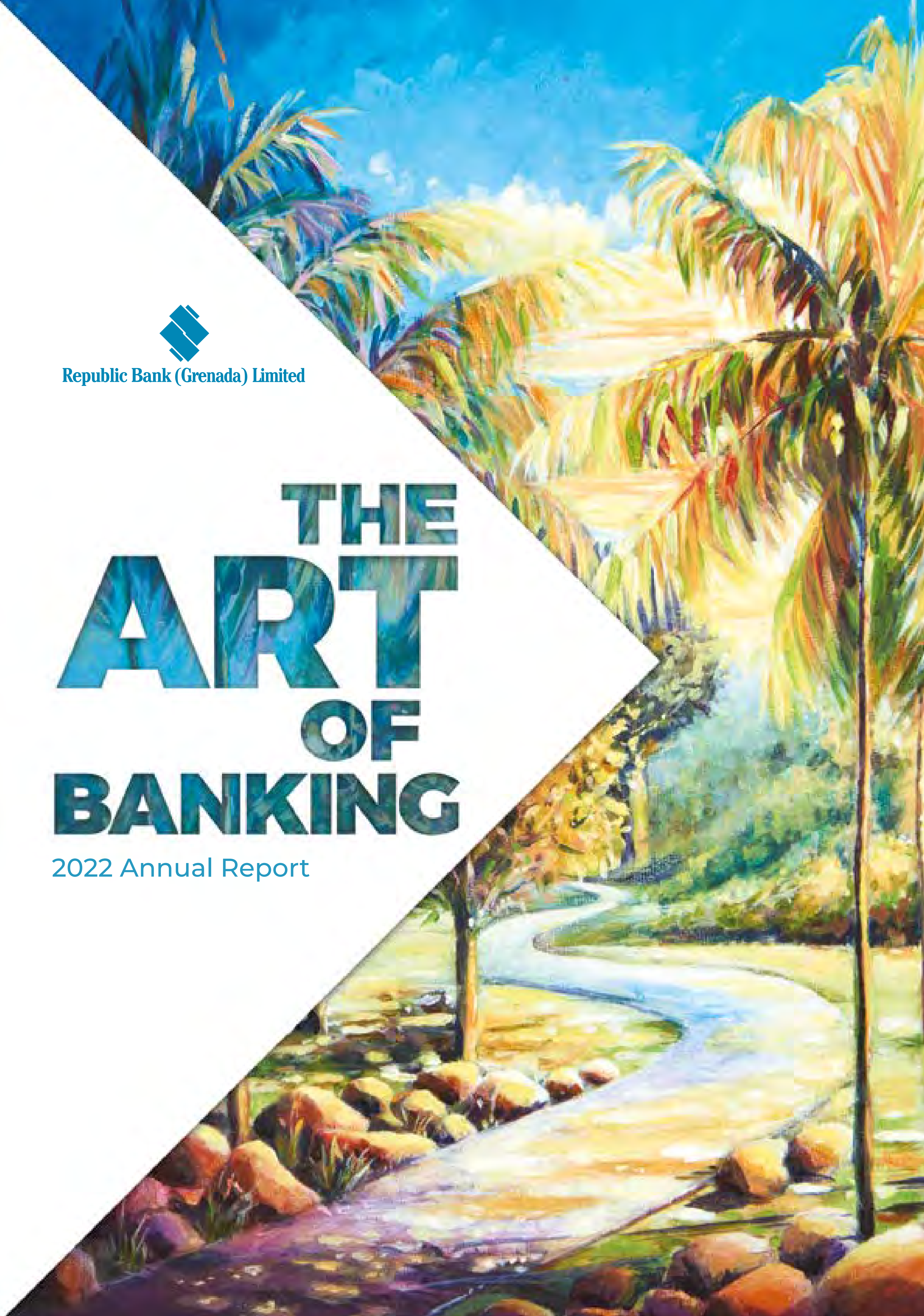
Republic Bank (Grenada) Limited



THE ART OF BANKING

2022 Annual Report

"To create
a work of art
is to create
the world."

Wassily Kandinsky

*As part of our commitment to reduce our carbon footprint,
this Annual Report is available on our website,
republicgrenada.com/investor-relations*

THE ART OF BANKING

We are inspired by new and creative viewpoints of the Republic brand. This year, artwork from different cultures, ages and genders are featured throughout this report. Each one, a winning selection from our Group-wide Art of Banking competition. Each, a unique and imaginative expression of our products and services. Creating awareness of these artists and their ideas aligns with our commitment to educate a wide audience about art and the benefits of different perspectives.

Supporting the artistic community fosters innovation. As a leading bank, we understand innovation because we create the cutting edge for the rest to follow. From the Principles for Responsible Banking to the new ways we find every day to elevate our service, we are consistently perfecting the art of banking.

ON OUR COVER

"On My Way Home"
Mortgages: Finally, Home

ST. KITTS & NEVIS

Marina Simmons

Following your path, a mortgage from Republic Bank leads to the home of your dreams.

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OUR BANK

Who We Are

Our Vision

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

Our Mission

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

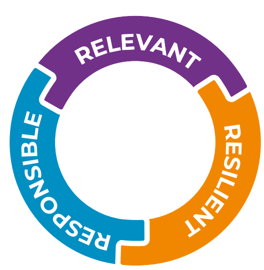
Our Core Values

Customer Focus
Integrity
Respect for the Individual
Professionalism
Results Orientation

Republic Bank (Grenada) Limited is a subsidiary of Republic Financial Holdings Limited, a visionary organisation, with a long history of stability, financial strength and vast experience in the areas of commercial, retail, merchant and corporate banking in the Eastern Caribbean. The Bank was incorporated in October 1979; and is one of the leading commercial banks in Grenada with a network of seven branches, 18 ATMs, and an asset base of $1.93 billion.

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

Our Declaration of Purpose



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

Where We Are

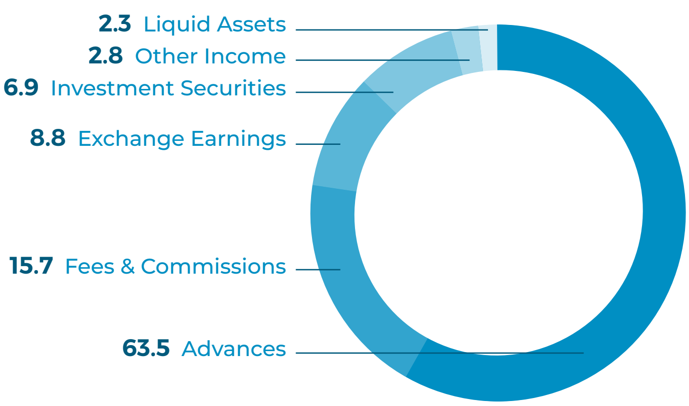
1 Republic House
2 Grand Anse
3 Halifax Street
4 Melville Street
5 Gouyave
6 Grenville
7 Carriacou

7 BRANCHES

18 ATMS

Our Performance

Sources of Revenue (%)



	2022	2021
TOTAL ASSETS (EC$ BILLION)	1.93	1.80
PROFIT AFTER TAX (EC$ MILLION)	10.39	6.81
SHARE PRICE (EC$)	45.00	45.00
DIVIDENDS YIELD (%)	3.10	1.60
EARNINGS PER SHARE (EC$)	2.75	1.80
PRICE EARNINGS RATIO	16.36	25.00

NOTICE OF MEETING

Notice of Annual General Meeting

NOTICE is hereby given that the Thirty-ninth Annual Meeting of Republic Bank (Grenada) Limited will be held at the St. Andrew's Conference Room, Spice Island Beach Resort, Grand Anse, St. George on Wednesday March 1, 2023, at 3:30 p.m. for the following purposes:

1 To receive the Audited Financial Statements of the Company for the year ended September 30, 2022, and the Reports of the Directors and Auditors thereon.
2 To take note of the dividends paid for the twelve-month period ended September 30, 2022.
3 To elect Directors.
4 To re-appoint Ernst & Young as the Auditors, and to authorise the Directors to fix their remuneration.
5 Any other business.

By order of the Board

Andrea M. De Matas
Corporate Secretary

January 30, 2023

Notes

Persons Entitled to Notice

Pursuant to sections 108 and 110 of the Companies Act 1994 as contained in Chapter 58A of the 2020 Continuous Revised Edition of the Laws of Grenada, the Directors of the Company have fixed January 30, 2023, as the Record Date for the determination of Shareholders entitled to receive notice of the Annual Meeting. Only Shareholders on record at the close of business on January 30, 2023, are therefore entitled to receive notice of the Annual Meeting.

Proxies

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

Dividend

A final dividend of $0.30 per share (2021: $0.72), declared for the financial year ended September 30, 2022, was paid on January 13, 2023, to Shareholders on record at the close of business on December 30, 2022.

