



GRENADA BANK
Simply Smarter Banking

EMPOWERING COMMUNITIES ENABLING PROGRESS



ANNUAL
REPORT | **2024**





Empowering communities | Enabling progress

Our work in 2024 continued to deepen the Bank's role as a partner in community and economic development. Targeted initiatives supported education, entrepreneurship, and financial empowerment across Grenada. We strengthened relationships with customers, businesses, and stakeholders through purposeful engagement. These efforts reflect our belief that shared progress builds stronger communities and a stronger nation. The year reinforced our commitment to inclusive growth and meaningful social impact.



Our VISION

Empowering those we serve
to achieve wealth and value
beyond their expectations.

Purpose STATEMENT

Shaping Success;
Creating Opportunities;
Easy Banking





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Corporate INFORMATION

REGISTERED OFFICE AND POSTAL ADDRESS

Grand Anse, St. George, Grenada

SERVICE LOCATIONS

Grand Anse Branch: Grand Anse, St. George, Grenada

True Blue Campus Branch: True Blue, St. George, Grenada

St. George Branch: Melville Street, St. George's, St George, Grenada

ATM LOCATIONS

- Melville St. – St. George's, St. George, Grenada
- Grand Anse Branch - Grand Anse, St. George, Grenada
- True Blue Campus Branch - St. George, Grenada
- St. George's University Campus - True Blue, St. George, Grenada

EMAIL ADDRESS

grenadasupport@acbcaribbean.com

WEBSITE

www.acbonline.com

CONTACT NUMBER

(473) 444-4919

FAX NUMBER

(473) 444-2807

INDEPENDENT AUDITORS

Grant Thornton, 11 Old Parham Road, St. John's, Antigua

CORRESPONDENT BANKING RELATIONSHIPS

Bank of America
Bank of Montreal
Bank of Saint Lucia Limited
Bank of St. Vincent and the Grenadines Limited
Crown Agents Bank
Eastern Caribbean Central Bank
1st National Bank of St. Lucia Ltd.
National Bank of Dominica Ltd.
National Commercial Bank of Anguilla Limited
Republic Bank (Barbados) Ltd.
Republic Bank (Grenada) Limited
Sagicor Bank Jamaica Ltd.
St. Kitts – Nevis - Anguilla National Bank Limited

Notice of Annual **GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the FORTY-SECOND (42ND) ANNUAL GENERAL MEETING of ACB GRENADA BANK LTD. will be held via **hybrid format** (both online and in – person), **on Thursday February 12, 2026 at 3:00 pm.** The event will be hosted at the Spice Island Beach Resort, Grand Anse Beach, St. George's, Grenada. Online attendance will be facilitated through the Zoom Webinar Platform. Pre-registration to attend will be required.

AGENDA

1. Call to Order
2. Prayers
3. Adoption of Agenda
4. Chairman's Remarks
5. Present the Chairman's and Directors' Reports
6. Consider the Financial Statements for the year ended September 30, 2024 and the report of the Auditors
7. Elect Directors
8. Declare a Dividend for the financial year ended September 30, 2024
9. Appoint the External Auditors for the year ended September 30, 2025 and authorize the Board to fix their remuneration
10. Transact any other business which may properly come before an Annual General Meeting of Shareholders.

BY ORDER OF THE BOARD



RHODETTE PAIGE
LEGAL COUNSEL/ CORPORATE SECRETARY

January 16, 2026

CHAIRMAN'S REPORT



Sharon Matthew-Edwards
Retired Chairman
(April 1, 2021 - May 1, 2025)



C. Davidson Charles
Chairman
(from May 21, 2025)

Empowering Communities, Enabling Progress

I am pleased to present this Chairman's Report to Shareholders and other Stakeholders for the financial year ended September 30, 2024. This year has been marked by disciplined stewardship, sound oversight, and consistent advancement in financial performance, governance, and community engagement.

PERFORMANCE AND OPERATING ENVIRONMENT

Despite maintaining a relatively low market share in loans and deposits, ACB Grenada Bank Ltd. continued to progress on an upward path, delivering robust financial results within a favorable economic climate. The Bank achieved a net profit of approximately \$7.0 million, signaling growth across its core income streams. In particular, interest income saw an increase from securities, deposits, and the loans and advances portfolio. Additionally, fee-based income benefited from a rise in electronic transactions and expanded merchant services activity.

Total assets reached around \$411 million, supported by the expansion of customer deposits and careful liquidity management. The Bank maintained operating discipline throughout the year, with prudent expense control and a reduction in provisions for credit losses—an outcome of improved credit performance and stable economic conditions. These accomplishments reflect sound execution and effective oversight, laying a firm foundation for ongoing stability and sustainability.

OVERSIGHT AND STEWARDSHIP

The Board maintained active oversight of the Bank's strategy, performance, risk, and compliance throughout the year. Regular engagement with Management facilitated informed decision-making and ensured the achievement of performance objectives within established risk parameters.

Board oversight focused on several key areas, including credit quality, liquidity, capital adequacy, earnings, sustainability, internal

controls, financial reporting, regulatory compliance, and technology-related risks. The Board also approved and monitored the Strategic Plan for the 2024 to 2027 period, ensuring alignment with the Bank's mandate and long-term goals.

CULTURE, GOVERNANCE, AND CONDUCT

The Bank placed continual emphasis on reinforcing ethical conduct, service standards, and a positive organizational culture. Oversight supported comprehensive reviews of governance and risk policies, as well as initiatives to strengthen accountability, professionalism, and customer service throughout the organization. The Board also prioritized leadership development and succession planning to ensure continuity and institutional resilience.

COMMUNITY EDUCATION AND ENTERPRISE SUPPORT

Community engagement remained a core component of the Bank's activities during the year. Notable projects included the refurbishment and branding of a bus shelter and the provision of trash receptacles in the Tanteen community, initiatives aimed at enhancing accessibility, promoting environmental stewardship, and fostering civic pride. The Bank also welcomed customers across its branches during independence celebrations, reinforcing national identity and community connection.

The Bank further supported community initiatives by sponsoring the Carols by Candlelight Annual Christmas Festival. Education was a key priority, demonstrated by the award of a two-year scholarship to

Gouyave native Tylon Joseph under the ACB Grenada Bank St George's University Undergraduate Programme, as well as continued sponsorship of the St George's University School of Arts and Science Student Award.

The establishment of the SME Unit enhanced engagement with small and medium- sized enterprises, building partnerships with the Grenada Industrial Development Corporation and the Eastern Caribbean Partial Credit Guarantee Corporation to facilitate access to finance, business development, and economic activity.

SPORT AND COMMUNITY ENGAGEMENT

The Bank also promoted youth participation and community connection by sponsoring the Waggy T Football Tournament, with matches held in St George and St Andrew throughout October, November, and December 2023.

APPRECIATION AND FORWARD FOCUS

I would like to express my sincere appreciation to my fellow Directors for their unwavering commitment and support during the year under review. Special recognition is extended to the immediate past Chairman of the Board of Directors, Sharon A. Matthew – Edwards, under whose stewardship the 2024 fiscal performance is associated.

My gratitude also extends to the General Manager, Joanna Charles, the Management team led by Kara Warner and staff, for their dedication, hard work, and exemplary execution throughout the period.

On behalf of the Board, I extend sincere appreciation to our shareholders and stakeholders for their ongoing confidence and support. ACB Grenada Bank Ltd. is firmly committed to empowering communities and driving progress as we strive toward becoming the leading small bank in Grenada.



C. Davidson Charles
CHAIRMAN

Commitment to COMMUNITY

ACB Grenada Bank continued to build on its foundation as a solid and consistent socially responsible corporate entity in Grenada.

Community engagement included the launch of the ACB SME Unit in Grenada which featured in depth presentations from the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) and the Grenada Investment and Development Corporation (GIDC).

ACB Caribbean Group's legacy of support for culture and community was evident via ACB Grenada Bank's continued investment in Spice Mas Events with platinum sponsorship of the Children's Carnival Frolic and various sporting and cultural events throughout the year.

Additionally, ACB Grenada Bank stepped up actively supported the efforts of the National Disaster Management Agency (NADMA) in the wake of Hurricane Beryl.

The ACB Grenada Bank SGU Undergraduate Scholarship was awarded to Mr. Tylon Joseph a conservationist and fisherman from Gouyave pursuing a BSc in Marine Wildlife Conservatory Biology at St. George's University.

ACB Grenada Bank Children's Carnival Frolic Parade



Kara Warner - Country Manager presenting the ACB Grenada Bank SGU Undergraduate Scholarship award to 2024 recipient - Mr. Tylon Joseph.



ACB Grenada Bank Children's Carnival Frolic Prize Winner



ACB Grenada Bank SME Unit launch - Carmen Trigg CEO of the ECPCGC



ACB Grenada Bank SME Unit launch - Narcisse Moise - Chief Credit & Sales Officer



ACB Grenada Bank Children's Carnival Frolic Prize Winners



Participant in the ACB Grenada Bank Children's Carnival Frolic

A photograph of two women, likely entrepreneurs, smiling and working together. They are wearing black aprons over colorful patterned shirts. They are positioned in front of a red background that appears to be shelves filled with small, uniform items, possibly jars or containers. The woman on the left is wearing glasses and has her hair in a ponytail. The woman on the right is wearing large hoop earrings. They are both looking down at a white box or container that the woman on the left is holding. A small bottle with a white label and a gold cap is visible inside the box. The overall mood is positive and collaborative.

Empowering communities

Empowering communities means supporting entrepreneurs who are building with purpose. Through tailored products, trusted guidance, and shared values, ACB Grenada Bank partners with business owners as they grow enterprises that strengthen their communities.

Directors' REPORT



OVERVIEW

Your Board is pleased to present its Directors' Report for the financial year ended September 30, 2024. Details covered include:

- a description of how governance works at ACB Grenada Bank Ltd. ("the Bank"),
- highlights of Board oversight activities
- our Board and its priorities; and
- information on the Bank's Shareholder Relations practices.

As a subsidiary company of the ACB Caribbean Group ("the Group"), sound and effective corporate governance practices are a critical part of the Bank's culture and remain fundamental to the organization's long – term success. Embedded in the Board's Charter, strict compliance with these evolving practices ensures that providing proper oversight and accountability, reinforcing internal and external relationships and building trust with our stakeholders feature significantly as part of the Board's work.

OUR GOVERNANCE STRUCTURE

At the governance level, the Bank maintains effective structures, executes a purpose-driven mandate and commits to a culture of continuous improvement.

Shareholders elect the Board to supervise the management of our business by setting the strategic agenda and delegating implementation to the Management Team. Having adopted a Shared Governance Model, certain practices have been established to foster a decision-making process marked by transparency, integrity and continuous improvement to further the overall best interests of the Bank.

The Group's Governance & Executive Committee regularly reviews our corporate governance structure against changing legislative and regulatory requirements, industry developments and emerging best practices.

2024 HIGHLIGHTS OF BOARD OVERSIGHT ACTIVITIES

RESPONSIBILITY	ACTIVITIES
Conduct & Culture	■ Promoted standards of desired behaviors that apply to Directors, Managers and all Employees. ■ Reviewed the Code of Business Conduct to ensure it remains consistent with industry developments. ■ Revised the Customer Service Charter to refresh key commitments and service standards for all employees in creating a culture of G.R.E.A.T. service to clients. ■ Adopted the G.R.E.A.T. customer service pillars, namely: ◆ G – Gratitude ◆ R – Resolution ◆ E – Empathy ◆ A – Anticipation ◆ T – Trust.
Strategic Direction	■ Oversaw the Bank's strategic direction, plans and priorities and ensured that they aligned with our risk appetite with quarterly reporting by Management. ■ Assessed the Bank's performance against: ◆ past performance ◆ financial and other objectives established in budget projections ◆ industry peers. ■ Approved the Bank's new Strategic Plan 2024 to 2027, as part of the Group's overall Strategic Plan for the period.
Governance	■ Monitored best governance practices and developed principles and guidelines. ■ Assessed the performance of the Board and individual Directors based on select parameters, addressing areas identified for improvement. During the financial year ended September 30, 2024, Risk & Compliance was a focus for the period, with the following new policies being approved: ◆ Related Party Transactions Policy ◆ Reputational Risk Management Policy. Reviews of the Bank's existing policies continued on a bi-annual basis, in accordance with best practice.
Risk Oversight	■ Promoted a strong risk management culture based on a clear understanding of applicable risks, disciplined risk assessment, measurement procedures and continuous monitoring. ■ Conducted a wholesale review of the Bank's Credit Risk Policy and Enterprise Risk Management Policy and Framework.

Technological Enhancement	- Ensured that the Information Technology (IT) strategy was aligned with business strategy. - Reviewed IT risks and approved continued investment in the upgrade of the Bank's Network Infrastructure.
Financial Reporting And Internal Controls	- Oversaw compliance with applicable audit, accounting and financial reporting requirements. - Monitored Management's implementation and maintenance of effective internal control systems, including management information systems and assessed their adequacy and effectiveness.
Talent Management And Succession Planning	Reviewed strategies and programmes for assessment and development of talent.
Expanded Involvement in Corporate Social Responsibility	Launched the ACB Grenada Bank Secondary School Scholarship Programme for children of staff members.

DIRECTOR INDEPENDENCE

The Board comprises all Independent Non-Executive Directors that do not participate in the day-to-day administration of the Bank, nor engage in any business dealings or other relationships with the Bank (other than circumstances permitted by applicable regulations). This ensures that Directors remain capable of exercising independent judgment and act in the best interests of the Bank.

The Bank confirms that Directors continue to satisfy the fit and proper requirements, as provided under the Banking Act, 2015 (as amended) and under its Conflict of Interest Policy.

OUR BOARD OF DIRECTORS

The Bank's Board of Directors is comprised of diverse and skilled professionals. The profiles of our Directors can be viewed on our website under the Investor Relations section at: <https://gd.acbonline.com/about-acb-grenada-bank-ltd/who-we-are-2/>.

According to section 5 of the Bank's Articles of Continuance, the number of Directors shall not be less than five (5) nor more than nine (9). Nominations to the Office of Director are guided by the provisions of the Bank's Bylaws (Article 4.4) that require the nomination to be submitted by Shareholders who represent in the aggregate, not less than five percent (5%) of the shares of the Bank.

As at September 30, 2024, Sharon A. Matthew – Edwards was the appointed Chairman, assisted by her Deputy Chairman, Dorsett Cromwell and the remaining Members of the Board, Ron Antoine, Sandra Derrick, Cassandra P. Simon and C. Kamilah Roberts.

Subsequent to the fiscal year end, Chairman Sharon A. Matthew – Edwards resigned from the Board, effective May 1, 2025.

Director C. Davidson Charles was appointed to the Board on May 1, 2025, and was appointed the new Chairman on May 21, 2025.

OUR RETIRING DIRECTORS

The Bank's Bylaws detail the criteria for Board membership (Article 4.2), the nomination process (Article 4.4), the terms and conditions of appointment (Article 4.3) and the circumstances under which a Director may be removed from the Board (Article 4.6.2). Board members are elected by Shareholders at the Annual General Meeting in accordance with the established rotation system.

Article 4.5 of the Bank's Bylaws stipulates as follows:

"Term of Office"

4.5.1 Unless his / her term of office is sooner determined, and subject to the Act, Regulations, Articles and By-laws:

- a. At the annual meeting next following the filing of the Articles, all the Directors shall retire and the term of office of directors elected by the shareholders at such meeting shall be for an expressly stated term expiring not later than the close of the third Annual Meeting following such election, and if no such term is expressly stated, it shall be deemed to be a term expiring at the close of the first Annual Meeting following such appointment or election.
- b. A director appointed by the Board pursuant to the Articles or By-laws shall hold office from the date on which he / she is appointed until the close of the Annual Meeting next following such appointment;
- c. A director elected by the Shareholders to fill a vacancy shall hold office from the date on which he / she is elected for the unexpired term of his / her predecessor; but any such director shall be eligible for re-election or appointment if qualified. For the purposes of this paragraph, the retirement and election of directors shall take effect on the conclusion of the meeting."

The Bank has adopted that the term of a Director shall be from the date of their election until the close of the second Annual General Meeting following his / her election or re-election to Office. Upon the expiry of this term, once eligible, a Director may offer himself/herself for re-election to the Board.

At this year's Annual General Meeting, the following two (2) Directors will retire upon rotation:

- C. Davidson Charles (appointed on May 1, 2025)
- Dorsett Cromwell (first appointed on December 7, 2020; last elected on May 2, 2024).

Both Directors remain eligible and offer themselves for re-election.

Further, as at the date of the publication of this Annual Report, no new nominations to the Office of Director were received from eligible Shareholders under Article 4.4 of the Bank's Bylaws.

Accordingly, based on the above, the number of Directors to be re-elected at this year's Annual General Meeting is two (2).

OUR BOARD MEETINGS

The Board of Directors meet at least once monthly, while Special Board Meetings are hosted, as the need arises.

Technology continues to feature prominently in the Board's work and as such, to ensure timely access to information prior to each Board and Board Sub-Committee Meeting, the Bank utilizes a secure Board Portal.

With respect to Director Attendance at Board Meetings, a total of fourteen (14) Board Meetings (including two (2) Special Board Meetings) were hosted as at September 30, 2024. Director attendance ranged from 50% to 92%.

OUR BOARD SUB-COMMITTEE

The Audit & Risk Management Committee, chaired by Sandra Derrick, is the only current standing Sub-Committee of the Board. The remaining Members of the Committee are: Dorsett Cromwell, Ron Antoine and Cassandra P. Simon.

This Committee reports directly to the Board and is guided by its Terms of Reference which details the duties and responsibilities of the Committee as well as procedures for committee member appointment, committee structure and operations, and reporting to the Board.

During the financial year, the Audit & Risk Management Committee hosted five (5) Committee Meetings with average Directors' attendance ranging from 40% to 100%.

