Grenada Co-operative Bank Limited

welcome home

2021 Annual Report

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Corporate Information

CORPORATE OFFICE

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

DIRECTORS

Darryl Brathwaite, *Acc. Dir.*	- Chairman
Lisa Taylor, B.A. (Hons.), *LL.B (Hons.), Acc. Dir.*	- Deputy Chairman
Richard W. Duncan, *BSc, M.A., FCGA, AICB, FCPA, FCG, Acc. Dir.*	- Managing Director
Leslie Ramdhanny, *O.B.E, BSc, Acc. Dir.*	- Director
Dr. Anthony Andall, *BSc, MSc, PhD, Acc. Dir.*	- Director
Alfred Logie, *Lic., Acc. Dir.*	- Director
Samantha Hossle, *BSc, Acc. Dir*	- Director
Claudia Francis, *CA, FCA, CPA, CMA, ACIS*	- Director
Benedict Brathwaite, *BSc, FCCA, Acc. Dir.*	- Director

CORPORATE SECRETARY

Alana Twum-Barimah, *BSc, LLB, LEC, LLM, AML/CA*

AUDITORS

Messrs. BDO Eastern Caribbean
Kingstown Park
Kingstown
St. Vincent

SOLICITORS

Messrs. Lewis & Renwick
Veritas Legal

LOCATIONS

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

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

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

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

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

CORRESPONDENT BANKING RELATIONSHIPS

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

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

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

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

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

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

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

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

ELECTRONIC FUNDS TRANSFER (EFT) FOR ECCU REGION

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

ASSOCIATIONS

Caribbean Association of Banks
Grenada Bankers Association

Mission Statement

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

Co-op Bank
welcome home

Notice Of **Annual Meeting**

Notice is hereby given that the Eighty-Ninth Annual Meeting of the Bank will be held at the Grenada Trade Center, Morne Rouge, St. George on Thursday, January 13th, 2022 at 4:45 p.m.

AGENDA

1. To receive the audited financial statements for the year ended September 30th, 2021.
2. To announce the dividend for the year ended September 30th, 2021.
3. To elect Directors.
4. To re-appoint the Auditors, BDO, and to authorise the Directors to fix their remuneration.
5. To discuss any other business that may be given consideration at an Annual Meeting.

By order of the Board of Directors,

A Barimah

Alana Twum-Barimah
CORPORATE SECRETARY
NOVEMBER 17th, 2021

Notice To **Shareholders**

RE: ANNUAL SHAREHOLDERS' MEETING THURSDAY, JANUARY 13, 2022

ZOOM DETAILS
Shareholders are advised that the Eighty-ninth Annual Shareholders' Meeting will be held in the form of a hybrid meeting – both virtually via the Zoom platform and in person.

Kindly find below Zoom details for the Annual Shareholders' Meeting.

Topic: Annual Shareholders' Meeting

Time: Jan 13, 2022 4:45 PM

Join Zoom Meeting
https://us06web.zoom.us/j/86282161484?pwd=YlczVjBmNms2NXlsQzNHeU1rcWE5Zz09

Meeting ID: 862 8216 1484
Passcode: 950091

One tap mobile
+16699006833,,86282161484#,,,,*950091# US (San Jose)
+19292056099,,86282161484#,,,,*950091# US (New York)

Dial by your location
+1 669 900 6833 US (San Jose)
+1 929 205 6099 US (New York)
+1 253 215 8782 US (Tacoma)
+1 301 715 8592 US (Washington DC)
+1 312 626 6799 US (Chicago)
+1 346 248 7799 US (Houston)

SCAN ME

Find your local number: https://us06web.zoom.us/u/ki45VNzX7

COVID-19 **Meeting Protocols**

Shareholders attending the meeting in person are asked to note and adhere to the following COVID-19 protocols.

Grenada Co-operative Bank Limited shall provide hand sanitising and temperature check stations at the entrance of the Grenada Trade Centre. You will be required to have your temperature taken on entry, along with the provision of your name, address and contact information.

Anyone with a temperature over 100.40° F or 37° C shall not be given clearance to enter the premises.

Kindly observe the following:

1. Sanitise your hands and have your temperature taken on entering the Grenada Trade Centre.
2. Ensure that masks are always worn, covering your nose and mouth, while attending the meeting.
3. Remain six (6) feet apart from others, including while sitting. Do not move chairs from where they are originally placed.
4. Avoid physical greetings such as handshakes and hugs.
5. Sanitise your hands before and after using the washrooms.

Please use the virtual platform to attend the meeting:

1. If it is convenient for you to do so

And/or if you are:

2. Coughing, sneezing or having any flu-like symptoms
3. Experiencing a high temperature
4. Feeling sick

Board Of **Directors**

DARRYL BRATHWAITE
Acc. Dir.
Chairman

LISA TAYLOR
B.A. (Hons.), LL.B (Hons.), Acc. Dir
Deputy Chairman

RICHARD W. DUNCAN
AICB, BSc, MA, FCGA, FCPA, FCG, Acc. Dir.
Managing Director

LESLIE RAMDHANNY O.B.E
BSc, Acc. Dir.

ALFRED LOGIE
Lic., Acc. Dir.

SAMANTHA HOSSLE
BSc, Acc. Dir

DR. ANTHONY ANDALL
BSc, MSc, PhD, Acc. Dir.

CLAUDIA FRANCIS
CA, FCA, CPA, CMA, ACIS

BENEDICT BRATHWAITE
BSc, FCCA, Acc. Dir.

Chairman's Review

DARRYL BRATHWAITE
Acc. Dir.
Chairman

Just about completing its second year, the COVID-19 pandemic continues to cast a long, dark shadow over Grenada's economic landscape. Grenada's economic recovery continues to be stymied by the slow rebound of the tourism sector, a low vaccination uptake and the spread of the COVID-19 Delta variant. It is against that backdrop that the Bank's 2021 performance should be viewed.

Notwithstanding the difficult economic circumstances, the Bank turned in a commendable performance in 2021. Assets grew, deposits expanded, after tax profits increased, prudential ratios improved, and customer satisfaction remained high. At $9.9M, after tax profits are slightly above our 2020 performance of $9.6M.

Despite the tentative nature of the economic environment and the intensity of the competitive market for Loans and Advances in the banking sector, the Bank's loan portfolio grew in 2021, building on the successes of the previous year. This is a direct reflection of the dedicated efforts of the Board, Management and Staff.

Though uncertainties abound about the eventual arresting of the COVID-19 pandemic, the Bank remained steadfast in playing its part in the fight against the COVID-19 virus and its variants.

THE ECONOMIC ENVIRONMENT

Promising vaccination uptake levels in major world economies attempting to contain the COVID-19 pandemic and its variants, has resulted in a strong global economic recovery, albeit uneven, in 2021. According to The World Bank's Global Economic Outlook (World Bank, 2021) the global economic growth rate is set to reach 5.6% in 2021, the strongest post-recession recovery pace seen in 80 years. This global economic resurgence is buttressed by significant rebounds in the world's major economies, particularly the United States, owing to substantial fiscal support.

In the Eastern Caribbean Currency Union (ECCU) real GDP Growth for 2021 is now projected at 0.9%.

Preliminary data from the Eastern Caribbean Central Bank (ECCB) indicates that Grenada's economy will grow by 0.72% at the end of 2021. This is a far cry from the original expectation of 5.0% Gross Domestic growth in 2021. The actual growth rate has been hindered by slow vaccination uptake, community spread of the COVID-19 virus, resultant lockdowns and travel restrictions – all working in concert to retard the impetus of a potential full-blooded recovery.

Pre-pandemic growth rates are now not expected until 2023 or even 2024 due to the factors alluded to above.

THE BANKING & FINANCIAL SERVICES ENVIRONMENT

As the economy continues its slow recovery from the ongoing pandemic, it is expected that employment will gradually recover. However, the effects of the crisis will continue to linger in 2022 and beyond, i.e., low growth, high unemployment and significantly reduced consumer spending.

The banking sector continues to experience excess liquidity with a 7.2% rise in Deposits versus a 5.4% increase in Loans & Advances for the period June 2020 to June 2021. Continued repressed consumer confidence combined with persistent uncertainty drove elevated levels of liquidity in the banking system. The Loan to Deposits ratio in the sector moved from 52.5% as at June 2020 to 51.6% as at June 2021. High operating costs for banks are expected to persist due to increasing regulatory and compliance requirements.

COMPARISON OF BANKING SECTOR DEPOSITS & LOANS

INDICATOR	JUN 2020	JUN 2021	CHANGE %
Deposits (EC$M)	3,330	3,570	7.2
Loans & Advances (EC$M)	1,747	1,841	5.4
Loans to Deposit Ratio (%)	52.5	51.6	(1.7)

Table 1. Shows Sector Loans and Deposits for 2020 and 2021 (Source: Eastern Caribbean Central Bank)

THE BANK'S PERFORMANCE

The Bank recorded its eighth (8th) consecutive year of steady profitability despite the financial and economic crisis.

Increasing by 3%, the Bank turned in after-tax profits of $9.9M compared with $9.6M in 2020. This performance primarily reflects effective credit risk management along with consistent yields on a high quality and expanding credit portfolio, effective management of the interest expense considering the value of the deposit portfolio, and growth in other income.

The Bank's Non-Performing Loans Ratio remained below 1% as at September 30 2021, demonstrating the success of our previously articulated commitment to continuous improvement in our credit underwriting and the containment of loan delinquency. Maintaining high asset quality remains our primary focus.

In 2021, total assets of the Bank grew by 11.2% or $144.2M, and now stands at $1.43B, reflecting increases in customer loans, which expanded by $46.6M or 8.5% from 2020. This year also saw an expansion of $64.1M or 16.9% in the Bank's investment portfolio.

The Bank's Capital Adequacy Ratio remained within regulatory requirements of not less than 8%; and stood at 12.1% as at September 2021 (2020: 11%).

Our non-financial metrics remain strong and established. According to the annual independent Household Omnibus Survey conducted by Jude Bernard & Associates, Co-op Bank remains the number one bank in the commercial banking sector with respect to the level of patronage at 54% (2020: 44%) enjoyed from households; and is the main banking institution for household customers. At the same time our Customer Satisfaction Index (CSI) is the highest among commercial banks at 4.10 or 82% (2020: 4.16 or 83.2%).

The audit of our Customer Service Charter by PKF Accountants & Business Advisors, affirms Customer Satisfaction ratings above our 70% benchmark, standing at 79% in 2021 (2020: 76%).

Consistent with the foregoing, our Net Promoter Score for 2021 was +29 (2020: +35).

FUTURE PROSPECTS

Looking ahead, a growth rate of 5.0% is projected by the World Bank for the local economy in 2022. The financial services sector is forecasted to remain fiercely competitive as commercial banks, credit unions and non-bank financial institutions vie to maintain and capture new business in a slowly recovering economy.

In 2022, the banking sector is projected to reflect modest loan growth as the economy slowly recovers with continued high levels of liquidity, as consumer confidence remains subdued and COVID-19 pandemic anxieties linger. Therefore, Deposit growth is expected to continue outpacing the growth in Loans & Advances.

Our Bank remains cautiously optimistic about the prospects of Grenada's financial services sector for 2022 and will capitalize on good opportunities as they arise in an environment of slow economic recovery and fast technological adoption.

DIVIDENDS

Recalibrated in 2018 and further refined in 2020 and 2021, the Bank's dividend policy ensures the payment of dividends at a level that is consistent and sustainable.

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

Consequently, the Board of Directors has decided to keep the amount of dividend, in respect of the 2021 Financial Year, at the same level as that of the 2020 Financial Year. As such the Board of Directors has declared a dividend of $0.15 per share for the 2021 financial year.

ACKNOWLEDGEMENTS

First, I convey my sincerest appreciation and gratitude to my colleague Directors. They have continued to demonstrate their unwavering commitment to the effective oversight of the Bank. Directors have also competently responded with prudence and alacrity to the challenges presented by the economic, banking, and regulatory environments, so as to ensure the Bank's sustained progress. I especially place on record my appreciation for the sterling service of Director Gordon V. Steele, O.B.E who passed away on June 5th, 2021; and Director Derick Steele who retired as at May 31st, 2021.

Secondly, I express, on behalf of all the Directors, our deep appreciation and gratitude to Mr. Richard W. Duncan for his 25 years of yeoman service to the Bank. Mr. Duncan's stewardship of Grenada Co-operative Bank Limited has been nothing short of impeccable, marked by continuous growth and development of the institution. The Board of Directors wishes Mr. Duncan a happy and fulfilling retirement. Mr. Larry Lawrence will be succeeding Mr. Duncan upon his retirement as Managing Director effective December 6th, 2021.

Thirdly, I applaud the Management and Staff for their continued dedication to the mission of the Bank. Your dedication to duty in these uniquely difficult times is nothing but exemplary as the overall improved performance of the company would not have been possible without your hard work and determination.

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

SUBSEQUENT EVENT

On October 12, 2021, the Bank announced that it is a member of a consortium of leading Indigenous banks in the Eastern Caribbean Currency Union (ECCU) that has entered into a definitive agreement to acquire the branches and banking operations of CIBC FirstCaribbean in Dominica, Grenada, St. Kitts and Nevis, and St. Vincent and the Grenadines.

This transaction is subject to regulatory approval and customary closing conditions.

This acquisition is a significant development in the evolution of the banking system of Grenada. The Bank will acquire a lean book of business that bolts on well to its current business model. Upon successful completion the Bank will acquire approximately $200M in Loans & Advances and $400M in Deposits.

The Bank is committed to ensuring a smooth transition and integration process that meets, if not exceeds, the expectations of customers, regulators, and other stakeholders, leveraging our user-friendly and robust electronic banking channels, card and merchant services, and risk management and compliance capabilities.

D Brathwaite
....
Darryl Brathwaite, Acc. Dir.
CHAIRMAN
November 17, 2021

Corporate Governance Statement

Grenada Co-operative Bank Limited has a corporate governance framework that is guided by the Companies Act (Cap 58 (A) No. 35 of 1994), the Banking Act 2015 (2018 amended), the Securities Act 2011, and the ECCB prudential standards and guidelines on corporate governance. The Bank aims to follow international standards in the development and implementation of its governance practices and procedures. As a consequence, the Bank engaged an external consultant to embark upon a project to review and enhance the governance processes within the Bank. The project targeted key areas of the Bank's governance structure including the following:

- Board Size and Composition
- Board Committees: Rationale, Size and Composition
- Independent Functioning of the Board
- Board Diversity (Age, Gender, etc.)
- Succession Planning for Board Members
- Board Training & Engagement
- Re-election of Board Members
- Role of the Board vis-a-vis Role of Management
- Role of the Board in Corporate Social Responsibility
- Role of Individual Directors
- Conducting Effective Board Meetings
- Reconstituted committees and revised charters

The work of the Board for the FY 2021 focused quite extensively on its current procedures and practices and strategies that should be employed to improve these practices and procedures.

As part of a comprehensive governance structure, the Board continued to meet on a consistent basis. For the FY 2021, twenty-two (22) Board meetings were convened (2020: 20). A participation rate of 97% was achieved (2020: 93%).

BOARD SIZE AND COMPOSITION

The Bank conducts the selection and retention of Directors with a view to enhance governance at the Board level. Directors are involved in the process of formulating the strategic direction of the Bank.

The Bank ensures that Board members possess varying skills, knowledge, attributes, and competencies to contribute to the overarching mission and vision of the Bank. The Bank also seeks to ensure that there is gender diversity on the Board.

The Board has developed a director's skills matrix aimed at ensuring that the Board competencies match the needs of the Bank. Based on the review of the skills matrix for the FY 2021, overall the Board is balanced and fit-for-purpose in terms of the competencies and skills of the Directors. To augment the cadre of Directors with auditing and financial skills, two new Directors were invited to fill casual vacancies on the Board. These two Directors come to the Board with a strong auditing, accounting and financial background.

The Board is comprised of one (1) Executive Director and eight (8) Non-executive Directors.

