifications in their respective areas of studies and contribute to the depth of expertise of the staff of the Bank:

- a. Mrs. Allana Joseph is certified as a Certified General Accountant (CGA)
- b. Ms. Melissa Jones completed an MBA with an Information Technology concentration
- c. Ms Rhea Mc Leish received an MBA- International Business
- d. Mrs. Mondelle Squires-Francis attained a MSc in Human Resource Development and Performance Management
- e. Ms. Keisha Greenidge and Ms Carla Sylvester are the Bank's first certified Brokers under the Eastern Caribbean Stock Exchange, with Mr. Aaron Logie certified as the Principal.

General Training

Training is categorized as follows:

- (1) Project Intervention
- (2) In-house Training
- (3) Resident External Training
- (4) Overseas Training/Attachment

Project Intervention: In 2015 this was in the areas of Management Coaching and Mentorship and Recoveries & Collections Training – Special Intervention

In-house Training: This category of training included Customer Relationship Management (CRM) Tool user training; International Internal Auditors Association webcasts, Customer Service Excellence Programme (CSEP) Training of Trainers; Supervisory Training for eleven (11) Supervisors. A key feature for the year were in-house soft-skills training workshops in Creative thinking, Problem Solving, Integrity and Ethics, Communications, among other topics, were delivered to Credit Staff and other frontline staff of the Bank with over 50 participating.



Mr. Richard W. Duncan, presenting the Managing Director's Special Award to Mr. Charlton Paryag

Resident External Training: Here the focus has been in Performance Management System (PMS) Training for Supervisors and Managers; Health & Safety conducted Bank-wide covering fire and anti-robbery training; Money Laundering Trends and Typologies training with a cohort of AML Champions/Trainers trained for their respective units and departments.

Overseas Training/Attachment: The Eastern Caribbean Home Mortgage Bank (ECHMB) Underwriting Programme continues to be a feature of the Bank's capacity building regime for Credit staff. There are now five certified Residential Underwriters (CRU on staff and four are working towards certification in the near future.

Staff Socials

During the last fiscal year 2014/2015, the staff of the Bank was engaged in two social activities: the Annual Staff Banquet and Awards Ceremony; and Family Fun Day. The Annual Staff Banquet & Awards Ceremony was held on December 13, 2014. Several employees were recognized for their outstanding performance and contributions to the growth and development of the Bank.

The Family Fun Day, dubbed "Explosion with a Twist," was held on May 23, 2015 and the day was fun-filled, comprising of numerous games and activities for the entire family. These events coupled with weekly fitness activities such as aerobics and table-tennis, were all geared towards promoting a healthy work environment for staff of the Bank.



The Carriacou Retail Banking Unit presenting the Carriacou Quadrille at "Explosion with a Twist"

Management Team



Peter Antoine,
B.Sc., AICB,
Senior Programme &
Research Officer



Nicola Philip-Walcott,
B.Sc.
Manager, Recoveries &
Collections



Wilfred Gary Sayers,
B.Sc
Manager Retail Banking,
Spiceland Mall



Shane Regis,
AICB, B.Sc.
Manager Retail
Banking, Grenville



Roger Duncan,
FCIB
Manager, Retail
Banking, St. George's



Rachael Phillip-Bethel,
Manager Retail Banking,
Carriacou



Dossia Ferguson-John,
Dip., MBA
Senior Credit Officer



Roland Fletcher,
AICB, MBA
Senior Relief Officer,
assigned to Sauteurs
Retail Banking Unit



Garvin Baptiste,
B.Sc.
Senior IT Officer



**Keri-Ann St. Louis-
Telesford,**
B.A.S
Human Resources
Officer



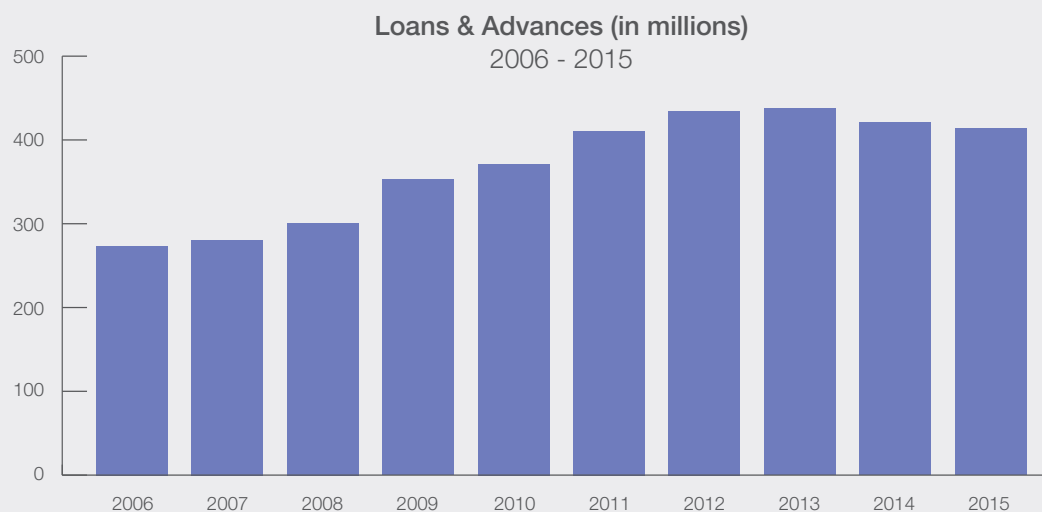
Keisha Greenidge,
B.Sc., M.Sc.
Senior Manager,
Credit Risk



Ericka Hosten,
B.Sc.
Marketing Officer

Selected Financial Statistics

2006 - 2015

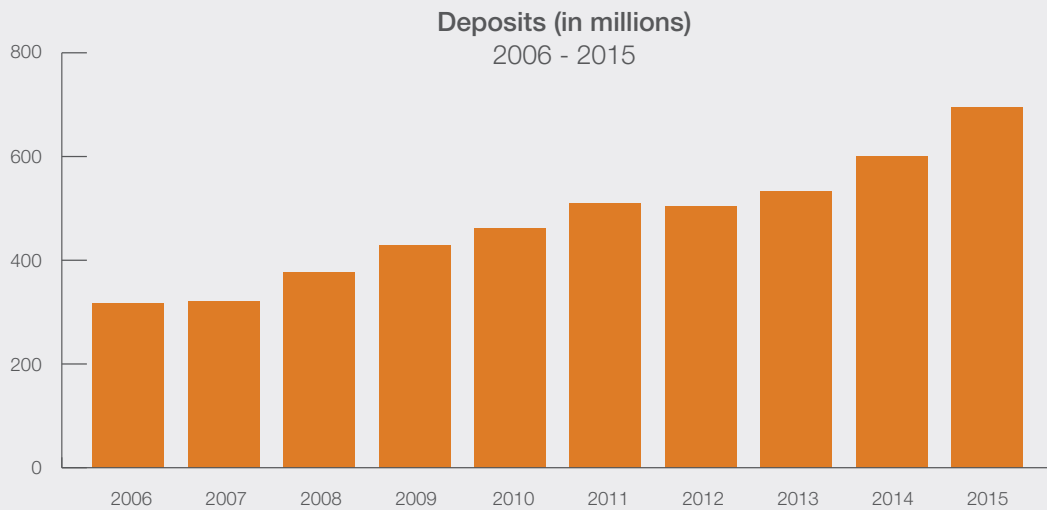


	2006	2007	2008	2009	2010
Loans & Advances	\$273,389,669	\$280,638,341	\$300,935,401	\$352,707,364	\$371,381,947
% Change	17.4%	2.7%	7.2%	17.2%	5.3%