Documents Available for Inspection

The 2022 Audited Financial Statements are available online at www.republicgrenada.com

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

CORPORATE INFORMATION

Directors

Chairman

Gregory I. Thomson, *BSc (Math and Physics), MBA*

Managing Director

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

Non-Executive Directors

Leon D. Charles, *BSc (Hons.) (Agri. Mgmt.), MBA, Acc. Dir.*

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

Richard M. Lewis, *HBA*

Parasram Salickram, *FCCA, ACMA, CGMA, CA, CFA, FRM*

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

Isabelle S. V. Slinger, *BSc (Hons.) (Computers and Info. Systems), CA*

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

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

Corporate Management

Corporate Secretary

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

Registered Office

Republic House
Maurice Bishop Highway
Grand Anse
St. George
Grenada
West Indies
Tel: 1 (473) 444-BANK (2265)
Fax: 1 (473) 444-5501
Swift: NCBGGDGD
E-mail: rbgdinfo@rfhl.com
Website: www.republicgrenada.com

Registrar

Eastern Caribbean Central Securities Registry

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

Attorneys-at-Law

Renwick & Payne

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

Seon & Associates

Lucas Street
St. George's
Grenada
West Indies

Auditors

Ernst & Young

Mardini Building
Rodney Bay, Gros Islet
St. Lucia

BANK PROFILE

Executive Management

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

General Manager, Credit
Kalawatee A. Bickramsingh, *MBA, Dip. (Fin. Mgmt.), AICB (Hons.), CPA, ICATT*

General Manager, Operations
Clifford D. Bailey, *BSc (Computing and Info. Systems), MSc (IT and Mgmt.), Cert. (Corp. Gov.)*

Head Office Departments

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

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

Manager, Head Office
Mavis H. Mc Burnie, *MBA, Exec. Dip. (Dist.) (Mgmt. Studies), CAMS-RM, CAMS, AMLCA*

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

Manager, Information Technology
Sherman L. Douglas, *AAS (Computer Science), A+, Security+*

Manager, Human Resources
Aesia B. Worme, *BSc (Hons.) (Social Sciences), EMBA (Dist.), Dip. (Proj. Mgmt.), CAMS*

Branch Network

CARRIACOU BRANCH
Officer-in-Charge
Roger J. Patrice

GOUYAVE BRANCH
Officer-in-Charge (Acting)
Candia Crosby-Thomas, *AICB*

GRAND ANSE BRANCH
Branch Manager
Stephan S. Andrews, *BSc (Hons.) (Acct. and Mktg.), MBA*

GRENVILLE BRANCH
Officer-in-Charge (Acting)
Clifton D. Douglas

HALIFAX STREET BRANCH
Branch Manager
Kathleen S. Harris-Forrester

MELVILLE STREET BRANCH
Manager, Retail Services
Dorian L. Mc Phail

REPUBLIC HOUSE BRANCH
Manager, Retail Services
Mc Kie J. Griffith, *BSc (Mgmt.)*

FINANCIAL SUMMARY

Expressed in Thousands of Eastern Caribbean Dollars ($'000)

	2022	Restated 2021	2020	2019	2018	2017
Total Assets	**1,925,718**	1,803,383	1,970,751	1,011,580	952,035	922,771
Customer Deposits	**1,615,659**	1,541,461	1,538,749	871,257	813,389	795,324
Advances	**901,510**	863,140	837,077	490,082	468,392	442,879
Stated Capital	**117,337**	117,337	117,337	20,745	20,745	20,745
Shareholders' Equity	**230,729**	228,807	221,287	119,696	114,110	108,162
Number of Shares	**3,774**	3,774	3,774	1,628	1,628	1,628
Profit after Taxation	**10,391**	6,811	7,112	10,437	7,878	6,146
Dividends based on results for the year	**5,284**	2,717	–	1,872	2,442	–
Dividends paid during the year	**6,869**	–	1,872	3,825	–	–
Earnings per share ($)	**2.75**	1.80	2.61	6.41	4.84	3.78

"Saving Towards the Dream" RightStart: From Young

ST. VINCENT & THE GRENADINES

Jadiel Foster

Aspiring to your future career—little deposits can turn into a big lumpsum in a RightStart account.

BOARD OF DIRECTORS

1 2 3 4

1 **GREGORY I. THOMSON**
Chairman

2 **NAOMI E. DE ALLIE**
Managing Director

3 **LEON D. CHARLES**
Chief Executive Officer,
Charles and Associates (CAA) Inc.

4 **CHRISTOPHER C. HUSBANDS**
General Manager,
National Water and Sewerage Authority

BOARD OF DIRECTORS

5 6 7

5 **RICHARD M. LEWIS**
Executive Chairman,
Label House Group Limited

6 **PARASRAM SALICKRAM**
Group Vice President (Designate)

7 **LESLIE-ANN V. SEON**
Principal,
Seon and Associates

8 9 10

8 **ISABELLE S. V. SLINGER**
Principal,
Comserv Limited

9 **GRAHAM K. WILLIAMS**
Managing Director,
Westerhall Estate Limited

10 **KAREN T. YIP CHUCK**
Group Vice President (Designate)

BOARD OF DIRECTORS

Gregory I. Thomson

Appointed to the Board 2014

Age 70

Credentials

- Bachelor of Science in Mathematics and Physics, University of the West Indies
- Master of Business Administration, University of Western Ontario

Professional Summary

- Career banker with over 40 years' experience in banking and finance
- Deputy Managing Director, Republic Bank Limited for seven years, until 2012

Subcommittees

- Governance, Nomination and Compensation
- Audit and Enterprise Risk

Internal Appointments

- Board member, Republic Financial Holdings Limited, Republic Bank Limited

External Appointments

- Board member, One Caribbean Media Limited
- Chairman, Caribbean Information and Credit Rating Services Limited

Naomi E. De Allie

Appointed to the Board 2021

Age 57

Credentials

- Bachelor of Science in Financial Services with Honours, University of Manchester
- Master of Science in Financial Services Management, University of London
- Associate, Chartered Institute of Bankers

Professional Summary

- Career banker with a wealth of experience in commercial credit, corporate credit, and risk management streams, gathered over 27 years with the Republic Group
- General Manager, Credit and Enterprise Risk, Republic Bank (Barbados) Limited for three years
- General Manager, Credit, Republic Bank (Grenada) Limited for five years

Subcommittee

- Credit

Leon D. Charles

Appointed to the Board 1990

Age 64

Credentials

- Bachelor of Science in Agriculture Management with First Class Honours, University of the West Indies
- Master of Business Administration, University of Western Ontario
- Accredited Director, Chartered Governance Institute of Canada
- International Environmental Law Certificate, Overcoming Negotiation Deadlocks, United Nations Institute for Training and Research

Professional Summary

- Chief Executive Officer and Owner of Charles and Associates (CAA) Inc. consulting firm
- Active in business and sustainable development fields at the local, regional and international levels
  - Business activities include strategic planning, project development and evaluation, management training, and facilitation
  - Sustainable development focus includes: climate change advisory services, high-level national representation at the United Nations climate change negotiations, poverty reduction, and early childhood development programming

Subcommittees

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

Christopher C. Husbands

Appointed to the Board 2015

Age 53

Credentials

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

Professional Summary

- General Manager, National Water and Sewerage Authority

Subcommittees

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

External Appointments

- President, Caribbean Water and Sewerage Association;
- Director, Planning and Development Authority

Richard M. Lewis

Appointed to the Board 2015

Age 70

Credentials

- Bachelor of Arts in Business Administration with Honours, University of Western Ontario Richard Ivey School of Business, Canada
- Graduate in OND Electrical Engineering, Newcastle Institute of Technology

Professional Summary

- Executive Chairman, Label House Group Limited; the largest specialist label and packaging printer; supplier of manufactured pouches and in-store merchandising units in the Caribbean
- Active business coach for ActionCOACH in Trinidad and Tobago

Subcommittee

- Governance, Nomination and Compensation

Internal Appointments

- Director, Republic Bank (Guyana) Limited, Republic Wealth Management Limited

External Appointments

- Chairman, Prestige Business Publications; The Beacon Insurance Company Limited

Parasram Salickram

Appointed to the Board 2016

Age 44

Credentials

- Fellow of the Association of Chartered Certified Accountants
- Member of the Chartered Institute of Management Accountants
- Member of the Chartered Global Management Accountants
- Chartered Financial Analyst Charterholder
- Financial Risk Manager, Global Association of Risk Professionals
- Graduate, Advanced Management Programme, Harvard Business School

Professional Summary

- Former Chief Risk Officer, Republic Bank Limited
- Former General Manager, Group Risk, Republic Bank Limited
- Past General Manager, Planning and Financial Control, Republic Bank Limited
- Past Chief Financial Officer, Republic Financial Holdings Limited
- Past Chief Financial Officer, Republic Bank (Barbados) Limited, Republic Bank (DR) S.A.

BOARD OF DIRECTORS

Leslie-Ann V. Seon

Appointed to the Board 2015

Age 58

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

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

Subcommittee
- Credit

External Appointment
- Honorary Consul of the Republic of Chile

Isabelle S. V. Slinger

Appointed to the Board 2009

Age 55

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

Professional Summary
- Principal, Comserv Limited, offering financial and information technology advisory services for more than 30 years
- Extensive experience in developing accounting and information systems for the private sector
- Managing Director, The Tower Estate (Grenada) Limited

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

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

Graham K. Williams

Appointed to the Board 2012

Age 58

Credentials
- Bachelor of Arts in Economics, University of Windsor, Canada

Professional Summary
- Managing Director, Westerhall Estate Limited
- Extensive experience in new product development and business expansion and development
- Expanded Westerhall Estate's product range from a single brand to eight different cuvées ranging from three to 23-year-old rum bottlings, and developed their export market to include the USA and UK
- Worked with numerous independent bottlers to develop their brands in the USA, Bahamas, and UK
- Founding Director, Island Ice Co. Ltd., manufacturer and distributor of cubed party ice for the hospitality industry
- Conceptualised and developed Umbrellas Beach Bar and Restaurant
- Founding Director, Renegade Rum Group Limited, which reintroduced the cultivation of sugar cane in Grenada for premium rum production, for the international market. Companies comprise: CaneCo Limited and Renegade Rum Distillery Limited

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

External Appointments
- Chairman, Guardian General Insurance (OECS) Limited
- Director, Renegade Rum Group Limited

Karen T. Yip Chuck

Appointed to the Board 2013

Age 54

Credentials

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

Professional Summary

- Career banker with more than 30 years' experience
- Former General Manager, Commercial and Retail Banking, Republic Bank Limited
- Numerous other senior management and executive leadership positions within the Bank

Subcommittee

- Credit

Internal Appointments

- Chairman, Republic Bank (St. Maarten) N.V.
- Director, Republic Bank Trinidad & Tobago (Barbados) Limited

External Appointment

- Vice President, Trinidad and Tobago Chamber of Industry and Commerce

DIRECTORS' REPORT

Your Directors have pleasure in submitting their Report for the year ended September 30, 2022.