The following Sub-Committees, as maintained at the Group level, supplement the performance of the Board's duties, as provided for under their respective Terms of Reference, to include reporting to the Board, as from time to time required:

- Governance & Executive Committee
- Credit Committee
- Human Resources & Compensation Committee
- Technology Committee
- Scholarship & Education Committee.

The Board also reserves the right to establish and / or maintain additional Sub-Committees as may from time to time be required, deemed necessary or appropriate.

OUR COMMITMENT TO HELPING OUR DIRECTORS SUCCEED IN THEIR ROLE

The Bank recognizes its responsibility to continue to source training programmes for Directors that will enhance Directors' knowledge and improve effectiveness. New Directors receive a thorough induction to the role, with the process being guided by a Director Recruitment and Orientation Programme.

Directors also have access to the resources they need to focus on continuous professional development to ensure that each Director is equipped with the right tools to perform their respective duties and responsibilities.

Training focus areas for the period under discussion, included (i) Enterprise Risk Management; (ii) Succession Planning; (iii) Artificial Intelligence & Corporate Governance; (iv) Compliance & AML Oversight; (v) Social Engineering; (vi) Board and Management Relations and (vii) Credit Risk.

During the financial year, Directors participated in the following professional development activities:

- Compliance Aid – AMLFC Institute - **How a robust Financial Crime Risk Management Framework can support your ESG Program**
- Facilitator - Lisa Maria Alexander - **Board and Management Bridge the Gap Workshop**
- Eastern Caribbean Securities Exchange Ltd. - **Succession Planning: Developing Leadership for a Sustainable Future**
- Chartered Governance Institute of Canada - **How to Bridge Corporate Strategy Execution Gaps Through Agile Project Management Governance Practices**
- Eastern Caribbean Securities Exchange Ltd. - **AI Governance 101-Oversight of Artificial Intelligence within the Organization**
- Office of National Drug and Money Laundering Control Policy- **AML/CFT Training**
Eastern Caribbean Central Bank – **ECCB's Counter Proliferation Financing Training Seminar.**

All current Directors are accredited and renew their respective designations on an annual basis.

OUR APPROACH TO DIRECTORS' REMUNERATION

The Governance & Executive Committee is responsible for all aspects of Directors' remuneration and conducts periodic reviews, taking into account industry trends in this area, the overall expertise and experience required to sit on the Board, and the expected time commitment required of Directors.

Under Article 8.1 of the Bank's Bylaws, the Board is responsible for approving Directors' fees. Current Directors' fees are as follows:

- Chairman's fees - \$2,500 per month
- Directors' fees - \$2,000 per month.

Directors who are appointed to represent the Bank at conferences, seminars or training courses, are entitled to be paid for their travelling and other expenses, as reasonably incurred, in accordance with our Overseas Travel Policy.

DIRECTORS' SHAREHOLDINGS

As at September 30, 2024, no Director owns direct shareholding interest in the Bank.

OUR SHAREHOLDING DISTRIBUTION

A Significant Shareholder or a Significant Security Holder is defined under relevant legislative and regulatory provisions, as a person who beneficially owns, directly or indirectly or exercises control over voting or a combination of both, of more than ten percent (10%) of the total voting rights of the Bank. As at September 30, 2024, the Bank's Shareholders Register reflects the following Significant Shareholders:

NAME & ADDRESS OF SIGNIFICANT SHAREHOLDER	NO. OF ORDINARY SHARES HELD	PERCENTAGE SHAREHOLDING
ANTIGUA COMMERCIAL BANK LTD. TRADING AS ACB CARIBBEAN Thames & St. Mary's Streets, St. John's, Antigua	12,528,831	62.08%
NATIONAL INSURANCE BOARD (GRENADA) Melville Street, St. George's Grenada	3,026,924	15%
NATIONAL INSURANCE SCHEME (GRENADA) Melville Street, St. George's Grenada	1,008,973	5% (20% in aggregate under common control)
NOTEWORTHY MENTION: GRENADA PORTS AUTHORITY The Carenage, St. George's, Grenada	1,110,121	5.5%

The Bank's shareholding distribution reflects 20,178,995 ordinary shares, having been issued out of the Bank's maximum number of shares (50,000,000 ordinary shares), per its Articles of Continuance. The total number of individual Shareholder Accounts is 1354 as at September 30, 2024.

OUR SHAREHOLDER ENGAGEMENT PRACTICES

Open Dialogue with Shareholders remains one of the Bank's key priorities.

The Board encourages Shareholders to provide timely and meaningful feedback and regularly reviews its engagement with Shareholders for alignment with best practices.

During the financial year, the Bank continued to publish its quarterly Shareholders Education Newsletters, under titles:

- Board Membership – Eligibility and Qualification Requirements
- What Shareholders Are Asking

Understanding Abandoned Property Under the Banking Act.

These Newsletters are distributed digitally to Shareholders via email and can also be accessed under the Investor Relations section on the Bank's corporate website via link, <https://gd.acbonline.com/shareholders-newsletters/>.

Annual General Meeting related information was uploaded under the Investor Relations, Shareholders' Packages section of the corporate website, <https://gd.acbonline.com/shareholder-packages/>, as at the approved record date, January 15, 2026. Hard copies of all documents distributed are available upon advance request addressed to the Legal/Secretariat Department via email: ACBSecretariat@acbcaribbean.com.

DIVIDEND

In accordance with Article 22 of the Bank's Bylaws, the Board has resolved to recommend a dividend payment of \$2,421,479 or \$0.120 for each unit share on the existing shareholding distribution as at the record date, January 15, 2026, for the financial year ended September 30, 2024.

The Board remains guided by the relevant sections of the Companies Act, 1994 (as amended), the Banking Act, 2015 (as amended) and ACB Caribbean Group's Capital Management and Dividend Policy.

EXTERNAL AUDITORS

The Bank's External Auditors, Grant Thornton, will retire at the 42nd Annual General Meeting and offer themselves for re-appointment. The Board supports the re-appointment.

BY ORDER OF THE BOARD OF DIRECTORS



RHODETTE PAIGE
LEGAL COUNSEL/ CORPORATE SECRETARY

Board of **DIRECTORS**



C. Davidson Charles
Chairman



Dorsett Cromwell
Deputy Chairman



Ron Antoine
Director



Sandra Derrick
Director



Cassandra P. Simon
Director



C. Kamilah Roberts
Director





Enabling progress

Progress is enabled when opportunity is within reach. By facilitating access to financing and financial solutions, ACB Grenada Bank helps families support the education and aspirations of their children—strengthening communities for generations to come.



Management Team (Grenada Based)

as at September 30, 2024



Kara Warner
Country Manager

Mary Harford- Mitchell
Manager - Recoveries



Natasha Ottley
Branch Manager
St. George Branch

Nicole Mitchell-Joseph
Manager - Mortgages



Alex Samuel
Client Relations
Manager

Carol Alleyne - Branch Manager
True Blue Campus Branch



Desiree Mitchell-Prime
Manager - Talent & Staff
Development

Lesliann Harford-Roberts
Manager - Customer Service



Senior Management Team

as at September 30, 2024



Joanna Charles
General Manager



Peter N. Ashe
Manager - ACB Mortgage &
Trust Company Limited



Narcisse Moise
Chief Credit & Sales Officer



Vaughan Brathwaite
Chief Operations & Strategy
Officer



Kara Warner
Country Manager



Joyanne Byers
Chief Financial Officer



Rhodette Paige
Legal Counsel/
Corporate Secretary



Austen Gittens
Senior Manager - Internal
Audit



Sharon Nathaniel
Senior Manager - Risk
& Compliance



Sherene Bird
Senior Manager -
Human Resources



Marita Laurent
Senior Manager - Marketing &
Corporate Communications



Heidi Weste
Senior Manager -
Corporate Banking



Oliver Lewis
Senior Manager -
Information Systems



Jonathon Lindsay
Senior Manager -
Service Quality



Efiah Charlemange-Norbert
Senior Manager -
Retail Banking

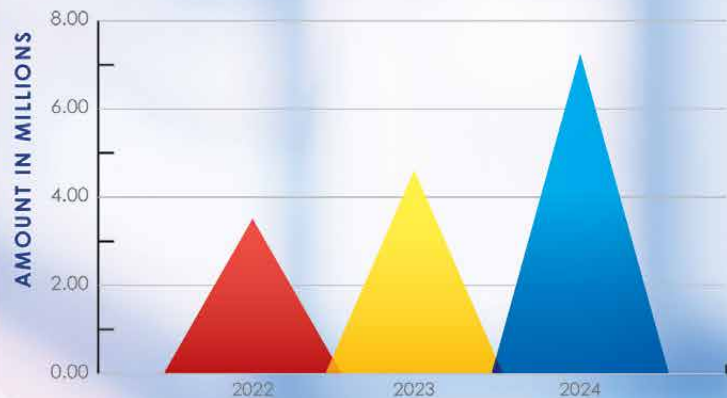


Management's **DISCUSSION & ANALYSIS**

OVERVIEW

Grenada's robust economic environment in 2024 contributed to a 59% increase in the Bank's profits, with GDP growth estimated at 3.7%. Expanded construction activity and heightened investment drove growth in both mortgage and commercial lending, while stable tourism levels supported transaction volumes and fee revenue. The Bank's profits rose from \$3.31 million in 2022 to \$4.37 million in 2023 (an increase of 32%), and further to \$6.96 million in 2024 (a rise of 59%). These results reflect strong market positioning and continued financial advancement.

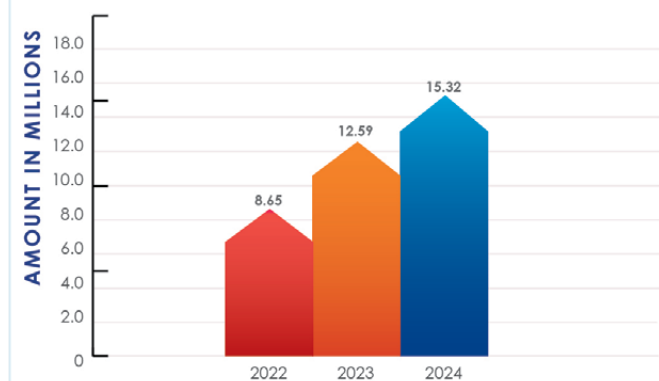
PROFIT FOR THE YEAR



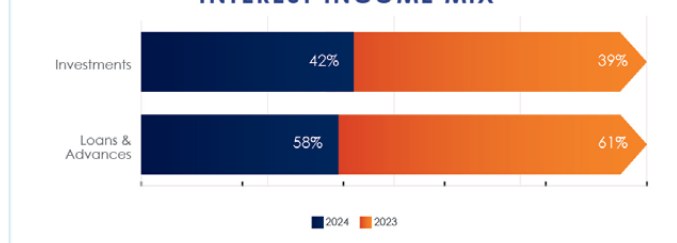
GROSS INTEREST INCOME

Profitability improved primarily as a result of a \$2.7 million increase in interest income, with 55% attributable to securities and bank deposits, and the remainder derived from loans and advances. Investment securities and other bank balances expanded by 49% and 16%, respectively, contributing to a 30% rise in related interest income. Additionally, the loans and advances portfolio grew by 10% year-on-year, resulting in a 16% increase in lending income.

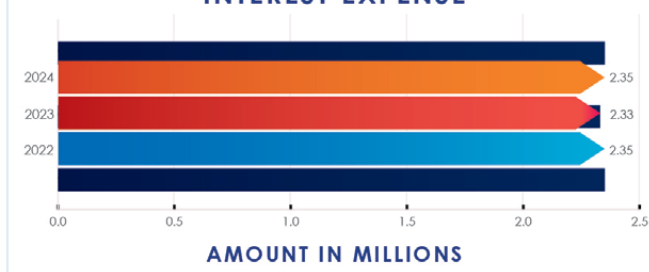
GROSS INTEREST INCOME



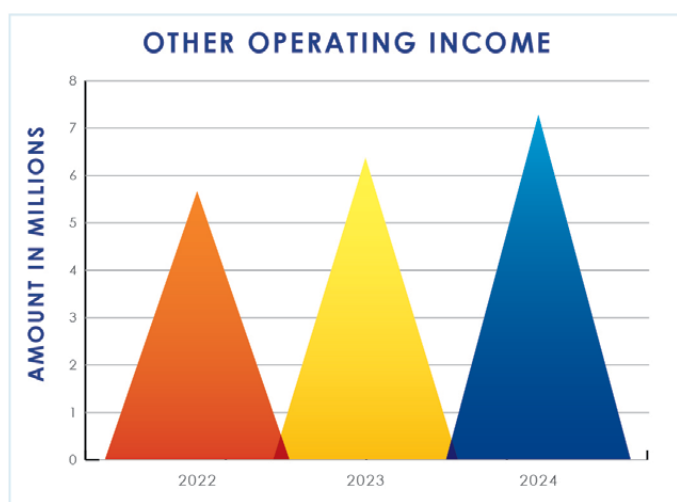
INTEREST INCOME MIX



INTEREST EXPENSE



OTHER OPERATING INCOME



Other Operating Income reached \$7.2 million for the year ended September 30, 2024, marking a 15% increase. This growth was primarily driven by a \$0.75 million boost in fees and commissions, resulting from higher electronic card transactions and expanded merchant services.

INTEREST EXPENSE

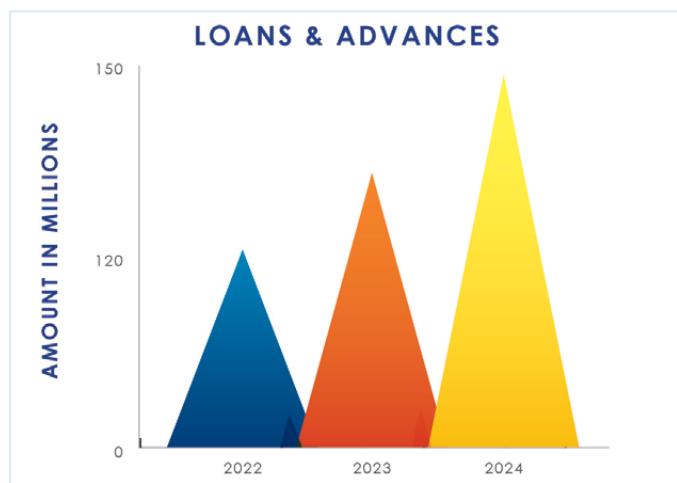
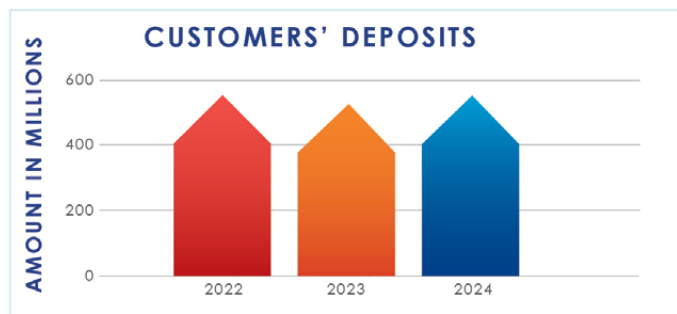
Deposit Liabilities increased by \$15.4 million, representing a 5% growth, while Interest Expenses rose modestly by 1%. This outcome is primarily attributable to a \$16.2 million increase in non-interest-bearing deposits, which significantly contributed to the Bank's expansion, while a \$0.855 million decline in interest-earning deposits helped in maintaining low funding costs.

OPERATING EXPENSES

Operating Expenses fell 1%, reflecting cost management efforts. General and Administrative Costs rose 13% (\$1.1 million), driven by increased card services expenses from higher transaction volumes. The provision for credit losses and other financial assets declined \$1.5 million due to improved ECL modeling, stronger credit performance, and stable economic conditions.

FINANCIAL POSITION

As of September 30, 2024, the Bank's assets totaled \$411 million, up 2% from last year due to increased customer deposits. These funds were invested for returns, liquidity management, and asset optimization, reflecting customer confidence and financial stability.



FINANCIAL HIGHLIGHTS

	2022	2023	2024
Return on Assets	0.8%	1.1%	1.7%
Return on Equity	5.11%	6.5%	9.4%
Dividend Payout Percentage of Income	25%	35%	35%
Book value of ordinary shares (\$)	3.21	3.35	3.68
Earnings per share (\$)	0.16	0.22	0.35
Dividends per ordinary Share (\$)	0.041	0.076	0.120
Provisions as a % of Loans and Advances Portfolio	5.59%	4.38%	3.81%
Efficiency Ratio	82.06%	62.49%	57.98%
Net Interest Margin	3.56%	3.89%	4.11%
Total Capital Adequacy Ratio	56.30%	35.50%	21.90%

CONCLUSION

FINANCIAL PERFORMANCE AND STRATEGIC ACHIEVEMENTS

The Bank's strong 2024 financial performance demonstrates its effective use of economic conditions and progress toward strategic goals. Profits have grown steadily and rapidly over the past three years, showing sound management and risk control. These results support continued stability and long-term value for stakeholders.

COMMITMENT TO GROWTH AND RISK MANAGEMENT

The Bank maintains its commitment to disciplined asset expansion and prudent liquidity management, with an emphasis on optimizing returns from earning assets. Through strict credit risk control and strategic deposit allocation, the Bank is positioned to respond effectively to evolving market environments, support sustainable growth, and create enduring value for stakeholders.

APPRECIATION & ACKNOWLEDGMENTS

The Management and Staff are commended for their steadfast commitment and exemplary service to the Bank. The Board of Directors is acknowledged for providing effective leadership during a period characterized by significant challenges and uncertainty. The Bank expresses appreciation to the Government of Grenada for its continued support of the sector and ongoing engagement with the institution, as well as to the ECCB for its cooperation throughout efforts to complete annual external audits.

Finally, sincere gratitude is conveyed to the Shareholders for their patience as the Bank endeavours to enhance the value of their investments.

JOANNA CHARLES
GENERAL MANAGER

AUDITED FINANCIAL STATEMENTS

ACB Grenada Bank Ltd.

September 30, 2024

(Expressed in Eastern Caribbean dollars)

Grant Thornton

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ACB Grenada Bank Ltd.

