ACB GRENADA BANK

Simply Smarter Banking

Transforming Engagement.

Building the Future.

ANNUAL REPORT 2025

ACB
GRENADA BANK
Simply Smarter Banking

Transforming Engagement. Building the Future.

During the year under review, ACB Grenada Bank began advancing a purposeful transformation in how it engages the market, deepens customer relationships, and positions itself for the future. This emerging direction reflects a sharper focus on understanding customer needs, strengthening service delivery, modernizing access, and creating more relevant financial solutions for individuals, businesses, and communities.

In 2025, the Bank laid important foundations for a more responsive, digitally enabled, customer-centered institution, one better prepared to compete, grow, and create lasting value.

This theme captures both the progress already made and the future now being shaped, presenting ACB Grenada Bank as an institution moving with intention, confidence, and renewed strategic clarity.

OUR VISION

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

PURPOSE STATEMENT

Shaping Success;
Creating Opportunities;
Easy Banking

Table of Contents

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- THIRD (43rd) ANNUAL GENERAL MEETING of ACB GRENADA BANK LTD. will be held via hybrid format (both online and in – person), on Tuesday October 13, 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, 2025 and the report of the Auditors
7. Elect Directors
8. Declare a Dividend for the financial year ended September 30, 2025
9. Appoint the External Auditors for the year ending September 30, 2026 and authorize the Board to fix their remuneration
10. Consider the Special Resolution: To approve the amendments to the Bank's Bylaws, as presented
11. Transact any other business which may properly come before an Annual General Meeting of Shareholders

BY ORDER OF THE BOARD

Rhodette

RHODETTE PAIGE
LEGAL COUNSEL/CORPORATE SECRETARY

September 11, 2026

> Our success today strengthens the Bank for tomorrow. We govern with discipline, grow with purpose and build futures that last.

C. Davidson Charles
CHAIRMAN

Chairman's Report

TRANSFORMING ENGAGEMENT. BUILDING THE FUTURE

FELLOW SHAREHOLDERS,

The financial year ended 30 September 2025 marked an important point in the development of ACB Grenada Bank Ltd. The Bank delivered its strongest financial performance since acquisition, with net profit after tax rising to **$13.4 million** from **$7.0 million** in the prior year.

For the Board, the significance of the year extends beyond the result itself. It lies in the growing strength of the institution, the discipline of its governance and the firmer foundation now being established for sustainable growth.

Transforming Engagement. Building the Future. Captures the responsibility before us. The Bank must remain responsive to the changing expectations of customers and communities while preserving the prudence, integrity and trust on which banking depends. The Board's role is to ensure that progress is purposeful and that following fiscal 2025's success, the Bank remains in a position of strength for the years ahead.

STEWARDSHIP, GOVERNANCE AND TRUST

Sound governance is central to the Bank's capacity to grow with confidence. Throughout the year, the Board maintained active oversight of strategy, risk, performance and compliance, with particular attention to credit quality, liquidity, capital adequacy, internal controls, financial reporting and technology-related risk.

Regular engagement with Management enabled the Board to test assumptions, assess emerging risks and monitor execution under the Strategic Plan 2024-2027. Our responsibility is to provide clear direction, hold the institution to high standards and ensure that opportunity is pursued within an appropriate risk framework.

The Board also continued to reinforce ethical conduct, accountability, leadership development and succession planning. Institutions endure when their culture is as strong as their balance sheet. We therefore remain committed to a culture in which sound judgement, professional discipline and service are evident at every level.

TRANSFORMING THE BANK FOR THE FUTURE

Transformation, in our view, begins with how the Bank engages. It requires us to listen more carefully, respond more intelligently and align our services with the changing needs of the people and businesses we serve.

During the year, the Bank continued to advance its digital capabilities, strengthen cybersecurity and improve operational efficiency. These investments strengthen accessibility, resilience and the customer experience. Technology, however, is only part of transformation. The quality of our people, the clarity of our processes and the consistency of our service will ultimately determine how customers experience ACB Grenada Bank.

Management also continued to strengthen the productivity of the balance sheet and broaden the Bank's earnings capacity. The Board's focus is on ensuring that stronger performance is converted into enduring institutional strength through prudent capital management, responsible growth and continued investment in capability.

RESPONSIBLE GROWTH AND INSTITUTIONAL PURPOSE

A Bank's success is inseparable from the health of the society it serves. Our commitment to growth therefore carries a corresponding obligation to act responsibly, support national development and contribute to the wellbeing of our communities.

In May 2025, following the adoption of the ACB Caribbean Group's Environmental, Social and Governance (ESG) Policy Framework, the Bank joined the United Nations Global Compact, becoming one of the first private organisations operating in Grenada to do so. This was an important expression of our commitment to integrate environmental, social and governance considerations into strategy, products and services, policies and operations. For the Board, ESG must be reflected in decisions and conduct rather than treated as a statement of intent.

Community engagement remained a visible expression of our purpose through support for the Grand Anse Home for the Aged, the Autistic Foundation of Grenada and title sponsorship of Embodhi Health and Wellness Day. These initiatives reflect a wider commitment to connecting with our communities and helping people build more secure futures.

CONFIDENCE IN THE ROAD AHEAD

We enter the next financial year from a position of greater strength and with a clear strategic agenda. The Board will remain focused on sustainable growth, resilient risk management, deeper customer relationships, digital progress, operational discipline and the continued development of our people.

We recognise that confidence is earned over time. It is earned through consistency in performance, through transparent governance and through decisions that protect the long-term interests of shareholders while serving customers and communities responsibly.

I express sincere appreciation to my fellow Directors for their diligence, counsel and unwavering commitment throughout the year.

I also acknowledge the leadership of General Manager Joanna Charles, Country Manager Baldwin Taylor and former Country Manager Kara Warner, together with the Management team and every member of staff. Their dedication, resilience and commitment to service were central to the Bank's progress during the year.

To our Shareholders, thank you for your enduring confidence. The Board remains steadfast in its duty to safeguard your interests and to guide ACB Grenada Bank with prudence, clarity and purpose. To our customers, employees, regulators, partners and communities, thank you for the trust you continue to place in this institution.

Together, we will continue transforming engagement and building the future.

C. DAVIDSON CHARLES
CHAIRMAN

GRENADA: TRANSFORMING ENGAGEMENT, BUILDING THE FUTURE

THE FUTURE, BUILT TOGETHER

Strong families are the foundation of thriving communities.

We stand beside our people as they build lives, legacies and lasting security.

Commitment to Community

ACB Grenada Bank Heath and Wellness Day

ACB Grenada Bank reinforced its role as a trusted pillar of Grenadian society by deepening its investments in local culture, wellness, and social empowerment.

Community engagement included a fun-filled day at the Queen Elizabeth Home, where children were treated to gifts, special treats, traditional games, Christmas entertainment, and horseback riding.

ACB Caribbean Group's legacy of support for culture, community wellness, and health was evident via ACB Grenada Bank's continued platinum sponsorship of the Children's Carnival Frolic and its title sponsorship of the Embodhi Health and Wellness Day. This family-oriented health event featured vital health scans, exercise activities, fitness competitions, and expert health advice from instructors and nutritionists.

Additionally, ACB Grenada Bank actively fostered local youth creativity through a strategic partnership with the Grenada Community Library to host a kids' independence art competition.

Demonstrating a strong commitment to vulnerable care and senior outreach, the Bank made a meaningful contribution to the Grand Anse Home for the Aged as part of its Christmas outreach initiative. This donation was accompanied by a lively day of volunteerism, where the ACB team served lunch, organized games, and brought festive entertainment via a local live band.

Furthermore, the Bank stepped up to support neurodivergent youth with a donation to the Autistic Foundation of Grenada (AFG) in commemoration of World Autism Awareness Day (WAAD). The funds directly back their mission to offer a full range of play-based activities focused on self-help and personal skill development, while promoting the continued social, emotional, cognitive, and physical development of each individual child.

The Bank's broader community commitment and development initiatives also included continuous donations to schools, churches, non-profit organizations, and various community-hosted initiatives throughout the year.

Kiddies Carnival

Art from the Kid's Independence Art Competition

Gift giving at Kids Home

Donation to home of the elderly

ACB Grenada Bank Team Donates to
The Autistic Foundation of Grenada (AFG)
with Johanna Tamer and Tammy Martin of AFG

ACB Grenada Bank Sponsor National Library Art Competition

ACB Grenada Bank Sponsor National Library Art Competition.

Child receives prize at Kiddies carnival

Talent Engagement Report

HR Focus

Talent Engagement Report - HR Focus

ACB Grenada Bank continued to strengthen its strategic people agenda through targeted investments in employee development, regulatory compliance, workforce well-being, and organizational effectiveness.

Throughout the year, employees participated in a range of training and development programmes designed to enhance technical capabilities, leadership effectiveness, and risk awareness. Key initiatives included Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) training, cybersecurity and internet security awareness, emotional intelligence workshops for all employees, customer service enhancement programmes, performance management training, leadership development, and exposure to emerging technologies, including Artificial Intelligence. These initiatives reinforced the Bank's commitment to operational excellence, regulatory compliance, and a strong risk culture.

Employee engagement and well-being remained central to the Bank's people strategy. A comprehensive programme of wellness initiatives was delivered during the year, including health education sessions, wellness screenings, fitness and wellness activities, mental health and stress management programmes, and a staff nature walk that promoted physical and emotional well-being. Participation in these programmes exceeded 75%, reflecting a strong commitment by employees to maintaining a healthy work-life balance.

The Bank also implemented several initiatives aimed at promoting workplace efficiency, engagement, and a positive organizational culture. These included the introduction of a time and attendance management system to enhance operational efficiency, ongoing health and safety meetings, fire extinguisher training, succession planning exercises for managers and supervisors, and regular employee communication and feedback forums. Recognition and appreciation remained a key focus, with monthly and quarterly top performer awards, long service recognition ceremonies, and Mother's Day and Father's Day appreciation gifts acknowledging employee contributions throughout the year.

As part of its commitment to fostering an inclusive and supportive workplace, the Bank observed International Women's Day with an employee empowerment session focused on gender equality, encouraging meaningful dialogue on inclusivity, equity, and the advancement of women in the workplace. The Bank also celebrated World Employee Appreciation Day, recognizing and thanking employees for their dedication, professionalism, and valuable contributions to the organization's success.

Staff Gala

In celebration of the ACB Caribbean Group's 70th Anniversary, the Bank hosted a commemorative staff breakfast, providing an opportunity to reflect on the organization's proud legacy and recognize the contributions of employees to its continued growth and success. Separately, a Staff Gala Dinner was held as a major employee engagement event, bringing together team members in a spirit of appreciation and camaraderie. During the gala, employees received gifts and recognition in acknowledgment of their commitment and service to the Bank.

Wellness Walk

Participation in year-end engagement activities reached 98%, underscoring the high levels of employee commitment and the strength of the Bank's inclusive, collaborative, and high-performing culture. Collectively, these initiatives strengthened employee engagement, enhanced workforce capability, supported succession readiness, reinforced employee well-being, and further positioned ANB Bank as an employer committed to developing, recognizing, and empowering its people.

FROM SHARED VISION TO SHARED PROGRESS

Every ambition begins with a vision of what could be.

By listening more closely, engaging more meaningfully and responding with purpose, we are helping Grenadians turn possibility into progress—building homes, strengthening families and creating opportunity for generations to come.

Directors' Report

ACB GRENADA BANK

Directors' Report

OVERVIEW

The Directors' Report provides an overview of the key roles and responsibilities of the Board, highlights the Board's oversight activities throughout the financial year ended September 30, 2025, and includes details on the main features of the corporate governance structure of ACB Grenada Bank Ltd. ("the Bank").

As a subsidiary company of the ACB Caribbean Group ("the Group"), sound and effective corporate governance practices remain a critical part of the Bank's culture and are fundamental to the organization's long – term success and delivery of sustainable shareholder value.

The Board champions the Bank's culture of "doing what's right" and its core values of integrity and accountability.

OUR GOVERNANCE STRUCTURE

The Bank's Governance Structure features the Board actively engaging with all stakeholders, knowing the business and its risks, challenging Management where necessary, understanding the opportunities of a changing industry and economy and setting robust standards and principles that will guide the Bank to continued success.

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.