Financial Results and Dividends

The Directors' Report that the Bank has recorded net profit after taxation of $10.39 million for the year ended September 30, 2022. The Directors have declared a final dividend of $0.30 per share (2021: $0.72) to Shareholders on record as at December 30, 2022.

Substantial Interest in Share Capital as at September 30, 2022

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

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

Directors

In accordance with By-law No. 1, Paragraph 4.3.1, Karen T. Yip Chuck, Richard M. Lewis, and Leslie-Ann V. Seon retire from the Board by rotation and, being eligible, offer themselves for re-election for a term expiring at the close of the third annual meeting following this appointment.

Directors' Interest

Set out are the names of the Directors with an interest in the company at September 30, 2022, together with particulars of their shareholdings.

Director	Beneficial Interest	Non-Beneficial Interest
Leon D. Charles	520	Nil
Gregory I. Thomson	Nil	50
Isabelle S. V. Slinger	Nil	50
Graham K. Williams	Nil	50
Karen T. Yip Chuck	Nil	50
Leslie-Ann V. Seon	50	Nil
Christopher C. Husbands	390	Nil
Richard M. Lewis	Nil	50
Parasram Salickram	Nil	50
Naomi E. De Allie	Nil	50

Auditors

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

By order of the Board

Andrea M. De Matas
Corporate Secretary

“Credit Card in 3D” Credit Cards: A New World Of Opportunity

TRINIDAD & TOBAGO

Alaysha Alleyne-Jack

A whole new way of looking at the world and enjoying its opportunities—that’s what the Republic Bank range of credit cards gives you.

CHAIRMAN'S REVIEW

The domestic economy expanded by 4.7% in 2021; the main drivers being the construction, agriculture and financial sectors

Gregory I. Thomson

CHAIRMAN'S REVIEW

Results

I am pleased to announce that the Bank recorded net profit after taxation of $10.39 million for the year ended September 30, 2022. This represents an increase of $3.58 million or 52.57% over the 2021 reported profit of $6.81 million. This performance reflects a positive movement in credit loss recovery/(expense) on financial assets of $7.13 million mainly due to improvement in economic activities and a reduction to provision held for the potential impact of COVID-19.

Total assets stood at $1.93 billion as at September 30, 2022. The Bank remains well capitalised with Tier 1 capital ratio of 11.2%.

Based on the results for fiscal 2022, the Board of Directors has declared a final dividend of $0.30 per share which brings the total dividend to $1.40 per share for the fiscal year. The final dividend was paid on January 13, 2023, to shareholders on record as at December 30, 2022.

Global Economy

The after-effects of the COVID-19 pandemic, the Russia-Ukraine war and the sudden significant increase in inflation made 2022 a very difficult year for the world economy. Central Banks across the globe reacted to the conditions by increasing interest rates in an attempt to control inflation. As a consequence, there has been a dampening of growth expectations with the International Monetary Fund (IMF) reducing its original projections of 4.4% growth in the world's real Gross Domestic Product (GDP) to 3.2%. The economic challenges are expected to roll into 2023 with the IMF projecting that world economic growth will decline to 2.7% and that it (2023) will be a difficult year for many people. As is normal, not all sectors saw slow growth or decline. In fact, the tourism sector has grown significantly as COVID-19 travel restrictions have largely been lifted. This has been beneficial for the Caribbean countries, including Grenada, which have large tourism sectors.

Regional Economy

The Eastern Caribbean Currency Union (ECCU) is projected to register a 7.2% increase in real GDP in 2022, due largely to activities in the tourism and construction sectors. The combination of pent-up demand and the re-opening of the global economy fuelled the resurgence of the tourism sector in 2022, with most destinations registering significant growth in both stay-over and cruise ship arrivals. As encouraging as this has been, it is still 18% below pre-pandemic levels. There are indications of improved airlift into the region from the major airlines and this should lend support to Grenada's tourism sector recovery.

Grenada Economy

The domestic economy grew by 4.7% in 2021; the main drivers being the construction, agriculture and financial sectors. At the end of July 2022, stay-over arrivals increased by 358%; however, this is still below pre-pandemic levels. All major sectors, especially the tourism-related sectors, continued to demonstrate strong performance towards the end of the year and, it is anticipated, should contribute to further growth in 2022. Additionally, it is expected that the ongoing expansion of the agricultural sector could help alleviate inflationary pressures. Overall, this resurgence in economic activity augured well for the Bank.

1.93
TOTAL ASSETS (EC$B)

10.39
NET PROFIT (EC$M)

1.40
TOTAL DIVIDENDS (EC$)

IN THE FIRST SEVEN MONTHS OF THE YEAR, STAY-OVER ARRIVALS GREW BY 358%; HOWEVER, THEY ARE STILL NOT AT PRE-PANDEMIC LEVELS. THE RESURGENCE OF ECONOMIC ACTIVITY, ESPECIALLY IN THE TOURISM SECTOR, AUGURED WELL FOR THE BANK.

While improvements were recorded, global inflation, particularly with the surges in food and energy prices, had a negative impact. The Government sought to lessen the effect by implementing a six-month cap on freight charges (with effect from October 1, 2022).

Growth of 6.0% is projected for 2022, driven by strong performance in all major sectors, especially the tourism-related sectors. Agricultural activity is also expected to expand in 2022, which could help alleviate inflationary pressures.

Outlook

The continued recovery of the major sectors is expected to produce another positive performance in 2023. Tourism-led construction and other tourism-based investments will help bolster construction activity; however, slowing growth in key tourism source markets represents a major risk.

The conversion of the IT systems to the RFHL technology platforms is a major milestone for the Bank. This improvement in technology will bring about enhanced customer experience and generate major benefits for all stakeholders.

Appreciation

I recognise the commitment and loyalty of all our valued stakeholders. I extend gratitude to the staff for their continued support and dedication to the success of the Bank. Special thanks to my fellow Directors for their continued guidance.

Gregory I. Thomson
Chairman

GROUP VICE PRESIDENTS

PARASRAM SALICKRAM **KAREN YIP CHUCK** **RICHARD SAMMY**

WE ARE PLEASED TO INTRODUCE OUR GROUP VICE PRESIDENTS OF REPUBLIC FINANCIAL HOLDINGS LIMITED (RFHL). AS A RESULT OF THE GROWTH AND DEVELOPMENT OF THE GROUP, THE BOARD OF DIRECTORS HAS IMPLEMENTED STRATEGIC RESTRUCTURING, THROUGH WHICH EXECUTIVE DIRECTORS ARE APPOINTED TO THE POSITION OF VICE PRESIDENT, EFFECTIVE NOVEMBER 15, 2022.

Our leadership structure has remained relatively unchanged since 1994. From that time to present, the size and role of the Group has expanded signficantly, prompting a need to optimise our leadership effectiveness. Since 1994, the growth we have seen includes:

- Overseas subsidiaries increased from 2 to 9
- Total number of employees increased from 1,950 to 7,500
- Total assets grew from US$0.9 billion to US$15.5 billion
- Operation and regulatory complexity of the Group has expanded (e.g. Life Insurance business) and profitability has increased.

Meet Our Group Vice Presidents:

Parasram Salickram

Parasram has experience across four countries: Guyana, Trinidad and Tobago, Barbados and the Dominican Republic. In his 18 years with the Group, he has served in key finance roles including: Senior Manager, then General Manager of Planning and Financial Control, General Manager, Group Risk, Republic Bank (Trinidad) Limited; Head, then Second Vice President, Finance, Treasury and Administration, Republic Bank (DR) S.A.; Corporate Controller, Republic Bank (Barbados) Limited. He also served as Chief Financial Officer and Chief Risk Officer of Republic Financial Holdings Limited.

“I THINK LEADING BY EXAMPLE IS KEY – KNOWING THE WAY, SHOWING THE WAY.”

Karen Yip Chuck

Karen’s career in banking spans more than 30 years, during which time she has acquired expert knowledge of the Bank’s core operations. She has held a number of senior positions within the bank serving as General Manager of: Internal Audit; Trust and Asset Management; Corporate and Investment Banking; Wealth Management, and Commercial and Retail Banking.

“FOR ME, LEADERSHIP MEANS SERVING WITH EMPATHY AND EMPOWERING OTHERS TO SUCCEED.”

Richard Sammy

Richard is a distinguished banker with significant regional experience. He joined Republic Bank in 2009 as Regional Manager, Merchant Banking and has since held positions as: Regional Corporate Manager-South; Managing Director, Republic Bank (Guyana) Limited and General Manager, Corporate and Investment Banking, Republic Bank Limited.

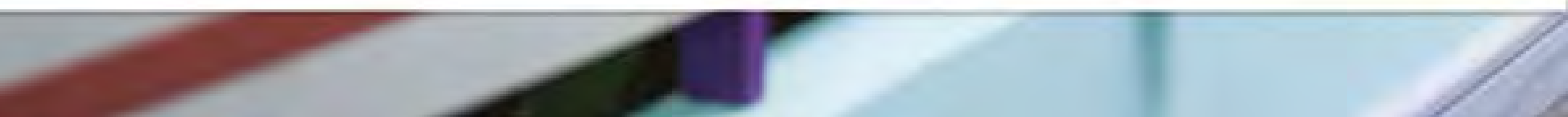
“LEADERSHIP IS ABOUT EMPOWERMENT, AND CHALLENGING THE STATUS QUO.”

We wish them a brilliant future and look forward to their wealth of insight in taking the Group to greater heights.

MANAGING DIRECTOR'S DISCUSSION & ANALYSIS

The new banking platform is anticipated to improve service to customers and enhance efficiency in our operations

Naomi E. De Allie



MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

Introduction

Republic Bank (Grenada) Limited was incorporated on October 12, 1979 and is a subsidiary of Republic Financial Holdings Limited (RFHL). The Bank is well represented in Grenada and provides banking and financial services through seven branches dispersed across the tri-island state. The new suite of technology platforms soon to be introduced across all branches, will revolutionise the way the Bank delivers service to customers and enhance efficiency in our operations. The products and services offered have inherent flexibility and are specifically structured to satisfy the banking requirements of our many valued customers. We remain focused on building on the foundation of excellent service to the citizens of Grenada.

