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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
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 49 to 115, which comprise:

- the statement of financial position as at September 30, 2024
- 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of the Bank as at September 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IFRS Accounting Standards).

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

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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

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

IFRS 9, Financial Instruments, requires the Bank to evaluate credit losses using an expected credit loss ("ECL") model. This approach requires management to make judgment and assumptions in the determination of the probability of default, loss given default and the application of forward-looking information. IFRS 9 requires the Bank to record allowance for ECLs for all loans and advances to customers and other financial assets not measured at fair value through profit or loss.

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

The allowance for ECL on loans and advances to customers is considered to be a significant matter as it requires the application of judgement and use of subjective assumptions by management. The identification of impairment and the determination of the recoverable amounts are an inherently uncertain process involving various assumptions and factors including the financial condition of the counterparty and the timing and amount of expected future cash flows.</td><td>We assessed and tested the design and operating effectiveness of controls over:

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

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

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

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>2. Fair Value of Investments</td><td></td></tr>
<tr><td>Refer to Notes 4, 9(b) and 12 to the financial statements.

The Bank invests in various investment securities measured at fair value. These include securities classified as Level 1, trading in active markets, securities classified as Level 2, trading on markets for which there are no published prices available but have variable inputs that can be measured, and securities classified as Level 3 that have no observable market data.

Valuation techniques for these investments can be subjective in nature and involve various assumptions regarding pricing factors. Associated risk management disclosure is complex and dependent on high quality data. A specific area of audit focus includes the valuation of fair value Level 2 assets and Level 3 assets where valuation techniques are applied in which unobservable inputs are used.

For Level 2 assets, these techniques include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analyses making maximum use of market inputs, such as the market risk free yield curve.

Level 3 category includes financial assets that are not quoted as there are no active markets to determine a price.</td><td>Our procedures included the following:
- We reviewed the valuation policy and considered whether the methodology remains appropriate given current market conditions.
- We reviewed the reasonableness of the methods and assumptions used in determining the fair value of investment securities.
- We independently assessed the fair value of investments by performing independent valuations on the investment portfolio as well as reviewing the fair value levels and recalculating the unrealized gain (loss) recognized.
- We involved our valuation specialist to evaluate the reasonableness of prices for specific investments by comparison to independent third-party pricing sources and validating the level of these investments within the IFRS fair value hierarchy.
- We also reviewed management's assessments of whether there are any indicators of impairment including those securities that are not actively traded.
- Finally, we assessed the adequacy of the disclosures in the financial statements.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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

Other information included in the Bank's 2024 Annual Report

Management is responsible for other information. The other information comprises the information included in the Bank's 2024 Annual Report, but does not include the financial statements and our auditor's report thereon. The Bank's 2024 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

Responsibilities of Management and those charged with governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We also (cont'd):

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

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

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

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

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

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

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

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

BDO

BDO Eastern Caribbean
Kingstown, St. Vincent and the Grenadines
December 6, 2024

Statement of Financial Position

As at September 30, 2024

(Expressed in Eastern Caribbean dollars)

	Notes	2024 $	2023 $
ASSETS			
Cash and balances with Central Bank and other banks	10	670,938,029	588,279,947
Loans and advances to customers	11	1,014,424,142	856,827,696
Investment securities	12	1,033,281,390	624,991,042
Other assets and prepayments	13	67,362,225	71,127,688
Property and equipment	14	71,334,843	73,412,160
Intangible assets	15	5,905,263	9,545,534
Deferred tax asset	16	230,888	358,200
Total assets		2,863,476,780	2,224,542,267
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits from customers	17	2,605,582,774	2,027,863,476
Subordinated debt	18	50,000,000	50,000,000
Trade and other liabilities	19	20,582,824	17,309,449
Income tax payable		5,661,967	2,888,549
Total liabilities		2,681,827,565	2,098,061,474
Shareholders' equity			
Stated capital	20	24,843,323	24,843,323
Statutory reserve	21	24,871,739	23,593,616
Accumulated other comprehensive income	22	40,317,629	14,324,126
Other reserves	23	3,171,596	2,360,557
Retained earnings		88,444,928	61,359,171
Total shareholders' equity		181,649,215	126,480,793
Total liabilities and shareholders' equity		2,863,476,780	2,224,542,267

The notes on pages 53 to 115 are an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD: -

D. Brathwaite
Darryl Brathwaite
Chairman

Lisa Taylor
Lisa Taylor
Deputy Chairman

Larry Lawrence
Managing Director

Statement of Profit or Loss and Other Comprehensive Income
For the year ended September 30, 2024
(Expressed in Eastern Caribbean dollars)

	Notes	2024 $	2023 $
Interest income	24	57,481,241	42,627,248
Interest expense	25	(17,563,091)	(11,073,448)
Net interest income		39,918,150	31,553,800
Other operating income	26	101,106,174	61,716,835
		141,024,324	93,270,635
Impairment charge for credit losses	27	10,043,455	4,632,587
Goodwill Impairment	15	2,745,534	-
Operating expenses	28	84,209,454	59,460,115
		96,998,443	64,092,702
Operating profit before income tax		44,025,881	29,177,933
Income tax expense	29	(11,584,338)	(7,324,709)
Net profit for the year		32,441,543	21,853,224
Items that are or may be reclassified subsequently to profit and loss			
Net movement in fair value reserve	12.4	25,993,503	6,048,502
Items that are or may be reclassified subsequently to profit and loss			
Movement in revaluation reserve		-	-
Total comprehensive income/(loss)		25,993,503	6,048,502
Total comprehensive income attributable to:			
Owners of Bank		58,435,046	27,901,726
Basic and diluted earnings per share	30	4.27	2.88

The notes on pages 53 to 115 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended September 30, 2024

(Expressed in Eastern Caribbean dollars)

	Notes	Stated Capital $	Statutory Reserve $	Accumulated Other Comprehensive Income $	Other Reserves $	Retained Earnings $	Total $
Balances as at October 1, 2022		24,843,323	19,222,971	8,275,624	1,814,226	45,002,521	99,158,665
Net profit for the year		-	-	-	-	21,853,224	21,853,224
Increase in statutory reserves	21	-	4,370,645	-	-	(4,370,645)	-
Other comprehensive income for year	22	-	-	6,048,502	-	(579,598)	5,468,904
Transfer to general reserves	23	-	-	-	546,331	(546,331)	-
Balance as at September 30, 2023		24,843,323	23,593,616	14,324,126	2,360,557	61,359,171	126,480,793
Net profit for the year		-	-	-	-	32,441,543	32,441,543
Increase in Statutory Reserves	21	-	1,278,123	-	-	(1,278,123)	-
Other comprehensive income for year	22	-	-	25,993,503	-	-	25,993,503
Transfer to general reserves	23	-	-	-	811,039	(811,039)	-
Dividends paid		-	-	-	-	(3,266,624)	(3,266,624)
Balance as at September 30, 2024		24,843,323	24,871,739	40,317,629	3,171,596	88,444,928	181,649,215

The notes on pages 53 to 115 are an integral part of these financial statements.

