Grenada Co-operative Bank Limited

welcome home

2022 Annual Report

YEARS OF NATIONAL PRIDE
CELEBRATING OUR PAST, INSPIRING OUR FUTURE
1932-2022

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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
Whatsapp: 410-CARE (2263)

DIRECTORS

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

CORPORATE SECRETARY (Ag.)

Kester Joseph, *C.C.Sec., MBA, KPIP, BSP, BSc*

AUDITORS

Messrs. BDO Eastern Caribbean
Kingstown Park
Kingstown
St. Vincent

SOLICITORS

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

LOCATIONS

ST. GEORGE'S

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

GRENVILLE

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

SAUTEURS

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

SPICELAND MALL

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

CARRIACOU

Main Street
Hillsborough
Tel: (473) 440-2111

CORRESPONDENT BANKING RELATIONSHIPS

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

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

GBP/ EUR CURRENCY:
BANK: Crown Agents Bank
BANK'S ADDRESS: St. Nicholas House,
St. Nicholas Road, Sutton, Surrey SM1 1EL, UK
SWIFT ADDRESS: CRASGB2L
SORT CODE: 608368
GBP ACCOUNT NO.: 33025001
IBAN: GB50CRAS6083683302500
EUR ACCOUNT NO.: 33025401
IBAN: GB17CRAS60836833025401

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

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

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

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

ELECTRONIC FUNDS TRANSFER (EFT) FOR ECCU REGION
Grenada Co-operative Bank Limited
SWIFT ADDRESS: GROAGDGD
ROUTING #: 000000233

ASSOCIATIONS
Caribbean Association of Banks
Grenada Bankers Association

Mission
Statement

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

Notice of
Annual Meeting

Notice is hereby given that the Ninetieth Annual Meeting of the Bank will be held at the Grenada Trade Center Annex, Morne Rouge, St. George on Thursday, January 12th, 2023 at 4:45p.m.

AGENDA

1. To receive the audited financial statements for the year ended September 30th, 2022.
2. To elect Directors.
3. To re-appoint BDO as Auditors, and to authorise Directors to fix their remuneration.
4. To discuss any other business that may be given consideration at an Annual Meeting.

By order of the Board of Directors,

Kester Joseph
CORPORATE SECRETARY (Ag.)

NOVEMBER 24th, 2022

Board of Directors

DARRYL BRATHWAITE
Acc. Dir
Chairman

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

LARRY LAWRENCE
MBA, Acc. Dir
Managing Director

CLAUDIA FRANCIS
CA,FCA, CPA, CMA, ACIS/ACG Acc. Dir
Director

SAMANTHA HOSSLE
BSc, Acc., Dir
Director

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

ALFRED LOGIE
Lic., Acc. Dir
Director

BENEDICT BRATHWAITE
BSc., FCCA, Acc. Dir
Director

MARLON JOSEPH
BSc., MSc.
Director

Chairman's Review

The Bank's 2022 performance was subdued due mainly to elevated credit impairment allocations, reflecting the impact of the Covid-19 pandemic and growth in operating expenses given the Bank's preparation for future development.

At $2.1m, after tax profits stand significantly below our 2021 performance of $9.9m. Notwithstanding, the Bank's Non-Performing Loans Ratio remained below 1% as at September 30th, 2022.

Grenada's economic recovery continues to be stymied by rising commodity prices exacerbated by the conflict in Ukraine, which has pushed inflation upward; as well as continuing risks arising from the fallout of the pandemic. Despite the uncertainty, an inflationary economic environment and an intensely competitive market for Loans and Advances, the Bank's loan portfolio grew in 2022, building on the successes of the previous years.

The Economic Environment

The short-lived recovery in 2021 was followed by gloomy developments in 2022 as market risks began to materialize. Global output contracted in the second quarter of this year, a consequence of economic downturns in China and Russia, while US consumer spending undershot expectations. Several shocks rocked a world economy already weakened by the pandemic: higher-than-expected inflation worldwide triggering tighter financial conditions; a worse-than-anticipated slowdown in China's economic recovery, reflecting COVID-19 outbreaks and lockdowns; and further negative spillovers from the war in Ukraine (World Bank, 2022).

Global growth is expected to decline from 5.9 in 2021 to 4.4 percent in 2022, largely reflecting forecasted markdowns in the two largest world economies.

In the Eastern Caribbean Currency Union (ECCU) real GDP Growth for 2022 is now projected at 6.38%.

Preliminary data from the Eastern Caribbean Central Bank (ECCB) indicates that Grenada's economy is expected to grow by 3.73% at the end of 2022, while original projections forecasted growth of 5.0%. Economic growth was impacted by the same global factors highlighted earlier, the impact of which is expected to continue into 2023. Economic growth in 2022 was buttressed by construction activity, a gradual uptick in tourist arrivals, and recovery in the offshore education sector.

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, moderate unemployment and slightly improved consumer spending.

The banking sector continues to experience excess liquidity with a 6.5% rise in Deposits versus a 3.5% increase in Loans & Advances for the period June 2021 to June 2022. The sector's Loan to Deposits ratio moved from 51.6% as at June 2021 to 49.8% as at June 2022. Steady increases in operating costs are expected to persist due to increasing regulatory and compliance requirements.

COMPARISON OF BANKING SECTOR DEPOSITS & LOANS

Indicator	Jun 2021	Jun 2022	% Change
Deposits (EC$M)	3,570	3,803	6.5
Loans & Advances (EC$M)	1,830	1,894	3.5
Loans to Deposit Ratio (%)	51.3	49.8	(2.9)

Table 1. Sector Loans and Deposits for 2021 and 2022 (Source: Eastern Caribbean Central Bank)

The Bank's Performance

Irrespective of the lingering effects of the pandemic, global inflationary pressures, its impact on economic activity and the competitive financial services market, the Bank recorded its ninth (9^{th}) consecutive year of steady profitability, albeit a reduction to that achieved in recent years.

Decreasing by 60%, the Bank's after-tax profits of $2.1m is a reflection of the residual impact of the pandemic on the local economy, wherein the provision for expected credit losses saw a substantial increase over the previous reporting period.

The Bank's Non-Performing Loans Ratio remains below 1% as at September 30^{th}, 2022, demonstrating the success of our previously articulated commitment to continuous improvement in our credit underwriting and the containment of loan delinquency. Maintaining high asset quality remains our primary area of focus.

In 2022, total assets of the Bank grew by 14% or $203.3M, and now stands at $1.63B, reflecting increases in customer loans which expanded by $51.0M or 8.6% from 2021. This year also saw an expansion of $113.0M or 25.5% in the Bank's Investment Portfolio.

The Bank's Capital Adequacy Ratio remained within regulatory requirements of not less than 8%; and stood at 11% as at September 2022 (2021: 12.1%).

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 42% (2021: 54%) 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 4.15 or 83% (2021: 4.10 or 82%).

The audit of our Customer Service Charter by PKF Accountants & Business Advisors affirms Customer Satisfaction ratings above our 70% benchmark, standing at 71% in 2022 (2021: 79%).

Future Prospects

Growth in the local economy is expected to be a moderate 3.4% as projected by the World Bank for 2023. The financial services sector is expected to remain fiercely competitive as even fewer commercial banks compete with credit unions and non-bank financial institutions to increase market share in an economy shakened by the global negative spillovers and developments.

In 2023, continued growth is expected in the banking sector which should translate into modest loan growth as the economy continues to recover, while adjusting to the inflationary pressures and lingering supply disruptions. A maintained consumer confidence is anticipated with continued growth in deposits, which is expected continue to outpace the growth in Loans & Advances.

The Bank remains optimistic about the prospects of Grenada's financial services sector for 2023 and will capitalize on good opportunities that will arise in the evolving economic environment. This includes the continued pursuit of the acquisition of CIBC FirstCaribbean branches and banking operations under definitive agreement reached with the consortium of leading indigenous banks, subject to regulatory approval and customary closing conditions.

Dividends

In 2020 and further in 2021, the Bank reviewed its dividend policy for the short to medium term to ensure sufficient levels of capital are retained to improve its Capital Adequacy position that will meet the requirements under the impending adoption of the Basel II/III standards by the Eastern Caribbean Central Bank, as well as the Bank's internal benchmark. Moreover, the current growth in the Bank's Risk Weighted Assets along with the prospective acquisition of additional assets increases the Bank's need to preserve internally generated capital.

Given the foregoing, the Bank's dividend policy is to pay a restrictive dividend provided profits are $7.0M or higher, based on the results for the financial year ended September 30th, 2022, the Directors have not declared a dividend for 2022.

Acknowledgments

First, I must congratulate all my fellow colleague Directors who were diligent and steadfast in executing their fiduciary responsibility of effective oversight of the company. Directors have also competently responded with prudence and alacrity to the challenges presented by the economic, banking, and regulatory environments, so as to ensure the Bank's sustained progress.

Second, I applaud the Management and Staff for their continued dedication to the Mission of the Bank. Your commitment to the organization continues to be demonstrated in the Bank's year on year commendable performance.

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

D Brathwaite
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Darryl Brathwaite, Acc. Dir.
CHAIRMAN
November 24th, 2022

Corporate Governance
Statement

During the year, the Bank concluded its Corporate Governance Review and Improvement Project. Consequently, the Board has approved and has begun the implementation of enhanced Corporate Governance Policies and Procedures, that are not only guided by relevant laws and regulations, but include 21st century best practices that have been tailored to the unique size and complexity of the Bank.

The significant areas of the Bank's governance that have been enhanced include inter alia:

- The reconstitution of the Board's Sub-Committees
- Revised Board and Committee Charters
- Charter of expectations for individual Directors
- Mandates for the Chairman and Corporate Secretary
- Board Succession Policy
- Board Evaluation Policy
- Code of Conduct
- Conflict of Interest Policy

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

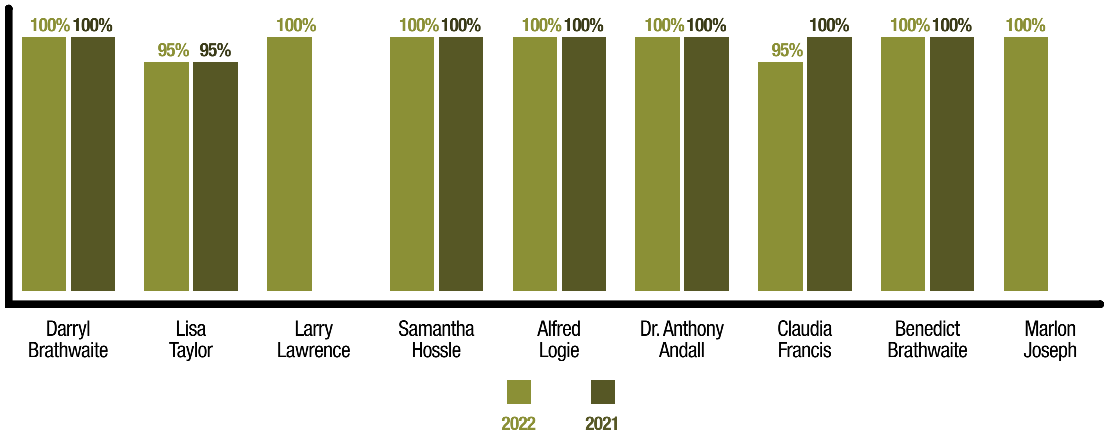
Board Meetings

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

- Strategic planning and execution
- Identification and management of risks
- Management succession planning & performance management
- Capital management
- Culture and conduct
- Communications & public disclosures

Board meetings serve as the main forum through which Directors and Executives share information and deliberate on the Bank's performance, plans and policies. Twenty-one (21) Board meetings were convened in 2022 (2021: 22). A participation rate of 99% (2021: 97%) was achieved.

