Republic Bank (Grenada) Limited

2024
Annual Report

YOU

Invested in YOU

It all comes down to you. We're empowering you with the ease and precision of digital banking platforms. We're leveraging our resources to support sustainable practices, renewable energy and climate change initiatives in business. We're making a difference in the lives of the differently abled, people with aspirations in sport, the arts, education, and those in need, all through our Power to Make A Difference Programme. Where we put our resources, what we focus on, how we spend our energy, it all comes down to you. We're invested in you.

Who we are

Our Vision

Republic Bank,
the **Caribbean Financial Institution of Choice** for our Staff, Customers and Shareholders.
We set the Standard of Excellence in Customer Satisfaction, Employee Engagement, Social Responsibility and Shareholder Value, while building successful societies.

Our Mission

Our mission is to provide **Personalised, Efficient** and **Competitively-priced Financial Services** and to implement **Sound Policies** which will redound to the benefit of our Customers, Staff, Shareholders and the Communities we serve.

Our Core Values

Customer Focus
Integrity
Respect for the Individual
Professionalism
Results Orientation

What's inside

Our Bank

Republic Bank (Grenada) Limited is a visionary organisation. As a subsidiary of Republic Financial Holdings Limited (RFHL), the Bank is part of a history spanning over 180 years of stability, financial strength and vast experience in the areas of commercial, retail, merchant and corporate banking in the Eastern Caribbean.

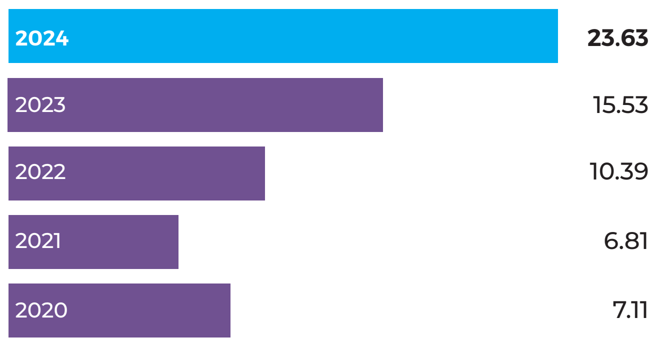
The Bank was incorporated in October 1979, and is one of the leading commercial banks in Grenada with a network of five branches, 18 ATMs, and an asset base of $2.22 billion.

Having faithfully served its nation for over four decades, the Bank has built a solid reputation as both a comprehensive financial services provider and an outstanding socially responsible corporate citizen. The Bank has won the Eastern Caribbean Central Bank (ECCB) title of Best Corporate Citizen, nine times in the award's 21-year history.

How we perform

Total Assets $B

Profit After Taxation $M



Our Declaration of Purpose

We value people,
we serve with heart,
we are deeply committed
to your success...
we care

201 team members

5 branches

18 ATMs

How we perform

Key Metrics

7.00%
2024 dividend yield

4.67%
2023 dividend yield

$6.26
2024 earnings per share

$4.12
2023 earnings per share

7.19
2024 PE ratio

10.92
2023 PE ratio

Sources of Revenue %

57.5
advances

13.2
fees & commissions

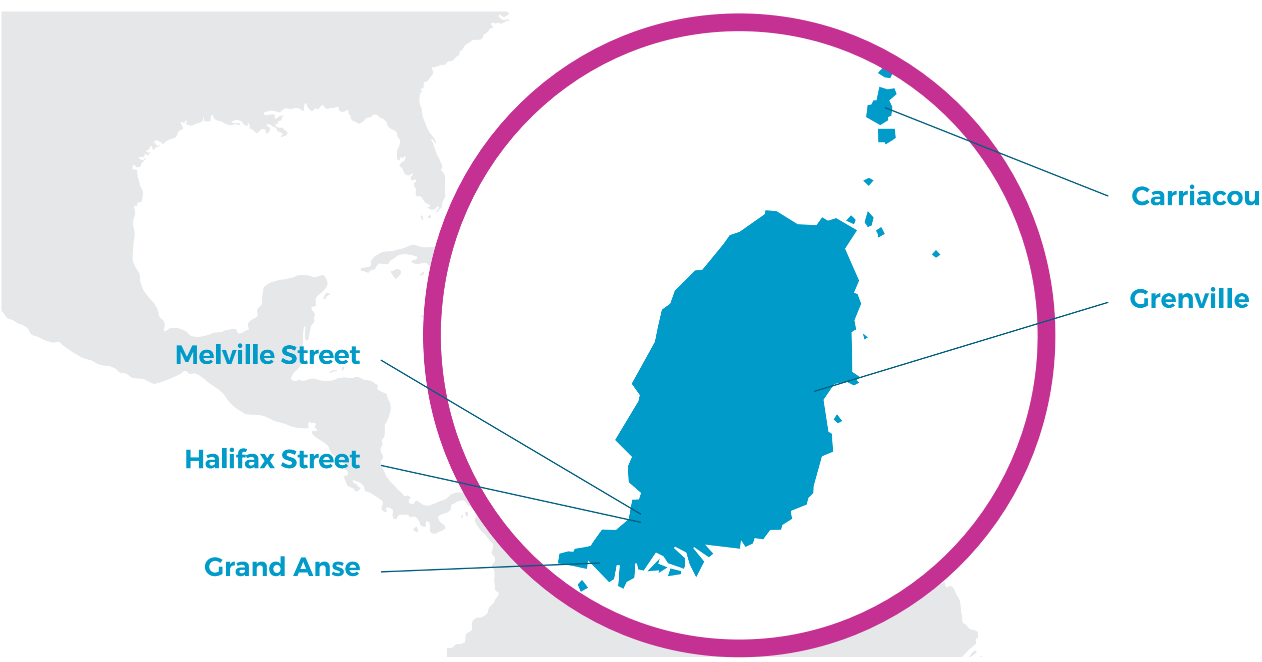
12.2
investment securities

8.9
exchange earnings

6.7
liquid assets

1.5
other income

Where we operate



Notice of Meeting

NOTICE is hereby given that the Forty-First Annual Meeting of Republic Bank (Grenada) Limited will be held at the St. Andrew's Conference Room, Spice Island Beach Resort, Grand Anse, St. George on Thursday, December 12, 2024 at 9:00 a.m. for the following purposes:

1. To receive the Audited Financial Statements of the Company for the year ended September 30, 2024 and the Reports of the Directors and Auditors thereon.

2. To take note of the Dividends paid for the twelve-month period ended September 30, 2024.

3. To elect Directors.

4. To re-appoint Ernst & Young as the Auditors, and to authorise the Directors to fix their remuneration.

5. Any other business.

By order of the Board

Andrea M. De Matas
Corporate Secretary

November 12, 2024

Notes

Persons Entitled to Notice

Pursuant to Sections 108 and 110 of the Companies Act 1994 as contained in Chapter 58A of the 2020 Continuous Revised Edition of the Laws of Grenada, the Directors of the Company have fixed November 15, 2024, as the Record Date for the determination of shareholders entitled to receive notice of the Annual Meeting. Only shareholders on record at the close of business on November 15, 2024, are therefore entitled to receive notice of the Annual Meeting.

Proxies

Shareholders of the Company entitled to attend and vote at the Meeting are entitled to appoint one or more proxies to attend, and in a poll, vote instead of them. A proxy need not be a shareholder. Shareholders who return completed Proxy Forms are not precluded; if subsequently they so wish, from attending the Meeting instead of their proxies and voting in person. In the event of a poll, their proxy vote lodged with the Registered Office will be excluded.

Dividend

A final dividend of $1.95 per share (2023: $1.30), which brings the total dividend to $3.15 per share, declared for the financial year ended September 30, 2024, will be paid on November 29, 2024 to shareholders on record at the close of business on November 15, 2024.

Documents Available for Inspection

The 2024 Audited Financial Statements are available online at www.republicgrenada.com/publications/annual-reports

No service contract was granted by the Company to any Director or proposed Director of the Company.

Corporate Information

Directors

Chairperson

Karen T. Yip Chuck, *BSc (Hons.) (Econ.), MBA, Dip. (Bus. Admin.), ACIB, CIA*

Managing Director

Naomi E. De Allie, *BSc (Hons.) (Fin. Services), MSc (Fin. Services Mgmt.), ACIB, Acc. Dir.*

Non-Executive Directors

Juan Bailey, *BSc (Comp. and Elec. Eng.), MBA (Fin.), Cert. (Proj. Mgmt.)*

Barry J. deC. Collymore, *BA (Comm.), MSc (Mgmt.), Acc. Dir.*

Christopher C. Husbands, *BSc (Hons.) (Civil and Env. Eng.), MSc (Proj. Mgmt.), MBA (Fin.), Acc. Dir.*

E. Angus Friday, *MBA, MD*

Marsha A. Mc Leod-Marshall, *MSc (Dist.) (Int'l. Fin.), FCCA, CA*

David R. Robinson, *BA (Econ.), EMBA, CFA*

Leslie-Ann V. Seon, *BA (Hons.), LLB (Hons.), LEC*

Isabelle S. V. Slinger, *BA (Hons.) (Comp. and Info. Systems), CA*

Graham K. Williams, *BA (Econ.)*

Corporate Management

Corporate Secretary

Andrea M. De Matas, *LLB (Hons.), LEC*

Registered Office

P. O. Box 857
Republic House
Maurice Bishop Highway
Grand Anse, St. George
Grenada, West Indies
Tel: 1 (473) 444-BANK (2265)
Swift: NCBGGDGD
Email: rbgdinfo@rfhl.com
Website: www.republicgrenada.com

Registrar

Eastern Caribbean Central Securities Registry

P. O. Box 94
Bird Rock, Basseterre
St. Kitts and Nevis, West Indies

Attorneys-at-Law

Renwick & Payne

Cnr. Church and Lucas Streets
St. George's
Grenada, West Indies

Seon & Associates

Lucas Street
St. George's
Grenada, West Indies

Auditors

Ernst & Young

Mardini Building
Rodney Bay, Gros Islet
Saint Lucia, West Indies

Bank Profile

Executive Management

Managing Director

Naomi E. De Allie, *BSc (Hons.) (Fin. Services), MSc (Fin. Services Mgmt.), ACIB, Acc. Dir.*

General Manager, Credit

Stacey A. Hem Lee, *BSc (Mgmt.), CPA, CMA*

General Manager, Operations

Mavis H. Mc Burnie, *MBA, Exec. Dip. (Dist.) (Mgmt. Studies), CAMS-RM, AICB*

Head Office Departments

Manager, Corporate Banking

Devon M. Thornhill, *BSc (Hons.) (Bkg. and Fin.), MBA*

Manager, Finance

Elizabeth M. Richards-Daniel, *MBA (Fin. Services), FCCA*

Manager, Commercial Banking

Kurt D. Mc Farlane, *BSc (Hons.) (Bkg. and Fin.)*

Manager, End User Delivery

Sherman L. Douglas, *AAS (Comp. Sci.), A+, Security+, Dip. (Bus. Mgmt.)*

Manager, Human Resources

Aesia B. Worme, *BSc (Hons.) (Soc. Sci.), EMBA (Dist.), Dip. (Proj. Mgmt.), CAMS*

Branch Network

Carriacou

Officer-in-Charge

Roger J. Patrice

Grenville

Manager, Retail Services

Kathleen S. Harris-Forrester, *Dip. (Bus. Mgmt.)*

Melville Street

Manager, Retail Services

Dorian L. Mc Phail

Republic House

Manager, Retail Services

Mc Kie J. Griffith, *BSc (Mgmt.)*

Financial Summary

Expressed in Thousands of Eastern Caribbean Dollars ('000)

	2024	2023	2022	2021	2020
Total Assets	**2,218,533**	2,072,443	1,925,718	1,803,383	1,790,751
Customer Deposits	**1,758,218**	1,685,994	1,615,659	1,541,461	1,538,749
Advances	**1,110,028**	1,022,970	901,510	863,140	837,077
Stated Capital	**117,337**	117,337	117,337	117,337	117,337
Shareholders' Equity	**252,487**	234,885	230,729	228,807	221,287
Number of Shares	**3,774**	3,774	3,774	3,774	3,774
Profit after Taxation	**23,634**	15,530	10,391	6,811	7,112
Dividends based on results for the year	**11,888**	7,925	5,284	2,717	–
Dividends paid during the year	**9,435**	4,151	6,869	–	1,872
Earnings per share ($)	**6.26**	4.12	2.75	1.80	2.61

empowering YOU

Your value is our focus. Our vision is to use our growth to help you maximise your financial potential.

Your worth is appreciated here. Our goal is to empower every member of our team, our customers, our shareholders, and our communities.

Board of Directors

Karen T. Yip Chuck

Position
Chairperson

Appointment 2022

Age 56

Credentials
- Bachelor of Science in Economics with Honours, University of the West Indies
- Master of Business Administration, Heriot Watt University of Edinburgh
- Associate of the Chartered Institute of Bankers, UK
- Graduate, Advanced Management Programme, Harvard Business School
- Certified Internal Auditor and Associate, Chartered Institute of Banking

Professional Summary
- Career banking professional with more than 30 years' experience including numerous senior management and executive leadership positions within the Republic Bank Group

Subcommittees
- Governance, Nomination and Compensation
- Audit and Enterprise Risk

Internal Appointments
- Chairperson, Republic Bank (Barbados) Limited, Republic Bank Trinidad & Tobago (Barbados) Limited, Republic Bank (EC) Limited, Republic Bank (St Maarten) N. V., Republic Bank (Anguilla) Limited

External Appointments
- Vice President, T&T Chamber of Industry and Commerce
- Director, United Way
- Chancellor's Nominee, UWI Campus Council

Naomi E. De Allie

Position
Managing Director

Appointment 2021

Age 59

Credentials
- Bachelor of Science with Honours in Financial Services, University of Manchester
- Master of Science in Financial Services Management, University of London
- Associate, Chartered Institute of Bankers
- Accredited Director, Caribbean Governance Training Institute

Professional Summary
- Career banker with a wealth of experience in commercial credit, corporate credit, and risk management streams, gathered over 29 years with the Republic Group
- Former General Manager, Credit and Enterprise Risk, Republic Bank (Barbados) Limited
- Former General Manager, Credit, Republic Bank (Grenada) Limited

Subcommittee
- Credit

Board of Directors continued

Juan Bailey

Position

Chief Executive Officer, Peter & Company Distribution

Appointment 2024

Age 53

Credentials

- Bachelor of Science in Electrical and Computer Engineering, University of the West Indies
- Master of Business Administration in Finance, University of Leicester
- Certified Project Management Professional (PMP)

Professional Summary

- Chief Executive Officer, Peter & Company Distribution, Saint Lucia
- Over 25 years' experience in the public and private sectors across the English-speaking Caribbean, focusing on Information and Communication Technologies, tertiary education, telecommunications, and fast moving consumer goods industries
- Former Chief Executive Officer, Independence Agencies Limited
- Former Regional Sales Director, Cable & Wireless Communications, overseeing business to business sales strategies in multiple Caribbean countries
- Former Information Systems Manager, Caribbean Knowledge and Learning Network

Subcommittees

- Audit and Enterprise Risk
- Credit

Barry J. deC. Collymore

Position

Executive Chairman, Mount Cinnamon Beach Resort

Appointment 2023

Age 51

Credentials

- Bachelor of Arts in Communications, University of the West Indies
- Master of Science in Management, Loughborough University
- Accredited Director, Chartered Governance Institute of Canada

Professional Summary

- Owner and Executive Chairman of Mount Cinnamon Beach Resort
- Former Press Secretary to the Prime Minister of Grenada Assistant to the Vice Chancellor of St. George's University, and Assistant Professor
- Past Chairman/Director on several boards, including the Grenada Tourism Authority and Savvy Grenada Group
- Past CEO of Grenreal Property Corporation Limited

Subcommittees

- Governance, Nomination and Compensation
- Credit

External Appointments

- Director, Partner, West Indies Management Company
- Director, Co-founder, West Indies School of Hospitality

Christopher C. Husbands

Position

Consultant and Programme Director,
Caribbean Water Utility Insurance Collective

Appointment 2015

Age 55

Credentials

- Bachelor of Science in Civil and Environmental Engineering with Honours, University of the West Indies
- Master of Business Administration in Finance, University of Toronto
- Master of Science in Project Management, Florida International University
- Accredited Director, Eastern Caribbean Securities Exchange Directors Education and Accreditation Programme

Professional Summary

- Former General Manager, National Water and Sewerage Authority
- Extensive experience in the planning, structuring, financing and implementation of engineering projects
- Diverse experiences in the Governance of state-owned enterprises having chaired and served on many public sector Boards of Directors

Subcommittees

- Governance, Nomination and Compensation
- Audit and Enterprise Risk
- Credit

Dr. E. Angus Friday

Position

Director, Strategic Partnerships, Waitt Institute, San Diego

Appointment 2023

Age 59

Credentials

- Doctor of Medicine, St. George's University, Grenada
- Master of Business Administration, Strathclyde Business School

Professional Summary

- International Climate Policy Specialist, Environment Department, World Bank, with focus on Africa and Small Island Developing States
- Held various leadership positions in attracting investment for economic development and for technology development in both private and public sectors in the UK and Grenada
- Former Ambassador to the United Nations, the United States, Canada, Mexico and the Organization of American States
- Former Chairman, Alliance of Small Island States

Subcommittees

- Governance, Nomination and Compensation
- Credit

External Appointments

- Director, Sargas Limited, Atlantean Inc., Azuros Limited

Board of Directors continued

Marsha A. Mc Leod-Marshall

Position

General Manager, Planning and Financial Control, Republic Bank Limited

Chief Financial Officer, Republic Financial Holdings Limited

Appointment 2023

Age 50

Credentials

- Master of Science in International Finance with Distinction, Arthur Lok Jack Global School of Business
- Fellow, Association of Chartered Certified Accountants
- Certified Chartered Accountant

Professional Summary

- Over 30 years' experience within the financial sector, with a keen insight and understanding of the banking, mutual fund and insurance sectors
- Sound knowledge and experience in audit, accounting and finance

Subcommittees

- Audit and Enterprise Risk
- Credit

David R. Robinson

Position

General Manager, Group Treasury, Republic Bank Limited

Appointment 2024

Age 53

Credentials

- Bachelor of Arts in Economics, University of Waterloo
- Executive Master of Business Administration with Distinction, University of the West Indies
- Chartered Financial Analyst Charter Holder, CFA Institute
- Advanced Management Programme, Columbia University

Professional Summary

- Over 25 years' experience within the financial sector with in-depth knowledge of the domestic and international money and capital markets
- Well-placed professional in portfolio management, pension fund administration and insurance products

External Appointments

- Director, National Enterprises Limited, National Flour Mills Limited, Republic Wealth Management Limited, Republic Investments Limited, Republic Bank Trinidad and Tobago (Barbados) Limited, Republic Insurance Company (Cayman) Limited, Trintrust Limited

Leslie-Ann V. Seon

Position
Principal, Seon & Associates

Appointment 2015

Age 60

Credentials
- Bachelor of Arts with Honours, University of the West Indies
- Bachelor of Laws with Honours, University of the West Indies
- Legal Education Certificate, Hugh Wooding Law School

Professional Summary
- Admitted to the Bars of Grenada, Barbados and the British Virgin Islands (1993)
- Extensive experience in the fields of corporate and commercial law, conveyancing and real property, labour law, insolvency and cross-border transactional advisory work

Subcommittees
- Governance, Nomination and Compensation
- Credit

External Appointments
- Honorary Consul, Republic of Chile
- Member, General Legal Council
- Legal Representative, Windward Islands Research and Education, Grenada

Isabelle S. V. Slinger

Position
Principal, Comserv Limited

Appointment 2009

Age 57

Credentials
- Bachelor of Science in Computers and Information Systems with Honours, London Metropolitan University
- Chartered Accountant, Institute of Chartered Accountants of the Eastern Caribbean

Professional Summary
- Principal, Comserv Limited, offering financial and information technology advisory services for more than 30 years
- Practicing member, Institute of Chartered Accountants of the Eastern Caribbean
- Extensive experience in developing accounting and information systems for the private sector
- Managing Director, The Tower Estate (Grenada) Limited, a small eco-friendly tourism project

Subcommittees
- Governance, Nomination and Compensation
- Audit and Enterprise Risk
- Credit

External Appointments
- Board member for several companies in the private sector including Elite Services Inc. and David Slinger and Co. Limited

Board of Directors continued

Graham K. Williams

Position

Managing Director, Westerhall Estate Limited

Appointment 2012

Age 60

Credentials

- Bachelor of Arts in Economics, University of Windsor

Professional Summary

- Managing Director, Westerhall Estate Limited
- Extensive experience in new product development and business expansion and development
  - Expanded the product range of Westerhall Estate and developed their export market to include the USA and UK
  - Worked with numerous independent bottlers to develop their brands in the USA, Bahamas and UK
  - Conceptualised and developed Umbrellas Beach Bar and Restaurant
  - Founding Director: Island Ice Co. Ltd., manufacturer and distributor of cubed party ice for the hospitality industry; and Renegade Rum Group Limited, which reintroduced the cultivation of sugar cane in Grenada for premium rum production for the international market.