Statement of Cash Flows

As at September 30, 2024

(Expressed in Eastern Caribbean dollars)

	Notes	2024 $	2023 $
Cash flows from operating activities			
Net profit for the year		32,441,543	21,853,224
Adjustments for			
Depreciation	14,28	4,977,462	5,066,849
Amortization of Core Deposit Intangible		894,737	-
Goodwill Impairment		2,745,534	-
Net interest income		(39,918,150)	(31,553,800)
Investment income		(38,402,191)	(17,818,467)
Net impairment losses on loans and advances and investments	27	10,043,455	4,632,587
Loss on disposal of property and equipment		57,513	128,029
Dividend income	26.1	(1,592,825)	(1,127,473)
Income tax	29	11,584,338	7,324,709
Net loss before changes in operating assets and liabilities		(17,168,584)	(11,494,342)
Change in other assets and prepayments		3,765,463	(40,284,225)
Change in mandatory deposits with ECCB and other financial institutions		(16,554,359)	(47,595,996)
Change in loans and advances to customers		(165,134,890)	(72,334,873)
Change in deposits from customers		577,720,593	147,597,766
Change in trade and other payables		3,273,375	5,525,496
Cash generated from operations		385,901,598	(18,586,174)
Interest received		56,931,145	48,787,835
Interest paid		(14,148,883)	(10,331,451)
Income taxes paid		(8,683,607)	(1,565,381)
Net cash generated from operating activities		420,000,253	18,304,829
Cash flows from investing activities			
Acquisition of business operations, net of cash acquired		-	208,425,256
Additions to investment securities		(379,647,225)	(63,742,143)
Interest received from investments		33,797,657	17,892,452
Dividends received		1,592,825	1,127,473
Acquisition of property and equipment	14	(2,958,108)	(2,277,425)
Proceeds from disposals		450	86,064
Net cash used in investing activities		(347,214,401)	161,511,677
Cash flows from financing activities			
Dividends paid	20b	(3,266,624)	-
Proceeds from subordinated debt	18	-	50,000,000
Interest paid on lease liabilities	25	(16,217)	(22,414)
Interest paid on subordinated debt	25	(3,399,288)	(791,404)
Net cash used in financing activities		(6,682,129)	49,186,182
Net increase in cash and cash equivalents		66,103,723	229,002,688
Cash and cash equivalents – beginning of year		457,808,740	228,806,052
Cash and cash equivalents – end of year	10	523,912,463	457,808,740

The notes on pages 53 to 115 are an integral part of these financial statements.

1. Incorporation

Grenada Co-operative Bank Limited (the Bank) was incorporated on July 26, 1932, and continued as company 18 of 1926 under the Companies Act 1994 of Grenada. The Bank holds a license from the Eastern Caribbean Central Bank to engage in commercial banking activities. The Bank's registered office and principal place of business is situated on Church Street, St. George's. The Bank is primarily involved in the offering of retail and corporate banking services. It operates five retail banking 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 26, 2017.

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

2. Statement of Compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Bank's Board of Directors on December 3, 2024.

3. Basis of preparation

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

- Financial instruments – fair value through other comprehensive income
- Revalued property and equipment – fair value
- Contingent consideration - fair value
- Intangible assets - fair value

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

The preparation of financial statements in conformity with IFRS Accounting Standards 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 material accounting policies

(a) *Cash and cash equivalents*

Cash balances include notes and coins on hand, unrestricted balances held with central bank, deposits held with other financial institutions and 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.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(b) *Property and equipment*

Land and buildings are stated at the most recent valuation less subsequent depreciation for buildings. Valuations are performed by independent professional valuers. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historic cost less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Increases in the carrying amount arising from revaluation of land and buildings are credited to revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against the surplus directly in equity; all other decreases are charged to the statement of profit or loss.

Land is not depreciated. Leasehold improvements are amortised over the term of the lease. Depreciation of other assets is calculated using a straight-line method, at rates which are expected to write-off the cost or valuation of the assets over their estimated useful lives at the following annual rates:

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

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining the profit or loss. When revalued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings.

Repairs and maintenance are charged to the statement of profit or loss when the expenditure is incurred. The cost of improvements is capitalized where such improvements would extend the remaining useful life of the buildings.

5. Summary of material accounting policies (cont'd)

(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.

Monetary items denominated in a foreign currency are translated with the closing rates as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

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

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

(d) Impairment of non-financial assets

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

5. Summary of material accounting policies (cont'd)

(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 to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Interest on interest-bearing loans is included in the statement of income and is reported as "interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of loan and receivables and recognised in the statement of income.

ii) Fair value through profit or loss

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

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

iii) Fair value through other comprehensive income

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

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

5. Summary of material accounting policies (cont'd)

(e) Financial assets (cont'd)

iii) Fair value through other comprehensive income (cont'd)

The Bank has debt securities whose objective is achieved by both holding these securities to collect contractual cash flows and having the intention to sell the debt securities before maturity. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to profit or loss.

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

Under IFRS 9, financial assets are classified according to the business model of management and their cash flow characteristics. The Bank recognises loss allowances for expected credit losses (ECL) on financial assets held to collect contractual cash flows and or measured at fair value through other comprehensive income (FVOCI) and amortised cost. The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

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

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

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

12-month ECL estimates the potential losses on a financial instrument from default events within the next 12 months after the reporting date. Financial instruments for which a 12 month ECL is recognised are referred to as 'Stage 1' financial instruments.

Lifetime ECL are the expected present value of losses that result if a borrower or issuer defaults on its obligation over the life of the financial instrument. Financial instruments for which credit risk increased from initial recognition and is not considered low however not credit-impaired are referred to as 'Stage 2' financial instruments. Consequently, financial instruments for which a lifetime ECL is recognised and where there is objective evidence of credit impairment are referred to as 'Stage 3' financial instruments.

5. Summary of material accounting policies (cont'd)

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

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

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

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

The amount of the loss is measured using Expected Credit Loss (ECL) model, as provided for in the IFRS9 standards.

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

i) Credit impaired financial assets

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

5. Summary of material accounting policies (cont'd)

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

i) Credit impaired financial assets (cont'd)

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: weak capacity to meet its obligations, equity ratio, net income percentage of sales)
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Adverse changes in economic and business conditions which reduces the ability of the borrower to fulfil its obligations
- Downgrading below investment grade level
- Investments where earnings decline in value below the carrying amount for a period determined to be other than temporary
- A sustained reduction or cessation in the investee's dividend payments
- A change in the economic or technological environment in which the issuer operates that is expected to adversely affect ability to achieve profitability in its operations

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.

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

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

5. Summary of material accounting policies (cont'd)

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

ii) Write Off

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

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

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

iii) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due on the basis of the renegotiated terms and conditions.

If an impairment instrument has been renegotiated, interest continues to be accrued on the reduced carrying amount of the asset and is recorded as part of “interest income”. If the fair value of the instrument increases in a subsequent year, the impairment loss is reversed through the statement of profit or loss.

(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 customers, and allowance for loan losses

Loans are classified and measured at amortized cost net of unearned interest and allowance for loan losses.

5. Summary of material accounting policies (cont'd)

(h) *Loans and advances to customer, and allowance for loan losses (cont'd)*

The allowance for losses in accordance with IFRS 9, is based on an annual appraisal of loans. Specific and general allowance for loan losses is based on the year-end appraisal of loans. The specific element relates to identified loans whereas the general element relates to latent bad and doubtful loans which are present in any loan portfolio but have not been specifically identified. Loans are written down to estimated realisable value when the normal banking relationship with the customer has ceased; interest on the loan up to that time is credited to operations and allowance is made where appropriate.

(i) *Revenue recognition*

i) *Interest income and expense*

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

ii) *Fees and commission income*

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

iii) *Dividends*

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

iv) *Other income*

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

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.

5. Summary of material accounting policies (cont'd)

(j) Employee benefits

i) Pension obligation

The Bank operates a defined contribution pension scheme. Under this plan, the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ii) Termination benefits

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

(k) Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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.

5. Summary of material accounting policies (cont'd)

(l) *Stated capital*

i) *Share issue cost*

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

ii) *Dividends on ordinary shares*

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

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

(m) *Guarantees and letters of credit*

Guarantees and letters of credit comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most guarantees and letters of credit to be settled simultaneously with reimbursement from the customers. Such financial guarantees are given to banks, financial institutions, and other bodies on behalf of customers.

The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognized. Any increase in the liability relating to guarantees is reported in the statement of profit or loss within other operating expenses.

(n) *Leases*

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

5. Summary of material accounting policies (cont'd)

(n) Leases (cont'd)

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 comprises of the following:

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

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

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

The Bank presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in 'trade and other liabilities' in the statement of financial position.