Figure 1. Directors Attendance Rate for 2022 and 2021



Board Size and Composition

The Bank is committed to ensuring that the size and composition of the Board foster effective oversight and decision making in the company. The revised Corporate Governance Policies and Procedures, in particular, the Board Competency Framework and Board Succession Policy will always ensure that and for our ever-evolving business environment, the Bank has a balanced and fit-for-purpose Board with the right combination of skills, knowledge, competencies, experience, mindset, and diversity.

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

Currently, GCBL has on its Board one (1) Executive Director and eight (8) Non-executive Directors with a representation of female to male ratio of 20/70 and an average tenure of five (5) years among Directors.

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

Independence of Directors

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

The Board is committed to ensuring that the majority of its members are independent in order to continue to exercise prudent oversight of the Bank. As part of the governance project, the Board has revised its approach to Board independence. Some of the enhancements include clear policies on Board succession and guidelines for the age of retirement of directors; balancing the need for director experience and institutional knowledge, with the need for an appropriate level of Board renewal that ensures a fresh perspective is maintained as well as compliance with the Bank's established independence standards.

Board Committees

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

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

Figure 2. Sub-Committees of the Board

1. **Audit Committee**

Members:

- Claudia Francis - Chairman
- Dr. Anthony Andall
- Benedict Brathwaite

Role and Responsibilities:

The Audit Committee reviews and maintains oversight of the following:

- Work of the external and internal auditors
- Financial reporting process
- Effectiveness of the internal controls system

Meetings and Engagements:

The Audit Committee met five (5) times (2021: 8) during the financial year 2022 with a participation rate of 100% (2021: 97%). During the period the Committee reviewed and recommended to the Board for approval the 2021 Audited Financial Statements and Annual Report; reviewed the Management Letter of 2021 and Management's responses thereto;

approved the annual audit plan and reviewed the effectiveness of the Bank's internal controls system via the various audit reports prepared by the Chief Audit Executive.

2. Credit & Investment Committee

Members:

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

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

- Credit risk & investment strategies
- Credit risk control environment
- Investment risks and management frameworks
- Credit and investment policies
- Credit applications within delegated limits and authority
- Sanctioning of new investments in accordance with the limits specified by the Board.

Meetings and Engagements:
The Credit & Investment Committee met twenty-one (21) times during the year to monitor the Bank's implementation of its credit and investment strategies, review its credit risk exposures and control environment, review the performance of the investment portfolio and related risks and to adjudicate on credit facilities and new investments. The participation rate among Committee members was 93%.

3. Governance & Human Resource Committee

Members:

- Lisa Taylor – Chairman
- Claudia Francis
- Dr. Anthony Andall

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

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

Meetings and Engagements:
The GHRC met seven (7) times during the year with a participation rate of 100% among Directors. The Committee met to oversee the Managing Director's transition and the implementation of the Human Resources strategic plan; recommend new Executive appointments, review the performance of the Managing Director and the Executive Management team, and consider new and revised policies and programs to enhance the human resources and the compensation system and structures in the Bank. Further, the Committee met to review the draft Governance manual and recommend the new and revised Corporate Governance Policies and Procedures for approval.

Additionally, during the year, the Committee formed itself into an ad hoc Nomination Committee to consider the selection of a new independent Director to the Board having regard for the required skills and competencies to continue building a balanced and fit-for-purpose Board.

4. Risk & Compliance Committee

Members:

- Lisa Taylor – Chairman
- Alfred Logie
- Samantha Hossle
- Marlon Joseph

Role and Responsibilities:

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

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

Meetings and Engagements:

The Risk & Compliance Committee met times four (4) with a participation rate of 100% among Directors. The Committee met to monitor the integrity of the Bank's Risk Management environment and the effectiveness of risk mitigating measures, monitor the status of the Bank's Information Technology assets and to review the Bank's AMLCFT regime and other compliance mechanisms.

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

1. Capital Working Group

Members:

- Darryl Brathwaite – Chairman
- Larry Lawrence
- Benedict Brathwaite
- Alfred Logie

The Capital Working Group has a mandate to review options to augment and preserve the Bank's Capital and make recommendations to the full Board. The Committee met three (3) times for the financial year with a 92% participation rate.

2. Nomination Committee

Members:

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

The Nomination Committee has a mandate to consider potential candidates for the Board, in keeping with the Board Succession Policy. The Committee met once, during the year, to consider and make recommendations regarding the selection of a new independent Director. The participation rate was 100%.

Compensation

Director Compensation:

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

Executive Management Compensation:

The compensation package to Executive Managers has remained consistent over the past nine (9) years and now includes the appointment to the Bank of one new Executive to fill the role of Executive Manager, Information Technology.

COMPENSATION	2022 $	2021 $
Executive Management		
Salaries & related benefits	$2,866,867	$2,781,627
Director's fees and expenses	$382,217	$354,818

Table 2. Director and Executive Management Compensation

Director Training

Directors are provided with the necessary avenues and support to strengthen their competencies to contribute to the effective oversight of the Bank. In 2022, a combination of face-to-face and online training sessions were conducted. Topics covered included:

- Succession Planning
- Cyber Security in Mergers & Acquisitions
- Anti-Money Laundering and Counter-Terrorism Financing
- Risk Awareness to Prepare for Growth
- Strategic Planning & Performance Measurement

Additionally, Directors attended the Bank's annual W. E. Julien Lecture Series and individual members also attended the annual meetings and conferences of the Caribbean Association of Banks and the ECCB's Conference with Commercial Banks.

Shareholder Engagement

The Bank held its 5th annual J.B. Renwick/Arnold Williamson Shareholders' Outreach Forum on Thursday June 30th, 2022.

Mr. Aaron Logie presented on the topic "The role of Shareholders in Good Corporate Governance for Indigenous Banks". Mr. Logie enlightened attendees on the origins and importance of indigenous banking to the local and regional economies. Additionally, attendees were edified on the role of corporate governance and its impact on performance and shareholders were reminded of their responsibilities in the governance process of the Bank. The entire presentation was very well received by attendees and Mr. Logie was highly commended for a well-structured and thoroughly researched presentation.

Strategic Planning

To ensure that the Bank's vision and goals are clearly defined and communicated throughout the organisation, the Board of Directors approved a revised Strategic Plan for the period 2023 – 2025.

Board Performance

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

Consistent with the new policy, the Board evaluated its performance for the financial year 2022. A new Board Self-Evaluation survey was conducted to elicit the responses from Directors on the following broad dimensions:

A. Board Performance
B. Board Conduct and Processes
C. Relationship with the Managing Director
D. Performance of the Chairman

The 2022 results revealed the following:

DIMENSION	2022 RESULTS	COMMENTS
A. Board performance	80%	The Board Performance was rated as having *met expectations*. 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 established new Committees to improve its oversight and monitoring responsibilities.
B. Board conduct and processes	81%	Directors rated Board Conduct and Processes as having *met expectations* and highlighted that meeting management can be improved.
C. Relationship with Managing Director	78%	The performance was rated as having *met expectations*. The Board's relationship with the Managing Director is still relatively new and was described by Directors as *a good working relationship with open and frank discussions*.
D. Performance of the Chairman	78%	Board members rated the performance here as having *met expectations*. Overall, Directors were generally satisfied with the performance of the Chairman.

Directors' Interests

The table below shows the shareholdings of Directors as at September 30, 2022 with comparisons to the previous year.

Director	Title	No. of Shares 2022	No. of Shares 2021	Change
Darryl Brathwaite	Chairman	3,857	3,857	-
Lisa Taylor	Deputy Chairman	2,000	2,000	-
Larry Lawrence	Managing Director	100	-	100
Anthony Andall	Director	1,000	1,000	-
Alfred Logie	Director	2,000	2,000	-
Samantha Hossle	Director	1,000	1,000	-
Claudia Francis	Director	1,000	500	500
Benedict Brathwaite	Director	1,000	-	1,000
Marlon Joseph	Director	-	-	-

Table 4. Shareholdings of Directors for the FY 2022

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

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

The Code of Conduct

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

Specifically, the Code requires Directors and Officers to act with honesty, integrity, and openness to promote the objectives and values of the Bank and protect the assets of the Bank against loss, theft, and misuse. The Code 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.

Anti-Bribery and Corruption Policy

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

Changes to the Board

Mr. Richard W. Duncan, O.B.E., having served the Bank for 25 years, and as Managing Director since 2008, retired from the Bank on December 5th, 2021. Under his leadership, the Bank grew from XCD $445m dollars to over XCD $1.4 billion in assets, impressively steering the Bank through the world financial crisis of 2008 and its impact in the succeeding years, and during the height of the global pandemic.

The Board of Directors, management, and staff of Grenada Co-operative Bank Limited express our deepest gratitude to Mr. Richard W. Duncan, O.B.E., for his yeoman service towards the significant growth and development of the Bank.

Mr. Larry Lawrence succeeded Mr. Richard W. Duncan, O.B.E., as Managing Director, effective December 6th, 2021.

Having served the Bank for eighteen (18) years, Mr. Leslie Ramdhanny, O.B.E., retired from the Board of Directors effective December 14th, 2021. During his tenure, Mr. Ramdhanny served as Deputy Chairman of the Board and as Chairman of other sub-committees. Mr. Ramdhanny oversaw the significant expansion and transformation of the Bank, moving from the smallest, to now the leading Grenadian provider of financial services on the island.

The Board of Directors, management, and staff of Grenada Co-operative Bank Limited express our deepest gratitude to Mr. Leslie Ramdhanny, O.B.E., for his invaluable contribution to the growth and development of the Bank.

Consequent to the resignation of Mr. Leslie Ramdhanny, O.B.E., Mr. Marlon Joseph was invited to fill a casual vacancy effective June 28th, 2022.

Election of Director

Mr. Marlon Joseph was appointed to fill a casual vacancy and being fit and proper and eligible, the Board now recommends his election to the Board of Directors of the Company.

Profile of Director for Election

Mr. Marlon Joseph, BSc., MSc

Mr. Joseph has over 30 years of regulatory, supervisory, auditing and accounting experience in the financial services industry. He has held several senior positions including senior Bank Examiner and as the Head of Banking and Trust in the Turks and Caicos Financial Services Commission and as Accountant and Bank Examiner at Grenada International Financial Services Authority (GIFSA). Further, Mr. Joseph has served on several Boards including as Chairman of the Trust Law Committee and Chairman of the Credit and Education Committee of Ariza Credit Union.

Mr. Joseph is the holder of an MSc. in International Banking and Finance from the University of Salford, U.K, a B.Sc. in Economics and Accounting from the University of the West Indies. In addition, he has a Post Graduate Diploma in Co-operative Development Studies and a Diploma in Agricultural Management from the Hungarian Agricultural Institute.

Retirement and Re-election

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

The Directors retiring are Mr. Darryl Brathwaite and Dr. Anthony Andall, who being fit and proper and eligible, offer themselves for re-election.

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.

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

Dr. Andall is the Assistant Provost (Administrative Affairs) and an Associate Professor at St. George's University. He lectures in Human Resource Management and Business Ethics at the undergraduate level and Human Resource Management and Strategy at the Graduate level.

He holds a Bachelor of Science Degree in Accounting and Business Administration from St. George's University; a Master of Science in International Business from The School of Business, Economics and Law at The University of Gothenburg in Sweden, and a Ph.D. in International Management from the University of Agder in Norway.

Appointment of Auditors

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

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

The Corporate Governance Statement is accurate and up to date as at September 30th, 2022.