Operating Environment

Following the devastating effects of COVID-19, Grenada's economy recorded growth of 4.7% at the end of 2021. This was fueled largely by construction, agriculture, the financial sector and wholesale and retail activities. Improvements were also seen in the St. George's University (SGU) accommodation sector. Students slowly returned on island, as SGU offered a blended option of online and in-person learning. Full in-person learning resumed from August 2022, with accommodation occupancy rate averaging 90%.

While 6.0% growth was projected for 2022, the Russia-Ukraine crisis is contributing to high global prices and, with Grenada being import-reliant, price pressures may intensify should the war be prolonged.

However, the overall improvement in the economy contributed to the Bank's performance in fiscal 2022. Reduction in Expected Credit Loss (ECL), increased yields on investments and other income, contributed positively to the Bank's results.

The following is a discussion and analysis of the financial performance and position of the Bank for the year ended September 30, 2022. This discussion should be read in conjunction with the audited financial statements contained on pages 62 to 131 of this report. All amounts are stated in Eastern Caribbean currency.

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

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

	2022	**2021**
United States dollars	**2.7000**	2.7000
Canadian dollars	**1.9731**	2.1218
Pounds sterling	**3.0161**	3.6292
Euro	**2.6729**	3.1401
TT dollars	**0.4067**	0.4067

Summary of Republic Bank (Grenada) Limited Operations

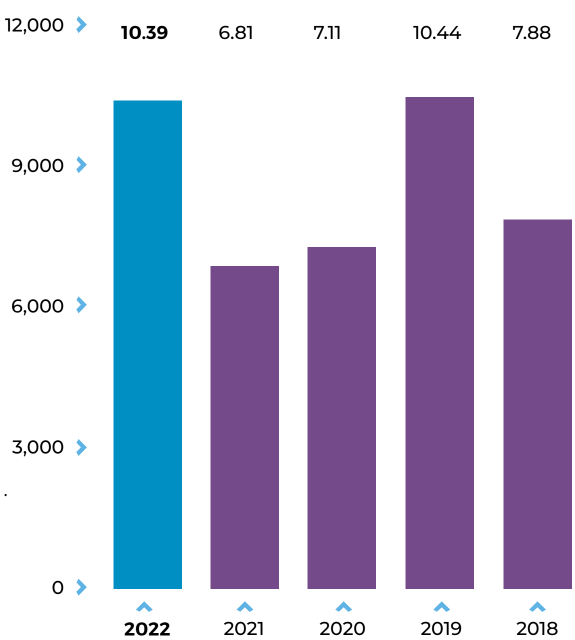
All figures are stated in EC$ millions

	2022	Restated 2021	Change	Change %
Profitability				
Core profit before taxation and provisioning	**13.26**	14.77	(1.51)	(10.22)
Credit loss (recovery)/expense on financial assets	**(0.45)**	6.68	(7.13)	(106.74)
Profit before taxation	**13.71**	8.09	5.62	69.47
Profit after taxation	**10.39**	6.81	3.58	52.57
Balance Sheet				
Total assets	**1,925.72**	1,803.38	122.34	6.78
Total advances	**901.51**	863.14	38.37	4.45
Investments	**318.80**	223.04	95.76	42.93
Total deposits	**1,615.66**	1,541.46	74.20	4.81
Shareholders' equity	**230.73**	228.81	1.92	0.84

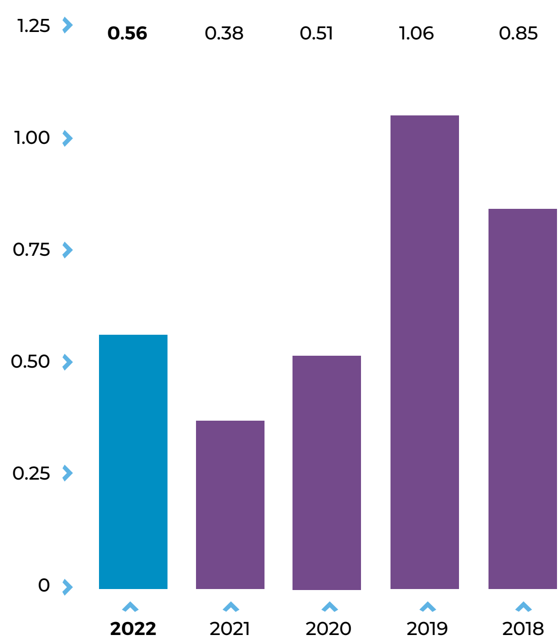
Statement of Income Review

For the year ended September 30, 2022, the Bank recorded net profit after taxation of $10.39 million, an increase of $3.58 million or 52.57% over the 2021 profit of $6.81 million. This improved performance resulted from a positive movement in credit loss recovery/(expense) on financial assets of $7.13 million mainly due to improved economic activities and a reduction in provision held for the potential impact of COVID-19. Improvements were also recorded in interest and non-interest income of $1.79 million and $2.51 million respectively. However, these were partly offset by increased operating expenses of $5.10 million and increased corporation tax of $2.05 million.

Profit After Taxation ($ MILLION)



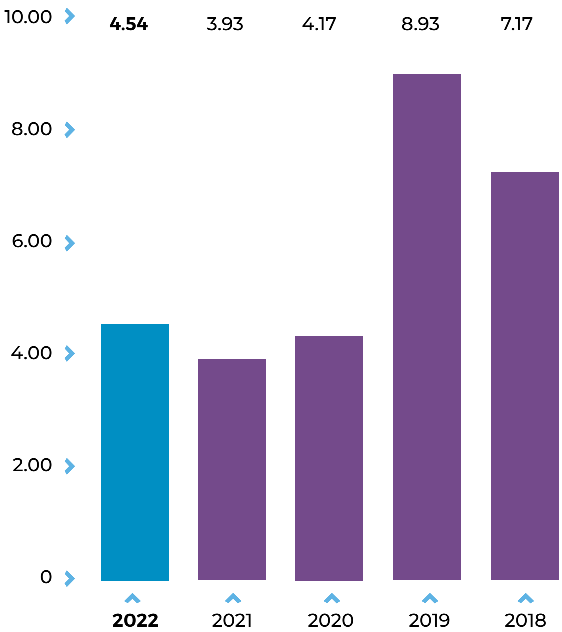
Return on Average Assets (%)



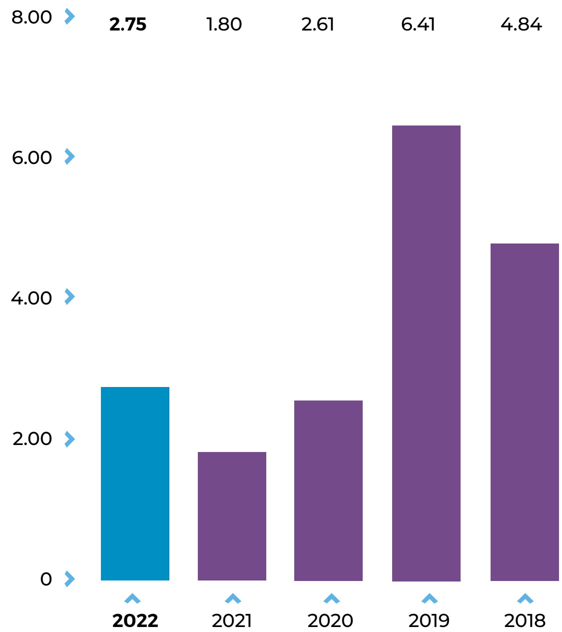
The Bank's principal performance indicators improved in line with the increased profits recorded. Return on Average Assets (ROA) increased to 0.56% from 0.38% and Return on Average Equity (ROE) to 4.54% from 3.93%.

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

Return on Average Equity (%)



Earnings Per Share ($)



Improvements were also recorded in weighted average earnings per share increasing to $2.75 from $1.80 in 2021, as a result of the increase in profit during the fiscal.

Interest Income

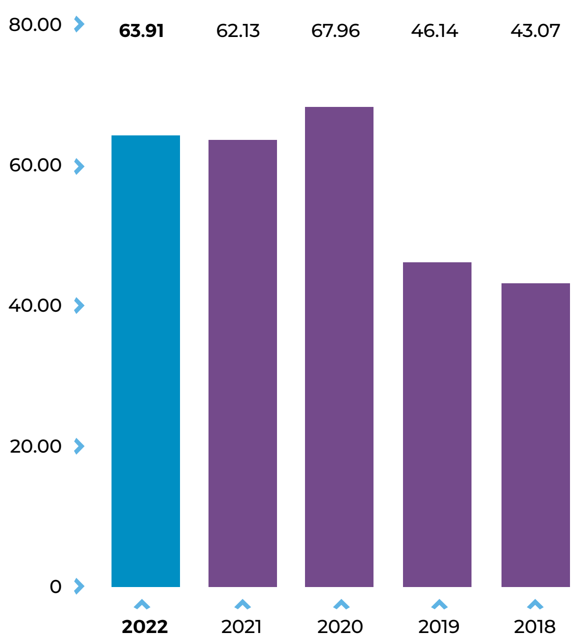
Fiscal 2022 saw improved performance from interest income on loans and investments resulting in interest income increasing by $1.79 million or 2.9% to $63.91 million.

Interest income on loans increased by $1.53 million, mainly due to the increase of $43.3 million or 5.09% in the performing loan portfolio. The average yield on the portfolio declined as at September 2022, to 6.45% from 6.54% the previous year, resulting from continuous competitive pressure.

Although the investment portfolio increased by $95.8 million during the fiscal, interest on investments increased by only $0.28 million as the increase in the portfolio was recorded during the second half of the fiscal.

The Bank continues to utilise excess liquidity within its risk appetite as a means of increasing interest income. The improved interest rate environment resulted in increased yields on new investments acquired during the latter part of the fiscal which would positively impact interest income in fiscal 2023.