Subcommittees

- Governance, Nomination and Compensation
- Audit and Enterprise Risk
- Credit

External Appointment

- Director, Renegade Rum Group Limited

Directors' Report

Your Directors have pleasure in submitting their Report for the year ended September 30, 2024.

Financial results and dividends

The Directors report that the Company has recorded a Profit after taxation of $23.63 million for the year ended September 30, 2024.

The Directors have declared a final dividend of $1.95 per share (2023: $1.30) to shareholders on record as at November 15, 2024.

Substantial interest in share capital as at September 30, 2024

	Ordinary Shares
Republic Financial Holdings Limited	3,204,156
National Insurance Scheme	190,704

A substantial interest is a holding of five percent or more of the issued share capital of the Bank.

Directors

In accordance with By-law No.3 Paragraph 4.3.1, Graham Williams, Christopher Husbands and Marsha Mc Leod-Marshall retire from the Board by rotation and, being eligible, offer themselves for re-election for a term expiring at the close of the third Annual Meeting following this appointment.

In accordance with By-law No.3, Paragraph 4.3.1, David Robinson, having been appointed a Director since the last meeting to fill the casual vacancy created by the resignation of Carlene Seudat and, being eligible, offers himself for election for a term expiring at the close of the first Annual Meeting following this appointment.

In accordance with By-law No.3, Paragraph 4.3.1, Barry deC. Collymore, having been appointed a Director to fill the casual vacancy created by the retirement of Leon Charles and, being eligible, offered himself and was elected at the last Annual Meeting for a term expiring at the close of the third Annual Meeting following that appointment.

In accordance with By-law No.3, Paragraph 4.3.1, E. Angus Friday having been appointed a Director to fill the casual vacancy created by the retirement of Richard Lewis and, being eligible, offered himself and was elected at the last Annual Meeting for a term expiring at the close of the second Annual Meeting following that appointment.

Juan Bailey, being eligible, offered himself and was elected a Director at the last Annual Meeting for a term expiring at the close of the third Annual Meeting following that appointment.

Directors' Report continued

Directors' interest

Set out are the names of the Directors with an interest in the company at September 30, 2024, together with particulars of their holdings.

Director	Beneficial interest	Non-beneficial interest
Isabelle S. V. Slinger	Nil	50
Graham K. Williams	Nil	50
Karen T. Yip Chuck	Nil	50
Leslie-Ann V. Seon	50	Nil
Christopher C. Husbands	390	Nil
E. Angus Friday	Nil	50
David R. Robinson	Nil	50
Naomi E. De Allie	Nil	50
Marsha A. Mc Leod-Marshall	Nil	50
Barry J. deC Collymore	Nil	50
Juan Bailey	Nil	50

Auditors

The retiring Auditors, Ernst & Young have expressed their willingness to be re-appointed, and a resolution to that effect will be proposed at the Annual Meeting.

By order of the Board

Andrea M. De Matas
Corporate Secretary

future-proofing YOU

Your needs, your convenience, these are our focus, as we anticipate your growth and provide solutions for you.

We strive to make your life easier, creating avenues for greater accessibility through features like mobile wallets, Republic*Online* and Republic*Mobile*.

We're constantly evolving because you are.

The Bank is well-positioned to maximise opportunities in the evolving economic landscape.

Karen T. Yip Chuck

Chairperson's Review continued

Results

I am pleased to announce that the Bank recorded net profit after taxation of $23.63 million for the year ended September 30, 2024. This represents an increase of $8.10 million or 52.16 percent over the 2023 reported profit of $15.53 million. This performance reflects improvement in our core business earnings, partly offset by increased operating expenses.

In 2024, total assets grew by 7.05 percent or $146.09 million, and now stands at $2.22 billion. This reflects increases in loans and advances and investments of $87.06 million and $41.09 million respectively. The Bank remains well capitalised with Tier 1 Capital Adequacy Ratio of 11.12 percent, which is above regulatory requirements.

Based on the results for fiscal 2024, the Board of Directors has declared a final dividend of $1.95 per share which brings the total dividend to $3.15 per share for the fiscal year (2023: $2.10). The final dividend will be paid on November 29, 2024, to shareholders on record as at November 15, 2024.

Grenada economy

In the first half of 2024, Grenada's economy experienced strong performance, especially in the tourism, transport and storage, fishing and manufacturing sectors. However, the economy faced a significant setback as a result of the passage of Hurricane Beryl on July 1. The losses in the agriculture sector are expected to lead to shortages in key crops for the remainder of 2024 and potentially into the medium term, while the reconstruction efforts are expected to provide a strong and sustained stimulus to the construction sector.

A strong Gross Domestic Product (GDP) performance in the first half of the year brought the country's debt-to-GDP ratio down to 70.5 percent. Notwithstanding the hurricane damage, the Government is not expected to rely on additional borrowing to finance recovery efforts. Consequently, the debt-to-GDP ratio is expected to keep declining.

The Citizen By Investment Programme realised a better than anticipated performance in 2024, with revenue for the first half of the year surpassing target for the fiscal. This sector, once properly managed, offers great potential for funding investment projects.

Despite the impact of the hurricane, the economy is expected to remain resilient in 2024. Following Grenada's full rebound from the pandemic in 2023, real GDP is anticipated to grow by 3.9 percent in 2024.

In the first half of 2024, Grenada's economy experienced strong performance, especially in the tourism, transport and storage, fishing and manufacturing sectors. However, there was significant setback as a result of the passage of Hurricane Beryl on July 1.

$23.63M

2024 Profit after tax

$15.53M

2023 Profit after tax

Chairperson's Review continued

The Regional Economy

Real GDP for CARICOM countries in 2024 is expected to grow by 5.0 percent and an average of 3.6 percent over the medium term. Real GDP growth within the Eastern Caribbean Currency Union (ECCU) is expected to average 2.5 percent for 2024 and projected to grow on average by 2.5 percent in the medium term.

The regional economic outlook is projected to be moderate, hinging on several upside and downside risks. On the upside, if commodity prices and inflation continue the downward trajectory, the Central Bank may relax monetary tightening policies, removing obstacles that hinder investment growth. However, if adverse external factors, compounded by climate-related shocks materialise, economic growth in the region could be significantly hampered.

Latin America and the Caribbean region have shown remarkable resilience in the face of recent global challenges, rebounding more strongly than expected from the pandemic. Growth is now moderating, from 2.3 percent in 2023 to 2.0 percent in 2024, as most economies are operating at potential. This moderation is also due to a weaker external environment and the ongoing impact of tight policies aimed at curbing inflation.

The Global Economy

According to the International Monetary Fund (IMF) World Economic Outlook update released in July 2024, the global economy is stabilising. While economic growth in advanced economies remains low compared to historical standards, inflation is retreating to target levels. The IMF's baseline forecast suggests that global economic growth is projected at 3.2 percent in 2024 with a modest acceleration to 3.3 percent in 2025.

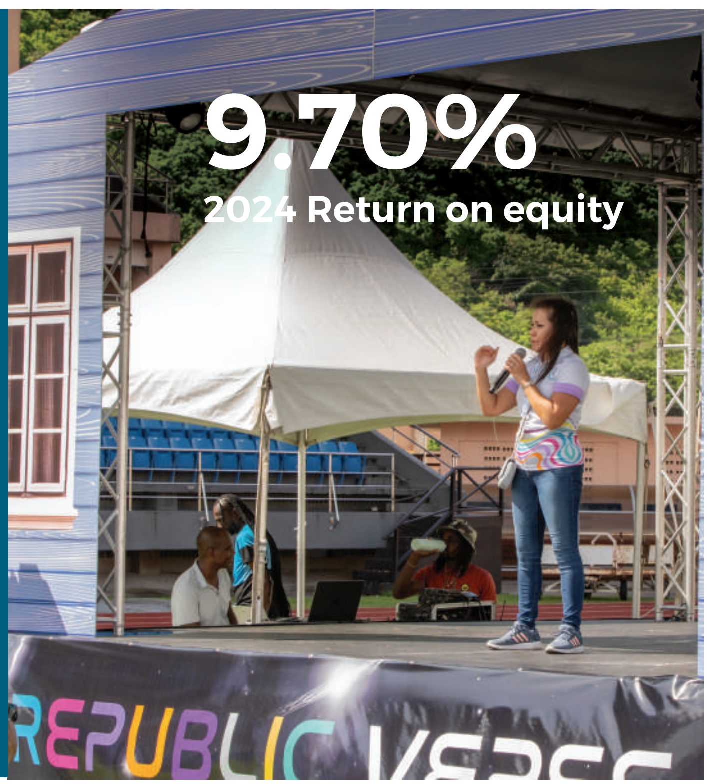
World trade growth is expected to recover to about 3.25 percent annually in 2024–25 and align with global GDP growth again. The uptick in the first quarter of this year is expected to moderate as manufacturing remains subdued. Although cross-border trade restrictions have surged, the global trade-to-GDP ratio is expected to remain stable in the projection.

In the United States, after a sustained period of strong outperformance, a sharper-than-expected slowdown in growth reflected moderating consumption and a negative contribution from net trade. In China, resurgent domestic consumption propelled the positive upside in the first quarter, aided by what looked to be a temporary surge in exports belatedly reconnecting with last year's rise in global demand.

1.10%

2024 Return on assets

Through its strategic plan, Republic Bank is well-positioned to maximise opportunities in the evolving economic landscape. With targeted investments and a focus on innovation, the Bank aims to support these core industries and capitalise on growth opportunities across all sectors.



Global inflation will continue to decline. In advanced economies, the forecast is for the pace of disinflation to slow in 2024 and 2025. This is because inflation in prices for services is now expected to be more persistent and commodity prices higher. However, the gradual cooling of labor markets, together with an expected decline in energy prices, should bring headline inflation back to target by the end of 2025. Inflation is expected to remain higher in emerging markets and developing economies than in advanced economies.

Outlook

Grenada's Real GDP is forecasted to grow by 3.9 percent in 2024 and 4.2 percent in 2025. These forecasts are based on conservative assumptions about activities in key sectors, cognisant of the destructive effects of Hurricane Beryl.

The tourism and construction sectors are expected to continue to be the drivers of economic growth, while ancillary sectors such as manufacturing, real estate and wholesale and retail are projected to remain resilient over the medium term.

While projections for the local economy are primarily optimistic, this can easily be impacted by external risks and global trends.

Through its strategic plan, Republic Bank is well-positioned to maximise opportunities in the evolving economic landscape. With targeted investments and a focus on innovation, the Bank aims to support these core industries and capitalise on growth opportunities across all sectors.

The Bank's commitment to digital transformation and customer-centric solutions will aid with greater internal efficiency and increased benefit for all stakeholders.

Appreciation

Special thanks to our staff for their commitment and dedication to the continued growth and success of the Bank. I express profound gratitude to my fellow Directors for your unwavering support and guidance. Finally, I recognise the loyalty of our valued customers and all other stakeholders.

Karen T. Yip Chuck
Chairperson

The current climate augurs well for the Bank and contributed to its overall performance.

Naomi E. De Allie

Introduction

Republic Bank (Grenada) Limited was incorporated on October 12, 1979, and is a subsidiary of Republic Financial Holdings Limited (RFHL). The Bank is well represented in Grenada and provides banking and financial services through five branches dispersed across the tri-island state. Our suite of technology platforms continues to enhance delivery of service to customers and efficiency in our operations. The improved products and services offered have inherent flexibility and are specifically structured to satisfy the banking requirements of its many valued customers. We remain focused on excellent service to the citizens of Grenada.

Operating environment

The economy of Grenada demonstrated strong performance in the first half of 2024, especially in the tourism, transport and storage, fishing and manufacturing sectors. The tourism sector continues to exhibit robust growth, with stayover arrivals surpassing pre-COVID levels during the first six months of 2024.

The economy experienced a major setback following the passage of Hurricane Beryl earlier this year. The hurricane caused severe damage resulting in significant declines across several key sectors. The agriculture sector sustained extensive damage from the widespread destruction of crops and farmlands and requires substantial rebuilding efforts. Conversely, the wholesale and retail sectors have seen increased sales due to relief support targeted at affected households.

Nevertheless, economic growth is still anticipated for 2024, largely driven by a strong performance in the tourism sector, which is expected to sustain its momentum due to continued heavy travel demand. Additionally, the reconstruction efforts are expected to stimulate the construction sector significantly.

Overall, the fiscal performance for 2024 indicates a substantial fiscal deterioration driven by the need for significant spending to address the immediate and near-term challenges in the aftermath of Hurricane Beryl. A strong Gross Domestic Product (GDP) performance in the first half of the year brought the debt-to-GDP ratio down to 70.5 percent. Notwithstanding the impact of Hurricane Beryl, the Government is not anticipated to finance recovery efforts from additional borrowing and hence the country’s debt-to-GDP ratio is expected to continue its downward trajectory.

The Labour Force Survey for the fourth quarter of 2023 revealed a further decline in the unemployment rate, dropping to 11.1 percent from 12.0 percent at the end of the second quarter of 2023. The reduction continues to positively impact the economy.

St. George’s University (SGU) continues to be a significant contributor to economic activities. The yearly student intake fuels growth in tourism, wholesale and retail, real estate and other sectors in the economy.

Within the monetary and financial sectors, financial institutions exhibited robust liquidity management and improved profitability within the current economic conditions. The current climate augurs well for the Bank and contributed to its overall performance in fiscal 2024.

The following is a discussion and analysis of the financial performance and position of the Bank for the year ended September 30, 2024. This discussion should be read in conjunction with the audited financial statements contained on pages 54 to 122 of this report. All amounts are stated in Eastern Caribbean (EC) currency.

Foreign currency balances have been converted to EC dollars at the prevailing mid-rate on September 30, for each financial year.

Managing Director's Discussion and Analysis continued

The following are the mid-rates for the major currencies as at September 30:

	2024	2023
United States dollars	**2.7000**	2.7000
Canadian dollars	**1.9976**	2.0087
Pounds sterling	**3.6200**	3.3055
Euro	**3.0341**	2.8799
TT dollars	**0.4067**	0.4067

Summary of Republic Bank (Grenada) Limited operations

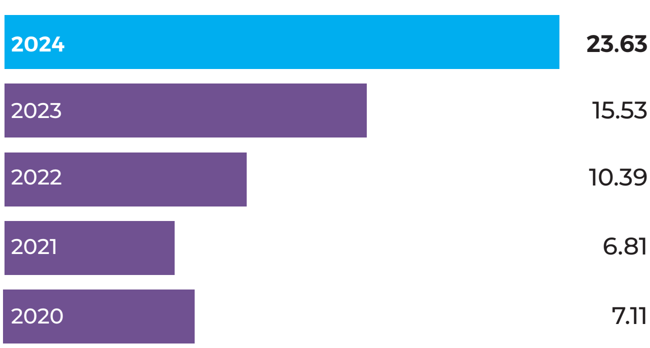
All figures are stated in EC$ millions

	2024	2023	Change	% Change
Profitability				
Core profit before taxation and provisioning	**29.44**	18.01	11.43	63.46
Credit loss recovery on financial assets	**3.08**	2.07	1.01	48.79
Profit before taxation	**32.52**	20.07	12.45	62.03
Profit after taxation	**23.63**	15.53	8.10	52.16
Statement of financial position				
Total assets	**2,218.53**	2,072.44	146.09	7.05
Total advances	**1,110.03**	1,022.97	87.06	8.51
Investments	**374.19**	333.10	41.09	12.34
Total customer deposits	**1,758.22**	1,685.99	72.23	4.28
Shareholders' equity	**252.49**	234.89	17.60	7.49

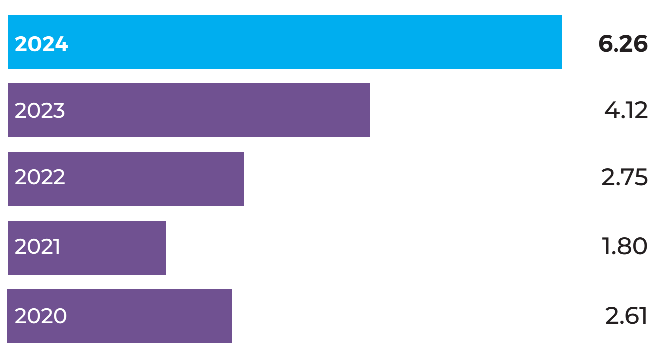
Statement of income review

For the year ended September 30, 2024, the Bank recorded net Profit after tax of $23.63 million, an increase of $8.10 million or 52.16 percent over the 2023 profit of $15.53 million. Improvements of $16.50 million were recorded in Interest income. However, this was partly offset by increased operating expenses and taxes of $4.08 million and $4.34 million respectively.

Profit after taxation $M



Earnings per share $

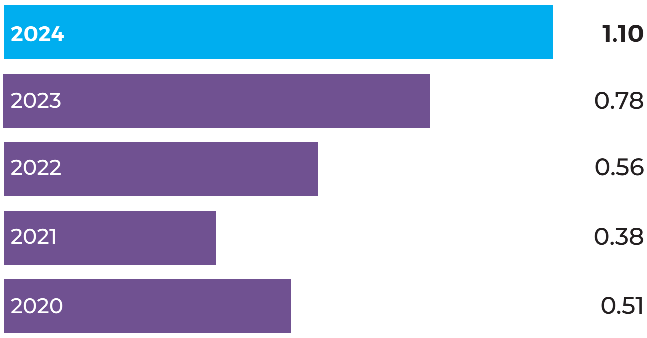


The increase in profit resulted in earnings per share increasing to $6.26 from $4.12 in 2023.

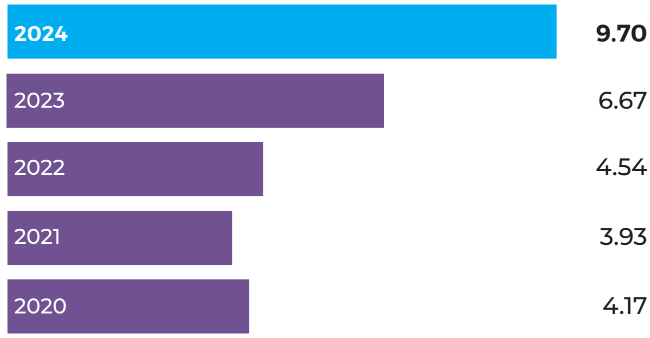
Managing Director's Discussion and Analysis continued

The Bank's principal performance indicators increased in line with the improvement in profits. Return on Average Assets (ROA) increased to 1.10 percent from 0.78 percent and Return on Average Equity (ROE) to 9.70 percent from 6.67 percent.

Return on assets %



Return on equity %



Interest income

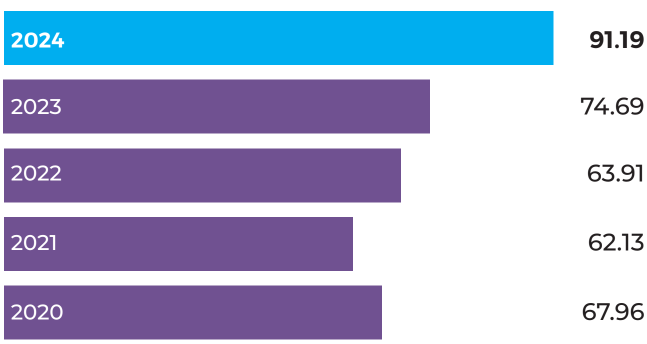
The Bank continues to utilise excess liquidity within its risk appetite as a means of increasing Interest income. For fiscal 2024, increased income was recorded in all categories of interest earning assets.

Interest income on Loans and Advances increased by $6.77 million or 10.93 percent, mainly due to the $94.58 million or 9.62 percent increase in the performing loan portfolio. Average yield on the portfolio increased to 6.58 percent, from 6.49 percent, last fiscal.

Interest on investments increased by $5.15 million or 54.84 percent, as all maturing investments were reinvested and excess liquidity used to fund the 12.23 percent increase in the gross portfolio. New investments were sourced mainly from the international market. Improvement in the interest rate environment resulted in increased yields on new investments which positively impacted Interest income.

Robust liquidity management assisted the Bank in recording an increase of $4.58 million or 134.78 percent in interest on liquid assets. As the interest rate environment was favourable, we capitalised on investments in short term instruments, which positively impacted Interest income.

Interest income $M



Interest expense $M

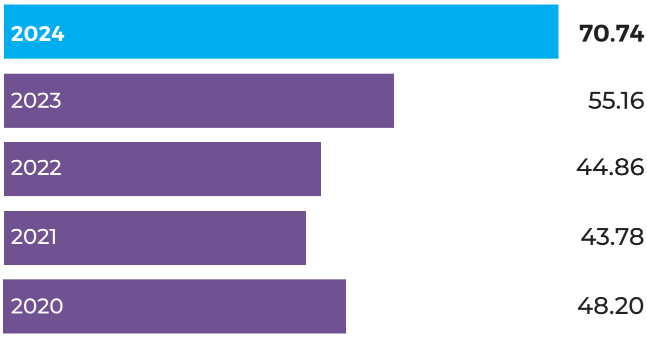
Interest expense

Interest expense increased by $0.92 million or 4.73 percent mainly due to the $72.22 million or 4.28 percent increase in customer deposits.