Kester Joseph, C.C.Sec., MBA, KPIP, BSP, BSc
CORPORATE SECRETARY (Ag.)
November 24th, 2022

Executive
Team

LARRY LAWRENCE
MBA, Acc. Dir
Managing Director

WILLVORN GRAINGER
CRU, Dip., MA
Chief Experience Officer

W. GARY SAYERS
BBA, Dip. MBA
Executive Manager
Sales & Service

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

AARON LOGIE
FCCA, MBA
Executive Manager
Finance

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

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

JULIA LAWRENCE
BS, MBA-IBF
Chief Audit Executive

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

GARVIN BAPTISTE
BSc., CISSP, CRISC
Executive Manager
Information Technology

NICOLA PHILIP
BSc, CCP, MBA
Executive Manager
Human Resources

KESTER JOSEPH
C.C.Sec., MBA, BSc., KPIP, BSP
Corporate Secretary (Ag.) /
Strategy Manager

Managing Director's Discussion & Analysis

Overview

The Bank's performance remained relatively stable for the 2022 financial year, despite the lingering adverse effects of the COVID-19 pandemic on Grenada's economy.

Total assets now stand at $1.63 billion, an increase of 14% from $1.43 billion in 2021.

Despite Revenue growth in 2022, there was a decrease in Net Profit for the year, driven primarily by an increase in Operating Expenses and impairment charges for credit losses.

The Bank successfully grew its Loan and Investment portfolios in 2022, a direct reflection of the steadfast efforts of the Board, Management and Staff.

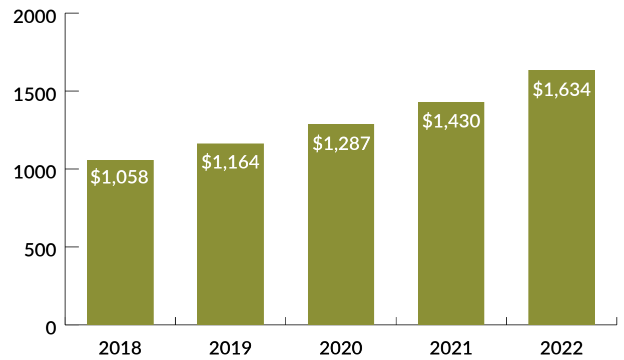
The Bank remains committed to managing its risks, capitalizing on opportunities and utilizing its strengths to continue to add value to its Shareholders while contributing to the growth and development of the market and community within which we operate.

Net Profit for the Year

For the financial year ended September 30th, 2022, the Bank recorded a Net Profit of $2.1m, a decrease of $7.8m or 79% from the prior year of $9.9m. This decrease is primarily due to an increase in impairment charge for credit losses by 241% and an increase in operating expenses by 22%. Earnings per Share decreased to $0.28 in 2022 as compared to $1.30 in 2021.

Net Profit For The Year
(in Millions)

Assets Employed
(in Millions)



Income

Net Operating Income increased by $5.3m or 9% from $57.4m in 2021 to $62.7m in 2022, which is primarily attributed to growth in Other Operating Income from $29.7m in 2021 to $34m in 2022.

There was an increase in interest income, which surpassed the increase in interest expense and resulted in growth in Net Interest Income of $1m or 4% year-on-year.

Interest Income from Loans and Advances increased by $1.5m or 4% year-on-year from $36m in 2021 to $37.5m in 2022.

Operating Expenses

The Bank's Operating Expenses increased by $8.9m or 22% over the prior year, moving from $40.7m in 2021 to $49.6m in 2022. The major contributing factors to the growth in operating expenses were Staff Costs, Depreciation, Repairs & Maintenance and Other Operating Expenses.

Statement of Financial Position Performance

Total Assets were recorded at $1.6 billion in 2022, an increase of $203.3m or 14% over the previous year. Increases in Investment Securities, Loans and Advances to Customers, and Other Assets and Prepayments were the main drivers of this growth.

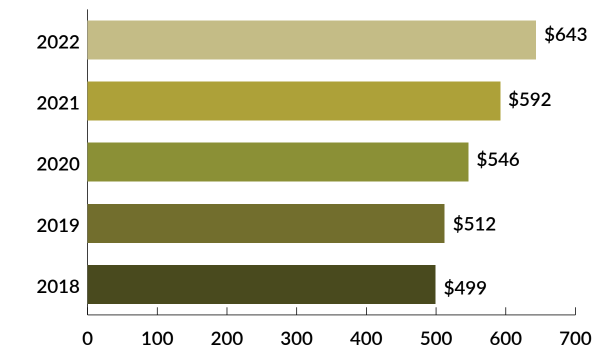
The growth in Total Assets was supported by increases in Customers' Deposits of $220.9m or 17%, standing at $1,498m at the end of 2022 compared to $1,277m in 2021. However, Equity decreased by $22.2m or 18%, from $121.4m in 2021 to $99.2m in 2022.

Loans and Advances to Customers

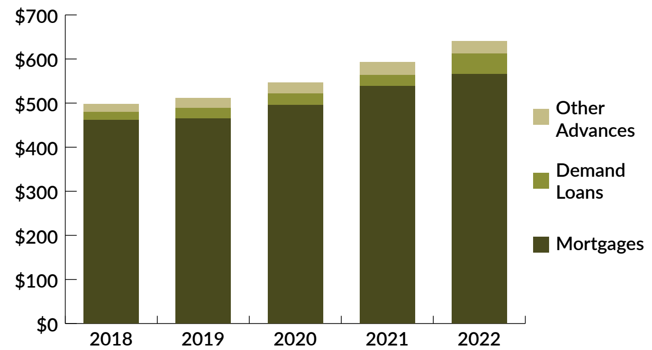
Gross Loans and Advances to Customers increased by $51m or 8.6% standing at $643.2m at the end of 2022, compared to $592.2m in the prior year. Mortgage and Demand Loans were the primary contributors to this growth.

Mortgage Loans grew by $28.3m or 5.3%, standing at $566.3m, while Demand Loans grew by $22.6m or 88.5%, standing at $48.2m. The composition of the Mortgage portfolio at the end of 2022 was Retail Mortgages 47.8% and Commercial Loans 52.2%, compared to 49.7% and 50.3%, respectively, in 2021.

Loans & Advances
(in Millions)



Loans & Advances By Type
(in Millions)



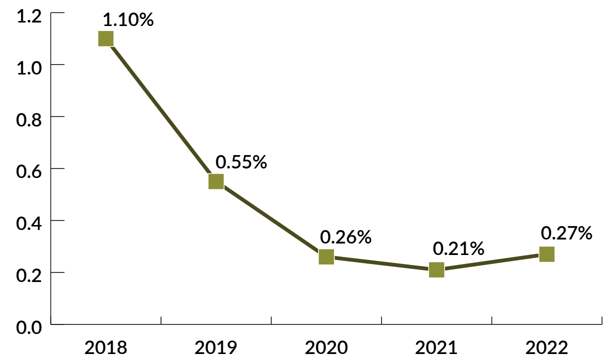
Loans and Advances to Customers: Sectoral Analysis

A sectoral analysis of the Loans and Advances to Customers at the end of 2022 showed that lending was primarily concentrated in the following sectors: Construction and Land Development (37.52%), Real Estate Activities (21.31%), Transport and Storage (10.24%) and Private Households (9.39%). Sectors experiencing the largest growth were Construction and Land Development ($42.4M or 21%), Real Estate Activities ($23M or 20%) and Financial Intermediation ($7.5M or 817%). Sectors experiencing the greatest decline were Private Households ($16.4M or 21%), Accommodation and Food Service Activities ($10.6M or 37%) and Agriculture, Forestry and Fishing ($5M or 53%). A reclassification of sectors and the resultant reallocation of loans impacted the distribution.

Non-Performing Loan Ratio

The Bank maintained its Non-Performing Loan Ratio (NPL ratio) significantly within the ECCB's prudential benchmark of 5%, reflecting a well-managed and quality portfolio. The NPL ratio at the end of the financial year stood at 0.27% in 2022 compared to 0.21% in 2021.

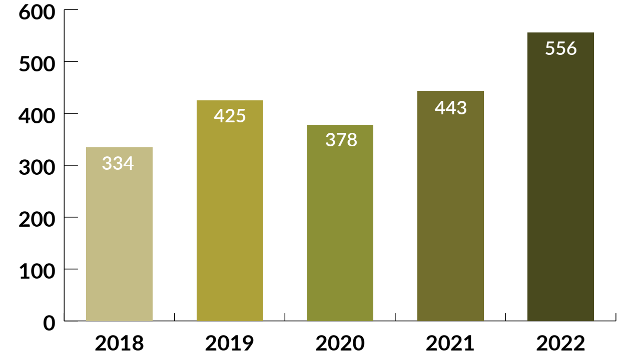
Non-performing Loan Ratio



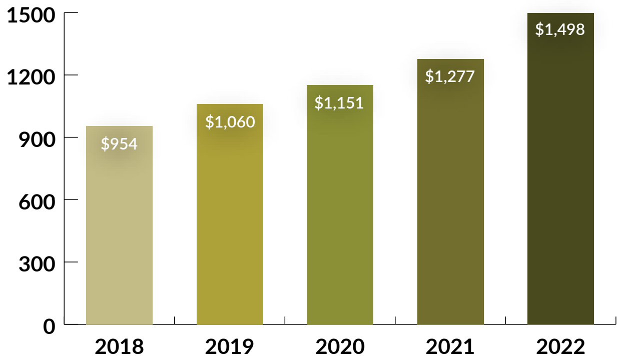
Investment Securities

The investment portfolio increased by $114.7m or 26% to $556.9m in the 2022 financial year from $442.2m in 2021. The increase was largely due to growth in regional and international investments in pursuing opportunities to utilize the excess liquidity. At the reporting date, 71% or $238m of the investments traded internationally were of investment-grade debt and equity securities.

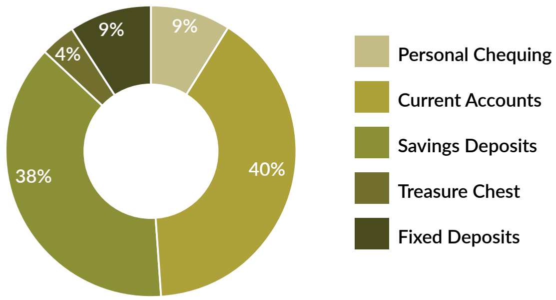
Investment Securities
(in Millions)



Customers' Deposits
(in Millions)



Deposit by type



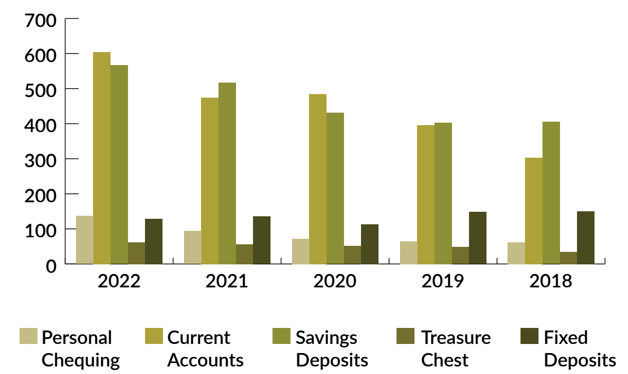
Customers' Deposits

In 2022, Customers' Deposits increased by $220.9m or 17.3% to $1.5 billion compared to $1.28 billion in 2021, with an increase in Current Accounts being the main contributor to this performance. The 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 Fixed Deposits (FD), which decreased by $5.9m or 4% to $129.1m in 2022 from $135m in 2021. Increases were as follows: Savings (SA) $48.3m or 9%, Personal Chequing Accounts (PCA) $42.7m or 45%, Treasure Chests (TC) $5.8m or 10%.

Deposit by type
(in Millions)



Liquidity

The Table hereunder compares the Bank's liquidity ratios as of September 2022 against the ECCB prudential requirements.