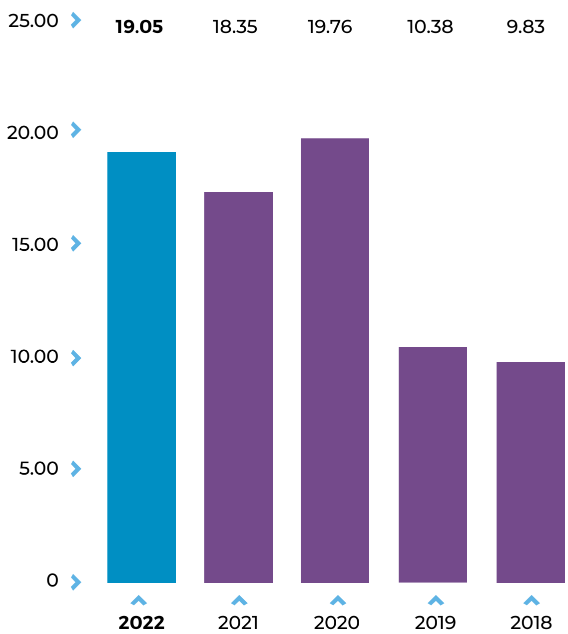
Interest Income ($ MILLION)



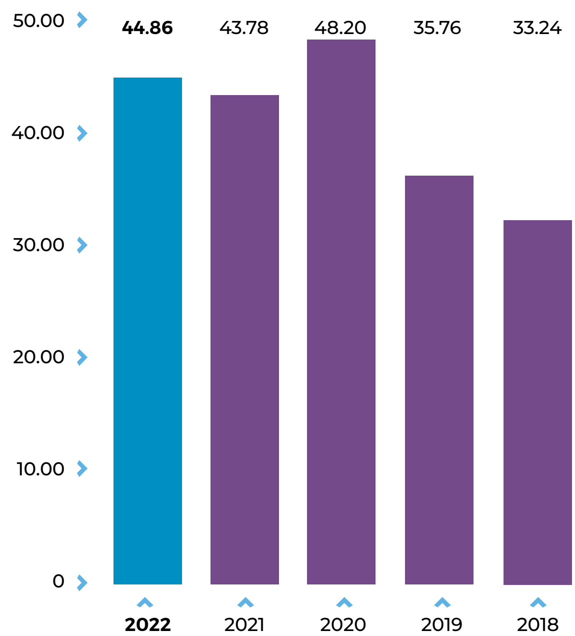
Interest Expense

Interest expense increased by $0.71 million, mainly due to the $74.20 million increase in customer deposits. We continue, where possible, to manage interest cost on deposits. As at September 30, 2022, cost of funds declined slightly to 1.17% from 1.18% at the end of fiscal 2021.

Interest Expense ($ MILLION)



Net Interest Income ($ MILLION)



The $1.79 million increase in interest income partly offset by the $0.71 million decrease in interest expense resulted in net interest income increasing by 2.50% or $1.08 million to $44.86 million in fiscal 2022.

Other Income

Other income of $23.99 million in 2022 was $2.51 million or 11.7% more than the 2021 earnings of $21.48 million. This was primarily due to an increase in fees, commissions and exchange earnings arising from improvement in economic activity and revised fee structure during the fiscal.

Sources of Revenue

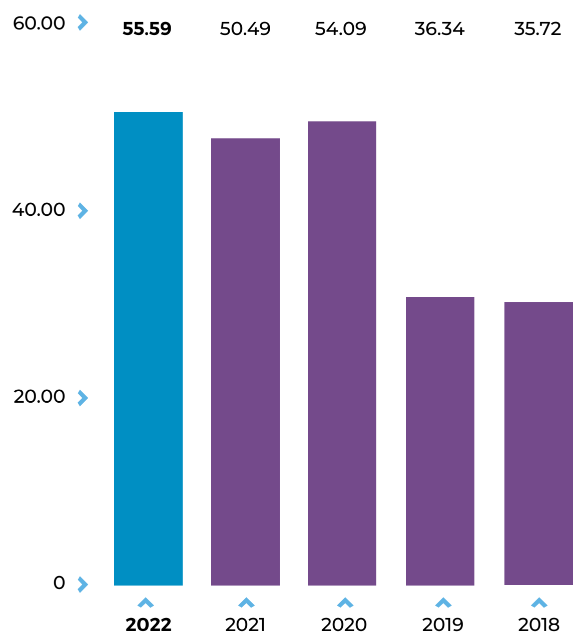
	2022 %	2021 %	Change %
Advances	**63.53**	64.97	(1.44)
Investment securities	**6.89**	6.92	(0.03)
Liquid assets	**2.29**	2.43	(0.14)
Exchange earnings	**8.80**	7.70	1.10
Fees and commissions	**15.67**	13.69	1.98
Other income	**2.82**	4.30	(1.48)

The major shift in sources of revenue in 2022 was reflected in exchange earnings and fees and commissions. Fees and commissions and exchange earnings increased by 1.98% and 1.10% respectively, while other income decreased by 1.48% mainly due to the reduction in recovery on written-off debt.

Operating Expenses

Following a decrease last fiscal, operating expenses increased by 10.10% or $5.10 million to $55.59 million from $50.49 million in 2021. This was primarily due to conversion-related activities and increases in staff costs and expenses associated with the annual external audit.

Operating Expenses ($ MILLION)



Revenue Distribution

	2022 %	2021 %	Change %
Interest expense	**22.41**	24.25	(1.85)
Staff cost	**26.26**	28.50	(2.24)
Depreciation	**4.53**	5.07	(0.54)
General administration expense	**25.93**	23.80	2.13
Other expenses	**7.34**	7.90	(0.56)
Retained earnings	**(0.50)**	3.61	(4.11)
Dividend	**6.21**	3.59	2.62
Statutory reserve	**6.50**	1.80	4.70
Amortisation of intangibles	**1.31**	1.47	(0.16)

The major shifts in revenue distribution during the period were reflected in retained earnings, dividend and statutory reserve. Retained earnings decreased due to dividend payments of $5.28 million, transfer to statutory reserve of $2.08 million and transfer to general contingency reserve of $3.45 million.

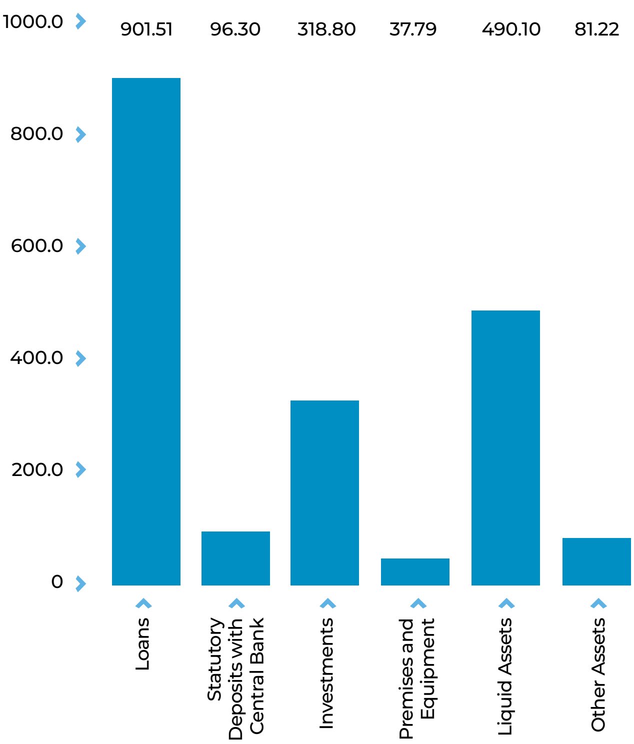
Credit Loss Recovery/(Expense) on Financial Assets

After recording credit losses on financial assets for the past two years, the Bank recorded a recovery of $0.45 million during fiscal 2022. There was a positive movement in the credit loss recovery/(expense) on financial assets of $7.13 million or 106.75% mainly due to a reduction in specific provisions and reduction of $3.95 million in provisions made for the potential impact of COVID-19. These reductions were because of the improved economic conditions experienced during the fiscal.

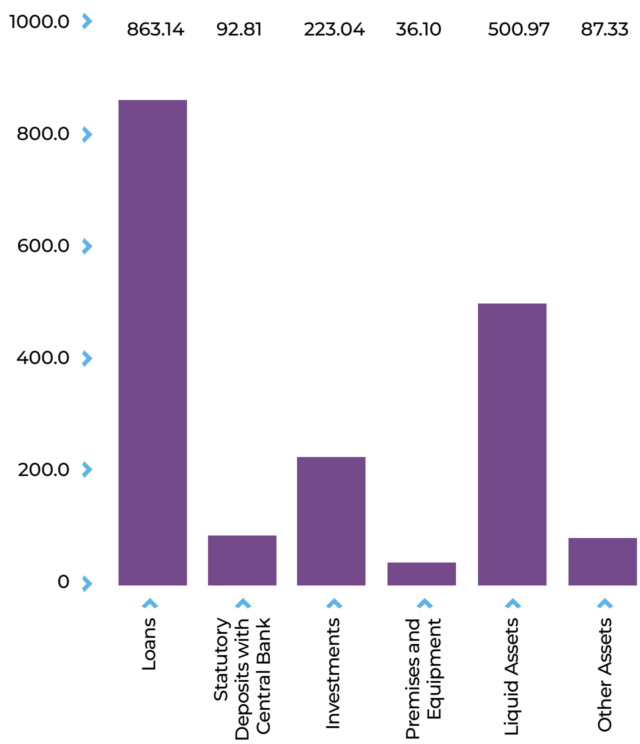
Statement of Financial Position Review

As at September 30, 2022, total assets increased to $1.93 billion from $1.80 billion in 2021. The increase in total assets is reflected in the increase in investments and loans.