DIRECTORS BY TENURE & TYPE

NAME	TENURE	TYPE OF DIRECTOR
Darryl Brathwaite	Director since September 2003	Non-Executive
Leslie Ramdhanny	Director since December 2002	Non-Executive
Richard W. Duncan	Director since February 2008	Executive
Alfred Logie	Director since March 2013	Non-Executive
Lisa Taylor	Director since January 2010	Non-Executive
Dr. Anthony Andall	Director since November 2019	Non-Executive
Samantha Hossle	Director since May 2018	Non-Executive
Claudia Francis	Director since June 2021	Non-Executive
Benedict Brathwaite	Director since September 2021	Non-Executive

Table 2. Showing Directors by Tenure and Type

DIRECTORS ATTENDANCE AT BOARD MEETINGS

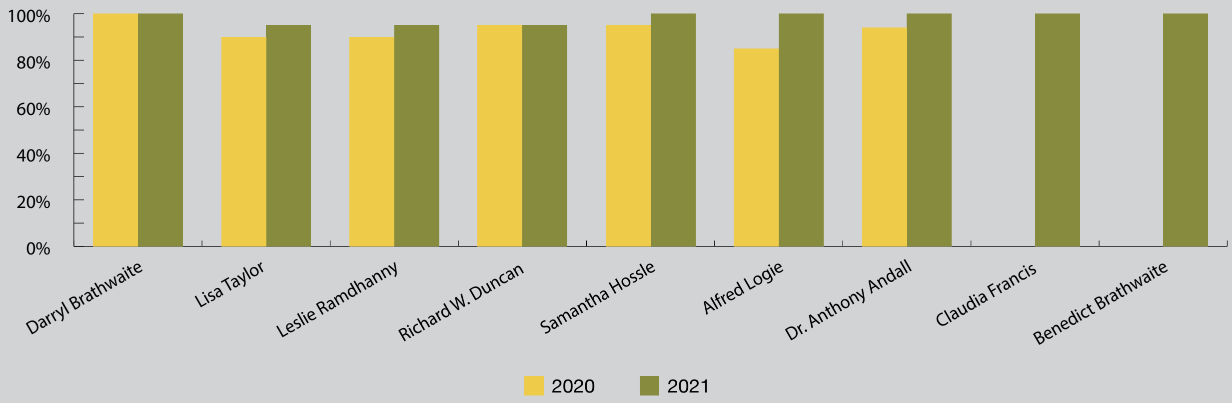


Figure 1. Showing Directors Attendance Rate for 2020 and 2021

INDEPENDENCE OF DIRECTORS

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

The Board is committed to ensuring that the majority of its members are independent in order to continue to exercise prudent oversight of the Bank. As part of the governance project, the Board has revised the approach to Board independence. Some of the enhancements to governance include clear policies on Board succession and guidelines for the age of the retirement of directors.

BOARD COMMITTEES

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

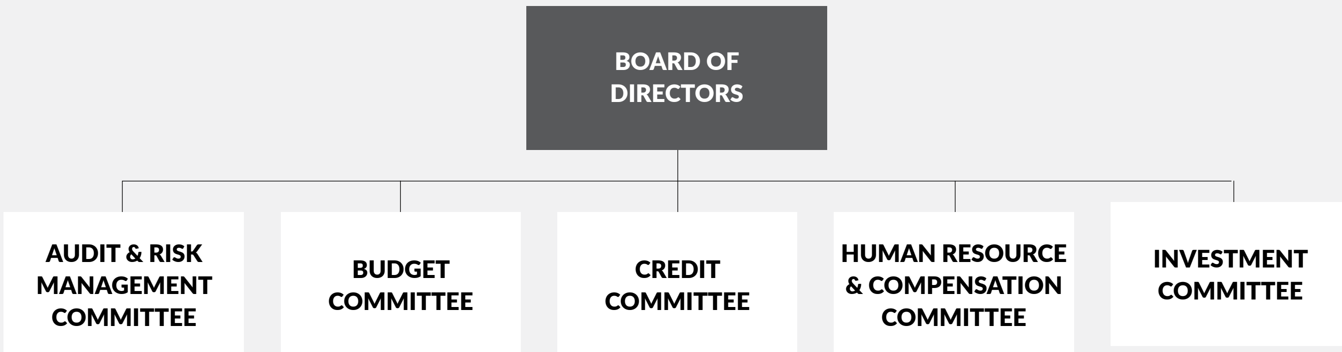


Figure 2. Showing the Sub-Committees of the Board

1. **Audit & Risk Management Committee**

Members:

- Lisa Taylor, Chairperson
- Samantha Hossle
- Anthony Andall
- Claudia Francis

Role and Responsibilities:

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

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

Meetings and Engagements:

The Audit & Risk Management Committee met eight (8) times during the financial year 2021 (2020: 4) with a participation rate of 97% (2020: 93%). During the period the Committee reviewed and recommended to the Board for approval the 2020 draft Audited Financial Statements and Annual Report; reviewed the Management Letter of 2020 and Management's responses thereto; approved the annual audit plan and reviewed the effectiveness of the Bank's internal controls system via the various audit reports prepared by the Chief Audit Executive.

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

The Committee also exercised its responsibilities by providing oversight over the work of the Compliance Department through reports from the Executive Manager, Legal and Compliance.

2. **Budget Committee**

Members:

- Darryl Brathwaite, Chairman
- Leslie Ramdhanny
- Alfred Logie
- Richard W. Duncan, Managing Director

Role and Responsibilities:

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

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

Meetings and Engagements:

The Budget Committee met four (4) times during the financial year (2020: 5) with a participation rate of 100% (2020: 100%) among Committee members. The Committee monitored the implementation of the Bank's strategy through quarterly financial reviews.

3. **Credit Committee**

Members:

- Leslie Ramdhanny, Chairman
- Claudia Francis
- Alfred Logie

Role and Responsibilities:

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

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

Meetings and Engagements:

The Credit Committee met fifteen (15) times during the year (2020: 11) to monitor the Bank's implementation of its credit strategy and to adjudicate on credit facilities. The participation rate among Committee members was 100% (2020: 97%).

4. **Human Resource & Compensation Committee**

Members:

- Darryl Brathwaite, Chairman
- Samantha Hossle
- Lisa Taylor
- Dr. Anthony Andall

Role and Responsibilities:

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

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

Meetings and Engagements:

The HRCC met seven (7) times during the year (2020: 10) with a participation rate of 100% (2020: 95%) among Directors. The Committee met to approve the Job Accountability of the Managing Director and monitor and evaluate his performance in accordance with the Bank's Performance Management System (PMS). The Committee also reviewed the performance of other Executive Managers and received updates on the progress of the CXO Succession Planning Programme. Further, the HRCC interviewed and selected the Managing Director Designate as part of the suceession proces for the role of Managing Director.

Additionally, during the year, a sub-committee of the Committee formed itself into an ad hoc Nomination Committee to consider potential candidates for directorship to the Board having regard for the required skills and competencies to continue building a balanced and fit-for-purpose Board.

5. **Investment Committee**

Members:

- Darryl Brathwaite, Chairman
- Leslie Ramdhanny
- Alfred Logie
- Richard W. Duncan, Managing Director

Role and Responsibilities:

The Investment Committee reviews and maintains oversight of the following:

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

MEETINGS AND ENGAGEMENTS:

The Investment Committee met five (5) times during the year (2020: 6), to monitor the implementation of Bank's investment strategy, adherence to policy and to adjudicate on Investment opportunities. The participation rate among Committee members was 100% (2020: 97%).

COMPENSATION

Director Compensation:

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

Executive Management Compensation:

The compensation package to Executive Managers has remained consistent over the past eight (8) years and now includes the appointment to the Bank of one new Executive to fill the role of Executive Manager, Wealth Management and Financial Services. Structurally, the number of Executive Managers is 11 members (2020: 12).

	2021 $	2020 $
Executive Management Salaries & related benefits	$2,781,627	$2,624,098
Director's fees and expenses	$354,818	$370,051

Table 2. Showing Directors and Executive Management Compensation

DIRECTOR TRAINING

The Board continues to execute its strategy to strengthen Directors' competencies to provide adequate oversight of the Bank. In 2020, a combination of face-to-face and online training sessions were conducted. Topics covered included:

- Anti-Money Laundering and Counter-Terrorism Financing
- Cyber Security and Data Breaches
- Creating a Culture of Cybersecurity
- The Role of the Board - Risk Tolerance and Appetite
- Overview of the provisions of GCBL's Code of Conduct/ Code of Ethics
- IFRS9 and its implications for the interpretation and understanding of the financials of the Company.

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

SHAREHOLDER ENGAGEMENT

The Bank held its fourth annual J.B. Renwick/ Arnold Williamson Shareholders' Outreach Forum on Thursday June 17th, 2021.

Mrs. Allana Joseph, Executive Manager, Wealth Management & Financial Services presented on the topic "Building your wealth, Your investment, Your future!" As part of the presentation Mrs. Joseph enlightened attendees about key strategies that investors should employ to build and retain wealth. Additionally, as part of the presentation, shareholders were reminded of their rights and responsibilities and the investment opportunities available on the Eastern Caribbean Securities Market (ECSE). The entire presentation was very well received by attendees and Mrs. Joseph was highly commended for a well-structured and thoroughly researched presentation.

STRATEGIC PLANNING

To ensure that the Bank's vision and goals are clearly defined and communicated throughout the organisation, the Board of Directors and the Executive Management team engaged in its Annual Strategic Planning Retreat. The output was a revised Strategic Plan for the period 2022 – 2024.

BOARD PERFORMANCE

2021 was a particularly unusual year for the Bank's Board, which was presented with unique challenges during the performance of its duties. As with many financial institutions in the region, the Board and its committees met often to treat specific issues being raised by the pandemic, and every meeting was held in a virtual setting.

Notwithstanding these unforeseen changes, as part of the governance review, the consultant conducted an evaluation of the Board's performance through an extensive personal interview process. The interview was followed by a survey completed by the eight remaining board members in September, 2021. The following table provides a summary of the feedback received from both the interviews and survey:

DIMENSION	2021 RESULTS	2020 RESULTS	COMMENTS
A. Board Performance of its responsibilities	85%	90%	Feedback relates to how the board fulfilled its responsibilities with respect to strategy and risk management. With the increased oversight of risks related to the Pandemic, the Board is looking to build its expertise in risk oversight by creating a separate Risk Committee for 2022, and the revaluation of roles and responsibilities into 4 board committees.
B. Board Conduct and processes	85%	87%	Board and committee meetings were effective and dealt well with emerging and unexpected issues rising from managing the business through COVID.
C. Relationship with Managing Director	85%	87%	The Board's relationship with the Managing Director was seen as a great asset for 2021, but looks to ensuring there are more developed policies and tools moving forward to ensure that the Board focuses more on its oversight and advisory role.
D. Individual Performance	N/A	86%	Not assessed in 2021 due to the loss of 3 directors and the need to focus on restructuring of committees, rebuilding a strong and competent board, and bringing in a new Managing Director. However, the interview process revealed that the board sees itself as a strong and united team that relies on each member for their particular skills and experience.

Table 3. Showing Results of the Board Self Evaluation Questionnaire for 2020 & 2021

DIRECTORS' INTERESTS

The table below shows the shareholdings of Directors as at September 30th, 2021 with comparisons to the previous year.

DIRECTOR	TITLE	NO. OF SHARES 2021	NO. OF SHARES 2020	CHANGES
Darryl Brathwaite	Chairman	3,857	3,857	-
Lisa Taylor	Deputy Chairman	2,000	2,000	-
Leslie Ramdhanny	Director	21,000	16,000	5,000
Richard W. Duncan	Managing Director	21, 300	21, 300	-
Dr. Anthony Andall	Director	1,000	1,000	-
Alfred Logie	Director	2,000	2,000	-
Samantha Hossle	Director	1,000	1,000	-
Claudia Francis	Director	500	-	500
Benedict Brathwaite	Director	-	-	-

Table 4. Showing the Shareholdings of Directors

OUR CODE OF CONDUCT

The Code of Conduct

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

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

Restrictions on Share Dealings by Directors

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

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

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

Anti-Bribery and Corruption Policy

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

CHANGES TO THE BOARD

The Board of Directors experienced several changes in the 2021 financial year. Mr. Gordon V. Steele, O.B.E passed on June 5th, 2021 and Mr. Derick Steele retired on May 31st, 2021. Director Dr. Spencer L. Thomas resigned from the Board of Directors effective May 19th, 2021.

FUNERAL OF THE LATE GORDON V. STEELE

Managing Director, R. W. Duncan pays his last respects to his mentor and predecessor.

On Friday, June 11th, 2021, the Board of Directors, management, and staff of Grenada Co-operative Bank Limited bid farewell to Mr. Gordon V. Steele, O.B.E – banker, visionary, leader, director, mentor, manager extraordinaire, and 'giant' in the Bank's history.

Mr. Steele devoted his entire working life to the building of Grenada's prestigious, and sole, indigenous commercial bank, unselfishly contributing his passion for Caribbean excellence, drive for the financial independence of his nation's people, and keen banking knowledge to the outstanding growth and development of Grenada Co-operative Bank Limited Mr. Steele served as the Bank's General Manager between 1967 and 2008, and successfully steered the institution through five distinct decades.

In recognition of his sterling contribution to the growth and advancement of the Caribbean indigenous banking sector, Mr. Gordon V. Steele, O.B.E was presented with the Caribbean Association of Indigenous Banks' (CAIB) Excellence Award by Guyana's President Bharrat Jagdeo at the 2007 annual conference in Georgetown, Guyana. In that same year, Mr. Steele was conferred the honour of Officer of the Most Excellent Order of the British Empire (O.B.E.) for his meritorious service to the banking industry in the state of Grenada.

From the banking halls in Carriacou and Church Street, all staff members viewed the livestream of the funeral service. In tribute to the late General Manager who successfully steered the Bank through five distinct decades, staff members in Grenada formed a guard of honour on Church Street between the Bank's headquarters and the St. George's Anglican Church to pay their last respects to Mr. Gordon V. Steele, O.B.E as he was transported to the church and to his final resting place.

RETIREMENT DINNER FOR DIRECTOR DERICK STEELE

A retirement dinner was held in honour of Mr. Derick Steele on Saturday, July 10th, 2021. Mr. Steele served as Director of the Bank for 28 years and for 9 years as Chairman of the Board. During Mr. Steele's tenure as Chairman, the Bank made the following accomplishments:

- Commissioned the Spiceland Mall Retail Banking Unit in 2000; and relocated and expanded its operations within the Mall in 2018
- Established the Carriacou Retail Banking Unit in 2007
- Commissioned our premier Customer Service Center at No. 14 Church Street - modern facility to handle our growing customer base.
- Launched our International Debit Card
- Introduced a widely embraced eBanking platform
- Enhanced our corporate governance
- Embedded electronic tools to facilitate meetings and work of the Board.

In honour of Mr. Steele's sterling contribution, the Bank will now provide a bi-annual scholarship to a young person to pursue training in any technical/vocational field of his or her choice, commencing in the 2022-2023 academic year.

The grant of the "DERICK STEELE'S MEMORIAL TECHNICAL/ VOCATIONAL SCHOLARSHIP" will be done in perpetuity and shall be awarded based on a combination of factors, including technical/vocational merit, financial need and prospects of success.

Director Derick Steele delivering his response at his Retirement Dinner

RETIREMENT, ELECTION AND RE-ELECTION

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

Ms. Claudia Francis and Mr. Benedict Brathwaite were appointed to fill casual vacancies created by the resignation of Dr. Spencer Thomas and the death of Director Gordon V. Steele, respectively; and being fit and proper and eligible, the Board now recommends their election to the Board of Directors of the Company.

PROFILES OF DIRECTORS FOR ELECTION

Ms. Claudia Francis, CA,FCA, CPA, CMA, ACIS/ACG

Ms. Francis is a chartered accountant with a wealth of experience from a long career in accounting, auditing and taxation. Ms. Francis holds professional memberships in the institutes of Chartered Accountants of Barbados, and the Eastern Caribbean; Chartered Professional Accountants of Canada; Association of Chartered Secretaries and Administrators of Canada; and the Institute of Internal Auditors.

Along with her extensive audit experience in the financial, insurance and utility sectors, Ms. Francis brings to the Board of Directors expertise in risk management and internal controls, finance, corporate governance and strategic planning.

Mr. Benedict Brathwaite, BSc., FCCA, Acc. Dir.

Mr. Benedict Brathwaite is a chartered accountant and accredited director with a wealth of experience from a long career in accounting, auditing, finance management and corporate governance. Mr. Brathwaite is an accredited director who has served at the senior level of several institutions in Grenada. He has served in senior positions at Grenada Electricity Services Ltd. and the National Insurance Board. He has further served as Director both at the National Insurance Board and the Grenada Development Bank.