2025 HIGHLIGHTS OF BOARD OVERSIGHT ACTIVITIES

RESPONSIBILITY	ACTIVITIES
Conduct and 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. • Pursued 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. • Adopted a new Business and Digital Transformation Strategy – 2026 to 2028. • Assessed the Bank's performance against: ▪ past performance ▪ financial and other objectives established in budget projections ▪ industry peers. • Pursued Year 1 priorities under the Bank's approved Strategic Plan.
Governance	• Monitored best governance practices and developed principles and guidelines. • During the financial year ended September 30, 2025, updating relevant governance policies and procedures was a focus for the period, with the following policies being reviewed: ▪ Board Charter ▪ Board Succession Plan Policy ▪ Director/Employee Protocol & Etiquette Policy ▪ Conflict of Interest Policy ▪ Director Orientation Programme Policy Guidelines ▪ Fit & Proper Policy ▪ Director Appointments Policy.
Risk Oversight	• Promoted a strong risk management culture based on a clear understanding of applicable risks, disciplined risk assessment, measurement procedures and continuous monitoring. • Approved an Interest Rate Risk in the Banking Book (IRRBB) Management 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. • Updated the Security Awareness & Training Policy, Acceptable Use Policy and the Cyber Security Policy.
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.
Environmental, Social and Governance (ESG) Policy Framework	• Pursued Implementation of the Bank's ESG Policy Framework as part of the organization's ethical business commitment to the community in which it operates. • Joined the UN Global Compact in May 2025, becoming one of the first private sector organizations operating in Grenada to join the Compact.
Expanded Employee Engagement and HR related Investments	• Continued to offer the ACB Grenada Bank Secondary School Scholarship Programme for children of staff members. • Reviewed the Employee Disaster Relief Policy and Health & Safety Policy. • Approved a new Internship Policy.

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 the Bank's Fit & Proper 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, 2025, ACB Grenada Bank Ltd's Board comprises six (6) non- executive Directors, namely:

- **C. Davidson Charles – Chairman**
- **Dorsett Cromwell – Deputy Chairman**
- **Ron Antoine**
- **Sandra Derrick**
- **Cassandra P. Simon**
- **C. Kamilah Roberts.**

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 four (4) Directors will retire upon rotation:

- **Ron Antoine** (first appointed on April 17, 2019; last re-elected on February 20, 2025)
- **Sandra Derrick** (first appointed on April 1, 2021; last re-elected on February 20, 2025)
- **Cassandra P. Simon** (first appointed on April 20, 2023; last re-elected on February 20, 2025)
- **C. Kamilah Roberts** (first appointed on April 20, 2023; last re-elected on February 20, 2025).

All four (4) Directors, being eligible, offer themselves for re-election.

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 four (4).

OUR BOARD MEETINGS

The Board of Directors meets 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 nineteen (19) Board Meetings (including seven (7) Special Board Meetings) were hosted as at September 30, 2025. Director attendance ranged from 14% to 100%.

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 four (4) Committee Meetings with average Directors' attendance ranging from 25% 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) Securities; (ii) Succession Planning; (iii) Corporate Governance; (iv) Compliance & AML Oversight; (v) Credit Assessment; (vi) Enterprise Risk Management; (vii) Information Security.

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

- Eastern Caribbean Securities Market (ECSM) - **Training Seminar for Directors and Senior Managers of Licensed Intermediaries**
- Eastern Caribbean Securities Exchange (ECSE) - **ECSE-PBC Governance CPD Webinar - The Agile Board**
- Office of National Drug and Money Laundering Control Policy (ONDCP) in collaboration with the Eastern Caribbean Central Bank (ECCB) - **Enhancing AML/CFT/CPF Compliance Through Effective Implementation**
- Jamaica Institute Financial Services - **Credit Assessment Techniques**
- Director of Xorian and Consultant, Sunil Sheen - **Information Security Awareness Training Session.**

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

Ancillary support personnel within the Legal/Secretariat Department also enhanced their skills in areas to include **Corporate Secretaries: The Role and Function; Mediation Training and Credit Assessment Techniques**, to improve board support services.

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, 2025, 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, 2025, 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, 2025.

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 Group continued to publish its Shareholders Education Newsletters, with the latest title being Volume 9 - **"The Importance of Maintaining Up-To- Date Shareholder Records"**. 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, September 4, 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 **$3.9M** or **$0.19** for each unit share on the existing shareholding distribution as at the record date, September 4, 2026, for the financial year ended September 30, 2025.

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.

SPECIAL RESOLUTION – PROPOSED AMENDMENTS TO THE BANK'S BYLAWS

The Board has resolved to recommend that Shareholders approve proposed amendments to the Bank's Bylaws, as detailed in the Circular to Shareholders, published as a supplement to this Report.

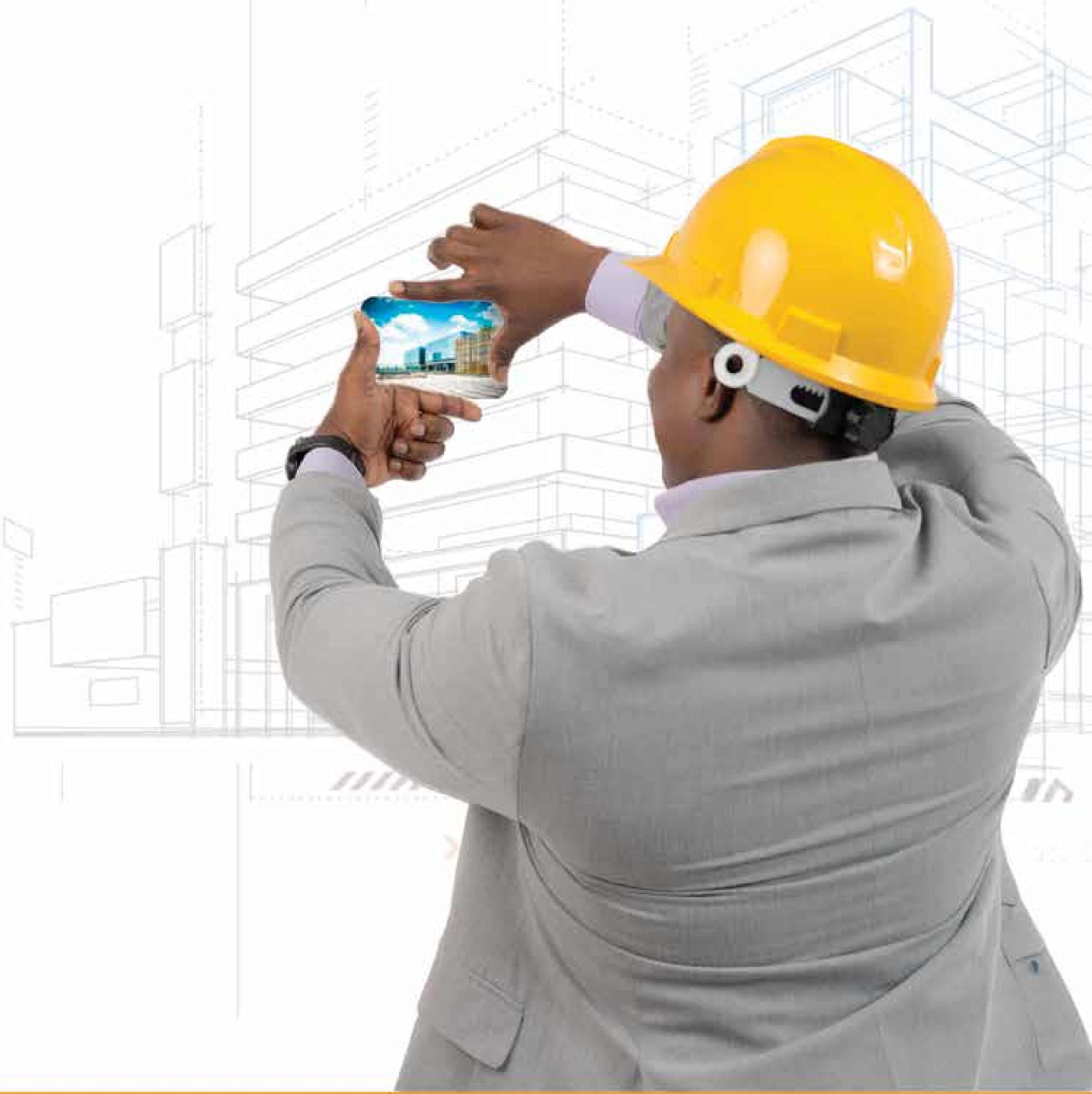
EXTERNAL AUDITORS

The Bank's External Auditors, Grant Thornton, will retire at the 43rd 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

THE FUTURE, BUILT WITH PURPOSE



Progress takes shape when vision meets action.

By supporting responsible development and investing in projects that strengthen our communities, we are turning bold ideas into lasting value—creating opportunity, advancing growth and building a future designed to endure.

Board of Directors

Board of Directors

as at September 30, 2025

C. Davidson Charles
Chairman

Dorsett Cromwell
Deputy Chairman

Ron Antoine
Director

Sandra Derrick
Director

Cassandra P. Simon
Director

C. Kamilah Roberts
Director

Management Team (Grenada Based)

as at September 30, 2025

Kara Warner
Country Manager

Mary Harford – Mitchell
Manager - Recoveries

Alex Samuel
Manager - Commercial Lending

Carol Alleyne
Branch Manager - True Blue

Natasha Ottley
Branch Manager - St. George's

Nicole Mitchell-Joseph
Manager - Retail Lending

Desiree Mitchell – Prime
Manager - Talent & Staff Development

LeslieAnn Roberts
Manager - Customer Service

Senior Management Team

as at September 30, 2025

Joanna Charles
General Manager

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

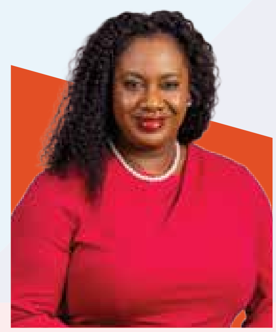
Narcisse Moise
Chief Credit & Sales Officer

Vaughan Brathwaite
Chief Operations & Strategy Officer

Kara Warner
Country Manager

Joyanne Byers
Chief Financial Officer

Renee Charles
Chief Investment 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

Jonathan Lindsay
Senior Manager - Service Quality

Efiah Charlemagne – Norbert
Senior Manager - Retail Banking

Management's Discussion & Analysis

> The Bank enters fiscal 2026 with a stronger capital base, an expanded portfolio of earning assets and enhanced earnings capacity.

JOANNA CHARLES

GENERAL MANAGER

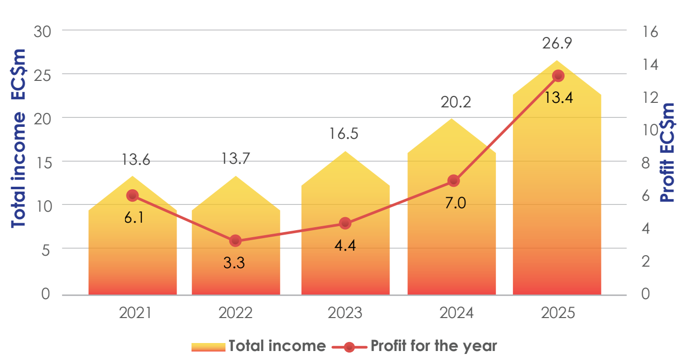
OVERVIEW

ACB Grenada Bank Ltd. earned $13.4 million after tax in fiscal 2025, up from $7.0 million in the prior year. Earnings per share reached a post-acquisition high of $0.66, book value per share increased to $4.28, and total income rose 33.3% to $26.9 million, almost double the level recorded three years ago.

The increase was partly attributable to extraordinary items. Credit and other financial asset recoveries contributed $3.9 million, while other operating income rose by $4.8 million. Excluding credit recoveries in both years, income before taxation increased 51.9% to $12.9 million, marking the fourth consecutive year of earnings growth.

The year's most notable development was the strategic repositioning of the balance sheet. A $71.9 million reduction in cash and short-term interbank placements funded the greater part of a $79.9 million increase in investment securities, more than doubling the portfolio. This shift contributed to a 25.1% increase in interest income from securities and deposits and is expected to enhance future earnings capacity.

PROFIT FOR THE YEAR



OPERATING ENVIRONMENT

Grenada's economy remained resilient in 2025, with real GDP growth accelerating to 4.4% from 3.3% in 2024, supported by reconstruction and investment activity. Against this backdrop, the Bank's loan portfolio grew 4.9%, while deposits increased modestly by 0.7% and funding costs remained stable at 0.71%.

Despite favourable economic conditions, the Bank continues to operate in an environment vulnerable to external shocks, as highlighted by Hurricane Beryl. Accordingly, it maintained a conservative balance sheet, supported by strong liquidity and prudent capital buffers, preserving its capacity to support customers while maintaining financial resilience.