Composition of Assets 2022 ($ MILLION)



Composition of Assets 2021 ($ MILLION)



Liquid Assets

Liquid assets decreased by 2.18% or $10.87 million to $490.10 million from $500.97 million in 2021 mainly as a result of funds used to purchase new investments.

1.93
TOTAL ASSETS
(EC$B)

319
INVESTMENTS
(EC$M)

1.62
DEPOSITS
(EC$B)

231
TOTAL EQUITY
(EC$M)

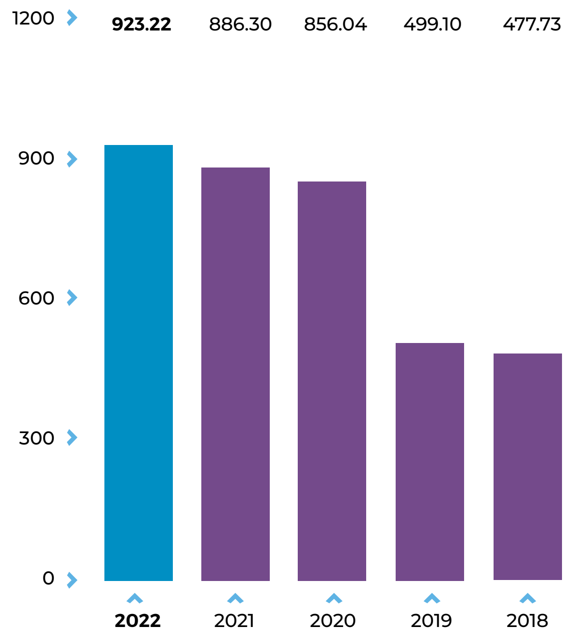
Loans

The gross loans portfolio increased for another consecutive year. An increase of $36.92 million was recorded to end the fiscal at $923.22 million from $886.30 million in 2021. This was mainly as a result of a $43.25 million increase in the performing portfolio.

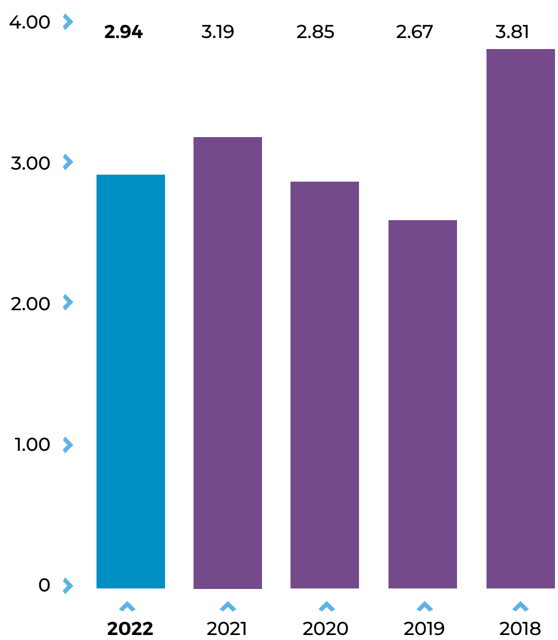
Non-performing Loans

During the year, the non-performing portfolio decreased to $27.18 million from $28.32 million in 2021. After recording increases during the last two fiscals, the non-performing to gross loans ratio decreased to 2.94% from 3.19% in 2021. The ratio remained within the Eastern Caribbean Central Bank's benchmark of 5%.

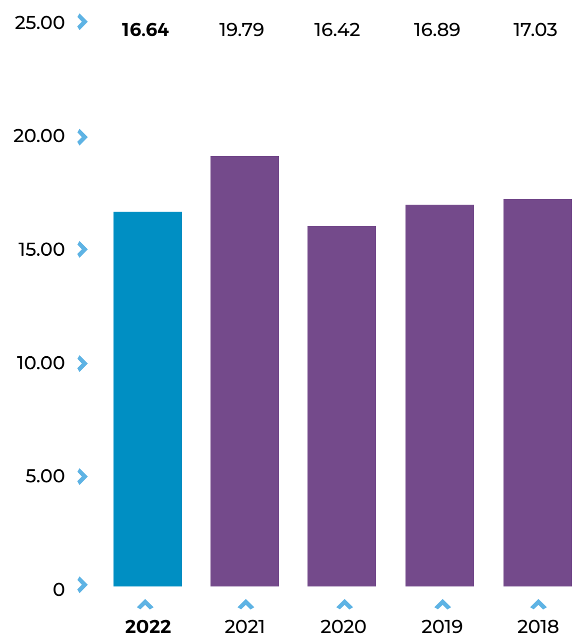
Gross Loans and Advances ($ MILLION)



Non-Performing to Gross Loans (%)



Stage 3 ECL to Non-Performing Loans (%)

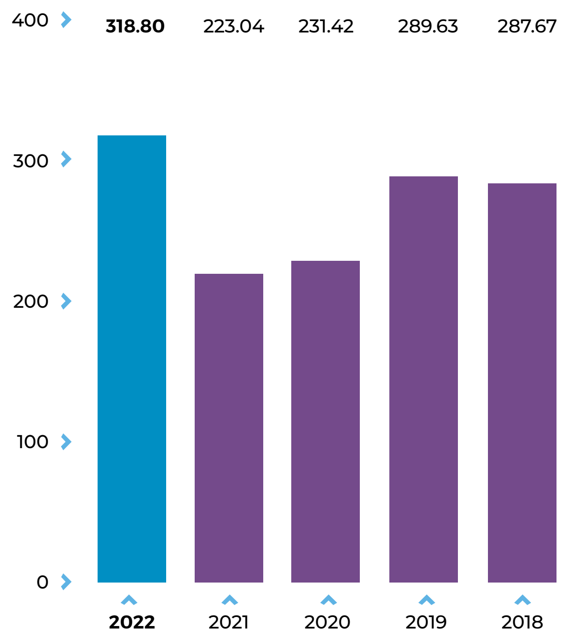


The ratio of Stage 3 ECL to non-performing loans decreased to 16.64% from 19.79% in 2021 reflecting the strong quality of the Bank's collateral.

Investments

Following declines in fiscal 2020 and 2021, the investments portfolio recorded an increase in fiscal 2022 of $95.76 million or 42.9%. Improved economic conditions and improved yield on available investments enabled the Bank to achieve this increase.

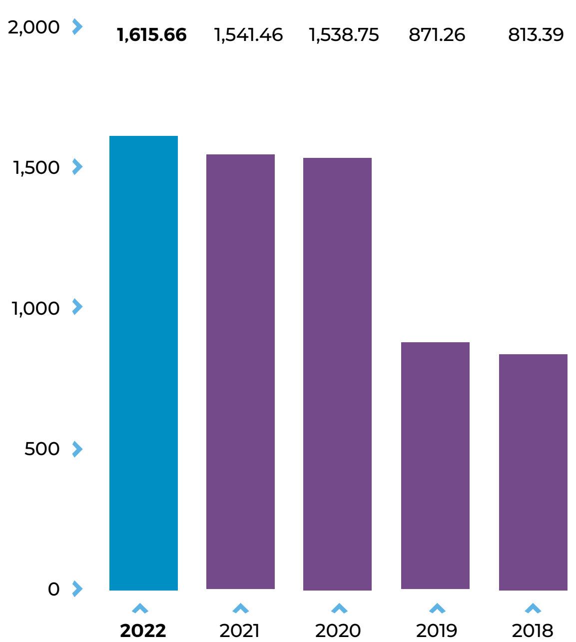
Investments ($ MILLION)



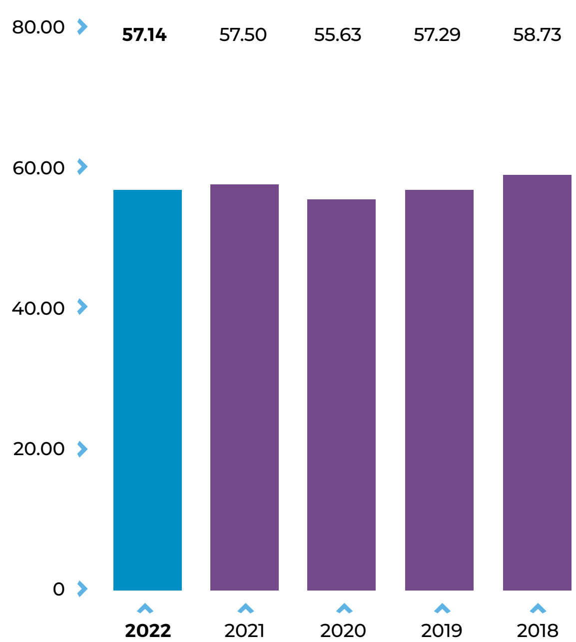
Deposits

Customer deposits increased by $74.20 million or 4.8% during fiscal 2022. The savings and fixed deposit portfolio decreased while the demand deposit portfolio increased, which assisted in managing the cost of funds.

Customer Deposits ($ MILLION)



Gross Loans to Customer Deposits (%)



Gross Loans to Customer Deposits

During the fiscal, the growth in deposits outpaced the growth in loans, resulting in the loans to deposits ratio declining to 57.14% from 57.50% in 2021.

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

Management of Risk

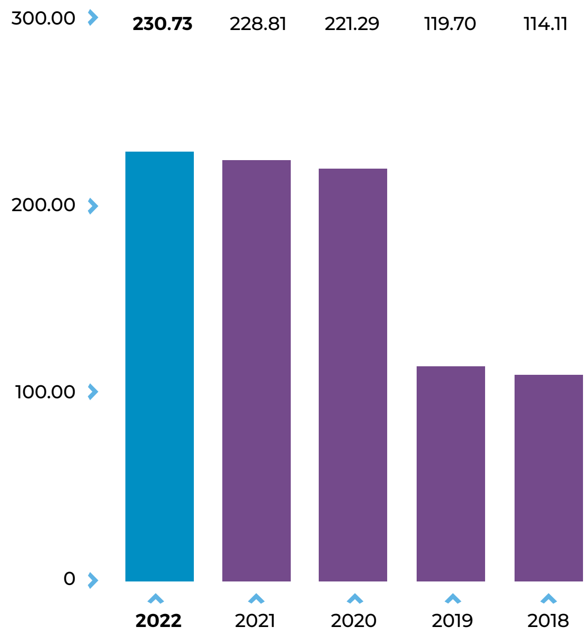
Overview

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

Capital Structure

The Bank's policy is to maintain a prudent relationship between capital resources and the risks of its underlying business. Shareholders' equity stood at $230.73 million as at September 30, 2022, an increase of $1.92 million during the fiscal. This was mainly as a result of profit after taxation of $10.39 million for fiscal 2022, partly offset by a decrease of $1.60 million in defined benefit reserve and dividend payment during the year of $6.87 million.