PROFILES OF DIRECTORS FOR RE-ELECTION

Mr. Darryl Brathwaite, Acc. Dir.

A Director since 2003 and Chairman of the Board since 2019, Mr. Darryl Brathwaite is a businessman and Managing Director of Hi-Tech Printery. He completed studies at the London School of Accountancy, London, UK. He is an experienced businessman having worked in the UK, Latin America and the Caribbean before returning to Grenada in 1988 to establish Hi-Tech Printery Ltd. as the Managing Director/Owner. He served as Deputy President of the Senate and on several Government Committees and Statutory Boards. He is a past President of the Grenada Chamber of Industry and Commerce.

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

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

Mrs. Samantha Hossle, B. Sc., Acc. Dir.

A Grenadian and proud graduate of the University of the West Indies (UWI), Mrs. Hossle holds two (2) Bachelor of Science degrees, Electrical and Computer Engineering, majoring in Computer Systems; and Agribusiness and Management Studies.

For over twenty (20) years, Mrs. Hossle has worked in the Information Systems and Electrical Engineering fields, conducting hardware installation and configuration, networking (wired and wireless), website design, customized database solutions, and remote monitoring and control of Distribution Automation devices. Mrs. Hossle brings excellent analytical skills and a history of innovation to the Board.

APPOINTMENT OF AUDITORS

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

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

The Corporate Governance Statement is accurate and up to date as at September 30th, 2021.

Alana Twum-Barimah,
BSc., LLB (Hons), LEC, LLM , AML/CA

CORPORATE SECRETARY
November 17, 2021

Executive **Team**

RICHARD W. DUNCAN
AICB, BSc, MA, FCGA, FCPA, FCG, Acc. Dir.
Managing Director

LARRY LAWRENCE, *MBA (Fin), Acc. Dir.*
Managing Director (Designate)

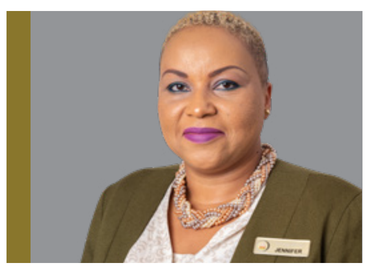
DEON MOSES, *BSc, MBA, FICB*
Chief Experience Officer

AARON LOGIE, *FCCA, MBA*
Executive Manager, Finance

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

ALLANA JOSEPH
BSc, CGA, CPA, AICB, AML/CA
Executive Manager, Wealth Management & Financial Services

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



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

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

NADIA FRANCIS-SANDY, *BSc, MSc, DBA*
Executive Manager, Credit Administration

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

WILLVORN GRAINGER, *CRU, MA, Dip.*
Executive Manager, Sales & Service

RICHARD W. DUNCAN
AICB, BSc, MA, FCGA, FCPA, FCG, Acc. Dir.
Managing Director

Managing Director's **Discussion & Analysis**

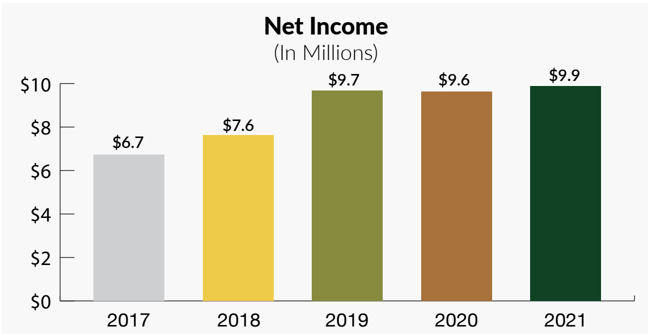
OVERVIEW
The Bank's performance remained stable for the 2021 financial year, despite the effects of the COVID-19 pandemic on Grenada's economy and the global efforts to contain the same.

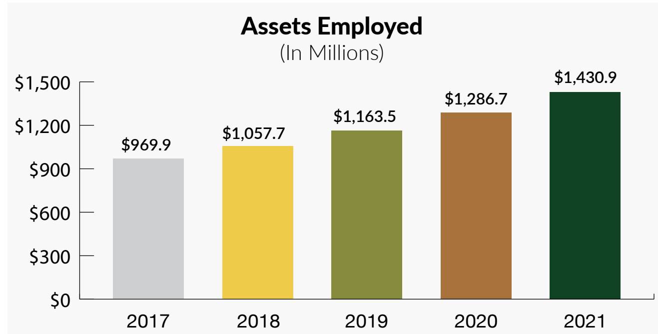
The Bank successfully grew its Loan portfolio in 2021, a direct reflection of the dedicated efforts of the Board, Management and Staff.

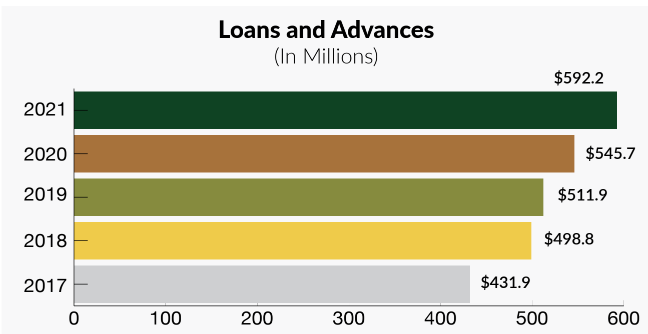
The 2021 revenue growth helped deliver an increase in Net Profit for the year, driven primarily by an increase in Interest Income and a decrease in impairment charge for credit losses. The 2021 performance continues to signify the Bank's commitment to managing its risks, capitalising on opportunities, and utilising its strengths to add value to its Shareholders while contributing to the growth and development of the market and community within which we operate.

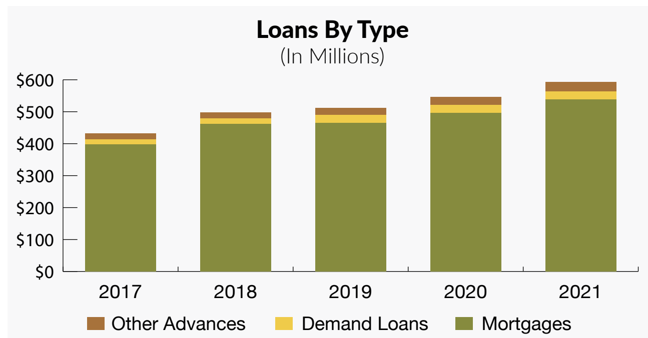
NET PROFIT FOR THE YEAR
The Bank recorded a Net Profit for the year of $9.87M, an increase of 3% or $0.24M from the prior year's reported Net Profit of $9.63M. This increase is due primarily to increased Interest Income of 2.2%. Earnings per share increased to $1.30 in 2021 as compared to $1.27 in 2020.

INCOME
Net Operating Income decreased to $57.4M from $57.9M in 2020, as a result of an increase in Interest Expense ($7.7M – 2020 to $8.3M - 2021) and a decrease in Other Operating Income ($30.3M – 2020 to $29.7M - 2021).









There was a slight increase in Net Interest Income, despite the increase in Interest Expense, primarily due to the overall increase in Interest Income.

Interest Income from Loans and Advances increased by $0.8M or 2.4% year-on-year; whilst Other Operating Income declined by $0.7M or 2.2%.

OPERATING EXPENSES

The Bank's Operating Expenses totaled $40.8M at the end of the financial year recording an increase of $0.4M or 1% from the prior year, arising from increases in Staff Costs, Advertising and Promotion, Professional Fees, Utilities and Repairs & Maintenance.

STATEMENT OF FINANCIAL POSITION PERFORMANCE

Total Assets were recorded at $1.43B in 2021, increasing by $144.2M or 11.2% from the previous year. Increases in Loans and Advances to Customers, Cash and Cash Equivalents, and Investment Securities were the main contributing factors to this growth.

The growth in Total Assets was supported by increases in Customers' Deposits of $125.7M or 10.9% and Equity of $23.8M or 23.6%. There was, however, a decrease in Other Liabilities of $5.3M or 14.2%.

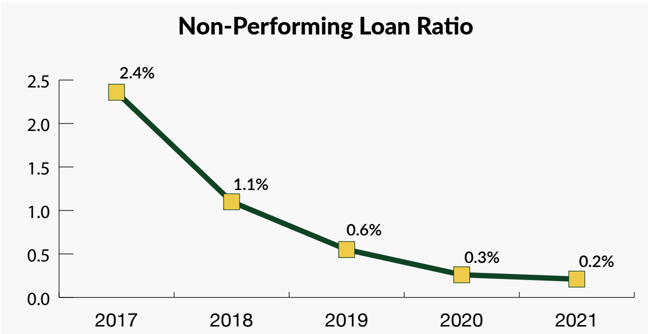
LOANS AND ADVANCES TO CUSTOMERS

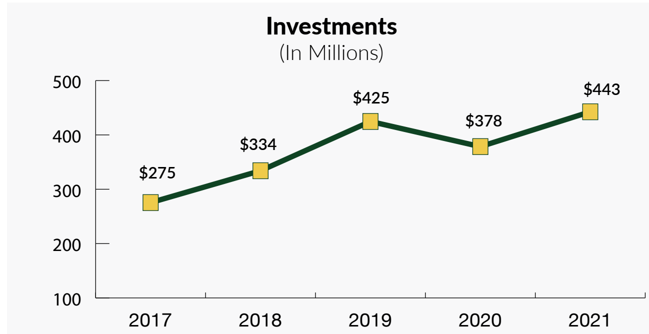
Gross Loans and Advances to Customers increased by $46.6M or 8.5% standing at $592.2M at the end of 2021, compared to the prior year balance of $545.6M with all loan types contributing to this growth.

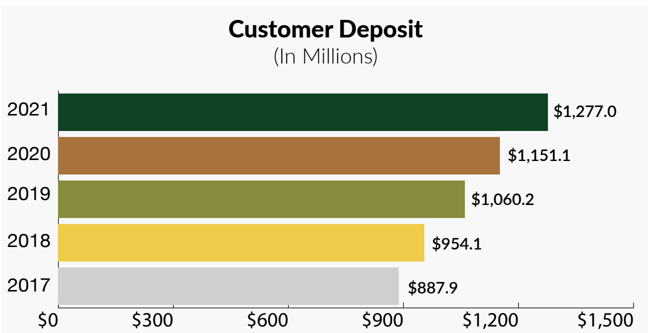
Mortgage Loans contributed to most of this growth by $42.5M or 8.6%; Demand Loans by $0.4M or 1.7% and Overdrafts by $3.6M or 14.5% in 2021. The composition of the Mortgage portfolio at the end of 2021 was Retail Mortgages 49.7% and Commercial Loans 50.3%, as compared to 50.0% and 50.0% in 2020, respectively.

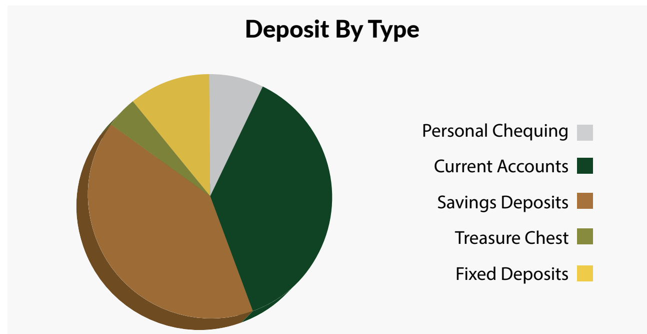
LOANS AND ADVANCES TO CUSTOMERS: SECTORAL ANALYSIS

A sectoral analysis of the Loans and Advances to Customers at the end of 2021 showed that lending was primarily concentrated in the following sectors: Personal (54.7%), Tourism (9.7%), Professional and Other Services (9.3%),









and Public Administration (6.8%). The sectors experiencing the largest growth during the financial year were Personal ($23.0M or 7.7%), Construction and Land Development ($12.3M or 154.5%), Financial institutions ($0.3M or 4.6%) and Transportation and Storage ($10.4M or 90.6%). However, there were declines in the following sectors: Professional and Other Services ($10.1M or 15.5%), Entertainment & Catering ($1.8M or 22.5%) and Fisheries ($0.2M or 22.3%).

NON-PERFORMING LOAN RATIO

The Bank continues to maintain its Non-Performing Loan Ratio (NPL) significantly within the ECCB's prudential benchmark of 5%, reflecting a well-managed and quality portfolio. At the end of the financial year, the NPL ratio showed further improvement from 0.26% in 2020 to 0.21% in 2021.

INVESTMENT SECURITIES

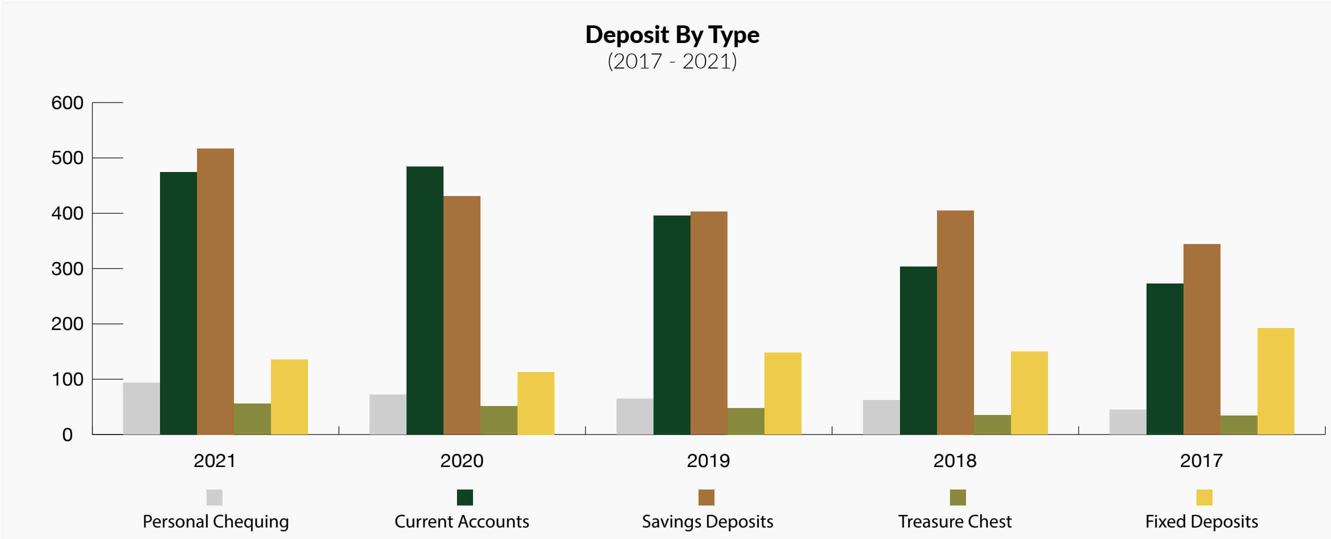
The investment portfolio increased by $64.1M or 16.9% to $442.5M in 2021 from $378.4M in 2020. The Bank continued to experience excess liquidity and pursued more investment opportunities both regionally and internationally, through our various Fund Managers. The increase was due largely to growth in both the regional and international investments in the pursuit of opportunities to utilize the excess liquidity. At the reporting date, 91% or $235M of the investment portfolio represents investment grade debt and equity securities traded internationally.

CUSTOMERS' DEPOSITS

In 2021, Customers' Deposits increased by $125.7M or 10.9% to $1.28B compared to $1.15B in 2020, with an increase in Savings Deposits being the main contributor to this performance. This continued growth in Customers' Deposits is a direct reflection of the continued excess liquidity being experienced within the economy and customers' confidence in the Bank.

DEPOSITS BY TYPE

Increases were realized across all categories of deposits within the portfolio except for Current Accounts (CA), which decreased by $9.5M or 2.0% to $474.2M in 2021, from $483.6M in 2020. Increases were as follows: Savings (SA) $86.5M or 20.1%, Fixed Deposits (FD) by $22.4M or 19.9%, Personal Chequing Accounts (PCA) $21.5M or 29.6%, Treasure Chests (TC) $4.8M or 9.4%.



LIQUIDITY

The Table hereunder compares the Bank's liquidity ratios as at September 2021 against the ECCB prudential requirements.