Opinion

We have audited the financial statements of **ACB Grenada Bank Ltd.** (the "Bank"), which comprise the statement of financial position as of **September 30, 2024**, and the 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 presents fairly, in all material respects, the financial position of the Bank as of September 30, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in the Eastern Caribbean, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal 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.

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

Partners:
Antigua
Charles Wolwyn - Managing partner
Robert Wilkinson
Kathy David

St. Kitts
Jefferson Hunte
Lisa Roberts

Barbados
Jefferson Hunte

Audit • Tax • Advisory
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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 auditors' report. However, future events or conditions may cause the Group 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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


Chartered Accountants
St. John's, Antigua
September 29, 2025

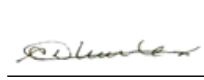
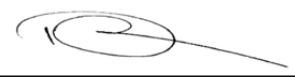
ACB Grenada Bank Ltd. **Statement of Financial Position** **For the year ended September 30, 2024**

(expressed in Eastern Caribbean dollars)

	Notes	2024 \$	2023 \$
Assets			
Cash and balances with the Central Bank	8	86,427,619	129,335,189
Due from other banks	9	95,394,511	82,004,047
Investment securities	13	72,567,275	48,583,390
Loans and advances	11	147,722,427	133,030,024
Property, plant and equipment	14	7,141,330	6,445,887
Right-of-use assets	15	641,168	957,740
Deferred tax asset	18	382,707	473,439
Pension asset	27	365,995	123,257
Other assets	12	99,438	145,208
Total Assets		410,742,470	401,098,181
Liabilities and Equity			
Liabilities			
Customers' deposits	16	323,176,032	307,810,254
Due to parent company	10	1,569,249	15,982,168
Provisions and other liabilities	17	9,616,294	8,703,207
Income tax payable	18	1,402,256	151,914
Lease liabilities	15	632,980	950,323
Total Liabilities		336,396,811	333,597,866
Equity			
Share capital	19	20,178,995	20,178,995
Statutory reserve	20	18,266,207	16,873,721
Other reserves	21	11,295,672	10,285,213
Retained earnings		24,604,785	20,162,386
Total Equity		74,345,659	67,500,315
Total Liabilities and Equity		410,742,470	401,098,181

The accompanying notes are an integral part of these financial statements

Approved for issue by the Board of Directors on September 25, 2025 and signed on its behalf by:

	Chairman		Director
	Director		

ACB Grenada Bank Ltd. **Statement of Comprehensive Income** **For the year ended September 30, 2024**

(expressed in Eastern Caribbean dollars)

	Notes	2024 \$	2023 \$
Interest income			
Income from loans and advances		8,861,026	7,627,964
Income from securities and from deposits with other banks		6,458,269	4,966,334
		<u>15,319,295</u>	<u>12,594,298</u>
Interest expense			
Customers' deposits		2,337,263	2,309,315
Interest expense – lease liability		16,076	22,334
		<u>2,353,339</u>	<u>2,331,649</u>
Net interest income		<u>12,965,956</u>	<u>10,262,649</u>
Other operating income	23	<u>7,227,419</u>	<u>6,284,392</u>
Total income		<u>20,193,375</u>	<u>16,547,041</u>
General and administrative expenses	24	9,662,022	8,547,525
Recovery of credit loss, net	11	(150,944)	(1,038,782)
Provision for impairment of other financial assets	26	44,034	2,400,745
Directors' fees and expenses		169,087	157,681
Management fees		1,200,000	900,000
Depreciation of property and equipment	14	360,244	418,710
Depreciation of right-of-use asset	15	316,572	316,572
Total expenses		<u>11,601,015</u>	<u>11,702,451</u>
Income before taxation		<u>8,592,360</u>	<u>4,844,590</u>
Current tax expense		(1,579,828)	(538,570)
Deferred tax (expense)/credit		(50,104)	64,771
Taxation charge	18	<u>(1,629,932)</u>	<u>(473,799)</u>
Net income after taxation		<u>6,962,428</u>	<u>4,370,791</u>

The accompanying notes are an integral part of these financial statements

ACB Grenada Bank Ltd. **Statement of Comprehensive Income** **For the year ended September 30, 2024**

(expressed in Eastern Caribbean dollars)

	Notes	2024 \$	2023 \$
Net income after taxation		6,962,428	4,370,791
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss, net of tax:</i>			
Remeasurement gain/(loss) on post-retirement benefit liability (net of taxes, \$51,717 (2023: \$105))	27	132,987	(271)
Remeasurement loss on pension liability (net of taxes, \$15,036 (2023: \$45,295))	27	(38,665)	(116,472)
Property revaluation adjustment	14	585,603	–
Net change in unrealised gains on equity securities at fair value through other comprehensive income (net of taxes, \$3,947 (2023: \$8,670))	21	10,151	13,624
Other comprehensive income/(loss) for the year, net of taxes		690,076	(103,119)
Total comprehensive income for the year		7,652,504	4,267,672
Basic and diluted earnings per share	22	0.35	0.22

The accompanying notes are an integral part of these financial statements

Statement of Changes in Equity For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

	Notes	Share capital \$	Statutory reserve \$	Other reserves \$	Retained earnings \$	Total equity \$
Balance as of September 30, 2022		20,178,995	15,999,563	3,226,940	25,344,495	64,749,993
Net income after taxation for the year		–	–	–	4,370,791	4,370,791
<i>Other comprehensive income:</i>						
- Change in fair value on equity securities		–	–	13,624	–	13,624
- Remeasurement of post-retirement benefit obligation		–	–	(271)	–	(271)
- Remeasurement of pension benefit liability		–	–	(116,472)	–	(116,472)
Total comprehensive loss for the year		–	–	(103,119)	–	(103,119)
Reserve for interest recognized on impaired loans	21	–	–	113,818	(113,818)	–
Increase in regulatory loan loss reserve	21	–	–	7,047,574	(7,047,574)	–
Transfer to statutory reserve	20	–	874,158	–	(874,158)	–
<i>Transaction with owners</i>						
Dividends paid during the year	30	–	–	–	(1,517,350)	(1,517,350)
Balance as of September 30, 2023		20,178,995	16,873,721	10,285,213	20,162,386	67,500,315

ACB Grenada Bank Ltd.
Statement of Changes in Equity
For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

	Notes	Share capital \$	Statutory reserve \$	Other reserves \$	Retained earnings \$	Total equity \$
Balance as of September 30, 2023		20,178,995	16,873,721	10,285,213	20,162,386	67,500,315
Net income after taxation for the year		–	–	–	6,962,428	6,962,428
<i>Other comprehensive income:</i>						
- Change in fair value on equity securities		–	–	10,151	–	10,151
- Revaluation gain on PPE		–	–	585,603	–	585,603
- Remeasurement of post-retirement benefit obligation		–	–	132,987	–	132,987
- Remeasurement of pension benefit liability		–	–	(38,665)	–	(38,665)
Total comprehensive income for the year		–	–	690,076	–	690,076
Reserve for interest recognized on impaired loans	21	–	–	320,383	(320,383)	–
Transfer to statutory reserve	20	–	1,392,486	–	(1,392,486)	–
<i>Transaction with owners</i>						
Dividends paid during the year	30	–	–	–	(807,160)	(807,160)
Balance as of September 30, 2024		20,178,995	18,266,207	11,295,672	24,604,785	74,345,659

ACB Grenada Bank Ltd. **Statement of Cash Flows** **For the year ended September 30, 2024**

(expressed in Eastern Caribbean dollars)

	Notes	2024 \$	2023 \$
Cash flows from operating activities			
Income before taxation		8,592,360	4,844,590
<i>Items not affecting cash:</i>			
Recovery of credit losses	11	(150,944)	(1,038,782)
Depreciation of property, plant, and equipment	14	360,244	418,710
Depreciation of right-of-use asset	15	316,572	316,572
Adjustment to opening cost of right-of-use asset	15	—	(310,473)
Property and equipment cost adjustment – amounts expensed	14	207,528	8,988
Unrealised gains on FVTPL investments	23	(406,345)	(284,388)
Provision for impairment of other financial assets	26	44,034	2,400,745
Retirement benefit contribution	27	(149,432)	(74,180)
Pension income	27	37,697	76,197
Interest expense		2,353,339	2,331,649
Interest income		(15,319,295)	(12,594,298)
Cash flows used in operating activities before changes in operating assets and liabilities		(4,114,242)	(3,904,670)
Change in statutory deposit with the Central Bank		(921,947)	989,220
Change in loans and advances		(14,170,177)	(11,356,813)
Change in other assets		45,770	(25,211)
Change in lease liability		(1,045)	—
Change in customers' deposits		15,366,381	(16,418,492)
Change in provisions and other liabilities		646,726	(1,710,859)
Cash flows used in operating activities before interest		(3,148,534)	(32,426,825)
Interest received		14,447,302	10,293,956
Interest paid		(2,370,018)	(2,422,492)
Taxes paid	18	(377,606)	—
Principal payment of lease liabilities	15	(300,222)	(287,705)
Net cash flows generated from/(used in) operating activities		8,250,922	(24,843,066)
Cash flows from investing activities			
Redemption of short-term investments		10,800,000	—
Purchase of property and equipment	14	(677,612)	(302,605)
Purchase investment securities and term deposits		(52,480,280)	(75,533,915)
Proceeds from principal repayment on bonds	13	17,803,900	3,493,900
Net cash flows used in investing activities		(24,553,992)	(72,342,620)

The accompanying notes are an integral part of these financial statements

ACB Grenada Bank Ltd. **Statement of Cash Flows** **For the year ended September 30, 2024**

(expressed in Eastern Caribbean dollars)

	Notes	2024 \$	2023 \$
Cash flows from financing activities			
Advance (to)/from parent company		(14,412,919)	9,801,700
Dividends paid during the year	30	(807,160)	(1,517,350)
Net cash flows (used in)/ generated from financing activities		(15,220,079)	8,284,350
Net decrease in cash and cash equivalents		(31,523,149)	(88,901,336)
Cash and cash equivalents, beginning of year		114,220,973	203,122,309
Cash and cash equivalents, end of year	29	82,697,824	114,220,973

► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

1 Nature of operations

The principal activity of ACB Grenada Bank Ltd. (the “Bank”), is the provision of commercial banking services. The Bank is licensed to carry on banking business in Grenada in accordance with the Grenada Banking Act No. 20 of 2015 (the “Banking Act”) and is regulated by the Eastern Caribbean Central Bank (ECCB).

The Bank is a 62.08% subsidiary of Antigua Commercial Bank Ltd. t/a ACB Caribbean (“parent company”), a company incorporated in Antigua and Barbuda.

2 General information and statement of compliance with IFRS Accounting Standards

ACB Grenada Bank Ltd. was incorporated on January 19, 1983, under the laws of Grenada. Its principal activities are commercial and retail banking operations. The address of its registered office is Grand Anse, St. George, Grenada.

Statement of compliance

ACB Grenada Bank Ltd.’s financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as of September 30, 2024 (the reporting date).

Basis of preparation

The financial statements have been prepared under the historical cost convention, except for the following material items that are measured at fair value in the statement of financial position, and in accordance with the going concern assumption:

- Financial assets measured at fair value through profit or loss
- Financial assets designated at fair value through profit or loss
- Equity instruments designated at fair value through other comprehensive income
- Debt instruments measured at fair value through other comprehensive income
- Investment property and certain classes of property and equipment are measured at market value less accumulated depreciation.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

3 Changes in material accounting policies

3.1 Changes in material accounting policies

New standards and amendments effective for the financial year beginning October 1, 2023

Standards and amendments that are effective for the first time on October 1, 2023 are as follows:

- IAS1 – Classification of Liabilities as Current or Non-current (Amendments to IAS1)
- IFRS 16 – Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- IFRS 7 and IAS 7 – Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

These amendments do not have a material impact on these financial statements and therefore the disclosures have not been made.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Bank

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective and have not been adopted early by the Bank.

Management anticipates that all relevant pronouncements will be adopted in the Bank's accounting policies for the first period beginning after the effective date of the pronouncement. These standards are not expected to have a material impact on the Bank's financial statements in future reporting periods and on foreseeable future transactions.

4 Material accounting policy information

4.1 Overall considerations

The financial statements have been prepared using the material accounting policies and measurement bases summarised below. These policies have been consistently applied to all years presented, unless otherwise stated.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Such investments are normally those with original maturities up to three months from the date of acquisition.

ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information...continued

4.3 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all risks and rewards are transferred, or when the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control, over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at initial recognition at fair value and is classified and subsequently measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at initial recognition at fair value and is classified and subsequently measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information...continued

4.3 Financial instruments...continued

Classification and subsequent measurement of financial assets...continued

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other equity investments are classified as measured at FVTPL. In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

IFRS 9 requires that financial assets are classified on the basis of the Bank's business model for managing such assets unless it makes an irrevocable election to designate the asset at fair value through profit or loss. The business model refers to how financial assets are managed in order to generate cash flows. The Bank determines its business model at the level that best reflects how it manages its portfolios of financial assets to achieve its business objectives. Judgment is used in determining the Bank's business model supported by relevant, objective evidence including:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How performance of the business model and the financial assets held within the model are evaluated and reported to key management personnel;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected);
- The frequency and significance of past sales activity, the reason for those sales as well as expectations about future sales; and
- The significant risks affecting the performance of the business model for example, market risk and credit risk and the activities undertaken to manage those risks.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The business model assessment is forward looking in that if cash flows are realized in a manner that is different from expectations the classification of the remaining assets in the business model is not changed but instead that information is used to assess new instruments acquired.

ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information...continued

4.3 Financial instruments...continued

Classification and subsequent measurement of financial assets...continued

Business models - Applicability to the Bank

The Bank's business models fall into two main categories, which are indicative of the key strategies used to generate returns as follows:

- Hold to collect contractual cash flows (HTC) - the objective of this business model is to hold assets in order to collect contractual cash flows. Under this model, the Bank holds loans and investment securities to collect contractual principal and interest cash flows. Sales are expected to be insignificant or infrequent; and
- Other business model - the objective of this business model is neither to hold assets in order to collect contractual cash flows, nor both collect contractual cash flows and to sell. Under this model collecting contractual cash flows is incidental to the objective of the model and sales may be significant in value and frequent. The Bank holds certain debt and equity investments under this model.

Assessment of whether contractual cash flows are solely payments of principal and interest – SPPI assessment

For classification purposes the Bank first reviews the terms of the instruments to determine whether they give rise on specified dates to cash flows that meet the SPPI test.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.3 Financial instruments...continued

Classification and subsequent measurement of financial assets...continued

Debt instruments measured at amortised cost

Debt instruments are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortised cost. Interest income on these instruments is recognised in interest income using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortised cost is calculated by taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

Impairment on debt instruments measured at amortised cost is calculated using the expected credit loss approach. The Bank has loans and certain debt securities in this category, which are measured at amortised cost. These are presented net of the allowance for expected credit losses in the statement of financial position.

Debt instruments measured at Fair Value through Other Comprehensive Income (FVOCI)

Investments in debt instruments are measured at fair value through other comprehensive income where they meet the following two conditions and they have not been designated at FVTPL:

- Contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- Are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit or loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss (ECL) approach. The ECL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the statement of financial position, which remains at its fair value.

The Bank does not have any financial assets in this category.

► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.3 Financial instruments...continued

Classification and subsequent measurement of financial assets...continued

Debt instruments measured at FVTPL

Debt instruments are measured at FVTPL if assets:

- i) Are held for trading purposes;
- ii) Are held as part of a portfolio managed on a fair value basis; or
- iii) Whose cash flows do not represent payments that are solely payments of principal and interest.

These instruments are measured at fair value in the statement of financial position, with transaction costs recognised immediately in profit or loss. Realised and unrealised gains and losses are recognised in profit or loss.

The Bank has certain investments in this category.

Equity instruments measured at FVTPL

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase, with transaction costs recognised immediately in profit or loss. Subsequent to initial recognition the changes in fair value are recognised in profit or loss. Equity instruments at FVTPL are primarily assets held for trading.

The Bank does not have any certain equity investments in this category.

Equity instruments measured at FVOCI (designated)

At initial recognition, there is an irrevocable option for the Bank to classify non-trading equity instruments at FVOCI. This election is used for certain equity investments for strategic or longer-term investment purposes. This election is made on an instrument-by-instrument basis and is not available to equity instruments that are held for trading purposes.

Gains and losses on these instruments including when derecognised/sold are recorded in OCI and are not subsequently reclassified to profit or loss. As such, there is no specific impairment requirement. Dividends received are recorded in profit or loss. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to profit or loss on sale of the security.

The Bank has certain equity investments in this category.

►► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.3 Financial instruments...continued

Significant increase in credit risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers both quantitative and qualitative information and analysis based on the Bank's historical experience and credit risk assessment.

The determination of whether there has been a significant increase in credit risk is critical to the staging process. Factors that the Bank may consider include:

- Changes in market or general economic conditions;
- Actual and/or expected potential breaches to contract terms and conditions;
- Actual and/or expected delays in payment;
- Deterioration in credit ratings; or
- Significant changes in operating results or financial position of the borrower.

Backstop

The Bank considers as a backstop that significant increase in credit risk occurs when an asset is more than 30 days past due and also maintains a loan watch list to assist in the assessment.

The Bank considers that significant increase in credit risk occurs for debt investments when investments with investment grade rating at acquisition moves to a non-investment grade but above a default grade. For debt investments with a non-investment grade at acquisition, a significant increase in credit risk occurs when there is an unfavorable movement in the ratings relative to the rating at initial recognition, including movement to a lower end of non-investment grade.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months.

►► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.3 Financial instruments...continued

Impairment of financial assets

The Bank recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments;
- Lease receivables;
- Financial guarantee contracts issued; and
- Loan commitments issued.

No impairment loss is recognised on equity investments.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1' financial instruments. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2' financial instruments.