	2006	2007	2008	2009	2010
Deposits	\$316,891,219	\$321,150,926	\$377,118,178	\$429,020,547	\$460,845,080
% Change	11.2%	1.3%	17.4%	13.8%	7.4%
Loans & Advances to Deposit Ratio	86%	87%	80%	82%	81%

	2006	2007	2008	2009	2010
Net After Tax Profits	\$4,576,219	\$5,066,156	\$4,551,543	\$2,940,142	\$762,274
% Change	-0.4%	10.7%	-10.2%	-35.4%	-74.1%
Dividend Per Share	\$0.14	\$0.22	\$0.25	\$0.29	\$0.25

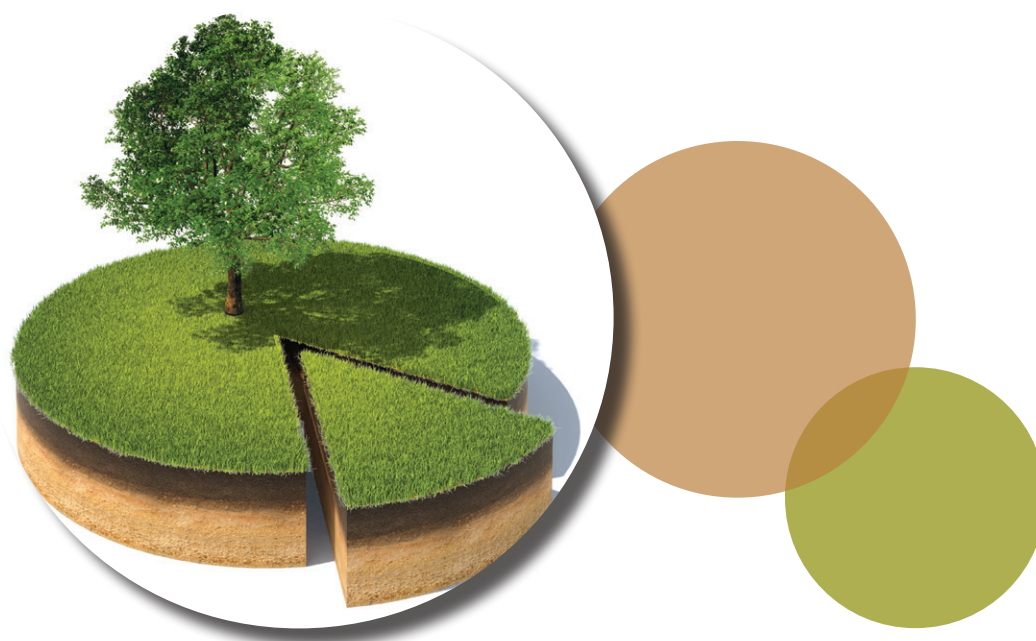
Source: Audited Financial Statements



2011	2012	2013	2014	2015	2006 - 2015
\$410,634,725	\$434,656,704	\$437,944,376	\$420,375,729	\$695,517,632	
10.6%	5.8%	0.8%	-4.0%	-4.0%	80.5%

2011	2012	2013	2014	2015	2006 - 2015
\$509,118,529	\$505,134,323	\$532,961,783	\$601,102,761	\$695,517,632	119.5%
10.5%	-0.8%	5.5%	12.8%	12.8%	
81%	86%	82%	70%	59%	

2011	2012	2013	2014	2015
(\$10,778,874)	\$2,069,870	(\$3,694,152)	\$2,479,786	\$2,687,650
-1514.0%	119.2%	-278.5%	167.1%	8.4%
\$0.00	\$0.07	\$0.00	\$0.08	\$0.08



Audited Financial Statements

For the Year Ended 30 September 2015

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26	Statement Of Financial Position
27	Statement Of Comprehensive Income
28	Statement Of Changes In Equity
29	Statement Of Cash Flows
30	Notes To The Financial Statement

Independent Auditors' Report

To the Shareholders

We have audited the accompanying financial statements of the Bank which comprise the statement of financial position at September 30th, 2015 and the related statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Responsibility for the Financial Statements

Those charged with governance are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as of September 30th, 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

GRENADA:

November 24, 2015



Accountants & Business Advisers

Statement of Financial Position

At 30th September, 2015

	Notes	2015 \$	2014 \$
Assets			
Cash and balances with Central Bank and other banks	5	208,924,065	131,951,532
Customers' loans and advances	6	412,188,631	415,946,938
Financial investments	7	63,455,598	49,828,819
Premises and equipment	8	40,751,416	42,100,428
Other assets and prepayments	9	23,446,359	13,670,196
Deferred tax asset	19	668,119	1,108,590
Total Assets		749,434,188	654,606,503
Liabilities and Equity			
Liabilities			
Amount due to other banks	10	-	5,000,000
Customers' deposits	11	695,517,632	601,102,761
Other liabilities	12	9,755,954	6,647,313
Income tax payable		317,483	92,960
Total Liabilities		705,591,069	612,843,034
Equity			
STATED CAPITAL	13	24,871,739	24,871,739
STATUTORY RESERVE	14	9,219,916	8,682,386
OTHER RESERVES	15	5,368,435	4,818,406
RETAINED EARNINGS		4,383,029	3,390,938
		43,843,119	41,763,469
Total Liabilities and Equity		749,434,188	654,606,503

Approved by the Board of Directors on November 24, 2015 and signed by:


:Director


:Director


:Secretary

The notes on pages 30 to 54 form an integral part of these financial statements

Statement of Comprehensive Income

For the year ended 30th September, 2015

	Notes	2015 \$	2014 \$
Interest Income			
Customer loans and advances		32,309,282	33,252,594
Investments and deposits at other banks		<u>2,974,101</u>	<u>2,999,004</u>
		35,283,383	36,251,598
Interest expense	16	<u>(12,712,085)</u>	<u>(15,913,469)</u>
Net interest income		22,571,298	20,338,129
Other income	17	<u>11,061,108</u>	<u>7,784,251</u>
Operating income		<u>33,632,406</u>	<u>28,122,380</u>
Expenditure			
Impairment charge for credit losses		5,134,075	4,266,419
General and administrative expenses	18	<u>24,929,739</u>	<u>21,081,005</u>
		<u>30,063,814</u>	<u>25,347,424</u>
Net income for the year before income tax		3,568,592	2,774,956
Provision for income tax	19	<u>(880,942)</u>	<u>(295,170)</u>
Net income for the year after income tax		<u>2,687,650</u>	<u>2,479,786</u>
Basic earnings per share	20	\$0.35	\$0.33

The notes on pages 30 to 54 form an integral part of these financial statements

Statement of Changes in Equity

For the year ended 30th September, 2015

	Stated Capital \$	Statutory Reserves \$	Other Reserves \$	Retained Earnings \$	Total Equity \$
Balance at 1st October, 2013	24,871,739	8,186,429	4,836,411	1,469,104	39,363,683
Net income for the year	-	-	-	2,479,786	2,479,786
Transfer to Statutory Reserves	-	495,957	-	(495,957)	-
Transfer to General Reserves	-	-	61,995	(61,995)	-
Movement in values of traded security	-	-	(80,000)	-	(80,000)
Balance at 30th September, 2014	24,871,739	8,682,386	4,818,406	3,390,938	41,763,469
Net income for the year	-	-	-	2,687,650	2,687,650
Transfer to Statutory Reserves	-	537,530	-	(537,530)	-
Transfer to General Reserves	-	-	67,191	(67,191)	-
Transfer to Regulatory Loss Reserves	-	-	482,838	(482,838)	-
Dividends for the year ended September 30th, 2014	-	-	-	(608,000)	(608,000)
Balance at 30th September, 2015	<u>24,871,739</u>	<u>9,219,916</u>	<u>5,368,435</u>	<u>4,383,029</u>	<u>\$43,843,119</u>