FIVE-YEAR FINANCIAL HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

EC$ millions	2021	2022	2023	2024	2025
Performance					
Net interest income	6.4	8.1	10.3	12.5	14.5
Other operating income	7.2	5.6	6.3	7.7	12.4
Total income	**13.6**	**13.7**	**16.6**	**20.2**	**26.9**
Profit before taxation	7.3	4.1	4.8	8.6	16.8
Profit before taxation, excluding credit writebacks	1.6	2.5	6.2	8.5	12.9
Profit for the year	**6.1**	**3.3**	**4.4**	**7.0**	**13.4**
Financial Position					
Total assets	375.3	404.7	401.1	410.7	425.5
Loans and advances	118.0	120.6	133.0	147.7	154.9
Customers' deposits	294.8	324.3	307.8	323.2	325.6
Total equity	**62.1**	**64.7**	**67.5**	**74.3**	**86.4**
Per share (EC$)					
Earnings per share	**0.30**	**0.16**	**0.22**	**0.35**	**0.66**
Dividend per share	**0.075**	**0.04**	**0.076**	**0.12**	**0.19**
Book value per share	3.08	3.21	3.35	3.68	4.28
Returns					
Return on assets	**1.62%**	**0.82%**	**1.09%**	**1.70%**	**3.14%**
Return on equity	**9.77%**	**5.11%**	**6.48%**	**9.36%**	**15.49%**
Efficiency and mix					
Cost-to-income (total expenses)	46.44%	70.24%	70.72%	57.45%	37.58%
Efficiency ratio (excl. provisions)	**88.40%**	**82.06%**	**62.49%**	**57.98%**	**52.13%**
Non-interest income to total income	53.04%	40.66%	37.98%	37.95%	46.12%
Balance Sheet Strength					
Loans to deposits	**40.04%**	**37.18%**	**43.22%**	**45.71%**	**47.58%**
Equity to assets	16.56%	16.00%	16.83%	18.10%	20.30%
Total capital adequacy ratio	47.2%	56.3%	35.5%	21.9%	22.5%

Returns continued to improve, with return on assets and return on equity rising for the third consecutive year to 3.14% and 15.49%, respectively. Measured against fiscal 2024, the returns have almost doubled. The total capital adequacy ratio was 22.5% as at 30 September 2025, against 21.9% a year earlier, and remains well in excess of the prudential minimum.

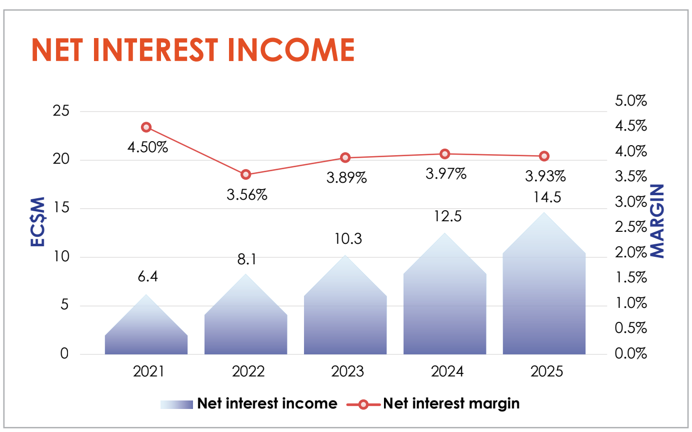
RESULTS OF OPERATIONS

NET INTEREST INCOME

Net interest income increased by 15.8% to $14.5 million and remained the Bank's largest source of revenue, contributing 53.9% of total income. Gross interest income rose 13.0% to $16.8 million, driven by growth in both the loan and investment portfolios.

The Bank's earnings mix became more diversified during the year. Interest income from loans and advances increased 4.7% to $9.3 million, while income from investment securities and deposits rose 25.1% to $7.5 million, supported by the significant expansion of invested assets. Loans represented 55.2% of total interest income, compared with 85.7% five years earlier.

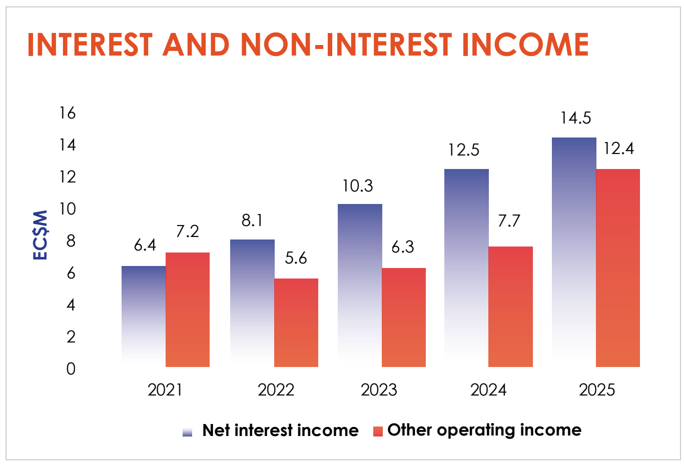
Funding costs remained well controlled, with interest expense declining 1.8% to $2.3 million and the cost of funds improving to 0.71% from 0.74%. Net interest margins eased slightly as asset growth outpaced net interest income growth, reflecting the deployment of excess liquidity into lower-yielding assets. Despite this modest compression, the balance sheet repositioning enhanced asset diversification and supported earnings growth.



OTHER OPERATING INCOME

Other operating income increased by 62.0% to $12.4 million and represented 46.1% of total income, compared with 38.0% in the prior year. This category was the largest contributor to overall revenue growth during the year, accounting for more than twice the increase generated by net interest income.

Historically, other operating income has been an important but variable component of the Bank's earnings mix, contributing between 38% and 41% of total income over the preceding three years. The increase recorded in fiscal 2025 reflects developments across several income streams and reinforces the importance of assessing the composition of earnings alongside overall growth. Accordingly, Note 23 to the financial statements provides a detailed breakdown of the sources of other operating income and their respective contributions to the year's performance.



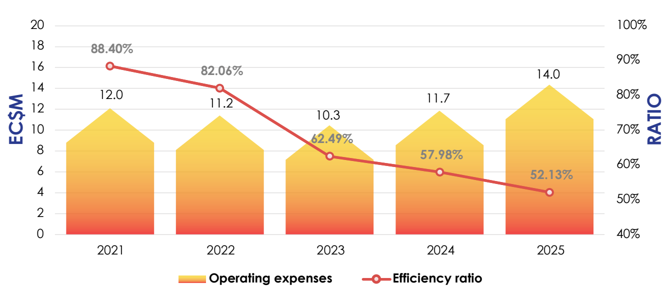
OTHER OPERATING INCOME

Total expenses declined by 12.8% to $10.1 million. However, this reduction primarily reflects higher credit recoveries recognized during the year rather than a decrease in the underlying operating cost base. Excluding the impact of credit recoveries, operating expenses increased by 19.9% to $14.0 million, compared with $11.7 million in the prior year.

The increase in underlying expenses was driven principally by higher general and administrative costs, which rose to $12.0 million from $9.7 million. Other expense categories remained relatively stable, with management fees unchanged at $1.2 million, directors' fees and expenses increasing modestly to $0.2 million, and depreciation expense declining by 14.4% as certain assets became fully depreciated.

Despite the increase in operating expenses, revenue growth exceeded cost growth, resulting in continued improvements in operating efficiency. The efficiency ratio, excluding credit provisions and recoveries, improved to 52.13% from 57.98% and has declined steadily over the past four years from 88.40% in fiscal 2021. While the reported cost-to-income ratio improved further to 37.58%, this measure benefited from the effect of credit recoveries on total expenses. Management therefore places greater emphasis on the adjusted efficiency ratio as a measure of underlying operating performance and remains focused on achieving further improvements over time.

OPERATING EXPENSES AND EFFICIENCY RATIO



CREDIT QUALITY AND IMPAIRMENT

Credit provisions released $3.9 million to the income statement during the year, comprising $1.7 million on loans and advances and $2.2 million on other financial assets, a favourable year-over-year movement of approximately $3.8 million. The release arose from a recalibration of the Bank's expected credit loss model rather than from any improvement in the credit quality of the underlying portfolios, the risk characteristics of which were not materially different at year end.

As credit provisions and recoveries can significantly influence reported results from one period to another, management also considers underlying profitability before the impact of these items. On this basis, pre-tax income has increased steadily from $1.6 million in fiscal 2021 to $12.9 million in fiscal 2025, demonstrating sustained improvement in the Bank's core earnings capacity over the period.

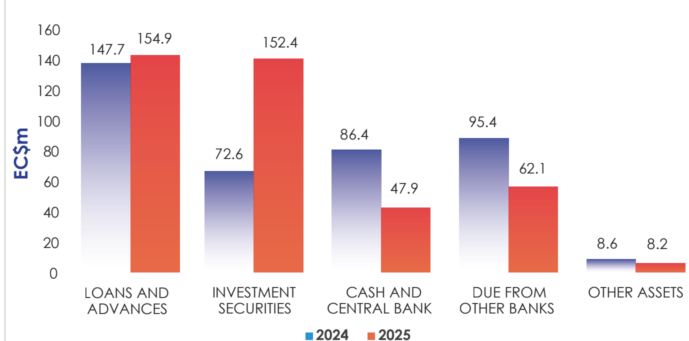
FINANCIAL POSITION

REDEPLOYMENT OF LIQUIDITY

A key balance sheet development during the year was the strategic redeployment of liquidity into investment securities. The investment portfolio increased by 110.0% to $152.4 million, funded primarily through reductions in lower-yielding balances held with the Central Bank and other financial institutions. This repositioning enhanced the earnings potential of the balance sheet while maintaining prudent liquidity levels.

Importantly, the Bank's overall liquidity posture remained unchanged, with liquid assets continuing to represent approximately 62% of total assets. Consequently, the increase in investment securities reflects a change in asset allocation rather than a reduction in liquidity. The strategy contributed to growth in interest-earning assets of 17.0% to $369.4 million and supports the Bank's objective of improving earnings performance while retaining a strong liquidity buffer.

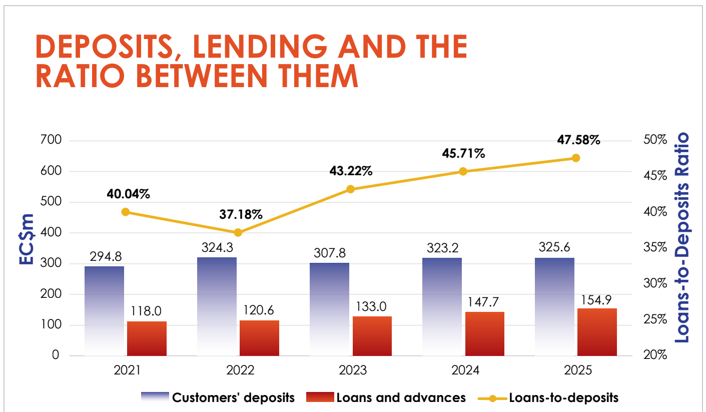
ASSETS MIX 2024 & 2025



LENDING AND DEPOSITS

Loans and advances reached $154.9 million, $7.2 million or 4.9% more than a year earlier and $36.9 million or 31.2% more than in fiscal 2021, extended across home ownership, business investment and productive activity in Grenada.

Deposit liabilities stood at $325.6 million, $2.4 million, or 0.7%, above fiscal 2024, and only 10.4% above fiscal 2021. Loan growth in fiscal 2025 was not funded by depositors; it was funded by profit the Bank retained. The loans-to-deposits ratio has climbed each year since fiscal 2022 and now stands at 47.6%, conservative by any measure, but the trend reflects a numerator that grows against a denominator that does not. A funding base this stable and this inexpensive is an asset, and the cost of funds has stayed below 0.8% throughout the five years, but it needs to grow.



CAPITAL AND RESERVES

Shareholders' equity increased by 16.2% to $86.4 million at fiscal year-end, representing growth of $24.2 million, or 39.0%, from fiscal 2021. Over the same period, total assets increased by 13.4%, reflecting the Bank's continued ability to generate capital through retained earnings while maintaining disciplined balance sheet growth. As a result, the equity-to-assets ratio strengthened to 20.30% from 18.10% in the prior year, further enhancing the Bank's capital position.

Total comprehensive income amounted to $13.9 million, comprising net income after taxation of $13.4 million and other comprehensive income of $0.5 million, primarily related to actuarial remeasurements of pension and post-retirement benefit obligations and fair value gains on equity securities. In accordance with statutory requirements, $1.9 million was transferred to the statutory reserve, increasing the balance to $20.2 million. Other reserves increased by $4.6 million, while retained earnings grew by $5.5 million to $30.1 million, reflecting the continued accumulation of internally generated capital.