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

5. Summary of material accounting policies (cont'd)

(o) Intangible assets

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

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

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

i) Goodwill

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

ii) Core deposits

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

iii) Impairment

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

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

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

i) IFRS 17 Insurance Contracts

IFRS 17 was issued by the IASB in 2017 and replaces IFRS 4 for annual reporting periods beginning on or after 1 January 2023. IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous accounting approaches to be followed. Since IFRS 17 applies to all insurance contracts issued by an entity (with limited scope exclusions), its adoption may have an effect on non-insurers such as the Grenada Co-operative Bank Limited. The Bank carried out an assessment of its contracts and operations and concluded that the adoption of IFRS 17 has had no effect on the annual financial statements of the Bank.

ii) Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the financial statements of the Bank but affect the disclosure of accounting policies of the Bank.

iii) Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimates, changes in accounting policies and prior period errors.

These amendments had no significant effect on the financial statements of the Bank.

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

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

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

These amendments had no significant effect on the annual financial statements of the Bank.

v) International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes)

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules.

Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The IASB issued the final Amendments (the Amendments) International Tax Reform – Pillar Two Model Rules, in response to stakeholder concerns on 23 May 2023. The Amendments introduce a mandatory exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The exception is effective immediately and retrospectively. The Amendments also provide for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.

Management of the Grenada Co-operative Bank Limited has determined that the Bank is not within the scope of OECD's Pillar Two Model Rules and the exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes is not applicable to the Bank.

The amendments have no significant impact on 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 2024 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 S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective which require an entity to disclose information about its sustainability related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The amendment is effective for annual reporting periods beginning on or after January 1, 2024.

ii) IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The amendment is effective for annual reporting periods beginning on or after January 1, 2024.

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

The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.

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 January 1, 2024.

iv) Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendment is effective for annual reporting periods beginning on or after January 1, 2024.

v) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendment is effective for annual reporting periods beginning on or after January 1, 2024.

7. New, revised and amended standards and interpretations not yet effective (cont'd)

vi) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendment is effective for annual reporting periods beginning on or after January 1, 2024.

vii) Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendment is effective for annual reporting periods beginning on or after 1 January 2025.

The Bank is currently assessing the impact of these new accounting standards and amendments. The Bank does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities. The Bank does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Bank's financial statements.

8. Financial risk management

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

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

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

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

8. Financial risk management (cont'd)

8.1 Credit risk

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

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

Loans and advances to customers

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

Debt securities and other bills

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

Cash and cash equivalents

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

8.1.1 Risk limit control and mitigation policies

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

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

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

8. Financial risk management (cont'd)

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

Collateral held

The Bank holds collateral and other credit enhancements against certain of its credit exposures to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The following table set out the principal types of collateral held against different types of financial assets.

Types of credit exposure

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

8. Financial risk management (cont'd)

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

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.

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

8.1.2 Impairment and provisioning policies

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

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

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

8. Financial risk management (cont'd)

8.1.2 Impairment and provisioning policies (cont'd)

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

- The method and process for identifying the staging of individual loans and advances
- Segmentation of loans into appropriate categories to determine historical loss information which will be subsequently updated to reflect the effects of forward-looking information
- Present value of expected future cash flows used to measure ALP
- Fair value of collateral
- The approximate recovery cost and discount rate
- Estimation of current and future probability of default (PD), exposure at default (EAD), loss given default (LGD), and discount rate, incorporating forward-looking information and modelling scenarios. For significant drivers, future variables are required and shall be considered when calculating expected credit loss.
- Assessment of whether there has been a significant increase in credit risk for the portfolio.
- Modelling scenarios into the business cycle based on historical information, including, determination of the number of scenarios used to evaluate the performance of each segment of the portfolio, and the weightings associated with each scenario.
- Delinquency and non-accrual/non-performing reports.

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

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

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

8. Financial risk management (cont'd)

8.1.2 Impairment and provisioning policies (cont'd)

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

Category	Definition	Basis of recognition of ECL
Stage 1	Credit facilities that have not experienced a significant increase in credit risk (SICR) since initial recognition and not purchased or originated as credit impaired. Customers have a low risk of default and a strong capacity to meet contractual cash flows.	Recognize 12 month expected losses
Stage 2	Credit facilities that experience a SICR since initial recognition but are not yet credit impaired. There is a rebuttable presumption that there is a significant increase in credit risk if a contractual repayment is more than 30 days past its due date and or where the risk is assessed as elevated.	Recognize lifetime expected losses and presenting interest on a gross basis
Stage 3	Credit facilities that are impaired and which require a lifetime ECL. Non-performing status 90 days past due	Recognize lifetime expected losses presenting interest on a net basis

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

Year ended September 30, 2024	Loan balances $	Accrued interest $	ECL $	Total $
Stage 1	904,668,572	1,675,323	(16,606,153)	889,737,742
Stage 2	75,451,162	1,032,008	(3,186,497)	73,296,673
Stage 3	61,206,705	6,141,623	(15,958,601)	51,389,727
As at September 30, 2024	**1,041,326,439**	**8,848,954**	**(35,751,251)**	**1,014,424,142**

8. Financial risk management (cont'd)

8.1.2 Impairment and provisioning policies (cont'd)

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

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	
Bank Rating	2024 %	2023 %	2024 %	2023 %
Pass	86	86	0	0
Special mention	8	8	18	30
Substandard	6	6	64	52
Doubtful	0	0	7	16
Loss	0	0	11	2
	100	**100**	**100**	**100**

Expected credit loss on investment debt securities are as follows:

Year ended September 30, 2024	Amortised Cost $	Fair Value through OCI $	ECL $	Total $
Stage 1	383,824,959	136,068,857	(4,595,499)	515,298,317
Stage 2	305,540,314	170,218,544	(1,161,957)	474,596,901
Stage 3	-		-	-
As at September 30, 2024	**689,365,273**	**306,287,401**	**(5,757,456)**	**989,895,218**

8. Financial risk management (cont'd)

8.1.2 Impairment and provisioning policies (cont'd)

Year ended September 30, 2023	Amortised Cost $	Fair Value through OCI $	ECL $	Total $
Stage 1	265,051,771	224,945,640	(2,695,779)	487,301,632
Stage 2	14,511,452	89,813,046	(1,106,761)	103,217,737
Stage 3	-		-	-
As at September 30, 2023	**279,563,223**	**314,758,686**	**(3,802,540)**	**590,519,369**

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

	Maximum Exposure	
	2024 $000's	2023 $000's
Deposits with Central Bank and other banks	670,938	588,280
Investment securities	995,653	594,322
Loans and advances to customers:		
Personal overdrafts and loans	497,872	424,628
Corporate overdrafts and loans	552,303	461,581
Other assets and prepayments	67,362	71,128
Total	**2,784,128**	**2,139,939**

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

	2024 $	2023 $
Financial guarantees	11,755,444	10,470,833
Loan commitments and other related obligations	146,414,788	129,369,226
Total	**158,170,232**	**139,840,059**

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

8. Financial risk management (cont'd)

8.1.3 Concentration of risks of financial assets with credit exposure

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

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

	Financial Institutions $'000	Construction and Land Development $'000	Real Estate Activities $'000	Public Administration $' 000	Transport and Storage $'000	Private Households $'000	Other industries* $'000	Total $'000
At September 30, 2024								
Deposit with Central Bank and other banks	670,938	-	-	-			-	670,938
Investment securities	583,470	-	12,684	399,194			305	995,653
Loans and advances to customers:								
Overdrafts	23	7,081	1,850	3	906	3,475	33,851	47,189
Demand loans and mortgages	6,373	305,612	227,860	4,387	76,115	149,964	232,675	1,002,986
Other assets	67,362	-	-	-	-	-	-	67,362
	1,328,166	312,693	242,394	403,584	77,021	153,439	266,831	2,784,128
Loan commitments, letters of credit guarantees and other credit obligations	**-**	**11,280**	**17,696**	**-**	**22,572**	**2,052**	**62,262**	**115,862**