Credit impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer, including an inability to satisfy the debt because of decreased or no cash flow (negative debt service ratio), inability to work or where the customer is unemployed in excess of 6 months;
- A breach of contract such as a default or past due event, including a history of chronic arrears;

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Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.3 Financial instruments...continued

Impairment of financial assets...continued

- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise, or if a loan has been restructured more than three times in five years;
- Measurable decrease in the estimated future cash flows from the underlying assets that secure the loan;
- Default or delinquency in interest or principal payments;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been re-negotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Default

In addition, the Bank considers that default has occurred and classifies a retail loan as credit impaired when it is more than 90 days past due.

Loans classified as 'doubtful' or 'loss' based on the regulatory definition and those placed on a watch list are also considered to be in default and hence are classified as credit impaired.

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Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.3 Financial instruments...continued

Impairment of financial assets...continued

Measurement of ECL

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

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

The inputs used to estimate the expected credit losses are as follows:

- Probability of Default (PD) - This is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognised and is still in the portfolio.
- Exposure At Default (EAD) - This 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.
- Loss Given Default (LGD) - This 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 realization of any collateral. It is usually expressed as a percentage of the EAD.
- Forward looking information (FLI) – The standard requires the incorporation of forward-looking information in the estimation of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.
- Discount rate – The standard requires the ECL to be discounted using the effective interest rate (EIR).

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Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.3 Financial instruments...continued

Impairment of financial assets...continued

Measurement of ECL...continued

The above five parameters are modelled and estimated independently and combined to obtain the ECL of loans.

To incorporate forward-looking macroeconomic sensitivity as required per the IFRS 9 guidance, the Bank developed an economic scorecard model based on qualitative rationale and management judgement to calculate a “Forward Looking Factor” (FLF).

The Bank applied experienced judgement in selecting macroeconomic factors that would most likely impact credit risk and leveraged various third party macroeconomic forecasts when determining the forward looking factors. The macro-economic projections considered by the Bank were:

- Gross Domestic Product (GDP)
- Inflation
- Unemployment rate
- Lending rates

The Bank then employed a Forward-Looking Factor Scorecard approach to compute adjustment factors applied to the final PD estimates used to calculate the ECLs. This approach also considered various economic scenarios (negative, neutral, positive) and their estimated impacts to the ECL.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.3 Financial instruments...continued

Impairment of financial assets...continued

Restructured financial assets...continued

In assessing whether the modified terms are “substantially” different from the original terms, the following factors are considered:

- Introduction of significant new terms and conditions;
- Significant change in loan’s interest rate;
- Significant extension in loan’s term; and
- Significant change in credit risk from inclusion of collateral or other credit enhancements.

Expected life

For instruments in Stage 2 or Stage 3, loss allowances reflect expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life. For certain revolving facilities such as credit cards and overdrafts, the expected credit life is estimated based on the period over which the Bank’s exposure to credit losses is not mitigated by normal credit risk management actions.

Presentation of allowance for ECL

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision; and
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: The Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Write-off

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

Recoveries of amounts previously written off are included in ‘impairment losses on financial instruments’ in the statement of profit or loss.

►► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.3 Financial instruments...continued

Derecognition of financial assets

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Pledged assets', if the transferee has the right to sell or repledge them.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities include customers' deposits, acceptances, guarantees and letters of credit, provisions and other liabilities, and lease liabilities.

Derecognition of financial liabilities

The Bank derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non- financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when, and only when, there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

►► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.4 Provisions, contingent assets and contingent liabilities

Provisions for legal disputes or other claims are recognised when the Bank has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Bank and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

A provision for bank levies is recognised when the condition that triggers the payment of the levy is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

Provisions are not recognised for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Bank is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

ACB Grenada Bank Ltd. **Notes to Financial Statements** **For the year ended September 30, 2024**

4 Material accounting policy information ...continued

4.5 Property and equipment and depreciation

Property and equipment are stated at historical cost or revalued amount, less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on the straight-line method at rates estimated to write down the cost or valuation of such assets to their residual values over their estimated useful lives, as follows:

Building	40 years
Leasehold improvements	10 years
Equipment	10 years
Furniture & fixtures	6 $\frac{2}{3}$ years
Computer equipment	5 years
Motor vehicles	5 years

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. Repairs and maintenance are charged to profit or loss when the expenditure is incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Property and equipment are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised within "other operating income" in profit or loss.

Revaluations of property and equipment are carried out every 3 to 5 years based on independent valuations.

Any revaluation increase arising on the revaluation of such land and buildings is credited in equity to revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in income, in which case the increase is credited to income to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to income to the extent that it exceeds the balance, if any, held in the fixed asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the separate statement of income. On the subsequent sale or retirement of a revalued property, any revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the fixed asset revaluation reserve to retained earnings except when an asset is derecognized.

ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.6 Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors. Impairment losses are recognised in profit or loss.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.7 Dividends on ordinary shares and dividend income

Dividends on ordinary shares are recognised in equity in the period in which they are approved by shareholders. Dividends for the year which are approved after the reporting date are disclosed as a subsequent event (note 30).

Dividend income is recognised in "other operating income" in the statement of comprehensive income when the entity's right to receive payment is established.

4.8 Interest income and expense

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information...continued

4.8 Interest income and expense...continued

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 4.3.

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

- interest on financial assets and financial liabilities measured at amortised cost.

Interest expense presented in the statement of profit or loss and OCI includes:

- financial liabilities measured at amortised cost; and
- interest expense on lease liabilities.

► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.9 Fee and commission income and revenue recognition

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fee and commission income – including account servicing fees and syndication fees – is recognised as the related services are performed on an accruals basis.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

4.10 Foreign currency translation

Functional and presentation currency

The financial statements are presented in Eastern Caribbean Dollars, which is also the functional currency of the Bank.

Foreign currency transactions and balances

Foreign currency transactions are translated into Eastern Caribbean Dollars using the closing rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

►► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information...continued

4.11 Post-employment benefits

The Bank provides post-employment benefits through a defined benefit plan. Under this plan, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Bank, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out every three (3) years.

Management estimates the DBO annually with the assistance of independent actuaries. This is based on assumed rates of inflation, medical cost trends and mortality. It also takes into account the Bank's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Service cost on the Bank's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in salaries and related costs in profit or loss. Actuarial gains and losses resulting from re-measurements of the net defined benefit liability are included in other comprehensive income.

The administration of the plan is conducted by a Board of Trustees which is comprised of three (3) members, two (2) of whom represent the Bank and one (1) represents the employees.

► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.12 Leased assets

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

►► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.12 Leased assets...continued

Lease payments included in the measurement of the lease liability comprise the following:

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

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

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

The Bank presents right-of-use assets and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and low-value assets. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.13 Repurchase agreements

Securities sold subject to repurchase agreements are included in loans and receivables. These securities are not secured by collateral. The counterparty liability is included in 'due under repurchase agreements' and is recorded at amortised cost. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

►► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.14 Current and deferred income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. The calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in Grenada.

Deferred tax

Deferred income taxes are calculated on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Bank's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are offset only when the Bank has a right and intention to set off current tax assets and liabilities from the same taxation authority.

4.15 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.16 Equity and reserves

Stated capital represents the issue price multiplied by the number of shares that have been issued. Any transaction costs associated with the issuing of shares are shown in equity as a deduction, net of any related income tax benefits.

Other components of equity include the following:

- Regulatory reserve for loan loss – additional provision as required by the Eastern Caribbean Central Bank and interest on loans not recognised for regulatory purposes;
- Pension reserve – comprises a reserve equivalent to the calculated pension plan asset;
- Revaluation reserve: property – comprises unrealised gains and losses from the revaluation of land and buildings;
- Revaluation reserve for FVOCI financial assets – comprises unrealised gains and losses from changes in the fair value of these types of financial instruments; and
- Retained earnings – includes all current and prior period retained profits or losses.

See note 21 for details on each component of other reserves.

4.17 Financial guarantees and loan commitments

'Financial guarantees' are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions. Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. Other loan commitments issued are measured at the sum of (i) the loss allowance determined in accordance with IFRS 9 and (ii) the amount of any fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognised. Derecognition policies for financial assets (see note 4.3) are applied to loan commitments issued and held.

The Bank has issued no loan commitments that are measured at FVTPL.

Liabilities arising from financial guarantees and loan commitments are included within "provisions and other liabilities" on the statement of financial position.

►► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

4 Material accounting policy information ...continued

4.18 Events after the reporting date

Post year-end events that provide additional information about the Bank's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting (non-adjusting events) are disclosed in the notes to the financial statements when material.

5 Financial risk management

Risk management framework

The Bank's Board of Directors has overall responsibility for the establishment and oversight of its risk management framework. The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to retail banking, and operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities. The Bank, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Management Committee oversees how management monitors compliance with the Bank's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. Management identifies and evaluates financial risks in close co-operation with the Bank's operating units. The Board provides oversight for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. The Audit and Risk Management Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Management Committee.

5.1 Credit risk

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

►► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

5 Financial risk management...continued

5.1 Credit risk...continued

5.1.1 Credit risk management

Credit risk is the single largest risk for the Bank's business; management therefore carefully manages its exposure to credit risk including risk on debt securities, cash, loans and advances, credit cards and loan commitments. The Board of Directors created the Credit Committee for the oversight of credit risk. A separate Credit department reports to the Credit Committee, which is responsible for managing the Bank's credit risk, including the following:

- *Formulating credit policies* covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits are allocated, with larger facilities requiring approval by the Credit Committee or the Board of Directors, as appropriate.
- *Reviewing and assessing credit risk:* all credit exposures in excess of designated limits are assessed, before facilities are committed to customers. Renewals and reviews of facilities are subject to the same review process.
- *Limiting concentrations of exposure* to counterparties, geographies and industries (for loans and advances, financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities).
- *Developing and maintaining the Bank's processes for measuring ECL:* This includes processes for:
 - initial approval, regular validation and back-testing of the models used;
 - determining and monitoring significant increase in credit risk; and
 - incorporation of forward-looking information.
- *Reviewing compliance* with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of portfolios are provided to the Credit Committee, which may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowances.
- *Providing advice, guidance and specialist skills* to promote best practice throughout the Bank in the management of credit risk.

Regular audits of credit processes are undertaken by Internal Audit.

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

5 Financial risk management...*continued*

5.1 Credit risk...*continued*

5.1.1 Credit risk management...*continued*

(a) Loans and advances

The Bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of the counterparty. These have been developed based on the Eastern Caribbean Central Bank guidelines. Customers of the Bank are segmented into five rating classes. The Bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are reviewed and upgraded as necessary.

Bank's rating	Description of the grade
1	Pass
2	Special mention
3	Sub-standard
4	Doubtful
5	Loss

(b) Debt securities and other bills

The Bank's portfolio of debt securities consists of Government of St. Lucia, Government of Grenada, Government of Bermuda, and Government of Trinidad and Tobago as well as other debt obligations by regional banking and financial institutions; of these the Government of Grenada are unrated. The Bank assesses the risk of default on these obligations by regularly monitoring the performance of the Governments through published government data, information received directly from government departments and information published by international agencies such as the International Monetary Fund (IMF) and the World Bank. The risk of default on regional corporate debt is assessed by continuous monitoring of the performance of these companies through published financial information, and other data gleaned from various sources.

(c) Credit card receivables

The risk related to the Bank's credit card portfolio is significantly covered by the interest charged to customers at a rate of 15% per annum. Historically, the risk of loss has been on average less than 1% per annum over the past eight years. The portfolio is closely monitored by a third party and the Bank on a daily basis to minimize the risk of default.

ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

5 Financial risk management...continued

5.1 Credit risk...continued

5.1.2 Risk limit control and mitigation policies

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

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review by the Board of Directors.

The exposure to any one borrower, including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposure. Actual exposures against limits are monitored on an ongoing basis. Cash deposits with other banks and short-term investments are placed with reputable regional and international financial institutions and Governments.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees. Lending limits are reviewed in light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

The following specific control and mitigation measures are also utilised:

(a) Collateral

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

- Mortgages over residential and commercial properties;
- Charges over business assets such as equipment, inventory and accounts receivable;
- Charges over financial instruments such as cash and short-term deposits; and
- Government and personal guarantees.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities may be secured or unsecured. In addition, the Bank seeks to proactively minimize credit loss by taking pledges of collateral from the counterparty as part of its general risk mitigation strategy.

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

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

5 Financial risk management...continued

5.1 Credit risk...continued

5.1.2 Risk limit control and mitigation policies...continued

(b) Financial guarantees (for credit related commitments and loan books)

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

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards (often referred to as financial covenants).

The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

5.1.3 Impairment and provisioning policies

The internal rating systems described in Note 5.1.1 focus more on credit quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions for financial reporting purposes are provided for losses based on an expected credit loss model using a three stage approach across the various loan categories.

Financial instruments that are not already credit impaired are originated into stage 1 and a 12-month expected credit loss provision is recognised.

Instruments will remain in stage 1 until they are repaid, unless they experience significant credit deterioration (stage 2) or they become credit impaired (stage 3).

Instruments will transfer to stage 2 and a lifetime expected credit loss provision recognised when there has been a significant increase in credit risk compared with what was expected at origination. An overview of this is provided below:

Stage 1	Stage 2	Stage 3
12 month expected credit loss - performing	Lifetime expected credit loss - performing but significant increase in credit risk (SICR)	Lifetime expected credit loss - credit impaired/non- performing

►► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

5 Financial risk management...*continued*

5.1 Credit risk...*continued*

5.1.3 Impairment and provisioning policies...*continued*

The loan impairment provision shown in the statement of financial position at year end is derived from each of the five rating grades. However, the majority of the impairment provision comes from the substandard, doubtful and loss grades.

The internal rating tool assists management to determine whether objective evidence indicates that a facility has become credit impaired, based on the following criteria set out by the Bank:

- Delinquency in contractual payments of principal or interest
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales)
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Deterioration in the value of collateral

The Bank's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Expected credit losses are determined for these accounts based on a combination of the probability of default, loss given default and the exposure at default. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

5 Financial risk management...continued

5.1 Credit risk...continued

5.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements

	Maximum Exposure	
	2024 \$	2023 \$
Credit risk exposures relating to on-balance sheet assets		
Cash and balances with the Central Bank	86,427,619	129,335,189
Due from other banks	95,394,511	82,004,047
Loans and advances	147,722,427	133,030,024
<i>Investment securities</i>		
Amortised cost	62,884,850	37,708,083
FVTPL – debt securities	8,107,048	9,314,028
	400,536,455	391,391,371
Credit risk exposures relating to off-balance sheet assets		
Loan commitments	17,655,341	23,627,941
As of September 30, 2024	418,191,796	415,019,312

The above table represents a worse-case scenario of credit risk exposure to the Bank as of September 30, 2024 and September 30, 2023, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from both its loans and advances portfolios and debt securities based on the fact that business loans, which represents the biggest group in the portfolio, are backed by collateral.

ACB Grenada Bank Ltd.
 Notes to Financial Statements
 For the year ended September 30, 2024

5 Financial risk management...continued

5.1.5 Debt securities

	Amortised cost \$	FVTPL debt securities \$	Total \$
As of September 30, 2024			
Rated	54,982,969	—	54,982,969
Unrated	7,901,881	8,107,048	16,008,929
	62,884,850	8,107,048	70,991,898
	Amortised cost \$	FVTPL debt securities \$	Total \$
As of September 30, 2023			
Rated	15,001,181	—	15,001,181
Unrated	22,706,902	9,314,028	32,020,930
	37,708,083	9,314,028	47,022,111

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

5 Financial risk management...continued

5.1.6 Concentration of risks of financial assets with credit risk exposure

(a) *Geographical concentration of assets and off-balance sheet items*

The Bank's exposure to credit risk is concentrated as detailed below. Grenada is the home country of the Bank where the predominant activity is commercial banking services.

As a major indigenous bank in Grenada, the Bank accounts for a significant share of credit exposure to many sectors of the economy. However, credit risk is spread over a diversity of personal and commercial customers.

The following table analyses the Bank's main credit exposures at their carrying amounts, without taking into account any collateral held or other credit support as categorised by geographical region. For all classes of assets, the Bank has allocated exposure to regions based on the country of domicile of the counterparties.