LOOKING AHEAD

The Bank enters fiscal 2026 with a stronger capital base, an expanded portfolio of earning assets and enhanced earnings capacity. While fiscal 2025 benefited from $3.9 million in credit recoveries, underlying income before taxation reached $12.9 million, providing a more meaningful basis for assessing future performance.

Looking ahead, performance will be influenced by the Bank's ability to effectively manage the repricing of its enlarged investment portfolio, sustain balance sheet growth through increased deposit mobilization, and maintain disciplined cost management. Continued growth in the Grenadian economy presents opportunities for prudent loan expansion, while the Bank's strong capital and liquidity positions provide a solid foundation to support business growth and navigate evolving market conditions.

THANK YOU

The Board's stewardship and guidance throughout the year are sincerely appreciated.

I also extend my gratitude to the employees of ACB Grenada Bank Ltd., whose commitment, professionalism and customer focus were instrumental in delivering these results while continuing to provide exceptional service across the island.

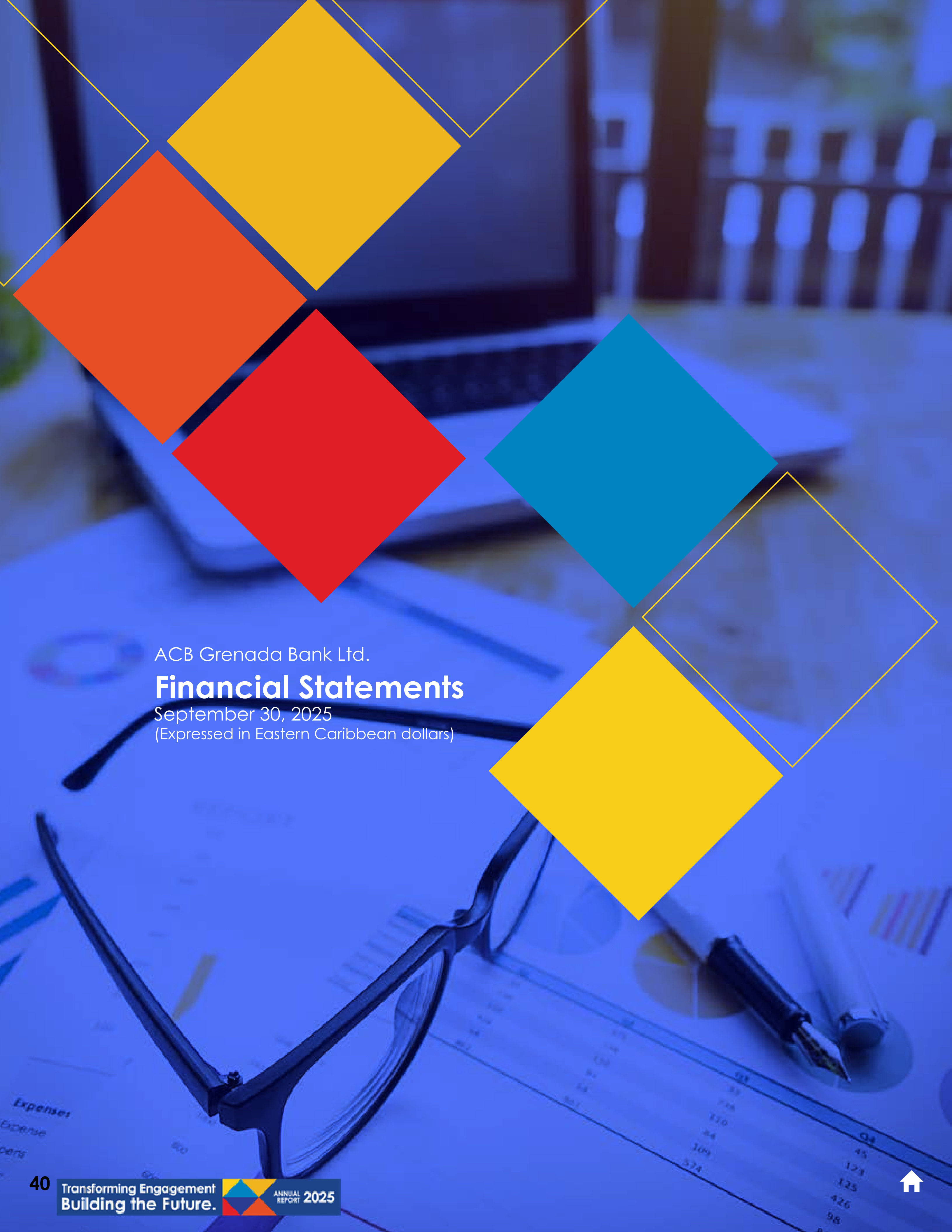
Finally, I thank our customers, shareholders, regulators and colleagues across the wider ACB Caribbean Group for their continued trust, confidence and support. Their partnership remains fundamental to the Bank's ongoing success and long-term growth.

JOANNA CHARLES
GENERAL MANAGER

THE FUTURE, POWERED BY TECHNOLOGY

Every tap keeps Grenada moving forward.

By making digital payments simpler, safer and more accessible, we are helping customers and businesses transact with greater speed and confidence—strengthening commerce, supporting livelihoods and building a more connected future.



ACB Grenada Bank Ltd.

Financial Statements

September 30, 2025

(Expressed in Eastern Caribbean dollars)

Grant Thornton
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West Indies

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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, 2025**, 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, 2025**, 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 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.

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.

Grant Thornton

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Grant Thornton

Chartered Accountants
St. John's, Antigua
July 10, 2026

ACB Grenada Bank Ltd.

Statement of Financial Position

For the year ended September 30, 2025

(expressed in Eastern Caribbean dollars)

	Notes	2025 $	2024 $
Assets			
Cash and balances with the Central Bank	8	**47,853,022**	86,427,619
Due from other banks	9	**62,086,955**	95,394,511
Investment securities	13	**152,418,246**	72,567,275
Loans and advances	11	**154,910,217**	147,722,427
Property, plant and equipment	14	**6,944,312**	7,141,330
Right-of-use assets	15	**324,596**	641,168
Deferred tax asset	18	–	382,707
Pension asset	27	**814,276**	365,995
Other assets	12	**158,760**	99,438
Total Assets		**425,510,384**	410,742,470
Liabilities and Equity			
Liabilities			
Customers' deposits	16	**325,570,702**	323,176,032
Due to parent company	10	**1,351,979**	1,569,249
Provisions and other liabilities	17	**7,836,668**	9,616,294
Income tax payable	18	**3,242,882**	1,402,256
Deferred tax liability	18	**803,422**	–
Lease liabilities	15	**328,066**	632,980
Total Liabilities		**339,133,719**	336,396,811
Equity			
Share capital	19	**20,178,995**	20,178,995
Statutory reserve	20	**20,178,995**	18,266,207
Other reserves	21	**15,877,245**	11,295,672
Retained earnings		**30,141,430**	24,604,785
Total Equity		**86,376,665**	74,345,659
Total Liabilities and Equity		**425,510,384**	410,742,470

The accompanying notes are an integral part of these financial statements

Approved for issue by the Board of Directors on July 6, 2026 and signed on its behalf by:

______________________ **Chairman**

______________________ **Director**

______________________ **Director**

ACB Grenada Bank Ltd.

Statement of Comprehensive Income

For the year ended September 30, 2025

(expressed in Eastern Caribbean dollars)

	Notes	2025 $	2024 $
Interest income			
Income from loans and advances		**9,277,532**	8,861,026
Income from securities and from deposits with other banks		**7,536,439**	6,022,114
		16,813,971	14,883,140
Interest expense			
Customers' deposits		**2,301,064**	2,337,263
Interest expense – lease liability		**9,153**	16,076
		2,310,217	2,353,339
Net interest income		**14,503,754**	12,529,801
Other operating income	23	**12,417,195**	7,663,574
Total income		**26,920,949**	20,193,375
General and administrative expenses	24	**12,030,120**	9,662,022
Management fees		**1,200,000**	1,200,000
Directors' fees and expenses		**177,613**	169,087
Depreciation of property and equipment	14	**308,283**	360,244
Depreciation of right-of-use asset	15	**316,572**	316,572
Recovery of credit loss, net	11	**(1,689,861)**	(150,944)
(Recovery)/provision for impairment of other financial assets	26	**(2,225,161)**	44,034
Total expenses		**10,117,566**	11,601,015
Income before taxation		**16,803,383**	8,592,360
Current tax expense		**(2,430,154)**	(1,579,828)
Deferred tax expense		**(993,242)**	(50,104)
Taxation charge	18	**(3,423,396)**	(1,629,932)
Net income after taxation		**13,379,987**	6,962,428

The accompanying notes are an integral part of these financial statements

Statement of Comprehensive Income... *continued*

For the year ended September 30, 2025

(expressed in Eastern Caribbean dollars)

	Notes	2025 $	2024 $
Net income after taxation		**13,379,987**	6,962,428
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss, net of tax:			
Remeasurement gain on post-retirement benefit liability (net of taxes, $41,174 (2024: $51,717)	27	**105,877**	132,987
Remeasurement gain/(loss) on pension liability (net of taxes, $52,110 (2024: $15,036)	27	**133,996**	(38,665)
Property revaluation adjustment	14	**–**	585,603
Net change in unrealised gains on equity securities at fair value through other comprehensive income (net of taxes, $99,603 (2024: $3,947)	21	**256,121**	10,151
Other comprehensive income for the year, net of taxes		**495,994**	690,076
Total comprehensive income for the year		**13,875,981**	7,652,504
Basic and diluted earnings per share	22	**0.66**	0.35

The accompanying notes are an integral part of these financial statements

ACB Grenada Bank Ltd.

Statement of Changes in Equity

For the year ended September 30, 2025

(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
Other comprehensive income:						
- 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 other 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)	–
Transaction with owners						
Dividends paid during the year		–	–	–	(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**

The accompanying notes are an integral part of these financial statements

ACB Grenada Bank Ltd.

Statement of Changes in Equity... *continued*

For the year ended September 30, 2025

(expressed in Eastern Caribbean dollars)

	Notes	Share capital $	Statutory reserve $	Other reserves $	Retained earnings $	Total equity $
Balance as of September 30, 2024		**20,178,995**	**18,266,207**	**11,295,672**	**24,604,785**	**74,345,659**
Net income after taxation for the year		–	–	–	13,379,987	13,379,987
Other comprehensive income:						
- Change in fair value on equity securities		–	–	256,121	–	256,121
- Remeasurement of post-retirement benefit obligation		–	–	105,877	–	105,877
- Remeasurement of pension benefit liability		–	–	133,996	–	133,996
Total other comprehensive income for the year		–	–	495,994	–	495,994
Reserve for interest recognized on impaired loans	21	–	–	(311,372)	–	(311,372)
Increase in loan loss reserve	21	–	–	4,396,951	(4,396,951)	–
Transfer to statutory reserve	20	–	1,912,788	–	(1,912,788)	–
Transaction with owners						
Dividends paid during the year	30	–	–	–	(1,533,603)	(1,533,603)
Balance as of September 30, 2025		**20,178,995**	**20,178,995**	**15,877,245**	**30,141,430**	**86,376,665**

ACB Grenada Bank Ltd.

Statement of Cash Flows

For the year ended September 30, 2025

(expressed in Eastern Caribbean dollars)

	Notes	2025 $	2024 $
Cash flows from operating activities			
Income before taxation		**16,803,383**	8,592,360
Items not affecting cash:			
Recovery of credit losses	11	**(1,689,861)**	(150,944)
Depreciation of property, plant, and equipment	14	**308,283**	360,244
Depreciation of right-of-use asset	15	**316,572**	316,572
Property and equipment cost adjustment – amounts expensed	14	**69,785**	207,528
Unrealised gains on FVTPL investments	23	**6,112**	(406,345)
Provision for impairment of other financial assets	26	**(2,225,161)**	44,034
Retirement benefit contribution	27	**(141,272)**	(149,432)
Pension income	27	**26,148**	37,469
Interest expense		**2,310,217**	2,353,339
Interest income		**(16,813,971)**	(14,883,140)
Cash flows used in operating activities before changes in operating assets and liabilities		**(1,029,765)**	(3,678,315)
Change in statutory deposit with the Central Bank		**7,426,813**	4,291,213
Change in loans and advances		**(5,852,749)**	(14,170,177)
Change in other assets		**(59,322)**	45,770
Change in lease liability		**18,307**	(1,045)
Change in customers' deposits		**2,395,561**	15,366,381
Change in provisions and other liabilities		**1,094,482**	646,954
Cash flows generated from operating activities before interest		**3,993,327**	2,500,781
Interest received		**15,985,500**	14,011,147
Interest paid		**(2,301,955)**	(2,337,866)
Taxes paid	18	**(590,580)**	(377,606)
Principal payment of lease liabilities	15	**(332,374)**	(332,374)
Net cash flows generated from operating activities		**16,753,918**	13,464,082
Cash flows from investing activities			
Redemption of investment securities and term deposits		**59,697,728**	10,800,000
Purchase of property and equipment	14	**(181,050)**	(677,612)
Purchase of investment securities and term deposits		**(111,891,640)**	(52,480,280)
Proceeds from principal repayment on bonds	13	**810,000**	17,803,900
Net cash flows used in investing activities		**(51,564,962)**	(24,553,992)

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows... *continued*

For the year ended September 30, 2025

(expressed in Eastern Caribbean dollars)

	Notes	2025 $	2024 $
Cash flows from financing activities			
Advance to parent company, net		**(217,270)**	(14,412,919)
Dividends paid during the year	30	**(1,533,603)**	(807,160)
Net cash flows used in financing activities		**(1,750,873)**	(15,220,079)
Net decrease in cash and cash equivalents		**(36,561,917)**	(26,309,989)
Cash and cash equivalents, beginning of year		**87,910,984**	114,220,973
Cash and cash equivalents, end of year	29	**51,349,067**	87,910,984

The accompanying notes are an integral part of these financial statements

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, 2025 (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.