Net interest income increased to $70.74 million from $55.16 million during the fiscal. The $16.50 million increase in Interest income surpassed the $0.92 million increase in interest expense resulting in growth of $15.58 million or 28.25 percent in Net interest income.

Managing Director's Discussion and Analysis continued

Net interest income $M



Other income

Other income in fiscal 2024 decreased by $0.06 million or 0.22 percent to $28.31 million, from $28.37 million in 2023. While exchange earnings increased by $1.45 million, this was offset by reductions in other areas.

Sources of revenue

	2024 %	**2023 %**	**Change**
Advances	**57.46**	60.06	-2.60
Investment securities	**12.18**	9.12	3.06
Liquid assets	**6.68**	3.30	3.38
Exchange earnings	**8.90**	8.91	-0.01
Fees and commissions	**13.21**	15.78	-2.57
Other income	**1.57**	2.84	-1.27

The major shift in sources of revenue as a percentage of total revenue in 2024 is reflected in investments and liquid assets which increased by 3.06 percent and 3.38 percent respectively, while advances and fees and commissions decreased by 2.60 percent and 2.57 percent respectively. The shift in liquid assets and investments was mainly due to robust liquidity management.

In fiscal 2024, we began the process of changing out our ageing ATM Fleet with newer models containing exciting features and services.

$3.15
2024 Total dividend

Operating expenses

Operating expenses increased by 6.23 percent or $4.08 million to $69.61 million from $65.53 million in 2023. This was primarily due to the increase in general administrative expenses.

Credit recovery on financial assets

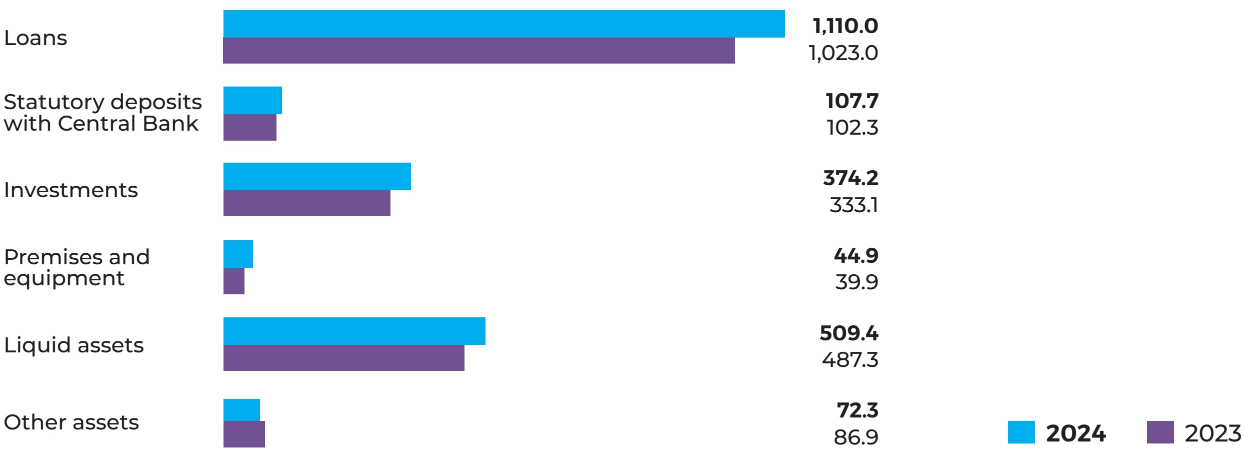
Another year of recovery was recorded in fiscal 2024. Recovery on financial assets increased by $1.01 million to $3.08 million. Credit recovery on loans was $2.9 million mainly due to the $4.12 million reduction in Stage 1 and 2 Expected Credit Loss (ECL), which was partly offset by an increase in Stage 3 ECL of $1.21 million.

Operating expenses $M

Statement of financial position review

As at September 30, 2024, total assets increased to $2.22 billion from $2.07 billion in 2023. The increase in total assets is primarily reflected in loans and investments of $87.06 million and $41.09 million respectively.

Composition of assets $M



Loans

The gross loans portfolio increased for another consecutive year. An increase of $84.78 million or 8.11 percent was recorded to end the fiscal year at $1,130.83 million from $1,046.04 million in 2023. This was primarily the result of a $94.58 million increase in the performing portfolio.

The increase in the gross portfolio was concentrated within corporate and commercial, and mortgage loans. Corporate and commercial loans increased by $28.45 million or 18.68 percent, mortgages increased by $44.46 million or 5.86 percent and retail loans by $6.89 million or 7.58 percent.

Gross loans and advances $M

Managing Director's Discussion and Analysis continued

Non-performing loans

After increasing last fiscal and exceeding the ECCB's benchmark, in fiscal 2024 the Non-performing portfolio decreased to $49.00 million from $58.54 million in 2023. The Non-performing to gross loans ratio also recorded a decline, decreasing to 4.33 percent from 5.60 percent in 2023 and is now within the Eastern Caribbean Central Bank (ECCB) benchmark of 5 percent.

Non-performing to gross loans %

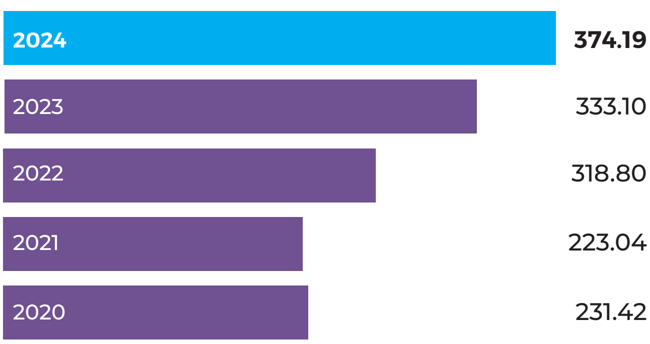
Stage 3 ECL to non-performing loans %

The ratio of Stage 3 Expected Credit Loss (ECL) to Non-performing loans increased to 20.05 percent from 15.73 percent in 2023; still reflecting the strong quality of the Bank's collateral.

Investments

It was a remarkable year for the investment portfolio. All maturing investments were reinvested, and excess liquidity used to fund additional investments allowing a $41.09 million or 12.34 percent growth in the portfolio to end the fiscal at $374.19 million. This growth was mainly due to tighter liquidity management, improved economic conditions and more favourable yield on available investments.

Investments $M



Customer deposits $M

Deposits

Customer deposits increased by $72.22 million or 4.28 percent during fiscal 2024. The increase was primarily in demand deposits, which assisted in managing interest expense.

Managing Director's Discussion and Analysis continued

Gross loans to customer deposits

During the fiscal, the growth in loans outpaced the growth in deposits resulting in the gross loans to deposits ratio increasing to 64.32 percent from 62.04 percent in 2023.

Gross loans to customer deposits %

Management of risk
Overview

The Bank's prudent banking practices are based on solid risk management. Utilising the resources of Republic Financial Holdings Limited, our Parent company, we keep abreast of our dynamic environment and manage continually evolving risks as our business activities change in response to market, credit conditions, product, and other developments. The Bank manages a variety of risks in the ordinary course of business. Our approach to each of the major specific risks is listed in the notes to the Financial Statements.

Capital structure

The Bank's policy is to maintain a prudent relationship between capital resources and the risks of its underlying business. Shareholders' equity stood at $252.49 million as at September 30, 2024, an increase of $17.60 million during the fiscal. This was mainly due to Profit after tax of $23.63 million for fiscal 2024, an increase of $3.40 million in defined benefit reserve, partly offset by dividend payment during the year of $9.44 million.

Shareholders' equity $M

Regulatory capital

Capital adequacy is monitored by employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practice (the Basel Committee), as implemented by the Eastern Caribbean Central Bank (ECCB) for supervisory purposes. The risk-based capital guidelines require a minimum of core capital (Tier 1) to risk-weighted assets of 4 percent, with a minimum total qualifying capital (Tier 2) to risk-weighted assets of 8 percent.

In June 2024, the Eastern Caribbean Central Bank implemented Basel II/III. As at September 30, 2024, the Bank exceeded the minimum levels required, with Tier 1 capital to risk-weighted assets of 11.12 percent and total qualifying capital to risk-weighted assets of 12.74 percent.

Based on the results for fiscal 2024, the Board of Directors has declared a final dividend of $1.95 per share which brings the total dividend to $3.15 per share for the fiscal year at a cost of $11.89 million and a payout ratio of 50.30 percent.

Managing Director's Discussion and Analysis continued

Capital adequacy tier 1 %

Capital adequacy tier 2 %

Customer service

Customer care is a crucial driver of organisational success, serving as a key differentiator in today's competitive market. Ensuring that our customers consistently receive a positive experience remains a top priority, and we are dedicated to maintaining high standards in service quality. To this end, we continue to enhance our customer service delivery through advancements in technology, staff training, and process improvements.

Over the past year, we introduced Epay, a new digital payment solution designed to support merchants of all sizes in accepting payments both locally and internationally. Our commitment to supporting business customers, particularly Micro, Small, and Medium Enterprises (MSMEs), was recognised by the Eastern Caribbean Central Bank with an ECCB award for our contributions to this sector.

Our service delivery is anchored in seven core elements: courtesy, care and consideration, knowledge, accuracy, professionalism, speed and follow-up. The most recent internal survey results indicate an improvement over the previous year, with courtesy, knowledge and professionalism continuing to be our top-performing areas. We remain committed to sustaining this positive trajectory. Additionally, a recognition programme was implemented to acknowledge and incentivise excellence in internal service. Due to extenuating circumstances, we were unable to conduct the external segment of the customer satisfaction survey as initially planned.

Staff training and development

The Bank continues to prioritise the growth and development of its employees, through various training programmes and initiatives aimed at enhancing both their technical skills and personal development.

This fiscal, a significant investment was made by developing the analytical skills of our Credit team, thereby enhancing the quality of service provided to our customers; as we help them to realise their dreams of starting and/or growing their businesses, owning a home, purchasing land and pursuing other goals.

Our commitment to building strong leadership within our mid-management and supervisory teams was reinforced with programmes tailored to empower supervisors to lead their teams effectively, engendering a positive culture throughout the organisation. Key areas of focus were: emotional intelligence, team building, coaching and performance management.

We continue to support our staff in their pursuit of higher learning through our Personal Development Incentive programme. Under this initiative, staff availed of funding to pursue tertiary level education, including a Bachelor's degree in Banking and Finance or Management Studies with the University of the West Indies.

Staff benefited from the Bank’s flexible digital learning portal, the Republic Online Leaning Academy (ROLA) which provides unlimited access to a wide suite of courses, on demand. ROLA includes both mandatory programmes related to Anti-Money Laundering and Counter Terrorism Financing, Health and Safety, and IT Security Awareness, and voluntary courses, to help develop soft skills such as organisation and time management.

The Bank remains committed to engaging our employees by providing opportunities for them to learn and grow, while delivering quality service at every touch point to our customers.

Information technology

In fiscal 2024, we began the process of changing out our ageing ATM Fleet with newer models containing exciting features and services. We anticipate this exercise will be completed by April 2025.

To adequately meet the demands of our business customers for e-commerce and integrated payment systems, we also started our Point-of-Sale infrastructure upgrade, with the roll-out of new terminals. The expected completion date is November 30, 2024.

Outlook

Grenada’s economic prospect for 2025 remains positive, with real GDP growth of 3.9 percent projected. Despite moderate growth in Grenada’s major tourist source market and the adverse effects of Hurricane Beryl, the outlook for the tourism sector remains strong in 2024 and 2025.

Although global downside risks, such as high inflation are anticipated to ease, the slow economic growth in some of Grenada’s primary tourism and investment source markets could dampen the projected growth. Additionally, extreme weather events present significant risks, potentially redirecting capital resources away from economic development and resilience building.

The Bank is poised to capitalise on opportunities in the market, by utilising its strengths to continue to add value for its shareholders while assisting with the growth and development of the communities within which it operates.

Appreciation

I wish to extend sincere appreciation to the staff who remain committed and steadfast in assisting the Bank to achieve continued growth. To our valued customers and other key stakeholders, we are grateful for your loyalty and the confidence you have in the Bank. To the Chairperson and Directors of the Board, special thanks for your astute guidance and direction.

Naomi E. De Allie
Managing Director


focused on YOU
You have the strength of the Caribbean region's largest indigenous Bank on your side.
What this means is, you can trust us to dedicate our efforts to create a strong, financially stable environment for you, and **to better serve you**.

Executive Management

Stacey A. Hem Lee

General Manager, Credit

BSc (Hons.) (Mgmt.), CPA, CA

Joined April 11, 2005

Mavis H. Mc Burnie

General Manager, Operations

MBA, Exec. Dip. (Dist.) (Mgmt. Studies), CAMS-RM, AICB

Joined October 23, 2002

Management

Sherman L. Douglas

Manager,
End User Delivery

AAS (Computer Science), A+, Security+,
Dip. (Bus. Mgmt.)

Joined July 14, 1989

Mc Kie J. Griffith

Manager, Retail Services,
Republic House

BSc (Mgmt.)

Joined October 6, 1997

Kathleen S. Harris-Forrester

Manager, Retail Services,
Grenville Cluster

Dip. (Bus. Mgmt.)

Joined November 16, 1990

Kurt D. Mc Farlane

Manager,
Commercial Banking

BSc (Hons.) (Bkg. and Fin.)

Joined October 15, 1996

Dorian L. Mc Phail

Manager, Retail Services,
Melville Street Branch

Joined September 9, 1987

Elizabeth M. Richards-Daniel

Manager,
Finance

MBA (Fin. Services), FCCA

Joined August 13, 1996

Devon M. Thornhill

Manager,
Corporate Banking

BSc (Hons.) (Bkg. and Fin.), MBA

Joined December 6, 1993

Aesia B. Worme

Manager,
Human Resources

BSc (Hons.) (Soc. Sci.), EMBA (Dist.),
Dip. (Proj. Mgmt.), CAMS

Joined December 15, 1999


standing by
YOU
Your home is our home.
We're invested in
preserving our planet.
We've committed US$200 million in special financing for activities that reduce the impact of climate change, including the use of clean fuel and renewable energy as well as the deployment of climate resilient technology.
We want to see the Caribbean – your home and ours – prosper.

Corporate Governance Practices

Republic Bank (Grenada) Limited is committed to maintaining the highest standards of corporate governance. To this end, we continuously monitor and update as necessary our internal systems in order to ensure our standards reflect best international practice while tailored to the specific needs of the Bank. The Board of Directors of Republic Bank (Grenada) Limited ('the Board') exercises leadership, enterprise, integrity and good judgment in directing the Bank to achieve continuing prosperity. It will act in the best interests of the Bank, guided by a philosophy that is based on transparency, accountability and responsibility.

The Board provides entrepreneurial leadership to the Bank within a framework of prudent and effective controls that enables risk to be assessed and managed. It sets the Bank's strategic aims, ensuring that the necessary financial and human resources are in place for it to meet its objectives and to review management performance. The Bank's values and standards are set to ensure that obligations to its shareholders and other stakeholders are met.

The Board is responsible for:
- oversight of the Bank, including its control and accountability systems;
- appointing and removing Directors and members of senior management;
- formulation of policy;
- input into, and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance, implementing strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving and monitoring financial and other reporting; and approving credit facilities in excess of a defined amount.

The Board is currently made up of ten Non-Executive Directors and a Managing Director. The Board exercises independent judgment with management information to enable proper and objective assessment of corporate affairs. The Non-Executive Directors, reflect a diverse cross-section of the professional business community and are all highly respected, independent individuals with a wealth of experience in their respective fields.

The Managing Director and related company representatives on the Board ensure that at Board meetings, Directors have access to the best possible banking, management and financial advice during their deliberations and this ensures that the Board has a clear perspective on all matters on which decisions are required.

The Board of Directors meets formally in the first month of each quarter and also in December, while a subcommittee of the Board meets in each of the seven months the Board does not meet. The Managing Director has explicit authorities and responsibilities that are documented and approved by the Board of Directors and are reviewed as and when necessary.

The Bank's strategies, policies, agreed management performance criteria and business plans are defined and measurable in a manner which is precise and tangible, both to the Board and management. The Bank's affairs are subject to comprehensive assessment against accurate and relevant information, both financial and non-financial as appropriate, obtainable from the Bank's internal reporting systems as well as external sources, so that informed assessment can be made of issues facing the Board.

Audit and enterprise risk committee

This committee meets quarterly to review the financial reporting process, the system of internal control, management of enterprise risks, including financial risks, the audit process, the Bank's process for monitoring compliance with laws and regulations and its own code of business.

The Committee comprises:
Isabelle S.V. Slinger, *Chairperson*
Karen T. Yip Chuck
Graham K. Williams
Christopher C. Husbands
Marsha A. Mc Leod-Marshall
Juan Bailey

Governance, nomination and compensation committee

This committee meets at least once a year to review, update and recommend changes in governance policies, make recommendations on nomination of new directors or new members of senior management at the Executive Leadership level, ensure ongoing professional development of all directors to enhance skills required for an efficient Board, review compensation package for all Board appointed Officials and the Bank's Compensation Policy for all staff.

The Committee comprises:
Leslie-Ann V. Seon, *Chairperson*
Karen T. Yip Chuck
Isabelle S. V. Slinger
Graham K. Williams
Barry J. deC. Collymore
Christopher C. Husbands
Dr. E. Angus Friday

Credit committee

This committee meets at least once monthly to review and approve credit proposals for borrowers or borrower groups in excess of the delegated authority of the Managing Director, approve credit policy, guidelines, exceptions and other matters related to credit risk management.

The Committee comprises:
Marsha A. Mc Leod-Marshall, *Chairperson*
The Managing Director
Two Independent Directors, by rotation

Signed on behalf of the Board

Karen T. Yip Chuck
Chairperson

September 30, 2024

People

Building a workplace culture that values employee engagement and growth is key to achieving our goal of more empowered staff and satisfied customers. To this end, we conducted a culture fitness diagnostic review to gain deeper insights into our staff experience and drive initiatives that enhance motivation, customer satisfaction and business success.

4,268 female employees

2,007 male employees

Empowering our people

Working to provide young achievers with opportunities to learn and grow, the Bank maintained sponsorship of the Republic Bank Angel Harps Steel Orchestra – our longest-standing social partner.

Now in its 42nd year, this partnership continues to provide a valuable platform for young people from across the country to cultivate soft skills, refine their musical talents and deepen their passion for the steel pan.

With an outreach that includes more than 100 students from T. A. Marryshow Community College, J.W. Fletcher Memorial Catholic Secondary School, Anglican High School, St. Louis Girls' Roman Catholic School, St. George's Anglican Senior School and Uganda Martyrs Roman Catholic School, the Republic Bank Angel Harps Steel Orchestra stands unchallenged as a multiple title-winning band and as a stalwart of the local musical and cultural communities.

Having many championship titles shared between the senior and junior bands, the band performed admirably in 2024 with the juniors retaining their title, and the seniors placing second in the National Panorama competitions.

In collaboration with T. A. Marryshow Community College, the Bank maintained its sponsorship of the Republic Bank Award for Overall Academic Excellence, which, for over two decades, has stood as a testament to an overarching commitment to youth development through education.

Ms. Rochelle Griffith, a student in the Natural Sciences programme in the School of Arts, Sciences and Professional Studies, was the 2023 award recipient with a near perfect grade point average.

In addition to receiving the Overall Academic Excellence award, Ms. Griffith further demonstrated her tenacity and capacity for learning by copping the overall award in three other categories: Chemistry, Natural Sciences and School of Arts, Sciences and Professional Studies.

Protecting our planet

The Bank, continuing its collaboration with Grenada Broadcasting Network, played an active role in highlighting sustainable water conservation initiatives through the "Our Climate Reality" television programme.

By supporting the 12-week series, which promoted water and climate change awareness, the Bank assisted in providing much needed information on how changing consumption habits and preservation measures can safeguard this essential resource. Various subject matter experts shared vital information to create awareness and encourage viewers to adopt more environmentally-friendly practices.