The notes on pages 30 to 54 form an integral part of these financial statements

Statement of Cash Flows

For the year ended 30th September, 2015

	2015 \$	2014 \$
Operating Activities		
Net income before income tax	3,568,592	2,774,956
Adjustments for:		
Depreciation	2,551,030	2,588,373
Gain on disposal of premises and equipment	<u>-</u>	<u>72,035</u>
Operating income before working capital changes	6,119,622	5,435,364
Net changes in operating assets and liabilities:		
Other assets and prepayments	(9,776,162)	(2,651,167)
Customers' loans and advances	3,758,307	18,139,592
Customers' deposits	94,414,871	68,140,978
Other liabilities	3,108,641	(14,232,650)
Amount due to other banks	<u>(5,000,000)</u>	<u>(30,755,698)</u>
	92,625,279	44,076,419
Income tax paid	<u>(215,948)</u>	<u>(2,965)</u>
Net cash provided by operating activities	<u>92,409,331</u>	<u>44,073,454</u>
Investing Activities		
Net change in investments	(13,626,780)	11,767,950
Purchase of premises and equipment	<u>(1,202,018)</u>	<u>(1,471,932)</u>
Net cash (used in)/provided by investing activities	<u>(14,828,798)</u>	<u>10,296,018</u>
Financing Activities		
Dividends paid	<u>(608,000)</u>	<u>-</u>
Net cash used in financing activities	<u>(608,000)</u>	<u>-</u>
Net change in cash and cash equivalents	76,972,533	54,369,472
Cash and cash equivalents - at beginning of the year	131,951,532	77,582,060
- at end of the year	<u>208,924,065</u>	<u>131,951,532</u>

The notes on pages 30 to 54 form an integral part of these financial statements

Notes to the Financial Statements

For the year ended 30th September, 2015

1. CORPORATE INFORMATION

Grenada Co-operative Bank Limited (the Bank) was incorporated on July 26, 1932, and continued under the Companies Act 1994 of Grenada. It provides retail and corporate banking services. The Bank's registered office and principal place of business is situated on Church Street, St. George's.

The Bank has five retail units and employed one hundred and fifty-seven (157) persons during the year (2014 – 155 persons).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

These financial statements comply with International Financial Reporting Standards (IFRS) and are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and land and buildings.

The preparation of financial statements in accordance with IFRS requires management to make critical estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and income and expenses during the reporting period. Actual results may differ from these estimates. 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 4.

b) Accounting standards, amendments and interpretations

- (i) There are no new standards amendments and interpretations that are effective for the first time for the financial year beginning on or after 1st October, 2014 that would be expected to have a material impact on the Company's financial statements.
- (ii) Amendments and interpretations issued but not effective for the financial year beginning 1st October, 2014 and not early adopted. These either do not apply to the activities of the Company or have no material impact on its financial statements.

Standard	Description	Effective for annual periods beginning on or after –
IAS 1	Presentation of financial statements: Disclosure Initiative (amendments)	1st January, 2016
IAS 16 & 38	Property, Plant and Equipment and Intangible Assets: Classification of acceptable methods of depreciation and amortization (amendments)	1st January, 2016
IAS 24	Related Party Disclosures	1st January, 2016
IAS 34	Interim Financial Reporting: Disclosures of information elsewhere in the interim financial report	1st January, 2016
IFRS 5	Non-Current Assets held for sale and discontinued operation (amendments)	1st January, 2016

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b) Accounting standards, amendments and interpretations *(continued)*

Standard	Description	Effective for annual periods beginning on or after –
IFRS 7	Financial Instruments: Disclosures (amendments)	1st January, 2013
IFRS 9	Financial Instruments: Classification and measurement	1st January, 2018
IFRS 11	Joint Arrangements: Accounting for Acquisitions of Interest in Joint Regulatory	1st January, 2016
IFRS 14	Regulatory Deferred Accounts	1st January, 2016
IFRS 15	Revenue from Contracts with Customers	1st January, 2017

The Directors anticipate that all of the relevant Standards and Interpretations will be adopted in the Bank's financial statements and that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Bank in the period of initial application.

c) Financial Assets

The Bank classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(i) Financial assets available-for-sale

Available-for-sale investments are those intended to be-held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Regular-way purchases and sales of financial assets available for sale are recognised on trade date - the date on which the Bank commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished - that is, when the obligation is discharged, cancelled or has expired.

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in equity is recognised in profit or loss. However, interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available-for-sale are recognised in the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the entity's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Bank establishes fair value using valuation techniques, which include the use of recent arm's length transactions.

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) *Financial Assets (continued)*

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates at fair value through profit or loss; (b) those that the entity upon initial recognition designates as available for sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

d) *Impairment of Financial Assets*

(i) Assets carried at amortised cost

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

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

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

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

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

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

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d) *Impairment of Financial Assets (continued)*

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

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

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

The amount of the reversal is recognised in the statement of comprehensive income in impairment charge for credit losses.

(ii) Assets classified as available for sale

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

(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 and disclosed only if renegotiated.

e) *Premises and Equipment*

All premises and equipment used by the Bank are stated at historical cost except for land and buildings which are at valuation and net of accumulated depreciation. Land is not depreciated. Depreciation of other assets is provided on the straight-line method at rates designed to allocate the cost of the assets over the period of their estimated useful lives. The rates used are as follows:

Furniture and equipment	10%
Computer equipment	16 $\frac{2}{3}$ %
Motor vehicles	20%
Freehold buildings	2 $\frac{1}{2}$ %

The assets residual values and useful lives are reviewed and adjusted if appropriate at each statement of financial position date. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e) *Premises and Equipment (continued)*

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

Leasehold improvements are amortised over the term of the lease.

Maintenance and repairs to buildings are charged to current operations and the cost of improvements are capitalised where such improvements would extend the remaining useful life of the building.

The cost or valuation of premises and equipment replaced, retired or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss reflected in the statement of comprehensive income.

f) *Revenue Recognition*

(i) Interest income and expense

Interest income and expense are taken into income 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.

(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) Other income

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

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

(iv) Dividends

Dividends are recognised in the statement of comprehensive income when the entity's right to receive payment is established.

g) *Foreign Currency Translation*

The financial statements are presented in Eastern Caribbean currency dollars which is also the Bank's functional currency.

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

g) *Foreign Currency Translation (continued)*

Assets and liabilities denominated in foreign currencies are translated to Eastern Caribbean dollars at the rates of exchange ruling at the end of the financial year. Transactions arising during the year involving foreign currencies have been converted at the rates prevailing on the dates the transactions occurred. Differences arising from fluctuations in exchange rates are included in the statement of comprehensive income.

h) *Income Tax*

The Bank provides for current income tax payable in accordance with the Income Tax Act 1994 as amended.