	BENCHMARK	GCBL
Minimum reserves	>6%	20.82%
Loans to deposits	75% - 85%	46%
Net Liquid Asset ratio	>20%	53.8%

The Bank maintained a robust liquidity position at the end of the financial year. The short-term liquid assets held were $686.4M in 2021 (2020: $572.9M), representing 48% of Total Assets. This position demonstrates the Bank's ability to fulfil its obligations at maturity. The Loans to Deposits ratio continued to see a year-on-year decline, moving from 47% in 2020 to 46% in 2021 and remains below ECCB's prudential benchmark.

This situation continues to be exacerbated by the excess liquidity locally and throughout the ECCU. However, the Bank continues in its pursuit to grow its loan portfolio and drive the Loans to Deposits ratio within the prudential benchmark of (75% - 85%).

CAPITAL

The Bank's capital is, inter alia, a buffer to absorb unexpected losses. The Bank consistently maintained its capital position above the prudential benchmark, as evidenced by a Capital Adequacy Ratio (CAR) of 12.1% at the end of the year compared with the regulatory requirement of >8%. Shareholders' Equity stood at $121.4M at the end of the financial year, an increase of $23.2M or 23.6%. Return on Equity decreased to 8% (2020: 10%), whilst Return on Assets remained steady at 0.7%.

APPRECIATION

As I end my tenure as Managing Director of this noble institution, I wish to record my profound appreciation to our Customers, Shareholders and other key stakeholders for their unswerving loyalty and support which, contributed immensely to the successes achieved over this past year.

My heartfelt appreciation is also extended to our Board, Management Team and Staff for their selfless dedication to duty, evidenced by the results achieved. I take this opportunity to wish the team continued success for 2022 and beyond.

Richard W. Duncan
MANAGING DIRECTOR
November 11, 2021

2021 SUPER STARTER EDUCATION INVESTMENT PLAN SCHOLARSHIP WINNERS.

Corporate Social Responsibility

SUPER STARTER EDUCATION INVESTMENT PLAN PROGRAMME

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

The COVID-19 pandemic continues to have a significant impact on the financial resources of members of the community and is creating challenges in the educational realm for children without the means to fully participate in the new virtual learning environment.

For the second consecutive year, the Bank has enhanced the Super Starter EIP programme to benefit more students in more ways. A total of forty-eight (48) students from all parishes were awarded scholarships in the Silver and Gold categories of the Plan. This scholarship covered each student's school expenses for the remainder of their primary school education (Silver) and secondary school education (Gold). Gold scholarship winners also received one (1) laptop computer each to enhance their learning experiences.

Three (3) students were awarded Platinum scholarships to pursue their education at the T.A. Marryshow Community College (TAMCC). The TAMCC scholarship winners also received one (1) laptop computer each to assist with their studies.

The next bi-annual Platinum category scholarship, which affords one (1) individual enrolled in the Plan the ability to pursue university education in any subject area, anywhere in the world, will be awarded in the year 2022.

Over twelve (12) years, Co-op Bank has invested more than ECD$600,000 into the Super Starter Education Investment Plan programme.

CULTURE & THE PERFORMING ARTS

Co-op Bank sponsored RGPF's Musical Drama, "Stomping Our Dirty Man" @ https://www.youtube.com/watch?v=KOU_isWCSOw&t=759s

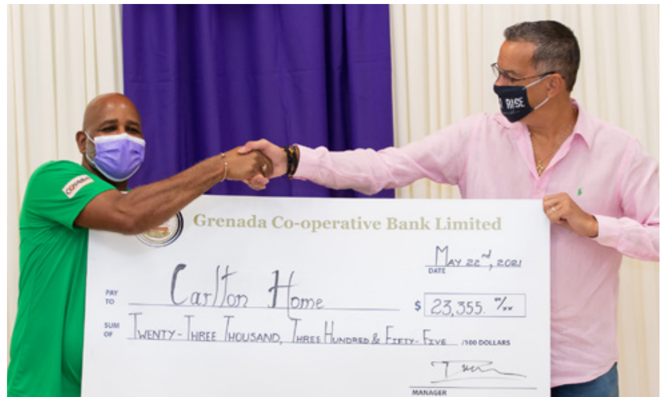
Culture and the Performing Arts is more than drama, music, dance, painting – it is about the stories, ideas, social behaviours and norms that connect us to the people around us.

As an advocate for its development, the Bank has provided strong support for theatre in Grenada. In 2021, Co-op Bank contributed to the re-staging of two (2) theatre productions: "Patient Zero" and the longest running theatre show in Grenada, "The Burial of Miss Faithlyn". The Bank also proudly collaborated with Royal Grenada Police Force (RGPF) as a sponsor of the production "Stomping Out Dirty Man" – a skit to raise community awareness about sexual abuse, promote the support systems available to people affected by sexual assault and sexual abuse, and uphold a clear message that sexual abuse will not be tolerated in our communities.

PROMOTION OF HEALTHY LIFESTYLES

Due to the onset of the COVID-19 pandemic and resulting restrictions, the Bank once again took the decision to refrain from hosting a physical walk in 2021. However, to keep **Pump it Up!** in the minds of community members, Co-op Bank held a series of exciting activities surrounding family and fun that focused on simple healthy lifestyle choices for its 13th annual **Pump it Up!** celebrations.

Registrants participated in several exercise challenges including step count competitions and circuit activities suitable for all ages, from which individuals and groups emerged winners in several categories. Additionally, the Bank aired the first ever **Pump it Up!** video series, which raised awareness of the challenges associated with substance abuse, highlighted the importance of the Carlton Home, and promoted the benefits of healthy lifestyle activities on overall health.



Mr. Richard W. Duncan, Managing Director (L), with Hon. Nickolas Steele, Minister of Health & Social Security

The event, which ran for seven weeks, culminated with a National **Pump it Up!**, where all participants country-wide wore their **Pump it Up** T-Shirts and demonstrated their commitment for living healthier and showed public support for the re-establishment of the Carlton Home for substance abusers.

With the fund for the re-establishment of the Carlton Home now standing at $350,000, Co-op Bank hopes that in 2022, in collaboration with the esteemed benefactors – Hubbard's, Flow, Guardian General Insurance, Antillean Group and Coyaba Beach Resort, as well as Waggy T Rentals, Body Image and community members, we will raise the additional revenue to reach the target of $500,000.

Since 2009, the proceeds of the **Pump it Up!** Family Fun Walk have benefited different health related charities such as the Grenada Heart Foundation, Grenada Diabetes Association, Grenada Kidney Foundation, Sickle Cell Association of Grenada, Grenada Cancer Society, Pink Ribbon Society and Lupus Foundation of Grenada. Even though the Bank celebrated its 13th annual event in a different format, it remains committed to promoting vibrant and physically active lifestyles, encouraging preventative approaches to health issues, and sharing information concerning health matters as part of its Healthier Lifestyles Programme.

(L to R) Kennie John - Antillean Group, Richard W. Duncan (Co-op Bank, Sponsor), Heather Redhead (Waggy T Rentals & Sound Co.), Ronald Hughes (Guardian General Insurance, OECS Ltd.), James Pitt (FLOW)

INVESTMENT MIGRATION ROUND TABLE

The inaugural Investment Migration Round Table Conference in Grenada was held on November 5th, 2020 at the Radisson Grenada Beach Resort. The conference was largely organized by Grenada Co-operative Bank Limited under the leadership of Mr. Richard W. Duncan, Managing Director. The two main objectives of the conference were as follows:

1. Enhance the relationship among all stakeholders through constructing shared perspectives to work collaboratively to build a sustainable investment migration sector in Grenada.
2. Develop shared understanding through the exchange of viewpoints that will aid in clarifying doubts, minimizing mistrust and promoting goodwill among stakeholders. These in turn will lead to greater synergistic relationships among stakeholders involved in the Grenada Citizenship by Investment program.

Participants at the investment migration round table conference included:

1. Policy makers; including the Prime Minister, Dr. The Right Honourable Keith Mitchell; the Minister of Finance, Honourable Mr. Gregory Bowen; the Minister of Foreign Affairs, Honourable Mr. Oliver Joseph.
2. The Grenada Citizenship by Investment Committee.
3. The Grenada Citizenship by Investment Committee Appeals Tribunal.
4. Local Agents
5. Senior officers of the Grenada Co-operative Bank Limited.
6. Regulators – The Eastern Caribbean Central Bank.
7. Due diligence provider – Harod Associates.

Investment Migration and Local Agents – Difficulties, Differences, and Dividends – Striking a Happy Medium" delivered by Marion Suite, Avril Anande Trotman-Joseph, Dickon Mitchell and Sheila Harris.

Remarks were delivered by Mr. Richard W. Duncan, Managing Director of Grenada Co-operative Bank Limited. The feature address was delivered by Dr. The Right Honourable Keith Mitchell.

In addition, the conference featured four (4) major individual presentations, one expert Local Agents panel discussion and round table remarks and discussions in which all participants were engaged. These were followed by the rapporteur's summing up and closing remarks from the Minister of Foreign Affairs, Honourable Mr. Oliver Joseph. All presentations were informative and identified several issues and possible ways to resolve them.

J. B. RENWICK ARNOLD WILLIAMSON SHAREHOLDERS FORUM

The 4th event in this educational series targeted to the Bank's shareholders was held virtually in June 2021 under the topic "Proxies – Building Wealth, Your Investment, Your Future." The event offered shareholders an opportunity to learn, share and discuss matters of risk and return, wealth creation strategies, and opportunities as a shareholder on the Eastern Caribbean Securities Market (ECSM).

Co-op Bank's Brand Ambassador Kirani James celebrates 3rd place finish at Tokyo Olympic Games 2020.

WORLD'S MOST DECORATED OLYMPIC 400M RUNNER - CO-OP BANK'S BRAND AMBASSADOR, KIRANI JAMES

The Bank embarked on an "Olympic Run" campaign to inspire all Grenadians locally and in the diaspora to demonstrate their highest level of support for our Brand Ambassador Kirani James and Team Grenada for the 2020 Tokyo Olympics staged from July 24th to August 9th, 2021.

The inspiration for this campaign was driven by the release of an official music video named "Inspire". The song, which was written by Sabrina Francis and Dieter Burkhalter, and performed by Sabrina Francis and Jeverson Ramirez demonstrates Kirani James' inspiration to get back on track following a mountain of physical and emotional challenges, re-igniting us all to stay true to our strengths and try again. In commenting on the launch of "Inspire", Kirani stated "this song really exemplifies what it means to never give up."

Although the lyrics were written before the pandemic to reflect Kirani's own journey towards another Olympic season, the inspiration is most applicable to people facing any challenge, especially those adversely affected by the COVID-19 pandemic.

A limited edition Kirani James branded VISA International Debit Card, the first of its kind for any Grenadian personality, was also launched and distributed to customers.

All Grenadians and the world celebrated Kirani's bronze medal performance which now establishes our Brand Ambassador as the world's most decorated Olympic 400M runner, having obtained gold, silver and bronze medals in three (3) consecutive Olympics.

STRENGTHENING CONFIDENCE OF OUR CUSTOMERS

Public Perception

Once again Co-op Bank remains the bank of choice for customers, ranking number one in customer patronage among financial institutions in Grenada, as reported in the 2021 Omnibus survey. The Bank saw its overall utilization grow a further ten percentage points to 54% (up from 44% in 2020, 37% in 2019 and 36% in 2018).

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

Customer Satisfaction

Eighty-three percent (83%) of customers expressed satisfaction that employees were friendly, courteous, respectful, knowledgeable about products and services, responsive to their needs and provided efficient services.

Customer Service Excellence

The Bank continues to focus on providing superior customer experiences, and continually recognises members of staff based on customer feedback on a monthly, quarterly, and annual basis. The overall winner for 2021 was Mrs Ria Jones-Cherman.

Mrs. Ria Jones-Cherman, Overall Most Outstanding Employee, Customers' Choice 2021.

TRUSTWORTHY, ETHICAL, HONEST

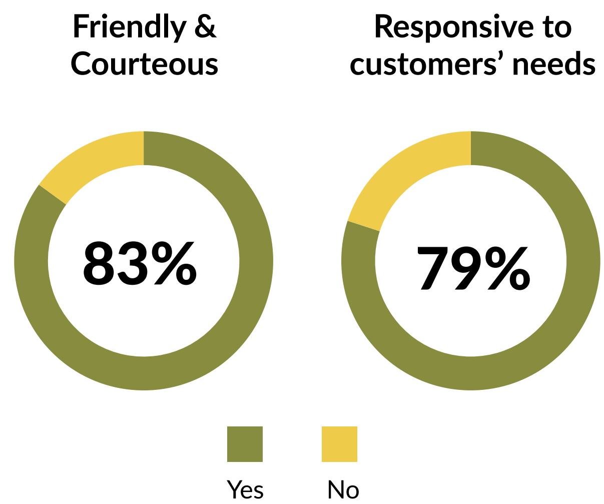
76%

GIVING BACK TO COMMUNITY

75%

PRUDENT WITH RESOURCES

76%



Customer Service Standards

The 2021 audit of our Customer Service Charter revealed that 79% of our customers were satisfied with our service. The Bank remains committed to delivering excellent service and keeping our promises on the standards of service customers, suppliers and stakeholders can expect from us.

MORE CARE, LESS FEAR – "MAKING THE BEST CHOICE WHEN LOAN PAYMENT DEFERRAL IS NO MORE"

In 2020, the Eastern Caribbean Central Bank and the ECCU's Bankers Association reached agreement on a loan repayment moratorium. This was done to provide relief to individual and business customers adversely affected by COVID-19. The programme facilitated a loan repayment moratorium or deferral for an initial period up to 6 months. The moratorium was then extended for a 12-month period from October 2020. This decision for the extension was at the sole discretion of the Bank, and was based on an assessment of the financial conditions of its customers. A waiver of late fees and charges were also applicable during that period.

As the period of the ECCB supported loan deferral program was nearing an end, the Bank, just like when it took the lead on the loan moratorium announcements in 2020, was proactive with the customers at the heart of its operations to ensure that customers make the best choice when loan deferral payment is no more. This was achieved by way of a public webinar hosted by the Bank in August 2021 themed "Making the Best Choice When Loan Payment Deferral is No More".

Management Team

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

GARVIN BAPTISTE, *BSc*
Manager, Information Systems & Technology

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

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

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

ROGER DUNCAN, *FICB*
Manager, Customer Care

ERICKA HOSTEN, *BSc*
Manager, Customer Insights Unit

SHALLENE GOODING, *FCCA*
Audit Manager

ALY-TERESE WILSON, *MBA, BS, PMI*
Project Manager

W. GARY SAYERS, *BBA, MBA, Dip.*
Manager on Rotation (Human Resources)

KEITH HOLAS
Finance Manager

SUSAN REDHEAD, *AB*
Manager, Recoveries & Collections

Management Team *(...continued)*

EBERNIE WHYTE-BEST
AICB, CCP, CRU, MBA
Manager, Business Banking

KESTER JOSEPH, *BSc. BSP*
Strategy Manager

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

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

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

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

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

Human Resource Report

In ensuring the safety of our staff and country amidst the COVID-19 pandemic it was necessary to adapt to transform our work lives. The Bank therefore found new and creative ways to work, to learn, to be together, while embracing the realities of "social distancing".

GENERAL STAFF MEETING

Our general staff meeting and award ceremony was conducted virtually on December 3rd, 2020, under the theme "Together towards tomorrow". Staff were awarded and recognized for their academic achievements, customer service delivery, years of service and other outstanding contributions to the growth and development of the Bank.

The St. George's Retail Banking Unit topped as "RBU of the year" and Ms. Diyanna Gulston was the recipient of the Managing Director's Special Award for her "sterling contribution to the growth and transformation of Grenada Co-operative Bank Limited" for the financial year 2020-2021.

EMPLOYEE RELATED ACTIVITIES

During the 2020-2021 financial year, GCBL employees were not treated to any major staff social activity due to the COVID-19 physical distancing restrictions. Nevertheless, to ring in the Christmas cheer, each member of staff was gifted with a basket filled with an assortment of local and traditional food items and spices.

To assist staff in maintaining work-life balance and preserving their mental and physical health, three (3) events for staff were organized.

Health & Wellness

During the week of October 12-22, 2020, the Bank collaborated with a few registered nurses to celebrate GCBL Health Week under the theme "Wellness Rocks!". The initiative was aimed at raising awareness about prominent health issues in Grenada, while encouraging preventative health and wellness amongst staff. Health checks were conducted and encompassed educational/interactive sessions and vision, blood sugar, blood pressure, and HIV testing, breast examinations, body mass indexing, and nutritional advice.