Arthur Daniel

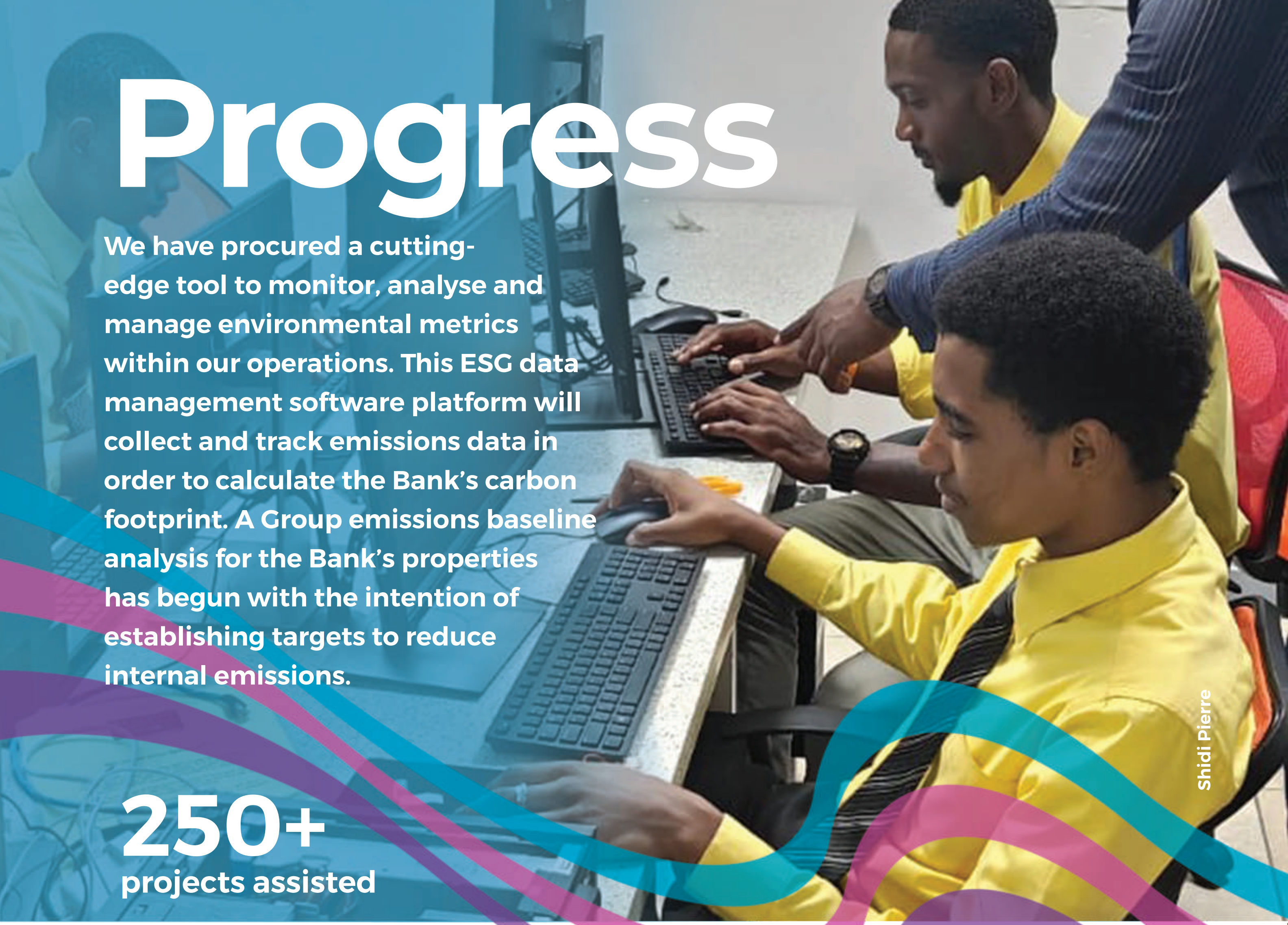
Planet

Over US$164M lent to date

We are the first indigenous, financial institution in the Caribbean to set a goal of lending and investing US$200 million in climate financing. We remain focused on unlocking financing to support the attainment of the United Nations Sustainable Development Goals, which ultimately would lead to diversified economies and prosperity for the territories in which we operate.

Progress

We have procured a cutting-edge tool to monitor, analyse and manage environmental metrics within our operations. This ESG data management software platform will collect and track emissions data in order to calculate the Bank's carbon footprint. A Group emissions baseline analysis for the Bank's properties has begun with the intention of establishing targets to reduce internal emissions.



Shidi Pierre

250+
projects assisted

Caring about our progress

Through direct outreach to communities across Grenada, Carriacou and Petite Martinique, the Bank continued to strengthen pivotal connections in support of 18 community-based partners who have pledged themselves to providing for the elderly, ailing and socially marginalised.

Included in this year's list are the Cadrona Home for the Aged, Sickle Cell Association of Grenada, Lupus Foundation of Grenada, Grenada Cancer Society, Grenada Heart Foundation, Grenada National Patient Kidney Foundation, Chores Support Group, the Rotary Club of Grenada, Missionaries Of Charity and the Dorothy Hopkin Centre for the Disabled.

Located in the rural community of Palmiste, St. John, the New Life Organization (NEWLO) provides at-risk young men and women with crucial life skills and vocational training.

Along with financial support, the Bank made a donation of used computers and scanners to help boost NEWLO in delivering practical tutorials and demonstrative sessions.

Building stronger communities

In collaboration with Cricket West Indies Inc (CWI), and support from the Grenada Cricket Association, the Bank broke new ground with the launch of the Five For Fun Programme for 30 primary schools across the nation.

Designed and developed by the CWI to grow interest and build capacity, the five-overs, five-a-side format uses an interactive youth cricket programme to provide an innovative and fun way to learn more about the importance of teamwork, strong core values, mental focus and physical development.

As the Bank pursued youth empowerment through sport, Republic Bank brand ambassador and world-class olympian, Anderson Peters MBE, was one of six athletes who proudly represented Grenada at the 2024 Paris Olympics, medalling third in an outstanding performance in the Men's Javelin Throw. In recognition of Mr. Peters' contributions as a star athlete and proud son of the soil, the Bank celebrated his success with an investment of $100,000 to further his sporting career.

During the period, the Bank maintained its support of the Inter-secondary Schools Athletic Championships (INTERCOL), the only track and field games among secondary schools in Grenada.

As the Bank's premier sport sponsorship event, INTERCOL serves as the feeding ground for athletes to transition to higher levels of the sport, regionally and internationally, and is organised in collaboration with the Grenada Association of Principals of Secondary Schools with assistance from the Grenada Secondary Schools Games Association and other stakeholders.

The 2024 championships were held in March amid capacity attendance at the Kirani James Athletics Stadium, where once again, all 25 secondary schools across the nation participated.

16
societies served

Through our Power to Make A Difference programme, we have built a culture of responsible social investment, staff volunteerism, and partnership with NGOs which facilitate social outreach programmes geared towards improving the quality of life in the communities we serve.

Communities

partnering with YOU

We are passionate about helping others because we believe that a thriving community benefits everyone.

We aim to change lives through volunteerism and partnerships with registered non-governmental and charitable organisations, ensuring that our efforts are sustainable for long-term impact. **We continue to channel our efforts through our Power to Make A Difference programme.**

The Power to Make A Difference

Fulfilling the Promise of People, Planet, Progress and Communities

United in purpose with communities in the Caribbean, South America and Ghana, Republic Financial Holdings Limited supports initiatives that advocate youth empowerment through literacy, sports, culture and the arts; spur business and social development; champion healthcare, environmental sustainability and wider social inclusion; and challenge communities to use their talents for the greater good.

This ongoing commitment, guided by the Group's long-standing Power to Make A Difference social investment programme and sound Environmental, Social and Governance (ESG) policy continues to positively influence the way that Republic Financial Holdings Limited forms powerful alliances with diverse groups in every market it serves.

In its 4th year as a United Nations Principles for Responsible Banking signatory, in 2023-2024, the Group stayed the course as it invested significantly in development programmes; with the focus fixed on being a proactive ally in the fight, shouldering the responsibility to work together as we fulfil the promise of our People, Planet, Progress and Communities.

Staff volunteerism

In the aftermath of Hurricane Beryl, which bore Category 4 winds and left a massive wake of destruction on the islands of Carriacou and Petite Martinique, a team of staff volunteers from mainland Grenada rallied together to prepare relief supplies for the affected staff and their families.

Within 72 hours, the team arranged immediate aid to colleagues from our Carriacou branch; journeying to the island by a small fishing trawler to deliver the much needed care packages.

Fulfilling the promise together

As Republic Financial Holdings Limited strives to bring about positive change in every market it serves, the stories and lives of the people changed for the better become a beacon by which the Group continues to chart the course ahead.

In this pursuit of a brighter future for all, the Group will maintain its pledge to working together in the coming year; staying true to the Power to Make A Difference principles and guided by its sound ESG policy as it continues to grow and build with diverse peoples, improve the places where we live, work and play, and help build stronger, more resilient and more successful communities.

This is the promise of our People, Planet, Progress and Communities.

Our partners and initiatives

- Cardrona Home for the Aged
- CHORES Support Group
- CWI Five For Fun Cricket Programme
- Dorothy Hopkin Centre for the Disabled
- Friends of the Mentally Ill
- Grenada Broadcasting Network "Our Climate Reality" television series
- Grenada Cancer Society
- Grenada, Carriacou and Petite Martinique Foundation for Needy Students
- Grenada Diabetes Association
- Grenada Down Syndrome Association
- Grenada Heart Foundation
- Grenada National Council of the Disabled
- Grenada National Patient Kidney Foundation
- GRENCODA Student Assistance Programme
- Hillview Home for the Aged
- His Majesty's Prision
- Lupus Foundation of Grenada
- Missionaries of Charity
- Pink Ribbon Society of Grenada
- Republic Bank Angel Harps Steel Orchestra
- Rotary Club of Grenada – Quarantine Park Preservation
- Sickle Cell Association of Grenada
- Society of St. Vincent de Paul
- T. A. Marryshow Community College
- UWI Scholarship and Bursary programme
- Inter-Secondary Schools Athletic Championships

growing with YOU

We believe in your tomorrow. We're going the distance to make it better today.

After 187 years, with a presence in 16 countries and an international network of 123 branches, we understand the importance of legacy. Leaving behind something tangible for the next generation is why **we work harder for you, so you can be secure and your future, sure.**

Table of Contents

Management's Responsibility for Financial Reporting

The Directors of Republic Bank (Grenada) Limited are responsible for the preparation and fair presentation of the financial statements and other financial information contained in this Annual Report. The accompanying financial statements have been prepared in conformity with International Financial Reporting Standards. Where amounts are based on estimates and judgments, these represent the best estimate and judgment of the Directors.

General responsibilities include:

- establishing and maintaining effective internal controls and procedures for financial reporting;
- safeguarding of assets; and
- prevention and detection of fraud and other irregularities.

The financial information appearing throughout this Annual Report is consistent with that in the financial statements. Directors have a responsibility for ensuring that the Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank.

The Directors have always recognised the importance of the Bank maintaining and reinforcing the highest possible standards of conduct in all of its actions, including the preparation and dissemination of statements presenting fairly the financial condition of the Bank. In this regard, the Directors have developed and maintained a system of accounting and reporting which provides the necessary internal controls to ensure that transactions are properly authorised and recorded, assets are safeguarded against unauthorised use or disposition and liabilities are recognised. The system is augmented by written policies and procedures, the careful selection and training of qualified staff, the establishment of an organisational structure that provides an appropriate and well-defined division of responsibility, and the communication of policies and guidelines of business conduct throughout the Bank.

The system of internal control is further supported by a professional staff of internal auditors from our parent company who conduct periodic audits of all aspects of the Bank's operations. External auditors have full and free access to, and meet periodically with the Audit Committee to discuss their audit and findings as to the integrity of the Bank's accounting and financial reporting and the adequacy of the system of internal controls.

Signed on behalf of the Board

Karen T. Yip Chuck
Chairperson

November 12, 2024

Ernst & Young
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Republic Bank (Grenada) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Republic Bank (Grenada) Limited ("the Bank") which comprise the statement of financial position as at 30 September 2024 and the statement of income, statement of 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 30 September 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) ("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.

Other information included in the Bank’s 2024 Annual Report

Other information consists of the information included in the Bank’s 2024 Annual Report other than the financial statements and our auditor’s report thereon. Management is responsible for the other information. 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.

Building a better working world

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Republic Bank (Grenada) Limited

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and the Audit Committee for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and for such internal control 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.

The Audit Committee is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Building a better working world

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Republic Bank (Grenada) Limited

Report on the Audit of the Financial Statements (Continued)

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

- 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 the Audit Committee 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 the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner in charge of the audit resulting in this independent auditor's report is Rishi Ramkissoon.

Ernst & Young.

CHARTERED ACCOUNTANTS
St. Lucia
13 November 2024

Statement of Financial Position

As at September 30, 2024.
Expressed in thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

	Notes	2024	2023
ASSETS			
Cash on hand		**34,805**	29,924
Statutory deposits with Central Bank		**107,711**	102,306
Due from banks	19	**104,392**	142,970
Due from related banks	19	**251,716**	224,011
Treasury Bills		**114,929**	87,925
Advances	4 (a)	**1,110,028**	1,022,970
Investment securities	5	**374,189**	333,096
Investment interest receivable		**3,574**	2,449
Premises and equipment	6	**44,909**	39,942
Right-of-use assets	7	**1,194**	1,606
Intangible assets	8	**56,505**	57,617
Deferred tax assets	10 (a)	**2,938**	5,399
Other assets	11	**11,643**	22,228
TOTAL ASSETS		**2,218,533**	**2,072,443**
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	19	**5,580**	17,588
Due to related banks	19	**7,494**	3,264
Due to related companies		**168,390**	98,487
Customers' current, savings and deposit accounts	12	**1,758,218**	1,685,994
Lease liabilities	7	**1,218**	1,796
Employee obligations	9 (a)	**5,213**	9,672
Taxation payable		**4,538**	293
Deferred tax liabilities	10 (b)	**873**	1,071
Accrued interest payable		**353**	519
Other liabilities	13	**14,169**	18,874
TOTAL LIABILITIES		**1,966,046**	**1,837,558**
EQUITY			
Stated capital	14	**117,337**	117,337
Statutory reserve	2.5 (q)	**34,089**	29,362
General contingency reserve	2.5 (x)	**29,028**	16,639
Retained earnings		**72,033**	71,547
TOTAL EQUITY		**252,487**	**234,885**
TOTAL LIABILITIES AND EQUITY		**2,218,533**	**2,072,443**

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on November 4, 2024, and signed on its behalf by:

Karen T Yip Chuck
Chairperson

Naomi E De Allie
Managing Director

Statement of Income

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

	Notes	2024	2023
Interest income	15 (a)	**91,195**	74,692
Interest expense	15 (b)	**(20,452)**	(19,528)
Net interest income		**70,743**	55,164
Other income	15 (c)	**28,311**	28,373
		99,054	83,537
Operating expenses	15 (d)	**(69,615)**	(65,532)
Operating profit		**29,439**	18,005
Credit loss recovery on financial assets	16	**3,082**	2,069
Net profit before taxation		**32,521**	20,074
Taxation expense	17	**(8,887)**	(4,544)
Net profit after taxation		**23,634**	**15,530**
Earnings per share (expressed in $ per share)			
Basic		**6.26**	4.12
Weighted average number of shares ('000)			
Weighted average number of shares		**3,774**	3,774
Number of shares outstanding at year end	14	**3,774**	3,774

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

	Notes	2024	2023
Net profit after taxation		**23,634**	**15,530**
Other comprehensive gain/(loss):			
Items of comprehensive loss that will not be reclassified to the income statement in subsequent periods:			
Net remeasurement gains/(losses) on defined benefit plan	9 (h)	**3,772**	(9,551)
Income tax related to above	10 (a) and (b)	**(1,056)**	2,674
		2,716	**(6,877)**
Net remeasurement gain/(losses) on post-retirement medical and group life plans	9 (h)	**954**	(481)
Income tax related to above	10 (a)	**(267)**	135
		687	**(346)**
Total items that will not be reclassified to the income statement in subsequent periods		**3,403**	(7,223)
Other comprehensive profit/(loss) for the year, net of tax		**3,403**	(7,223)
Total comprehensive income for the year, net of tax		**27,037**	8,307

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

	Stated capital	Statutory reserve	General contingency reserve	Retained earnings	Total equity
Balance at September 30, 2022	117,337	26,256	3,452	83,684	**230,729**
Total comprehensive income for the year	–	–	–	8,307	**8,307**
Transfer to statutory reserve – Note 2.5 (q)	–	3,106	–	(3,106)	–
Transfer to general contingency reserve – Note 2.5 (x)	–	–	13,187	(13,187)	–
Dividends paid – Note 23	–	–	–	(4,151)	**(4,151)**
Balance as at September 30, 2023	**117,337**	**29,362**	**16,639**	**71,547**	**234,885**
Balance as at September 30, 2023	117,337	29,362	16,639	71,547	**234,885**
Total comprehensive income for the year	–	–	–	27,037	**27,037**
Transfer to statutory reserve – Note 2.5 (q)	–	4,727	–	(4,727)	–
Transfer to general contingency reserve – Note 2.5 (x)	–	–	12,389	(12,389)	–
Dividends paid – Note 23	–	–	–	(9,435)	**(9,435)**
Balance as at September 30, 2024	**117,337**	**34,089**	**29,028**	**72,033**	**252,487**

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

As at September 30, 2024.
Expressed in thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

	Notes	2024	2023
Operating activities			
Net profit before taxation		**32,521**	20,074
Adjustments for:			
Depreciation of premises and equipment and right-of-use assets	15 (d)	**3,630**	4,065
Credit loss (recovery)/expense on advances		**(2,910)**	511
Investment securities' impairment recovery	16	**(172)**	(2,580)
Amortisation of intangibles	8 (b)	**1,112**	1,112
Gain on sale of premises and equipment		**(182)**	(289)
Work-in-progress written off	6	**321**	203
Amortisation of premium/discount on investment securities		**2,332**	2,679
Increase/(decrease) in employee benefits/obligations, net		**267**	(82)
Increase in advances		**(84,148)**	(121,970)
Increase in customers' current, savings and deposit accounts		**72,224**	70,335
Increase in statutory deposits with Central Bank		**(5,405)**	(6,009)
Decrease/(increase) in other assets and investment interest receivable		**9,460**	(13,190)
Decrease in other liabilities and accrued interest payable		**(4,870)**	(444)
Decrease in balances due to banks		**(12,009)**	(11,504)
Increase/(decrease) in balances due to related banks		**4,230**	(15,503)
Increase in balances due to related companies		**69,903**	98,487
Taxes paid		**(3,694)**	(4,284)
Cash provided by operating activities		**82,610**	**21,611**
Investing activities			
Purchase of investment securities		**(203,445)**	(162,000)
Purchase of Treasury Bills		**(37,255)**	(36,809)
Redemption of investment securities		**160,197**	147,395
Redemption of Treasury Bills		**37,287**	33,280
Additions to premises and equipment	6	**(8,003)**	(6,547)
Proceeds from sale of premises and equipment		**20**	1,720
Cash used in investing activities		**(51,199)**	**(22,961)**
Financing activities			
Repayment of lease liabilities	7	**(933)**	(1,180)
Dividends paid	23	**(9,435)**	(4,151)
Cash used in financing activities		**(10,368)**	**(5,331)**
Net increase/(decrease) in cash and cash equivalents		**21,043**	(6,681)
Cash and cash equivalents at beginning of year		**448,022**	454,703
Cash and cash equivalents at end of year		**469,065**	**448,022**

Statement of Cash Flows continued

As at September 30, 2024.
Expressed in thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

	Notes	2024	2023
Cash and cash equivalents at end of year are represented by:			
Cash on hand		**34,805**	29,924
Due from banks		**104,392**	142,970
Due from related banks		**251,716**	224,011
Treasury Bills – original maturity of three months or less		**78,152**	51,117
		469,065	**448,022**
Interest received during the year		**90,335**	72,244
Interest paid during the year		**20,612**	19,198
Dividends received		**20**	28

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

1. Corporate information

Republic Bank (Grenada) Limited (the 'Bank') is incorporated in Grenada and provides banking services through five branches in Grenada and Carriacou. The Bank was continued under the provision of the Companies Ordinance Section 365, 1995 on March 23, 1998 and its registered office is located at Republic House, Grand Anse, St. George, Grenada. The Bank is a subsidiary of Republic Financial Holdings Limited of Trinidad and Tobago formerly Republic Bank Limited.

Republic Financial Holdings Limited the financial holding company for the Republic Group is incorporated in the Republic of Trinidad and Tobago and its registered office is located at Republic House, 9-17 Park Street, Port of Spain. Republic Financial Holdings Limited is listed on the Trinidad and Tobago Stock Exchange.

The Republic Group (the 'Group') is a financial services group comprising several subsidiaries and associated companies. The Group is engaged in a wide range of banking, financial and related activities mainly in the Caribbean Community (CARICOM) region, Cayman Islands, Ghana, St. Maarten, Anguilla and the British Virgin Islands. It has most recently launched a life insurance subsidiary in Trinidad and Tobago.

2. Material accounting policies

These financial statements provide information on the accounting estimates and judgements made by the Bank. These estimates and judgements are reviewed on an ongoing basis. Given the continued impact of global economic uncertainty exacerbated by high inflation and rising interest rates, the Bank has maintained its estimation uncertainty in the preparation of these financial statements. The estimation uncertainty is associated with the extent and duration of the expected economic downturn in the economy. This includes forecasts for economic growth, unemployment, interest rates and inflation.