Deferred income tax is provided using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rate that is expected apply to the period when the asset is realized or the liability is settled, based on the enacted tax rate at the statement of financial position date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

i) *Pension*

The Bank has a Defined Contribution Pension Plan. In this Defined Contribution Pension Plan, the Bank pays fixed contributions into the fund and has no legal or constructive obligation to pay further contributions.

Contributions are recognised as employee benefit expense when they are due.

j) *Cash and cash equivalents*

For purposes of the cash flow statement, cash and cash equivalents comprise cash balances, deposits with the Eastern Caribbean Central Bank other than reserve deposit and amounts on deposits with other banks and other financial institutions.

k) *Leases*

Leases entered into by the Bank are operating leases. The monthly rentals are charged to income on a straight-line basis over the lease term.

l) *Dividends on ordinary shares*

Dividends are recognised in equity in the year in which they are declared by the Directors.

m) *Computer software licences*

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life.

n) *Share issue costs*

Costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

3. 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 under policies approved by the Board of Directors. Internal Audit 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.

3.1. Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Bank's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Bank's asset portfolio. There is also credit risk in off statement of financial position sheet financial instruments, such as loan commitments.

3.1.1. Credit risk management

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.

(i) Loans and advances

These assets result from transactions conducted in the normal course of business and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with financial statement amounts.

(ii) Customers' deposits

The fair value of items with no stated maturity is assumed to be equal to their carrying values. Deposits with fixed rate characteristics are at rates which are not significantly different from current rates and are assumed to have discounted cash flow values which approximate carrying values.

3.1.2. Risk limit control and mitigation policies

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

The Bank structures the level 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.

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1.2. Risk limit control and mitigation policies *(continued)*

Collateral

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

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

3.1.3. Impairment and provisioning policies

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

The impairment allowance shown in the statement of financial position at year end is derived from each of the five internal rating grades.

The schedule below shows the percentage of the Bank's loans and advances and the associated impairment allowance for each category.

Bank Rating	2015 Credit Risk Exposure	2014 Credit Risk Exposure	2015 Impairment Allowance	2014 Impairment Allowance
Pass	73%	72%	0%	8%
Special mention	13%	18%	0%	6%
Substandard	12%	8%	43%	30%
Doubtful	2%	2%	57%	54%
Loss	0%	0%	0 %	2%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1.4. Maximum exposure to credit risk before collateral held

Credit risk exposures relating to on-statement of financial position assets are as follows:

	Gross Maximum Exposure	
	2015 \$	2014 \$
Loans and advances to customers:		
Loans to individuals:		
Overdrafts	1,682,663	2,939,009
Mortgages	195,602,190	188,082,467
Government and Statutory bodies:		
Loans and Overdrafts	39,112,000	36,992,000
Loans to Corporate Customers and Small and Medium Size Enterprises		
Loans and Overdrafts	166,370,723	180,524,593
Other	10,653,012	11,837,660
	<u>413,420,588</u>	<u>420,375,729</u>

Credit risk exposures relating to off-statement of financial position items are as follows:

	Gross Maximum Exposure	
	2015 \$	2014 \$
Financial guarantees	2,886,784	3,287,077
Loan commitments and other credit related obligation	25,431,892	23,276,168
	<u>28,318,676</u>	<u>26,563,245</u>

The above schedule represents a worst case scenario of credit risk exposure to the Bank at 30th September, 2015 without taking into account any collateral held or other credit enhancements attached.

3.1.5. Industry Sector

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

	Individuals		Business		
	Overdrafts \$'000	Loans and Advances \$'000	Overdrafts \$'000	Loans and Advances \$'000	Total \$'000
2015					
Financial institution	-	-	73	-	73
Manufacturing	-	-	2,452	16,985	19,437
Real Estate	-	-	1,449	20,331	21,780
Wholesale and Retail	-	-	4,169	23,317	27,486
Public Administration	-	-	11,798	-	11,798
Other industries	-	-	12,911	95,116	108,027
Individuals	5,118	219,701	-	-	224,819
Total	<u>5,118</u>	<u>219,701</u>	<u>32,852</u>	<u>155,749</u>	<u>413,420</u>

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

3. FINANCIAL RISK MANAGEMENT *(continued)*

	Individuals		Business		Total \$'000
	Overdrafts \$'000	Loans and Advances \$'000	Overdrafts \$'000	Loans and Advances \$'000	
2014					
Financial institution	-	-	68	5	73
Manufacturing	-	-	2,327	17,794	20,121
Real Estate	-	-	2,784	15,317	18,101
Wholesale and Retail	-	-	4,596	29,639	34,235
Public Administration	-	-	9,656	-	9,656
Other industries	-	-	13,776	92,798	106,574
Individuals	6,135	225,481	-	-	231,616
Total	<u>6,135</u>	<u>225,481</u>	<u>33,207</u>	<u>155,553</u>	<u>420,376</u>

3.1.6. Loans and advances to customers are summarized as follows:

	2015 \$	2014 \$
Neither past due nor impaired		
Loans	309,034,272	291,326,405
Overdrafts	32,402,696	32,147,808
Past due but not impaired		
Loans	37,948,325	43,888,503
Overdrafts	163,894	2,926,926
Individually impaired		
Loans	28,467,604	45,819,286
Overdrafts	<u>5,403,796</u>	<u>4,266,801</u>
Gross	413,420,588	420,375,729
Less: Allowance for impairment	(5,907,190)	(9,736,319)
Net	<u>407,513,398</u>	<u>410,639,410</u>
Individually impaired	4,723,467	9,533,150
Portfolio allowance	1,183,723	203,169
Total impairment charge	<u>5,907,190</u>	<u>9,736,319</u>

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

3. FINANCIAL RISK MANAGEMENT *(continued)*

Credit risk

3.1.7. Age analysis of loans and advances past due but not impaired:

	Ess than 1 Month	1 to 3 months	Total
2015			
Loans	21,841,041	16,107,284	37,948,325
Overdrafts	137,605	26,289	163,894
Total	<u>21,978,646</u>	<u>16,133,573</u>	<u>38,112,219</u>
2014			
Loans	28,844,361	15,044,142	43,888,503
Overdrafts	4,720	2,922,206	2,926,926
Total	<u>28,849,081</u>	<u>17,966,348</u>	<u>46,815,429</u>

3.2. *Market risk*

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates 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.

3.2.1. *Interest rate risk*

Interest rate risk arises when there is a mismatch between the size and maturity of interest earning assets and deposit liabilities such that interest rate changes can expose the Bank to earnings volatility. The Bank reviews its exposure to financial risks and implements mitigating measures to minimise or reduce the negative impact of interest rate risk.

Differences in contractual re-pricing or maturity dates and changes in interest rates may expose the Bank to interest rate risk.