Shareholders' Equity ($ MILLION)



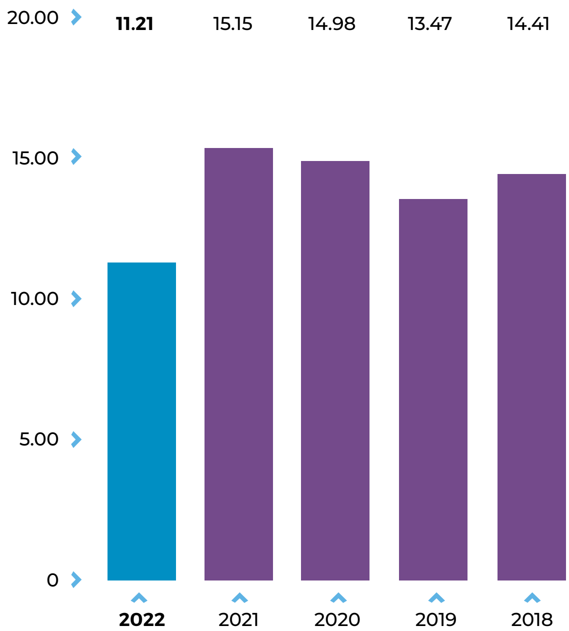
Regulatory Capital

Capital adequacy is monitored by employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practice (the Basel Committee), as implemented by the Eastern Caribbean Central Bank for supervisory purposes. The risk-based capital guidelines require a minimum of core capital (Tier 1) to risk-weighted assets of 4%, with a minimum total qualifying capital (Tier 2) to risk-weighted assets of 8%. As at September 30, 2022, the Bank exceeded the minimum levels required, with Tier 1 capital to risk-weighted assets of 11.2% and total qualifying capital to risk-weighted assets of 12.0%. These ratios exceed the prudential guidelines. The pending implementation of Basel II/III standard by the Eastern Caribbean Central Bank is likely to impact these ratios, but not significantly.

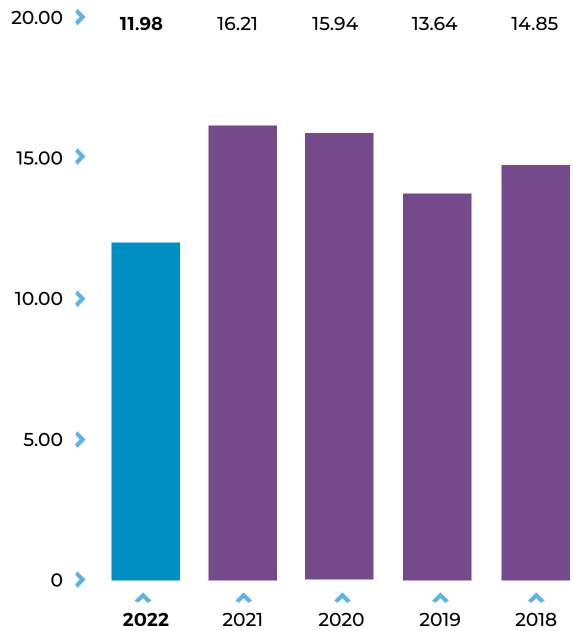
Based on the results for fiscal 2022, we declared a final dividend of $0.30 per share at a cost of $1,132 million. This, together with the interim dividend of $1.10 per share paid at a cost of $4,152 million, brings the total for the year to $1.40 per share at a cost of $5,284 million and a payout ratio of 50.85%.

THE BANK'S PRUDENT BANKING PRACTICES ARE BASED ON SOLID RISK MANAGEMENT. UTILISING THE RESOURCES OF REPUBLIC FINANCIAL HOLDINGS LIMITED, OUR PARENT COMPANY, WE KEEP ABREAST OF OUR DYNAMIC ENVIRONMENT AND MANAGE CONTINUALLY EVOLVING RISKS AS OUR BUSINESS ACTIVITIES CHANGE IN RESPONSE TO MARKET, CREDIT CONDITIONS, PRODUCT, AND OTHER DEVELOPMENTS.

Capital Adequacy Tier 1 (%)



Capital Adequacy Total Capital (%)



Customer Service

We are committed to setting the standard of excellence in customer satisfaction as guided by our seven service elements: Courtesy, Care & Consideration, Knowledge, Accuracy, Professionalism, Speed and Follow-up. During the review period, we used different methods to measure our service standards.

Among our initiatives, we observed International Customer Service Week under the theme The Power of Service, recognising the significant impact that excellent service delivery has in elevating the Bank among our competitors. The Customer Care unit tracked compliments quarterly and closely monitored complaints received through our various channels, to ensure timely resolutions. The unit also conducted periodic branch visits, to evaluate firsthand, our service delivery techniques, and recommend areas for improvement.

Customer feedback was sought through our annual Customer Service Survey. This year, we assessed both internal and external service delivery throughout all our branches. Accuracy, Courtesy and Professionalism emerged as our strongest areas.

We also introduced the Republic Request digital portal which is an RFHL case management tool that enables all staff to document and channel customer complaints and general feedback directly to the Shared Services hub, for timely action and follow up. The portal is one of many anticipated improvements to our service delivery capacity, along with the harmonisation of our IT network with the RFHL suite of banking platforms.

We acknowledge the potential familiarisation challenges some of these new changes may bring, and thank our customers for their patience and loyalty throughout this process.

Information Technology

In February, 2022, we concluded the transition of the Halifax Street and Grand Anse branches to the RFHL technology platforms. The upgrade continued across all branches in the latter part of the year, laying the foundation for introducing new, innovative and exciting products that will benefit all our customers.

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

Staff Training and Development

In this fiscal, we continued our focus on staff holistic development and empowerment through education, training and attention to health and wellness. Eleven staff members benefitted from the Personal Development Incentive programme, in the areas of Banking and Finance and Management Studies with the University of the West Indies.

While we were challenged by the effects of the COVID-19 pandemic, we utilised our online training portal (Republic Online Learning Academy) as well as webinars and workshops to meet our training objectives. All staff participated in a Motivation for Improved Customer Service programme, while supervisory staff were exposed to a series of training sessions titled Transforming Leadership aimed at building leadership capacity and improving performance management.

Cognisant of the need to achieve a healthy work-life balance, we utilised the services of our retained Employee Assistance professionals to facilitate a session for all staff on "Boosting our Positive Outlook Amid Ongoing Changes and Challenges".

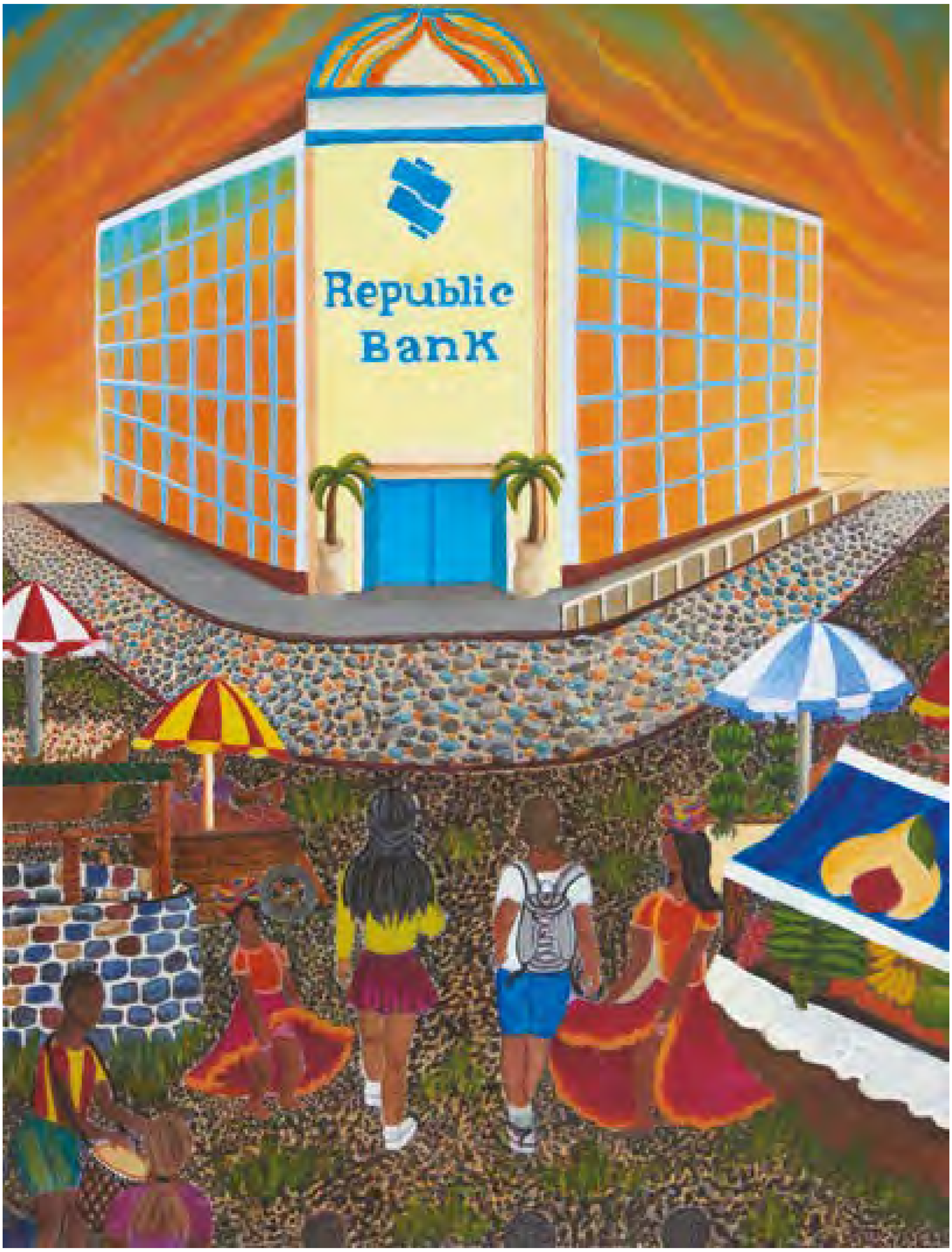
Outlook

Economic improvement is projected to continue in 2023. The recovery of all the major sectors, specifically tourism, and ongoing construction activity, is expected to produce another positive performance. The new banking platform is anticipated to improve service to customers and enhance efficiency in our operations.