	Grenada \$	Other Caribbean \$	Non- Caribbean \$	Total \$
2024:				
Credit risk exposures relating to on-balance sheet assets:				
Cash and balances with the Central Bank	5,380,572	81,047,047	—	86,427,619
Due from other banks	790,590	17,285,912	77,318,009	95,394,511
<i>Investment securities:</i>				
Amortised cost	—	22,041,087	40,843,763	62,884,850
FVTPL – debt securities	8,107,048	—	—	8,107,048
Loans and advances	134,469,608	13,252,819	—	147,722,427
	148,747,818	133,626,865	118,161,772	400,536,455
Credit risk exposures relating to off-balance sheet assets:				
Loan commitments and other credit related facilities	17,655,341	—	—	17,655,341
As of September 30, 2024	166,403,159	133,626,865	118,161,772	418,191,796

ACB Grenada Bank Ltd. **Notes to Financial Statements** **For the year ended September 30, 2024**

5 Financial risk management...continued

5.1.6 Concentration of risks of financial assets with credit risk exposure...continued

(a) Geographical concentration of assets and off-balance sheet items...continued

	Grenada \$	Other Caribbean \$	Non- Caribbean \$	Total \$
2023:				
Credit risk exposures relating to on-balance sheet assets:				
Cash and balances with the Central Bank	6,293,750	123,041,439	—	129,335,189
Due from other banks	886,997	12,426,448	68,690,602	82,004,047
<i>Investment securities:</i>				
Amortised cost	1,915,714	35,792,369	—	37,708,083
FVTPL – debt securities	9,314,028	—	—	9,314,028
Loans and advances	119,860,549	13,169,475	—	133,030,024
	138,271,038	184,429,731	68,690,602	391,391,371
Credit risk exposures relating to off-balance sheet assets:				
Loan commitments and other credit related facilities	23,627,941	—	—	23,627,941
As of September 30, 2023	161,898,979	184,429,731	68,690,602	415,019,312

5 Financial risk management...continued

5.1.6 Concentration of risks of financial assets with credit risk exposure...continued

(b) *Industry risk concentration of assets and off-balance sheet items*

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

	Financial institutions \$'000	Tourism \$'000	Real estate \$'000	Wholesale and retail trade \$'000	Public sector \$'000	Other industries \$'000	Individuals \$'000	Total \$'000
Cash and balances with the Central Bank	86,428	—	—	—	—	—	—	86,428
Due from other banks	95,395	—	—	—	—	—	—	95,395
Loans and advances	—	23,862	29,008	12,581	16,585	39,900	25,786	147,722
<i>Investment securities:</i>								
- Amortised cost	44,678	—	—	—	18,207	—	—	62,885
- FVTPL – debt securities	—	—	—	—	8,107	—	—	8,107
As of September 30, 2024	226,501	23,862	29,008	12,581	42,899	39,900	25,786	400,537
Loan commitments and other credit related obligations	—	—	—	—	6,417	11,237	—	17,654
As of September 30, 2024	226,501	23,862	29,008	12,581	49,316	51,137	25,786	418,191

Notes to Financial Statements

For the year ended September 30, 2024

5 Financial risk management...continued

5.1 Credit risk...continued

5.1.6 Concentration of risks of financial assets with credit risk exposure...continued

(b) Industry risk concentration of assets and off-balance sheet items...continued

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

	Financial institutions \$'000	Tourism \$'000	Real estate \$'000	Wholesale and retail trade \$'000	Public sector \$'000	Other industries \$'000	Individuals \$'000	Total \$'000
Cash and balances with the Central Bank	129,335	—	—	—	—	—	—	129,335
Due from other banks	82,004	—	—	—	—	—	—	82,004
Loans and advances	—	10,697	28,353	13,073	13,177	41,258	26,472	133,030
<i>Investment securities:</i>								
- Amortised cost	17,871	—	—	—	19,837	—	—	37,708
- FVTPL – debt securities	—	—	—	—	9,314	—	—	9,314
As of September 30, 2023	229,210	10,697	28,353	13,073	42,328	41,258	26,472	391,391
Loan commitments and other credit related obligations	—	154	—	265	12,181	11,028	—	23,628
As of September 30, 2023	229,210	10,851	28,353	13,338	54,509	52,286	26,472	415,019

► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

5 Financial risk management...continued

5.2 Market risk

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

Non trading portfolio market risks primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities. Non trading portfolio market risks also include foreign exchange risks and risks associated with the change in equity prices arising from the Bank's FVOCI investment securities.

5.2.1 Price risk

The Bank's investment portfolio includes securities that are quoted on the Eastern Caribbean Securities Exchange. The Bank is exposed to equities price risk because of investments held and classified on the statement of financial position as FVOCI. To manage this price risk arising from investments in equity securities, the Bank diversifies its portfolio. The Bank does not hold securities that are quoted on the world's major securities markets.

5.2.2 Interest rate risk

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

The following table summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and financial liabilities to various standard and non-standard interest rate scenarios.

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

5 Financial risk management...continued

5.2 Market risk...continued

5.2.2 Interest rate risk...continued

The table below summarizes the Bank's exposure to interest rate repricing risk. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity date.

	Up to 1 Year \$	1 – 5 years \$	Over 5 Years \$	Non- Interest Bearing	Total \$
As of September 30, 2024					
Assets					
Cash and balances with Central Bank	–	–	–	86,427,619	86,427,619
Loans and advances	2,427,629	12,954,449	132,340,349	–	147,722,427
<i>Investment Securities</i>				–	
- Amortised cost	–	35,212,222	27,672,628	–	62,884,850
- FVTPL – debt securities	–	–	8,107,048	–	8,107,048
Due from other banks	54,250,634	–	–	41,143,877	95,394,511
Total financial assets	56,678,263	48,166,671	168,120,025	127,571,496	400,536,455
Liabilities					
Customers' deposits	174,669,653	10,786	–	148,495,593	323,176,032
Due to parent company	–	–	–	1,569,249	1,569,249
Provision and other liabilities	–	–	–	9,616,294	9,616,294
Lease liabilities	–	–	–	632,980	632,980
Total financial liabilities	174,669,653	10,786	–	160,314,116	334,994,555
Total interest repricing gap	(117,991,390)	48,155,885	168,120,025	(32,742,620)	65,541,900

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

5 Financial risk management...continued

5.2 Market risk...continued

5.2.2 Interest rate risk...continued

	Up to 1 Year \$	1 – 5 years \$	Over 5 Years \$	Non- Interest Bearing	Total \$
As of September 30, 2023					
Assets					
Cash and balances with Central Bank	—	—	—	129,335,189	129,335,189
Loans and advances	12,823,973	7,202,748	113,003,303	—	133,030,024
<i>Investment Securities</i>					
- Amortised cost	15,406,400	22,301,683	—	—	37,708,083
- FVTPL – debt securities	—	—	9,314,028	—	9,314,028
Due from other banks	64,388,033	—	—	17,616,014	82,004,047
Total financial assets	92,618,406	29,504,431	122,317,331	146,951,203	391,391,371
Liabilities					
Customers' deposits	175,525,628	10,786	—	132,273,840	307,810,254
Due to parent company	—	—	—	15,982,168	15,982,168
Provision and other	—	—	—	8,703,207	8,703,207
Lease liabilities	—	—	—	950,323	950,323
Total financial liabilities	175,525,628	10,786	—	157,909,538	333,445,952
Total interest repricing	(82,907,222)	29,493,645	122,317,331	(10,958,335)	57,945,419

Notes to Financial Statements

For the year ended September 30, 2024

5 Financial risk management....continued

5.2 Market risk....continued

5.2.3 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The ALCO sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The Bank's exposure to currency risk is minimal since most of its assets and liabilities in foreign currencies are held in United States dollars. The exchange rate of the Eastern Caribbean dollar (EC\$) to the United States dollar (US\$) has been formally pegged at EC\$2.70 = US\$1.00 since 1974. The following table summarises the Bank's exposure to foreign currency exchange rate risk.

As of September 30, 2024

Assets:	XCD \$	USD \$	EUR \$	GBP \$	Other \$	Total \$
Cash and balances with the Central Bank	85,934,645	342,463	32,282	37,091	81,138	86,427,619
Due from other banks	12,120,360	83,274,151	–	–	–	95,394,511
Loans and advances	147,722,427	–	–	–	–	147,722,427
<i>Investment securities:</i>						
- Amortised Cost	7,748,676	55,136,174	–	–	–	62,884,850
- FV/TPL – debt securities	5,720,408	2,386,640	–	–	–	8,107,048
Total financial assets	259,246,516	141,139,428	32,282	37,091	81,138	400,536,455
Liabilities						
Customers' deposits	293,133,866	30,042,166	–	–	–	323,176,032
Due to parent company	1,569,249	–	–	–	–	1,569,249
Provision and other liabilities	9,616,294	–	–	–	–	9,616,294
Lease liabilities	632,980	–	–	–	–	632,980
Total financial liabilities	304,952,389	30,042,166	–	–	–	334,994,555
Net on-balance sheet position	(45,705,873)	111,097,262	32,282	37,091	81,138	65,541,900
Credit commitments	20,885,266	–	–	–	–	20,885,266

5 Financial risk management....*continued*

5.2 Market risk....*continued*

5.2.3 Foreign exchange risk

As of September 30, 2023

Assets:

Cash and balances with the Central Bank

Due from other banks

Loans and advances

Investment securities:

- Amortised Cost

- FVTPL – debt securities

Total financial assets

Liabilities

Customers' deposits

Due to parent company

Provision and other liabilities

Lease liabilities

Total financial Liabilities

Net on-balance sheet position

Credit commitments

	XCD \$	USD \$	EUR \$	GBP \$	Other \$	Total \$
Cash and balances with the Central Bank	128,722,898	434,219	27,037	44,463	106,572	129,335,189
Due from other banks	7,539,949	74,362,848	–	–	101,250	82,004,047
Loans and advances	133,030,024	–	–	–	–	133,030,024
<i>Investment securities:</i>						
- Amortised Cost	8,837,415	28,870,668	–	–	–	37,708,083
- FVTPL – debt securities	6,675,356	2,638,672	–	–	–	9,314,028
Total financial assets	284,805,642	106,306,407	27,037	44,463	207,822	391,391,371
Liabilities						
Customers' deposits	278,358,673	29,451,581	–	–	–	307,810,254
Due to parent company	15,982,168	–	–	–	–	15,982,168
Provision and other liabilities	8,703,207	–	–	–	–	8,703,207
Lease liabilities	950,323	–	–	–	–	950,323
Total financial Liabilities	303,994,371	29,451,581	–	–	–	333,445,952
Net on-balance sheet position	(19,188,729)	76,854,826	27,037	44,463	207,822	57,945,419
Credit commitments	29,400,789	–	–	–	–	29,400,789

►► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

5 Financial risk management...continued

5.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its obligations associated with its financial liabilities when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts and maturing deposits. Management sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

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

5.3.1 Liquidity risk management process

The Bank's liquidity risk management processes are carried out by the Bank's senior management and monitored by the finance team and include the following:

- Day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Bank maintains an active presence in regional markets to enable this to happen; maintaining the liquidity ratios of the statement of financial position against internal and regulatory requirements; and managing the concentration and profile of debt maturities.
- Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

►► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

5 Financial risk management...*continued*

5.3 Liquidity risk...*continued*

5.3.2 Funding approach

Sources of liquidity are regularly reviewed by management and the Board of Directors in order to maintain a wide diversification by currency, geography, provider, product and term. The Bank holds a diversified portfolio of cash, loans and investment securities to support payment obligations and contingent funding in a stressed market environment.

The Bank's assets held for managing liquidity risk include the following:

- Cash and balances with the Central Bank;
- Due from other banks;
- Loans and advances;
- Treasury bills;
- Investment securities;
- Acceptances, guarantees and letters of credit; and
- Other assets.

ACB Grenada Bank Ltd. **Notes to Financial Statements** **For the year ended September 30, 2024**

5 Financial risk management...continued

5.3 Liquidity risk...continued

5.3.3 Non-derivative financial liabilities and assets held for managing liquidity risk

The table below presents the cash flows of the Bank under non-derivative financial liabilities by the remaining contractual maturities at the reporting date.

	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total
As of September 30, 2024						
Liabilities						
Customers' deposits	298,476,041	9,154,066	14,946,893	615,357	—	323,192,357
Due to parent company	1,569,249	—	—	—	—	1,569,249
Total Liabilities (contractual maturity dates)	300,045,290	9,154,066	14,946,893	615,357	—	324,761,606

	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total
As of September 30, 2023						
Liabilities						
Customers' deposits	286,648,796	5,472,152	15,695,424	10,811	—	307,827,183
Due to parent company	15,982,168	—	—	—	—	15,982,168
Total Liabilities (contractual maturity dates)	302,630,964	5,472,152	15,695,424	10,811	—	323,809,351

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

5 Financial risk management...continued

5.3 Liquidity risk...continued

5.4 Off-balance sheet items

(a) Loan commitments, financial guarantees and other financial facilities

The contractual amounts of the Bank's off-balance sheet financial instruments that it commits to extend to customers and other facilities are summarised in note 28.

	Up to 1 year	1 – 5 years	Over 5 years	Total
As of September 30, 2024				
Guarantees, acceptances and letters of credit	3,229,925	—	—	3,229,925
Loan commitments and other credit related obligations	17,655,341	—	—	17,655,341
Total credit commitments	20,885,266	—	—	20,885,266
As of September 30, 2023				
Guarantees, acceptances and letters of credit	5,772,848	—	—	5,772,848
Loan commitments and other credit related obligations	23,627,941	—	—	23,627,941
Total credit commitments	29,400,789	—	—	29,400,789

(b) Capital commitments

There were no capital commitments for the acquisition of property and equipment at the financial year end (2023: \$Nil).

►► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

5 Financial risk management...continued

5.5 Fair values of financial assets and liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists.

The Bank's financial instruments include cash resources, securities, loans, other assets, customer deposits and other liabilities. The fair values of financial instruments are considered to approximate their book values with the exception of loans. The following comments are relevant to their fair value.

Cash on hand and due from banks and balances with Eastern Caribbean Central Bank

Since these assets are short-term in nature, i.e., with original maturity periods under 90 days, the carrying values are estimated to approximate their realisable value.

Investment securities

Fair value is based on quoted market values. The fair value of securities that do not have a quoted market price in an active market is determined by management using an appropriate valuation method.

Loans and advances

Loans are stated net of specific provision for impairment. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The estimated fair value of loans represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine initial loans values and are taken as indicative of fair values; and where observed values are different adjustments would be made.

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

5 Financial risk management...continued

5.5 Fair values of financial assets and liabilities...continued

Due to banks, customers' deposits, due to associates and affiliated companies and other liabilities

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

Deposits with fixed rate characteristics are at rates that are not significantly different from current rates and are assumed to have discounted cash flow values that approximate the carrying value.

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

	Carrying value		Fair value	
	2024	2023	2024	2023
	\$	\$	\$	\$
Financial assets				
Cash and balances with the Central Bank	86,427,619	129,335,189	86,427,619	129,335,189
Due from other banks	95,394,511	82,004,047	95,394,511	82,004,047
Loans and advances	147,722,427	133,030,024	151,970,042	138,174,325
Investment securities	72,567,275	48,583,390	73,852,959	48,583,390
	402,111,832	392,952,650	407,645,131	398,096,951
Financial liabilities				
Deposits due to customers	323,176,032	307,810,254	323,176,032	307,810,254
Lease liabilities	632,980	950,323	632,980	950,323
Provisions and other liabilities	9,616,294	8,703,207	9,616,294	8,703,207
Due to parent company	1,569,249	15,982,168	1,569,249	15,982,168
	334,994,555	333,445,952	334,994,555	333,445,952

ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

5 Financial risk management...continued

5.5 Fair values of financial assets and liabilities...continued

5.5.1 Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; and unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Inputs that are quoted market prices (unadjusted) in active markets for identical instruments. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3 - Inputs that are unobservable (not based on observable market data). This category includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between instruments.

The hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

5 Financial risk management...continued

5.5 Fair values of financial assets and liabilities...continued

5.5.1 Fair value hierarchy...continued

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As of September 30, 2024				
Financial Assets				
<i>Investment Securities:</i>				
FVTPL	—	8,107,048	—	8,107,048
FVOCI – unquoted	—	—	1,575,377	1,575,377
Total Assets	—	8,107,048	1,575,377	9,682,425
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As of September 30, 2023				
Financial Assets				
<i>Investment Securities:</i>				
FVTPL	—	9,034,463	—	9,034,463
FVOCI – unquoted	—	—	1,561,279	1,561,279
Total Assets	—	9,034,463	1,561,279	10,595,742

There were no significant transfers between Level 1, 2 and 3 in the respective periods.

ACB Grenada Bank Ltd. **Notes to Financial Statements** **For the year ended September 30, 2024**

(expressed in Eastern Caribbean dollars)

5 Financial risk management...continued

5.5 Fair values of financial assets and liabilities...continued

5.5.1 Fair value hierarchy...continued

The Bank engaged external, independent and qualified valuator to determine the fair value the Bank's land and buildings at least every three to five years.

As of September 30, 2024, the fair value of the Bank's land and buildings classified as property, plant and equipment have been determined by Adams Consulting Inc.

The fair value estimates for all properties are included in level 3, except for land. The level 2 fair value of land has been derived using the comparison approach. The key inputs under this approach are the price per square foot from recent sales of comparable lands in the area.

The following fair value hierarchy table presents fair values of the Bank's non-financial assets and liabilities.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As of September 30, 2024				
Financial Assets				
<i>Property, plant and equipment:</i>				
Land	—	1,733,700	—	1,733,700
Buildings	—	—	3,705,400	3,705,400
Total Assets	—	1,733,700	3,705,400	5,439,100
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As of September 30, 2023				
Financial Assets				
<i>Property, plant and equipment:</i>				
Land	—	1,753,311	—	1,753,311
Buildings	—	—	3,238,981	3,238,981
Total Assets	—	1,753,311	3,238,981	4,992,292

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

5 Financial risk management...continued

5.5 Fair values of financial assets and liabilities...continued

5.5.2 Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

	Level 2 \$'000	Total fair Values \$'000	Total Carrying Amount \$'000
September 30, 2024			
Assets			
Cash and balances with the Central Bank	86,428	86,428	86,428
Due from other banks	95,395	95,395	95,395
Loans and advances	151,970	151,970	147,722
Investment securities - Amortised cost	62,885	62,885	62,885
	396,678	396,678	392,430
Liabilities			
Customers' deposits	323,176	323,176	323,176
September 30, 2023			
Assets			
Cash and balances with the Central Bank	129,335	129,335	129,335
Due from other banks	82,004	82,004	82,004
Loans and advances	129,363	129,363	133,030
Investment securities - Amortised cost	37,708	37,708	37,708
	378,410	378,410	382,077
Liabilities			
Customers' deposits	307,810	307,810	307,810

ACB Grenada Bank Ltd. **Notes to Financial Statements** **For the year ended September 30, 2024**

(expressed in Eastern Caribbean dollars)

5 Financial risk management...continued

5.5 Fair values of financial assets and liabilities...continued

5.5.2 Financial instruments not measured at fair value...continued

Financial assets classified as fair value through profit or loss

For financial assets classified as FVTPL, the Bank measures the change in fair value attributable to changes in credit risk, as the difference between the total change in the fair value of the instrument during the period and the change in fair value calculated using the appropriate risk-free yield curves.

There were no significant changes in the fair value of the financial assets classified as FVTPL attributable to changes in credit risk during the year ended September 30, 2024 (September 30, 2023 – NIL), and cumulatively since initial recognition of the assets.

Net gains from financial instruments classified as fair value through profit or loss

Financial instruments classified as FVTPL, are measured at fair value with realised and unrealised gains and losses recognised in non-interest income.