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.2.1. Interest rate risk *(continued)*

The table below summarises the Bank's exposure to interest rate risk:

	Up to 1 year \$'000	Between 1-3 years \$'000	Between 3-5 years \$'000	Over 5 years \$'000	Non- interest bearing \$'000	Total \$'000
As at 30th September, 2015						
Assets						
Cash and short-term funds	148,547	-	-	-	60,377	208,924
Loans and advances	88,404	29,609	29,624	265,783	-	413,420
Investments	44,915	534	14,724	3,282	-	63,455
Other assets	-	-	-	-	63,635	63,635
Total assets	281,866	30,143	44,348	269,065	124,012	749,434
Liabilities						
Customers' deposits	682,661	9,972	-	-	-	692,633
Other liabilities	-	-	-	-	12,958	12,958
Total liabilities	682,661	9,972	-	-	12,958	705,591
Interest Sensitivity Gap	(400,795)	20,171	44,348	269,065	111,054	
As at 30th September, 2014						
Assets						
Cash and short-term funds	48,450	-	-	-	83,502	131,952
Loans and advances	103,567	19,941	24,194	272,674	-	420,376
Investments	43,101	3,844	136	2,748	-	49,829
Other assets	-	-	-	-	52,450	52,450
Total assets	195,118	23,785	24,330	275,422	135,952	654,607
Liabilities						
Customers' deposits	584,527	13,237	-	-	-	597,764
Other liabilities	8,339	-	-	-	6,740	15,079
Total liabilities	592,866	13,237	-	-	6,740	612,843
Interest Sensitivity Gap	(397,748)	10,548	24,330	275,422	129,212	

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.3. Liquidity risk

Liquidity risk arises from fluctuations in cash flows. The liquidity management process ensures that the Bank is able to honour all its commitments when they fall due. The Bank has a liquidity policy which sets out the liquidity management process. Liquidity risk is managed by the Bank's Risk and Capital Committee, which formulates strategies for maintaining adequate exposure from deposit concentrations and also building core deposits.

Past experience has, however, indicated that term deposits and savings are continually reinvested. The table below summarises the Bank's exposure to liquidity risk:

	Up to 1 month \$'000	Over 1 month to 3 months \$'000	Over 3 months up to 12 months \$'000	Over 1 year up to 5 years \$'000	Total \$'000
As at 30th September, 2015					
Liabilities					
Deposits from customers	505,545	33,633	143,483	9,972	692,633
Other liabilities	1,877	5,036	6,045	-	12,958
	<u>507,422</u>	<u>38,669</u>	<u>149,528</u>	<u>9,972</u>	<u>705,591</u>
Assets held for managing liquidity risk:					
Cash	208,924	-	-	-	208,924
Investments available for sale	2	8,184	36,729	18,540	63,455
Customer loans	<u>42,030</u>	<u>1,968</u>	<u>44,407</u>	<u>325,016</u>	<u>413,421</u>
	250,956	10,152	81,136	343,556	685,800
Gap	<u>(256,466)</u>	<u>(28,517)</u>	<u>(68,392)</u>	<u>333,584</u>	<u>(19,791)</u>
As at 30th September, 2014					
Total liabilities	416,097	55,127	128,383	13,237	612,844
Assets held for managing liquidity risk	193,436	2,295	82,890	323,536	602,157
Gap	<u>(222,661)</u>	<u>(52,832)</u>	<u>(45,493)</u>	<u>310,299</u>	<u>(10,687)</u>

3.4. Fair value of financial instruments

The fair value of financial instruments is based on the valuation methods and assumptions set out in Note 2 - Summary of Significant Accounting Policies. Fair value represents the amount at which financial instruments may be exchanged in an arm's length transaction between willing parties under no compulsion to transact and is best evidenced by a quoted market place. If no quoted market prices are available, the fair values represented are estimates derived using present value or other valuation techniques indicative of net realisable value.

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

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

3. FINANCIAL RISK MANAGEMENT *(continued)*

a) *Short-term financial assets and liabilities*

The carrying value of these assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets comprise of cash resources, interest receivable, and other receivables. Short-term financial liabilities comprise interest payable and other liabilities.

b) *Investment securities*

Debt securities are carried at amortised cost in the absence of market values and are considered to reflect fair value. Equity investments are unquoted and are carried at cost less impairment which is management's estimate of fair value.

3.5. *Capital management*

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, 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 stakeholders; and
- To maintain a strong capital base to support the development of its business.

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

The Authority requires each bank or banking Bank to: (a) hold the minimum level of the regulatory capital of \$5,000,000 and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Basel ratio') at or above the minimum indicated in the prudential guidelines of 8%.

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

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

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

The table below summarises the composition of regulatory capital and the ratios of the Bank for the years ended September 30th, 2014 and 2015. During those two years, the Bank complied with all of the ECCB capital requirements.

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.5. Capital management *(continued)*

	2015 \$	2014 \$
Tier 1 Capital:		
Paid up Ordinary Share Capital	24,871,739	24,871,739
Statutory Reserves	9,219,916	8,682,386
General Reserves	563,991	496,800
Retained Earnings	4,383,029	3,390,938
Total Qualifying Tier 1 Capital	<u>39,038,675</u>	<u>37,441,863</u>
Tier 2 Capital:		
Fixed Assets Revaluation Reserves	3,825,535	3,825,535
General Provisions	1,183,723	203,169
Other Asset Revaluation Reserves	496,071	496,071
Regulatory Loss Reserves	<u>482,838</u>	<u>-</u>
Total Qualifying Tier 2 Capital	5,988,167	4,524,775
Total Qualifying Capital	<u>45,026,842</u>	<u>41,966,638</u>
Risk Weighted Assets:		
On Statement of Financial Position	400,462,000	352,546,000
Off Statement of Financial Position	31,602,000	30,020,000
Total Risk- Weighted Assets	<u>432,064,000</u>	<u>382,566,000</u>
Capital Adequacy Ratio	10%	11%

The Capital adequacy ratio is calculated as total Qualifying Capital divided by total Risk-Weighted Assets

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

a) Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Bank makes judgments 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.

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

Guidelines issued by The Eastern Caribbean Central Bank, the 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.

b) Impairment of available-for-sale equity investments

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

c) Held-to-maturity investments

The Bank follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.

d) Income 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 amounts that were initially recorded, such differences 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 utilizes professional valuers to determine the fair value of its properties. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumptions chosen.

5. CASH AND BALANCES WITH CENTRAL BANK AND OTHER BANKS

	2015 \$	2014 \$
Cash on hand	21,009,054	19,257,217
Amount due from banks	125,981,448	27,636,698
Cash at other financial institutions	<u>1,556,183</u>	<u>1,556,183</u>
	148,546,685	48,450,098
Statutory reserve deposit with ECCB	60,377,380	83,501,434
	<u>208,924,065</u>	<u>131,951,532</u>

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

5. CASH AND BALANCES WITH CENTRAL BANK AND OTHER BANKS *(continued)*

Reserve Deposit

Statutory reserve deposits with the ECCB represent the Bank's regulatory requirement to maintain a minimum percentage of 6% of deposit liabilities as cash in vault and or deposits with the ECCB in accordance with Article 33 of the ECCB Agreement 1983. These funds are not available to finance the Bank's day to day operations and as such, are excluded from cash resources to arrive at cash and cash equivalents. The reserve deposit is non-interest bearing.