8. Financial risk management (cont'd)

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

	Financial Institutions $'000	Construction and Land Development $'000	Real Estate Activities $'000	Public Administration $' 000	Transport and Storage $'000	Private Households $'000	Other industries* $'000	Total $'000
At September 30, 2023								
Deposit with Central Bank and other banks	588,280	-	-	-	-	-	-	588,280
Investment securities	496,215	-	13,140	84,715	-	-	252	594,322
Loans and advances to customers:								
Overdrafts	5	4,615	893	257	16,603	4,626	11,894	38,893
Demand loans and mortgages	8,444	289,589	178,234	-	52,624	148,813	169,613	847,317
Other assets	71,128	-	-	-	-	-	-	71,128
	1,164,072	294,204	192,267	84,972	69,227	153,439	181,758	2,139,939
Loan commitments, letters of credit guarantees and other credit obligations	**-**	**11,280**	**17,696**	**-**	**22,572**	**22,406**	**65,886**	**139,840**

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

8. Financial risk management (cont'd)

8.1.4 Loans and advances to customers are summarised as follows:

	Mortgages $	Demand loans $	Overdrafts and credit cards $	Total $
September 30, 2024				
Neither past due nor impaired	765,837,825	111,334,326	47,096,014	924,268,165
Past due but not impaired	90,208,895	8,767,491	1,556,901	100,533,287
Individually impaired	3,031,473	3,153,651	10,339,863	16,524,987
Gross	859,078,193	123,255,468	58,992,778	1,041,326,439
Add: interest receivable				8,848,954
Less: allowance for impairment				(35,751,251)
Net				**1,014,424,142**

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

The total allowance for impairment losses on loans and advances is $35,751,251 (2023: $29,381,151), 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. Financial risk management (cont'd)

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 and credit cards $	Total $
At September 30, 2024	765,837,825	111,334,326	47,096,014	924,268,165
At September 30, 2023	**639,724,725**	**80,435,442**	**44,918,556**	**765,078,723**

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

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

	Mortgages $	Demand loans $	Overdrafts and credit cards $	Total $
At September 30, 2024				
Past due up to 30 days	50,067,743	4,978,581	808,446	55,854,770
Past due 31 - 60 days	20,641,171	2,057,989	574,510	23,273,670
Past due 61 - 90 days	19,499,981	1,730,921	173,945	21,404,847
	90,208,895	**8,767,491**	**1,556,901**	**100,533,287**

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

8. Financial risk management (cont'd)

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

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

	Mortgages $	Demand loans $	Overdrafts and credit cards $	Total $
At September 30, 2024	3,031,473	3,153,651	10,339,863	16,524,987
At September 30, 2023	**5,300,323**	**2,838,960**	**523,071**	**8,662,354**

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 rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rate or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

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

8.2.1 Currency risk

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

8. Financial risk management (cont'd)

8.2.1 Currency risk (cont'd)

	ECD $	USD $	CAD $	GBP $	EUR $	Other $	Total $
At September 30, 2024 Financial assets							
Cash and balances with Central Bank and other banks	283,750,459	378,593,735	2,413,217	3,027,822	1,493,082	1,659,714	670,938,029
Loans and advances to customers	920,017,069	94,407,073	-	-	-	-	1,014,424,142
Investment securities	140,490,446	892,790,944	-	-	-	-	1,033,281,390
Other assets and prepayments	67,362,225	-	-	-	-	-	67,362,225
Total financial assets	**1,411,620,199**	**1,365,791,752**	**2,413,217**	**3,027,822**	**1,493,082**	**1,659,714**	**2,786,005,786**

	ECD $	USD $	CAD $	GBP $	EUR $	Other $	Total $
At September 30, 2024 Financial liabilities							
Deposits from customers	1,704,929,571	900,653,203	-	-	-	-	2,605,582,774
Subordinated Debt	50,000,000	-	-	-	-	-	50,000,000
Trade and other payables	20,582,824	-	-	-	-	-	20,582,824
Total financial liabilities	**1,775,512,395**	**900,653,203**	**-**	**-**	**-**	**-**	**2,676,165,598**

8. Financial risk management (cont'd)

8.2.1 Currency risk (cont'd)

	ECD $	USD $	CAD $	GBP $	EUR $	Other $	Total $
At September 30, 2023 **Financial assets**							
Cash and balances with Central Bank	423,442,325	160,459,136	1,426,408	1,597,007	809,650	545,422	588,279,947
Loans and advances to customers	766,795,240	90,032,456	-	-	-	-	856,827,696
Investment securities	121,402,754	503,588,288	-	-	-	-	624,991,042
Other assets and prepayments	71,127,688	-	-	-	-	-	71,127,688
Total financial assets	**1,382,768,007**	**754,079,880**	**1,426,408**	**1,597,007**	**809,650**	**545,422**	**2,141,226,373**

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

8. Financial risk management (cont'd)

8.2.2 Interest rate risk

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

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

	Up to One Year $'000	Between 1 – 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At September 30, 2024					
Assets					
Cash and balances with Central Bank	224,466	-	-	446,472	670,938
Loans and advances to customers	159,708	199,998	641,340	13,378	1,014,424
Investment securities	544,632	427,177	18,086	43,386	1,033,281
Other assets and prepayments	-	-	-	67,362	67,362
Total assets	**928,806**	**627,175**	**659,426**	**570,598**	**2,786,005**
Liabilities					
Deposits from customers	1,043,927	-	-	1,561,656	2,605,583
Subordinated debt	-	-	50,000	-	50,000
Trade and other payables	-	-	-	20,583	20,583
Total liabilities	1,043,927	-	50,000	1,582,239	2,676,166
Net interest re-pricing gap	**(115,121)**	**627,175**	**609,426**	**(1,011,641)**	**109,839**

8. Financial risk management (cont'd)

8.2.2 Interest rate risk (cont'd)

	Up to One Year $'000	Between 1 – 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At September 30, 2023					
Assets					
Cash and balances with Central Bank	40,424	-	-	547,856	588,280
Loans and advances to customers	127,565	75,030	637,967	16,266	856,828
Investment securities	535,602	31,777	23,140	34,472	624,991
Other assets and prepayments	-	-	-	71,128	71,128
Total assets	**703,591**	**106,807**	**661,107**	**669,722**	**2,141,227**
Liabilities					
Deposits from customers	991,665	-	-	1,036,198	2,027,863
Subordinated debt	-	-	50,000	-	50,000
Trade and other payables	-	-	-	17,309	17,309
Total liabilities	991,665	-	50,000	1,053,507	2,095,172
Net interest re-pricing gap	**(288,074)**	**106,807**	**611,107**	**(383,785)**	**46,055**

Cash flow interest rate risk arises from loans and advances to customers at variable rates. At September 30, 2024, 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 $374,878 (2023: $153,194) higher/lower, mainly as a result of higher/lower interest income on variable rate loans.

8.3 Liquidity risk

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

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

8. Financial risk management (cont'd)

8.3 Liquidity risk (cont'd)

The Bank responds to possible future liquidity constraints 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 building core deposits.