	Benchmark	GCBL
Minimum reserves	>6%	12%
Loans to deposits	75% - 85%	43%
Net Liquid Asset ratio	>20%	33%

The Bank maintained a robust liquidity position at the end of the financial year. The short-term liquid assets held were $804m in 2022 (2021: $686.4m), representing 49% 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 46% in 2021 to 43% in 2022 and remaining 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 11% (2021: 12%) at the end of the year compared with the minimum regulatory requirement of 8%. Shareholders' Equity stood at $99.2m at the end of the financial year, a decrease of $22.2m or 18% over the prior year. This decrease in equity is primarily due to the reduction in the accumulated other comprehensive income from the unrealized losses experienced in the investments. Return on Equity declined to 4% (2021: 8%), whilst Return on Assets also fell to 0.2% (2021: 0.7%).

Appreciation

I would like to record my profound appreciation to our customers, shareholders and other key stakeholders for their unrelenting loyalty and confidence placed in Grenada Co-operative Bank Limited, which contributed immensely to the successes and continued growth achieved over this past year.

My profound appreciation is also extended to our Board, Management Team and Staff for their selfless commitment to the Bank's vision and mission. I look forward with great anticipation to their continued dedication for 2023.

Larry Lawrence, MBA, Acc. Dir
MANAGING DIRECTOR
November 24th, 2022

Corporate Social Responsibility

90TH ANNIVERSARY CELEBRATIONS

In 2022, Co-op Bank celebrated its 90th anniversary, which was a significant milestone for the Bank. The vision of 1932 materialized and today, Co-op Bank is a full-fledged indigenous commercial bank, deeply rooted within the community, responsive to the needs of customers and committed to the development of Grenadians locally and in the diaspora.

90 years of National Pride. Celebrating our Past, Inspiring our Future.

The celebrations started with an ecumenical service at the Grenada Trade Centre attended by shareholders, customers, and staff. Immediately following the service, the Bank's Board of Directors, Executive Management, and 90 of the longest serving staff and retirees were presented with tokens of appreciation for their contribution towards the growth and development of the Bank.

The following community initiatives were executed for the 90th anniversary celebrations.

Schools' Essay Writing Competition

An essay writing competition was organized for students ages 11-14, under the theme, "Promoting Our Heritage". Students were required to write about three (3) things that make their parish special. The competition attracted entrants from several primary and secondary schools throughout the island and prizes were awarded to the top three students.

Winners of the essay writing competition with their parents

Customer Appreciation Day

On July 26, 2022, the date of the Bank's 90th anniversary, a Customer Appreciation Day was held at all five (5) Retail Banking Units (RBUs). Customers were served light refreshments and entertained with steelpan music as they conducted their transactions.

Honoring our Nation Builders

As part of the celebrations, 9 customers, 90 years or older, were randomly selected to win prizes to show our appreciation for their loyalty and patronage over the years.

Customer Appreciation Day at the RBUs

The Best Kept Kitchen Garden Competition

Co-op Bank held a Best Kept Kitchen Garden Competition. This competition encouraged the population to grow their produce naturally to feed their families. There was representation from parishes throughout Grenada, Carriacou and Petite Martinique and participants were judged on water collection methods, type of fertilizer used, the variety and health of the plants and pest management techniques.

Staff Community Initiative

The staff of the Bank was actively involved in community volunteer initiatives in each of the seven parishes in Grenada. A need was identified within the community and an initiative was executed to address that need.

The staff of the Carriacou RBU executed a clean-up and tree-planting initiative on Paradise Beach. This initiative included the planting of palm and coconut trees for beautification and prevention of soil erosion. In addition, solar lights were erected to enhance visibility at night.

Staff on the mainland cleared overgrown vegetation and planted flowers at the Gouyave Hill Fort in the parish of St. John. This site is of historical significance and has been shortlisted by the Grenada Tourism Authority for restoration.

Goats were donated to the St. Patrick Anglican School to replace those lost earlier this year and assist with their farm-to-table project. The school has its own farm and is on a drive to ensure that all meals served at the school come from their garden.

Staff assisted employees and residents of four care homes across the country. The homes were Mission of Charity in St. David, Cadrona in St. Andrew, Charles Memorial in St. Mark, and Smiles Center home for teenage girls in St. George. Staff presented care packages, participated in social activities, and assisted with regular chores at the homes for the elderly. At the home for teenage girls, the staff organized a fun day that included a sports meet, queen and talent show, and other social activities.

In addition to the 90th Anniversary celebration activities, the Bank remained committed to its program of initiatives under the community outreach pillars of Education, Sports, Culture & the Performing Arts, and the Environment.

Staff executing various community projects

2022 Super Starter Education Investment Plan scholarship winners

Education:

EIP Scholarship Winners

Co-op Bank continues to invest in the educational development of children through its Super Starter Education Investment Plan (EIP). In 2022, recognizing the importance of education in the development of communities and the increasing costs associated with educational pursuits, the Bank awarded 52 scholarships to students at the primary, secondary, and tertiary levels throughout the 7 seven parishes of Grenada.

In the primary and secondary schools' categories, four students from each parish were awarded scholarships in the sum of $1,200 and $2,500 per year for the remainder of their school lives. In the tertiary category, three students attending T.A. Marryshow Community College (TAMCC) received $3,000 each, and two students were awarded $45,000 each to pursue studies at a university of their choice. In addition, each awardee in the Secondary and Tertiary (TAMCC) categories received a laptop.

Sports:

In recognition of the importance of nurturing and developing our local talents through sports, Co-op Bank supported several sporting activities this year. The Bank was the sole sponsor of the Co-op Bank T20 Cricket Tournament in Carriacou.

Further, the Bank afforded customers the opportunity to view the much anticipated third test match West Indies Vs England in comfort, at the National Cricket Stadium. The Bank also supported the Junior Murray Cricket Academy, various schools' athletic sports meets and football.

Culture & the Performing Arts:

Mr. Willvorn Grainger (R), Chief Experience Officer, signing the sponsorship agreement with Co-op Bank Commancheros

To contribute towards the development of our steelpan culture, the Bank undertook the sponsorship of one of the nation's main steel orchestras, Commancheros. Co-op Bank Commancheros was able to capture the winning position at the National Panorama Championship for the first time in 4 years.

The Bank also sponsored Heritage Theatre Company's production of "Julien Fedon".

FINANCIAL EDUCATION AND EMPOWERMENT

Investment Migration Roundtable

Co-op Bank partnered with the Grenada Citizens by Investment (CBI) Committee to host the second Investment Migration Roundtable for national stakeholders in Grenada's CBI program. The objective of this forum was to develop and refine Grenada's strategy for strengthening its investment migration program into a sustainable sector of the Grenadian economy. The investment migration sector is seen as one with significant potential that can positively impact economic growth.

JB Renwick Arnold Williamson Shareholders' Forum

The fifth annual J.B. Renwick/Arnold Williamson Shareholders' Outreach Forum was held in June 2022 under the theme "The Role of Shareholders in Good Corporate Governance for Indigenous Banks". This event was to provide the Bank's shareholders with an opportunity to learn, share, and discuss issues and concerns surrounding their rights, roles, and obligations as shareholders.

CUSTOMER CARE/SERVICE

In 2022, Co-op Bank continued building on its policies governing customer care. This includes a Customer Excellence Program, which puts forward the guidelines and activities that will drive the Bank to achieve its customer-centric strategy. The policy mandates that the relevant programs, systems, and training are developed, implemented, maintained, or enhanced in pursuit of the Bank's vision of being a model for customer excellence.

Customer Service Promises & Standards

Every year, Co-op Bank holds itself accountable by conducting an audit of its Customer Service Charter to measure its performance against the service promises. The Charter is a firm demonstration of the Bank's commitment to always maintaining a high standard in satisfying the financial needs of customers to ensure that the Bank delivers an exceptional experience whenever customers conduct transactions. To foster positive experiences, Co-op Bank aims for a 70% satisfaction rating for all the promises it commits to. In 2022, 71% of customers confirmed their satisfaction with Co-op Bank, maintaining a consistent trend over the past five years.

Customer Satisfaction

As a result of strong policy guidelines and the commitment of the staff, Co-op Bank was again selected as the Financial Institution of Choice by the public as reported in the 2022 Omnibus Survey. Co-op Bank was perceived by the public as trustworthy, ethical, honest, and prudent. Co-op Bank also conducted a quarterly Customer Perception survey, which seeks to determine customers' perceptions of the Bank's overall service delivery and their willingness to recommend the Bank to others. In relation to the Customer Satisfaction Index, 83% of customers expressed their satisfaction with the level of customer service at Co-op Bank. As it relates to staff attributes, customers' satisfaction rating of staff being responsive to customers' needs was 80%, staff being friendly and courteous was 82% and staff's level of professionalism was 83%.

Co-op Bank, being a customer-centric institution, continues to focus on providing high quality service. Consequently, members of staff are recognized based on monthly, quarterly and annual customer feedback process. The overall winner for 2022 was Ms. Alonda Findley.

MS. ALONDA FINDLEY
2022 Overall Winner –
Customers' Choice for Customer Service

Management
Team

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

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

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

ROGER DUNCAN
FICB
Manager,
Customer Care

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

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

ERICKA HOSTEN
BSc
Manager,
Marketing & Customer Insight

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

ALY-TERESE WILSON
MBA, BS, PMI
Project Manager

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

SHALLENE GOODING
FCCA
Audit Manager

NEDGRA ST. LOUIS
BSc
Sales & Services Manager,
Spiceland Mall Retail Banking Unit

RACHAEL PHILIP-BETHEL
CRU
Sales & Services Manager,
Carriacou Retail Banking Unit

KEITH HOLAS
Finance Manager

EBERNIE WHYTE-BEST
MBA, Chartered Banker
Manager,
Business Banking

JACQUELINE PHILLIP
MSC,BBA,AS, CERT
Manager,
Recoveries and Collections

MARQUEZ MC SWEEN
CRU,AMLCA,CPAML
Manager,
Compliance

FRANCIS ST. HILLAIRE
Marketing and Branding Officer

JAVID HOSTEN
PCIP, VCA, CDPS
Manager,
Information Security

Human Resource Report

The value of our human resources impacts all our critical business decisions. Amidst the disruptive, uncertain, and challenging times, the following were the positive outcomes:

HR Strategic Initiative

At the beginning of the financial year, October 2021, the Bank saw it fit to roll-out its revised Performance Management System. The Performance Management System (PMS) ensures that departments/units are aligned to the strategic priorities of the Bank and that its core values are reinforced in practice. The PMS also ensures employees are given the resources they need to develop, the recognition they deserve to be motivated, and the standards and expectations to know what is expected of them.

General Staff Meeting

For yet another year, our Annual General Staff Meeting and Award Ceremony was conducted virtually on December 2nd, 2021, under the theme "Purpose, passion, people the pathway to success". 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.

For the second consecutive year, the St. George's Retail Banking Unit (RBU) captured the title of "RBU of the year", while two awardees – Brendon Mc Gillivary and Kester Joseph – were the recipients of the Managing Director's Special Award for their "Sterling contribution to the growth and transformation of Grenada Co-operative Bank Limited" for the financial year 2020-2021.

Brendon Mc Gillivary

Kester Joseph

Staff Social

In ensuring the safety of our staff, and as a precautionary measure to help curb the spread of the Covid-19 virus, the Bank did not host any social activities for its employees, such as our Annual Banquet and Award Ceremony, during the financial year. In lieu of this, each employee was given a gift certificate as a means of recognizing their invaluable contributions during the financial year.