6. CUSTOMERS' LOANS AND ADVANCES

	2015 \$	2014 \$
Mortgages	364,797,290	369,196,527
Promissory notes	10,652,912	11,837,667
Other advances	<u>37,970,386</u>	<u>39,341,535</u>
	413,420,588	420,375,729
Allowance for impairment	<u>(5,907,190)</u>	<u>(9,736,319)</u>
	407,513,398	410,639,410
Interest receivable	4,675,233	5,307,528
	<u>412,188,631</u>	<u>415,946,938</u>

Movement in provision for loan losses is as follows:

Balance beginning of year	9,736,319	8,722,995
Bad debts written off	(8,963,204)	(3,253,094)
Increase in provision	5,134,075	4,266,418
Balance end of year	<u>5,907,190</u>	<u>9,736,319</u>

6.1. *Allowance for loan losses by sector*

Agriculture	13,042	13,632
Fisheries	32,410	35,639
Manufacturing	107,083	238,651
Construction and land development	319,342	450,362
Distribution trade	958,541	2,880,748
Tourism	86,309	80,647
Entertainment	262,083	967,871
Transportation	1,576,506	691,732
Professional service	75,644	417,805
Personal	1,292,507	3,756,063
General provisioning	1,183,723	203,169
	<u>5,907,190</u>	<u>9,736,319</u>

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

6. CUSTOMERS' LOANS AND ADVANCES *(continued)*

6.2. Maturity profile – Loans and advances

	2015 \$'000	2014 \$'000
Within 1 year	88,404	103,567
Within 1 to 3 years	29,609	19,941
Within 3 to 5 years	29,624	24,194
Over 5 years	265,783	272,674
	<u>413,420</u>	<u>420,376</u>

6.3. Loans by Sector

Mining and quarrying	1,290	1,322
Agriculture	1,567	1,214
Fisheries	170	375
Manufacturing	19,437	20,121
Utilities (electricity, water, telephone & media)	18,644	23,149
Construction and land development	21,780	18,101
Distributive trades	27,486	34,235
Tourism	36,843	32,276
Entertainment and catering	3,023	4,976
Transportation and storage	14,948	15,250
Financial institutions	73	73
Professional and other services	31,542	28,012
Public administration	11,798	9,656
Personal	224,819	231,616
Total	<u>413,420</u>	<u>420,376</u>

7. FINANCIAL INVESTMENTS

Fixed income securities classified as loans and receivables under IAS 39:

Government of St. Vincent – Treasury Bills	-	5,868,253
Government of Dominica – Treasury Bills	4,925,205	2,392,580
Government of St. Lucia – Treasury Bills	7,587,483	9,938,930
Government of Grenada-Treasury Bills	22,227,000	22,719,074
Government of Antigua – Treasury Bills	7,712,456	-
Eastern Caribbean Central Bank- Treasury Bills	492,076	-
Government of Grenada - Bonds	334,432	334,432
Eastern Caribbean Home Mortgage Bank - Bonds	4,550,000	4,552,712
Grenada Electricity Services Limited - Bonds	900,000	1,300,000
Government of St. Kitts - Bonds	235,005	263,276
Government of Antigua (ABIB) - Bonds	-	201,621
Grenreal Bonds	12,200,000	-
	<u>61,163,657</u>	<u>47,570,878</u>

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

8. FINANCIAL INVESTMENTS *(continued)*

	2015 \$	2014 \$
Interest is earned on loans and receivables at rates ranging between 2.99% to 7% (2014 – 1% to 9%)		
Equity - Available for sale:		
Republic Bank (Grenada) Limited - 8,200 ordinary shares	369,000	360,000
RBTT Bank Grenada Limited - 8,916 ordinary shares	71,378	71,378
Caribbean Credit Card Corporation - 25 ordinary shares	25,000	25,000
Eastern Caribbean Home Mortgage Bank - 4,041 class "C" shares	646,560	646,560
Eastern Caribbean Securities Exchange - shares – 5,000 class "C" shares	50,000	50,000
Antigua Barbuda Investment Bank - 250,000 shares	1	1
Grenada Electricity Services Limited - 55,500 ordinary shares	610,000	605,000
TCI Bank Limited - 250,000 shares	1	1
ECIC Holdings Limited - 632,000 shares	1	1
Cable & Wireless Grenada Limited - 48,000 shares	500,000	500,000
Eastern Caribbean National Bank -20,000 shares	20,000	-
	2,291,941	2,257,941
Total	<u>63,455,598</u>	<u>49,828,819</u>

7.1. Maturity profile investments

Within 1 year	44,915,958	43,101,440
Within 1 to 3 years	533,707	3,843,869
Within 3 to 5 years	14,724,215	135,791
Over 5 years	3,281,718	2,747,719
	<u>63,455,598</u>	<u>49,828,819</u>

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

8. PREMISES AND EQUIPMENT

	Freehold Land and Buildings	Leasehold Improvements	Furniture and Equipment	Computer Equipment	Motor Vehicles	Work-in- Progress	Total
For year ended 1st October, 2013							
Cost/Valuation	39,966,974	1,910,145	7,102,924	9,640,956	405,100	570,115	59,596,214
Accumulated depreciation	(3,983,189)	(1,541,500)	(3,812,139)	(6,623,426)	(347,056)	-	(16,307,310)
NET BOOK VALUE	\$35,983,785	\$368,645	\$3,290,785	\$3,017,530	\$58,044	\$570,115	\$43,288,904
For year ended 30th September, 2014							
Opening net book value	35,983,785	368,645	3,290,785	3,017,530	58,044	570,115	43,288,904
Additions for the year	-	-	390,334	659,332	94,411	13,473	1,157,550
Transfers	-	-	55,500	129,602	-	(185,102)	-
Disposals/Write-Offs	-	-	(82,498)	(4,537)	-	(357,194)	(444,229)
Adjustments	5,645	768,837	(12,977)	(47,110)	-	(27,819)	686,576
Depreciation/Amortization charged	(926,837)	(95,507)	(556,020)	(977,521)	(32,488)	-	(2,588,373)
NET BOOK VALUE	\$35,062,593	\$1,041,975	\$3,085,124	2,777,296	119,967	13,473	42,100,428
Balance at 30th September, 2014							
Cost/Valuation	39,966,974	1,910,145	6,770,170	9,522,511	419,511	13,473	58,602,784
Accumulated depreciation	(4,904,381)	(868,170)	(3,685,046)	(6,745,215)	(299,544)	-	(16,502,356)
NET BOOK VALUE	\$35,062,593	\$1,041,975	\$3,085,124	\$2,777,296	\$119,967	\$13,473	\$42,100,428
For year ended 30th September, 2015							
Opening net book value	35,062,593	1,041,975	3,085,124	2,777,296	119,967	13,473	42,100,428
Additions for the year	-	-	879,167	303,843	-	-	1,183,010
Transfers	-	-	13,473	-	-	(13,473)	-
Adjustments	-	-	1,038	17,970	-	-	19,008
Depreciation/Amortization charged	(926,837)	(95,507)	(585,282)	(904,622)	(38,782)	-	(2,551,030)
NET BOOK VALUE	\$34,135,756	\$946,468	\$3,393,520	\$2,194,488	\$81,185	\$-	\$40,751,416
Balance at 30th September, 2015							
Cost/Valuation	39,966,974	1,910,145	7,662,810	9,826,354	419,511	-	59,785,794
Accumulated depreciation	(5,831,218)	(963,677)	(4,269,290)	(7,631,867)	(338,326)	-	(19,034,378)
NET BOOK VALUE	\$34,135,756	\$946,468	\$3,393,520	\$2,194,487	\$81,185	\$-	\$40,751,416

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

9. OTHER ASSETS AND PREPAYMENTS

	2015 \$	2014 \$
Interest receivable on financial investments	622,091	285,569
Other receivables	22,824,268	13,384,627
	<u>23,446,359</u>	<u>13,670,196</u>

10. AMOUNT DUE TO OTHER BANKS

Other deposits from banks	<u>-</u>	<u>5,000,000</u>
---------------------------	----------	------------------

11. CUSTOMERS' DEPOSITS

Savings	288,575,232	263,163,382
Fixed deposit	199,039,297	202,024,746
Treasure chest	44,925,261	46,946,661
Chequing accounts	33,575,744	26,635,992
Current accounts	<u>126,517,414</u>	<u>58,993,037</u>
	692,632,948	597,763,818
Interest payable	2,884,684	3,338,943
	<u>695,517,632</u>	<u>601,102,761</u>

12. OTHER LIABILITIES

Manager's cheques	2,330,174	1,308,773
Other	7,425,780	5,338,540
	<u>9,755,954</u>	<u>6,647,313</u>

13. STATED CAPITAL

Authorised: An unlimited number of common shares with no par value		
Issued: 7,600,000 common shares with no par value	<u>24,871,739</u>	<u>24,871,739</u>

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

14. STATUTORY RESERVE

The Banking Act of 2005 under Sub-section 14 (1) requires that a minimum of 20% of net after tax profits in each year be transferred to a Statutory Reserve Fund until the balance of this fund is equal to the issued Share Capital. This reserve is not available for distribution as dividends or any form of appropriation.