	2024 \$	2023 \$
Government and state-owned enterprises debt	406,345	284,388
Money market instruments	—	—
Net gains from financial instruments classified as fair value through profit or loss	406,345	284,388

For the year ended September 30, 2024, \$406,345 of net fair value gains on financial assets classified as FVTPL, were included in non-interest income (2023: \$284,388).

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

5 Financial risk management...continued

5.6 Financial assets and liabilities by category

The table below analyses the Bank's financial assets and liabilities by category. For financial assets carried at amortised cost, the values below exclude accrued interest receivable where relevant.

	Amortised Cost \$	FVTPL \$	FVOCI \$	Total \$
As of September 30, 2024				
Assets				
Due from other banks and other financial institutions	179,406,441	—	—	179,406,441
Investment securities	61,905,053	7,853,308	1,575,377	71,333,738
Loans and advances	145,880,990	—	—	145,880,990
Total financial assets	387,192,484	7,853,308	1,575,377	396,621,169
Financial liabilities at amortised cost				
	cost \$	Total \$		
Liabilities				
Customers' deposits	323,159,192	323,159,192		
Other liabilities and accrued expenses	9,616,294	9,616,294		
Total financial liabilities	332,775,486	332,775,486		
	Amortised Cost \$	FVTPL \$	FVOCI \$	Total \$
As of September 30, 2023				
Assets				
Due from other banks and other financial institutions	209,123,495	—	—	209,123,495
Investment securities	37,054,874	9,034,463	1,561,279	47,650,616
Loans and advances	131,757,120	—	—	131,757,120
Total financial assets	377,935,489	9,034,463	1,561,279	388,531,231

ACB Grenada Bank Ltd. **Notes to Financial Statements** **For the year ended September 30, 2024**

(expressed in Eastern Caribbean dollars)

5 Financial risk management...*continued*

5.6 Financial assets and liabilities by category...*continued*

	Financial liabilities at amortised cost \$	Total \$
Liabilities		
Customers' deposits	307,792,811	307,792,811
Other liabilities and accrued expenses	8,703,207	8,703,207
Total financial liabilities	316,496,018	316,496,018

5.7 Operational risk

'Operational risk' is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks – e.g., those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Bank's operations.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and innovation. In all cases, Bank policy requires compliance with all applicable legal and regulatory requirements.

The Board of Directors have created an Audit and Risk Committee which is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;

ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

5 Financial risk management...continued

5.7 Operational risk...continued

- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- information technology and cyber risks; and
- risk mitigation, including insurance where this is cost-effective.

Compliance with Bank standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Audit and Risk Committee.

6 Capital management policies and procedures

Capital management is a proactive process that ensures that the Bank has and remains able to generate or raise sufficient capital on a timely and cost-effective basis to underpin its risks and ultimately protect depositors and other creditors from unexpected losses.

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

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

In accordance with the Banking Act, the Bank is required to maintain a minimum paid up share capital of \$20 million and a total regulatory capital to adjusted risk-weighted assets ratio of 8%.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee on Banking Supervision as implemented by the ECCB for supervisory purposes. The required information is filed with the ECCB on a quarterly basis.

ACB Grenada Bank Ltd. **Notes to Financial Statements** **For the year ended September 30, 2024**

6 Capital management policies and procedures...continued

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

- Tier 1 Capital: share capital, retained earnings and reserves created by appropriation of retained earnings; and
- Tier 2 Capital: qualifying subordinated loan capital, collective impairment allowance and unrealized gains arising on the fair valuation of security instruments held as FVOCI.

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

The table below summarizes the composition of regulatory capital and the ratios of the Bank as of September 30, 2024 and September 30, 2023. During those two years, the Bank complied with all of the externally imposed capital requirements to which it is subjected.

	2024 \$	2023 \$
Tier 1 Capital		
Share capital	20,178,995	20,178,995
Statutory reserve	18,266,207	16,873,721
Retained earnings	24,604,785	20,162,386
Total qualifying Tier 1 Capital	63,049,987	57,215,102
Tier 2 Capital		
Revaluation reserve: FVOCI investments	857,971	847,820
Regulatory reserve for loan loss provision	7,047,574	7,047,574
Total qualifying Tier 2 Capital	7,905,545	7,895,394
Total regulatory capital	70,955,532	65,110,496
Risk-weighted assets		
On-statement of financial position	303,357,000	153,827,000
Off-statement of financial position	20,885,266	29,400,789
Total risk-weighted assets	324,242,266	183,227,789
Basel ratio	21.9%	35.5%

ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

7 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Judgements made by management in the application of IFRS and information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses, and estimation uncertainties that have a significant risk of resulting in a material adjustment in these financial statements is provided below. Actual results may be substantially different.

(a) *Impairment losses on loans and advances*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed in note 4.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- The Bank's criteria for determining if there has been a significant increase in credit risk and hence whether impairment allowances for financial assets should be measured on a lifetime expected credit loss (ECL) basis.
- Choosing appropriate models and assumptions for the measurement of expected credit losses, including post model adjustments.
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
- Establishing the number and relative weightings of forward-looking macroeconomic scenarios for each type of product or market and the associated ECL.
- Establishing groups of similar financial assets for the purposes of measuring ECL.

To the extent that the net present value of estimated cash flows differs by +/-10%, the provision would be estimated \$284,768 (2023: \$285,978 lower) or \$328,679 (2023: \$394,141 higher).

Incorporation of forward-looking information

The Bank incorporates forward-looking information into the measurement of expected credit losses (ECL) through a scorecard model. The model is applied for each segment of the portfolio: Personal Loans, Commercial Loans, Mortgages, Overdrafts and Credit Cards.

ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

7 Significant management judgement in applying accounting policies and estimation uncertainty...continued

(a) Impairment losses on loans and advances...continued

The Bank applied experienced judgment to select macro-economic factors that would most likely impact credit risk. The Bank leveraged the 2019 IMF's country report on the Eastern Caribbean Currency Union and Caribbean Development Bank's 2019 economic outlook on Grenada to provide macroeconomic projections on the following factors:

- GDP
- Inflation
- Unemployment Rate
- Lending rates

The adjustment of forward-looking information is estimated after considering various outlooks on the macro-economic factors (negative, positive, neutral), expressed as a percentage from 0 to 100, representing the impact of the outlook on credit risk. For a neutral or stable outlook, the factor is 0%. Negative outlooks will have a factor of 20% (increase to the ECL estimate, reflecting an adverse economic outlook) and positive outlooks will have a factor of -20% (decrease to the ECL estimate, reflecting a more favorable economic environment).

The Bank estimates the macroeconomic outlook over a twelve-month forecast period. Where forecasts were not available, a zero change was applied.

(b) Classification of financial assets

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

(c) Estimate of pension benefits

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses.

The Bank determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Bank considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Any changes in these assumptions will impact the carrying amount of the pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 27.

►► ACB Grenada Bank Ltd.

Notes to Financial Statements

For the year ended September 30, 2024

7 Significant management judgement in applying accounting policies and estimation uncertainty...continued

(d) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the future cash inflows.

(e) Fair value of financial instruments

Financial instruments where recorded current market transactions or observable market data are not available, are recorded at fair value using valuation techniques. Fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Bank's best estimates of the most appropriate model assumptions. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

(f) Revaluation of land and buildings

The Bank measures its land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Bank engages independent valuation specialists to determine fair value of its land and buildings. The valuer uses judgment in the application of valuation techniques such as replacement cost and the market price of comparable properties, as applicable in each case.

(g) Current and deferred taxes

Significant judgement is required in determining the provision for income taxes including any liabilities for tax audit issues. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

In calculating the deferred tax asset, management uses judgement to determine the possibility that future taxable profits will be available to facilitate utilization of temporary tax differences which may arise.

ACB Grenada Bank Ltd. **Notes to Financial Statements** **For the year ended September 30, 2024**

(expressed in Eastern Caribbean dollars)

8 Cash and balances with the Central Bank

	Note	2024 \$	2023 \$
Cash on hand		5,380,572	6,293,750
Balances with the ECCB other than mandatory reserve deposits		47,394,870	90,311,209
Included in cash and cash equivalents	29	52,775,442	96,604,959
Mandatory reserve deposits with the ECCB		33,652,177	32,730,230
Total cash and balances with the Central Bank		86,427,619	129,335,189
Current		86,427,619	129,335,189

In accordance with Article 33 of the Eastern Caribbean Central Bank (“ECCB”) Agreement 1983, the Bank is required to maintain reserves of cash and other deposits with ECCB of 6% of the average of the last four weeks customer deposits. As of September 30, 2024 the balance was \$19,390,562 (2023: \$18,468,615).

In accordance with sections 28 and 29 of the Payment Systems Act, the Bank entered into a Participant Collateral and Settlement Agreement and is required to maintain collateral with the ECCB to use the Eastern Caribbean Automatic Clearing House (“ECACH”). The collateral is calculated annually by ECCB based on a multiple of the average daily gross obligations over a period predetermined by the ECCB, in consultation with the ECACH and the Bank. As of September 30, 2024 and 2023, the balance was \$14,261,615.

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Notes to Financial Statements
For the year ended September 30, 2024

9 Due from other banks

	Note	2024 \$	2023 \$
Operating accounts and term deposits with banks with original maturities of 3 months or less		29,113,460	16,615,861
Items in the course of collection from other banks		808,922	1,000,153
Included in cash and cash equivalents	29	29,922,382	17,616,014
Term deposits with other banks with original maturities greater than 3 months		63,189,025	62,300,533
Less: Provision for expected credit losses		(132,585)	(128,241)
		92,978,822	79,788,306
Interest receivable		2,415,689	2,215,741
Total due from other banks		95,394,511	82,004,047
Current		95,394,511	82,004,047
		2024 \$	2023 \$
The movement in expected credit losses is as follows:			
Balance, beginning of year		128,241	63,285
Increase in expected credit losses		4,344	64,956
Balance, end of year		132,585	128,241

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

10 Related party balances and transactions

Related party definition

A related party is a person or entity that is related to the Bank.

- a) A person or a close member of that person's family is related to the Bank if that person:
 - i) has control or joint control over the Bank;
 - ii) has significant influence over the Bank; or
 - iii) is a member of the key management personnel of the Bank, or of a parent of the Bank.
- b) An entity is related to the Bank if any of the following conditions applies:
 - i) The entity and the Bank are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - iv) Both entities are joint ventures of the same third party;
 - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v) The entity is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank;
 - v) The entity is controlled, or jointly controlled by a person identified in (a);
 - vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - viii) The entity, or any member of a group of which it is part, provides key management personnel services to the Bank or its parent.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Related party balance

	2024 \$	2023 \$
Due to parent company	1,569,249	15,982,168

Amounts due to parent are non-interest bearing, unsecured and have no fixed terms of repayment.

ACB Grenada Bank Ltd. **Notes to Financial Statements** **For the year ended September 30, 2024**

(expressed in Eastern Caribbean dollars)

10 Related party balances and transactions...continued

Related party transactions

A number of banking transactions were entered into with related parties in the normal course of business. These include loans, deposits and other transactions. With the exception of the amounts due from/to parent company, these transactions were carried out on commercial terms and at market rates.

The volumes of related party transactions, outstanding balances at the year end and related expenses and income for the year are as follows:

Key management personnel and Directors

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of ACB Grenada Bank Ltd., directly or indirectly.

	2024 \$	2023 \$
Loans		
Directors and key management personnel	<u>1,700,331</u>	<u>1,777,146</u>
Deposits and other liabilities		
Directors and key management personnel	<u>33,053</u>	<u>44,336</u>
Deposits with parent company	<u>10,289,382</u>	<u>5,631,819</u>
	<u>10,322,435</u>	<u>5,676,155</u>
Interest income		
Directors and key management personnel	<u>79,048</u>	<u>81,578</u>
Interest expense		
Directors and key management personnel	<u>284</u>	<u>673</u>
Other operating expenses		
Management fees paid to parent company	<u>1,200,000</u>	<u>900,000</u>
Directors' fees and expenses	<u>169,087</u>	<u>157,681</u>
	<u>1,369,087</u>	<u>1,057,681</u>

ACB Grenada Bank Ltd.
Notes to Financial Statements
For the year ended September 30, 2024

11 Loans and advances

	2024 \$	2023 \$
Mortgages	63,061,369	69,755,598
Commercial loans	59,434,868	39,174,583
Personal loans	25,785,916	26,472,226
Overdrafts	1,911,328	1,142,471
Credit card advances	1,464,382	1,254,493
Gross loans	151,657,863	137,799,371
<i>Less:</i> Provision for expected credit losses	(5,776,873)	(6,042,251)
	145,880,990	131,757,120
<i>Add:</i> Interest receivable	2,558,428	2,187,146
<i>Less:</i> Deferred interest income	(5,177)	(5,902)
<i>Less:</i> Deferred fees	(711,814)	(908,340)
Total loans and advances	147,722,427	133,030,024
Current	2,427,629	12,823,973
Non-current	145,294,798	120,206,051
	147,722,427	133,030,024

Interest rates

The weighted average effective interest rate on performing loans and advances excluding overdrafts as of September 30, 2024 was 5.65% (2023: 5.75%), and overdrafts was 11.02% (2023: 11.12%).

Loan write-off

Total loans and advances written off during the year ended September 30, 2024 amounted to \$92,780 (2023: \$Nil).

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

11 Loans and advances...*continued*

11.1 Provision for expected credit losses

The movement in the provision for expected credit losses is as follows:

	2024 \$	2023 \$
Balance, beginning of year	6,042,251	7,081,033
Recovery of credit losses	(150,944)	(1,038,782)
Recoveries	(21,654)	—
Write-off of impaired loan balances	(92,780)	—
Balance at end of year	5,776,873	6,042,251

According to ECCB loan provisioning guidelines, the calculated provision for expected credit losses amounts to \$11,977,519 (2023: \$13,089,825).

The gross carrying value of impaired loans at the year-end was \$11,730,165 (2023: \$13,786,882).

Interest receivable on loans that would not be recognized under ECCB guidelines amounted to \$2,313,180 (2023: \$1,992,797).

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

11 Loans and advances....continued

11.1 Provision for expected credit losses ...continued

The following tables reconcile the opening and closing provision for expected credit losses for loans and advances, by stage.

September 30, 2024

Provision for Expected Credit Losses (ECL)

	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Balance at beginning of year	1,265,562	194,848	4,581,841	6,042,251
(Recovery of)/provision for credit losses	206,859	(74,477)	(397,760)	(265,378)
Balance at end of year	1,472,421	120,371	4,184,081	5,776,873

September 30, 2023

Provision for Expected Credit Losses (ECL)

	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Balance at beginning of year	1,612,329	93,889	5,374,815	7,081,033
(Recovery of)/provision for credit losses	(346,767)	100,959	(792,974)	(1,038,782)
Balance at end of year	1,265,562	194,848	4,581,841	6,042,251

Notes to Financial Statements For the year ended September 30, 2024

11 Loans and advances....continued

11.1 Provision for expected credit losses....continued

A breakdown of the staging of advances and related ECLs for loans and advances is illustrated below:

	Personal \$	Commercial \$	Mortgages \$	Overdrafts \$	Credit Card Advances \$	Total \$
September 30, 2024						
Gross loans before ECL provision	25,785,916	59,434,868	63,061,369	1,911,328	1,464,382	151,657,863
Stage 1: 12-month ECL	(716,178)	(269,259)	(100,071)	(180,367)	(206,546)	(1,472,421)
Stage 2: Lifetime ECL	(43,231)	–	(12,826)	(43,236)	(21,078)	(120,371)
Stage 3: Credit Impaired financial assets – ECL	(1,743,112)	–	(1,982,539)	(16,311)	(442,119)	(4,184,081)
	23,283,395	59,165,609	60,965,933	1,671,414	794,639	145,880,990
September 30, 2023						
Gross loans before ECL provision	26,472,226	39,174,583	69,755,598	1,142,471	1,254,493	137,799,371
Stage 1: 12-month ECL	(716,939)	(140,830)	(107,692)	(103,330)	(196,771)	(1,265,562)
Stage 2: Lifetime ECL	(129,639)	–	(10,093)	(45,258)	(9,858)	(194,848)
Stage 3: Credit Impaired financial assets – ECL	(2,007,054)	–	(2,152,277)	(90,185)	(332,325)	(4,581,841)
	23,618,594	39,033,753	67,485,536	903,698	715,539	131,757,120

ACB Grenada Bank Ltd.
Notes to Financial Statements
For the year ended September 30, 2024

11 Loans and advances...*continued*

11.2 Allowance Stages

	Stage 1 12 months ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Personal				
Loss allowance as of October 1 2023	716,939	129,639	2,007,054	2,853,632
Changes in the loss allowance				
Transfer to stage 1	—	—	—	—
Transfer to stage 2	(593,221)	593,221	—	—
Transfer to stage 3	—	—	—	—
Net remeasurement of loss allowance	581,109	(679,629)	(263,942)	(362,462)
New financial assets originated or purchased	11,351	—	—	11,351
Financial assets that have been derecognized	—	—	—	—
Reclassification	—	—	—	—
Write-offs	—	—	—	—
Loss allowance as of September 30 2024	716,178	43,231	1,743,112	2,502,521
	Stage 1 12 months ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Personal				
Loss allowance as of October 1 2022	725,738	3,700	1,831,351	2,560,789
Changes in the loss allowance				
Transfer to stage 1	—	—	—	—
Transfer to stage 2	606	(606)	—	—
Transfer to stage 3	—	—	—	—
Net remeasurement of loss allowance	(261,638)	126,309	175,703	40,374
New financial assets originated or purchased	—	—	—	—
Financial assets that have been derecognized	252,233	236	—	252,469
Reclassification	—	—	—	—
Write-offs	—	—	—	—
Loss allowance as of September 30 2023	716,939	129,639	2,007,054	2,853,632