On April 7th, 2021, the Bank also collaborated with the Marketing & National Importing Board and prepared fruit bowls as a treat for staff in celebration of World Health Day. This initiative served as the perfect reminder for staff to check-up on themselves, and a reminder of the golden rule of 'Eating Right, Keeping Fit' to nurture the only wealth that truly matters, their health.

The Bank also recognized "GCBL Mental Health Week" during the period May 10th – 14th, 2021, where one of our Employee Assisitance Programme (EPA) providers, Josh Hector, enlightened staff on "Coping with Life Challenges: Stress". However, to ensure that staff were adequately informed about the effects of the COVID-19 virus and gain an understanding and appreciation of the role of vaccinations, a presentation/discussion dubbed "COVID-19: The Vaccine and Me" was facilitated by Dr. Shawn Charles (Chief Medical Officer) and Dr. Myanna Charles.

GCBL remains committed to providing and maintaining a workplace that is free from known hazards. Throughout the COVID-19 pandemic, the Bank has continually promoted the mantra "More care, less fear" and in June 2020, the COVID-19 Defense/Vaccination policy aimed at protecting the health and safety of staff, customers and visitors to the Bank was approved and implemented.

In September 2021, the Bank recognized the need to further enhance the education of employees and their families on COVID-19, given the community spread of the virus. As such, a presentation/discussion titled "COVID-19: You, Me, Us!" was held on September 18, 2021. The event was facilitated by Dr. Elaine Davis, a medical doctor and university lecturer in Trinidad & Tobago.

TRAINING AND DEVELOPMENT

Training and Development helps in updating and maintaining employees' skills, knowledge, abilities and attitudes; building the capacity of employees to deliver superior service; and shaping a more efficient, competitive and engaged workforce. Training and development are official ongoing educational activities designed to meet the strategic plan of Grenada Co-operative Bank Limited's Mission, Vision and Core Values.

The Training and Development for the year 2021 are as follows:

1. In-house/ZOOM training
2. Resident external training
3. Academic/Professional qualifications

In-House Training

Training sessions that directly support our strategic objectives were facilitated in the following areas: Bank, FATCA & CRS Training, New Account Opening, IFRS Investment Component, Customer Service Excellence Programme, Performance Management System Review Process, Source of Funds Declaration Forms Refresher Training, Risk, AML/CFT, Understanding US Income Tax Returns, First Aid Training, Risk Management Training, Hurricane Preparedness Training, Policy, Bomb Threat Training, and Sales & Service Training.

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

Resident External/Zoom Training

Selected Sales and Service Staff participated in the 22nd Eastern Caribbean Securities Market (ECSM) Certification Programme training.

One hundred and thirty forty (134) staff underwent a rigorous business writing programme with Center For Financial Training via ZOOM.

Fifty-two (52) fire marshalls and volunteers participated in a one-day first-aid training to improve their first aid skills with St. John Ambulance.

Members of the Compliance Department attended the "FIBA VIRTUAL CONFERENCE - Strategies for Minimizing Negative Impacts on Credit Portfolios".

Eight (8) managers and supervisors in the Performance Management System Pilot participated in two days-eight instructional hours coaching training with Center for Financial Training.

Ms. Kristy Prime participated in the HR METRICS & REPORTING CERTIFICATE PROGRAM with AIHR Academy as part of her professional development.

Ms. Racquel Philip and Mrs. Vanda Patrick-Raeburn, as part of their professional development, attended SHRM ANNUAL CONFERENCE & EXPO 2021.

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

CERTIFICATIONS/QUALIFICATIONS

The following members of staff successfully attained qualifications and certifications in the following areas:

Qualification

FIBA Certification:
Mrs. Alana Twum-Barimah and Mr. Marquez McSween

The Middlesex University FLF5227 The Mechanics of Credit Risk Analysis Post Graduate Certificate:
Mrs. Michelle Noel Gibbs

GSB Diploma and Certificate of Executive Leadership from the University of Wisconsin's Center for Professional & Executive Development
Mrs. Anna Antoine-James

MBA - Chartered Banking
Mrs. Jael Redhead

TAMCC - Associate Degree-Law Procedures
Mrs. Jacqueline Phillip

Certificate Of Achievement

22nd Eastern Caribbean Securities Market (ECSM) Certification Theory Examination Certification
Ms. Jenelle Antoine, Mrs. Jadein Jones-Paryag, Mr. Brendon McGillivary, Ms. Daniella McSween, Ms. Rina St. Bernard, Mr Shane Regis, Ms. Carlisha Phillip and Ms. Vonlyn Pope

ECSM/ACAMS Certification
Ms. Summer Jackson
Citizenship by Investment (CBI) Investment Migration Certification:
Mrs. Sharlene Louison, Mrs. Aliza Thompson-Nurse and Ms. Zeleka Peters

Certificate Of Completion

Virtual SHRM-CP and SHRM-SCP Certification
Ms. Nicola Philip, Mrs. Keri-Ann St. Louis-Teleford, Ms. Racquel Philip, Mrs. Vanda Patrick-Raeburn

GSB Certification

Mr. Aaron Logie, Mr. Floyd Dowden, Dr. Nadia Francis-Sandy, Mr. Willvorn Grainger, Ms. Racquel Philip and Mrs. Vanda Patrick-Raeburn

System Security Certified Practitioner (SSCP) Training Course
Mr. Javid Hosten


Anna Antoine-James


Jael Redhead

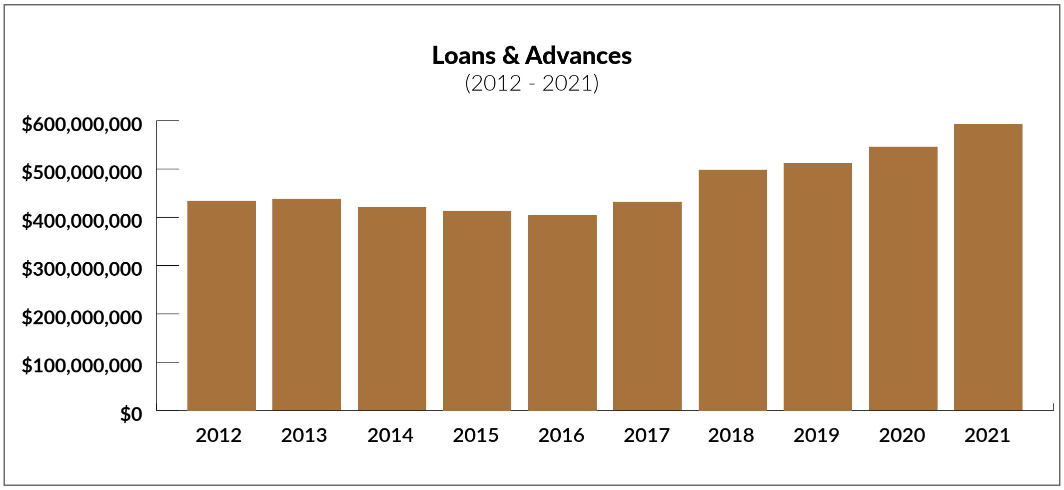

Alana Twum-Barimah


Marquez Mc Sween


Jacqueline Phillip

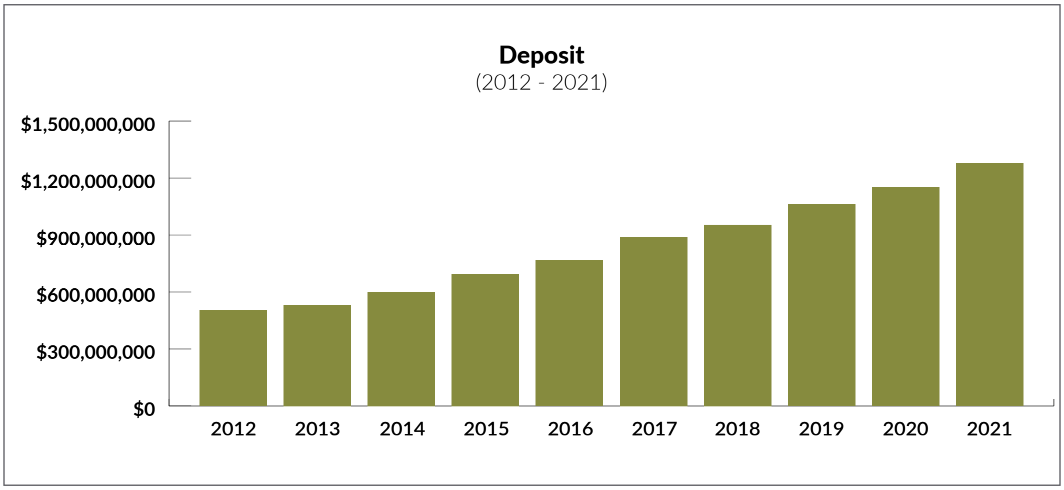

Laurian Modeste

Selected **Financial Statistics** 2012-2021



	2012	2013	2014	2015
LOANS & ADVANCES				
Loans & Advances	$434,656,704	$437,944,376	$420,375,729	$413,420,588
% Change	5.8%	0.8%	-4.0%	-1.7%
DEPOSITS				
(Customers deposits inclusive of interest payable)				
Deposits	$505,134,323	$532,961,783	$601,102,761	$695,517,632
% Change	-0.8%	5.5%	12.8%	15.7%
Loans & Advances to Deposit Ratio	86%	82%	70%	59%
PROFITS & DIVIDENDS				
Net After Tax Profits	$2,069,870	($3,694,152)	$2,479,786	$2,687,650
% Change	119.2%	-278.5%	167.1%	8.4%
Dividend Per Share	$0.07	$0.00	$0.08	$0.08

Source: Audited Financial Statements



2016	2017	2018	2019	2020	2021
$404,328,044	$431,852,790	$498,753,716	$511,932,524	$545,654,198	$592,233,938
-2.2%	6.8%	15.5%	2.6%	6.6%	8.5%
$768,598,674	$887,906,649	$954,069,016	$1,060,169,907	$1,151,080,685	$1,276,810,288
10.5%	15.5%	7.5%	11.1%	8.6%	10.9%
53%	49%	52%	48%	47%	46%
$4,384,705	$6,732,801	$7,621,439	$9,670,312	$9,628,952	$9,870,931
63.1%	53.6%	13.2%	26.9%	-0.4%	2.5%
$0.11	$0.15	$0.17	$0.22	$0.15	$0.15

Financial Statements

Year ended September 30, 2021

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

Independent Auditor's Report

TO THE SHAREHOLDERS OF GRENADA CO-OPERATIVE BANK LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Grenada Co-operative Bank Limited ("the Bank"), set out on pages 43 to 95, which comprise the statement of financial position as at September 30, 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of the Bank as at September 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Independent Auditor's Report

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

<table>
<tr><td>Key Audit Matters</td><td rowspan="2">How our audit addressed the key audit matter</td></tr>
<tr><td>Expected credit losses</td></tr>
<tr><td>Refer to Notes 4, 9(c) and 11 to the financial statements.

The Bank adopted IFRS 9, Financial Instruments, effective October 1, 2019. The standards changed the evaluation of credit losses from an incurred approach to an expected credit loss ("ECL") model which requires management's judgment and incorporation of forward-looking information. IFRS 9 requires the Bank to record allowance for ECLs for all loans and advances to customers and other financial assets not measured at fair value.

The allowance for ECL on loans and advances to customers is considered to be a significant matter as it requires the application of judgement and use of subjective assumptions by management. The identification of impairment and the determination of the recoverable amounts are an inherently uncertain process involving various assumptions and factors including the financial condition of the counterparty and the timing and amount of expected future cash flows. Further, the models used to determine credit impairment are complex and certain inputs used are not fully observable.

An assessment is made on the market value of the collateral and the time and cost to collect in determining the expected cash flows.

Management is continuously assessing the assumptions used in determining the allowance for ECL process, and estimates are changed to account for current market and economic conditions, including the state of the real estate market. During the current year , management reassessed and amended the loan loss provisioning policy based on their historical experience in foreclosing and realizing the underlying collateral security and based on the current economic environment. There were also adjustments to the ECL model to take into consideration increase credit risk resulting from the covid-19 pandemic.</td><td>We assessed and tested the design and operating effectiveness of controls over:

■ Management's process for making lending decisions inclusive of the approval, disbursement and monitoring of loans and advances to customers.

■ Data used to determine the allowance for ECL, including transactional data captured at loan origination, internal credit quality assessments, storage of data and computations.

In addition, we evaluated the modeling methodologies developed by the Bank in order to estimate ECLs and assessed their compliance with IFRS 9. We assessed the adequacy of the provision for loan losses by testing the key assumptions and forward looking indications used in the Bank's ECL calculations. We assessed the reasonableness of the methodologies and assumptions applied in determining 12-month and lifetime probability of default (PD), loss given default (LGD), exposure at default (EAD) or loan staging.

■ We reviewed the accounting for loans and allowances for loan impairment policy and assessed the reasonableness of the change in estimates based on the Bank's historical experience of the realization of security, actual collection of cash flows and the current market conditions. We assessed the model and inputs and assumptions for the inherent risk provisions.

■ We also assessed the model for modification in response to increase exposure resulting from COVID-19 pandemic.

In addition, we assessed the adequacy of the disclosures in the financial statements.</td></tr>
</table>

Independent Auditor's Report

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

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

OTHER INFORMATION INCLUDED IN THE BANK'S 2021 ANNUAL REPORT

Management is responsible for the information included in the Bank's 2021 Annual Report, other than the financial statements and our auditor's report thereon. The Bank's 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

Independent Auditor's Report

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

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

BDO

BDO Eastern Caribbean
Kingstown, St. Vincent and the Grenadines
December 1, 2021

Statement of Financial Position

As at September 30, 2021

(Expressed in Eastern Caribbean dollars)

	Notes	2021 $	2020 $
ASSETS			
Cash and cash equivalents	10	301,015,206	248,661,750
Loans and advances to customers	11	598,595,186	546,843,528
Investment securities	12	442,155,569	377,218,552
Other assets and prepayments	13	29,449,878	53,861,576
Property and equipment	14	59,571,469	60,050,480
Deferred tax asset	15	-	95,114
Income tax prepaid		139,826	-
Total assets		**1,430,927,134**	**1,286,731,000**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits from customers	16	1,277,134,322	1,151,401,091
Trade and other liabilities	17	32,305,818	37,080,775
Deferred tax liability	15	112,389	-
Income tax payable		-	57,430
Total liabilities		**1,309,552,529**	**1,188,539,296**
Shareholders' equity			
Stated capital	18a	24,871,739	24,871,739
Other equity	18b	(28,416)	-
Statutory reserve	19	18,801,740	16,827,554
Accumulated other comprehensive income	20	32,058,191	26,631,613
Other reserves	21	1,761,572	1,514,799
Retained earnings		43,909,779	28,345,999
Total shareholders' equity		**121,374,605**	**98,191,704**
Total liabilities and shareholders' equity		**1,430,927,134**	**1,286,731,000**

The notes on pages 47 to 95 are an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD: -

Darryl Brathwaite
Chairman

Richard W. Duncan
Managing Director

Lisa Taylor
Deputy Chairman

Statement of Profit or Loss and Other Comprehensive Income

For the year ended September 30, 2021

(Expressed in Eastern Caribbean dollars)

		2021 $	2020 $
Interest income	22	36,039,435	35,246,676
Interest expense	23	(8,290,355)	(7,689,780)
Net interest income		27,749,080	27,556,896
Other operating income	24	29,667,108	30,349,558
		57,416,188	57,906,454
Impairment charge	25	3,107,245	4,387,661
Operating expenses	26	40,758,216	40,372,813
		43,865,461	44,760,474
Operating profit before income tax		13,550,727	13,145,980
Income tax expense	27	(3,679,796)	(3,517,028)
Net profit for the year		9,870,931	9,628,952
Items that are or may be reclassified subsequently to profit and loss			
Net movement in fair value reserve	12.4	14,480,386	8,839,048
Total comprehensive income		14,480,386	18,468,000
Total comprehensive income attributable to:			
Owners of Bank		24,351,137	18,468,000
Basic and diluted earnings per share	**28**	**1.30**	**1.27**

The notes on pages 47 to 95 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended September 30, 2021

(Expressed in Eastern Caribbean dollars)

	Notes	Stated Capital $	Other Equity $	Statutory Reserve $	Accumulated Other Comprehensive Income $	Other Reserves $	Retained Earnings $	Total $
Balances as at October 1, 2019		24,871,739	-	14,901,764	17,792,565	1,274,075	22,555,561	81,395,704
Net profit for the year		-	-	-	-	-	9,628,952	9,628,952
Increase in statutory reserves	19	-	-	1,925,790	-	-	(1,925,790)	-
Other comprehensive income for year	20	-	-	-	8,839,048	-	-	8,839,048
Transfer to general reserves	21	-	-	-	-	240,724	(240,724)	-
Dividends paid	18c	-	-	-	-	-	(1,672,000)	(1,672,000)
Balance as at September 30, 2020		**24,871,739**	**-**	**16,827,554**	**26,631,613**	**1,514,799**	**28,345,999**	**98,191,704**
Net profit for the year		-	-	-	-	-	9,870,931	9,870,931
Increase in statutory reserves	19	-	-	1,974,186	-	-	(1,974,186)	-
Other comprehensive income for year	20	-	-	-	5,426,578	-	9,053,808	14,480,386
Transfer to general reserves	21	-	-	-	-	246,773	(246,773)	-
Acquisition of treasury shares		-	(28,416)	-	-	-	-	(28,416)
Dividends paid	18c	-	-	-	-	-	(1,140,000)	(1,140,000)
Balance as at September 30, 2021		**24,871,739**	**(28,416)**	**18,801,740**	**32,058,191**	**1,761,572**	**43,909,779**	**121,374,605**

The notes on pages 47 to 95 are an integral part of these financial statements.