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

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

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

	Up to One Year $'000	Between 1 – 5 Years $'000	Over 5 Years $'000	Total $'000
At September 30, 2024				
Financial liabilities				
Deposits from customers	2,605,583	-	-	2,605,583
Subordinated debt	-	-	50,000	50,000
Trade and other payables	19,807	776	-	20,583
Total financial liabilities	**2,625,390**	**776**	**50,000**	**2,676,166**
Assets held for managing liquidity				
Cash and balances with Central Bank	670,938	-	-	670,938
Loans and advances to customers	159,708	199,998	654,718	1,014,424
Investment securities	544,633	427,177	61,471	1,033,281
Total financial assets held for managing liquidity	1,375,279	627,175	716,189	2,718,643
Net liquidity gap	**(1,250,111)**	**626,399**	**666,189**	**42,477**

8. Financial risk management (cont'd)

8.3.1 Liquidity risk management (cont'd)

	Up to One Year $'000	Between 1 – 5 Years $'000	Over 5 Years $'000	Total $'000
At September 30, 2023				
Financial liabilities				
Deposits from customers	2,027,863	-	-	2,027,863
Subordinated debt	-	-	50,000	50,000
Trade and other payables	14,806	2,503	-	17,309
Total financial liabilities	2,042,669	2,503	50,000	2,095,172
Assets held for managing liquidity				
Cash and cash equivalents	588,280	-	-	588,280
Loans and advances to customers	127,565	75,030	654,233	856,828
Investment securities	535,603	31,777	57,611	624,991
Total financial assets held for managing liquidity	1,251,448	106,807	711,844	2,070,099
Net liquidity gap	**(791,221)**	**104,304**	**661,844**	**(25,073)**

Off-statement of financial position items

(a) Financial guarantees

Financial guarantees (Note 31) are also included below based on the earliest contractual maturity date.

(b) Loan commitments and other related obligations

The dates of the contractual amounts of the Bank's off-statement of financial position financial instruments that commit it to extend credit to customers and other facilities (Note 31), are summarised in the table below.

	2024 $	2023 $
Financial guarantees	11,755,444	10,470,833
Loan commitments and other related obligations	146,414,788	129,369,226
Total	**158,170,232**	**139,840,059**

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.

8. Financial risk management (cont'd)

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

The fair values of cash resources, other assets and liabilities, cheques, and other items in transit and due to other banks are assumed to approximate their carrying values due to their short-term nature. Debt securities are carried at amortised cost in the absence of market value and are considered to reflect fair value. Equity investments that are unquoted are carried at cost less impairment which is management's estimate of fair value. The fair value of off-statement of financial position commitments are also assumed to approximate the amounts disclosed in Note 31 due to their short-term nature.

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

(a) Deposits from customers

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

(b) Investment securities

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

(c) Loans and advances to customers

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

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

8. Financial risk management (cont'd)

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

	Carrying value		Fair value	
	2024 $	2023 $	2024 $	2023 $
Financial assets				
Cash and cash equivalents	670,938,029	588,279,948	670,938,029	547,856,332
Loans and advances to customers	1,014,424,142	856,827,696	1,014,424,142	856,827,696
Investment securities:				
- Unquoted debt securities	363,556,958	319,684,695	363,556,958	319,684,695
- Unquoted equity securities	2,443,696	1,288,936	2,443,696	1,288,936
- Quoted securities	667,280,736	304,017,411	667,280,736	304,017,411
Other assets and prepayments	67,362,225	71,127,688	67,362,225	71,127,688
Total financial assets	**2,786,005,786**	**2,141,226,374**	**2,786,005,786**	**2,141,226,374**

	Carrying value		Fair value	
	2024 $	2023 $	2024 $	2023 $
Financial liabilities				
Deposits from customers	2,605,582,774	2,027,863,476	2,605,582,774	2,027,863,476
Subordinated debt	50,000,000	50,000,000	50,000,000	50,000,000
Trade and other payables	20,582,823	17,309,449	20,582,823	17,309,449
Total financial liabilities	**2,676,165,597**	**2,095,172,925**	**2,676,165,597**	**2,095,172,925**

	Carrying value		Fair value	
	2024 $	2023 $	2024 $	2023 $
Off-statement of financial position instruments				
Loan commitments, letters of credit, guarantees and other credit obligations	158,170,232	139,840,059	158,170,232	139,840,059
	158,170,232	**139,840,059**	**158,170,232**	**139,840,059**

8. Financial risk management (cont'd)

8.5 Financial instruments measured at fair value - Fair value hierarchy

	Level 1 $	Level 2 $	Level 3 $	Total $
September 30, 2024 **Assets measured at fair value through OCI:**				
- debt securities	224,685,350	81,602,051	-	306,287,401
- equity securities	40,942,176	-	2,443,696	43,385,872
Total	**265,627,526**	**81,602,051**	**2,443,696**	**349,673,273**

	Level 1 $	Level 2 $	Level 3 $	Total $
September 30, 2023 **Assets measured at fair value through OCI:**				
- debt securities	232,598,581	82,160,105	-	314,758,686
- equity securities	33,182,737	-	1,288,936	34,471,673
Total	**265,781,318**	**82,160,105**	**1,288,936**	**349,230,359**

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. Financial risk management (cont'd)

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 maintain investor, creditor and market confidence; and
- To maintain a strong capital base while balancing the impact on the returns for shareholders and supporting the development of the business.

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

The ECCB requires each bank or banking group to: (a) hold the minimum level of regulatory capital of $20,000,000 and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the "Capital Adequacy Ratio") at or above the minimum indicated in the prudential guidelines of 8%. The ECCB adopted a hybrid of the Basel II/III capital requirements with effect from 1 January 2024. This adoption of Basel II/III allows the ECCB to set individual capital requirements for each bank or banking group in excess of the minimum Capital Adequacy Ratio (CAR) of 8%. A key input to the CAR-setting process is the Bank's capital plan. The capital requirement for the Bank was revised by a communication from the ECCB dated May 16, 2023, which states that the Bank will be required to maintain a minimum CAR of 10%, pursuant to Section 47 of the Banking Act, 2015 of Grenada (No 20 of 2015), amended ("the Act").

The Bank's regulatory capital consists of the sum of the following elements:

- Common Equity Tier 1 capital, which includes ordinary share capital, retained earnings, accumulated other comprehensive income, reserves created by appropriations of retained earnings, and deductions for goodwill, intangible assets and other regulatory adjustments for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities, general impairment allowances and unrealised gains arising from the fair valuation of fixed assets, and deduction for the Bank's brokerage dealer license.

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.

8. Financial risk management (cont'd)

8.6 Capital management (cont'd)

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.

	2024 $000's	2023 $000's
Common Equity Tier I (CET1) capital:		
Ordinary shares	24,872	24,872
Disclosed reserves	28,044	25,954
Retained earnings	88,445	61,359
Accumulated other comprehensive income	16,291	-
Deductions:		
Intangible assets	(5,905)	(9,546)
Deferred tax	(231)	-
Investments in own shares	(28)	(28)
Total CET1 capital	151,488	102,611
Tier 2 capital:		
Fixed assets revaluation reserves	24,027	20,522
General Provision	1,173	5,371
Subordinated debt	50,000	50,000
Deductions:		
Brokerage License	(1,000)	(1,000)
Total Tier 2 capital	74,200	74,893
Total regulatory capital	225,688	177,504
Total Risk-Weighted Assets	1,678,912	1,214,292
CET1 capital ratio	9.02%	8.45%
Total capital ratio	13.44%	14.62%

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

The Capital Adequacy Ratio for 2024 was calculated using the Basel II/III framework, while the 2023 ratio was computed under the Basel I framework.

8. Financial risk management (cont'd)

8.7 Operational risk

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

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

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

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

- Requirements for appropriate segregation of duties, including the independent authorization 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's Audit Committee and Executive Risk Management Committee of the Bank.

9. Critical accounting estimates and judgements

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

(a) Impairment of financial assets

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

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

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

(b) Fair value measurement

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

(c) Expected credit losses on loans and advances

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

9. Critical accounting estimates and judgements (cont'd)

(d) Income taxes/Deferred taxes

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

(e) Revaluation of land and buildings

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

(f) Impairment of intangible assets

Impairment of intangible assets with indefinite useful lives is dependent upon management's internal assessment of future cashflows from the intangibles. That internal assessment determines the amount recoverable from the future use of the asset. The estimate of the amount recoverable from future use of this asset is sensitive to discount rates and other assumptions used (See note 15).