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

11 Loans and advances...continued

11.2 Allowance Stages...continued

	Stage 1 12 months ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Commercial				
Loss allowance as of October 1 2023	140,830	—	—	140,830
Changes in the loss allowance				
Transfer to stage 1	—	—	—	—
Transfer to stage 2	—	—	—	—
Transfer to stage 3	—	—	—	—
Net remeasurement of loss allowance	(10,596)	—	—	(10,596)
New financial assets originated or purchased	139,025	—	—	139,025
Financial assets that have been derecognized	—	—	—	—
Reclassification	—	—	—	—
Write-offs	—	—	—	—
Loss allowance as of September 30 2024	269,259	—	—	269,259

	Stage 1 12 months ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Commercial				
Loss allowance as of October 1 2022	125,652	—	—	125,652
Changes in the loss allowance				
Transfer to stage 1	—	—	—	—
Transfer to stage 2	—	—	—	—
Transfer to stage 3	—	—	—	—
Net remeasurement of loss allowance	(63,981)	—	—	(63,981)
New financial assets originated or purchased	79,159	—	—	79,159
Financial assets that have been derecognized	—	—	—	—
Reclassification	—	—	—	—
Write-offs	—	—	—	—
Loss allowance as of September 30 2023	140,830	—	—	140,830

ACB Grenada Bank Ltd.
Notes to Financial Statements
For the year ended September 30, 2024

11 Loans and advances....continued

11.2 Allowance Stages....continued

	Stage 1 12 months ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Mortgages				
Loss allowance as of October 1 2023	107,692	10,093	2,152,277	2,270,062
Changes in the loss allowance				
Transfer to stage 1	189,775	(189,775)	—	—
Transfer to stage 2	(1,266,449)	1,266,449	—	—
Transfer to stage 3	—	—	—	—
Net remeasurement of loss allowance	434,004	(1,073,941)	(169,738)	(809,675)
New financial assets originated or	635,049	—	—	635,049
Financial assets that have been	—	—	—	—
Reclassification	—	—	—	—
Write-offs	—	—	—	—
Loss allowance as of September 30 2024	100,071	12,826	1,982,539	2,095,436

	Stage 1 12 months ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Mortgages				
Loss allowance as of October 1 2022	205,311	205	2,846,307	3,051,823
Changes in the loss allowance				
Transfer to stage 1	197	(197)	—	—
Transfer to stage 2	(534)	534	—	—
Transfer to stage 3	—	—	—	—
Net remeasurement of loss allowance	(107,175)	9,551	(694,030)	(791,654)
New financial assets originated or purchased	9,893	—	—	9,893
Financial assets that have been derecognized	—	—	—	—
Reclassification	—	—	—	—
Write-offs	—	—	—	—
Loss allowance as of September 30 2023	107,692	10,093	2,152,277	2,270,062

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ACB Grenada Bank Ltd.
Notes to Financial Statements
For the year ended September 30, 2024

11 Loans and advances...*continued*

11.2 Allowance Stages...*continued*

	Stage 1 12 months ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Overdrafts				
Loss allowance as of October 1 2023	103,330	45,258	90,185	238,773
Changes in the loss allowance				
Transfer to stage 1	35,200	(35,200)	—	—
Transfer to stage 2	—	—	—	—
Transfer to stage 3	(1,000)	(5,000)	6,000	—
Net remeasurement of loss allowance	42,837	38,178	12,906	93,921
New financial assets originated or purchased	—	—	—	—
Financial assets that have been derecognized	—	—	—	—
Reclassification	—	—	—	—
Write-offs	—	—	(92,780)	(92,780)
Loss allowance as of September 30 2024	180,367	43,236	16,311	239,914
	Stage 1 12 months ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Overdrafts				
Loss allowance as of October 1 2022	344,396	74,301	92,095	510,792
Changes in the loss allowance				
Transfer to stage 1	887,947	(885,184)	(2,763)	—
Transfer to stage 2	(111,865)	111,865	—	—
Transfer to stage 3	—	(1,953)	1,953	—
Net remeasurement of loss allowance	(1,987,729)	741,224	(3,863)	(1,250,368)
New financial assets originated or purchased	970,581	5,005	2,763	978,349
Financial assets that have been derecognized	—	—	—	—
Reclassification	—	—	—	—
Write-offs	—	—	—	—
Loss allowance as of September 30 2023	103,330	45,258	90,185	238,773

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ACB Grenada Bank Ltd.
Notes to Financial Statements
For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

11 Loans and advances...*continued*

11.2 Allowance Stages...*continued*

	Stage 1 12 months ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Credit card advances				
Loss allowance as of October 1 2023	196,771	9,858	332,325	538,954
Changes in the loss allowance				
Transfer to stage 1	—	—	—	—
Transfer to stage 2	—	—	—	—
Transfer to stage 3	—	—	—	—
Net remeasurement of loss allowance	9,775	11,220	109,794	130,789
New financial assets originated or purchased	—	—	—	—
Financial assets that have been derecognized	—	—	—	—
Reclassification	—	—	—	—
Write-offs	—	—	—	—
Loss allowance as of September 30 2024	206,546	21,078	442,119	669,743
	Stage 1 12 months ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Credit card advances				
Loss allowance as of October 1 2022	211,232	15,683	605,062	831,977
Changes in the loss allowance				
Transfer to stage 1	13,058	(13,058)	—	—
Transfer to stage 2	(13,237)	13,237	—	—
Transfer to stage 3	(589,688)	(63,782)	653,470	—
Net remeasurement of loss allowance	550,932	53,039	(927,599)	(323,628)
New financial assets originated or purchased	24,474	4,739	1,392	30,605
Financial assets that have been derecognized	—	—	—	—
Reclassification	—	—	—	—
Write-offs	—	—	—	—
Loss allowance as of September 30 2023	196,771	9,858	332,325	538,954

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

11 Loans and advances...continued

11.2 Allowance Stages...continued

	Stage 1 12 months ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Total				
Loss allowance as of October 1 2023	1,265,562	194,848	4,581,841	6,042,251
Changes in the loss allowance				
Transfer to stage 1	224,975	(224,975)	—	—
Transfer to stage 2	(1,859,670)	1,859,670	—	—
Transfer to stage 3	(1,000)	(5,000)	6,000	—
Net remeasurement of loss allowance	1,057,129	(1,704,172)	(310,980)	(958,023)
New financial assets originated or purchased	785,425	—	—	785,425
Financial assets that have been derecognized	—	—	—	—
Reclassification	—	—	—	—
Write-offs	—	—	(92,780)	(92,780)
Loss allowance as of September 30 2024	1,472,421	120,371	4,184,081	5,776,873
	Stage 1 12 months ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Total				
Loss allowance as of October 1 2022	1,612,329	93,889	5,374,815	7,081,033
Changes in the loss allowance				
Transfer to stage 1	901,808	(899,045)	(2,763)	—
Transfer to stage 2	(125,636)	125,636	—	—
Transfer to stage 3	(589,688)	(65,735)	655,423	—
Net remeasurement of loss allowance	(1,869,590)	930,121	(1,449,787)	(2,389,256)
New financial assets originated or purchased	1,336,339	9,982	4,153	1,350,474
Financial assets that have been derecognized	—	—	—	—
Reclassification	—	—	—	—
Write-offs	—	—	—	—
Loss allowance as of September 30 2023	1,265,562	194,848	4,581,841	6,042,251

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

12 Other assets

	2024 \$	2023 \$
Prepayments	99,438	145,208
Total other assets	99,438	145,208
Current	99,438	145,208

13 Investment securities

	2024 \$	2023 \$
Securities measured at amortised cost		
Debt securities		
– Unlisted	7,220,150	22,626,550
– Listed	54,982,969	15,001,181
<i>Add:</i> Interest receivable	979,797	653,209
<i>Less:</i> Allowance for impairment	(298,066)	(572,857)
Total securities at amortised cost	62,884,850	37,708,083
Securities measured at fair value through OCI		
Equity securities		
– Unlisted	1,575,377	1,561,279
Total equity securities	1,575,377	1,561,279
Total securities at fair value through OCI	1,575,377	1,561,279
Securities measured at fair value through P&L		
Debt securities		
– Listed	7,853,308	9,034,463
Interest receivable	253,740	279,565
Total equity securities	8,107,048	9,314,028
Total securities at FVTPL	8,107,048	9,314,028
Total investment securities	72,567,275	48,583,390

ACB Grenada Bank Ltd.
Notes to Financial Statements
For the year ended September 30, 2024

13	Investment securities....continued
13.1	Movement in securities
	As of October 1, 2023
	Purchases
	Disposals (sales and redemption)
	Movement in accrued interest
	Change in fair value
	Movement in premium/ discount
	Movement in allowance for impairment
	As of September 30, 2024
	As of October 1, 2022
	Purchases
	Disposals (sales and redemption)
	Movement in accrued interest
	Change in fair value
	Movement in premium/ discount
	Movement in allowance for impairment
	As of September 30, 2023

Fair Value Through OCI \$	Fair Value Through P&L \$	Amortised Cost \$	Total \$
1,561,279	9,314,028	37,708,083	48,583,390
–	–	40,311,000	40,311,000
–	(1,587,500)	(16,216,400)	(17,803,900)
–	(25,825)	326,588	300,763
14,098	406,345	–	420,443
–	–	480,788	480,788
–	–	274,791	274,791
1,575,377	8,107,048	62,884,850	72,567,275
1,538,986	10,673,665	20,829,566	33,042,217
–	–	18,900,000	18,900,000
–	(1,587,500)	(1,906,400)	(3,493,900)
–	(56,525)	136,368	79,843
22,293	284,388	–	306,681
–	–	(167,539)	(167,539)
–	–	(83,912)	(83,912)
1,561,279	9,314,028	37,708,083	48,583,390

ACB Grenada Bank Ltd.
Notes to Financial Statements
For the year ended September 30, 2024

14 Property and equipment

Year ended September 30, 2023

Opening net book value	5,131,086	526,880	425,843	427,803	22,918	36,450	6,570,980
Additions	—	—	29,212	273,393	—	—	302,605
Transfers	—	—	—	(48,600)	—	48,600	—
Transfers to expense	—	—	—	(8,988)	—	—	(8,988)
Depreciation charge	(138,794)	(75,466)	(152,102)	—	(22,918)	(29,430)	(418,710)
	4,992,292	451,414	302,953	643,608	—	55,620	6,445,887

As of September 30, 2023

Cost or valuation	5,340,156	854,062	10,961,928	643,608	158,210	92,340	18,050,304
Accumulated depreciation	(347,864)	(402,648)	(10,658,975)	—	(158,210)	(36,720)	(11,604,417)

Net book amounts

	4,992,292	451,414	302,953	643,608	—	55,620	6,445,887
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ACB Grenada Bank Ltd.
Notes to Financial Statements
For the year ended September 30, 2024

14 Property and equipment....continued

Year ended September 30, 2024

	Land & buildings \$	Leasehold building \$	Furniture & equipment \$	Capital work in progress \$	Vehicles \$	Computer software \$	Total \$
Opening net book value	4,992,292	451,414	302,953	643,608	—	55,620	6,445,887
Additions	—	—	48,870	543,242	85,500	—	677,612
Disposals	—	—	—	—	(57,000)	—	(57,000)
Transfers	—	—	184,557	(191,037)	—	6,480	—
Transfers to expenses	—	—	(24,098)	(183,430)	—	—	(207,528)
Revaluation gain	585,603	—	—	—	—	—	585,603
Effect of elimination of accumulated depreciation against valuation:							
Cost or valuation	(486,659)	—	—	—	—	—	(486,659)
Accumulated depreciation	486,659	—	—	—	—	—	486,659
Write-back depreciation	—	—	—	—	57,000	—	57,000
Depreciation charge	(138,795)	(75,469)	(98,265)	—	(15,675)	(32,040)	(360,244)
	5,439,100	375,945	414,017	812,383	69,825	30,060	7,141,330

As of September 30, 2024

Cost or valuation	5,439,100	854,062	11,171,257	812,383	186,710	98,820	18,562,332
Accumulated depreciation	—	(478,117)	(10,757,240)	—	(116,885)	(68,760)	(11,421,002)
Net book amounts	5,439,100	375,945	414,017	812,383	69,825	30,060	7,141,330

ACB Grenada Bank Ltd. **Notes to Financial Statements** **For the year ended September 30, 2024**

14 Property and equipment...*continued*

As of September 30, 2024, all of the Bank's land and buildings and improvements were revalued based on the appraisal performed by an independent firm of professional appraisers. The revaluation resulted in a revaluation surplus amounting to \$585,603. The revaluation surplus is within other reserves within shareholders' equity (note 21).

The following is the historical cost carrying amount of land and buildings carried at revalued amounts as of September 30, 2024.

	Land \$	Buildings \$	Total \$
Cost	151,405	6,926,266	7,077,671
Accumulated depreciation	—	(2,502,700)	(2,502,700)
Net book value	151,405	4,423,566	4,574,971

The following is the historical cost carrying amount of land and buildings carried at revalued amounts as of September 30, 2023.

	Land \$	Buildings \$	Total \$
Cost	151,405	6,926,266	7,077,671
Accumulated depreciation	—	(2,363,905)	(2,363,905)
Net book value	151,405	4,562,361	4,713,766

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

15 Leases

The Bank leases various offices, branches and other premises. These leases have various terms, escalation and renewal rights and are negotiated on an individual basis. These lease agreements do not include any clauses that impose restrictions on the Bank's ability to pay dividends, engage in debt financing transactions, or enter into further lease agreements.

Some lease contracts provide the Bank with the option to terminate after payment of a predetermined amount, allowing the Bank to exit the contracts prior to expiration. Extension options at the discretion of RBC are also made available to lengthen existing lease terms. The Bank is reasonably certain to exercise extension options for certain retail locations and leases of automated teller machines (ATMs). Extension options for real estate leases tend to be at market rates and subject to negotiation prior to expiration of the initial lease term and therefore are not included in the measurement of lease liabilities at the commencement of the lease.

Right-of-use leased assets

	Right of Use of Assets \$	Lease Liabilities \$
Year ended September 30, 2023		
Balance as of October 1, 2022	963,839	1,260,362
Depreciation charge	(316,572)	—
Interest expense	—	(22,334)
Principal payments	—	(287,705)
Adjustment	310,473	—
Closing net book value	957,740	950,323

	Right of Use of Assets \$	Lease Liabilities \$
Year ended September 30, 2024		
Balance as of October 1, 2023	957,740	950,323
Depreciation charge	(316,572)	—
Interest expense	—	(16,076)
Principal payments	—	(300,222)
Adjustment	—	(1,045)
Closing net book value	641,168	632,980

ACB Grenada Bank Ltd.
Notes to Financial Statements
For the year ended September 30, 2024

16 Customers' deposits

	2024 \$	2023 \$
Current accounts	148,495,593	132,273,840
Savings	141,817,277	141,696,263
Term deposits	32,846,322	33,822,708
	<u>323,159,192</u>	<u>307,792,811</u>
Interest payable	16,840	17,443
Total customers' deposits	<u>323,176,032</u>	<u>307,810,254</u>
Current	323,165,246	307,799,468
Non-current	<u>10,786</u>	<u>10,786</u>
	<u>323,176,032</u>	<u>307,810,254</u>

17 Provisions and other liabilities

	Note	2024 \$	2023 \$
Unpresented cheques		3,528,338	3,528,338
Provisions for off-balance sheet items	28	2,913,156	2,598,675
Trade payables and accrued liabilities		1,912,061	1,313,455
Unclaimed balances		1,262,739	1,262,739
Total provisions and other liabilities		<u>9,616,294</u>	<u>8,703,207</u>
Current		<u>9,616,294</u>	<u>8,703,207</u>

ACB Grenada Bank Ltd. **Notes to Financial Statements** **For the year ended September 30, 2024**

18 Taxation

In accordance with the laws of Grenada, the Bank currently pays tax at a rate of 28% (2023: 28%).

The tax on operating profit differs from the theoretical amount that would arise using the nominal tax rate as follows:

	2024 \$	2023 \$
Income tax expense		
Income before taxation	8,592,360	4,844,590
Prima facie tax calculated at corporation tax rate of 28%	2,405,861	1,356,485
Income not subject to tax	(571,565)	(370,688)
Effect of other permanent differences	(103,059)	(416,222)
Effect of tax losses utilized	(529,083)	(317,173)
Business taxes	157,575	131,899
Withholding taxes	270,203	455,305
Underrecognized deferred tax asset in prior year	—	(365,807)
Actual income tax expense	1,629,932	473,799
Represented as follows:		
Current tax expense	1,152,050	317,173
Business tax	157,575	131,899
Withholding tax	270,203	455,305
Deferred tax expense/(credit)	50,104	(64,771)
Underrecognized deferred tax asset in prior year	—	(365,807)
	1,629,932	473,799
	2024 \$	2023 \$
Income tax payable		
Income tax payable/(recoverable), beginning of year	151,914	(728,838)
Current tax expense	1,579,828	538,570
Payments during the year	(377,606)	—
Underrecognized deferred tax asset in prior year	—	365,807
Other adjustments	48,120	(23,625)
Income tax payable, end of year	1,402,256	151,914

ACB Grenada Bank Ltd. **Notes to Financial Statements** **For the year ended September 30, 2024**

18 Taxation...continued

18.1 The deferred tax asset results from differences between the tax value and book value of the following items

	2024 \$	2023 \$
The movement on the deferred tax account is as follows:		
Balance, beginning of year	473,439	42,861
(Charge)/ credit for the year	(50,104)	64,771
Remeasurement gain on post-retirement benefit liability	(51,717)	—
Remeasurement loss on pension liability	15,036	—
Unrealized gains on investments in other comprehensive income	(3,947)	—
Underrecognized deferred tax asset in prior year	—	365,807
Balance, end of year	382,707	473,439

The components of the deferred tax asset are as follows:

	2024 \$	2023 \$
Pension asset	(67,903)	—
Unrealized gain	42,676	160,400
Decelerated capital allowances	208,626	57,051
Deferred commission fees	199,308	255,988
Balance, end of year	382,707	473,439

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

19 Share capital

	2024 \$	2023 \$
Authorised:		
50,000,000 ordinary shares of no-par value		
Issued and outstanding:		
Issued and fully paid shares: 20,178,995 (2023: 20,178,995)	20,178,995	20,178,995

20 Statutory reserve

	2024 \$	2023 \$
Balance, beginning of year	16,873,721	15,999,563
Transfer from profit after taxation	1,392,486	874,158
Balance, end of year	18,266,207	16,873,721

The statutory reserve is required to be maintained under the provisions of the Banking Act defined in Note 1, at a maximum amount equal to that of the Bank's paid up share capital.