Statement of Cash Flows

As at September 30, 2021

(Expressed in Eastern Caribbean dollars)

	Notes	2021 $	2020 $
Cash flows from operating activities			
Net profit for the year		9,870,931	9,628,952
Adjustments for			
Depreciation	14, 26	3,782,182	3,969,979
Net interest income		(27,749,080)	(27,556,896)
Investment income		(6,044,759)	(8,647,509)
Net impairment losses on loans and advances and investments	25	3,107,245	4,387,661
Gain on disposal of property and equipment		-	(47,096)
Dividend income	24.1	(326,693)	(439,406)
Income tax	27	3,679,796	3,517,028
Net loss before changes in operating assets and liabilities		**(13,680,378)**	**(15,187,287)**
Change in other assets and prepayments		24,411,698	235,618
Change in loans and advances to customers		(54,098,710)	(35,742,915)
Change in deposits from customers		125,416,449	90,910,775
Change in trade and other payables		(5,279,688)	16,144,922
Cash generated from operations		76,769,371	56,361,113
Interest received		35,663,701	30,955,922
Interest paid		(7,973,574)	(7,787,359)
Income taxes paid		(3,669,550)	(4,040,490)
Net cash from operating activities		**100,789,948**	**75,489,186**
Cash flows from investing activities			
Additions to investment securities		(50,330,030)	(193,523)
Interest received from investments		6,038,432	9,593,792
Dividends received		326,693	439,406
Acquisition of property and equipment	14	(3,303,171)	(7,782,134)
Proceeds from disposals		-	47,100
Net cash (used in) provided by investing activities		**(47,268,076)**	**2,104,641**
Cash flows from financing activities			
Dividends paid	18c	(1,140,000)	(1,672,000)
Acquisition of treasury shares	18b	(28,416)	-
Net cash used in financing activities		**(1,168,416)**	**(1,672,000)**
Net increase (decrease) in cash and cash equivalents		**52,353,456**	**75,921,827**
Cash and cash equivalents - beginning of year		248,661,750	172,739,923
Cash and cash equivalents - end of year	**10**	**301,015,206**	**248,661,750**

The notes on pages 47 to 95 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended September 30, 2021

1. Incorporation

Grenada Co-operative Bank Limited (the Bank) was incorporated on July 26, 1932, and continued as company 18 of 1926 under the Companies Act 1994 of Grenada. The Bank holds a license from the Eastern Caribbean Central Bank to engage in commercial banking activities. The Bank's registered office and principal place of business is situated on Church Street, St. George's. The Bank is primarily involved in the offering of retail and corporate banking services. It operates five retail units. On September 28, 2015, the Bank obtained a broker-dealer license from the Eastern Caribbean Security Regulatory Commission. The Bank launched its Brokerage and Investment Services to the public on November 22, 2017. The Bank was listed on the Eastern Caribbean Securities Exchange on July 26th, 2017.

2. Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements were authorised for issue by the Bank's Board of Directors on November 17th, 2021.

3. Basis of preparation

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

» Financial instruments – fair value through other comprehensive income

» Revalued property and equipment

» Contingent consideration

4. Estimates critical to reported amounts, and judgments in applying accounting policies

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

5. Summary of significant accounting policies

a. Cash and cash equivalents

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

5. Summary of significant accounting policies *(...continued)*

b. Property and equipment

Land and buildings are stated at the most recent valuation less subsequent depreciation for buildings. Valuations are performed by independent professional valuers. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property and equipment is stated at historic cost less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against the surplus directly in equity; all other decreases are charged to the statement of profit or loss. Land is not depreciated. Leasehold improvements are amortised over the term of the lease. Depreciation of other assets is calculated using a straight-line method, at rates which are expected to write-off the cost or valuation of the assets over their estimated useful lives at the following annual rates:

Freehold buildings	2.5%
Land improvements	6.67%
Furniture and equipment	15%
Computer equipment	20%
Motor Vehicles	25%

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining the profit or loss. When revalued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings. Repairs and maintenance are charged to the statement of profit or loss when the expenditure is incurred. The cost of improvements is capitalized where such improvements would extend the remaining useful life of the buildings.

c. Foreign currency translation

These financial statements are presented in Eastern Caribbean Dollars which is the currency of the primary economic environment in which the entity operates, which is the Bank's functional currency and its presentation currency. All amounts are rounded to the nearest dollar except where otherwise stated. These financial statements are expressed in Eastern Caribbean dollars, the Bank's functional currency. Monetary items denominated in a foreign currency are translated with the closing rates as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Changes in the fair value of monetary securities denominated in foreign currencies held to maturity designated at amortised cost are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences on non-monetary items, such as equities held at fair value are recognised through the statement of profit or loss and are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities designated as fair value through OCI, are included in the fair value in other comprehensive income and ultimately accounted for in accumulated other comprehensive income.

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

5. Summary of significant accounting policies *(...continued)*

d. Impairment of non-financial assets

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

e. Financial assets

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

(i) Amortised cost

These assets incorporate financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest on interest-bearing loans are included in the statement of income and is reported as "interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of loan and receivables and recognised in the statement of income.

(ii) Fair value through profit or loss

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income in the finance income or expense line. The Bank does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

(iii) Fair value through other comprehensive income

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

5. Summary of significant accounting policies *(...continued)*

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

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

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

The Bank has debt securities whose objective is achieved by both holding these securities in order to collect contractual cash flows and having the intention to sell the debt securities before maturity. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to profit or loss. Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the accumulated other comprehensive income reserve.

f. Impairment of financial assets

(i) Assets carried at amortised cost

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

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

» Delinquency in contractual payments of principal or interest;

» Cash flow difficulties experienced by the borrower (for example: equity ratio, net income percentage of sales);

» Breach of loan covenants or conditions;

» Initiation of bankruptcy proceedings;

» Deterioration of the borrower's competitive position;

» Deterioration in the value of collateral; and

» Downgrading below investment grade level.

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

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

5. Summary of significant accounting policies *(...continued)*

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

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

risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist. Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses to the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written-off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the borrower's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of profit or loss in impairment charge for credit losses.

(ii) Assets classified at fair value through other comprehensive income

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified at fair value through other comprehensive income, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

5. Summary of significant accounting policies *(...continued)*

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

(ii) Assets classified at fair value through other comprehensive income *(...continued)*

from equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments are not reversed through the statement of profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of profit or loss.

(iii) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due on the basis of the renegotiated terms and conditions. If an impairment instrument has been renegotiated, interest continues to be accrued on the reduced carrying amount of the asset and is recorded as part of "interest income". If the fair value of the instrument increases in a subsequent year, the impairment loss is reversed through the statement of profit or loss.

g. *Financial liabilities*

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

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

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

i. *Revenue recognition*

(i) Interest income and expense

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

(ii) Fees and commission income

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

5. Summary of significant accounting policies *(...continued)*

i. Revenue recognition *(...continued)*

(iii) Dividends

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

(iv) Other income

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

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

j. Employee benefits

(i) Pension obligation

The Bank operates a defined contribution pension scheme. Under this plan, the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Termination benefits

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

k. Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. The principal temporary differences arise from depreciation of property and equipment, provisions for pensions and other post-retirement benefits and tax losses carried forward; and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base. The rates enacted or substantively enacted at the reporting date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

5. Summary of significant accounting policies *(...continued)*

k. *Deferred tax (...continued)*

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

l. *Stated capital*

(i) Share issue cost

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

(ii) Dividends on ordinary shares

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

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

m. *Guarantees and letters of credit*

Guarantees and letters of credit comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most guarantees and letters of credit to be settled simultaneously with reimbursement from the customers. Such financial guarantees are given to banks, financial institutions, and other bodies on behalf of customers. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognized. Any increase in the liability relating to guarantees is reported in the statement of profit or loss within other operating expenses.

n. *Leases*

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate. The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

5. Summary of significant accounting policies *(...continued)*

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Bank presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in 'trade and other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

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

6. New, revised and amended standards and interpretations that became effective during the year

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

(i) Amendments to References to the Conceptual Framework in IFRS Standards. Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

6. New, revised and amended standards and interpretations that became effective during the year *(...continued)*

(ii) Definition of a Business (Amendments to IFRS 3). The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whetheran acquired set of activities and assets is not a business.

(iii) Definition of Material (Amendments to IAS 1 and IAS 8). The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

(iv) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendment is effective for annual reporting periods beginning on or after 1 January 2021.

(v) Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

(vi) Covid-19-Related Rent Concessions (Amendment to IFRS 16)
The amendment provides lessees with an exemption from assessing whether a COVID-19- related rent concession is a lease modification. The said amendment does not have a significant impact in the Bank's financial statements.

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

7. New, revised and amended standards and interpretations not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted; however, the Bank has not early adopted the following new or amended standards in preparing these financial statements.

(i) IFRS 17 Insurance Contracts.

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

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

Additional amendments have been included to capture the following:

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023.
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination.
- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.
- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.
- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held.
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.

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

(ii) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment is effective for annual reporting periods beginning on or after 1 January 2023. An amendment was made to defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

7. New, revised and amended standards and interpretations not yet effective *(...continued)*

(iii) Reference to the Conceptual Framework (Amendments to IFRS 3)

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

(iv) Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

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

(v) Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards:

- IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. The amendment is effective for annual reporting periods beginning on or after 1 January 2022.

(vi) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

7. New, revised and amended standards and interpretations not yet effective *(...continued)*

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

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

(viii) Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 April 2021.

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

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

8. Financial risk management

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

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

Risk management is carried out by the Executive Risk Management Committee under policies approved by the Board of Directors. The Bank's Executive Risk Management Committee identifies, evaluates, and hedges financial risks in close co-operation with the Bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and non-derivative financial instruments. In addition, the Internal Audit Department is responsible for the independent review of risk management and the control environment.

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

8.1. Credit risk

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

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

Loans and advances to customers

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

In response to the COVID-19 pandemic, management has been performing more frequent reviews of loans and advances to sectors severely impacted such as Tourism, Personal, Professional and other services, Construction and Land Development, Distributive Trades and Manufacturing. The Bank manages its exposure to credit risk from these affected sectors by extending a moratorium programme and implementing an even stricter regime of monitoring and risk management. During the year ended September 30, 2021, the Bank granted moratorium to customers with liquidity constraints arising as a direct result of the COVID-19 pandemic.

Each moratorium is extended after careful consideration of the impact of the COVID-19 pandemic on the creditworthiness of the customer with close monitoring for credit deterioration.

Debt securities and other bills

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

Cash and cash equivalents

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

8.1.1. Risk limit control and mitigation policies

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

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

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

Collateral

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

(i) Mortgages over Real properties;

(ii) Charges over business assets such as premises, inventory, and accounts receivable; and

(iii) Charges over financial instruments such as debt securities and equities.

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

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

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

Credit-related commitments

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

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

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

8.1.2. Impairment and provisioning policies

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

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

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

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

» The method and process for identifying the staging of individual loans and advances

» Segmentation of loans into appropriate categories to determine historical loss information which will be subsequently updated to reflect the effects of forward-looking information

» Present value of expected future cash flows used to measure ALP

» Fair value of collateral

» The approximate recovery cost and discount rate

» Estimation of current and future probability of default (PD), exposure at default (EAD), loss given default (LGD), and discount rate, incorporating forward-looking information and modelling scenarios. For significant drivers, future variables are required and shall be considered when calculating expected credit loss.

» Assessment of whether there has been a significant increase in credit risk for the portfolio.

» Modelling scenarios into the business cycle based on historical information, including: determination of the number of scenarios used to evaluate the performance of each segment of the portfolio, and the weightings associated with each scenario.

» Delinquency and non-accrual/non-performing reports.

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

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

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

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

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

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

Category	Definition	Basis of recognition of ECL
Stage 1	Credit facilities that have not experienced a significant increase in credit risk (SICR) since initial recognition and not purchased or originated as credit impaired. Customers have a low risk of default and a strong capacity to meet contractual cash flows	Recognize 12 month expected losses
Stage 2	Credit facilities that experience a SICR since initial recognition, but are not yet credit impaired. Included under watch list 30 days past due	Recognize lifetime expected losses and presenting interest on a gross basis
Stage 3	Credit facilities that are impaired and which require a lifetime ECL. Nonperforming status 90 days past due	Recognize lifetime expected losses presenting interest on a net basis

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

	Loan Balances $	ECL $	Total $
Year ended September 30, 2021			
Stage 1	498,825,865	(7,438,388)	491,387,477
Stage 2	61,097,770	(430,348)	60,667,422
Stage 3	32,310,303	(232,062)	32,078,241
As at September 30, 2021	**592,233,938**	**(8,100,798)**	**584,133,140**

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

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

	Loan balances $	ECL $	TOTAL $
Year ended September 30, 2020			
Stage 1	530,802,591	(5,526,447)	525,276,144
Stage 2	8,154,864	(171,810)	7,983,054
Stage 3	6,696,743	(471,166)	6,225,577
As at September 30, 2020	**545,654,198**	**(6,169,423)**	**539,484,775**

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

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

	Credit risk exposure		Impairment allowance	
	2021 %	2020 %	2021 %	2020 %
Bank Rating				
Pass	87	86	-	-
Special mention	8	9	-	-
Substandard	5	5	73	73
Doubtful	-	-	24	24
Loss	-	-	3	3
	100	**100**	**100**	**100**

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

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

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

	Maximum Exposure	
	2021 $000's	**2020 $000's**
Deposits with Central Bank and other banks	275,062	224,724
Investment securities	442,552	378,482
Loans and advances to customers:		
Personal overdrafts and loans	294,980	275,562
Corporate overdrafts and loans	297,254	270,092
Other assets and prepayments	29,450	53,862
	1,339,298	**1,202,722**

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

	2021 $	**2020 $**
Financial guarantees	7,986,234	4,435,956
Loan commitments and other related obligations	68,965,060	20,770,668
	76,951,294	**25,206,624**

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

8.1.3. Concentration of risks of financial assets with credit exposure

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

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

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

	Financial institutions $'000	Manu-facturing $'000	Tourism $'000	Government $'000	Professional and other services $'000	Personal $'000	Other industries* $'000	Total $'000
At September 30, 2021								
Deposits with Central Bank and other banks	272,345	-	-	-	-	-		272,345
Investment securities	136,608	-	-	35,260	-	-	270,684	442,552
Loans and advances to customers:								
Overdrafts	200	382	4,430	1,136	4,145	4,140	14,167	28,600
Demand loans and mortgages	6,261	17,185	53,032	38,965	51,125	320,022	77,044	563,634
Other assets	29,450	-	-	-	-	-		29,450
	444,864	**17,567**	**57,462**	**75,361**	**55,270**	**324,162**	**361,895**	**1,336,581**
Financial guarantees / loan commitments and other related obligations	**90**	**2,042**	**295**	**1,776**	**2,623**	**9,979**	**52,151**	**68,956**
At September 30, 2020								
Deposits with Central Bank and other banks	227,724	-	-	-	-	-	-	227,724
Investment securities	61,252	-	-	52,204	-	-	265,026	378,482
Loans and advances to customers:								
Overdrafts	139	314	2,644	-	4,272	3,664	13,951	24,984
Demand loans and mortgages	6,630	14,243	53,178	-	61,143	297,451	88,025	520,670
Other assets	53,566	-	-	-	-	-	296	53,862
	349,311	**14,557**	**55,822**	**52,204**	**65,415**	**301,115**	**367,298**	**1,205,722**
Financial guarantees / loan commitments and other related obligations	**60**	**1,031**	**34**	**-**	**2,803**	**9,201**	**12,078**	**25,207**

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

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

	Mortgages $	Demand loans $	Overdrafts $	Total $
September 30, 2021				
Neither past due or impaired	499,802,795	22,553,325	22,960,167	545,316,287
Past due but not impaired	37,334,070	2,799,921	4,394,523	44,528,514
Individually impaired	936,361	206,541	1,246,235	2,389,137
Gross				592,233,938
Less: allowance for impairment				(8,100,798)
Net				**584,133,140**
September 30, 2020				
Neither past due or impaired	462,139,814	23,803,783	16,615,553	502,559,150
Past due but not impaired	32,166,176	1,239,449	6,290,517	39,696,142
Individually impaired	1,233,094	88,094	2,077,718	3,398,906
Gross				545,654,198
Less: allowance for impairment				(6,169,423)
Net				**539,484,775**

The total allowance for impairment losses on loans and advances is $8,100,798 (2020: $6,169,423), which includes a provision for individually impaired loans. Further information of the allowance for impairment losses on loans and advances to customers is provided in note 11.2.