10. Cash and balances with Central Bank and other banks

	2024 $	2023 $
Cash on hand	36,497,988	29,302,112
Amounts due from banks	189,618,708	133,184,305
Interest bearing deposits	224,465,875	40,423,615
Balances with ECCB other than mandatory reserve deposits	73,329,892	254,898,708
Cash and cash equivalents	523,912,463	457,808,740
Mandatory reserve deposits with ECCB	119,268,290	92,672,960
ECCB ACH collateral	25,151,173	35,192,144
Deposits pledged with other institutions	2,606,103	2,606,103
	670,938,029	**588,279,947**

10. Cash and balances with Central Bank and other banks (cont'd)

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 $154,978K (2023: $120,673K).

Mandatory reserve deposits are not available for use in the Banking institutions' day-to-day operations. These balances with the ECCB are non-interest bearing.

Interest bearing deposits

Interest bearing deposits consist of cash and cash equivalents with non-bank financial institutions and deposits with other banks with less than 90 days to maturity.

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.

11. Loans and advances to customers

	2024 $	2023 $
Mortgages	859,078,193	739,152,592
Demand loans	123,255,468	90,931,936
Overdrafts	47,188,846	38,892,628
Credit cards	11,803,932	8,932,833
	1,041,326,439	877,909,989
Interest receivable	8,848,954	8,298,858
	1,050,175,393	886,208,847
Less: allowance for expected loss (Note 11.2)	(35,751,251)	(29,381,151)
	1,014,424,142	**856,827,696**

	2024 $000's	2023 $000's
Due within one year	159,708	127,565
Due after one year	854,716	729,263
	1,014,424	**856,828**

The effective interest yield during the year on loans and advances: 5.98% (2023: 5.59%).

11. Loans and advances to customers (cont'd)

11.1 Sectoral analysis

	2024 $000's	2024 %	2023 $000's	2023 %
Agriculture, Forestry & Fishing	17,644	1.68	15,582	1.76
Manufacturing	26,211	2.50	25,749	2.91
Electricity, Gas, Steam and Air Conditioning	19,994	1.90	10,585	1.19
Water Supply, Sewerage and Waste Management	1,010	0.10	949	0.11
Construction and Land Development	312,693	29.78	294,204	33.20
Wholesale and Retail Trade, Repair of Motor Veh.	66,003	6.28	68,853	7.77
Transport and Storage	77,021	7.33	69,227	7.81
Accommodation and Food Service Activities	35,769	3.41	26,367	2.98
Information and Communication	4,245	0.40	4,097	0.46
Financial Intermediation	6,396	0.61	8,449	0.95
Real Estate Activities	229,710	21.87	179,127	20.21
Professional, Scientific and Technical Services	9,936	0.95	8,965	1.01
Administrative and Support Service Activities	2,654	0.25	2,474	0.28
Public Administration	4,388	0.42	-	-
Education	10,611	1.01	10,377	1.17
Human Health and Social Work Activities	4,819	0.46	4,517	0.51
Arts, Entertainment and Recreation	27,703	2.64	1,797	0.20
Other Service Activities	39,929	3.80	18,772	2.12
Private Households	153,439	14.61	136,118	15.36
	1,050,175	100	886,209	100
Less: allowance for impaired loans and advances (Note 8.1.2)	(35,751)		(29,381)	
	1,014,424	**100.00**	**856,828**	**100.00**

11. Loans and advances to customers (cont'd)

11.2 Loans and advances impairment analysis

	2024 $	2023 $
Stage 1 – 12 months ECL - performing	16,606,153	24,723,323
Stage 2 – Lifetime ECL – performing	3,186,497	2,200,983
Stage 3 – Lifetime ECL – credit impaired	15,958,601	2,456,845
	35,751,251	**29,381,151**

11.3 Loans and advances impairment analysis

Movement in allowance for loan losses is as follows:

	2024 $	2023 $
Balance beginning of year	29,381,151	17,499,270
Bad debts written-off	(1,718,439)	(1,263,481)
Provision on loans acquired through business combination	-	9,580,787
Increase in allowance (Note 27)	8,088,539	3,564,575
Balance end of year	**35,751,251**	**29,381,151**

11. Loans and advances to customers (cont'd)

11.3 Loans and advances impairment analysis (cont'd)

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

	2024 $000	2024 %	2023 $000	2023 %
Agriculture, Forestry & Fishing	440	1.23	370	1.26
Manufacturing	737	2.06	1,020	3.47
Electricity, Gas, Steam and Air Conditioning	712	1.99	84	0.29
Water Supply, Sewerage and Waste Management	10	0.03	7	0.02
Construction and Land Development	8,616	24.10	5,296	18.03
Wholesale and Retail Trade, Repair of Motor Veh.	2,950	8.25	2,385	8.12
Transport and Storage	2,673	7.48	3,508	11.94
Accommodation and Food Service Activities	1,474	4.12	823	2.80
Information and Communication	527	1.48	93	0.32
Financial Intermediation	5	0.01	148	0.50
Real Estate Activities	5,087	14.23	3,018	10.27
Professional, Scientific and Technical Services	781	2.18	453	1.54
Public Administration and Social Security	97	0.27	112	0.38
Administrative and Support Service Activities	148	0.41	-	-
Education	463	1.30	303	1.03
Human Health and Social Work Activities	49	0.14	28	0.10
Arts, Entertainment and Recreation	744	2.08	61	0.21
Other Service Activities	2,058	5.76	597	2.03
Private Households	8,180	22.88	5,704	19.41
General Provisioning	-	0.00	5,371	18.28
	35,751	**100.00**	**29,381**	**100.00**

12. Investment securities

The Bank holds the following financial instruments:

At September 30, 2024	Instruments at amortized cost $	Fair value through OCI $	Total $
Quoted equity securities	-	40,942,176	40,942,176
Unquoted equity securities	-	2,443,696	2,443,696
Government debt securities	391,284,952	3,247,702	394,532,654
Other debt securities			
Financial institutions	277,942,118	303,039,699	580,981,817
Nonfinancial institutions	12,684,367	-	12,684,367
	681,911,437	349,673,273	1,031,584,710
Interest receivable	7,454,136	-	7,454,136
Expected credit loss	(5,443,086)	(314,370)	(5,757,456)
	683,922,487	**349,358,903**	**1,033,281,390**

At September 30, 2023	Instruments at amortized cost $	Fair value through OCI $	Total $
Quoted equity securities	-	33,182,737	33,182,737
Unquoted equity securities	-	1,288,936	1,288,936
Government debt securities	80,537,130	3,179,738	83,716,868
Other debt securities			
Financial institutions	182,335,658	311,578,948	493,914,606
Nonfinancial institutions	13,139,618	-	13,139,618
	276,012,406	349,230,359	625,242,765
Interest receivable	3,550,817	-	3,550,817
Expected credit loss	(3,741,390)	(61,150)	(3,802,540)
	275,821,833	**349,169,209**	**624,991,042**

The weighted average effective interest rate on investment securities at 30 September 2024 was 4% (2023: 3%).