Staff presenting gifts to Mr. Richard W. Duncan and Mr. Deon Moses at their retirement events

Staff Recognition/Retirement

During this period Co-op Bank bid farewell to two of its stalwart leaders: Richard W. Duncan, Managing Director, and Deon Moses, Chief Experience Officer. Mr. Duncan contributed 25 stellar years to the organization, 13 of which were as the Bank's Managing Director. Mr. Moses provided 11 years of unwavering service as the second in command.

Under their visionary leadership the Bank experienced significant transformation in service delivery, business operations and its risk and governance framework. These leaders have placed the Bank on the path to continued success.

The Bank wishes to express its thanks to Messrs. Duncan and Moses for the invaluable contributions made during their tenure and wishes them a happy, healthy, and well-deserved retirement.

TRAINING AND DEVELOPMENT

Training and Development helps update employees' skills, knowledge, abilities, and attitudes, build the capacity of employees to deliver superior service, and shape a more efficient, competitive, and engaged workforce. These official, ongoing educational activities are designed in line with the Bank's strategic plan, its Mission, Vision, and Core Values.

Co-op Bank will continue to strive for higher productivity and improvement in quality, while limiting the learning curve, reducing turnover, and establishing and maintaining an effective management team.

Training and Development activities for the year 2022 are as follows:

- In-house/ Microsoft TEAMS and ZOOM training
- Resident external training
- Certifications and Qualifications
- Core Competency
- Letters of Credit Training and Working Session recap
- Mandatory AML/CTF Training (all staff)

In-House Training

Training that directly support our strategic objectives were facilitated in the following areas:

- Customer Service Excellence (all staff)
- Performance Management System
- AMLCTF Training - Open-Source Data Search - 2022
- Valuation Procedure Refresher
- Risk Management (all staff)

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

Resident External/Teams And Zoom Training

The following training exercises were completed by various departments within the Bank to improve the efficiency in the functional areas.

Training Session	Recipients
Risk Awareness	The Board of Directors and the Executive Risk Management Committee (ERMC)
Coaching	ERMC members, Managers, Supervisors, and the Human Resource Department
Effective Personal Leadership - Authentic Leadership - Releasing your Untapped Potential Program	Managers
Implementing a Customer Experience Strategy	Customer Care
Letters of Credit	Business Banking and Operations and Administration departments
Anti-Money Laundering Counter Terrorist Financing (AMLCTF) Training - Open-Source Data Search – 2022	CBI, Compliance and Risk departments
AML/CTF Commission	Compliance department
Counterfeit Detection	New flexi-staff
Core Competency	125 members of staff
Understanding Financial Statements	Credit Administration department
Credit Risk Analyst Certificate Program (CariCRIS)	Recoveries and Collections department
BASEL III, Risk Assessment and Stress Testing Masterclass	Risk department
Foundation in Valuation Methodology	AVRP and Recoveries & Collection departments
Root Cause Analysis Tools and Techniques Liquidity Risk Management (On Demand) Audit Interviews Internal Controls Framework Application Controls Risk Management Understanding & Auditing Big Data Communication Basics Developing a Risk-based Audit Plan Governance Overview Critical Thinking – A Vital Auditing Competency Auditing Model Risk Management Auditing Capital Adequacy and Stress Testing	Audit department
Introduction to Comercial Lending (GSB)	Business Banking

CERTIFICATIONS/QUALIFICATIONS

The following members of staff successfully attained certifications:

Garvin Baptiste

Certified Risk and Information System Control (CRISC) – ISACA Certification

Shawn Slinger

Certified Information Security Manager (CISM) – ISACA Certification

Jamie St. Louis

Certified Information Systems Auditor (CISA)

Kester Joseph

KPI Professional Certification - with Balance Scorecard Institute

Aquilla Pierre

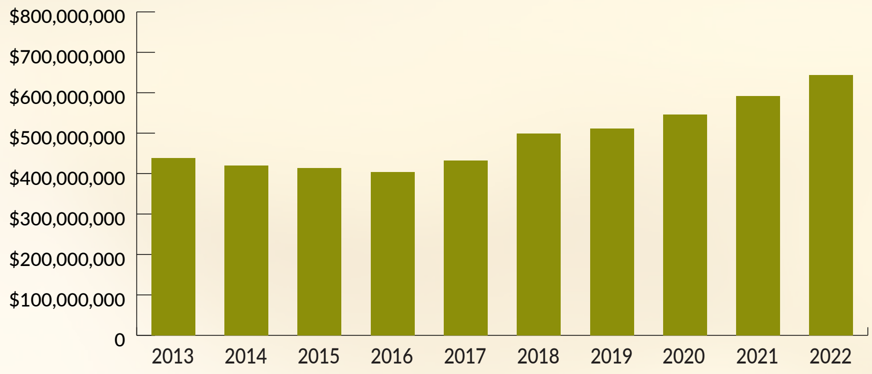
ESCM Certification - ECSRC Representative License Certificate

Marquez Mc Sween

Certified Professional in Anti-Money Laundering (CPAML)

Selected Financial Statistics

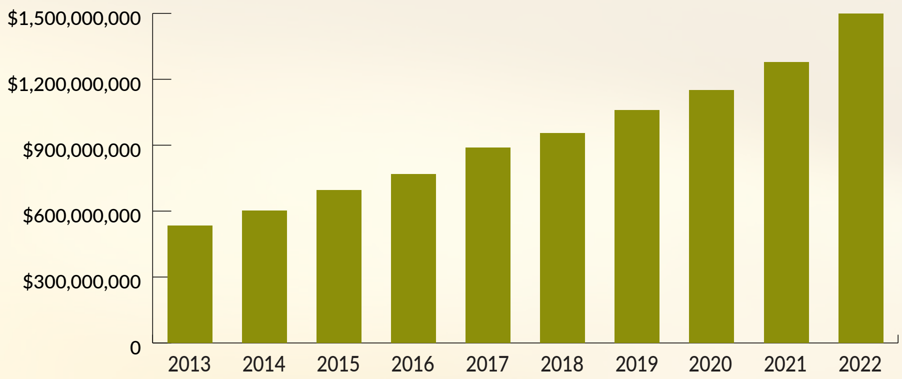
Figure 15: LOANS & ADVANCES



	2013	2014	2015	2016
LOANS & ADVANCES				
Loans & Advances	$437,944,376	$420,375,729	$413,420,588	$404,328,044
% Change	***0.8%***	***-4.0%***	***-1.7%***	***-2.2%***
DEPOSITS				
(Customers deposits inclusive of interest payable)				
Deposits	$532,961,783	$601,102,761	$695,517,632	$768,598,674
% Change	5.5%	12.8%	15.7%	10.5%
Loans & Advances to Deposit Ratio	82%	70%	59%	53%
PROFITS & DIVIDENDS				
Net After Tax Profits	($3,694,152)	$2,479,786	$2,687,650	$4,384,705
% Change	-278.5%	167.1%	8.4%	63.1%
Dividend Per Share	$0.00	$0.08	$0.08	$0.11

Source: Audited Financial Statements

Figure 16: DEPOSITS



2017	2018	2019	2020	2021	2022
$431,852,790	$498,753,716	$511,932,524	$545,654,198	$592,233,938	$643,248,811
6.8%	***15.5%***	***2.6%***	***6.6%***	***8.5%***	***8.6%***
$887,906,649	$954,069,016	$1,060,169,907	$1,151,080,685	$1,276,810,288	$1,497,740,160
15.5%	7.5%	11.1%	8.6%	10.9%	17.3%
49%	52%	48%	47%	46%	43%
$6,732,801	$7,621,439	$9,670,312	$9,628,952	$9,870,931	$2,106,155
53.6%	13.2%	26.9%	-0.4%	2.5%	-78.7%
$0.15	$0.17	$0.22	$0.15	$0.15	$0.00

Financial
Statements

For the year ended September 30, 2022

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Tel: 784-456-2669
Tel: 473-435-2669
bdovc@bdoecc.com
www.bdoecc.com

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

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Grenada Co-operative Bank Limited (the "Bank"), set out on pages 42 to 94, which comprise the statement of financial position as at September 30, 2022, 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, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matters	**How our audit addressed the key audit matter**
Expected credit losses	
Refer to Notes 4, 9(c) and 11 to the financial statements. The Bank has fully adopted IFRS 9, Financial Instruments. The standards require the Bank to evaluate credit losses on an expected credit loss ("ECL") model. This approach 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 increased credit risk resulting from the covid-19 pandemic.	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 forwardlooking 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 increased exposure resulting from COVID-19 pandemic and assessment of ECL in relation to loans that were place on moratorium. In addition, we assessed the adequacy of the disclosures in the financial statements.

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

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 2022 Annual Report
Management is responsible for the information included in the Bank's 2022 Annual Report, other than the financial statements and our auditor's report thereon. The Bank's 2022 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.

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

Independent Auditor's Report *(...continued)*

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

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 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 8, 2022

Statement of Financial Position

As at September 30, 2022

(Expressed in Eastern Caribbean dollars)

	Notes	2022 $	2021 $
ASSETS			
Cash and cash equivalents	10	311,681,262	301,015,206
Loans and advances to customers	11	640,208,987	598,595,186
Investment securities	12	556,921,992	442,155,569
Other assets and prepayments	13	56,126,727	29,449,878
Property and equipment	14	66,102,467	59,571,469
Deferred tax asset	15	157,130	-
Income tax refundable		3,071,850	139,826
Total assets		1,634,270,415	1,430,927,134
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits from customers	16	1,498,044,530	1,277,134,322
Trade and other liabilities	17	37,067,220	32,305,818
Deferred tax liability	15	-	112,389
Total liabilities		1,535,111,750	1,309,552,529
Shareholders' equity			
Stated capital	18	24,843,323	24,843,323
Statutory reserve	19	19,222,971	18,801,740
Accumulated other comprehensive income	20	8,275,624	32,058,191
Other reserves	21	1,814,226	1,761,572
Retained earnings		45,002,521	43,909,779
Total shareholders' equity		99,158,665	121,374,605
Total liabilities and shareholders' equity		1,634,270,415	1,430,927,134

The notes on pages 46 to 94 are an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD: -

Darryl Brathwaite
Chairman

Lisa Taylor
Deputy Chairman

Larry Lawrence
Managing Director

Statement of Profit or Loss and Other Comprehensive Income

For the year ended September 30, 2022

(Expressed in Eastern Caribbean dollars)

	Notes	2022 $	2021 $
Interest income	22	37,562,995	36,039,435
Interest expense	23	(8,828,773)	(8,290,355)
Net interest income		28,734,222	27,749,080
Other operating income	24	33,959,288	29,667,108
		62,693,510	57,416,188
Impairment charge	25	10,604,302	3,107,245
Operating expenses	26	49,640,636	40,758,216
		60,244,938	43,865,461
Operating profit before income tax		2,448,572	13,550,727
Income tax expense	27	(342,417)	(3,679,796)
Net profit for the year		2,106,155	9,870,931
Items that are or may be reclassified subsequently to profit and loss			
Net movement in fair value reserve	12.4	(33,712,139)	14,480,386
Items that are or may be reclassified subsequently to profit and loss			
Movement in revaluation reserve		9,929,572	-
Total comprehensive (loss)/income		(23,782,567)	14,480,386
Total comprehensive income attributable to:			
Owners of Bank		(21,676,412)	24,351,317
Basic and diluted earnings per share	28	0.28	1.30

The notes on pages 46 to 94 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended September 30, 2022

(Expressed in Eastern Caribbean dollars)

	Notes	Stated Capital	Statutory Reserve	Accumulated Other Comprehensive Income	Other Reserves	Retained Earnings	Total $
Balances as at October 1, 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	18	(28,416)	-	-	-	-	(28,416)
Dividends paid	18b	-	-	-	-	(1,140,000)	(1,140,000)
Balance as at September 30, 2021		24,843,323	18,801,740	32,058,191	1,761,572	43,909,779	121,374,605
Net profit for the year		-	-	-	-	2,106,155	2,106,155
Increase in statutory reserves	19	-	421,231	-	-	(421,231)	-
Other comprehensive income for year	20	-	-	(33,712,139)	-	599,992	(33,112,147)
Revaluation Reserves		-	-	9,929,572	-	-	9,929,572
Transfer to general reserves	21	-	-	-	52,654	(52,654)	-
Dividends paid	18b	-	-	-	-	(1,139,520)	(1,139,520)
Balance as at September 30, 2022		24,843,323	19,222,971	8,275,624	1,814,226	45,002,521	99,158,665

The notes on pages 46 to 94 are an integral part of these financial statements.