8.1.5. Age analysis of loans and advances

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

	Mortgages $	Demand loans $	Overdrafts $	Total $
At September 30, 2021	499,802,795	22,553,325	22,960,167	545,316,287
At September 30, 2020	462,139,814	23,803,783	16,615,553	502,559,150

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

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

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

	Mortgages $	Demand loans $	Overdrafts $	Total $
At September 30, 2021				
Past due up to 30 days	26,005,925	1,679,424	4,394,523	32,079,872
Past due 31 - 60 days	7,046,315	778,208	-	7,824,523
Past due 61 - 90 days	4,281,830	342,289	-	4,624,119
	37,334,070	**2,799,921**	**4,394,523**	**44,528,514**
At September 30, 2020				
Past due up to 30 days	24,613,858	1,028,536	6,290,517	31,932,911
Past due 31 - 60 days	5,000,498	144,137	-	5,144,635
Past due 61 - 90 days	2,551,820	66,776	-	2,618,596
	32,166,176	**1,239,449**	**6,290,517**	**39,696,142**

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

	Mortgages $	Demand loans $	Overdrafts $	Total $
At September 30, 2021	936,361	206,541	1,246,235	2,389,137
At September 30, 2020	1,233,094	88,094	2,077,718	3,398,906

8.2. Market risk

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

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

8. Financial risk management *(...continued)*

8.2.1. Currency risk

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

	ECD $	USD $	CAD $	GBP $	EUR $	Other $	Total $
At September 30, 2021							
Financial assets							
Cash and cash equivalents	142,460,075	152,040,619	2,391,052	2,097,076	1,365,457	660,927	301,015,206
Loans and advances to customers	518,664,606	79,930,580	-	-	-	-	598,595,186
Investment securities	76,678,680	365,476,889	-	-	-	-	442,155,569
Other assets and prepayments	29,449,878	-	-	-	-	-	29,449,878
Total financial assets	**767,253,239**	**597,448,088**	**2,391,052**	**2,097,076**	**1,365,457**	**660,927**	**1,371,215,839**
At September 30, 2021							
Financial liabilities							
Deposits from customers	995,702,428	281,431,894	-	-	-	-	1,277,134,322
Trade and other payables	32,305,818	-	-	-	-	-	32,305,818
Total financial liabilities	**1,028,008,246**	**281,431,894**	**-**	**-**	**-**	**-**	**1,309,440,140**

8. Financial risk management *(...continued)*

8.2.1. Currency risk *(...continued)*

	ECD $	USD $	CAD $	GBP $	EUR $	Other $	Total $
At September 30, 2020							
Financial assets							
Cash and cash equivalents	170,373,116	71,270,710	2,364,408	1,361,178	2,740,220	552,118	248,661,750
Loans and advances to customers	469,668,036	77,175,492	-	-	-	-	546,843,528
Investment securities	91,591,422	285,627,130	-	-	-	-	377,218,552
Other assets and prepayments	53,861,576	-	-	-	-	-	53,861,576
Total financial assets	**785,494,150**	**434,073,332**	**2,364,408**	**1,361,178**	**2,740,220**	**552,118**	**1,226,585,406**
At September 30, 2020							
Financial liabilities							
Deposits from customers	1,065,309,091	86,092,000	-	-	-	-	1,151,401,091
Trade and other payables	37,080,775	-	-	-	-	-	37,080,775
Total financial liabilities	**1,102,389,866**	**86,092,000**	**-**	**-**	**-**	**-**	**1,188,481,866**

8.2.2. Interest rate risk

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

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

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

	Up to one year $'000	Between 1 – 5 Years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
At September 30, 2021					
Assets					
Cash and cash equivalents	193,878	-	-	107,137	301,015
Loans and advances to customers	19,940	63,495	515,160	-	598,595
Investment securities	386,468	40,373	12,319	2,996	442,156
Other assets and prepayments	-	-	-	29,450	29,450
Total assets	**600,286**	**103,868**	**527,479**	**139,583**	**1,371,216**
Liabilities					
Deposits from customers	708,614	414	-	568,106	1,277,134
Trade and other payables	-	-	-	32,306	32,306
Total liabilities	**708,614**	**414**	**-**	**600,412**	**1,309,440**
Net interest re-pricing gap	**(108,328)**	**103,454**	**527,479**	**(460,829)**	**61,776**
At September 30, 2020					
Assets					
Cash and cash equivalents	61,073	-	-	187,589	248,662
Loans and advances to customers	23,147	80,291	443,406	-	546,844
Investment securities	326,042	36,036	12,319	2,899	377,219
Other assets and prepayments	-	-	-	53,862	53,862
Total assets	410,262	116,327	455,648	244,350	1,226,587
Liabilities					
Deposits from customers	690,756	20	-	460,625	1,151,401
Trade and other payables	**973**	**4,331**	**-**	**31,777**	**37,081**
Total liabilities	**691,729**	**4,351**	**-**	**492,402**	**1,188,482**
Net interest re-pricing gap	**(281,467)**	**111,976**	**454,648**	**(248,052)**	**38,105**

Cash flow interest rate risk arises from loans and advances to customers at variable rates. At September 30, 2021 if variable interest rates had been 0.5% higher/lower with all other variables held constant, post-tax profit for the year would have been $180,197 (2020: $175,439) higher/lower, mainly as a result of higher/lower interest income on variable rate loans.

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

8.3. Liquidity risk

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

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

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

8.3.1. Liquidity risk management

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

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

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

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

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

	Up to one year $'000	Between 1 – 5 Years $'000	Over 5 years $'000	Total $'000
At September 30, 2021				
Financial liabilities				
Deposits from customers	1,276,720	414	-	1,277,134
Trade and other payables	28,898	3,226	182	32,306
Total financial liabilities	1,305,618	3,640	182	1,309,440
Assets held for managing liquidity				
Cash and cash equivalents	301,015	-	-	301,015
Loans and advances to customers	19,940	63,495	515,160	598,595
Investment securities	386,468	40,373	15,315	442,156
Total financial assets held for managing liquidity	707,423	103,868	530,475	1,341,766
Net liquidity gap	**(598,195)**	**100,228**	**530,293**	**39,326**
At September 30, 2020				
Financial liabilities				
Deposits from customers	1,151,381	20	-	1,151,401
Trade and other payables	32,750	4,331	-	37,081
Total financial liabilities	1,184,131	4,351	-	1,188,482
Assets held for managing liquidity				
Cash and cash equivalents	248,662	-	-	248,662
Loans and advances to customers	326,042	36,036	15,141	377,219
Investment securities	23,147	80,291	443,406	546,844
Total financial assets held for managing liquidity	597,851	116,327	458,547	1,172,725
Net liquidity gap	**(586,280)**	**111,976**	**458,547**	**(15,757)**

Off-statement of financial position items

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

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

a. Financial guarantees

Financial guarantees (Note 29) are also included below based on the earliest contractual maturity date.

b. Loan commitments and other related obligations

The dates of the contractual amounts of the Bank's off-statement of financial position financial instruments that commit it to extend credit to customers and other facilities (Note 29), are summarised in the table below.

	2021 $	2020 $
Financial guarantees	7,986,234	4,435,956
Loan commitments and other related obligations	68,965,060	20,770,668
Total	**76,951,294**	**25,206,624**

8.4. Fair value of financial assets and liabilities

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

The fair values of cash resources, other assets and liabilities, cheques, and other items in transit and due to other banks are assumed to approximate their carrying values due to their short-term nature. Debt securities are carried at amortised cost in the absence of market value and are considered to reflect fair value. Equity investments that are unquoted are carried at cost less impairment which is management's estimate of fair value. The fair value of off-statement of financial position commitments are also assumed to approximate the amounts disclosed in Note 29 due to their short-term nature.

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

a. Deposits from customers

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

b. Investment securities

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

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

c. Loans and advances to customers

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

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

	Carrying value		Fair value	
	2021 $	2020 $	2021 $	2020 $
Financial assets				
Cash and cash equivalents	301,015,206	248,661,750	301,015,206	248,661,750
Loans and advances to customers	598,595,186	546,843,528	598,595,186	546,843,528
Investment securities:				
- Unquoted debt securities	151,424,983	106,864,862	151,424,983	106,864,862
- Unquoted equity securities	1,288,936	1,255,052	1,288,936	1,255,052
- Quoted securities	289,441,650	269,098,638	289,441,650	269,098,638
Other assets and prepayments	29,449,878	53,861,576	29,449,878	53,861,576
Total financial assets	**1,371,215,839**	**1,226,585,406**	**1,371,215,839**	**1,226,585,406**
Financial liabilities				
Deposits from customers	1,277,134,322	1,151,401,091	1,277,134,322	1,151,401,091
Trade and other payables	32,305,818	36,782,670	32,305,818	36,782,670
Total financial liabilities	1,309,440,140	1,188,183,761	1,309,440,140	1,188,183,761
Off-statement of financial position instruments				
Loan commitments, letters of credit, guarantees and other credit obligations	76,951,294	25,206,624	76,951,294	25,206,624
	76,951,294	**25,206,624**	**76,951,294**	**25,206,624**

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

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

	Level 1 $	Level 2 $	Level 3 $	Total $
September 30, 2021				
Assets measured at fair value through OCI:				
- debt securities	218,137,553	-	-	218,137,553
- equity securities	40,872,811	-	1,288,936	42,161,747
Total	**259,010,364**	**-**	**1,288,936**	**260,299,300**
September 30, 2020				
Assets measured at fair value through OCI:				
- debt securities	188,970,330	-	20,645,126	209,615,456
- equity securities	42,081,097	-	1,255,052	43,336,149
	231,051,427	**-**	**21,900,178**	**252,951,605**

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions.

These two types of inputs have created the following fair value hierarchy:

» Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges such as Eastern Caribbean and New York.

» Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

» Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

8.6. Capital management

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

» To comply with the capital requirements set by the Eastern Caribbean Central Bank;

» To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

» To maintain a strong capital base to support the development of its business.

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

8.6. Capital management *(...continued)*

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

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

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

» Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings.

» Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as availablefor- sale and fixed assets revaluation reserves.

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

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

8.6. Capital management *(...continued)*

	2021 $	2020 $
Tier 1 capital:		
Paid up ordinary share capital	24,871,739	24,871,739
Statutory reserves	18,801,740	16,827,554
General reserves	1,761,572	1,514,799
Retained earnings	43,909,779	28,345,999
Total tier 1 capital	89,344,830	71,560,091
Tier 2 capital:		
Fixed assets revaluation reserves[1]	14,097,494	14,097,494
Total tier 2 capital	14,097,494	14,097,494
Total qualifying capital	103,442,342	85,657,585
Risk weighted assets:		
On statement of financial position	857,917,043	766,297,189
Total risk – weighted assets	857,917,043	766,297,189
Capital adequacy ratio	**12%**	**11%**

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

8.7. Operational risk

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

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

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

8. Financial risk management *(...continued)*

8.7. Operational risk *(...continued)*

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

» Requirements for appropriate segregation of duties, including the independent authorisation of transactions;

» Requirements for the reconciliation and monitoring of transactions;

» Compliance with regulatory and other legal requirements;

» Documentation of controls and procedures;

» Requirements for the periodic assessment of operational risks faced, and the adequacy of the controls and procedures to assess the risks identified;

» Development and periodic testing of contingency plans;

» Training and professional development;

» Ethical and business standards;

» Risk mitigation, including insurance where it is effective;

» A structured induction program for new employees.

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

9. Critical accounting estimates and judgements

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

a. Going concern

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

b. Fair value of investments

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

9. Critical accounting estimates and judgements *(...continued)*

c. Expected credit losses on loans and advances

The Bank reviews its loan portfolio to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in the statement of profit or loss, the Bank makes judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. Guidelines issued by the Eastern Caribbean Central Bank on methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

d. Income taxes/Deferred taxes

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

e. Revaluation of land and buildings

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

10. Cash and cash equivalents

	2021 $	2020 $
Cash on hand	25,952,926	23,937,987
Amounts due from banks	193,879,143	88,849,340
	219,832,069	112,787,327
Due from ECCB	66,790,353	122,157,608
ECCB ACH collateral	11,675,969	11,000,000
Deposits pledged with other institutions	2,716,815	2,716,815
	301,015,206	**248,661,750**

Reserve deposit

Statutory reserve deposits with the ECCB represent the Bank's regulatory requirement to maintain a minimum percentage of 6% on deposits liabilities as cash in vault and or deposits with the ECCB in accordance with Article 33 of the ECCB Agreement of 1983. As at balance sheet date, the minimum reserves requirement was $76,403K (2020: $69,084K).

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

10. Cash and cash equivalents *(...continued)*

Deposits pledged with other institutions

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

11. Loans and advances to customers

	2021 $	2020 $
Mortgages	538,073,226	495,539,084
Demand loans	25,559,787	25,131,326
Overdrafts	28,600,925	24,983,788
	592,233,938	545,654,198
Interest receivable	14,462,046	7,358,753
	606,695,984	553,012,951
Less: allowance for expected loss (Note 11.2)	(8,100,798)	(6,169,423)
	598,595,186	**546,843,528**

	2021 $000's	2020 $000's
Due within one year	19,940	23,147
Due after one year	578,655	522,507
	598,595	**545,654**

The effective interest yield during the year on loans and advances: 6.31% (2020: 6.64%).