12. Investment securities (cont'd)

12.1 Investments subject to impairment assessment

	2024 $	2023 $
Exposure at default	995,652,674	594,321,909
ECL	(5,757,456)	(3,802,540)
Net exposure at default	**989,895,218**	**590,519,369**

12.2 Expected credit loss allowance

	2024 $	2023 $
Stage 1 – 12 months ECL - performing	4,595,499	2,695,778
Stage 2 – Lifetime ECL – performing	1,161,957	1,106,762
Stage 3 – Lifetime ECL – credit impaired	-	-
	5,757,456	**3,802,540**

12.3 Expected credit loss allowance

	2024 $	2023 $
ECL allowance as at October 1, 2023	3,802,540	2,734,528
Increase in allowance (Note 27)	1,954,916	1,068,012
ECL allowance as at September 30, 2024	**5,757,456**	**3,802,540**

12.4 Gains recognized in other comprehensive income

	2024 $	2023 $
Unrealized gains on investment instruments	25,993,503	6,048,502
Realized gains on equity instruments	-	-
	25,993,503	**6,048,502**

13. Other assets and prepayments

	2024 $	2023 $
Receivables from other financial institutions	57,859,015	50,770,209
Other assets	6,291,395	18,633,721
Prepayments	3,211,815	1,723,758
	67,362,225	**71,127,688**

14. Property and equipment

	Freehold land & buildings $	Right-of-use $	Leasehold improvements $	Furniture & equipment $	Computer equipment $	Motor vehicles $	Work-in progress $	Total $
Cost or valuation								
Balance at October 1, 2022	49,746,799	6,235,062	7,459,900	12,567,996	15,709,847	927,612	2,158,592	94,805,808
Additions	-	-	-	31,540	-	-	2,245,885	2,277,425
Fair value of assets acquired through business combination (Note 34)	10,313,210	-	-	-	-	-	-	10,313,210
Disposals	-	-	-	(403,563)	(289,799)	(277,000)	(165,787)	(1,136,149)
Transfers	-	-	33,118	2,068,369	994,766	-	(3,096,253)	-
Balance at September 30, 2023	60,060,009	6,235,062	7,493,018	14,264,342	16,414,814	650,612	1,142,437	106,260,294
Balance at October 1, 2023	60,060,009	6,235,062	7,493,018	14,264,342	16,414,814	650,612	1,142,437	106,260,294
Additions	-	-	-	13,764	4,573	-	2,939,771	2,958,108
Disposals	-	-	-	(40,566)	-	-	(57,948)	(98,514)
Transfers	-	-	-	526,635	299,629	-	(826,264)	
Balance at September 30, 2024	60,060,009	6,235,062	7,493,018	14,764,175	16,719,016	650,612	3,197,996	109,119,888
Accumulated depreciation								
Balance at October 1, 2022	-	2,865,339	2,213,677	9,679,677	13,363,840	580,808	-	28,703,341
Revaluation	-	-	-	-	-	-	-	-
Charge for the year	1,237,438	955,113	378,701	1,244,534	1,108,823	142,240	-	5,066,849
Disposal	-	-	-	(358,691)	(286,366)	(276,999)	-	(922,056)
Balance at September 30, 2023	1,237,438	3,820,452	2,592,378	10,565,520	14,186,297	446,049	-	32,848,134
Balance at October 1, 2023	1,237,438	3,820,452	2,592,378	10,565,520	14,186,297	446,049	-	32,848,134
Revaluation	-	-	-	-	-	-	-	-
Charge for the year	1,399,282	955,113	375,213	1,163,927	976,700	107,227	-	4,977,462
Disposal	-	-	-	(40,551)	-	-	-	(40,551)
Balance at September 30, 2024	2,636,720	4,775,565	2,967,591	11,688,896	15,162,997	553,276	-	37,785,045
Carrying amounts								
Balance at October 1, 2022	49,746,799	3,369,723	5,246,223	2,888,319	2,346,007	346,804	2,158,592	66,102,467
Balance at September 30, 2023	58,822,571	2,414,610	4,900,640	3,698,822	2,228,517	204,563	1,142,437	73,412,160
Balance at September 30, 2024	**57,423,289**	**1,459,497**	**4,525,427**	**3,075,279**	**1,556,019**	**97,336**	**3,197,996**	**71,334,843**

14. Property and equipment (cont'd)

The Bank's freehold land and buildings were revalued on an open market basis on September 27, 2022, by Barry's Engineering Company Limited, an independent valuator. On September 20, 2023, the Bank revalued the property acquired through business combination of CIBC FCIB banking operation in Grenada on an open market basis by Barry's Engineering Company Limited. The fair value of the land and buildings were determined using level 3 fair value measurement. The surplus arising on revaluation was accounted for as part of the business combination (See note 34). The directors have determined that the estimated market value of the properties at the reporting date are not materially different from their carrying value.

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

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

15. Intangible assets

	Note	Goodwill $	Core deposit Intangibles $	Total $
As at September 30, 2024				
Cost		2,745,534	6,800,000	9,545,534
Impairment		(2,745,534)	-	(2,745,534)
Accumulated amortization	28	-	(894,737)	(894,737)
Closing net book amount		**-**	**5,905,263**	**5,905,263**
Year ended September 30, 2023				
Cost		2,745,534	6,800,000	9,545,534
Amortization		-	-	-
Closing net book amount		**2,745,534**	**6,800,000**	**9,545,534**

Goodwill and impairment

The Bank is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

During the year, an impairment to goodwill of $2,745,534 (2023: Nil) was recognised. While the goodwill impairment test indicates that goodwill is not currently impaired, based on current projections, management forecasts, and declining performance metrics through September 2027, goodwill impairment is expected in the short term. Therefore, management opted to take an accelerated impairment in the current year. The (pre-tax) discount rate used to measure the Cash Generating Unit's (CGU)'s value in use was 16.5%.

The carrying amount of goodwill is allocated to the cash generating units (CGUs) as follows:

	Goodwill carrying amount	
	2024 $'000	2023 $'000
Opening balance	2,746	-
Acquired through business combination	-	2,746
Impairment	(2,746)	2,746
Carrying value	**-**	**2,746**

15. Intangible assets (cont'd)

The recoverable amounts of all the above CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a three year period to 30 September 2027. Other major assumptions are as follows:

	2024 %	2023 %
Discount rate	16.5	-
Operating margin	2.1	-
Growth rate	3.1	-

The growth rate and operating margin assumptions applies only to the period beyond the formal budgeted period with the value in use calculation based on an extrapolation of the budgeted cash flows for year three.

Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions. Discount rates are based on the Bank's beta adjusted to reflect management's assessment of specific risks related to the cash generating unit. Growth rates beyond the first three years are based on economic data pertaining to country of operations.

16. Deferred tax asset

Deferred income taxes are calculated in full on temporary differences, under the liability method using the statutory tax rate of 28% (2023: 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:

	2024 $	2023 $
Taxed provisions	450,514	673,605
Temporary differences on capital assets	(219,626)	(315,405)
	230,888	**358,200**

This balance includes the following:

	2024 $	2023 $
Deferred tax asset to be recovered/paid after more than 12 months	**230,888**	**358,200**

16. Deferred tax asset (cont'd)

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

	2024 $	2023 $
Balance at beginning of year	358,200	157,130
Income statement (charge)/release (Note 29)	(127,312)	201,070
Balance at end of year	**230,888**	**358,200**

17. Deposits from customers

	2024 $	2023 $
Savings	945,567,550	893,701,153
Fixed deposit	95,364,366	97,732,078
Chequing accounts	156,749,160	162,142,961
Current accounts	1,407,670,442	874,054,733
	2,605,351,518	2,027,630,925
Interest payable	231,256	232,551
	2,605,582,774	**2,027,863,476**

The weighted average effective interest rate of deposits from customers at September 30, 2024 was 0.76% (2023: 0.63%).