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, 2024

Standards and amendments that are effective for the first time on October 1, 2024 are as follows:

- IAS 1 – Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IAS 1 – Non-current liabilities with covenants (Amendments to IAS 1)
- IFRS 16 – Lease Liability in a Sales and Leaseback (Amendments to IFRS 16)
- IFRS 7 and IAS 7 – Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

This amendment does 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.

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.

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.

4 Material accounting policy information…*continued*

4.3 Financial instruments…*continued*

<u>Classification and subsequent measurement of financial assets</u>…*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.

(expressed in Eastern Caribbean dollars)

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.

4 Material accounting policy information …*continued*

4.3 Financial instruments…*continued*

<u>Classification and subsequent measurement of financial assets</u>…*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.

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.

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;

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.

4 Material accounting policy information …*continued*

4.3 Financial instruments…*continued*

Impairment of financial assets…*continued*

Measurement of ECL

The ECL is 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).

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.

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.

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.

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.

(expressed in Eastern Caribbean dollars)

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 ⅔ years
Computer equipment	5 years
Motor vehicles	5 years

Land and capital work in progress are not depreciated.

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 is 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 is 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.

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 32).

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.

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.

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.

(expressed in Eastern Caribbean dollars)

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 asset recognised in the statement of financial position for a defined benefit plan is the fair value of plan assets less the present value of the defined benefit obligation (DBO) at the reporting date less. 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.

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.

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.

(expressed in Eastern Caribbean dollars)

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.

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.

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.

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.

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.

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.

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

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.

(expressed in Eastern Caribbean dollars)

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	
	2025	**2024**
	$	**$**
Credit risk exposures relating to on-balance sheet assets		
Balances with the Central Bank	**42,140,638**	81,047,047
Due from other banks	**62,086,955**	95,394,511
Loans and advances	**154,910,217**	147,722,427
Investment securities		
Amortised cost	**114,340,217**	62,884,850
FVTPL – debt securities	**8,767,687**	8,107,048
	382,245,714	395,155,883
Credit risk exposures relating to off-balance sheet assets		
Loan commitments and financial guarantees	**27,019,469**	20,885,266
As of September 30, 2025	**409,265,183**	416,041,149

The above table represents a worse-case scenario of credit risk exposure to the Bank as of September 30, 2025 and September 30, 2024, 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.

(expressed in Eastern Caribbean dollars)

5 Financial risk management…*continued*

5.1.5 Debt securities

	Amortised cost $	FVTPL debt securities $	Total $
As of September 30, 2025			
Rated	106,624,109	–	106,624,109
Unrated	7,716,108	8,767,687	16,483,795
	114,340,217	**8,767,687**	**123,107,904**

	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**

(expressed in Eastern Caribbean dollars)

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 $
2025:				
Credit risk exposures relating to on-balance sheet assets:				
Balances with the Central Bank	–	42,140,638	–	42,140,638
Due from other banks	898,259	15,958,274	45,230,422	62,086,955
Investment securities:				
Amortised cost	–	21,003,893	93,336,324	114,340,217
FVTPL – debt securities	8,767,687	–	–	8,767,687
Loans and advances	141,612,267	13,297,950	–	154,910,217
	151,278,213	**92,400,755**	**138,566,746**	**382,245,714**
Credit risk exposures relating to off-balance sheet assets:				
Loan commitments and other credit related facilities	27,019,469	–	–	27,019,469
As of September 30, 2025	**178,297,682**	**92,400,755**	**138,566,746**	**409,265,183**

(expressed in Eastern Caribbean dollars)

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 $
2024:				
Credit risk exposures relating to on-balance sheet assets:				
Balances with the Central Bank	–	81,047,047	–	81,047,047
Due from other banks	790,590	17,285,912	77,318,009	95,394,511
Investment securities:				
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
	143,367,246	**133,626,865**	**118,161,772**	**395,155,883**
Credit risk exposures relating to off-balance sheet assets:				
Loan commitments and other credit related facilities	20,885,266	–	–	20,885,266
As of September 30, 2024	**164,252,512**	**133,626,865**	**118,161,772**	**416,041,149**

(expressed in Eastern Caribbean dollars)

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
Balances with the Central Bank	42,141	–	–	–	–	–	–	42,141
Due from other banks	62,087	–	–	–	–	–	–	62,087
Loans and advances	–	21,533	34,116	11,187	17,076	43,464	27,534	154,910
Investment securities:								
- Amortised cost	96,856	–	–	–	17,484	–	–	114,340
- FVTPL – debt securities	–	–	–	–	8,768	–	–	8,768
As of September 30, 2025	**201,084**	**21,533**	**34,116**	**11,187**	**43,328**	**43,464**	**27,534**	**382,246**
Loan commitments and other credit related obligations	–	–	–	–	6,032	20,987	–	27,019
As of September 30, 2025	**201,084**	**21,533**	**34,116**	**11,187**	**49,360**	**64,451**	**27,534**	**409,265**

(expressed in Eastern Caribbean dollars)

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
Balances with the Central Bank	81,047	–	–	–	–	–	–	81,047
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
Investment securities:								
- Amortised cost	44,678	–	–	–	18,207	–	–	62,885
- FVTPL – debt securities	–	–	–	–	8,107	–	–	8,107
As of September 30, 2024	**221,120**	**23,862**	**29,008**	**12,581**	**42,899**	**39,900**	**25,786**	**395,156**
Loan commitments and other credit related obligations	–	–	–	–	6,417	14,468	–	20,885
As of September 30, 2024	**221,120**	**23,862**	**29,008**	**12,581**	**49,316**	**54,368**	**25,786**	**416,041**

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 Bank's Asset and Liability Management (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.

(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, 2025					
Assets					
Cash and balances with Central Bank	–	–	–	47,853,022	47,853,022
Loans and advances	2,686,821	13,925,955	138,297,441	–	154,910,217
Investment Securities					
- Amortised cost	4,057,607	41,815,288	68,467,322	–	114,340,217
- FVTPL – debt securities	–	–	8,767,687	–	8,767,687
Due from other banks	25,873,263	–	–	36,213,692	62,086,955
Total financial assets	**32,617,691**	**55,741,243**	**215,532,450**	**84,066,714**	**387,958,098**
Liabilities					
Customers' deposits	174,975,427	–	–	150,595,275	325,570,702
Due to parent company	–	–	–	1,351,979	1,351,979
Provision and other liabilities	–	–	–	7,836,668	7,836,668
Lease liabilities	–	–	–	328,066	328,066
Total financial liabilities	**174,975,427**	**–**	**–**	**160,111,988**	**335,087,415**
Total interest repricing gap	**(142,357,736)**	**55,741,243**	**215,532,450**	**(76,045,274)**	**52,870,683**

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, 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
Investment Securities					
- 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**

(expressed in Eastern Caribbean dollars)

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.

	XCD $	USD $	EUR $	GBP $	Other $	Total $
As of September 30, 2025						
Assets:						
Cash and balances with the Central Bank	47,056,519	530,769	60,901	86,906	117,927	47,853,022
Due from other banks	10,622,589	51,462,838	–	–	1,528	62,086,955
Loans and advances	154,910,217	–	–	–	–	154,910,217
Investment securities:						
- Amortised Cost	7,123,374	107,216,843	–	–	–	114,340,217
- FVTPL – debt securities	6,106,139	2,661,548	–	–	–	8,767,687
- FVOCI – equity securities	951,070	28,359,272	–	–	–	29,310,342
Total financial assets	**226,769,908**	**190,231,270**	**60,901**	**86,906**	**119,455**	**417,268,440**
Liabilities						
Customers' deposits	287,381,628	38,189,074	–	–	–	325,570,702
Due to parent company	1,351,979	–	–	–	–	1,351,979
Provision and other liabilities	7,836,668	–	–	–	–	7,836,668
Lease liabilities	328,066	–	–	–	–	328,066
Total financial liabilities	**296,898,341**	**38,189,074**	**–**	**–**	**–**	**335,087,415**
Net on-balance sheet position	**(70,128,433)**	**152,042,196**	**60,901**	**86,906**	**119,455**	**82,181,025**
Credit commitments	**27,019,469**	**–**	**–**	**–**	**–**	**27,019,469**

Notes to Financial Statements

For the year ended September 30, 2025

(expressed in Eastern Caribbean dollars)

5 Financial risk management…*continued*

5.2 Market risk…*continued*

5.2.3 Foreign exchange risk

	XCD $	USD $	EUR $	GBP $	Other $	Total $
As of September 30, 2024						
Assets:						
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
Investment securities:						
- Amortised Cost	7,748,676	55,136,174	–	–	–	62,884,850
- FVTPL – debt securities	5,720,408	2,386,640	–	–	–	8,107,048
- FVOCI – equity securities	1,575,377	–	–	–	–	1,575,377
Total financial assets	**260,821,893**	**141,139,428**	**32,282**	**37,091**	**81,138**	**402,111,832**
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	**(44,130,496)**	**111,097,262**	**32,282**	**37,091**	**81,138**	**67,117,277**
Credit commitments	**20,885,266**	–	–	–	–	**20,885,266**

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.

(expressed in Eastern Caribbean dollars)

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 or credit; and
- Other assets.

(expressed in Eastern Caribbean dollars)

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, 2025						
Liabilities						
Customers' deposits	306,787,650	5,080,184	13,717,890	–	–	325,585,724
Due to parent company	1,351,979	–	–	–	–	1,351,979
Provision and other liabilities	3,060,998	–	–	–	4,735,570	7,796,568
Lease liabilities	81,684	82,092	94,061	70,229	–	328,066
Total Liabilities (contractual maturity dates)	**311,282,311**	**5,162,276**	**13,811,951**	**70,229**	**4,735,570**	**335,062,337**

	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
Provision and other liabilities	1,912,061	–	–	–	4,791,077	6,703,138
Lease liabilities	80,068	80,468	162,147	310,297	–	632,980
Total Liabilities (contractual maturity dates)	**302,037,419**	**9,234,534**	**15,109,040**	**925,654**	**4,791,077**	**332,097,724**

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, 2025				
Guarantees, acceptances and letters of credit	3,100,000	–	–	3,100,000
Loan commitments and other credit related obligations	23,919,469	–	–	23,919,469
Total credit commitments	**27,019,469**	**–**	**–**	**27,019,469**
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**

(c) Capital commitments

There were no capital commitments for the acquisition of property and equipment at the financial year end (2024: $Nil).

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.

(expressed in Eastern Caribbean dollars)

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	
	2025 $	2024 $	2025 $	2024 $
Financial assets				
Cash and balances with the Central Bank	47,853,022	86,427,619	47,853,022	86,427,619
Due from other banks	62,086,955	95,394,511	62,086,955	95,394,511
Loans and advances	154,910,217	147,722,427	179,111,859	151,970,042
Investment securities	152,418,246	72,567,275	155,935,208	73,852,959
	417,268,440	402,111,832	**444,987,044**	407,645,131
Financial liabilities				
Customers' deposits	325,570,702	323,176,032	325,570,702	323,176,032
Lease liabilities	328,066	632,980	328,066	632,980
Provisions and other liabilities	7,836,668	9,616,294	7,836,668	9,616,294
Due to parent company	1,351,979	1,569,249	1,351,979	1,569,249
	335,087,415	334,994,555	**335,087,415**	334,994,555

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.