Statement of Cash Flows

As of September 30, 2022

(Expressed in Eastern Caribbean dollars)

	Notes	2022 $	2021 $
Cash flows from operating activities			
Net profit for the year		2,106,155	9,870,931
Adjustments for			
Depreciation	14, 26	5,305,041	3,782,182
Net interest income		(28,734,222)	(27,749,080)
Investment income		(8,322,129)	(6,044,759)
Net impairment losses on loans and advances and investments	10	10,604,302	3,107,245
Gain on disposal of property and equipment		(2,950)	-
Dividend income	24.1	(601,288)	(326,693)
Income tax	27	342,417	3,679,796
Net loss before changes in operating assets and liabilities		(19,302,674)	(13,680,378)
Change in other assets and prepayments		(26,676,848)	24,411,698
Change in loans and advances to customers		(51,674,583)	(54,098,710)
Change in deposits from customers		220,890,545	125,416,449
Change in trade and other payables		4,761,402	(5,279,688)
Cash generated from operations		127,997,842	76,769,371
Interest received		37,496,926	35,663,701
Interest paid		(8,809,110)	(7,973,574)
Income taxes paid		(3,543,960)	(3,669,550)
Net cash from operating activities		153,141,698	100,789,948
Cash flows from investing activities			
Additions to investment securities		(146,591,996)	(50,330,030)
Interest received from investments		6,558,103	6,038,432
Dividends received		601,288	326,693
Acquisition of property and equipment	14	(1,906,448)	(3,303,171)
Proceeds from disposals		2,931	-
Net cash used in investing activities		(141,336,122)	(47,268,076)
Cash flows from financing activities			
Dividends paid	18b	(1,139,520)	(1,140,000)
Acquisition of treasury shares	18	-	(28,416)
Net cash used in financing activities		(1,139,520)	(1,168,416)
Net increase in cash and cash equivalents		10,666,056	52,353,456
Cash and cash equivalents - beginning of year		301,015,206	248,661,750
Cash and cash equivalents - end of year	10	311,681,262	301,015,206

The notes on pages 46 to 94 are an integral part of these financial statements.

Notes to the Financial Statements
For the year ended September 30, 2022
(Expressed in Eastern Caribbean dollars)

1. Incorporation

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

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

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

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 24, 2022.

3. Basis of preparation

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

- Financial instruments – fair value through other comprehensive income
- Revalued property and equipment
- 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 days or less at the date of purchase. Investments with maturities between ninety days and one year at the date of purchase are considered to be short-term investment securities. Short-term investment securities consist primarily of investment grade commercial paper, bankers' acceptances, and certificates of deposit.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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

c. *Foreign currency translation (...continued)*

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

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

d. *Impairment of non-financial assets*

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

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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

e. Financial assets (...continued)

ii) Fair value through profit or loss

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

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

iii) Fair value through other comprehensive income

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

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

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.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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

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

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

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

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

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

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

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

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.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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

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

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

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

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

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

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

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

ii) Assets classified at fair value through other comprehensive income

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

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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

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

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 using the effective interest yield method based on the actual purchase price or estimated recoverable amount. Interest income includes coupons earned on fixed income investments and trading securities and accrued discount and premium on treasury bills and other discounted instruments.

ii) Fees and commission income

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

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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

k. Deferred tax (...continued)

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

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

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

l. Stated capital

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

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

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

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.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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

n. Leases (...continued)

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

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

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

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

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

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

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.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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) 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.

ii) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendment is effective for annual reporting periods beginning on or after 1 January 2022.

iii) 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.

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

- **IFRS 1** - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

- **IFRS 9** - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- **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.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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

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

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

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

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 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 nonfinancial derivatives.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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

i) IFRS 17 Insurance Contracts (...continued)

- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held.
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.

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

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

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

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

iv) Definition of Accounting Estimates (Amendments to IAS 8)
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendment is effective for annual reporting periods beginning on or after 1 January 2023.

v) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendment is effective for annual reporting periods beginning on or after 1 January 2023.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

8. Financial risk management

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

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

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

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

8.1. 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, 2022, the Bank granted moratorium to customers with liquidity constraints arising as a direct result of the COVID-19 pandemic.

Notes to the Financial Statements
For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

8. Financial risk management (...continued)

8.1. Credit risk (...continued)

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

Debt securities and other bills

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

Cash and cash equivalents

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

8.1.1. Risk limit control and mitigation policies

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

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

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 held

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

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

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

8. Financial risk management (...continued)

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

Types of credit exposure

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

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

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

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

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, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

8. Financial risk management (...continued)

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

- Modelling scenarios into the business cycle based on historical information, including: determination of the number of scenarios used to evaluate the performance of each segment of the portfolio, and the weightings associated with each scenario.
- Delinquency and non-accrual/non-performing reports.

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

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

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

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

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

8. Financial risk management (...continued)

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

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

	Loan balances $	ECL $	Total $
Year ended September 30, 2022			
Stage 1	470,740,352	(3,732,269)	467,008,083
Stage 2	152,040,804	(11,899,762)	140,141,042
Stage 3	20,467,655	(1,867,239)	18,600,416
As at September 30, 2022	643,248,811	(17,499,270)	625,749,541
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

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	
	2022 %	2021 %	2022 %	2021 %
Bank Rating				
Pass	89	87	-	-
Special mention	8	8	30	-
Substandard	3	5	52	73
Doubtful	-	-	16	24
Loss	-	-	2	3
	100	100	100	100

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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	
	2022 $000's	**2021 $000's**
Deposits with Central Bank and other banks	290,004	275,062
Investment securities	556,032	442,552
Loans and advances to customers:		
Personal overdrafts and loans	322,774	294,980
Corporate overdrafts and loans	320,475	297,254
Other assets and prepayments	56,127	29,450
	1,545,412	1,339,298

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

	2022 $	**2021 $**
Financial guarantees	8,985,741	7,986,234
Loan commitments and other related obligations	59,626,645	68,965,060
	68,612,386	76,951,294

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, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

8. Financial risk management (...continued)

8.1.3. Concentration of Risk of Financial assets with Credit exposure *(...continued)*

	Financial institutions	Contstruction and Land Development	Real Estate Activites	Public Administration	Transport and Storage	Private Households	Other industries*	Total
At September 30, 2022								
Deposits with Central Bank and other banks	290,004	-	-	-	-	-	-	290,004
Investment securities	144,708	-	-	64,855	-	-	346,469	556,032
Loans and advances to customers:								
Overdrafts	5	2,677	538	-	1,554	3,109	19,300	27,183
Demand loans and mortgages	8,409	238,679	136,550	-	64,285	57,279	110,864	616,066
Other assets	56,127	-	-	-	-	-	-	56,127
	499,253	241,356	137,088	64,855	65,839	60,388	476,633	1,545,412
Loan commitments, letters of credit guarantees and other credit obligations	-	8,410	3,186	-	40,381	3,575	13,060	68,612
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	2	3,604	339	-	2,196	3,393	19,067	28,601
Demand loans and mortgages	916	195,340	113,796	-	57,398	73,373	122,810	563,633
Other assets	29,450	-	-	-	-	-	-	29,450
	439,321	198,944	114,135	35,260	59,594	76,766	412,561	1,336,581
Loan commitments, letters of credit guaranteesand other credit obligations	500	11,862	965	-	39,533	1,295	22,796	76,951

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

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

8. Financial risk management (...continued)

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

	Mortgages $	Demand loans $	Overdrafts $	Total $
September 30, 2022				
Neither past due nor impaired	528,155,100	44,983,283	28,062,988	601,201,371
Past due but not impaired	35,506,241	4,245,852	286,906	40,038,999
Individually impaired	1,139,497	489,626	379,318	2,008,441
Gross				643,248,811
Less: allowance for impairment				(17,499,270)
Net				625,749,541
September 30, 2021				
Neither past due nor 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

The total allowance for impairment losses on loans and advances is $17,499,270 (2021: $8,100,798), 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, 2022	528,155,100	44,983,283	28,062,988	601,201,371
At September 30, 2021	499,802,795	22,553,325	22,960,167	545,316,287

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, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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, 2022				
Past due up to 30 days	19,638,586	2,475,425	286,906	22,400,917
Past due 31 - 60 days	13,595,359	1,136,499	-	14,731,858
Past due 61 - 90 days	2,272,296	633,928	-	2,906,224
	35,506,241	4,245,852	286,906	40,038,999
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

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, 2022	1,139,497	489,626	379,318	2,008,441
At September 30, 2021	936,361	206,541	1,246,235	2,389,137

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).

Notes to the Financial Statements
For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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, 2022							
Financial assets							
Cash and cash equivalents	211,601,883	94,399,680	2,546,094	1,934,124	589,957	609,524	311,681,262
Loans and advances to customers	548,009,861	92,199,126	-	-	-	-	640,208,987
Investment securities	115,558,798	441,363,194	-	-	-	-	556,921,992
Other assets and prepayments	56,126,727	-	-	-	-	-	56,126,727
Total financial assets	931,297,269	627,962,000	2,546,094	1,934,124	589,957	609,524	1,564,938,968
At September 30, 2022							
Financial liabilities							
Deposits from customers	1,359,870,593	138,173,937	-	-	-	-	1,498,044,530
Trade and other payables	37,067,220	-	-	-	-	-	37,067,220
Total financial liabilities	1,396,937,813	138,173,937	-	-	-	-	1,535,111,750

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

8. Financial risk management (...continued)

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

	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

8.2.2. 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.

Notes to the Financial Statements
For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

8. Financial risk management (...continued)

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

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

	Up to one year $'000	Between 1-5 years $'000	Over 5 years $'000	Noninterest bearing $'000	Total $'000
At September 30, 2022					
Assets					
Cash and cash equivalents	125,893	-	-	185,788	311,681
Loans and advances to customers	157,760	75,030	398,601	8,818	640,209
Investment securities	326,786	214,902	12,307	2,927	556,922
Other assets and prepayments	-	-	-	56,127	56,127
Total assets	610,439	289,932	410,908	253,660	1,564,939
Liabilities					
Deposits from customers	757,068	-	-	740,977	1,498,045
Trade and other payables	-	-	-	37,067	37,067
Total liabilities	757,068	-	-	778,044	1,535,112
Net interest re-pricing gap	(146,629)	289,932	410,908	(524,384)	29,827
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

Cash flow interest rate risk arises from loans and advances to customers at variable rates. At September 30, 2022 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$103,443 (2021: $99,897) 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, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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 the 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, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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, 2022				
Financial liabilities				
Deposits from customers	1,498,045	-	-	1,498,045
Trade and other payables	33,659	3,226	182	37,067
Total financial liabilities	1,531,704	3,226	182	1,535,112
Assets held for managing liquidity				
Cash and cash equivalents	311,681	-	-	311,681
Loans and advances to customers	157,760	75,030	407,419	640,209
Investment securities	326,786	214,902	15,234	556,922
Total financial assets held for managing liquidity	796,227	289,932	422,653	1,508,812
Net liquidity gap	(735,477)	286,706	422,471	(26,300)
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	32,326

Off-statement of financial position items

*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.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

8. Financial risk management (...continued)

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

	2022 $	2021 $
Financial guarantees	8,985,741	7,986,234
Loan commitments and other related obligations	59,626,645	68,965,060
Total	68,612,386	76,951,294

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.