The Bank has formed estimates based on information that was available on September 30, 2024, which was deemed to be reasonable in forming these estimates. The actual economic conditions may be different from the estimates used and this may result in differences between the accounting estimates applied and the actual results of the Bank for future periods.

The accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied across the Bank.

2.1 Basis of preparation

The financial statements of the Bank are prepared in accordance with IFRS Accounting Standards ("IFRS"), and are stated in Eastern Caribbean dollars. These financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions. Actual results could differ from those estimates. Significant accounting judgements and estimates in applying the Bank's accounting policies have been described in Note 3.

2.2 Changes in accounting policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended September 30, 2023, except for the adoption of new standards and interpretations below.

Several amendments and interpretations apply for the first time in 2024. These are also described in more detail below. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2. Material accounting policies continued

2.2 Changes in accounting policies continued

IRFS 17 Insurance Contracts (effective January 1, 2023)
The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspect. The core of IFRS 17 is the general model supplemented by:
- A specific adaption for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short term duration contracts

This standard had no impact on the financial statements of the Bank.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments to IAS 8 (effective January 1, 2023)
The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the IASB.

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

These amendments had no impact on the financial statements of the Bank.

IAS 12 Income Taxes – Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective January 1, 2023)
The amendments to IAS 12, narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Notes to the Financial Statements continued

For the Year Ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean Dollars ($'000), Except where Otherwise Stated.

2. **Material accounting policies** continued

2.2 **Changes in accounting policies** continued

IAS 12 Income Taxes – Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective January 1, 2023) continued

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in the statement of income.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

These amendments had no impact on the financial statements of the Bank.

IAS 12 Income Taxes – Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules
The amendments to IAS 12, introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issue of the amendments.

The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023, but are not required for any interim period ending on or before December 31, 2023.

These amendments had no impact on the financial statements of the Bank.

2. Material accounting policies continued

2.2 Changes in accounting policies continued

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Amendments to IAS 1 – Disclosure of Accounting Policies (effective January 1, 2023)

The IASB issued amendments to provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

These amendments had no impact on the financial statements of the Bank.

Improvements to IFRS Accounting Standards

The annual improvements process of the International Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRS. There are no amendments applicable to annual periods beginning on or after January 1, 2024.

2.3 Standards in issue not yet effective

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Bank's financial statements. These standards and interpretations will be applicable to the Bank at a future date and will be adopted when they become effective. The Bank is currently assessing the impact of adopting these standards and interpretations.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (effective January 1, 2024)

The IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

2. Material accounting policies continued

2.3 Standards in issue not yet effective continued

IFRS 16 Leases – Amendments to IFRS 16 (effective January 1, 2024)
The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in the consolidated statement of income, any gain or loss relating to the partial or full termination of a lease, as required by IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

A seller-lessee applies the amendment to annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted and that fact must be disclosed.

A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Amendments to IAS 7 and IFRS 7 (effective January 1, 2024)
The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Characteristics
The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.

2. Material accounting policies continued

2.3 Standards in issue not yet effective continued

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Amendments to IAS 7 and IFRS 7 (effective January 1, 2024) continued

Disclosure requirements

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.

IAS 21 The Effects of Changes in Foreign Exchange Rates – Amendments to IAS 21 (effective January 1, 2025)

The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Amendments to IFRS 9 and IFRS 7 (effective January 1, 2026)

The amendments:

- Clarifiy that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met
- Clarifiy how to assess the contractual cash flow characteristics of financial assets that include Environmental, Social and Governance (ESG)-linked features and other similar contingent features
- Clarify the treatment of non-recourse assets and contractually linked instruments
- Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

2. Material accounting policies continued

2.3 Standards in issue not yet effective continued

IFRS 18 Presentation and Disclosure in Financial Statements (effective January 1, 2027)

IFRS 18 introduces new categories and subtotals in the statement of income. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

Statement of income

An entity will be required to classify all income and expenses within its statement of income into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.

Main business activities

For the purposes of classifying its income and expenses into the categories required by IFRS 18, an entity will need to assess whether it has a 'main business activity' of investing in assets or providing financing to customers, as specific classification requirements will apply to such entities. Determining whether an entity has such a specified main business activity is a matter of fact and circumstances which requires judgement. An entity may have more than one main business activity.

Management-defined performance measures

IFRS 18 introduces the concept of a Management-defined Performance Measure (MPM) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires disclosure of information about all of an entity's MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by IFRS 18 or another IFRS accounting standard.

Location of information, aggregation and disaggregation

IFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes, and introduces a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes. IFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics. Guidance is also provided for determining meaningful descriptions, or labels, for items that are aggregated in the financial statements.

Consequential amendments to other accounting standards

Narrow-scope amendments have been made to IAS 7 Statement of cash flows, which include changing the starting point for determining cash flows from operations under the indirect method from 'profit or loss' to 'operating profit or loss'. The optionality around classification of cash flows from dividends and interest in the statement of cash flows has also largely been removed.

IAS 33 Earnings Per Share (EPS) is amended to include additional requirements that permit entities to disclose additional amounts per share, only if the numerator used in the calculation meets specified criteria. The numerator must be:

- An amount attributable to ordinary equity holders of the parent entity; and
- A total or subtotal identified by IFRS 18 or an MPM as defined by IFRS 18.

Some requirements previously included within IAS 1 Presentation of Financial Statements have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which has been renamed IAS 8 Basis of Preparation of Financial Statements. IAS 34 Interim Financial Reporting has been amended to require disclosure of MPMs.

2. **Material accounting policies** continued

2.3 **Standards in issue not yet effective** continued

IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective January 1, 2027)

IFRS 19 Subsidiaries without Public Accountability: Disclosures, allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.

An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS accounting standards compliance statement. IFRS 19 requires an entity whose financial statements comply with IFRS accounting standards including IFRS 19 to make an explicit and unreserved statement of such compliance.

Eligible entities

An entity may elect to apply IFRS 19 if at the end of the reporting period:

- It is a subsidiary as defined in IFRS 10 Consolidated financial statements;
- It does not have public accountability; and
- It has a parent (either ultimate or intermediate) that prepares Consolidated financial statements, available for public use, which comply with IFRS accounting standards.

Public accountability

An entity has public accountability if:

- Its debt or equity instruments are traded in a public market, or it is in the process of issuing such instruments for trading in a public market; or
- It holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (i.e., not for reasons incidental to its primary business).

Disclosure requirements and references to other IFRS accounting standards

The disclosure requirements in IFRS 19 are organised into subheadings per IFRS accounting standards and where disclosure requirements in other IFRS Accounting Standards remain applicable, these are specified under the subheading of each IFRS accounting standard.

IFRS 19 disclosures exclude IFRS 8 Operating Segments, IFRS 17 Insurance Contracts and IAS 33 Earnings Per Share (EPS). Therefore, if an entity that applies IFRS 19 is required to apply IFRS 17 or elects to apply IFRS 8 and/or IAS 33, that entity would be required to apply all the relevant disclosure requirements in those standards.

Expected 'catch-up' amendments

In developing the disclosure requirements in IFRS 19, the Board considered the disclosure requirements in other IFRS accounting standards as at February 28, 2021. Disclosure requirements in IFRS accounting standards that have been added or amended subsequent to this date have been included in IFRS 19 unchanged. Consequently, the Board indicated it will publish an exposure draft setting out whether and how to reduce the disclosure requirements of any amendments and additions made to other IFRS accounting standards post February 28, 2021, for the purpose of updating IFRS 19.

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

2. Material accounting policies continued

2.4 Improvements to IFRS Accounting Standards

The annual improvements process of the IFRS Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRS. The following amendments are applicable to annual periods beginning on or after January 1, 2026.

IFRS	Subject of Amendment
IFRS 1	First-time Adoption of International Financial Reporting Standards – Hedge accounting by a first-time adopter.
IFRS 7	Financial instruments: Disclosures – Gain or loss on derecognition
IFRS 7	Financial instruments: Disclosures – Disclosure of deferred difference between fair value and transaction price
IFRS 7	Financial instruments: Disclosures – Introduction and credit risk disclosures
IFRS 9	Financial instruments – Lessee derecognition of lease liabilities
IFRS 9	Financial instruments – Transaction price
IFRS 10	Consolidated financial statements – Determination of a 'de facto agent'
IAS 7	Statement of cash flows – Cost method

2.5 Summary of material accounting policies

a Cash and cash equivalents

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents consist of highly liquid investments, cash on hand, due from banks including related banks, Treasury Bills and bankers' acceptances with original maturities of three months or less. Bankers' acceptances and due from banks including related banks with maturities greater than three months are classified as investments.

b Statutory deposits with Central Bank

Pursuant to the Banking Act of Grenada 2015, Republic Bank (Grenada) Limited is required to maintain specified assets as a reserve requirement for its deposit liabilities. The minimum requirement is 6% of the average deposit liabilities over a four-week period.

Deposits with the Central Bank represent mandatory reserve deposits and are not available for use in day-to-day operations. These amounted to $107.7 million (2023: $102.3 million).

c Financial instruments - initial recognition

i Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to customers when funds are transferred to the Bank.

ii Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Note 2.5(d)(i). Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair Value Through Profit or Loss ('FVPL') transaction costs are added to, or subtracted from, this amount.

Notes to the Financial Statements continued

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

2. **Material accounting policies** continued

2.5 **Summary of material accounting policies** continued

c Financial instruments - initial recognition continued

iii Measurement categories of financial asset and liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms, measured at either:

- Amortised cost, as explained in Note 2.5 d (i)
- FVPL, as explained in Note 2.5 d (ii)

Financial liabilities, other than loan commitments and financial guarantees are measured at amortised cost.

d Financial assets and liabilities

i Due from banks including related banks, Treasury Bills, Advances and Investment securities

The Bank only measures Due from banks including related banks, Treasury Bills, Advances to customers and Investment securities at amortised cost if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

The details of these conditions are outlined below.

The SPPI test

For the first step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at Fair Value Through Profit and Loss (FVPL) or Fair Value Through Other Comprehensive Income (FVOCI) without recycling.

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

2. Material accounting policies continued

2.5 Summary of material accounting policies continued

d Financial assets and liabilities continued

i Due from banks including related banks, Treasury Bills, Advances and Investment securities continued

Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

ii Financial assets at fair value through profit or loss

Financial assets in this category are those that are designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management may designate an instrument at FVPL upon initial recognition.

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis.

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income, using the effective interest rate (EIR), taking into account any discount/ premium and qualifying transaction costs being an integral part of the instrument. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other income when the right to the payment has been established.

iii Undrawn loan commitments

Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the ECL requirements but no ECL was applied as the risk of default is very low.

e Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

Notes to the Financial Statements continued

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

2. **Material accounting policies** continued

2.5 **Summary of material accounting policies** continued

f Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to a customer, to facilitate changes to the original loan agreement or arrangement due to weaknesses in the borrower's financial position and/or non-repayment of the debt as arranged and terms and conditions have been restructured to the extent that, substantially, it becomes a new loan, with the difference recognised as an impairment loss. The newly recognised loans are classified as Stage 2 for ECL measurement purposes.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:

- Change in currency of the loan
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original rate, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset, or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset, or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

2. Material accounting policies continued

2.5 Summary of material accounting policies continued

f Derecognition of financial assets and liabilities continued

Financial assets continued

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

g Impairment of financial assets

i Overview of the ECL principles

The Bank records an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The Bank uses the general probability of default approach when calculating ECLs. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in Note 2.5 (g) (ii). The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 18.2

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the size and nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured on a collective basis is explained in Note 18.2.6.

Where the financial assets meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

2. Material accounting policies continued

2.5 Summary of material accounting policies continued

g Impairment of financial assets continued

i *Overview of the ECL principles* continued

Based on the above process, the Bank classifies its loans and investments into Stage 1, Stage 2 and Stage 3 and POCI as described below:

Stage 1

When financial assets are first recognised and continue to perform in accordance with the contractual terms and conditions after initial recognition, the Bank recognises an allowance based on 12mECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial asset has been reclassified from Stage 2.

Stage 2

When financial assets have shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans and investments also include facilities, where the credit risk has improved and the loan or investment has been reclassified from Stage 3.

Stage 3

Loans and investments considered credit-impaired (as outlined in Note 18.2). The Bank records an allowance for the LTECLs.

POCI

Purchased or Originated Credit Impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the ECLs.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

ii *The calculation of ECLs*

The Bank calculates ECLs based on the historical measure of cash shortfalls, discounted at the instrument's coupon rate. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

2. Material accounting policies continued

2.5 Summary of material accounting policies continued

g Impairment of financial assets continued

ii The calculation of ECLs continued

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given period of time. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 18.2.4.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers among other factors the risk rating category and aging of the financial asset. Each of these is associated with different PDs, EADs and LGDs. When relevant, it also incorporates how defaulted loans and investments are expected to be recovered, including the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, for which the treatment is separately set out, the maximum period for which the credit losses are determined is the contractual life of a financial instrument.

Impairment losses and recoveries are accounted for and disclosed separately.

The mechanics of the ECL method are summarised below:

Stage 1

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD which are derived as explained under Stage 3 for loans and using Global Credit Loss tables for traded investments and modified with management overlays when not traded.

Stage 2

When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The LGDs are derived as explained under Stage 3 for loans and using Global Credit Loss tables for traded investments and modified with management overlays when not traded.

Stage 3

For financial assets considered credit-impaired (as defined in Note 18.2), the Bank recognises the LTECLs for these loans and investments. The method is similar to that for Stage 2 assets, with the PD set at 100 percent.

2. Material accounting policies continued

2.5 Summary of material accounting policies continued

g Impairment of financial assets continued

ii The calculation of ECLs continued

POCI

POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in LTECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit adjusted EIR.

In most instances, LGDs are determined on an individual loan or investment basis, including discounting the expected cash flows at the original EIR. Stage 3 LGDs are grouped by similar types to provide percentage averages to be applied for Stage 1 and Stage 2 loans.

iii Credit cards, overdrafts and other revolving facilities

The Bank's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities. The Bank limits its exposure on these revolving facilities to the outstanding balance for non-performing facilities. For Stage 1 and Stage 2 facilities, the Bank calculates ECL on a percentage utilisation of the credit card and overdraft limit based on the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, as explained in Note 18.2.4, but emphasis is also given to qualitative factors such as changes in usage and repayment patterns.

The interest rate used to discount the ECLs for credit cards is based on the interest rate that is expected to be charged over the expected period of exposure to the facilities. This estimation takes into account that many facilities are repaid in full each month and are consequently charged no interest.

iv Treasury Bills, Statutory deposit with Central Bank and Due from banks including related banks

Treasury Bills, Statutory deposit with Central Bank and Due from banks including related banks are short term funds placed with Central Bank in the country where the Bank is engaged in the full range of banking and financial activities and correspondent banks.

v Financial guarantees, letters of credit and undrawn loan commitments

The Bank issues financial guarantees, letters of credit and loan commitments.

Financial guarantees, letters of credit and loan commitments are off-balance sheet instruments and have no history of default.

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

2. Material accounting policies continued

2.5 Summary of material accounting policies continued

g Impairment of financial assets continued

vi Forward looking information

In its ECL models, the Bank considers a broad range of forward looking information as economic inputs, such as:

- Currency rates
- GDP growth
- Unemployment rates
- Industry risk
- Real estate price trends
- Commodity price inflation rates

Statistical correlation between the overall performance of the economies and historic loss trends were established and used to correlate macroeconomic expectations to adjustments within the ECL models.

The Bank however recognised that the inputs and models used for calculating ECLs may not always capture all characteristics and expectations of the market at the date of the financial statements. To reflect this, management adjustments or overlays are made by assessing the macroeconomic factors and applying judgements, when such differences are significantly material.

h Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories and other non-financial assets. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed at inception and re-assessed on a periodic basis.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on independent valuations and other data provided by third parties.

i Collateral repossessed

In its normal course of business, should the Bank repossess properties or other assets in its retail portfolio, it sometimes engages external agents to assist in the sale of these assets to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the statement of financial position.

j Write-offs

The Bank's accounting policy is for financial assets to be written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to other income.

2. Material accounting policies continued

2.5 Summary of material accounting policies continued

k Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the entity and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g., changes to future payments resulting from a change in rate used to determine such lease payments).

The Bank applies the short-term lease recognition exemption to its short-term leases of property etc. (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of IT equipment that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

l Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

2. **Material accounting policies** continued

2.5 **Summary of material accounting policies** continued

l Premises and equipment continued

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of income.

Leasehold improvements and leased equipment are depreciated on a straight-line basis over the period of the lease. Depreciation other than on leasehold improvements and leased equipment is computed on straight line basis at rates expected to apportion the cost of the assets over their estimated useful lives.

The depreciation rates used are as follows:

Freehold premises	1.3%
Vehicles and Equipment	
(computers, software, servers, other hardware, etc.)	1.25% – 25%
Furniture and fittings	1.7% – 10%

m Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions (Note 3)
- Premises and equipment (Note 6)
- Intangible assets (Note 8)

The Bank assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows available to shareholders are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount.

n Business combinations and goodwill

The Bank uses the purchase method of accounting to account for acquisitions. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Bank elects to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

2. Material accounting policies continued

2.5 Summary of material accounting policies continued

n Business combinations and goodwill continued

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the Statement of income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Bank re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the statement of income.

As at acquisition date, any goodwill acquired is allocated to each of the CGU expected to benefit from the combination's synergies. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

o Employee benefits/obligations

i Pension assets

The Bank operates a defined benefit plan, the assets of which are held in separate trustee-administered funds. The pension plan is generally funded by payments from the Bank, taking account of the recommendations of independent qualified actuaries who carry out the full valuation of the Plan every three years. Annually, the Bank's independent actuaries conduct a valuation exercise to measure the effect of the employee benefit plan. For defined benefits plans, the pension accounting costs are assessed using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, (excluding amounts included in net interest on the net defined benefit liability), and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Statement of financial position with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurements are not reclassified to the separate Statement of income in subsequent periods.

Past service costs are recognised in the Statement of income on the earlier of:

a The date of the plan amendment or curtailment, and

b The date that the Bank recognises related restructuring costs

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

2. Material accounting policies continued

2.5 Summary of material accounting policies continued

o Employee benefits/obligations continued

i Pension assets

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Bank recognises the following changes in the net defined benefit obligation under 'operating expenses' in the statement of income:

a Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
b Net interest expense or income

The defined benefit plan mainly expose the Bank to risks such as investment risk, interest rate risk and longevity risk.

The above accounting requirement in no way affects the pension plan which continue to be governed by the approved Trust Deed and Rules and remain under the full control of the appointed Trustees.

The full results of the valuation exercise are disclosed in Note 9 to these financial statements.

ii Other post-retirement obligations

The Bank provides post-retirement medical and group-life benefits to its retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plan. Independent qualified actuaries carry out a valuation of these obligations

iii Profit sharing scheme

The Bank operates an employee profit sharing scheme, and the profit share to be distributed to employees each year is based on the terms outlined in the Union Agreement. Employees receive their profit share in cash. The Bank accounts for the profit share as an expense through the statement of income.

p Taxation

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 statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Income tax payable on profits, based on the applicable tax law, is recognised as an expense in the period in which profits arise. 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.

2. Material accounting policies continued

2.5 Summary of material accounting policies continued

q Statutory reserve

The Banking Act of Grenada (No. 45 of 2015) requires every licensed financial institution to maintain a reserve fund and shall, out of its net profits of each year transfer to that fund a sum equal to not less than twenty per cent of profits whenever the amount of the reserve fund is less than a hundred per cent of the paid-up or, or as the case may be, assigned capital of the licensed financial institution. This reserve is not available for distribution as dividends or for any other form of appropriation. Statutory reserves amounted to $34.1 million (2023: $29.4 million) at year end.

r Earnings per share

Data on basic earnings per share has been computed by dividing the net profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

s Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Eastern Caribbean Dollars (the Bank's functional and reporting currency) at rates of exchange prevailing at the date the financial statement and non-monetary assets and liabilities are translated at historic rates. Revenue and expenses denominated in foreign currencies are translated into Eastern Caribbean dollars at mid-exchange rates. Realised gains and losses on foreign currency positions are reported in the statement of income.

t Intangible assets

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as finite and 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 and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of income when the asset is derecognised.

u Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Bank has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

2. Material accounting policies continued

2.5 Summary of material accounting policies continued

u Revenue recognition continued

The specific recognition criteria described below must also be met before revenue is recognised.

The effective interest rate method

Interest income and expense is recorded using the EIR method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

Interest income and expense

The Bank calculates interest income and expense by applying the EIR to the gross carrying amount of financial assets and liabilities other than credit-impaired assets. For purchased or originated credit-impaired financial assets a credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate in net trading income and net gains/(losses) on financial assets at fair value through profit or loss, respectively.

Fee and commission income

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis as the service is provided. Fees and commissions not integral to effective interest arising from negotiating, or participating in the negotiation of a transaction from a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts.