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, 2025				
Financial Assets				
Investment Securities:				
FVTPL	–	8,767,687	–	8,767,687
FVOCI - quoted	–	28,359,272	–	28,359,272
FVOCI – unquoted	–	–	951,070	951,070
Total Assets	–	**37,126,959**	**951,070**	**38,078,029**

	Level 1 $	Level 2 $	Level 3 $	Total $
As of September 30, 2024				
Financial Assets				
Investment Securities:				
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**

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

(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.

During the 2024 financial year, 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, 2025				
Financial Assets				
Property, plant and equipment:				
Land	–	1,733,700	–	1,733,700
Buildings	–	–	3,566,604	3,566,604
Total Assets	**–**	**1,733,700**	**3,566,604**	**5,300,304**

	Level 1 $	Level 2 $	Level 3 $	Total $
As of September 30, 2024				
Financial Assets				
Property, plant and equipment:				
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**

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, 2025			
Assets			
Cash and balances with the Central Bank	47,853	47,853	47,853
Due from other banks	62,087	62,087	62,087
Loans and advances	179,112	179,112	154,910
Investment securities – Amortised cost	114,340	114,340	114,340
	403,392	**403,392**	**379,190**
Liabilities			
Customers' deposits	**325,571**	**325,571**	**325,571**

	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**

(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, 2025 (September 30, 2024 – 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.

	2025 $	2024 $
Government and state-owned enterprises debt	**(6,112)**	406,345
Net gains for financial instruments classified as fair value through profit or loss	**(6,112)**	**406,345**

For the year ended September 30, 2025, $6,112 of net fair value loss on financial assets classified as FVTPL, were included in non-interest income (2024:gain – $406,345).

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, 2025				
Assets				
Due from other banks and other financial institutions	108,997,156	–	–	108,997,156
Investment securities	112,889,235	8,525,615	29,310,342	150,725,192
Loans and advances	153,531,871	–	–	153,531,871
Total financial assets	**375,418,262**	**8,525,615**	**29,310,342**	**413,254,219**

	Financial liabilities at amortised cost $	Total $
Liabilities		
Customers' deposits	325,554,753	325,554,753
Due to parent company	1,351,979	1,351,979
Lease liabilities	328,066	328,066
Other liabilities and accrued expenses	7,796,568	7,796,568
Total financial liabilities	**335,031,366**	**335,031,366**

	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**

5 Financial risk management…*continued*

5.6 Financial assets and liabilities by category…*continued*

	Financial liabilities at amortised cost $	Total $
Liabilities		
Customers' deposits	323,159,192	323,159,192
Due to parent company	1,569,249	1,569,249
Lease liabilities	632,980	632,980
Other liabilities and accrued expenses	6,703,138	6,703,138
Total financial liabilities	**332,064,559**	**332,064,559**

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;

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.

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, 2025 and September 30, 2024. During those two years, the Bank complied with all of the externally imposed capital requirements to which it is subjected.

	2025 $	2024 $
Tier 1 Capital		
Share capital	**20,178,995**	20,178,995
Statutory reserve	**20,178,995**	18,266,207
Retained earnings	**30,141,430**	24,604,785
Total qualifying Tier 1 Capital	**70,499,420**	63,049,987
Tier 2 Capital		
Revaluation reserve: FVOCI investments	**1,114,092**	857,971
Regulatory reserve for loan loss provision	**11,444,525**	7,047,574
Total qualifying Tier 2 Capital	**12,558,617**	7,905,545
Total regulatory capital	**83,058,037**	70,955,532
Risk-weighted assets		
On-statement of financial position	**341,343,000**	303,357,000
Off-statement of financial position	**27,019,469**	20,885,266
Total risk-weighted assets	**368,362,469**	324,242,266
Basel ratio	**22.5%**	21.9%

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 Accounting Standards 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.

During the year ended September 30, 2025, the Bank revised certain assumptions and inputs used in determining Expected Credit Loss (ECL) to incorporate updated credit risk parameters and forward-looking macroeconomic assumptions.

In particular, the changes relate to key ECL estimates such as:
- Probability of default (PD) – estimates were updated to reflect recent default and migration experience observed across key portfolios.
- Loss given default (LGD) – refined to incorporate updated realisation timelines as well as using recovery inference to estimate the severity of loss.
- Exposure at default (EAD) – updated to reflect changes in observed utilisation patterns and expected future cashflows.

This reassessment represents a change in accounting estimate in accordance with "IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors" and have therefore been accounted for prospectively.

As a result of the updated ECL parameters, the loss allowance for financial assets measured at amortised cost resulted in a net increase of $3,915,022 for the year ended September 30, 2025, with a corresponding impact recognised in profit or loss. The impact of the change on future periods cannot be reliably estimated, as expected credit losses are reassessed at each reporting date based on updated credit risk information and forward-looking macroeconomic assumptions.

(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.

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

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

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 $151,984 (2024: $284,768 lower) or $258,173 (2024: $328,679 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.

The Bank applied experienced judgment to select macro-economic factors that would most likely impact credit risk. The Bank leveraged the 2023 IMF's country report 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. The Bank estimates the macroeconomic outlook over a twelve-month forecast period. Where forecasts were not available, a zero change was applied.

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

(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.

(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.

(expressed in Eastern Caribbean dollars)

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

(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.

8 Cash and balances with the Central Bank

	Note	2025 $	2024 $
Cash on hand		**5,712,384**	5,380,572
Balances with the ECCB other than mandatory reserve deposits		**21,128,434**	52,608,030
Included in cash and cash equivalents	29	**26,840,818**	57,988,602
Mandatory reserve deposits with the ECCB		**21,012,204**	28,439,017
Total cash and balances with the Central Bank		**47,853,022**	86,427,619
Current		**47,853,022**	**86,427,619**

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, 2025 the balance was $14,804,120 (2024: $14,177,402).

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, 2025 the balance was $6,208,084 (2024: $14,261,615).

(expressed in Eastern Caribbean dollars)

9 Due from other banks

	Note	2025 $	2024 $
Operating accounts and term deposits with banks with original maturities of 3 months or less		**23,605,450**	29,113,460
Items in the course of collection from other banks		**902,799**	808,922
Included in cash and cash equivalents	29	**24,508,249**	29,922,382
Term deposits with other banks with original maturities greater than 3 months		**36,759,407**	63,189,025
Less: Provision for expected credit losses		**(123,522)**	(132,585)
		61,144,134	92,978,822
Add: Interest receivable		**942,821**	2,415,689
Total due from other banks		**62,086,955**	95,394,511
Current		**62,086,955**	95,394,511

	Note	2025 $	2024 $
The movement in expected credit losses is as follows:			
Balance, beginning of year		**132,585**	128,241
(Decrease)/increase in expected credit losses	26	**(9,063)**	4,344
Balance, end of year		**123,522**	132,585

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

	2025 $	2024 $
Due to parent company	**1,351,979**	1,569,249

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

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.

	2025 $	2024 $
Loans		
Directors and key management personnel	**1,810,203**	1,700,331
Deposits and other liabilities		
Directors and key management personnel	**40,829**	33,053
Deposits with parent company	**8,669,464**	10,289,382
	8,710,293	10,322,435
Interest income		
Directors and key management personnel	**83,168**	79,048
Interest expense		
Directors and key management personnel	**233**	284
Other operating expenses		
Management fees paid to parent company	**1,200,000**	1,200,000
Directors' fees and expenses	**177,613**	169,087
	1,377,613	1,369,087

11 Loans and advances

	2025 $	2024 $
Mortgages	**72,295,091**	64,826,591
Commercial loans	**61,657,005**	57,669,646
Personal loans	**20,567,398**	25,785,916
Credit card advances	**1,597,230**	1,464,382
Overdrafts	**1,502,159**	1,911,328
Gross loans	**157,618,883**	151,657,863
Less: Provision for expected credit losses	**(4,087,012)**	(5,776,873)
	153,531,871	145,880,990
Add: Interest receivable	**2,203,608**	2,558,428
Less: Deferred interest income	**(892)**	(5,177)
Less: Deferred fees	**(824,370)**	(711,814)
Total loans and advances	**154,910,217**	147,722,427
Current	**2,686,821**	2,427,629
Non-current	**152,223,396**	145,294,798
	154,910,217	147,722,427

Interest rates

The weighted average effective interest rate on performing loans and advances excluding overdrafts as of September 30, 2025 was 5.68% (2024: 5.65%), and overdrafts was 10.50 % (2024: 11.02%).

Loan write-off

Total loans and advances written off during the year ended September 30, 2025 amounted to $Nil (2024: $92,780).

(expressed in Eastern Caribbean dollars)

11 Loans and advances…*continued*

11.1 Provision for expected credit losses

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

	2025 $	2024 $
Balance, beginning of year	**5,776,873**	6,042,251
Recovery of credit losses	**(1,689,861)**	(150,944)
Recoveries	–	(21,654)
Write-off of impaired loan balances	–	(92,780)
Balance at end of year	**4,087,012**	5,776,873

According to ECCB loan provisioning guidelines, the calculated provision for expected credit losses amounts to $9,643,213 (2024: $11,977,519).

The gross carrying value of impaired loans at the year-end was $11,951,479 (2024: $11,730,165).

Interest receivable on loans that would not be recognized under ECCB guidelines amounted to $2,001,808 (2024: $2,313,180) (note 21).

(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, 2025

Provision for Expected Credit Losses (ECL)

	Performing		Impaired	
	Stage 1 $	**Stage 2 $**	**Stage 3 $**	**Total $**
Balance at beginning of year	1,472,421	120,371	4,184,081	5,776,873
(Recovery of)/provision for credit losses	(1,331,609)	67,162	(425,414)	(1,689,861)
Balance at end of year	**140,812**	**187,533**	**3,758,667**	**4,087,012**

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**

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 loans $	Commercial loans $	Mortgages $	Overdrafts $	Credit Card Advances $	Total $
September 30, 2025						
Gross loans before ECL provision	20,567,398	61,657,005	72,295,091	1,502,159	1,597,230	157,618,883
Stage 1: 12-month ECL	(52,307)	(40,484)	(3,815)	(530)	(43,676)	(140,812)
Stage 2: Lifetime ECL	(40,302)	–	(50,541)	(87,441)	(9,249)	(187,533)
Stage 3: Credit Impaired financial assets – ECL	(1,668,001)	–	(1,414,985)	(198,246)	(477,435)	(3,758,667)
	18,806,788	**61,616,521**	**70,825,750**	**1,215,942**	**1,066,870**	**153,531,871**
September 30, 2024						
Gross loans before ECL provision	25,785,916	57,669,646	64,826,591	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	**57,400,387**	**62,731,155**	**1,671,414**	**794,639**	**145,880,990**

(expressed in Eastern Caribbean dollars)

11 Loans and advances…*continued*

11.2 Allowance Stages

	Stage 1 12 months ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Personal loans				
Loss allowance as of October 1 2024	716,178	43,231	1,743,112	2,502,521
Changes in the loss allowance				
Transfer to stage 1	895,597	(895,597)	–	–
Transfer to stage 2	(29,934)	29,934	–	–
Transfer to stage 3	(80,639)	–	80,639	–
Net remeasurement of loss allowance	(10,047,188)	804,188	(173,104)	(9,416,104)
New financial assets originated or purchased	8,598,293	58,546	17,354	8,674,193
Financial assets that have been derecognized	–	–	–	–
Reclassification	–	–	–	–
Write-offs	–	–	–	–
Loss allowance as of September 30 2025	**52,307**	**40,302**	**1,668,001**	**1,760,610**

	Stage 1 12 months ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Personal loans				
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	(493,252)	493,252	–	–
Transfer to stage 3	(8,541)	–	8,541	–
Net remeasurement of loss allowance	(5,457,219)	(649,566)	(280,912)	(6,387,697)
New financial assets originated or purchased	5,958,251	69,906	8,429	6,036,586
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**

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 loans				
Loss allowance as of October 1 2024	269,259	–	–	269,259
Changes in the loss allowance				
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Net remeasurement of loss allowance	(367,800)	–	–	(367,800)
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 2025	**40,484**	–	–	**40,484**

	Stage 1 12 months ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Commercial loans				
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	(30,236,261)	–	–	(30,236,261)
New financial assets originated or purchased	30,364,690	–	–	30,364,690
Financial assets that have been derecognized	–	–	–	–
Reclassification	–	–	–	–
Write-offs	–	–	–	–
Loss allowance as of September 30 2024	**269,259**	–	–	**269,259**

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 2024	100,071	12,826	1,982,539	2,095,436
Changes in the loss allowance				
Transfer to stage 1	1,524,429	(1,524,429)	–	–
Transfer to stage 2	(198,341)	198,341	–	–
Transfer to stage 3	(300,712)	(20,463)	321,175	–
Net remeasurement of loss allowance	(10,544,581)	1,310,753	(888,729)	(10,122,557)
New financial assets originated or	9,422,949	73,513	–	9,496,462
Financial assets that have been	–	–	–	–
Reclassification	–	–	–	–
Write-offs	–	–	–	–
Loss allowance as of September 30 2025	**3,815**	**50,541**	**1,414,985**	**1,469,341**