18. Subordinated debt

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

(a) Bank of Saint Lucia Limited

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

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

(d) National Bank of Dominica Ltd

(e) National Insurance Board of Grenada

18. Subordinated debt (cont'd)

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

19. Trade and other liabilities

	2024 $	2023 $
Trade and other payables	18,547,894	14,318,179
Lease liabilities (Note 19.1)	1,530,197	2,486,537
ECL provision on undrawn loans commitments	504,733	504,733
	20,582,824	**17,309,449**

19.1 Lease liabilities

	2024 $	2023 $
As of October 1, 2023	2,486,537	3,436,679
Interest expense	16,217	22,414
Lease payments	(972,557)	(972,556)
As of September 30, 2024	**1,530,197**	**2,486,537**

20. (a) Stated capital

	2024 $	2023 $
Authorized capital Unlimited ordinary voting shares with no par value	Unlimited	Unlimited
Issued capital 7,600,000 ordinary voting shares with no par value	24,871,739	24,871,739
Less: Treasury shares (3,200 shares)	(28,416)	(28,416)
	24,843,323	**24,843,323**

20. (b) Dividend

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

	2024 $	2023 $
Ordinary shares: dividend per share: $0.43 (2023: $nil)	**3,266,624**	**-**

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

	2024 $	2023 $
Ordinary shares: dividend per share: $0.50 (2023: $0.43)	**3,798,400**	**3,266,624**

21. Statutory reserve

Movement in statutory reserve	2024 $	2023 $
Statutory reserve – beginning of year	23,593,616	19,222,971
Amount appropriated in current year	1,278,123	4,370,645
Statutory reserve – end of year	**24,871,739**	**23,593,616**

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

22. Accumulative other comprehensive income

	Property revaluation surplus $	Net Un-realized gains/losses $	Total $
Balance at October 1, 2022	24,027,066	(15,751,442)	8,275,624
Increase in fair value investment securities, net of tax	-	6,048,502	6,048,502
Balance at September 30, 2023	24,027,066	(9,702,940)	14,324,126
Increase in fair value investment securities, net of tax	-	25,993,503	25,993,503
Balance at September 30, 2024	**24,027,066**	**16,290,563**	**40,317,629**

23. Other reserves

During the year, the Bank appropriated $811,039 (2023: $546,331) to other reserves. The following summarises the movement on other reserves.

	Regulatory Loss Reserves $	Other General Reserves $	Total $
Balance at October 1, 2022	-	1,814,226	1,814,226
Transfer to general reserves	-	546,331	546,331
Balance at September 30, 2023	-	2,360,557	2,360,557
Transfer to general reserves	-	811,039	811,039
Balance at September 30, 2024	**-**	**3,171,596**	**3,171,596**

24. Interest income

	2024 $	2023 $
Income from loans and advances to customers	57,346,845	42,553,862
Income from deposits with other banks	134,396	73,386
	57,481,241	**42,627,248**

25. Interest expense

	2024 $	2023 $
Saving deposits	13,652,630	9,790,248
Other time deposits	486,628	467,525
Chequing accounts	8,328	1,857
Subordinated debt	3,399,288	791,404
Lease liability	16,217	22,414
	17,563,091	**11,073,448**

26. Other operating income

	2024 $	2023 $
Commissions and fees	56,479,361	39,439,748
Miscellaneous	4,631,797	3,331,148
Investment income (Note 26.1)	39,995,016	18,945,939
	101,106,174	**61,716,835**

26.1 Investment income

	2024 $	2023 $
Interest income	38,131,832	17,957,317
Dividend income	1,592,825	1,127,473
Gain/(Loss) realised on sale of debt securities	270,359	(138,851)
	39,995,016	**18,945,939**

27. Impairment charge for credit losses

	2024 $	2023 $
Loans and advances to customers	8,088,539	3,564,575
Investment securities	1,954,916	1,068,012
	10,043,455	**4,632,587**

28. Operating expenses

The following summarises operating expenses by nature:

	2024 $	2023 $
Staff Costs		
Wages, salaries and NIS	32,697,591	18,792,100
Other staff costs	2,971,723	2,574,383
	35,669,314	21,366,483
Other operating expenses	31,024,985	21,665,733
Depreciation & Amortization	4,977,312	5,066,849
Intangible asset amortization	894,737	-
Operating lease rentals	17,629	55,393
Advertising and promotion	2,741,306	1,891,521
Audit fee	186,472	145,000
Directors' fee	394,882	333,527
Professional fees	2,887,403	3,825,839
Utilities	2,400,206	2,326,450
Repairs and maintenance	3,015,208	2,783,320
	84,209,454	**59,460,115**

As of reporting date, the Bank's staff complement included 276 (2023: 267) full time employees.

29. Income tax expense

	2024 $	2023 $
Current tax	11,457,026	7,525,779
Deferred tax (Note 16)	127,312	(201,070)
	11,584,338	**7,324,709**

29. Income tax expense (cont'd)

Deferred tax charge/(release) for the year comprises:

	2024 $	2023 $
Temporary differences on provisions	223,091	(70,427)
Temporary differences on capital assets	(95,779)	(130,643)
	127,312	**(201,070)**

The income tax charge differs from the amount computed by applying the tax statutes income tax rate, 28% (2023: 28%), to earnings before tax. The differences in the effective rate of tax are accounted as follows:

	2024 %	2024 $	2023 %	2023 $
Profit before income tax		44,025,881		29,177,933
Tax calculated at the statutory rate 28%	28.00	12,327,247	28.00	8,169,821
Income not subject to taxation	(3.39)	(1,492,328)	4.53)	(1,321,577)
Expenses not deductible for tax purposes	0.08	34,828	0.37	106,506
Depreciation on items not eligible for capital allowances	1.74	764,288	2.46	719,951
Allowance claimed (excess)/ under of capital asset eligible	0.40)	(177,009)	(0.51)	(148,922)
Recognition/derecognition of temporary difference	0.29	127,312	(0.69)	(201,070)
Total	**26.32**	**11,584,338**	**25.10**	**7,324,709**

30. Earnings per share

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

	2024 $	2023 $
Profit attributable to ordinary shareholders	32,441,543	21,853,224
Weighted average number of ordinary shares in issue	7,596,800	7,596,800
	4.27	**2.88**

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

31. Contingencies and commitments

(a) Legal proceedings

As of reporting date, there were seven (7) legal proceedings outstanding against the Bank. Based on Counsel's advise it is unlikely that the rulings will be unfavourable to the Bank. Consequently, no provision for damages has been recognized as of the reporting date. However, should any of the matters be resolved unfavourably, any resulting damages will be charged to profit or loss at that time.

(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:

	2024 $	2023 $
Undrawn loan commitments	146,414,788	129,369,226
Guarantees and standby letters of credit	11,755,444	10,470,833
	158,170,232	**139,840,059**

(c) Leasehold commitments

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

	2024 $	2023 $
Under 1 year	849,670	1,002,002
1 to 5 years	933,095	2,502,690
	1,782,765	**3,504,692**

32. Pension scheme

The Bank maintains a Defined Contribution Pension Plan into which the employer contributes 6.5% and employee contributes 5% of basic salary. The Bank's contribution to the Plan in 2024 was $1,284,547 (2023: $930,962).

33. Related party transactions

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

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

	2024 $	2023 $
Loans and advances		
Directors and key management personnel (and their families)	7,052,130	6,865,303
Deposits and other liabilities		
Directors and key management personnel (and their families)	3,050,740	2,249,977
Interest income		
Directors and key management personnel (and their families)	133,139	147,520
Interest expenses		
Directors and key management personnel (and their families)	15,412	11,857

The Bank made $131,172 (2023: $125,836) allowance for bad or doubtful debts in respect of related party loans and advances.

	2024 $	2023 $
Key management compensation		
Salaries and other short-term employee benefits	3,223,501	2,368,468
Directors' fees and expenses	394,882	333,527

34. Business combination

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

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

	2023 $'000
Purchase consideration – net cash paid	2,460
Fair value of net identifiable assets	286
Goodwill	**2,746**

The purchase consideration used to settle the transaction was cash.

34. Business combination (cont'd)

Net assets

	Book Value 2023 $'000	Adjustment 2023 $'000	Fair Value 2023 $'000
Property and equipment	5,916	4,397	10,313
Loans and advances to customers	153,788	221	154,009
Cash	210,885	-	210,885
Core deposit intangibles	-	6,800	6,800
Deposits from customers	(382,293)	-	(382,293)
	(11,704)	**11,418**	**(286)**

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

This goodwill recognized will not be deductible for tax purposes.

35. Reclassification of prior year presentation

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