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.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

8. Financial risk management (...continued)

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

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	
	2022 **$**	**2021** **$**	**2022** **$**	**2021** **$**
Financial assets				
Cash and cash equivalents	311,681,262	301,015,206	311,681,262	301,015,206
Loans and advances to customers	640,208,987	598,595,186	640,208,987	598,595,186
Investment securities:				
- Unquoted debt securities	423,318,213	151,424,983	423,318,213	151,424,983
- Unquoted equity securities	1,288,936	1,288,936	1,288,936	1,288,936
- Quoted securities	132,314,843	289,441,650	132,314,843	289,441,650
Other assets and prepayments	56,126,727	29,449,878	56,126,727	29,449,878
Total financial assets	1,564,938,968	1,371,215,839	1,564,938,968	1,371,215,839
Financial liabilities				
Deposits from customers	1,498,044,530	1,277,134,322	1,498,044,530	1,277,134,322
Trade and other payables	37,067,220	32,305,818	37,067,220	32,305,818
Total financial liabilities	1,535,111,750	1,309,440,140	1,535,111,750	1,309,440,140
Off-statement of financial position instruments				
Loan commitments, letters of credit, guarantees and other credit obligations	68,612,386	76,951,294	68,612,386	76,951,294
	68,612,386	76,951,294	68,612,386	76,951,294

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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, 2022				
Assets measured at fair value through OCI:				
- debt securities	308,480,012	-	-	308,480,012
- equity securities	26,314,897	-	1,288,936	27,603,833
Total	334,794,909	-	1,288,936	336,083,845
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

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

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

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

8.6. Capital management

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

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

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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 available for- sale and fixed assets revaluation reserves.

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

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

	2022 $	2021 $
Tier 1 capital:		
Paid up ordinary share capital	24,871,739	24,871,739
Statutory reserves	19,222,971	18,801,740
General reserves	1,785,810	1,761,572
Retained earnings	45,002,521	43,909,779
Total tier 1 capital	90,883,041	89,344,830
Tier 2 capital:		
Fixed assets revaluation reserves	18,176,606	14,097,494
Regulatory Deductions	(1,000,000)	-
Total tier 2 capital	17,176,606	14,097,494
Total qualifying capital	108,059,647	103,442,324
Risk weighted assets:		
On statement of financial position	987,836,249	857,917,043
Total risk – weighted assets	987,836,249	857,917,043
Capital adequacy ratio	11%	12%

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

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

8. Financial risk management (...continued)

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.

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.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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 concerns

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

b. Fair value of investments

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

c. Expected credit losses on loans and advances

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

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

10. Cash and cash equivalents

	2022 $	2021 $
Cash on hand	21,677,261	25,952,926
Amounts due from banks	125,894,600	193,879,143
	147,571,861	219,832,069
Due from ECCB	149,761,190	66,790,353
ECCB ACH collateral	13,538,211	11,675,969
Deposits pledged with other institutions	810,000	2,716,815
	311,681,262	301,015,206

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 $88,299K (2021: $76,403K).

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

	2022 $	2021 $
Mortgages	566,346,579	538,073,226
Demand loans	48,173,020	25,559,787
Overdrafts	27,183,471	28,600,925
Credit Cards	1,545,741	-
	643,248,811	592,233,938
	643,248,811	592,233,938
Interest receivable	14,459,446	14,462,046
	657,708,257	606,695,984
Less: allowance for expected loss (Note 11.2)	(17,499,270)	(8,100,798)
	640,208,987	598,595,186

	2022 $000's	2021 $000's
Due within one year	157,760	19,940
Due after one year	482,449	578,655
	640,209	598,595

The effective interest yield during the year on loans and advances: 6.07% (2021: 6.31%).

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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

11.1. Sectoral analysis

	2022 $000's	2022 %	2021 $000's	2021 %
Agriculture, Forestry & Fishing	4,512	0.70	9,543	1.61
Mining & Quarrying	525	0.08	446	0.08
Manufacturing	18,372	2.85	17,961	3.03
Electricity, Gas, Steam and Air Conditioning	1,393	0.22	1,304	0.22
Water Supply, Sewerage and Waste Management	1,470	0.23	1,748	0.30
Construction and Land Development	241,356	37.52	198,944	33.59
Wholesale and Retail Trade, Repair of Motor Veh.	46,619	7.25	44,800	7.56
Transport and Storage	65,839	10.24	59,594	10.06
Accommodation and Food Service Activities	18,341	2.85	28,961	4.89
Information and Communication	3,673	0.57	3,461	0.58
Financial Intermediation	8,414	1.31	918	0.16
Real Estate Activities	137,088	21.31	114,135	19.27
Professional, Scientific and Technical Services	6,485	1.01	6,014	1.02
Administrative and Support Service Activities	2,307	0.36	2,634	0.44
Education	11,236	1.75	11,890	2.01
Human Health and Social Work Activities	4,458	0.69	3,686	0.62
Arts, Entertainment and Recreation	1,630	0.25	1,518	0.26
Other Service Activities	9,143	1.42	7,911	1.34
Private Households	60,388	9.39	76,766	12.96
	643,249	100.00	592,234	100.00
Add: interest receivable, net	14,459		14,462	
Less: allowance for impaired loans and advances (Note 8.1.2)	(17,499)		(8,101)	
	640,209		598,595	

11.2. Loans and advances impairment analysis

	2022 $	2021 $
Stage 1 – 12 months ECL - performing	3,732,269	7,438,388
Stage 2 – Lifetime ECL – performing	11,899,762	430,348
Stage 3 – Lifetime ECL – credit impaired	1,867,239	232,062
	17,499,270	8,100,798

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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

11.3. Loans and advances impairment analysis

Movement in allowance for loan losses is as follows:

	2022 $	2021 $
Balance beginning of year	8,100,798	6,169,423
Bad debts written-off	(728,378)	(671,137)
Increase in allowance (Note 25)	10,126,850	2,602,512
Balance end of year	17,499,270	8,100,798

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

	2022 $	2022 %	2021 $	2021 %
Agriculture, Forestry & Fishing	327,566	1.87	144,769	1.79
Mining & Quarrying	50	-	113	-
Manufacturing	369,462	2.11	154,992	1.91
Electricity, Gas, Steam and Air Conditioning	301,987	1.73	60,494	0.75
Water Supply, Sewerage and Waste Management	3,453	0.02	4,780	0.06
Construction and Land Development	5,710,617	32.63	2,955,548	36.48
Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles	1,803,147	10.30	470,985	5.81
Transport and Storage	1,675,258	9.57	800,713	9.88
Accommodation and Food Service Activities	3,973,051	22.71	1,318,050	16.27
Information and Communication	505,983	2.89	159,971	1.97
Financial Intermediation	19,808	0.11	2,594	0.03
Real Estate Activities	1,194,477	6.83	816,458	10.08
Professional, Scientific and Technical Services	413,292	2.36	146,244	1.81
Administrative and Support Service Activities	165,652	0.95	158,585	1.98
Education	63,356	0.36	88,770	1.10
Human Health and Social Work Activities	79,396	0.45	98,185	1.21
Arts, Entertainment and Recreation	114,743	0.66	115,050	1.42
Other Service Activities	112,167	0.64	122,587	1.51
Private Households	665,805	3.81	481,910	5.95
	17,499,270	100.00	8,100,798	100.00

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

12. Investment securities

The Bank holds the following financial instruments: -

	Instruments at amortized cost $	Fair value through OCI $	Total $
At September 30, 2022			
Quoted equity securities	-	26,314,897	26,314,897
Unquoted equity securities	-	1,288,936	1,288,936
Government debt securities	64,854,585	-	64,854,585
Other debt securities			
Financial institutions	142,928,985	308,480,012	451,408,997
Nonfinancial institutions	12,164,303	-	12,164,303
	219,947,873	336,083,845	556,031,718
Interest receivable	1,678,853	1,945,949	3,624,802
Expected credit loss	(1,660,057)	(1,074,471)	(2,734,528)
	219,966,669	336,955,323	556,921,992
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

The weighted average effective interest rate on investment securities at 30 September 2022 was 2% (2021: 3.01%).

12.1. Investments subject to impairment assessment

	2022 $	2021 $
Exposure at default	559,656,520	444,412,645
ECL	(2,734,528)	(2,257,076)
Net exposure at default	556,921,992	442,155,569

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

12. Investment securities (...continued)

12.2. Expected credit loss allowance

	2022 $	2021 $
Stage 1 – 12 months ECL - performing	2,734,528	2,257,076
Stage 2 – Lifetime ECL – performing	-	-
Stage 3 – Lifetime ECL – credit impaired	-	-
	2,734,528	2,257,076

12.3. Expected credit loss allowance

	2022 $	2021 $
ECL Allowance as at October 1, 2021 under IFRS 9	2,257,076	2,257,076
Increase in ECL	477,452	-
Write off	-	-
ECL Allowance as at September 30, 2022	2,734,528	2,257,076

12.4. Gains recognized in other comprehensive income

	2022 $	2021 $
Unrealized gains on investment instruments	(33,712,139)	8,068,462
Realized gains on equity instruments	-	6,411,924
	(33,712,139)	14,480,386

13. Other assets and prepayments

	2022 $	2021 $
Receivables from other financial institutions	54,436,821	28,715,310
Other assets	1,367,226	464,450
Prepayments	322,680	270,118
	56,126,727	29,449,878

Notes to the Financial Statements
For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

14. Property and equipment

	Freehold land & buildings $	Right-of - use $	Leasehold improvements $	Furniture & equipment $	Computer equipment $	Motor vehicles $	Work-inprogress $	Total $
Cost or valuation								
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
Balance at October 1, 2021	45,174,469	6,235,062	7,459,900	12,320,794	15,277,203	900,207	1,179,649	88,547,284
Additions	-	-	-	327,902	432,644	167,000	1,739,489	2,667,035
Disposals	-	-	-	(80,700)	-	(139,545)	-	(220,295)
Transfers	-	-	-	-	-	-	(760,546)	(760,546)
Revaluation	4,572,330	-	-	-	-	-	-	4,572,330
Balance at September 30, 2022	49,746,799	6,235,062	7,459,900	12,567,996	15,709,847	927,612	2,158,592	94,805,808
Accumulated depreciation								
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
Balance at October 1, 2021	4,298,781	1,910,226	1,840,682	8,328,047	12,070,869	527,210	-	28,975,815
Write back on revaluation	(5,357,251)	-	-	-	-	-	-	(5,357,251)
Charge for the year	1,058,470	955,113	372,995	1,432,300	1,292,971	193,192	-	5,305,041
Disposal	-	-	-	(80,670)	-	(139,594)	-	(220,264)
Balance at September 30, 2022	-	2,865,339	2,213,677	9,679,677	13,363,840	580,808	-	28,703,341
Carrying amounts								
Balance at October 1, 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
Balance at September 30, 2022	49,746,799	3,369,723	5,246,223	2,888,319	2,346,007	346,804	2,158,592	66,102,467

The Bank's freehold land and buildings were revalued on an open market basis on September 27, 2022 by Barry's Engineering Company Limited, an independent valuator. The fair value was determined using level 3 fair value measurement. The surplus arising on revaluation is recognised in other comprehensive income.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

14. Property and equipment (...continued)

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

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

15. 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% (2021: 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:

	2022 $	2021 $
Taxed provisions	603,178	603,178
Temporary differences on capital assets	(446,048)	(715,567)
	157,130	(112,389)

This balance includes the following:

	2022 $	2021 $
Deferred tax asset/(liability) to be recovered/paid after more than 12 months	157,130	(112,389)

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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

	2022 $	2021 $
Balance at beginning of year	(112,389)	95,114
Income statement release (Note 27)	269,519	(207,503)
Balance at end of year	157,130	(112,389)

16. Deposits from customers

	2022 $	2021 $
Savings	565,666,171	517,385,724
Fixed deposit	129,054,908	135,037,310
Treasure chest	62,042,468	56,281,126
Chequing accounts	136,637,974	93,943,496
Current accounts	604,338,638	474,162,632
	1,497,740,159	1,276,810,288
Interest payable	304,371	324,034
	1,498,044,530	1,277,134,322

The weighted average effective interest rate of deposits from customers at September 30, 2022 was 0.64% (2021: 0.68%).