	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	776,626	(182,715)	(593,911)	–
Transfer to stage 2	(1,154,471)	1,154,471	–	–
Transfer to stage 3	–	–	–	–
Net remeasurement of loss allowance	(5,146,961)	(969,023)	424,173	(5,691,811)
New financial assets originated or purchased	5,517,185	–	–	5,517,185
Financial assets that have been derecognized	–	–	–	–
Reclassification	–	–	–	–
Write-offs	–	–	–	–
Loss allowance as of September 30 2024	**100,071**	**12,826**	**1,982,539**	**2,095,436**

(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 $
Overdrafts				
Loss allowance as of October 1 2024	180,367	43,236	16,311	239,914
Changes in the loss allowance				
Transfer to stage 1	4,500	(4,500)	–	–
Transfer to stage 2	(360,000)	360,000	–	–
Transfer to stage 3	–	–	–	–
Net remeasurement of loss allowance	113,663	(327,295)	180,935	(32,697)
New financial assets originated or purchased	62,000	16,000	1,000	79,000
Financial assets that have been derecognized	–	–	–	–
Reclassification	–	–	–	–
Write-offs	–	–	–	–
Loss allowance as of September 30 2025	**530**	**87,441**	**198,246**	**286,217**

	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	(1,050,163)	38,178	12,906	(999,079)
New financial assets originated or purchased	1,093,000	–	–	1,093,000
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**

(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 2024	206,546	21,078	442,119	669,743
Changes in the loss allowance				
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Net remeasurement of loss allowance	(334,928)	(13,276)	27,394	(320,810)
New financial assets originated or purchased	172,058	1,447	7,922	181,427
Financial assets that have been derecognized	–	–	–	–
Reclassification	–	–	–	–
Write-offs	–	–	–	–
Loss allowance as of September 30 2025	**43,676**	**9,249**	**477,435**	**530,360**

	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	(61,494)	4,532	95,111	38,149
New financial assets originated or purchased	71,269	6,688	14,683	92,640
Financial assets that have been derecognized	–	–	–	–
Reclassification	–	–	–	–
Write-offs	–	–	–	–
Loss allowance as of September 30 2024	**206,546**	**21,078**	**442,119**	**669,743**

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 2024	1,472,421	120,371	4,184,081	5,776,873
Changes in the loss allowance				
Transfer to stage 1	2,424,526	(2,424,526)	–	–
Transfer to stage 2	(588,275)	588,275	–	–
Transfer to stage 3	(381,351)	(20,463)	401,814	–
Net remeasurement of loss allowance	(21,180,834)	1,774,370	(853,504)	(20,259,968)
New financial assets originated or purchased	18,394,325	149,506	26,276	18,570,107
Financial assets that have been derecognized	–	–	–	–
Reclassification	–	–	–	–
Write-offs	–	–	–	–
Loss allowance as of September 30 2025	**140,812**	**187,533**	**3,758,667**	**4,087,012**

	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	811,826	(217,915)	(593,911)	–
Transfer to stage 2	(1,647,723)	1,647,723	–	–
Transfer to stage 3	(9,541)	(5,000)	14,541	–
Net remeasurement of loss allowance	(41,952,098)	(1,575,879)	251,278	(43,276,699)
New financial assets originated or purchased	43,004,395	76,594	23,112	43,104,101
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**

(expressed in Eastern Caribbean dollars)

12 Other assets

	2025 $	2024 $
Prepayments	**158,760**	99,438
Total other assets	**158,760**	99,438
Current	**158,760**	99,438

13 Investment securities

	2025 $	2024 $
Securities measured at amortised cost		
Debt securities		
– Unlisted	**7,220,150**	7,220,150
– Listed	**106,624,109**	54,982,969
Add: Interest receivable	**1,450,982**	979,797
Less: Allowance for impairment	**(955,024)**	(298,066)
Total securities at amortised cost	**114,340,217**	62,884,850
Securities measured at fair value through OCI		
Equity securities		
– Unlisted	**951,070**	1,575,377
– Listed	**28,359,272**	–
Total equity securities	**29,310,342**	1,575,377
Total securities at fair value through OCI	**29,310,342**	1,575,377
Securities measured at fair value through P&L		
Debt securities		
– Listed	**8,525,615**	7,853,308
Interest receivable	**242,072**	253,740
Total debt securities	**8,767,687**	8,107,048
Total securities at FVTPL	**8,767,687**	8,107,048
Total investment securities	**152,418,246**	72,567,275

(expressed in Eastern Caribbean dollars)

13 Investment securities…*continued*

13.1 Movement in securities

	Fair Value Through OCI $	Fair Value Through P&L $	Amortised Cost $	Total $
As of October 1, 2024	1,575,377	8,107,048	62,884,850	72,567,275
Purchases	58,090,500	–	53,754,300	111,844,800
Disposals (sales and redemption)	(30,711,259)	–	(1,350,000)	(32,061,259)
Movement in accrued interest	–	(11,668)	471,185	459,517
Principal repayment	–	–	(810,000)	(810,000)
Change in fair value	355,724	(6,112)	–	349,612
Interest capitalized	–	678,419	–	678,419
Movement in premium/ discount	–	–	46,840	46,840
Movement in allowance for impairment	–	–	(656,958)	(656,958)
As of September 30, 2025	**29,310,342**	**8,767,687**	**114,340,217**	**152,418,246**
As of October 1, 2023	1,561,279	9,314,028	37,708,083	48,583,390
Purchases	–	–	40,311,000	40,311,000
Disposals (sales and redemption)	–	(1,587,500)	(16,216,400)	(17,803,900)
Movement in accrued interest	–	(25,825)	326,588	300,763
Change in fair value	14,098	406,345	–	420,443
Movement in premium/ discount	–	–	480,788	480,788
Movement in allowance for impairment	–	–	274,791	274,791
As of September 30, 2024	**1,575,377**	**8,107,048**	**62,884,850**	**72,567,275**

(expressed in Eastern Caribbean dollars)

14 Property and equipment

	Land $	Buildings $	Leasehold building $	Furniture & equipment $	Capital work in progress $	Vehicles $	Computer software $	Total $
As of September 30, 2023								
Cost or valuation	1,753,311	3,586,845	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 value	**1,753,311**	**3,238,981**	**451,414**	**302,953**	**643,608**	**–**	**55,620**	**6,445,887**
Year ended September 30, 2024								
Opening net book value	1,753,311	3,238,981	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	(19,611)	605,214	–	–	–	–	–	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)
Closing net book value	**1,733,700**	**3,705,400**	**375,945**	**414,017**	**812,383**	**69,825**	**30,060**	**7,141,330**
As of September 30, 2024								
Cost or valuation	1,733,700	3,705,400	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 value	**1,733,700**	**3,705,400**	**375,945**	**414,017**	**812,383**	**69,825**	**30,060**	**7,141,330**

(expressed in Eastern Caribbean dollars)

14 Property and equipment…*continued*

	Land $	Buildings $	Leasehold building $	Furniture & equipment $	Capital work in progress $	Vehicles $	Computer software $	Total $
Year ended September 30, 2025								
Opening net book value	1,733,700	3,705,400	375,945	414,017	812,383	69,825	30,060	7,141,330
Additions	–	–	–	87,203	93,847	–	–	181,050
Transfers	–	–	–	139,356	(139,356)	–	–	–
Transfers to expenses	–	–	–	–	(69,785)	–	–	(69,785)
Depreciation charge	–	(138,796)	(58,980)	(67,757)	–	(17,100)	(25,650)	(308,283)
Closing net book value	**1,733,700**	**3,566,604**	**316,965**	**572,819**	**697,089**	**52,725**	**4,410**	**6,944,312**
As of September 30, 2025								
Cost or valuation	1,733,700	3,705,400	854,062	11,397,816	697,089	186,710	98,820	18,673,597
Accumulated depreciation	–	(138,796)	(537,097)	(10,824,997)	–	(133,985)	(94,410)	(11,729,285)
Net book value	**1,733,700**	**3,566,604**	**316,965**	**572,819**	**697,089**	**52,725**	**4,410**	**6,944,312**

14 Property and equipment...*continued*

During the 2024 financial year, 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, 2025.

	Land	**Buildings**	**Total**
	$	**$**	**$**
Cost	151,405	6,926,266	7,077,671
Accumulated depreciation	–	(2,641,225)	(2,641,225)
Net book amount	**151,405**	**4,285,041**	**4,436,446**

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 amount	**151,405**	**4,423,566**	**4,574,971**

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, 2024		
Balance as of October 1, 2023	957,740	950,323
Depreciation charge	(316,572)	–
Interest expense	–	16,076
Principal payments	–	(332,374)
Adjustment	–	(1,045)
Closing net book amount	**641,168**	**632,980**

	Right of Use of Assets $	Lease Liabilities $
Year ended September 30, 2025		
Balance as of October 1, 2024	641,168	632,980
Depreciation charge	(316,572)	–
Interest expense	–	9,153
Principal payments	–	(332,374)
Adjustment	–	18,307
Closing net book amount	**324,596**	**328,066**

16 Customers' deposits

	2025 $	2024 $
Current accounts	**150,595,275**	148,495,593
Savings accounts	**144,431,914**	141,817,277
Term deposits	**30,527,564**	32,846,322
	325,554,753	323,159,192
Interest payable	**15,949**	16,840
Total customers' deposits	**325,570,702**	323,176,032
Current	**325,570,702**	323,165,246
Non-current	**–**	10,786
	325,570,702	323,176,032

17 Provisions and other liabilities

	2025 $	2024 $
Unpresented cheques	**3,528,338**	3,528,338
Trade payables and accrued liabilities	**3,060,998**	1,912,061
Unclaimed balances	**1,207,232**	1,262,739
Provisions for off-balance sheet items	**40,100**	2,913,156
Total provisions and other liabilities	**7,836,668**	9,616,294
Current	**7,836,668**	9,616,294

The movement in the provision for off-balance sheet items is as follows:

	Note	2025 $	2024 $
Balance, beginning of year		**2,913,156**	2,598,675
(Recoveries)/provision during the year	26	**(2,873,056)**	314,481
Balance, end of year		**40,100**	2,913,156

18 Taxation

In accordance with the laws of Grenada, the Bank currently pays tax at a rate of 28% (2024: 28%).

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

	2025 $	2024 $
Income tax expense		
Income before taxation	**16,803,383**	8,592,360
Tax calculated at corporation tax rate of 28%	**4,704,947**	2,405,861
Income not subject to tax	**(1,651,175)**	(571,565)
Effect of other permanent differences	**4,531**	(103,059)
Effect of tax losses utilized	**–**	(529,083)
Business taxes	**204,366**	157,575
Withholding taxes	**216,098**	270,203
Under-recognized deferred tax asset in prior year	**(55,371)**	–
Actual income tax expense	**3,423,396**	1,629,932
Represented as follows:		
Current tax expense	**2,009,690**	1,152,050
Business tax	**204,366**	157,575
Withholding tax	**216,098**	270,203
Deferred tax expense	**1,048,613**	50,104
Under-recognized deferred tax asset in prior year	**(55,371)**	–
	3,423,396	1,629,932

	2025 $	2024 $
Income tax payable		
Income tax payable, beginning of year	**1,402,256**	151,914
Current tax expense	**2,430,154**	1,579,828
Payments during the year	**(590,580)**	(377,606)
Other adjustments	**1,052**	48,120
Income tax payable, end of year	**3,242,882**	1,402,256

18 Taxation…*continued*

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

	2025 $	2024 $
The movement on the deferred tax account is as follows:		
Balance, beginning of year	**382,707**	473,439
Charge for the year	**(1,048,613)**	(50,104)
Remeasurement gain on post-retirement benefit liability	**(41,174)**	(51,717)
Remeasurement gain/(loss) on pension liability	**(52,110)**	15,036
Unrealized gains on investments in other comprehensive income	**(99,603)**	(3,947)
Under-recognized deferred tax asset in prior year	**55,371**	–
Balance, end of year	**(803,422)**	382,707

The components of the deferred tax (liability)/asset are as follows:

	2025 $	2024 $
Pension asset	**(227,997)**	(67,903)
Unrealized gain – FVTPL	**469,788**	42,676
Unrealized gain – FVOCI	**(434,203)**	–
ECL provision	**(1,096,206)**	–
Leases	**(972)**	–
Decelerated capital allowances	**255,344**	208,626
Deferred commission fees	**230,824**	199,308
Balance, end of year	**(803,422)**	382,707

19 Share capital

	2025 $	2024 $
Authorised:		
50,000,000 ordinary shares of no-par value		
Issued and outstanding:		
Issued and fully paid shares: 20,178,995 (2024: 20,178,995)	**20,178,995**	20,178,995

20 Statutory reserve

	2025 $	2024 $
Balance, beginning of year	**18,266,207**	16,873,721
Transfer from profit after taxation	**1,912,788**	1,392,486
Balance, end of year	**20,178,995**	18,266,207

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

	2025 $	2024 $
Regulatory reserve for loan loss and interest on non-performing loans	**13,446,333**	9,360,754
Securities revaluation reserve, net of tax	**1,114,092**	857,971
Reserve on revaluation of property and equipment	**806,016**	806,016
Other post-employment plans reserve	**687,885**	582,008
Pension reserve	**(177,081)**	(311,077)
Total other reserves	**15,877,245**	11,295,672

21 Other reserves …*continued*

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

	2025 $	2024 $
Balance, beginning of year	**9,360,754**	9,040,371
Decrease in reserve for regulatory purpose – interest on NPL	**(311,372)**	320,383
Increase in reserve for regulatory purposes – loan impairment	**4,396,951**	–
Balance, end of year	**13,446,333**	9,360,754

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 2025, the provision under the ECCB guidelines is more than that as required under IFRS 9 by $5,556,201 (2024: $6,200,646). In the current year, the amount of the loan reserve in excess of the required amount was voluntarily maintained by the Bank of $5,888,324 (2024: $846,928).