Credit card fees and commissions are recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. Credit card fees and commissions are therefore net of amounts paid, the expenses for the direct cost of satisfying the performance obligation is netted against the revenues received.

Dividends

Dividend income is recognised when the right to receive the payment is established.

v Fair value

The Bank measures financial instruments at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value, where fair values are disclosed, are shown in Note 21 to the financial statements.

2. Material accounting policies continued

2.5 Summary of material accounting policies continued

v Fair value continued

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i In the principal market for the asset or liability, or
ii In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1
Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2
Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Bank's own models whereby the majority of assumptions are market observable.

Level 3
Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

2. Material accounting policies continued

2.5 Summary of material accounting policies continued

v Fair value continued

Level 3 continued

Where the Bank's investments are not actively traded in organised financial markets, the fair value is determined using discounted cash flow analysis, which requires considerable judgement in interpreting market data and developing estimates. Accordingly, estimates contained herein are not necessarily indicative of the amounts that the Bank could realise in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values. The fair value information for available-for-sale investments is based on information available to management as at the dates presented. Management is not aware of any factors that would significantly affect the estimated fair value amounts.

Investments classified as 'at fair value through profit or loss' are actively traded in organised markets and fair value is determined by reference to the market price at year end or on the last trade date prior to year end.

Financial instruments where carrying value is equal to fair value:- Due to their short-term maturity, the carrying value of certain financial instruments is assumed to approximate their fair values. These include cash and cash equivalents, balances due from banks and related banks, investment interest receivable, customers' deposit accounts, other assets and other liabilities.

Advances are net of specific and other provisions for impairment. The fair values of advances is based on a current yield curve appropriate for the remaining term to maturity.

For balances due to banks and related banks, where the maturity period is less than one year, the fair value is assumed to equal carrying value. Where the maturity period is in excess of one year, these are primarily floating rate instruments, the interest rates of which reset with market rates, therefore the carrying values are assumed to equal fair values.

The fair value of fixed rate debt securities carried at amortised cost is estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for facilities with similar credit risk and maturity.

w Customers' liabilities under acceptances, guarantees, indemnities and letters of credit

These represent the Bank's potential liability, for which there are equal and offsetting claims against its customers in the event of a call on these commitments. These amounts are not recorded on the Bank's Statement of financial position but are detailed in Note 24 (b) of these financial statements.

x Equity reserves

The reserves recorded in equity on the Bank's Statement of financial position include:

Stated capital – Ordinary stated capital is classified within equity and is recognised at the fair value of the consideration received by the Bank.

Statutory reserves that qualify for treatment as equity are discussed in Note 2.5 (q).

General contingency reserve – This represents the difference between regulatory provision requirements and specific provisions under IFRSs and is an appropriation of retained earnings.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Bank's exposure to risks and uncertainties include:

a Risk management (Note 18)

b Capital management (Note 20)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

Impairment losses on financial assets (Note 4 and 5)

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The estimation of the amount and timing of future cash flows and collateral values when determining impairment losses
- The Bank's internal credit grading model, assigns PDs for corporate facilities, and this was the basis for grouping PDs
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of the existence of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- The inclusion of overlay adjustments based on judgement and future expectations

Other assumptions

Net pension asset/liability (Note 9)

In conducting valuation exercises to measure the effect of all employee benefit plans throughout the Bank, the Banks' independent actuaries use judgement and assumptions in determining discount rates, salary increases, NIS ceiling increases, pension increases and the rate of return on the assets of the Plan.

Goodwill (Note 8)

The Bank's financial statements include goodwill arising from acquisitions. In accordance with IFRS 3, goodwill was reviewed for impairment, as at September 30, 2024 using the 'value in use' method. This requires the use of estimates for determination of future cash flows expected to arise from each CGU and an appropriate perpetuity discount rate to calculate present value.

Deferred taxes (Note 10)

In calculating the provision for deferred taxation, management uses judgement to determine the probability that future taxable profits will be available to facilitate utilisation of temporary tax differences which may arise.

Notes to the Financial Statements

3. Significant accounting judgements, estimates and assumptions continued

Estimates and assumptions continued

Judgements

In the process of applying the Bank's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Premises and equipment (Note 6)

Management exercises judgement in determining whether costs incurred can accrue sufficient future economic benefits to the Bank to enable the value to be treated as a capital expense. Further judgement is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to carrying value.

Leases (Note 7)

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation of the leased asset).

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain specific adjustments (such as credit rating, or to reflect the terms and conditions of the lease).

Assessment of control

Management uses judgement in performing a control assessment review on all mutual funds and retirement plans sponsored by the Bank. This assessment revealed that the Bank is unable to exercise power over the activities of the funds/plans and is therefore not deemed to be in control of any of the mutual funds and retirement plans.

Notes to the Financial Statements continued

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

4. Advances

a Advances

2024	Retail lending	Commercial and corporate lending	Mortgages	Overdrafts	Credit cards	Total
Performing advances	87,576	177,183	767,476	25,396	19,957	**1,077,588**
Non-performing advances	10,090	2,064	33,224	–	3,624	**49,002**
	97,666	**179,247**	**800,700**	**25,396**	**23,581**	**1,126,590**
Accrued interest	175	1,484	2,485	94	–	**4,237**
	97,841	**180,731**	**803,185**	**25,490**	**23,581**	**1,130,828**
Allowance for ECLs – Note 4 (b)	(3,047)	(2,361)	(4,424)	(230)	(5,049)	**(15,111)**
	94,794	**178,370**	**798,761**	**25,260**	**18,532**	**1,115,717**
Unearned loan origination fees	(1,123)	(1,239)	(3,327)	–	–	**(5,689)**
Net advances	**93,671**	**177,131**	**795,434**	**25,260**	**18,532**	**1,110,028**

2023	Retail lending	Commercial and corporate lending	Mortgages	Overdrafts	Credit cards	Total
Performing advances	80,060	148,721	713,558	22,416	18,251	**983,006**
Non-performing advances	10,656	2,478	41,999	–	3,404	**58,537**
	90,716	**151,199**	**755,556**	**22,416**	**21,655**	**1,041,543**
Accrued interest	235	1,081	3,170	75	(60)	**4,501**
	90,951	**152,280**	**758,726**	**22,491**	**21,595**	**1,046,044**
Allowance for ECLs – Note 4 (b)	(2,572)	(3,608)	(8,047)	(207)	(4,173)	**(18,607)**
	88,379	**148,672**	**750,679**	**22,284**	**17,422**	**1,027,438**
Unearned loan origination fees	(812)	(941)	(2,714)	–	–	**(4,467)**
Net advances	**87,567**	**147,731**	**747,965**	**22,284**	**17,422**	**1,022,971**

Notes to the Financial Statements

For the year ended September 30, 2024.
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4. Advances continued

b ECL allowance for advances to customers

The table below shows the staging of advances and the related ECLs based on the Bank's criteria as explained in Note 18.2.4 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 18.2.6.

2024	Retail lending	Commercial and corporate lending	Mortgages	Overdrafts	Credit cards	Total
Gross Loans	97,841	180,731	803,185	25,490	23,581	**1,130,828**
Stage 1: 12 Month ECL	(38)	(506)	(851)	(149)	(1,454)	**(2,998)**
Stage 2: Lifetime ECL	(7)	(312)	(1,775)	(81)	(111)	**(2,286)**
Stage 3: Credit impaired financial assets – Lifetime ECL	(3,002)	(1,543)	(1,798)	–	(3,484)	**(9,827)**
	94,794	**178,370**	**798,761**	**25,260**	**18,532**	**(1,115,717)**
Stage 1: 12 Month ECL						
ECL allowance as at October 1, 2023	99	1,989	3,896	67	392	**6,443**
ECL on new instruments issued during the year	12	40	203	–	–	**255**
Other credit loss movements, repayments etc.	(73)	(1,523)	(3,248)	82	1,062	**(3,700)**
As at September 30, 2024	**38**	**506**	**851**	**149**	**1,454**	**2,998**
Stage 2: Lifetime ECL						
ECL allowance as at October 1, 2023	8	394	1,925	140	490	**2,957**
ECL on new instruments issued during the year	–	48	248	–	–	**296**
Other credit loss movements, repayments etc.	(1)	(130)	(398)	(59)	(379)	**(967)**
As at September 30, 2024	**7**	**312**	**1,775**	**81**	**111**	**2,286**
Stage 3: Credit impaired financial assets – Lifetime ECL						
ECL allowance as at October 1, 2023	2,465	1,225	2,226	–	3,291	**9,207**
Charge-offs and write-offs	(363)	–	(222)	–	–	**(585)**
Credit loss expense	2,254	1,404	3,700	–	1,411	**8,769**
Recoveries	(1,354)	(1,086)	(3,906)	–	(1,218)	**(7,564)**
As at September 30, 2024	**3,002**	**1,543**	**1,798**	**-**	**3,484**	**9,827**
Total	**3,047**	**2,361**	**4,424**	**230**	**5,049**	**15,111**

Of the total ECL of $15.1 million, 35.0 percent was on an individual basis and 65.0 percent was on a collective basis.

Notes to the Financial Statements continued

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

4. Advances continued

b ECL allowance for advances to customers continued

2023	Retail lending	Commercial and corporate lending	Mortgages	Overdrafts	Credit cards	Total
Gross Loans	90,951	152,280	758,727	22,491	21,595	**1,046,044**
Stage 1: 12 Month ECL	(99)	(1,989)	(3,896)	(67)	(392)	**(6,443)**
Stage 2: Lifetime ECL	(8)	(394)	(1,925)	(140)	(490)	**(2,957)**
Stage 3: Credit impaired financial assets – Lifetime ECL	(2,465)	(1,225)	(2,226)	–	(3,291)	**(9,207)**
	88,379	**148,672**	**750,680**	**22,284**	**17,422**	**1,027,437**
Stage 1: 12 Month ECL						
ECL allowance as at October 1, 2022	2,441	543	8,207	25	507	**11,723**
ECL on new instruments issued during the year	34	1,843	1,861	–	–	**3,738**
Other credit loss movements, repayments etc.	(2,376)	(397)	(6,172)	42	(115)	**(9,018)**
As at September 30, 2023	**99**	**1,989**	**3,896**	**67**	**392**	**6,443**
Stage 2: Lifetime ECL						
ECL allowance as at October 1, 2022	81	250	1,803	67	255	**2,456**
ECL on new instruments issued during the year	1	51	68	–	–	**120**
Other credit loss movements, repayments etc.	(74)	93	54	73	235	**381**
As at September 30, 2023	**8**	**394**	**1,925**	**140**	**490**	**2,957**
Stage 3: Credit impaired financial assets – Lifetime ECL						
ECL allowance as at October 1, 2022	462	952	2,456	–	651	**4,521**
Charge-offs and write-offs	(153)	(203)	(248)	–	–	**(604)**
Credit loss expense	3,394	831	6,221	–	3,007	**13,453**
Recoveries	(1,238)	(355)	(6,203)	–	(367)	**(7,796)**
As at September 30, 2023	**2,465**	**1,225**	**2,226**	**-**	**3,291**	**9,207**
Total	**2,572**	**3,608**	**8,047**	**207**	**4,173**	**18,607**

Of the total ECL of $18.6 million, 49.5 percent was on an individual basis and 50.5 percent was on a collective basis.

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

4. Advances continued

c Restructured/Modified loans

Within the retail portfolio, management will in the normal course of business modify the terms and conditions of facilities in the case of difficulties by the borrower. These modifications rarely result in an impairment loss and if it does, it is not material.

The Bank occasionally makes modifications to the original terms of large commercial and corporate loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. These modifications are made only when the Bank believes the borrower is likely to meet the modified terms and conditions. Indicators of financial difficulties include defaults on covenants, overdue payments or significant concerns raised by the Credit Risk Department. Once the terms have been renegotiated, any impairment is measured using the original Effective Interest Rates (EIR) as calculated before the modification of terms.

Restructured loans are carefully monitored. Restructured large commercial and corporate loans are classified as Stage 2 and amounted to $13 million as at September 30, 2024 ($12 million as at September 30, 2023).

5. Investment securities

		2024	2023
a	**Designated at Fair value through profit or loss**		
	Equities	**696**	696
b	**Debt instruments at amortised cost**		
	Government securities	**32,144**	19,968
	State-owned company securities	**24,032**	23,989
	Corporate bonds	**317,317**	288,443
		373,493	**332,400**
	Total investment securities	**374,189**	**333,096**

Notes to the Financial Statements continued

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

5. Investment securities continued

c Financial investment securities subject to impairment assessment

Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's credit rating system, aging and year-end stage classification.

2024	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Purchased or originated credit-impaired (POCI)	Total
Gross exposure	362,595	8,053	3,087	**373,735**
ECL	(117)	(125)	–	**(242)**
Net exposure	**362,478**	**7,928**	**3,087**	**373,493**
ECL allowance as at October 1, 2023	352	248	–	**600**
ECL on new instruments issued during the year	56	–	–	**56**
Other credit loss movements, repayments and maturities	(291)	(123)	–	**(414)**
As at September 30, 2024	**117**	**125**	**–**	**242**
2023				
Gross exposure	307,507	21,326	4,167	**333,000**
ECL	(352)	(248)	–	**(600)**
Net exposure	**307,155**	**21,078**	**4,167**	**332,400**
ECL allowance as at October 1, 2022	303	467	–	**770**
ECL on new instruments issued during the year	186	–	–	**186**
Other credit loss movements, repayments and maturities	(137)	(219)	–	**(356)**
As at September 30, 2023	**352**	**248**	**–**	**600**

d Designated at Fair value through profit or loss

Equity securities have been carried at an appropriate estimate of fair value.

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

6. Premises and equipment

2024	Capital works in progress	Freehold premises	Leasehold premises	Vehicles, equipment, furniture and fittings	Total
Cost					
At beginning of year	5,783	37,932	7,523	52,819	**104,057**
Adjustments	166	(35)	–	(43)	**88**
Work-in-progress written off	(321)	–	–	–	**(321)**
Additions at cost	7,612	–	–	391	**8,003**
Disposal of assets	–	–	–	(864)	**(864)**
Transfer of assets	(7,920)	5,879	–	2,041	**–**
At end of year	**5,320**	**43,776**	**7,523**	**54,344**	**110,963**
Accumulated depreciation					
At beginning of year	–	12,657	4,981	46,477	**64,115**
Adjustments	–	106	(699)	490	**(103)**
Charge for the year	–	804	16	2,054	**2,874**
Disposal of assets	–	–	–	(832)	**(832)**
At end of year	**–**	**13,567**	**4,298**	**48,189**	**66,054**
Net book value	**5,320**	**30,209**	**3,225**	**6,155**	**44,909**

2023	Capital works in progress	Freehold premises	Leasehold premises	Vehicles, equipment, furniture and fittings	Total
Cost					
At beginning of year	2,615	40,113	7,523	50,173	**100,424**
Work-in-progress written off	(203)	–	–	–	**(203)**
Additions at cost	6,547	–	–	–	**6,547**
Disposal of assets	–	(2,711)	–	–	**(2,711)**
Transfer of assets	(3,176)	530	–	2,646	**–**
At end of year	**5,783**	**37,932**	**7,523**	**52,819**	**104,057**
Accumulated depreciation					
At beginning of year	–	13,482	4,271	44,883	**62,636**
Charge for the year	–	603	710	1,594	**2,907**
Disposal of assets	–	(1,428)	–	–	**(1,428)**
At end of year	**–**	**12,657**	**4,981**	**46,477**	**64,115**
Net book value	**5,783**	**25,275**	**2,542**	**6,342**	**39,942**

Notes to the Financial Statements continued

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

6. Premises and equipment continued

	2024	2023
Capital commitments		
Contracts for outstanding capital expenditure not provided for in the financial statements	**2,166**	3,052
Other capital expenditure authorised by the Directors but not yet contracted for	**8,932**	3,994

7. Right-of-use assets and lease liabilities

a Right-of-use assets

	Leasehold premises 2024	Leasehold premises 2023
Cost		
At beginning of year	**6,250**	6,487
Additions at cost	**1,134**	1,227
Disposal of assets	**(680)**	(1,464)
At end of year	**6,704**	**6,250**
Accumulated depreciation		
At beginning of year	**4,644**	3,486
Disposal of assets	**110**	–
Charge for the year – Note 15 (d)	**756**	1,158
At end of year	**5,510**	4,644
Net book value	**1,194**	**1,606**

Leasehold premises generally have lease terms between 1 and 15 years.

b Lease liabilities

2024	Current	Non-current	Total
At beginning of year	50	1,746	**1,796**
Additions at cost	54	1,080	**1,134**
Accretion of interest expense – Note 15 (b)	5	98	**103**
Less: Principal payments	(72)	(964)	**(1,036)**
Disposals	–	(779)	**(779)**
At end of year	**37**	**1,181**	**1,218**

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

7. Right-of-use assets and lease liabilities continued

b Lease liabilities continued

2023	Current	Non-current	Total
At beginning of year	347	2,925	**3,272**
Additions at cost	–	1,227	**1,227**
Accretion of interest expense – Note 15 (b)	18	119	**137**
Less: Principal payments	(315)	(1,002)	**(1,317)**
Disposals	–	(1,523)	**(1,523)**
	50	**1,746**	**1,796**

The maturity analysis of lease liabilities are disclosed in Note 22 which is already contained in the liquidity risk Note 18.3.1.

Payments

Total rental payment of $1,036 for fiscal 2024 is fixed (2023: $1,317).

8. Intangible assets

		2024	2023
a	Goodwill	**54,412**	54,412
b	Core deposits	**2,093**	3,205
		56,505	**57,617**

a Goodwill

	2024	2023
Goodwill on acquisition brought and carried forward	**54,412**	54,412

Goodwill arising from business combinations was primarily generated from the acquisition of the Bank of Novia Scotia, Grenada branches.

Impairment testing of goodwill

In accordance with IFRS 3, all assets that gave rise to goodwill were reviewed for impairment using the 'value in use' method. In each case, the cash flow projections are based on financial budgets approved by senior management and the values assigned to key assumptions reflects past performance.

Notes to the Financial Statements continued

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

8. **Intangible assets** continued

b Core deposits

	2024	2023
Cost		
At beginning and end of year	**7,560**	7,560
Accumulated amortisation		
At beginning of year	**4,355**	3,243
Amortisation – Note 15 (d)	**1,112**	1,112
At end of year	**5,467**	4,355
Net book value	**2,093**	**3,205**

Core deposit intangibles have been determined to have a life of 8.5 years for savings and demand and 5 years for term deposits from acquisition date.

9. Employee benefits/obligations

a The amounts recognised in the Statement of financial position are as follows:

	Defined benefit pension plan		Post-retirement medical and group life obligations	
	2024	2023	2024	2023
Present value of defined benefit obligation	**(30,473)**	(36,259)	**(5,213)**	(5,681)
Fair value of plan assets	**33,470**	32,268	**–**	–
Surplus/(Deficit)	**2,997**	(3,991)	**(5,213)**	(5,681)
Effect of asset ceiling	**(2,997)**	**–**	**–**	**–**
Net defined benefit liability	**–**	**(3,991)**	**(5,213)**	**(5,681)**

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

9. Employee benefits/obligations continued

b Reconciliation of opening and closing Statement of financial position entries:

	Defined benefit pension plan 2024	Defined benefit pension plan 2023	Post-retirement medical and group life obligations 2024	Post-retirement medical and group life obligations 2023
Opening defined benefit obligation	**(3,991)**	4,817	**(5,681)**	(4,539)
Net pension cost	**(1,213)**	(364)	**(615)**	(791)
Re-measurements recognised in Other comprehensive income	**3,772**	(9,551)	**954**	(481)
Bank contributions	**1,432**	1,107	**–**	–
Premiums paid by the Bank	**–**	–	**129**	130
Closing defined benefit obligation	**–**	**(3,991)**	**(5,213)**	**(5,681)**

c Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plan 2024	Defined benefit pension plan 2023	Post-retirement medical and group life obligations 2024	Post-retirement medical and group life obligations 2023
Opening defined benefit obligation	**(36,259)**	(27,054)	**(5,681)**	(4,539)
Current service cost	**(924)**	(677)	**(497)**	(478)
Interest cost	**(2,467)**	(1,848)	**(375)**	(313)
Members' contributions	**(199)**	(119)	**–**	–
Past service cost	**–**	–	**257**	–
Re-measurements:				
- Experience adjustments	**30**	(7,889)	**409**	(481)
- Actuarial gain from changes in demographic assumptions	**7,269**	–	**545**	–
Benefits paid	**2,077**	1,328	**–**	–
Premiums paid by the Bank	**–**	–	**129**	130
Closing defined benefit obligation	**(30,473)**	**(36,259)**	**(5,213)**	**(5,681)**

d Liability profile

The defined benefit obligation is allocated between the Plan's members as follows:

	Defined benefit pension plan	Post-retirement medical	Group life obligations
- Active members	60%	55%	37%
- Defined contribution liabilities	9%	–	–
- Deferred members	2%	–	–
- Pensioners	29%	45%	63%

Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

9. Employee benefits/obligations continued

d Liability profile continued

Pension

The weighted average duration of the defined benefit obligation as at September 30, 2024 was 14.3 years.