17. Trade and other liabilities

	2022 $	2021 $
Trade and other payables	33,125,808	27,420,421
Lease liabilities (Note 17.1)	3,436,679	4,380,664
ECL provision on undrawn loans commitments	504,733	504,733
	37,067,220	32,305,818

17.1. Lease liabilities

	2022 $	2021 $
As of October 1	4,380,664	5,303,270
Additions	-	-
Interest expense	28,571	49,950
Lease payments	(972,556)	(972,556)
As of September 30	3,436,679	4,380,664

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

18. (a) Stated capital

	2022 $	2021 $
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
Less: Treasury shares		
3,200 treasury shares	(28,416)	(28,416)
	24,843,323	24,843,323

18. (b) Dividend

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

	2022 $	2021 $
Ordinary shares: dividend per shares: $0.15 (2021: $0.15)	1,139,520	1,140,000

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

	2022 $	2021 $
Ordinary shares: dividend per shares: nil (2021: $0.15)	-	1,139,520

19. Statutory reserve

	2022 $	2021 $
Movement in statutory reserve		
Statutory reserve – beginning of year	18,801,740	16,827,554
Amount appropriated in current year	421,231	1,974,186
Statutory reserve – end of year	19,222,971	18,801,740

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.

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

20. Accumulative other comprehensive income

	Property revaluation surplus $	Net Unrealized gains/losses $	Total $
Balance at October 1, 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
Decrease in fair value investment securities, net of tax	-	(33,712,139)	(33,712,139)
Revaluation of property	9,929,572	-	9,929,572
Balance at September 30, 2022	24,027,066	(15,751,442)	8,275,624

21. Other reserves

During the year, the Bank appropriated $52,654 (2021: $246,773) to other reserves. The following summarises the movement on other reserves.

	Regulatory Loss Reserves $	Other General Reserves $	Total $
Balance at October 1, 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
Transfer to general reserves	-	52,654	52,654
Balance at September 30, 2022	-	1,814,226	1,814,226

22. Interest income

	2022 $	2021 $
Income from loans and advances to customers	37,494,326	35,919,162
Income from deposits with other banks	68,669	120,273
	37,562,995	36,039,435

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

23. Interest expense

	2022 $	2021 $
Saving deposits	8,242,551	7,721,772
Other time deposits	584,796	561,353
Chequing accounts	1,426	2,915
Other	-	4,315
	8,828,773	8,290,355

24. Other operating income

	2022 $	2021 $
Commissions and fees	22,564,010	17,611,893
Miscellaneous	2,471,860	5,683,763
Investment income (Note 24.1)	8,923,418	6,371,452
	33,959,288	29,667,108

24.1. Investment income

	2022 $	2021 $
Interest income	8,913,276	5,855,426
Dividend income	601,288	326,693
(Loss)/Gains realised on sale of debt securities	(591,146)	189,333
	8,923,418	6,371,452

25. Impairment charge for credit losses

	2022 $	2021 $
Loans and advances to customers	10,126,850	2,602,512
Undrawn loan commitments	-	504,733
Investment securities	477,452	-
	10,604,302	3,107,245

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

26. Operating expenses

The following summarises operating expenses by nature:

	2022 $	2021 $
Staff Costs		
Wages, salaries and NIS	17,969,965	17,163,715
Other staff costs	2,640,392	1,946,020
	20,610,357	19,109,735
Other operating expenses	13,649,212	10,762,908
Depreciation	5,305,041	3,782,182
Operating lease rentals	24,091	33,330
Advertising and promotion	2,013,710	1,615,966
Directors' fee	382,217	354,818
Professional fees	2,227,148	1,497,474
Utilities	1,918,083	1,699,222
Repairs and maintenance	3,510,777	1,902,581
	49,640,636	40,758,216

As of reporting date, the Bank's staff complement included 215 (2021: 211) full time employees.

27. Income tax expense

	2022 $	2021 $
Current tax	611,936	3,472,293
Deferred tax (Note 15)	(269,519)	207,503
	342,417	3,679,796

Deferred tax release for the year comprises: -

	2022 $	2021 $
Temporary differences on capital assets	(269,519)	207,503

Notes to the Financial Statements
For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

27. Income tax expense (...continued)

The income tax charge differs from the amount computed by applying the tax statutes income tax rate, 28% (2021: 28%), to earnings before tax. The differences in the effective rate of tax are accounted as follows: -

	2022 %	2022 $	2021 %	2021 $
Profit before income tax		2,448,572		13,550,727
Tax calculated at the statutory rate 28%	28.00	685,600	28.00	3,794,204
Income not subject to taxation	(30.98)	(758,552)	(4.10)	(555,380)
Expenses not deductible for tax purposes	0.47	11,454	0.15	19,701
Depreciation on items not eligible for capital allowances	27.29	668,242	2.99	405,639
Allowance claimed under/(excess) of capital asset eligible	0.21	5,192	(1.42)	(191,871)
Recognition/derecognition of temporary difference	(11.01)	(269,519)	1.53	207,503
Total	13.98	342,417	27.15	3,679,796

28. Earnings per share

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

	2022 $	2021 $
Profit attributable to ordinary shareholders	2,106,155	9,870,931
Weighted average number of ordinary shares in issue	7,596,800	7,596,800
	0.28	1.30

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, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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: -

	2022 $	2021 $
Undrawn loan commitments	59,626,645	68,965,060
Guarantees and standby letters of credit	8,985,741	7,986,234
	68,612,386	76,951,294

c. Leasehold commitments

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

	2022 $	2021 $
Under 1 year	1,005,452	1,000,007
1 to 5 years	3,501,122	3,504,518
	4,506,574	4,504,525

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 2022 was $926,346 (2021: $914,307).

Notes to the Financial Statements

For the year ended September 30, 2022 *(...continued)*
(Expressed in Eastern Caribbean dollars)

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:

	2022 $	2021 $
Loans and advances		
Directors and key management personnel (and their families)	4,997,933	6,465,063
Deposits and other liabilities		
Directors and key management personnel (and their families)	1,495,522	3,703,651
Interest income		
Directors and key management personnel (and their families)	124,664	199,907
Interest expenses		
Directors and key management personnel (and their families)	11,429	57,933
No provisions have been recognised in respect to loans given to related parties.		
Key management compensation		
Salaries and other short-term employee benefits	2,866,867	2,781,627
Directors' fees and expenses	382,217	354,818

GRENADA CO-OPERATIVE BANK LIMITED
OFFICES

Head Office: Nos. 7 & 8 Church Street St. George P.O. Box 135 Tel: (473) 440-2111/444-2667 Fax: (473) 440-6600 Website: www.grenadaco-opbank.com E-mail: info@grenadaco-opbank.com	Managing Director	L. Lawrence, *MBA (Fin)*
	Chief Experience Officer	W. Grainger, *CRU, Dip. MA*
	Executive Manager, Finance	A. Logie, *FCCA, MBA*
	Corporate Secretary (Ag.)/ Strategy Manager	K. Joseph, *C.C.Sec., MBA, KPIP, BSP, BSc*
	Chief Audit Executive	J.G. Lawrence (Ms.), *B.S., MBA-IBF*
	Executive Manager, Operations & Administration	F. Dowden, *AICB, AML/CA, MBA-IB, CIRCA, CBCS*
	Executive Manager, Sales & Service	W.G. Sayers, *BBA, Dip, MBA*
	Executive Manager, Credit Administration	N. Francis-Sandy (Mrs.), *BSc, MSc, DBA*
	Executive Manager, Risk	J. Robertson (Mrs.), *AICB, CIRM, CRU, MBA, MCIBS, Exec. Dipl – Banking (UW, GSB)*
	Executive Manager, Wealth Management & Financial Services	A. Joseph (Mrs.), *BSc, CGA, CPA, AICB, AML/CA*
	Executive Manager, Human Resources	N. Philip (Ms.), *BSc, CCP, MBA*
	Executive Manager, Information Technology	G. Baptiste, *BSc, CISSP, CRISC*
	Manager, Recoveries & Collections	J. Phillip (Mrs.) *MSc, BBA, AS, CERT*
	Senior Manager, Human Resources	K. St.Louis-Telesford (Mrs.), *BAS, MSc*
	Manager, Business Banking	E. White-Best (Mrs.), *AICB, CCP, CRU, MBA*
	Senior Manager, Risk (Credit)	K. Greenidge (Ms.), *BSc, MSc*
	Manager, Customer Care	R.D. Duncan, *FICB*
	Manager, Finance	K. Holas
	Manager, Electronic Services & Retail Operations	R. Medford, *BSc, MSc*
	Senior Manager, Programme & Strategy	C. Phillip-Frank (Mrs.), *Exec. Dip. Banking, BSc, MBA, BSP*
	Project Manager	A. Wilson (Ms.), *MBA, BS, PMI*
	Manager, Audit	S. Gooding (Ms.), *FCCA*
	Manager, Information Security	J. Hosten, *PCIP, VCA, CDPS*
	Manager, Compliance	M. Mc Sween, *CRU,AMLCA,CPAML*
	Manager, Marketing & Customer Insight	E. Hosten, *BSc*
	Marketing & Branding Officer	F. St. Hillaire
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*

Notes

Notes

Electronic Circulation of Annual Report

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, do hereby give my/our written consent to receive all future Annual Reports along with the notice of meetings via email at my/our email address(es) as captioned below:

Email Address (1): ____

Email Address (2): ____

Signature(s) of Shareholder(s) ____

Signature(s) of Shareholder(s) ____

Dated this ___________________________ day of _________________________ 20________

Notes:
The Company's By-Law No.1 as amended in 2020 and 2021 allows the Bank to circulate the Annual Report along with the notice of meetings to shareholders through their electronic address.

Shareholders of Grenada Co-operative Bank Limited who wish to receive the Annual Report along with the notice of meetings via email are requested to fill out the form above and send to the Company Secretary via:

1. email at secretariat@grenadaco-opbank.com or
2. the Registered Office of the Company, P.O. Box 135, No. 8 Church Street, St. George's, Grenada.

Notes

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 12, 2023 at 4:45 p.m. at the Grenada Trade Center Annex, Morne Rouge, Grand Anse, St. George; and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

Dated this _______________________ day of _____________________ 20_____

Signature(s) of Shareholder(s) ______________________________________

Signature(s) of Shareholder(s) ______________________________________

Name(s) in Block Letters ______________________________________

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

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

Grenada Co-operative Bank Limited

welcome home

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

PHONE
(473) 440-2111

FAX
(473) 440-6600

EMAIL
info@grenadaco-opbank.com
feedback@grenadaco-opbank.com

ONLINE
www.grenadaco-opbank.com
fb.com/GrenadaCoopBank
Instagram: grenadaco_opbank
Twitter: GdaCo_opBank
Whatsapp: 410-CARE (2263)