Interest on loans not recognised for regulatory purposes is $2,001,808 (2024: $2,313,180) and this has been set aside within the reserve.

	Note	2025 $	2024 $
The regulatory reserve is represented by:			
Reserve for loan impairment – ECCB		**5,556,201**	6,200,646
Reserve for interest on non-performing loans	11	**2,001,808**	2,313,180
Reserve for loan impairment – ECCB voluntary		**5,888,324**	846,928
Balance, end of year		**13,446,333**	9,360,754

(b) Revaluation reserve – FVOCI equity instruments

	2025 $	2024 $
Balance, beginning of year	**857,971**	847,820
Increase in market value of securities, net of tax of $99,603 (2024: $3,947)	**256,121**	10,151
Balance, end of year	**1,114,092**	857,971

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.

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.

	2025 $	2024 $
Income attributable to shareholders of the Bank	**13,379,987**	6,962,428
Weighted average number of ordinary shares in issue	**20,178,995**	20,178,995
Basic and diluted earnings per share	**0.66**	0.35

23 Other operating income

	2025 $	2024 $
Fee and commission income	**4,982,489**	4,079,481
Participation income*	**4,362,199**	436,155
Foreign exchange gains/losses, (net)	**2,329,797**	2,290,057
Loan write-off recoveries	**622,648**	272,889
Miscellaneous income	**87,144**	91,425
Dividend income	**39,030**	87,222
Unrealized (loss)/gains on FVTPL securities	**(6,112)**	406,345
Total other operating income	**12,417,195**	7,663,574

Participation income relates to special payments received on the Government of Grenada 2030 XCD and USD bonds. Pursuant to the terms of the bond agreements, bondholders are entitled to receive Citizenship by Investment (CBI) participation payments from revenues generated under the Government of Grenada's CBI Program, in addition to the contractual interest payments.

(expressed in Eastern Caribbean dollars)

24 General and administrative expenses

	Note	2025 $	2024 $
Salaries and related costs	25	**5,126,267**	3,965,644
Card services expenses		**2,612,278**	2,194,237
Advertising and promotion		**517,135**	378,685
Service charge for corresponding banks		**511,565**	461,816
Software operating expenses		**492,089**	48,428
Audit fees and expenses		**302,975**	360,200
Telephone charges		**253,849**	218,144
Legal and professional fees		**242,456**	203,465
Repairs and maintenance		**239,573**	216,202
ECCB cash expenses		**201,381**	140,867
Utilities		**179,028**	190,335
ECACH charges		**161,088**	166,501
Printing and stationery expenses		**160,245**	140,301
Cleaning expenses		**151,934**	126,002
Security services		**146,196**	150,821
Licenses and taxes		**124,402**	124,182
Shareholders' meeting expenses		**105,701**	200,009
Investment expenses		**83,025**	–
Subscription and fees		**82,735**	29,517
Travel and entertainment		**79,142**	38,484
Miscellaneous expenses		**75,044**	42,960
Insurance expense		**46,477**	48,951
Wire service expenses		**35,027**	31,113
Scholarship funds		**20,083**	14,645
Night depository security		**19,346**	13,562
Rent		**18,307**	–
Donations		**16,184**	22,991
Vehicle expenses		**16,153**	17,226
Non-credit losses		**10,435**	116,734
Total general and administrative expenses		**12,030,120**	9,662,022

(expressed in Eastern Caribbean dollars)

25 Salaries and related costs

	2025 $	2024 $
Salaries, wages and allowances	**2,852,246**	2,882,991
Staff incentive scheme	**1,796,983**	450,638
Other benefits	**157,723**	190,646
Statutory deduction costs	**148,133**	143,145
Group health and life insurance	**111,209**	118,175
Training and education	**44,860**	127,697
Pension cost	**15,113**	52,352
Total salaries and related costs	**5,126,267**	3,965,644

26 Provision for (recovery)/impairment of other financial assets

	Notes	2025 $	2024 $
Investment securities	13.1	**656,958**	(274,791)
Term deposits	9	**(9,063)**	4,344
Off-balance sheet items	17	**(2,873,056)**	314,481
Total provision for (recovery)/impairment of other financial assets		**(2,225,161)**	44,034

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, 2025			
Fair value of plan assets	–	9,763,496	9,763,496
Present value of defined benefit obligation	(653,082)	(8,296,138)	(8,949,220)
Net Asset recognised in the Statement of Financial Position	**(653,082)**	**1,467,358**	**814,276**

	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**

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, 2025			
As of beginning of year	(740,445)	1,106,440	365,995
Employer contributions	11,035	130,237	141,272
Employer direct benefit payments	–	–	–
Defined benefit cost included in income	(70,723)	44,575	(26,148)
Remeasurements included in Other comprehensive income	147,051	186,106	333,157
As of end of year	**(653,082)**	**1,467,358**	**814,276**

Employer direct benefit payments

	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	–	–	–
Other adjustments	–	(228)	(228)
Defined benefit cost included in income	(79,400)	41,931	(37,469)
Remeasurements included in Other comprehensive income	184,704	(53,701)	131,003
As of end of year	**(740,445)**	**1,106,440**	**365,995**

(expressed in Eastern Caribbean dollars)

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, 2025			
As of beginning of year	–	9,415,847	9,415,847
Interest income	–	562,041	562,041
Return on plan assets	–	(117,406)	(117,406)
Employer contributions	–	130,237	130,237
Employee contributions	–	118,395	118,395
Benefit payments	–	(345,618)	(345,618)
Administrative expenses	–	–	–
As of end of year	**–**	**9,763,496**	**9,763,496**

	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	–	137,407	137,407
Employee contributions	–	124,914	124,914
Benefit payments	–	(403,535)	(403,535)
Administrative expenses	–	–	–
As of end of year	**–**	**9,415,847**	**9,415,847**

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, 2025			
As of beginning of year	(740,445)	(8,309,407)	(9,049,852)
Current service cost	(18,017)	(178,541)	(196,558)
Interest cost	(52,706)	(457,320)	(510,026)
Other comprehensive income/(loss) remeasurements:			
Effects of changes in financial assumptions	–	–	–
Effect of experience assumptions	70,370	(213,883)	(143,513)
Effect of changes in demographic assumptions	76,681	517,395	594,076
Benefit payments from employer	–	–	–
Participant contributions	–	–	–
Benefit payments from plan assets	11,035	345,618	356,653
As of end of year	**(653,082)**	**(8,296,138)**	**(8,949,220)**

	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	–	–	–
Effect of experience adjustments	184,704	337,853	522,557
Effect of changes in demographic adjustments	–	–	–
Benefit payments from employer	–	–	–
Other adjustments	–	(228)	(228)
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)**

27 Pension plan…*continued*

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

	Other post – Employment plans $	Pension $	Total $
September 30, 2025			
Defined benefit cost included in income:			
Current service cost	(18,017)	(178,541)	(196,558)
Interest income	–	562,041	562,041
Interest expense	(52,706)	(457,320)	(510,026)
Employees contribution	–	118,395	118,395
Administrative expenses	–	–	–
Components of defined benefit costs recognised in income	**(70,723)**	**44,575**	**(26,148)**
Remeasurement recognised in other comprehensive income:			
Effect of changes in financial assumptions	–	–	–
Effect of experience assumptions	70,370	(213,883)	(143,513)
Effect of changes in demographic assumptions	76,681	517,395	594,076
Return on plan assets	–	(117,406)	(117,406)
Components of defined benefit costs recognised in other comprehensive income/(loss)	**147,051**	**186,106**	**333,157**

(expressed in Eastern Caribbean dollars)

27 Pension plan…*continued*

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

	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)
Employee contributions	–	124,914	124,914
Administrative expenses	–	–	–
Components of defined benefit costs recognised in income	**(79,400)**	**41,931**	**(37,469)**
Remeasurement recognised in other comprehensive income:			
Effect of changes in financial assumptions	–	–	–
Effect of experience assumptions	184,704	337,853	522,557
Return on plan assets	–	(391,554)	(391,554)
Components of defined benefit costs recognised in other comprehensive income/(loss)	**184,704**	**(53,701)**	**131,003**

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:

	2025 Percentage of total plan		2024 Percentage of total plan	
	Fair value $'000	**assets %**	**Fair value $'000**	**assets %**
Debt securities				
Corporate and other bonds	6,005	62.1%	4,242	45.0%
Domestic government bonds	674	7.0%	1,342	14.2%
Cash and other investments	2,993	30.9%	3,848	40.8%
Total	9,672	100%	9,432	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.

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.

	2025	2024
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 (employers and employees) to the retirement benefit plan for the 2025 financial year amounted to $248,632 (2024: $262,321). Contributions expected to be paid to the plan for the subsequent period is budgeted at $140,988.

(expressed in Eastern Caribbean dollars)

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

	2025 $	2024 $
Pension Plan:		
Impact of 1% decrease in discount rate	**9,374,499**	9,155,125
Impact of 1% increase in discount rate	**7,463,606**	7,658,659
Impact of 1% decrease in rate of increase in future compensation	**8,179,147**	8,436,136
Impact of 1% increase in rate of increase in future compensation	**8,428,386**	8,196,041
Impact of 1 year increase in life expectancy	**8,386,627**	8,371,912
Other post-employment plans:		
Impact of 1% decrease in discount rate	**862,719**	974,512
Impact of 1% increase in discount rate	**506,401**	575,499
Impact of 1% decrease in rate of increase in future compensation	**588,636**	662,270
Impact of 1% increase in rate of increase in future compensation	**728,249**	832,759
Impact of 1 year increase in life expectancy	**674,865**	763,116

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.

	2025 $	2024 $
Bonds	**1,100,000**	1,229,925
Guarantees	**2,000,000**	2,000,000
	3,100,000	3,229,925

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, 2025		
Loan commitments (undrawn)	**23,919,469**	23,919,469
As of September 30, 2024		
Loan commitments (undrawn)	**17,655,341**	17,655,341

	Up to 1 year	Total
As of September 30, 2025		
Financial guarantee contracts	**3,100,000**	3,100,000
As of September 30, 2024		
Financial guarantee contracts	**3,229,925**	3,229,925

As of September 30, 2025 recovery for credit losses for customers' liabilities under acceptances, guarantees and indemnities amounted to $2,873,056 (2024: - impairment charge – $314,481) (see note 26).

28 Contingencies and commitments…*continued*

28.3 Capital commitments

As of September 30, 2025 and 2024, there were no capital commitments.

29 Cash and cash equivalents

	Notes	2025 $	2024 $
Cash and balances with the Central Bank	8	**26,840,818**	57,988,602
Due from other banks	9	**24,508,249**	29,922,382
Total cash and cash equivalents		**51,349,067**	87,910,984

30 Dividends

A dividend in respect of the 2023 financial year of $1,533,603 was recorded and paid in 2025. This represented $0.076 per share declared at the Bank's 41st Annual General Meeting held on February 20, 2025.

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

i) *Dividend proposed:*

The dividend proposed in respect of the 2025 financial year-end is $0.19 for each unit of paid-up share capital, or EC$3,834,009. The financial statements for the year ended September 30, 2025, 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, 2027.

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