15. OTHER RESERVE

	Property Revaluation Surplus \$	Net Un-realized Gains/losses \$	Regulatory Loss Reserves \$	Other General Reserves \$	Total \$
Balance at 1st October, 2013	3,825,535	576,071	-	434,805	4,836,411
Movement in values of traded security	-	(80,000)	-	-	(80,000)
Transfer to General Reserves	-	-	-	61,995	61,995
Balance at 30th September, 2014	3,825,535	496,071	-	496,800	4,818,406
Transfer to Regulatory Loss Reserves	-	-	482,838	-	482,838
Transfer to General Reserves	-	-	-	67,191	67,191
Balance at 30th September, 2015	<u>3,825,535</u>	<u>496,071</u>	<u>482,838</u>	<u>563,991</u>	<u>5,368,435</u>

16. INTEREST EXPENSE

	2015 \$	2014 \$
Saving deposits	7,527,862	8,297,690
Other time deposits	5,182,231	7,536,505
Chequing account	1,992	79,274
	<u>12,712,085</u>	<u>15,913,469</u>

17. OTHER INCOME

Commissions and fees	10,189,160	6,575,771
Miscellaneous	871,948	1,208,480
	<u>11,061,108</u>	<u>7,784,251</u>

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

18. GENERAL AND ADMINISTRATIVE EXPENSES

	2015 \$	2014 \$
By nature		
Staff costs:		
Wages, salaries and NIS	10,580,829	9,509,530
Other staff costs	<u>851,323</u>	<u>573,866</u>
Total staff costs	11,432,152	10,083,396
Other operating expenses	6,083,883	4,037,467
Depreciation	2,551,030	2,588,373
Operating lease rentals	438,256	461,987
Advertising and promotion	1,660,328	1,035,515
Directors' fee	129,158	139,627
Professional fees	323,521	499,120
Utilities	1,372,556	1,396,488
Repair and maintenance	938,855	839,032
	<u>24,929,739</u>	<u>21,081,005</u>

19. TAXATION

Current taxation	440,471	147,585
Deferred tax	440,471	147,585
	<u>880,942</u>	<u>295,170</u>

Taxation on the income before tax differs from the theoretical amount that would arise using the basic tax rate as follows:-

Current:		
Net income before income tax	<u>3,568,592</u>	<u>2,774,956</u>
Tax calculated at corporation tax rate of 30%	1,070,578	832,487
Tax effect of:		
Income tax not subject to tax	(773,534)	(790,198)
Expenses not deductible for tax purposes	364,245	60,951
Depreciation on items not eligible for capital allowances	219,653	219,610
Other	-	(27,680)
	<u>880,942</u>	<u>295,170</u>
Deferred tax asset		
Balances at 1st October 2014	1,108,590	1,256,175
Release for the year	(440,471)	(147,585)
Balance at 30th September, 2015	<u>668,119</u>	<u>1,108,590</u>

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

19. TAXATION *(continued)*

The deferred tax asset relates to tax losses carried forward.

Tax losses

Tax losses which are available for off-set against future taxable income for income tax purposes are as follows:

Year of loss	Balance	Expiry date
2013	\$2,227,063	2016

20. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income attributable to common shareholders by the weighted average number of common shares in issue during the year.

	2015 \$	2014 \$
Net income attributable to common shareholders	2,687,650	2,479,786
Weighted average number of common shares in issue	7,600,000	7,600,000
Basic earnings per share	0.35	0.33

The Bank has no potential common shares in issue which would give rise to a dilution of the basic earnings per share. Therefore diluted earnings per share would be same as basic earnings per share.

21. CONTINGENT LIABILITIES AND COMMITMENTS

a) Legal proceedings

There were six legal proceedings outstanding against the Bank at 30th September, 2015. No provision has been made, as professional advice indicates that it is unlikely that any significant loss will arise.

b) Undrawn loan commitments, guarantees and other financial facilities

At 30th September, 2015, the Bank had contractual amounts of off-statement of financial position financial instruments that commit it to extend credit to customers, guarantees and other facilities as follows:

Undrawn loan commitments	25,431,892	23,276,168
Guarantees and standby letters of credit	2,886,784	3,287,077
	<u>28,318,676</u>	<u>26,563,245</u>

Notes to the Financial Statements *(Continued)*

For the year ended 30th September, 2015

21. CONTINGENT LIABILITIES AND COMMITMENTS *(continued)*

c) *Operating leasehold commitments*

At 30th September, 2015, the Bank was committed to annual leasehold payments as follows:

	2015 \$	2014 \$
Under 1 year	425,013	425,592
1 to 5 years	1,034,695	1,214,616
	<u>1,459,708</u>	<u>1,640,208</u>

22. PENSION SCHEME

The bank maintains a Defined Contribution Pension plan into which employer contributes 6.5% and employee contributes 5% of gross salary. The Bank contribution to the Plan in 2015 was \$462,879 (2014-\$461,477)

23. RELATED PARTY TRANSACTIONS

	2015 \$	2014 \$
Loans and Advances		
Directors and key management personnel (and their families)	<u>7,206,573</u>	<u>7,686,129</u>
Deposits and other liabilities		
Directors and key management personnel (and their families)	<u>6,957,028</u>	<u>8,279,084</u>
Interest income		
Directors and key management personnel (and their families)	<u>255,519</u>	<u>353,515</u>
Interest Expenses		
Directors and key management personnel (and their families)	<u>242,106</u>	<u>273,038</u>
Other		
Salaries and other short-term employee benefits	<u>1,791,391</u>	<u>1,628,742</u>
Directors' fees and expenses	<u>129,158</u>	<u>139,627</u>

Related party transactions include transactions by Executive Management and Directors