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

11. Loans and advances to customers *(...continued)*

11.1. Sectoral analysis

	2021 $000's	2021 %	2020 $000's	2020 %
Agriculture	6,433	1.09	6,044	1.11
Fisheries	786	0.13	1,012	0.18
Manufacturing	17,567	2.97	14,557	2.67
Utilities (electricity, water, telephone & media)	4,384	0.74	1,021	0.19
Construction and land development	20,238	3.42	7,952	1.46
Distributive trades	31,410	5.30	27,175	4.98
Tourism	57,462	9.70	55,822	10.23
Entertainment and catering	6,115	1.03	7,888	1.45
Transportation and storage	21,845	3.69	11,458	2.10
Financial institutions	6,461	1.09	6,769	1.24
Professional and other services	55,270	9.33	65,415	11.99
Public administration	40,101	6.77	39,426	7.22
Personal	324,162	54.74	301,115	55.18
	592,234	100.00	545,654	100.00
Add: interest receivable, net	14,462		7,359	
Less: allowance for impaired loans and advances (Note 8.1.2)	(8,101)		(6,169)	
	598,595		**546,844**	

11.2. Loans and advances impairment analysis

	2021 $	2020 $
Stage 1 – 12 months ECL - performing	7,438,388	5,526,447
Stage 2 – Lifetime ECL – performing	430,348	171,810
Stage 3 – Lifetime ECL – credit impaired	232,062	471,166
	8,100,798	**6,169,423**

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

11. Loans and advances to customers *(...continued)*

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

Movement in allowance for loan losses is as follows: -

	2021 $	2020 $
Balance beginning of year	6,169,423	5,240,807
Bad debts written-off	(671,137)	(2,021,241)
Increase in allowance	2,602,512	2,949,857
Balance end of year	**8,100,798**	**6,169,423**

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

	2021 $	2021 %	2020 $	2020 %
Agriculture	441,757	5.45	77,510	1.26
Fisheries	12,933	0.16	48,369	0.78
Manufacturing	165,997	2.05	276,696	4.48
Utilities (electricity, water, telephone & media)	84,978	1.05	23,988	0.39
Construction and land development	600,634	7.41	71,702	1.16
Distributive trades	310,455	3.83	1,166,310	18.90
Tourism	2,433,680	30.04	2,415,042	39.15
Entertainment and catering	411,813	5.08	231,441	3.75
Transportation and storage	452,805	5.59	195,314	3.17
Financial institutions	10,049	0.12	60,233	0.98
Professional and other services	1,417,467	17.50	1,032,561	16.74
Public administration	476,766	5.89	7,951	0.13
Personal	1,281,464	15.82	562,306	9.11
	8,100,798	**100.00**	**6,169,423**	**100.00**

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

12. Investment securities

The Bank holds the following financial instruments: -

	Instruments at amortized cost $	Fair value through OCI $	Total $
At September 30, 2021			
Quoted equity securities	-	40,872,811	40,872,811
Unquoted equity securities	-	1,288,936	1,288,936
Government debt securities	35,260,038	-	35,260,038
Other debt securities			
Financial institutions	134,828,229	218,137,553	352,965,782
Nonfinancial institutions	12,164,303	-	12,164,303
	182,252,570	260,299,300	442,551,870
Interest receivable	989,146	871,629	1,860,775
Expected credit loss	(1,660,057)	(597,019)	(2,257,076)
	181,581,659	**260,573,910**	**442,155,569**
At September 30, 2020			
Quoted equity securities	-	42,081,097	42,081,097
Unquoted equity securities	-	1,255,052	1,255,052
Government debt securities	52,204,112	-	52,204,112
Other debt securities			
Financial institutions	61,251,980	209,615,456	270,867,436
Nonfinancial institutions	12,074,244	-	12,074,244
	125,530,336	252,951,605	378,481,941
Interest receivable	367,207	626,480	993,687
Expected credit loss	(1,660,057)	(597,019)	(2,257,076)
	124,237,486	**252,981,066**	**377,218,552**

The weighted average effective interest rate on investment securities at 30 September 2021 was 3.01% (2020 – 3.07%).

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

12. Investment securities *(...continued)*

12.1. Investments subject to impairment assessment

	2021 $	2020 $
Exposure at default	444,412,645	379,475,628
ECL	(2,257,076)	(2,257,076)
Net exposure at default	**442,155,569**	**377,218,552**

12.2. Expected credit loss allowance

Stage 1 – 12 months ECL - performing	2,257,076	2,257,076
Stage 2 – Lifetime ECL – performing	-	-
Stage 3 – Lifetime ECL – credit impaired	-	-
	2,257,076	**2,257,076**

12.3. Expected credit loss allowance

ECL Allowance as at October 1, 2020 under IFRS 9	2,257,076	1,269,271
Increase in ECL	-	1,437,804
Write off	-	(449,999)
ECL Allowance as at September 30, 2021	**2,257,076**	**2,257,076**

12.4. Gains recognized in other comprehensive income

Unrealized gains on investment instruments	8,068,462	6,327,550
Realized gains on equity instruments	6,411,924	2,511,498
	14,480,386	**8,839,048**

13. Other assets and prepayments

Accounts receivable and prepayments	**29,449,878**	**53,861,576**

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

14. Property and equipment

	Freehold land & buildings $	Right-of -use $	Leasehold improvements $	Furniture & equipment $	Computer equipment $	Motor vehicles $	Work-in progress $	Total $
Cost or valuation								
Balance at October 1, 2019	44,178,284	-	7,276,829	11,030,128	13,252,301	772,618	1,056,066	77,566,226
Additions	50,331	6,235,062	183,071	430,808	882,862	-	-	7,782,134
Disposals	-	-	-	(9,836)	-	(94,411)	-	(104,247)
Transfers	923,386	-	-	-	-	-	(923,386)	-
Balance at September 30, 2020	**45,152,001**	**6,235,062**	**7,459,900**	**11,451,100**	**14,135,163**	**678,207**	**132,680**	**85,244,113**
Balance at October 1, 2020	45,152,001	6,235,062	7,459,900	11,451,100	14,135,163	678,207	132,680	85,244,113
Additions	22,468	-	-	869,694	1,142,040	222,000	1,046,969	3,303,171
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Balance at September 30, 2021	**45,174,469**	**6,235,062**	**7,459,900**	**12,320,794**	**15,277,203**	**900,207**	**1,179,649**	**88,547,284**
Accumulated depreciation								
Balance at October 1, 2019	2,232,056	-	1,094,692	6,874,407	10,728,095	398,647	-	21,327,897
Charge for the year	1,008,254	955,113	372,995	797,153	700,823	135,641	-	3,969,979
Disposal	-	-	-	(9,833)	-	(94,410)	-	(104,243)
Balance at September 30, 2020	**3,240,310**	**955,113**	**1,467,687**	**7,661,727**	**11,428,918**	**439,878**	**-**	**25,193,633**
Balance at October 1, 2020	3,240,310	955,113	1,467,687	7,661,727	11,428,918	439,878	-	25,193,633
Charge for the year	1,058,471	955,113	372,995	666,320	641,951	87,332	-	3,782,182
Disposal	-	-	-	-	-	-	-	-
Balance at September 30, 2021	**4,298,781**	**1,910,226**	**1,840,682**	**8,328,047**	**12,070,869**	**527,210**	**-**	**28,975,815**
Carrying amounts								
Balance at October 1, 2019	41,946,228	-	6,182,137	4,155,721	2,524,206	373,971	1,056,066	56,238,329
Balance at September 30, 2020	41,911,691	5,279,949	5,992,213	3,789,373	2,706,245	238,329	132,680	60,050,480
Balance at September 30, 2021	**40,875,688**	**4,324,836**	**5,619,218**	**3,992,747**	**3,206,334**	**372,997**	**1,179,649**	**59,571,469**

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

15. Deferred tax asset/liability

Deferred income taxes are calculated in full on temporary differences, under the liability method using the statutory tax rate of 28% (2020: 28%), which is expected to be in force in the upcoming financial year.

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

	2021 $	2020 $
Taxed provisions	603,178	603,178
Temporary differences on capital assets	(715,567)	(508,064)
	(112,389)	**95,114**

This balance includes the following:

Deferred tax asset/liability to be recovered/paid after more than 12 months	**(112,389)**	**95,114**

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

Balance at beginning of year	95,114	29,695
Income statement release (Note 27)	(207,503)	65,419
Balance at end of year	**(112,389)**	**95,114**

16. Deposits from customers

Savings	517,385,724	430,856,274
Fixed deposit	135,037,310	112,671,462
Treasure chest	56,281,126	51,447,603
Chequing accounts	93,943,496	72,469,818
Current accounts	474,162,632	483,635,526
	1,276,810,288	1,151,080,683
Interest payable	324,034	320,408
	1,277,134,322	**1,151,401,091**

The weighted average effective interest rate of deposits from customers at September 30, 2021 was 0.68% (2020: 0.70%).

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

17. Trade and other liabilities

	2021 $	2020 $
Trade and other payables	27,420,421	31,777,505
Lease liabilities	4,380,664	5,303,270
ECL provision on undrawn loans	504,733	-
	32,305,818	**37,080,775**

17.1. Lease liabilities

As of October 1	5,303,270	-
Additions	-	6,235,062
Interest expense	49,950	40,764
Lease payments	(972,556)	(972,556)
As of September 30	**4,380,664**	**5,303,270**

18. (a) Stated capital

Authorised capital Unlimited ordinary voting shares with no par value	Unlimited	Unlimited
Issued capital 7,600,000 ordinary voting shares with no par value	24,871,739	24,871,739
	24,871,739	**24,871,739**

(b) Other equity

Treasury shares 3,200 treasury shares	(28,416)	-
	(28,416)	**-**

(c) Dividend

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

Ordinary shares: dividend per share: $0.15 (2019: $0.22)	**1,140,000**	**1,672,000**

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

18. (c) Dividend *(...continued)*

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

	2021 $	2020 $
Ordinary shares: dividend per share: $0.15 (2020: $0.15)	**1,140,000**	**1,140,000**

19. Statutory reserve

Movement in statutory reserve

Statutory reserve – beginning of year	16,827,554	14,901,764
Amount appropriated in current year	1,974,186	1,925,790
Statutory reserve – end of year	**18,801,740**	**16,827,554**

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

20. Accumulative other comprehensive income

	Property revaluation surplus $	Net Unrealized gains/losses $	Total $
Balance at October 1, 2019	14,097,494	3,695,071	17,792,565
Increase in fair value investment securities, net of tax	-	8,839,048	8,839,048
Balance at September 30, 2020	14,097,494	12,534,119	26,631,613
Increase in fair value investment securities, net of tax		14,480,386	14,480,386
Transfer of fair value for disposed investment	-	(9,053,808)	(9,053,808)
Balance at September 30, 2021	**14,097,494**	**17,960,697**	**32,058,191**

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

21. Other reserves

During the year, the Bank appropriated 246,773 (2020: $240,724) to other reserves. The following summarises the movement on other reserves.

	Regulatory Loss Reserves $	Other General Reserves $	Total $
Balance at October 1, 2019	-	1,274,075	1,274,075
Transfer to general reserves	-	240,724	240,724
Balance at September 30, 2020	-	1,514,799	1,514,799
Transfer to general reserves	-	246,773	246,773
Balance at September 30, 2021	**-**	**1,761,572**	**1,761,572**

22. Interest income

	2021 $	2020 $
Income from loans and advances to customers	35,919,162	35,087,827
Income from deposits with other banks	120,273	158,849
	36,039,435	**35,246,676**

23. Interest expense

Saving deposits	7,721,772	7,161,050
Other time deposits	561,353	525,512
Chequing accounts	2,915	3,218
Other	4,315	-
	8,290,355	**7,689,780**

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

24. Other operating income

	2021 $	2020 $
Commissions and fees	17,611,893	16,593,138
Miscellaneous	5,683,763	3,344,797
Investment income (Note 24.1)	6,371,452	10,411,623
	29,667,108	**30,349,558**

24.1. Investment income

Interest income	5,855,426	8,647,509
Dividend income	326,693	439,406
Gains realised on sale of debt securities	189,333	1,324,708
	6,371,452	**10,411,623**

25. Impairment charge for credit losses

Loans and advances	2,602,512	2,949,857
Undrawn loan commitments	504,733	-
Investment securities	-	1,437,804
	3,107,245	**4,387,661**

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

26. Operating expenses

The following summarises operating expenses by nature:

	2021 $	2020 $
Staff Costs		
Wages, salaries and NIS	17,163,715	17,628,110
Other staff costs	1,946,020	1,253,300
	19,109,735	18,881,410
Other operating expenses	10,762,908	11,302,869
Depreciation	3,782,182	3,969,979
Operating lease rentals	33,330	114,383
Advertising and promotion	1,615,966	1,546,060
Directors' fee	354,818	368,036
Professional fees	1,497,474	1,175,878
Utilities	1,699,222	1,560,884
Repairs and maintenance	1,902,581	1,453,314
	40,758,216	**40,372,813**

As of reporting date, the Bank's staff complement included 211 (2020: 202) full time employees.

27. Income tax expense

Current tax	3,472,293	3,582,447
Deferred tax (Note 15)	207,503	(65,419)
	3,679,796	**3,517,028**

Deferred tax release for the year comprises: -

Temporary differences on capital assets	**207,503**	**(65,419)**

The income tax charge differs from the amount computed by applying the tax statutes income tax rate, 28% (2020: 28%), to earnings before tax. The differences in the effective rate of tax are accounted as follows: -

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

27. Income tax expense *(...continued)*

	2021 %	2021 $	2020 %	2020 $
Profit before income tax		13,550,727		13,145,980
Tax calculated at the statutory rate 28%	28.00	3,794,204	28.00	3,680,874
Income not subject to taxation	(4.10)	(555,380)	(6.33)	(832,018)
Expenses not deductible for tax purposes	0.15	19,701	0.11	13,990
Depreciation on items not eligible for capital allowances	2.99	405,639	4.98	654,182
Allowance claimed under/(excess) of capital asset eligible	(1.42)	(191,871)	0.50	65,419
Recognition/derecognition of temporary difference	1.53	207,503	(0.50)	(65,419)
Total	**27.16**	**3,679,796**	**26.75**	**3,517,028**

28. Earnings per share

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

	2021 $	2020 $
Profit attributable to ordinary shareholders	9,870,931	9,628,952
Weighted average number of ordinary shares in issue	7,596,800	7,600,000
	1.30	**1.27**

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

29. Contingencies and commitments

a. Legal proceedings

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

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

29. Contingencies and commitments *(...continued)*

b. Undrawn loan commitments, guarantees and other financial facilities

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

	2021 $	2020 $
Undrawn loan commitments	68,965,060	20,770,668
Guarantees and standby letters of credit	7,986,234	4,435,956
	76,951,294	**25,206,624**

c. Leasehold commitments

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

Under 1 year	1,000,007	972,556
1 to 5 years	3,504,518	4,466,873
	4,504,525	**5,493,429**

30. Pension scheme

The Bank maintains a Defined Contribution Pension Plan into which the employer contributes 6.5% and employee contributes 5% of gross salary. The Bank's contribution to the Plan in 2021 was $914,307 (2020: $1,108,883).

Notes to the Financial Statements

For the year ended September 30, 2021

(...Continued)

31. Related party transactions

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

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

	2021 $	2020 $
Loans and advances Directors and key management personnel (and their families)	6,465,063	6,235,132
Deposits and other liabilities Directors and key management personnel (and their families)	3,703,651	8,211,888
Interest income Directors and key management personnel (and their families)	199,907	206,195
Interest expenses Directors and key management personnel (and their families)	57,933	127,918
No provisions have been recognised in respect to loans given to related parties.		
Key management compensation Salaries and other short-term employee benefits	2,781,627	2,624,098
Directors' fees and expenses	354,818	368,036

32. Events after the reporting date

Consortium for CIBC FirstCaribbean acquisition

On October 12, 2021, the Bank announced that it is a member of a consortium of leading Indigenous banks in the Eastern Caribbean Currency Union (ECCU) that has entered into a definitive agreement to acquire the branches and banking operations of CIBC FirstCaribbean in Dominica, Grenada, St. Kitts and Nevis, and St. Vincent and the Grenadines.

This transaction is subject to regulatory approval and customary closing conditions. This acquisition is a significant development in the evolution of the Banking System of Grenada, Carriacou and Petite Martinique. The Bank will acquire a lean book of business that bolts on well to its current business model. Upon successful completion the Bank will acquire approximately $200M in Loans & Advances and $400M in Deposits.

The Bank is committed to ensuring a smooth transition and integration process that meets, if not, exceeds the expectations of customers, regulators, and other stakeholders, leveraging our user-friendly and robust electronic banking channels, card and merchant services, risk management and compliance capabilities.

Moreover, our ability to meet the regional and international banking needs of customers will be maximized through our existing strong international correspondent banking relationships of many years with Bank of America in the USA, Lloyds TSB in the UK and Bank of Montreal in Canada; the Eastern Caribbean Automated Clearing House (EC-ACH) and regional correspondent banks in Barbados (Republic Bank) and Trinidad (Royal Bank of Trinidad and Tobago).

Grenada Co-operative Bank Limited
Offices

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

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Form of Proxy

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

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

____ of ____

as my/our proxy to attend and act for me/us and on my/our behalf at the Annual Meeting of the shareholders of the said company to be held on January 13, 2022 at 4:45 p.m. at the Grenada Trade Center, Morne Rouge, Grand Anse, St. George's; and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

Dated this _______________________ day of ______________________ 20______

Signature(s) of Shareholder(s) ______________________________________

Signature(s) of Shareholder(s) ______________________________________

Name(s) in Block Letters ______________________________________

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

A person appointed by proxy need not be a shareholder.
To be valid, a proxy form duly completed must be deposited with the Company Secretary at the Registered Office of the Company, No. 8 Church Street, St. George's, at least 48 hours before the time appointed for the meeting or adjourned meeting.

Grenada Co-operative Bank Limited
welcome home

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