Where the reserve is less than the share capital, the Bank is required to transfer to the reserve a minimum of 20% of profit for the year. This reserve is not available for distribution as dividend or any form of distribution.

21 Other reserves

	2024 \$	2023 \$
Regulatory reserve for loan loss and interest on non-performing loans	9,360,754	9,040,371
Securities revaluation reserve, net of tax	857,971	847,820
Reserve on revaluation of property and equipment	806,016	220,413
Other post-employment plans reserve	582,008	449,021
Pension reserve	(311,077)	(272,412)
Total other reserves	11,295,672	10,285,213

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

21 Other reserves ...continued

(a) Regulatory reserve for loan loss & interest on non-performing loans

	2024 \$	2023 \$
Balance, beginning of year	9,040,371	1,878,979
Increase in reserve for regulatory purposes – loan losses	–	7,047,574
Increase in reserve for regulatory purposes – interest on NPL	320,383	113,818
Balance, end of year	9,360,754	9,040,371

This reserve represents the additional loan loss provision required by the Eastern Caribbean Central Bank's (ECCB) prudential guidelines as compared to the provision measured in accordance with IFRS, including interest on loans not recognised for regulatory purposes. As of September 2024, the provision under the ECCB guidelines is more than that as required under IFRS 9 by \$6,200,646 (2023: \$7,047,574). In the current year, the amount of the loan reserve in excess of the required amount was voluntarily maintained by the Bank of \$846,928 (2023: \$Nil).

Interest on loans not recognised for regulatory purposes is \$2,313,180 (2023: \$1,992,797) and this has been set aside within the reserve.

	2024 \$	2023 \$
The regulatory reserve is represented by:		
Reserve for loan impairment – ECCB	6,200,646	7,047,574
Reserve for interest on non-performing loans	2,313,180	1,992,797
Reserve for loan impairment – ECCB voluntary	846,928	–
Balance, end of year	9,360,754	9,040,371

(b) Revaluation reserve – FVOCI equity instruments

	2024 \$	2023 \$
Balance, beginning of year	847,820	834,196
Increase in market value of securities, net of tax of \$3,947 (2023: \$8,670)	10,151	13,624
Balance, end of year	857,971	847,820

Revaluation reserve reflects the unrealized gains or losses on FVOCI equity securities as of the reporting date as a result of changes in the fair value of the securities.

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

22 Earnings per share

Earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of Ordinary shares in issue during the year.

	2024 \$	2023 \$
Income attributable to shareholders of the Bank	6,962,428	4,370,791
Weighted average number of ordinary shares in issue	20,178,995	20,178,995
Basic and diluted earnings per share	0.35	0.22

23 Other operating income

	2024 \$	2023 \$
Fee and commission income	4,079,481	3,326,784
Foreign exchange gains/losses, (net)	2,290,057	2,085,833
Unrealized gains on FVTPL securities	406,345	284,388
Loan write-off recoveries	272,889	505,140
Miscellaneous income	91,425	73,602
Dividend income	87,222	8,645
Total other operating income	7,227,419	6,284,392

ACB Grenada Bank Ltd.
Notes to Financial Statements
For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

24 General and administrative expenses

	Note	2024 \$	2023 \$
Salaries and related costs	25	3,965,644	3,861,883
Card services expenses		2,194,237	1,391,560
Service charge for corresponding banks		461,816	307,680
Advertising and promotion		378,685	238,786
Audit fees and expenses		360,200	200,273
Telephone charges		218,144	253,032
Repairs and maintenance		216,202	143,152
Legal and professional fees		203,465	261,254
Shareholders' meeting expenses		200,009	197,236
Utilities		190,335	194,295
ECACH charges		166,501	98,349
Security services		150,821	163,992
ECCB cash expenses		140,867	227,028
Printing and stationery expenses		140,301	142,475
Cleaning expenses		126,002	126,019
Licenses and taxes		124,182	124,182
Non-credit losses		116,734	306,704
Insurance expense		48,951	44,178
Software operating expenses		48,428	31,355
Miscellaneous expenses		42,960	24,988
Travel and entertainment		38,484	47,526
Wire service expenses		31,113	46,908
Subscription and fees		29,517	33,536
Donations		22,991	6,580
Vehicle expenses		17,226	60,295
Scholarship funds		14,645	6,076
Night depository security		13,562	8,183
Total general and administrative expenses		9,662,022	8,547,525

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

25 Salaries and related costs

	2024 \$	2023 \$
Salaries, wages and allowances	3,070,325	3,260,145
Staff incentive scheme	450,638	18,642
Statutory deduction costs	143,145	138,020
Training and education	127,697	61,366
Other benefits	108,453	114,763
Pension cost	52,352	157,112
Group health and life insurance	13,034	111,835
Total salaries and related costs	3,965,644	3,861,883

26 Provision for impairment of other financial assets

	2024 \$	2023 \$
Off-balance sheet items	314,481	1,700,510
Term deposits	4,344	64,956
Investment securities	(274,791)	83,912
Other	—	551,367
Total provision for impairment of other financial assets	44,034	2,400,745

ACB Grenada Bank Ltd. **Notes to Financial Statements** **For the year ended September 30, 2024**

27 Pension plan

The Bank sponsors pension and post-employment benefits to permanent employees. The defined benefit pension plan provides pension benefits based on years of service, contributions and earnings at retirement. RBC Investment Management (Caribbean) Limited is the investment manager for the assets of the pension plan and Eckler Ltd. is the record keeper.

The other post-retirement benefit plan provides health and dental insurance coverage for former employees. These plans are funded by the Bank and valuations of the plans are performed at each fiscal year by an independent actuary.

Recognition of net asset in the Statement of Financial Position

The amounts recognised in the Statement of Financial Position as of the valuation date are as follows:

	Other post – Employment plans \$	Pension \$	Total \$
September 30, 2024			
Fair value of plan assets	–	9,415,847	9,415,847
Present value of defined benefit obligation	(740,445)	(8,309,407)	(9,049,852)
Net Asset recognised in the Statement of Financial Position	(740,445)	1,106,440	365,995
	Other post – Employment plans \$	Pension \$	Total \$
September 30, 2023			
Fair value of plan assets	–	9,389,482	9,389,482
Present value of defined benefit obligation	(857,774)	(8,408,451)	(9,266,225)
Net Asset recognised in the Statement of Financial Position	(857,774)	981,031	123,257

ACB Grenada Bank Ltd.
Notes to Financial Statements
For the year ended September 30, 2024

27 Pension plan...continued

The movements in the net asset recognised in the Statement of Financial Position

	Other post – Employment plans \$	Pension \$	Total \$
September 30, 2024			
As of beginning of year	(857,774)	981,031	123,257
Employer contributions	12,025	137,407	149,432
Employer direct benefit payments	—	—	—
Defined benefit cost included in income	(79,400)	41,703	(37,697)
Remeasurements included in Other comprehensive (Loss)/income	184,704	(53,701)	131,003
As of end of year	(740,445)	1,106,440	365,995

Employer direct benefit payments

	Other post – Employment plans \$	Pension \$	Total \$
September 30, 2023			
As of beginning of year	(795,320)	1,082,738	287,418
Employer contributions	13,139	61,041	74,180
Employer direct benefit payments	—	—	—
Defined benefit cost included in income	(75,216)	(981)	(76,197)
Remeasurements included in Other comprehensive (Loss)/income	(377)	(161,767)	(162,144)
As of end of year	(857,774)	981,031	123,257

ACB Grenada Bank Ltd.
 Notes to Financial Statements
 For the year ended September 30, 2024

27 Pension plan...continued

The movements in the fair value of plan assets over the period are as follows:

	Other post – Employment plans \$	Pension \$	Total \$
September 30, 2024			
As of beginning of year	–	9,389,482	9,389,482
Interest income	–	559,133	559,133
Return on plan assets	–	(391,554)	(391,554)
Employer contributions	–	262,321	262,321
Employee contributions	–	–	–
Benefit payments	–	(403,535)	(403,535)
Administrative expenses	–	–	–
As of end of year	–	9,415,847	9,415,847

	Other post – Employment plans \$	Pension \$	Total \$
September 30, 2023			
As of beginning of year	–	9,166,505	9,166,505
Interest income	–	551,153	551,153
Return on plan assets	–	(366,944)	(366,944)
Employer contributions	–	122,082	122,082
Employee contributions	–	–	–
Benefit payments	–	(83,314)	(83,314)
Administrative expenses	–	–	–
As of end of year	–	9,389,482	9,389,482

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

27 Pension plan...continued

The movements in the post-retirement obligations over the period are as follows:

	Other post – Employment plans \$	Pension \$	Total \$
September 30, 2024			
As of beginning of year	(857,774)	(8,408,451)	(9,266,225)
Current service cost	(18,710)	(180,804)	(199,514)
Interest cost	(60,690)	(461,312)	(522,002)
Other comprehensive income/(loss) remeasurements:	–	–	–
Effects of changes in financial assumptions	184,704	–	184,704
Effect of experience adjustments	–	337,625	337,625
Effect of changes in demographic adjustments	–	–	–
Benefit payments from employer	–	–	–
Participant contributions	–	–	–
Benefit payments from plan assets	12,025	403,535	415,560
As of end of year	(740,445)	(8,309,407)	(9,049,852)
	Other post – Employment plans \$	Pension \$	Total \$
September 30, 2023			
As of beginning of year	(795,320)	(8,083,767)	(8,879,087)
Current service cost	(18,710)	(161,952)	(180,662)
Interest cost	(56,506)	(451,223)	(507,729)
Other comprehensive income/(loss) remeasurements:	–	–	–
Effects of changes in financial assumptions	(377)	–	(377)
Effect of experience adjustments	–	205,177	205,177
Effect of changes in demographic adjustments	–	–	–
Benefit payments from employer	–	–	–
Participant contributions	–	–	–
Benefit payments from plan assets	13,139	83,314	96,453
As of end of year	(857,774)	(8,408,451)	(9,266,225)

ACB Grenada Bank Ltd. **Notes to Financial Statements** **For the year ended September 30, 2024**

27 Pension plan...continued

The amounts recognised in the Statement of Income or Loss and Other Comprehensive Income or Loss are as follows:

	Other post – Employment plans \$	Pension \$	Total \$
September 30, 2024			
Defined benefit cost included in income:			
Current service cost	(18,710)	(180,804)	(199,514)
Interest income	–	559,133	559,133
Interest expense	(60,690)	(461,312)	(522,002)
Administrative expenses	–	–	–
Components of defined benefit costs recognised in income	(79,400)	(82,983)	(162,383)
Remeasurement recognised in other comprehensive income:			
Effect of changes in financial assumptions	–	–	–
Effect of experience adjustments	184,704	(53,701)	131,003
Components of defined benefit costs recognised in other comprehensive income/(loss)	184,704	(53,701)	131,003

ACB Grenada Bank Ltd.
 Notes to Financial Statements
 For the year ended September 30, 2024

27 Pension plan...continued

The amounts recognised in the Statement of Income or Loss and Other Comprehensive Income or Loss are as follows ... continued

	Other post – Employment plans \$	Pension \$	Total \$
September 30, 2023			
Defined benefit cost included in income:			
Current service cost	(18,710)	(161,952)	(180,662)
Interest income	–	551,153	551,153
Interest expense	(56,506)	(451,223)	(507,729)
Administrative expenses	–	–	–
Components of defined benefit costs recognised in income	(75,216)	(62,022)	(137,238)
Remeasurement recognised in other comprehensive income:			
Effect of changes in financial assumptions	(377)	–	(377)
Effect of experience adjustments	–	(161,767)	(161,767)
Components of defined benefit costs recognised in other comprehensive income/(loss)	(377)	(161,767)	(162,144)

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

27 Pension plan...continued

Defined benefit pension plan assets are invested prudently in order to meet our long-term pension obligations at a reasonable cost. The asset mix policy was developed within an asset/liability framework. Factors taken into consideration in developing the asset allocation include but are not limited to the following:

- (i) the nature of the underlying benefit obligations, including the duration and term profile of the liabilities;
- (ii) the member demographics, including normal retirements, terminations, and deaths;
- (iii) the financial position of the health plans;
- (iv) the diversification benefits obtained by the inclusion of multiple asset classes; and
- (v) expected asset returns, including assets and liability volatility and correlations.

Plan assets comprise:

	2024 Percentage of total plan		2023 Percentage of total plan	
	Fair value \$'0000	assets %	Fair value \$'0000	assets %
Debt securities				
Corporate and other bonds	4,242	45.0%	4,023	42.8%
Domestic government bonds	1,342	14.2%	1,941	20.6%
Cash and other investments	3,848	40.8%	3,440	36.6%
Total	9,432	100	9,404	100

Significant assumptions

The methodologies to determine significant assumptions used in calculating the defined benefit pension and other post-employment expense are as follows:

Overall expected long-term rate of return on assets

The assumed expected rate of return on assets is determined by considering long-term returns on fixed income securities combined with an estimated equity risk premium. The expected long-term return for each asset class is then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

27 Pension plan...continued

Significant assumptions

Discount rate

All future expected benefit payments at each measurement date are discounted at spot rates based on local bond market derived yield curve. The discount rate is the equivalent single rate that produces the same discounted value as that determined using the entire discount curve. This methodology does not rely on assumptions regarding reinvestment returns.

	2024	2023
Discount rates – medical	7.00%	7.00%
Discount rates – pension	6.00%	6.00%
Health care costs trend	5.00%	5.00%
Salary increases – pension	2.25%	2.25%

Contributions for the year

Contributions to the retirement benefit plan for the 2024 financial year amounted to \$262,321 (2023: \$122,082). Contributions expected to be paid to the plan for the subsequent period is budgeted at \$146,756.

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

27 **Pension plan...***continued*

Sensitivity analysis

Assumptions adopted can have a significant effect on the obligations and expense for defined benefit pension and post-employment benefit plans. The following table presents the sensitivity analysis of key assumptions holding all other factors constant.

Benefit obligation

	2024 \$	2023 \$
<u>Pension Plan:</u>		
Impact of 1% decrease in discount rate	9,155,125	9,150,042
Impact of 1% increase in discount rate	7,658,659	7,843,621
Impact of 1% (2022 - 0.5%) decrease in rate of increase in future compensation	8,436,136	8,295,799
Impact of 1% (2022 - 0.5%) increase in rate of increase in future compensation	8,196,041	8,535,188
Impact of 1 year increase in life expectancy	8,371,912	8,459,432
<u>Other post-employment plans:</u>		
Impact of 1% decrease in discount rate	974,512	1,144,878
Impact of 1% increase in discount rate	575,499	657,891
Impact of 1% (2022 - 0.5%) decrease in rate of increase in future compensation	662,270	766,586
Impact of 1% (2022 - 0.5%) increase in rate of increase in future compensation	832,759	965,010
Impact of 1 year increase in life expectancy	763,116	883,674

ACB Grenada Bank Ltd. Notes to Financial Statements For the year ended September 30, 2024

28 Contingencies and commitments

28.1 Customers' liability under acceptances, guarantees and indemnities

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 reflected in the statement of financial position.

	2024 \$	2023 \$
Bonds	1,229,925	3,704,925
Guarantees	2,000,000	2,067,923
	3,229,925	5,772,848

28.2 Credit related commitments

The contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers are listed below:

	Up to 1 year	Total
As of September 30, 2024		
Loan commitments (undrawn)	17,655,341	17,655,341
As of September 30, 2023		
Loan commitments (undrawn)	23,627,941	23,627,941
	Up to 1 year	Total
As of September 30, 2024		
Financial guarantee contracts	3,229,925	3,229,925
As of September 30, 2023		
Financial guarantee contracts	5,772,848	5,772,848

As of September 30, 2024 allowance for credit losses for customers' liabilities under acceptances, guarantees and indemnities amounted to \$2,913,156 (2023: \$2,598,675) (see note 17).

ACB Grenada Bank Ltd. **Notes to Financial Statements** **For the year ended September 30, 2024**

28 Contingencies and commitments...*continued*

28.3 Capital commitments

As of September 30, 2024 and 2023, there were no capital commitments.

29 Cash and cash equivalents

	Notes	2024 \$	2023 \$
Cash and balances with the Central Bank	8	52,775,442	96,604,959
Due from other banks	9	29,922,382	17,616,014
Total cash and cash equivalents		82,697,824	114,220,973

30 Dividends

A dividend in respect of the 2022 financial year of \$807,160 was recorded and paid in 2024. This represented \$0.04 per share declared at the Bank's 40th Annual General Meeting held on May 2, 2024.

31 Comparatives

The classification of certain items in the financial statements has been changed from the prior year to achieve a clearer or more appropriate presentation. The comparative figures have been similarly reformatted and reclassified in order to achieve comparability with the current year.

32 Events after the reporting date

The dividend in respect of the 2023 financial year-end was approved in the Bank's 41st Annual General Meeting held on February 20, 2025 of \$0.076 for each unit of paid-up share capital, or EC\$1,529,777. The financial statements for the years ended September 30, 2023 and 2024 do not reflect this dividend. This dividend will be accounted for in equity as an appropriation of retained earnings in the year ending September 30, 2025.

The dividend proposed in respect of the 2024 financial year-end is \$0.12 for each unit of paid-up share capital, or EC\$2,421,479. The financial statements for the year ended September 30, 2024 do not reflect this proposed dividend which, if ratified, will be accounted for in equity as an appropriation of retained earnings in the year ending September 30, 2026.

NOTES

NOTES



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