Grenada Co-operative Bank Limited

Offices

Branch	Designation	Names
Head Office: No. 8 Church Street St. George's P.O. Box 135 Telephone: (473)-440-2111/3549 Fax: (473)-440-6600 Website: www.grenadaco-opbank.com E-mail: info@grenadaco-opbank.com	Managing Director Chief Operating Officer Executive Manager, Corporate & Commercial Banking Chief Audit Executive Executive Manager, Finance Executive Manager, Retail Banking Executive Manager, Operations & Administration Executive Manager, Risk Executive Manager, Customer Care Executive Manager, Operations & Administration (Ag.) Manager, Recoveries and Collections Marketing Officer Senior Programme & Research Officer Human Resource Officer Senior IT Officer Senior Credit Officer Senior Manager, Credit Risk	R.W. Duncan, <i>B.Sc., MA., FCCA, AICB</i> D. Moses, <i>B.Sc, MSc</i> N. Sandy (Mrs.), <i>B.Sc, MBA</i> J.G. Lawrence (Ms.), <i>B.S., MBA-IBF</i> A. Logie, <i>FCCA, MBA</i> W. Grainger, <i>CRU, Dip. Mgmt.</i> F. Dowden, <i>AICB, AML-CA, MBA</i> J. Robertson (Mrs.), <i>AICB, Dip. Banking, CIRM, CRU</i> M. Squires-Francis (Mrs.), <i>B.Sc., MSc</i> R. Medford, <i>B.Sc</i> N. Philip-Walcott (Mrs.), <i>B.Sc., CCP</i> E. Hosten (Mrs.), <i>B.Sc</i> P. Antoine, <i>B.Sc, AICB</i> K. St.Louis-Telesford (Mrs.), <i>BAS (HR)</i> G. Baptiste, <i>B.Sc</i> D. Ferguson-John (Mrs.), <i>Dip., MBA</i> K. Greenidge (Ms.), <i>B.Sc., M.Sc</i>
Grenville: Victoria Street Grenville, St. Andrew's Tel: (473)-442-7748/7708 Fax: (473)-442-8400	Manager, Retail Banking	S. Regis, <i>AICB, B.Sc.</i>
Sauteurs: Main Street Sauteurs, St. Patrick's Tel: (473)-442-9247/9248 Fax: (473)-442-9888	Senior Relief Officer, assigned to Retail Banking	R. Fletcher, <i>AICB, MBA</i>
Spiceland Mall: Morne Rouge St. George's Tel: (473)-439-0778 Fax: (473)-439-0776	Manager, Retail Banking	G. Sayers, <i>Bsc.</i>
Carriacou Main Street Hillsborough Tel: (473)-443-8424	Manager, Retail Banking	R. Bethel (Mrs.)
St. George's No. 8 Church Street St. George's Tel: (473)-440-2111 Fax: (473)-435-9621	Manager, Retail Banking	R. D. Duncan, <i>FICB</i>

Notes

Form of Proxy

The Company 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. Derick Steele 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 14th day of January, 2016 at 4:45pm at the National Stadium's South Conference Room, Queens Park, River Road, St. George's; and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

Dated this _____ day of _____ 20_____

Signature(s) of Shareholder(s) _____

Signature(s) of Shareholder(s) _____

Name(s) in Block Letters _____

Notes:

- (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 Company Secretary at the Registered Office of the Company, No. 8 Church Street, St. George's, at least 48 hours before the time appointed for the meeting or adjourned meeting.

Form of Proxy

Special Meeting of the shareholders

The Company 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. Derick Steele 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 14th day of January, 2016 at 5:45pm at the National Stadium's South Conference Room, Queens Park, River Road, St. George's; and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

Dated this _____ day of _____ 20_____

Signature(s) of Shareholder(s) _____

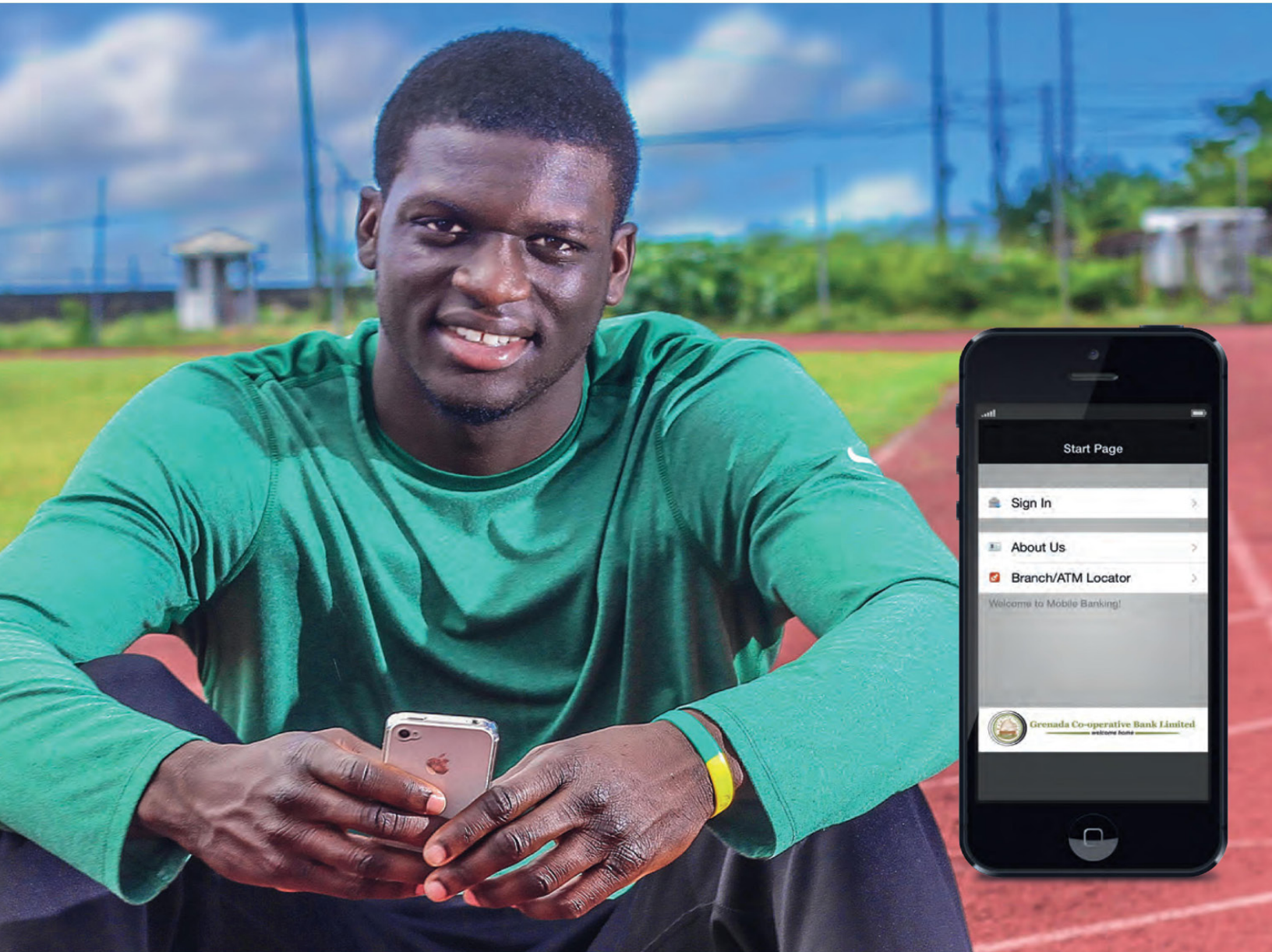
Signature(s) of Shareholder(s) _____

Name(s) in Block Letters _____

Notes:

- (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 Company Secretary at the Registered Office of the Company, No. 8 Church Street, St. George's, at least 48 hours before the time appointed for the meeting or adjourned meeting.

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Grenada Co-operative Bank Limited

welcome home

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Sauteurs: 442-9247 Fax: 442-9888 • Spiceland Mall: 439-0778 Fax: 439-0776
Carriacou: 443-6385 Fax: 443-8184 • info@grenadaco-opbank.com
www.grenadaco-opbank.com



Grenada Co-operative Bank Limited

welcome home



#8 Church Street, P.O. Box 135, St. George's, Grenada, W.I.
Tel: (473) 440-2111/3549 . Fax: (473) 440-6600
Email: info@grenadaco-opbank.com
Website: www.grenadaco-opbank.com