Nearly 100 percent of the value of the benefits for active members is vested.

41 percent of the defined benefit obligation for active members is conditional on future salary increases.

Medical

The weighted average duration of the defined benefit obligation as at September 30, 2024 was 17.2 years.

44 percent of the benefits for active members are vested.

Group Life

The weighted average duration of the defined benefit obligation as at September 30, 2024 was 15.6 years.

54 percent of the benefits for active members are vested.

26 percent of the defined benefit obligation for active members was conditional on future salary increases.

e Movement in Fair value of plan assets

	Defined benefit pension plan 2024	2023
Fair value of plan assets at start of year	**32,268**	**31,871**
Interest income	**2,241**	2,225
Return on plan assets, excluding interest income	**(530)**	(1,662)
Bank contribution	**1,432**	1,107
Members' contributions	**199**	119
Benefits paid	**(2,077)**	(1,328)
Administrative expenses allowance	**(63)**	(64)
Fair value of plan assets at end of year	**33,470**	**32,268**
Actual return on plan assets	**1,711**	**563**

f Plan assets allocation as at September 30

	Defined benefit pension plan			
	Fair value		% Allocation	
	2024	2023	2024	2023
Regional equity securities	**283**	213	**1**	1
Debt securities	**5,517**	5,075	**17**	16
Other short term securities	**2,133**	2,128	**6**	7
Money market instruments/cash and cash equivalents	**25,537**	24,852	**76**	76
Total	**33,470**	**32,268**	**100**	**100**

The Plan's investment strategy is determined by the Plan's Trustees with the agreement of the Bank. This strategy is largely dictated by statutory constraints and the availability of suitable investments. There are no asset-liability matching strategies used by the plan.

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

9. Employee benefits/obligations continued

f Plan asset allocation as at September 30 continued

The regional equities held by the pension plan relates to Eastern Caribbean Financial Holdings and has a quoted price but the market is illiquid. Approximately 13 percent of the Plan's bond portfolio is made up of a bond issued by the Government of Grenada which was substantially impaired in 2013 and restructured in 2016.

g The amounts recognised in the statement of income are:

	Defined benefit pension plan		Post-retirement medical and group life obligations	
	2024	**2023**	**2024**	**2023**
Current service cost	**(924)**	(677)	**(497)**	(478)
Net interest on net defined asset/(liability)	**(226)**	377	**(375)**	(313)
Administration expenses	**(63)**	(64)	**–**	–
Past service cost	**–**	–	**257**	–
Total included in staff costs	**(1,213)**	**(364)**	**(615)**	**(791)**

h Re-measurements recognised in Other comprehensive income

	Defined benefit pension plan		Post-retirement medical and group life obligations	
	2024	**2023**	**2024**	**2023**
Experience gain/(losses)	**6,769**	(9,551)	**954**	(481)
Effect of asset ceiling	**(2,997)**	–	**–**	–
Total included in Other comprehensive income	**3,772**	**(9,551)**	**954**	**(481)**

i Summary of principal actuarial assumptions as at September 30

	2024 %	**2023 %**
Discount rate	**7.00**	7.00
Average individual salary increase	**4.00**	4.00
Future pension increases	**0.00**	0.00
Medical cost increases	**6.00**	6.00
Future NIS earnings increases	**3.00**	3.00

Assumptions regarding future mortality are based on published mortality rates. The life expectancies underlying the value of the defined benefit obligation as at September 30, are as follows:

	Defined benefit pension plans		Post-retirement medical and group life obligations	
	2024	**2023**	**2024**	**2023**
Life expectancy at age 60 for current pensioner in years:				
Male	**21.9**	21.9	**22.0**	21.9
Female	**26.2**	26.2	**26.2**	26.2
Life expectancy at age 60 for current members age 40 in years:				
Male	**22.8**	22.8	**22.8**	22.8
Female	**27.1**	27.1	**27.1**	27.1

Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

9. Employee benefits/obligations continued

j Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarizes how the defined benefit obligation as at September 30, 2024, would have changed as a result of reasonable changes in key assumptions used.

	Defined benefit pension plan		Post-retirement medical and group life obligations	
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease
Discount rate	(3,664)	45,473	(641)	933
Future salary increases	4,530	(3,808)	21	(19)
Medical cost increases	–	–	817	659

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at September 30, 2024 by $0.44 million and the post-retirement medical benefit by $0.16 million but decrease group life obligation by $0.04 million.

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

k Funding

The Bank meets the balance of the cost of funding the defined benefit pension plan. The funding requirements are based on regular actuarial valuations of the Plan made every three years and the assumptions used to determine the funding required may differ from those set out above. The Bank expects to pay $1.9 million (excluding any contribution arrears due from prior years) to the pension plan in the 2025 financial year.

The Bank operates the post-retirement medical benefit plan as a self-insured arrangement administered by insurance brokers. Retirees meet 40 percent of the total premium due and the bank meets the remaining 60 percent. Assuming no change in premium the Bank expects to pay $0.12 million in retirees medical premium in the 2025 financial year.

The Bank pays premiums to meet the cost of insuring the plan's benefits. Assuming no change in premium rates the Bank expects to pay premiums of around $0.01 million to the group life plan in the 2025 financial year.

10. Deferred tax assets and liabilities

Components of deferred tax assets and liabilities

a Deferred tax assets

2024	Opening balance	Credit/(Charge) Statement of income	Credit/(Charge) OCI	Closing balance
Post-retirement medical and group life obligation	1,586	140	(267)	**1,459**
Leased assets, net	64	(64)	–	**–**
Pension liability	1,117	(1,117)	–	**–**
IFRS 9 provision	2,632	(1,153)	–	**1,479**
	5,399	**(2,194)**	**(267)**	**2,938**

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

10. Deferred tax assets and liabilities continued

Components of deferred tax assets and liabilities continued

a Deferred tax assets continued

2023	Opening balance	Credit/(Charge) Statement of income	OCI	Closing balance
Post-retirement medical and group life obligation	1,271	180	135	**1,586**
Leased assets, net	69	(5)	–	**64**
Pension liability	–	(1,557)	2,674	**1,117**
IFRS 9 provision	3,969	(1,337)	–	**2,632**
	5,309	**(2,719)**	**2,809**	**5,399**

b Deferred tax liabilities

2024	Opening balance	(Credit)/Charge Statement of income	OCI	Closing balance
Core deposits	899	(311)	–	**588**
Leased assets, net	–	5	–	**5**
Pension asset	–	(1,056)	1,056	**–**
Premises and equipment	172	107	–	**280**
	1,071	**(1,255)**	**1,056**	**873**
2023				
Core deposits	1,210	(311)	–	**899**
Pension asset	1,346	(1,346)	–	**–**
Premises and equipment	143	28	–	**172**
	2,699	**(1,629)**	**–**	**1,071**

11. Other assets

	2024	2023
Accounts receivable and prepayments	**11,643**	22,228

Notes to the Financial Statements continued

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

12. Customers' current, savings and deposit accounts

Concentration of customers' current, savings and deposit accounts

	2024	**2023**
State	**104,459**	55,283
Corporate and commercial	**347,048**	400,918
Personal	**1,232,339**	1,194,931
Other financial institutions	**74,372**	34,862
	1,758,218	**1,685,994**

13. Other liabilities

	2024	**2023**
Accounts payable and accruals	**6,597**	5,742
Provision for profit sharing and salary increases	**2,692**	4,739
Other	**4,880**	8,393
	14,169	**18,874**

14. Stated capital

Authorised

The Bank is authorised to issue an unlimited number of shares of no par value

	Number of ordinary shares			
	2024 '000	**2023 '000**	**2024**	**2023**
Issued and fully paid				
Beginning and end of year	**3,774**	3,774	**117,337**	117,337

15. Operating profit

	2024	**2023**
a Interest income		
Advances	**68,665**	61,896
Investment securities	**14,550**	9,397
Liquid assets	**7,980**	3,399
	91,195	**74,692**
b Interest expense		
Customers' current, savings and deposit accounts	**20,349**	19,391
Finance cost lease liabilities – Note 7(b)	**103**	137
	20,452	**19,528**

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

15. Operating profit continued

		2024	2023
c	**Other income**		
	Fees and commission income	**7,852**	7,980
	Credit Card fees and commission (net)	**7,939**	8,279
	Net exchange trading income	**10,638**	9,184
	Dividends	**20**	28
	Gain on sale of premises and equipment	**126**	289
	Other operating income	**1,736**	2,613
		28,311	**28,373**
d	**Operating expenses**		
	Staff costs	**25,064**	24,701
	Employee benefits/obligations expense – Note 9 (g)	**1,828**	1,155
	General administrative expenses	**27,959**	25,142
	Audit fee	**970**	889
	Professional fees paid to audit firm	**517**	679
	Property related expenses	**6,277**	5,758
	Depreciation expense – Note 6	**2,874**	2,907
	Depreciation expense right-of-use assets – Note 7 (a)	**756**	1,158
	Intangible amortisation expense – Note 8	**1,112**	1,112
	Advertising and public relations expenses	**1,794**	1,616
	Directors' fees	**464**	415
		69,615	**65,532**

16. Credit loss (recovery)/expense on financial assets

	Notes	2024	2023
Advances	4 (b)	**(2,910)**	511
Debt instruments measured at amortised cost	5 (c)	**(172)**	(2,580)
		(3,082)	**(2,069)**

17. Taxation expense

	2024	2023
Corporation tax	**7,948**	3,454
Deferred tax charge	**939**	1,090
	8,887	**4,544**

Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

17. Taxation expense continued

Reconciliation between taxation expense and accounting profit

Income taxes in the statement of income vary from amounts that would be computed by applying the statutory tax rate for the following reasons:

	2024	2023
Net profit before taxation	**32,521**	20,074
Tax at applicable statutory tax rates (2024 and 2023 - 28%)	**9,106**	5,621
Tax effect of items that are adjustable in determining taxable profit:		
Tax exempt income	**(3,024)**	(4,233)
Items not allowable for tax purposes	**2,805**	3,156
	8,887	**4,544**

18. Risk management

18.1. General

The Bank's prudent banking practices are founded on solid risk management. In an effort to keep apace with its dynamic environment, the Bank has established a comprehensive framework for managing risks, which is continually evolving as the Bank's business activities change in response to market, credit, product and other developments.

The basic principles of risk management followed by the Bank include:

- Managing risk within parameters approved by the Board of Directors and Executives;
- Assessing risk initially and then consistently monitoring those risks through their life cycle;
- Abiding by all applicable laws, regulations and governance standards;
- Applying high and consistent ethical standards to our relationships with all customers, employees and other stakeholders; and
- Undertaking activities in accordance with fundamental control standards. These controls include the disciplines of planning, monitoring, segregation, authorization and approval, recording, safeguarding, reconciliation and valuation.

The Board of Directors has ultimate responsibility for the management of risk within the Bank. Acting with authority delegated by the Board, the Credit, Audit, Asset Liability Committee, and Audit and Enterprise Risk Committee, review specific risk areas.

The Internal Audit function audits Risk Management processes throughout the Bank by examining both the adequacy of the procedures and the Bank's compliance with these procedures. Internal Audit discusses the results of all assessments with Management and reports its findings and recommendations to the Audit Committee.

The Bank's activities are primarily related to the use of financial instruments. The Bank accepts funds from customers and seeks to earn above average interest margins by investing in high quality assets such as government and corporate securities as well as equity investments and seeks to increase these margins by lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The main risks arising from the Bank's financial instruments are credit risk, liquidity risk and market risk (interest rate risk, foreign currency risk and operational risk). The Bank reviews and agrees policies for managing each of these risks as follows:

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

18. Risk management continued

18.2 Credit risk

Credit risk is the potential that a borrower or counterparty will fail to meet its stated obligations in accordance with agreed terms. The objective of the Bank's credit risk management function is to maximize the Bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. The effective management of credit risk is a key element of a comprehensive approach to risk management and is considered essential to the long-term success of the Bank.

The Bank's credit risk management process operates on the basis of a hierarchy of discretionary authorities. A Board Credit Committee, chaired by the Chairman of the Board and including executive and non-executive directors, is in place, with the authority to exercise the powers of the Board on all risk management decisions.

The Risk Management unit is accountable for the general management and administration of the Bank's credit portfolio, ensuring that lendings are made in accordance with current legislation, sound banking practice and in accordance with the applicable general policy of the Board of Directors. The Risk Management function is kept separate from and independent of the business development aspect of the operations.

The Bank uses a risk rating system which groups commercial/corporate accounts into various risk categories to facilitate the management of risk on both an individual account and portfolio basis. For retail lending, a computerised Credit Scoring system with preset risk management criteria is in place at all branches to facilitate decision-making. Trend indicators are also used to evaluate risk as improving, static or deteriorating. The evaluation of the risk and trend inform the credit decision and determines the intensity of the monitoring process.

The debt securities within the Bank's investment security portfolio are exposed to credit risk and are managed by investment grading or country exposure with preset exposure limits as approved by the Board of Directors. The credit quality of each individual security is assessed based on the financial strength, reputation and market position of the issuing entity and the ability of that entity to service the debt.

The Bank avoids exposure to undue concentrations of risk by placing limits on the amount of risk accepted from a number of borrowers engaged in similar business activities, or activities in the same geographic region or with similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Such risks are controlled and monitored on a revolving basis and are subject to an annual or more frequent review. Limits on the level of credit risk by product, industry sector, client and geography are approved by the Board of Directors.

The Bank's credit control processes emphasize early detection of deterioration and prompt implementation of remedial action and where it is considered that recovery of the outstanding balance may be doubtful or unduly delayed, such accounts are transferred from performing to non-performing status.

18.2.1 Analysis of risk concentration

The Bank's concentrations of risk are managed by client/counterparty, geographical region and industry sector. The table below shows the Bank's maximum exposure to any client or counterparty before taking into account collateral or other credit enhancements.

Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

18. Risk management continued

18.2 Credit risk continued

18.2.1 Analysis of risk concentration continued

	Gross maximum exposure 2024	2023
Statutory deposits with Central Bank	**107,711**	102,306
Due from banks	**104,392**	142,970
Due from related banks	**251,716**	224,011
Treasury Bills	**114,929**	87,925
Investment interest receivable	**3,574**	2,449
Advances	**1,110,028**	1,022,970
Investment securities, excluding equities	**373,493**	332,400
Total	**2,065,843**	**1,915,031**
Undrawn commitments	**268,216**	211,468
Guarantees and Indemnities	**28,374**	35,299
Letters of credit	**9,639**	10,273
Total	**306,229**	**257,040**
Total credit risk exposure	**2,372,072**	**2,172,071**

Where financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

a Industry sectors

The following table shows the risk concentration by industry for the components of the Statement of financial position. Additional disclosures for credit quality and the maximum exposure for credit risk per categories based on the Bank's internal credit rating system and year-end stage classification are further disclosed in Notes 4 (b) and 5 (c).

	2024	2023
Government and central government bodies	**161,889**	104,296
Financial sector	**645,695**	666,260
Agriculture	**18,319**	1,248
Electricity and water	**8,101**	8,060
Transport storage and communication	**51,190**	58,593
Distribution	**153,637**	82,916
Real estate	**60,362**	46,537
Manufacturing	**25,342**	52,618
Construction	**94,710**	87,961
Hotel and restaurant	**311,532**	264,311
Personal	**775,477**	740,877
Other services	**65,818**	58,395
	2,372,072	**2,172,071**

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

18. Risk management continued

18.2 Credit risk continued

18.2.1 Analysis of risk concentration continued

a Industry sectors continued

Credit exposure with state-owned bodies have been categorised according to the service offered by the organisation rather than within "Government and Central Government Bodies".

b Geographical sectors

The Bank's maximum credit exposure, after taking account of credit loss provisions established but before taking into account any collateral held or other credit enhancements, can be analysed by the following geographical regions based on the country of domicile of our counterparties:

	2024	2023
Eastern Caribbean (excluding Grenada)	**340,026**	487,718
Barbados	**4**	199
Grenada	**1,268,800**	1,151,675
Trinidad and Tobago	**188,428**	50,386
United States	**318,689**	279,925
Other countries	**256,125**	202,168
	2,372,072	**2,172,071**

18.2.2 Impairment assessment

Financial asset provisions are reviewed quarterly in accordance with established guidelines and recommended provisions arising out of this review are submitted to the Board for approval. Non-performing debts recommended for write-off are also reviewed quarterly and action taken in accordance with prescribed guidelines. The Bank's impairment assessment and measurement approach is set out below.

18.2.3 Default and recovery

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

18. **Risk management** continued

18.2 Credit risk continued

18.2.4 The Bank's internal rating and PD estimation process

Commercial and corporate lending and mortgages

The Bank has an independent internal credit risk department. Risk ratings were selected as cohort for PD analyses. A vintage approach was applied looking at the movements of ratings over a period of time. Historical PDs were developed and there being no correlation between macro economic trends and historical default rates, management applied judgmental overlays based on expectations. As previously mentioned, LGD percentage estimates were developed based on historical loss trends for non-performing loans which are assessed on an individual level including estimating the present value of future cash flows. EAD equals the loan balance outstanding plus accrued interest.

Retail lending and mortgages

Product types were selected as cohort for PD analyses for retail lending and retail mortgages. A vintage approach was applied looking at the number of defaults by segment over a period of time. Historical PDs were developed and there being no correlation between macro economic trends, management applied judgmental overlays based on expectations. LGD percentage estimates were developed based on historical loss trends for non-performing loans which are assessed on both an individual and collective level. EAD equals the loan balance outstanding plus accrued interest.

Overdrafts and Credit Cards

Many corporate customers are extended overdraft facilities and the PDs developed for the Corporate portfolio were applied. LGDs for the Corporate portfolio was also utilised for overdrafts. EADs were developed based on historical trends in utilisation of overdraft limits. ECL percentages for the Retail portfolio were utilised for retail overdrafts. PDs for the credit card portfolio were developed using default percentages over a period of time. EADs were developed based on historical trends in utilisation of credit card limits and LGD percentage estimates were developed based on historical loss trends for a sample of credit card non-performing facilities.

Management judgmentally applied overlays as required as there was no noted correlation between macro economic trends and historical default rates.

Investment securities carried at amortised cost

PD's and LGD's for traded instruments were based on the global credit ratings assigned to the instrument. PD's and LGD's for non traded instruments were based on one notch below the credit rating of the sovereign in which the instrument is issued or on company ratings where they existed. Management applied judgmental overlays on local debt instruments. EAD equals the amortised security balance plus accrued interest.

Treasury Bills and Due from banks including related banks

Treasury Bills, Statutory deposits with Central Bank and Due from bank including related banks are short term funds placed with the Eastern Caribbean Central Bank and correspondent banks and the Bank therefore considers the risk of default to be very low. These facilities are highly liquid and without restriction and based on management's review of the underlying instruments the ECL on these instruments were determined to be zero.

Financial guarantees, letters of credit and undrawn loan commitments

The Bank issues financial guarantees, letters of credit and loan commitments.

Financial guarantees, letters of credit and loan commitments are off-balance sheet instruments and have no history of default. As a result, the Bank considers the risk of default to be very low and the ECLs on these instruments were determined to be zero.

Notes to the Financial Statements

For the year ended September 30, 2024.
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18. Risk management continued

18.2 Credit risk continued

18.2.5 Significant increase in credit risk

The Bank continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition.

The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets (as set out in Note 18.2.6), the Bank applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

18.2.6 Grouping financial assets measured on a collective basis

As explained in Note 2.5 (g) (i) dependent on the factors below, the Bank calculates ECLs either on a collective or an individual basis. Asset classes where the Bank calculates ECL on an individual basis include:

- All stage 3 assets, regardless of the class of financial assets
- The commercial and corporate lending and overdraft portfolio
- The mortgage portfolio
- The retail lending portfolio

Asset classes where the Bank calculates ECL on a collective basis include:

- The retail overdraft portfolio
- Past due not yet relegated credit facilities

18.2.7 Analysis of gross carrying amount and corresponding ECLs are as follows:

Advances

	2024 %	2023 %
Stage 1	**82.3**	77.7
Stage 2	**13.4**	16.7
Stage 3	**4.3**	5.6
	100.0	**100.0**

The ECL methodology and definition of default remained consistent with prior periods. Calculation inputs, including forward-looking information, together with the determination of the staging of exposures were however revised.

Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

18. Risk management continued

18.2 Credit risk continued

18.2.7 Analysis of gross carrying amount and corresponding ECLs are as follows: continued

Advances continued

2024	Retail lending	Commercial and corporate lending	Mortgages	Overdrafts	Credit cards	Total
Stage 1						
Gross loans	86,929	127,114	675,211	21,940	18,711	**929,905**
ECL	(38)	(506)	(851)	(149)	(1,454)	**(2,998)**
	86,891	**126,608**	**674,360**	**21,791**	**17,257**	**926,907**
ECL as a % of Gross loans	0.0	0.4	0.1	0.7	7.8	**0.3**
2023						
Gross loans	79,746	119,023	597,623	2,792	13,990	**813,174**
ECL	(99)	(1,989)	(3,896)	(67)	(392)	**(6,443)**
	79,647	**117,034**	**593,727**	**2,725**	**13,598**	**806,731**
ECL as a % of Gross loans	0.1	1.7	0.7	2.4	2.8	**0.8**

The decrease in ECLs of the Stage 1 portfolios was driven primarily by the reversal of ECL held for SGU modified loans and relevant updates to the ECL model inputs to reflect recent improvement in the performance of the loan portfolio and the economic outlook.

2024	Retail lending	Commercial and corporate lending	Mortgages	Overdrafts	Credit cards	Total
Stage 2						
Gross loans	822	51,553	94,750	3,550	1,246	**151,921**
ECL	(7)	(312)	(1,775)	(81)	(111)	**(2,286)**
	815	**51,241**	**92,975**	**3,469**	**1,135**	**149,635**
ECL as a % of Gross loans	0.9	0.6	1.9	2.3	8.9	**1.5**
2023						
Gross loans	549	30,779	119,105	19,699	4,201	**174,333**
ECL	(8)	(394)	(1,925)	(140)	(490)	**(2,957)**
	541	**30,385**	**117,180**	**19,559**	**3,711**	**171,376**
ECL as a % of Gross loans	1.5	1.3	1.6	0.7	11.7	**1.7**

Notes to the Financial Statements

For the year ended September 30, 2024.
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18. Risk management continued

18.2 Credit risk continued

18.2.7 Analysis of gross carrying amount and corresponding ECLs are as follows:continued

Advances continued

The decrease in ECLs of Stage 2 portfolios was driven by movement between stages, risk rating included in the model resulting in a reduction in the required ECL.

2024	Retail lending	Commercial and corporate lending	Mortgages	Overdrafts	Credit cards	Total
Stage 3						
Gross loans	10,090	2,064	33,224	–	3,624	**49,002**
ECL	(3,002)	(1,543)	(1,798)	–	(3,484)	**(9,827)**
	7,088	**521**	**31,426**	**-**	**140**	**39,175**
ECL as a % of Gross loans	29.7	74.8	5.4	–	96.0	**20.1**
2023						
Gross loans	10,656	2,478	41,999	–	3,404	**58,537**
ECL	(2,465)	(1,225)	(2,226)	–	(3,291)	**(9,207)**
	8,191	**1,253**	**39,773**	**-**	**113**	**49,330**
ECL as a % of Gross loans	23.1	49.4	5.3	–	96.6	**15.7**

The increase in ECLs of Stage 3 portfolios was driven by increases in credit risk.

	2024 %	2023 %
Investment Securities		
Stage 1	**97.0**	91.8
Stage 2	**2.2**	6.4
POCI	**0.8**	1.8
	100.0	**100.0**

Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

18. Risk management continued

18.2 Credit risk continued

18.2.7 AAnalysis of gross carrying amount and corresponding ECLs are as follows: continued

2024	Stage 1	Stage 2	POCI	Total
Gross balance	362,593	8,053	3,087	**373,733**
ECL	(117)	(125)	-	**(242)**
	362,476	**7,928**	**3,087**	**373,491**
ECL as a % of balance	0.0	1.6	0.0	**0.1**
2023				
Gross balance	307,507	21,326	4,167	**332,000**
ECL	(352)	(248)	-	**(600)**
	307,155	**21,078**	**4,167**	**332,400**
ECL as a % of balance	0.1	1.2	0.0	**0.2**

The decrease in ECLs was driven mainly by repayments and maturities and reduction in credit risk due to an improvement in economic conditions.

18.3 Liquidity risk

Liquidity risk is defined as the risk that the Bank either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access these only at excessive cost.

Liquidity management is therefore primarily designed to ensure that funding requirements can be met, including the replacement of existing funds as they mature or are withdrawn, or to satisfy the demands of customers for additional borrowings. Liquidity management focuses on ensuring that the Bank has sufficient funds to meet all of its obligations.

Three primary sources of funds are used to provide liquidity – retail deposits, wholesale deposits and the capital market. A substantial portion of the Bank is funded with "core deposits". The Bank maintains a core base of retail and wholesale funds, which can be drawn on to meet ongoing liquidity needs. The capital markets are accessed for medium to long-term funds as required, providing diverse funding sources to the Bank. Facilities are also established with correspondent banks, which can provide additional liquidity as conditions demand.

The Asset/Liability Committee (ALCO) sets targets for daily float, allowable liquid assets and funding diversification in line with system liquidity trends. While the primary asset used for short-term liquidity management is the Treasury Bill, the Bank also holds investments in other Government Securities, which can be used for liquidity support. The Bank continually balances the need for short-term assets, which have lower yields, with the need for higher asset returns.

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

18. Risk management continued

18.3 Liquidity risk continued

18.3.1 Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Bank's financial liabilities at September 30, based on contractual undiscounted repayment obligations, over the remaining life of those liabilities. These balances include interest to be paid over the remaining life of the liabilities and will therefore be greater than the carrying amounts on the statement of financial position. See Note 22 for a maturity analysis of assets and liabilities.

Financial liabilities - on Statement of financial position

2024	On demand	Up to one year	1 to 5 years	Total
Customers' current, savings and deposit accounts	1,689,898	68,384	289	**1,758,571**
Due to banks	5,580	–	–	**5,580**
Due to related banks	7,494	–	–	**7,494**
Due to related companies	168,390	–	–	**168,390**
Lease liabilities	–	37	1,181	**1,218**
Other liabilities	14,169	–	–	**14,169**
Total undiscounted financial liabilities 2024	**1,885,530**	**68,421**	**1,470**	**1,955,421**
2023				
Customers' current, savings and deposit accounts	1,611,728	68,896	5,889	**1,686,513**
Due to banks	17,588	–	–	**17,588**
Due to related banks	3,264	–	–	**3,264**
Due to related companies	98,487	–	–	**98,487**
Lease liabilities	–	504	1,292	**1,796**
Other liabilities	18,874	–	–	**18,874**
Total undiscounted financial liabilities 2023	**1,749,941**	**69,400**	**7,181**	**1,826,522**

Financial liabilities - off Statement of financial position

2024	On demand	Up to one year	1 to 5 years	Total
Guarantees and indemnities	12,560	5,409	10,404	**28,373**
Letters of credit	136	9,503	-	**9,639**
Total	**12,696**	**14,912**	**10,404**	**38,012**
2023				
Guarantees and indemnities	17,100	14,383	3,816	**35,299**
Letters of credit	136	10,137	–	**10,273**
Total	**17,236**	**24,520**	**3,816**	**45,572**

The Bank expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

18. **Risk management** continued

18.4 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

18.4.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Bank has an Asset/Liability Committee which reviews on a monthly basis the non-credit and non-operational risk for the Bank. Asset and Liability management is a vital part of the risk management process of the Bank. The mandate of the Committee is to approve strategies for the management of the non-credit risks of the Bank, including interest rate, foreign exchange, liquidity and market risks.

The primary tools currently in use are gap analysis, interest rate sensitivity analysis and exposure limits for financial instruments. The limits are defined in terms of amount, term, issuer, depositor and country. The Bank is committed to refining and defining these tools to be in line with international best practice.

Interest on financial instruments classified as floating is repriced at intervals of less than one year while interest on financial instruments classified as fixed is fixed until the maturity of the instrument.

18.4.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank's exposure to the effects of fluctuations in foreign currency exchange rates arises mainly from its investments and related parties and associates. The Bank's policy is to match the initial net foreign currency investment with funding in the same currency. The Bank also monitors its foreign currency position for both overnight and intra-day transactions.

Changes in foreign exchange rates affect the Bank's earnings and equity through differences on the re-translation of the net assets.

The principal currency of the Bank is the Eastern Caribbean Dollar.

The tables below indicate the currencies to which the Bank had significant exposure at September 30 on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis also calculates the effect of a reasonably possible movement of each currency rate against the Eastern Caribbean Dollar, with all other variables held constant.

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

18. Risk management continued

18.4 Market risk continued

18.4.2 Currency risk continued

2024	ECD	USD	TTD	Other	Total
Financial assets					
Cash on hand	31,263	2,048	–	1,493	**34,805**
Statutory deposits with Central Bank	107,711	–	–	–	**107,711**
Due from banks	73,793	28,743	–	1,856	**104,392**
Due from related banks	100,852	150,609	–	256	**251,716**
Treasury Bills	67,356	47,573	–	–	**114,929**
Investment interest receivable	152	3,422	–	–	**3,574**
Advances	843,435	266,593	–	–	**1,110,028**
Investment securities	2,320	371,869	–	–	**374,189**
Total financial assets	**1,226,882**	**870,857**	**–**	**3,605**	**2,101,344**
Financial liabilities					
Due to banks	4,636	944	–	–	**5,580**
Due to related banks	7,484	–	7	3	**7,494**
Due to related companies	168,390	–	–	–	**168,390**
Customers' current, savings and deposit accounts	1,586,517	170,845	–	856	**1,758,218**
Interest payable	352	1	–	–	**353**
Total financial liabilities	**1,767,379**	**171,790**	**7**	**859**	**1,940,035**
Net currency risk exposure		699,067	(7)	2,746	
Reasonably possible change in currency rate (%)		1	1	1	
Effect on profit before tax		6,991	–	27	

Notes to the Financial Statements continued

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

18. Risk management continued

18.4 Market risk continued

18.4.2 Currency risk continued

2023	ECD	USD	TTD	Other	Total
Financial assets					
Cash on hand	26,424	2,332	–	1,168	**29,923**
Deposits with Central Bank	102,306	–	–	–	**102,306**
Due from banks	107,324	27,066	–	8,580	**142,970**
Due from related banks	211,757	12,247	4	3	**224,011**
Treasury Bills	47,487	40,438	–	–	**87,925**
Investment interest receivable	177	2,272	–	–	**2,449**
Advances	779,280	243,783	–	–	**1,023,064**
Investment securities	2,896	330,200	–	–	**333,096**
Total financial assets	**1,277,652**	**658,337**	**4**	**9,751**	**1,945,744**
Financial liabilities					
Due to banks	10,739	6,764	–	85	**17,588**
Due to related banks	3,288	–		36	**3,324**
Due to related companies	98,487	–	–	–	**98,487**
Customers' current, savings and deposit accounts	1,536,344	147,608	–	2,042	**1,685,994**
Interest payable	518	1	–	–	**519**
Total financial liabilities	1,649,376	154,373	–	2,163	**1,805,912**
Net currency risk exposure		503,964	4	7,588	
Reasonably possible change in currency rate (%)		1	1	1	
Effect on profit before tax		5,040	–	76	

18.5 Operational risk

The growing sophistication of the banking industry has made the Bank's operational risk profile more complex. Operational risk is inherent within all business activities and is the potential for financial or reputational loss arising from inadequate or failed internal controls, operational processes or the systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud.

The Bank recognizes that such risk can never be entirely eliminated and manages the risk through a combination of systems and procedures to monitor and document transactions. The Bank's operational risk department oversees this and where appropriate, risk is transferred by the placement of adequate insurance coverage.

The Bank has developed contingency arrangements and established facilities to support operations in the event of disasters. Independent checks on operational risk issues are also undertaken by the internal audit function.

Notes to the Financial Statements

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Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

19. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. A number of banking transactions are entered into with related parties in the normal course of business. These transactions are both secured and unsecured and were carried out on commercial terms and conditions, at market rates. As at September 30, 2024 and 2023 there were no allowances for impairment against related balances.

	2024	2023
Advances, investments and other assets		
Directors and key management personnel	**5,231**	1,276
Other related parties	**287,781**	225,896
	293,012	**227,172**
Deposits and other liabilities		
Directors and key management personnel	**1,347**	3,624
Other related parties	**191,009**	131,048
	192,356	**134,672**
Interest and other income		
Directors and key management personnel	**145**	52
Other related parties	**955**	190
	1,100	**242**
Interest and other expense		
Directors and key management personnel	**496**	473
Other related parties	**11,353**	10,822
	11,849	**11,295**
Due from banks	**251,716**	224,011
Due to banks	**7,494**	3,264

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank.

Key management compensation

	2024	2023
Short-term benefit	**2,042**	1,121
Post employment benefits	**48**	62
	2,090	**1,183**

Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

20. Capital management

For the purpose of the Bank's capital management, capital includes issued share capital and other equity reserves. The Bank's policy is to diversify its sources of capital, to allocate capital within the Bank efficiently and to maintain a prudent relationship between capital resources and the risk of its underlying business. Equity increased by $19.76 million to $254.65 million during the year under review. This was mainly as a result of profit after tax of $23.64 million for fiscal 2024, an increase of $5.56 million in defined benefit reserve and dividend paid of $9.44 million.

Capital adequacy is monitored by the Bank, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practice (the Basel Committee), as implemented by the Eastern Caribbean Central Bank for supervisory purposes. The Basel risk-based capital guidelines require a minimum ratio of core capital (Tier 1) to risk-weighted assets of 4 percent, with a minimum total qualifying capital (Tier 2) ratio of 8 percent. Core capital (Tier 1) comprises mainly shareholders' equity.

Capital adequacy ratio

	2024 %	2023 %
Tier 1 Capital	**11.12**	11.55
Total Capital	**12.74**	12.49

At September 30, 2024 and 2023 the Bank exceeded the minimum levels required for adequately capitalised institutions.

21. Fair value

21.1 Carrying values and fair values

The following table summarises the carrying amounts and the fair values of the Bank's financial assets and liabilities:

2024	Carrying value	Fair value	Unrecognised gain/(loss)
Financial assets			
Cash on hand, due from banks including related banks and Treasury Bills	505,842	508,842	–
Investment interest receivable	3,574	3,574	–
Advances	1,110,028	1,046,285	(63,743)
Investment securities	374,189	377,508	3,319
Financial liabilities			
Customers' current, savings and deposit accounts	1,758,218	1,758,218	–
Accrued interest payable	353	353	–
Total unrecognised change in unrealised fair value			**(60,424)**

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

21. **Fair value** continued

21.1 **Carrying values and fair values** continued

2023	**Carrying value**	**Fair value**	**Unrecognised gain/(loss)**
Financial assets			
Cash on hand, due from banks including related banks			
and Treasury Bills	484,830	484,830	–
Investment interest receivable	2,449	2,449	–
Advances	1,022,970	952,714	(70,256)
Investment securities	333,096	325,150	(7,946)
Financial liabilities			
Customers' current, savings and deposit accounts	1,685,994	1,685,994	–
Accrued interest payable	519	519	–
Total unrecognised change in unrealised fair value			**(78,202)**

21.2.1 Determination of fair value and fair value hierarchies

The following table shows the fair value measurement hierarchy of the Bank's assets and liabilities:

2024	**Level 1**	**Level 2**	**Level 3**	**POCI**	**Total**
Financial assets measured at fair value					
Investment securities	–	–	696	–	**696**
Financial assets for which fair value is disclosed					
Advances	–	–	1,046,285	–	**1,046,285**
Debt instruments at amortised cost	364,692	–	7,693	5,123	**377,508**
Financial liabilities for which fair value is disclosed					
Customers' current, savings and deposit accounts	–	–	1,758,218	–	**1,758,218**
	364,692	**–**	**2,812,892**	**5,123**	**3,182,707**

Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

21. Fair value continued

21.1 Carrying values and fair values continued

21.2.1 Determination of fair value and fair value hierarchies continued

2023	Level 1	Level 2	Level 3	POCI	Total
Financial assets measured at fair value					
Investment securities	–	-	696	–	**696**
Financial assets for which fair value is disclosed					
Advances	–	–	952,714	–	**952,714**
Debt instruments at amortised cost	279,675	–	40,612	4,167	**324,454**
Financial liabilities for which fair value is disclosed					
Customers' current, savings and deposit accounts	–	–	1,685,994	–	**1,685,994**
	279,675	**–**	**2,680,016**	**4,167**	**2,963,858**

21.2.2 Transfers between Level 1 and 2

For the year ended September 30, 2024, and 2023 no assets were transferred between level 1, level 2 and level 3.

21.2.3 Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy as at September 30, 2024, are as shown below:

	Valuation technique	Significant unobservable inputs	Range
Advances	Discounted cash flow method	Growth rate for cash flows for subsequent years	3.5% – 16.0%
Customers' chequing, savings and deposit accounts	Discounted cash flow method	Growth rate for cash flows for subsequent years	0.0% – 3.0%

22. Maturity analysis of assets and liabilities

The table below analyses the discounted assets and liabilities of the Bank based on the remaining period at September 30 to the contractual maturity date. See Note 18.3 – 'Liquidity risk' - for an analysis of the financial liabilities based on contractual undiscounted repayment obligations.

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

22. Maturity analysis of assets and liabilities continued

2024	Within 12 months	After 12 months	Total
Assets			
Cash on hand	34,805	–	**34,805**
Statutory deposits with Central Bank	107,711	–	**107,711**
Due from banks	104,392	–	**104,392**
Due from related banks	251,716	–	**251,716**
Treasury Bills	114,929	–	**114,929**
Investment interest receivable	3,574	–	**3,574**
Advances	106,270	1,003,758	**1,110,028**
Investment securities	147,941	226,248	**374,189**
Premises and equipment	5,651	39,258	**44,909**
Right-of-use assets	48	1,146	**1,194**
Intangible assets	–	56,505	**56,505**
Deferred tax assets	–	2,938	**2,938**
Other assets	11,643	–	**11,643**
	888,679	**1,329,853**	**2,218,533**
Liabilities			
Due to banks	5,580	–	**5,580**
Due to related banks	7,494	–	**7,494**
Due to related companies	168,390	–	**168,390**
Customers' current, savings and deposit accounts	1,757,931	287	**1,758,218**
Lease liabilities	39	1,179	**1,218**
Employee obligations	–	5,213	**5,213**
Taxation payable	4,538	–	**4,538**
Deferred tax liabilities	–	873	**873**
Accrued interest payable	352	1	**353**
Other liabilities	14,169	–	**14,169**
	1,958,492	**7,553**	**1,966,045**

Notes to the Financial Statements continued

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

22. Maturity analysis of assets and liabilities continued

2023	Within 12 months	After 12 months	Total
Assets			
Cash on hand	29,924	–	**29,924**
Statutory deposits with Central Bank	102,306	–	**102,306**
Due from banks	142,970	–	**366,981**
Due from related banks	224,011	–	**224,011**
Treasury Bills	87,925	–	**87,925**
Investment interest receivable	2,449	–	**2,449**
Advances	84,068	938,902	**1,022,970**
Investment securities	154,278	178,818	**333,096**
Premises and equipment	5,866	34,076	**39,942**
Right-of-use assets	477	1,129	**1,606**
Intangible assets	–	57,617	**57,617**
Deferred tax assets	–	5,399	**5,399**
Other assets	22,228	–	**22,228**
	856,502	**1,215,941**	**2,072,443**
Liabilities			
Due to banks	17,588	–	**17,588**
Due to related banks	3,264	–	**3,264**
Due to related companies	98,487	–	**98,487**
Customers' current, savings and deposit accounts	1,680,242	5,752	**1,685,994**
Lease liabilities	50	1,746	**1,796**
Employee obligations	–	9,672	**9,672**
Taxation payable	293	–	**293**
Deferred tax liabilities	–	1,071	**1,071**
Accrued interest payable	509	10	**519**
Other liabilities	18,874	–	**18,874**
	1,819,307	**18,251**	**1,837,558**

23. Dividends paid and proposed

	2024	2023
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2023: $1.30 (2022: $0.30)	**4,906**	1,132
Interim dividend for 2024: $1.20 (2023: $0.80)	**4,529**	3,019
Total dividends paid	**9,435**	**4,151**

Notes to the Financial Statements

For the year ended September 30, 2024.
Expressed in Thousands of Eastern Caribbean dollars ($'000), except where otherwise stated.

23. Dividends paid and proposed continued

Proposed and approved by the Board of Directors (not recognised as a liability as at September 30)

	2024	2023
Equity dividends on ordinary shares:		
Final dividend for 2024: $1.95 (2023: $1.30)	**7,359**	4,906

24. Contingent liabilities, commitments and leasing arrangements

a Litigation

As at September 30, 2024 there were certain legal proceedings outstanding against the Bank. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise or that it would be premature at this stage of the action to determine the eventuality.

b Customers' liability under acceptances, guarantees, indemnities and letters of credit

	2024	2023
Guarantees and indemnities	**28,374**	35,299
Letters of credit	**9,639**	10,273
	38,013	**45,572**

c Sectoral information

	2024	2023
Corporate and commercial	**30,213**	37,772
Other financial institutions	**7,800**	7,800
	38,013	**45,572**

25. Segmental information

As at September 30, 2024 and 2023, the Bank's entire operations are in the retail and commercial banking class of business in Grenada.

26. Comparatives

Certain of the prior year's figures were reclassified to conform with the current year's financial statement presentation.

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