Appreciation

To our customers and other key stakeholders, we are grateful for your loyalty and support. Special recognition to the staff who remain committed and steadfast in assisting the organisation to realise its objectives. To the Chairman and Directors of the Board, I thank you for your continued direction, and counsel.

Naomi E. De Allie
Managing Director



“New Beginnings, More Adventure” RSTeen: Out In The World

GRENADA

Julia Francis

Hold to the vision of what you want, and know that with the right bank and the right account, you can get the support to start young, dream big, save well, and make a difference.

EXECUTIVE MANAGEMENT

NAOMI E. DE ALLIE
Managing Director

BSc (Hons.) (Fin. Services),
MSc (Fin. Services Mgmt.), ACIB

Date Joined: August 1, 1995

CLIFFORD D. BAILEY
General Manager, Operations

BSc (Computing and Info. Systems),
MSc (IT and Mgmt.), Cert. (Corp. Gov.)

Date Joined: June 18, 2007

KALAWATEE A. BICKRAMSINGH
General Manager, Credit

MBA, Dip. (Fin. Mgmt.), AICB (Hons.), CPA, ICATT

Date Joined: July 18, 1982

MANAGEMENT

SHERMAN L. DOUGLAS
Manager,
Information Technology

AAS (Computer Science), A+, Security+

MC KIE J. GRIFFITH
Manager, Retail Services
Republic House Branch

BSc (Mgmt.)

MAVIS H. MC BURNIE
Manager, Head Office

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

KURT D. MC FARLANE
Manager, Head Office

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

DORIAN L. MC PHAIL
Manager, Retail Services
Melville Street Branch

ELIZABETH M. RICHARDS-DANIEL
Manager, Finance

MBA (Fin. Services), FCCA

DEVON M. THORNHILL
Manager, Commercial Credit

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

AESIA B. WORME
Manager, Human Resources

BSc (Hons.) (Social Sciences), EMBA (Dist.), Dip. (Proj. Mgmt.), CAMS

“In the Multitude of Digital Technologies”

Republic*Online*: Freedom Through Tech

GHANA

Alexander Reynolds

Republic Bank’s digital technologies give you the freedom to know more, do more and enjoy a smarter, faster, and better online banking experience.

CORPORATE GOVERNANCE PRACTICES

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

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

The Board is responsible for:

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

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

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

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

At the Annual Meeting, eligible Directors retire by rotation, and may offer themselves for re-election. At the upcoming Annual Meeting, Karen T. Yip Chuck, Richard M. Lewis, and Leslie-Ann V. Seon retire from the Board by rotation, and being eligible, have offered themselves for re-election.

The Board of Directors complies with the Model Code for Securities Transaction by Insiders of Listed Companies. Strict guidelines are provided by the Bank for the occasions when it may be perceived that Directors have special knowledge, and dealing in the Bank's shares during these occasions is prohibited. The purchase or sale of shares by an insider requires the prior written consent of the Corporate Secretary, and transactions are tabled for the information of the Board of Directors.

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

CORPORATE GOVERNANCE PRACTICES

Audit and Enterprise Risk Committee

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

The Committee comprises:

Chairman

Leon D. Charles

Members

Gregory I. Thomson
Isabelle S. V. Slinger
Graham K. Williams
Christopher C. Husbands

Governance, Nomination and Compensation Committee

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

The Committee comprises:

Chairman

Gregory I. Thomson

Members

Leon D. Charles
Isabelle S. V. Slinger
Graham K. Williams
Richard M. Lewis
Christopher C. Husbands

Credit Committee

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

This Committee comprises:

Chairman

Karen T. Yip Chuck

Members

The Managing Director
Two Independent Directors, by rotation

Signed on behalf of the Board

Gregory I. Thomson
Chairman

September 30, 2022

OUR ESG COMMITMENT

Our Commitment

We are committed to the Principles for Responsible Banking. We aim to increase positive impacts on people and the environment, to encourage and facilitate sustainable practices and economic activities and be transparent and accountable for our impact and contribution to societal goals.

Our People

We are harnessing the strength of **DIVERSITY**, **EQUITY**, and **INCLUSION** through our entire value chain: staff, suppliers, partners, stakeholders, and customers. As we continue our thrust to **empower a breadth of cultures, nationalities, and perspectives** – we are uplifting our operating model to create **true empowerment and a sense of belonging** in our Group.

204
EMPLOYEES

141
FEMALE

63
MALE

Our Communities

Corporate Social Responsibility

Guided by the pillars – **the Power to Care, the Power to Help, the Power to Learn, and the Power to Succeed** – our Power to Make A Difference programme brings us closer to the communities we serve. As we partner with NGOs in social investment advocacy and outreach programmes, **we aim to improve the lives of many**.

Our Planet

As part of the UN-convened Net-Zero Banking Alliance, we are working to reduce carbon emissions and consumption in our operations, and we are **aligning with businesses committed to sustainability in their operations**. We have also approved our Climate Financing Goal to provide US$200 million in loans to support our commitment.

Our Climate Financial Goal

We will lend, invest and arrange US$200 million by 2025 by increasing the proportion of:

- **Loans for electric cars**
- **Loans linked to promotion of clean fuels, renewable energy use and technology**
- **Loans contributing to an improvement in energy efficiency**
- **New construction loans that deploy climate resilient technology**

Our Progress

- **Establishment of our Group Sustainability Office, tasked with developing and mainstreaming an ESG strategy for RFHL, coordinating the United Nations Environment Programme Finance Initiative (UNEP FI) and reporting on the Group's sustainability journey locally, regionally and internationally.**
- **Establishment of an RFHL Net-Zero Intermediary Target of 26.4% of the current estimated emission intensity from the commercial real estate sector by 2030.**
- **Attainment of 17.7% of project financing associated with our US$200M climate finance goal.**
- **Completion of RFHL's first Principles for Responsible Banking Self Assessment, approved by UNEP FI.**

Scan to view the Report

THE POWER TO MAKE A DIFFERENCE

WORKING TOGETHER TO MOVE COMMUNITIES FORWARD

THE POWER TO MAKE A DIFFERENCE PROGRAMME CONTINUES TO BRING THE GROUP CLOSER TO THE COMMUNITIES IT SERVES BY FORGING ALLIANCES WITH MANY NGOS IN THE PURSUIT OF BUILDING SUCCESSFUL SOCIETIES THROUGH SOCIAL INVESTMENT ADVOCACY AND VARIOUS OUTREACH PROGRAMMES THAT AIM TO IMPROVE THE STANDARD OF LIVING FOR MANY.

From 2021 to 2022, guided by the principles: the Power to Care, the Power to Help, the Power to Learn, and the Power to Succeed, the Group marked its second consecutive year as a signatory to the United Nations (UN) Principles for Responsible Banking and as a global ally to the UN Sustainable Development Goals (SDGs).

In the wake of the COVID-19 pandemic, the Group remained focused on strengthening ties, building partnerships, and creating opportunities that yield the most promise for a better, more inclusive, and sustainable society.

The Power To Care

THE POWER TO CARE IS COMPASSION AT WORK

From 2021–2022, with the focus on community building throughout Grenada, Carriacou and Petite Martinique, the Bank strengthened long-standing alliances with more than 15 NGOs, making annual contributions in support of a variety of outreach programmes.

Some of the NGOs included the Cadrona Home for the Aged, Grenada Diabetes Association, Grenada National Patient Kidney Foundation, Sickle Cell Association of Grenada, and the Grenada Cancer Society.

The Power To Help

THE POWER TO HELP IS THE SERVICE TO OTHERS

At the heart of the Group's service to others is supporting those who champion the rights and standards of living for those in need of protection, guidance, and empowerment.

The St. Andrew's Presbyterian Church, a landmark in St. George's for almost 200 years, has been in disrepair following the passage of Hurricane Ivan in 2004.

Much needed support from the Bank has helped to restore the lower level which, upon completion, will provide a comfortable space for community-level and local activities, and a centre for larger functions like graduations and public lectures.

The Power To Learn

THE POWER TO LEARN ENCOURAGES EXPLORATION AND GROWTH

Literacy and Education continuously reveal ways to reach out to young minds and provide the right platforms for them to explore and grow.

Teamwork with Hands Across the Sea Literacy Programme added five new schools to their pilot (phase II) initiative that promotes literacy and a love for reading in preschoolers in Grenada. Through the Bank's ongoing support, a total of 10 schools have access to educational reading materials and the means to creatively engage and develop young minds.

New to the lineup of partnerships was a collaboration with a number of primary schools and community groups to provide 59 refurbished desktop computers and monitors to the students of 12 primary schools and young adults from three community groups who otherwise would not have the online and computer access they need to thrive in today's world.

The Bank, through the UWI Scholarship and Bursary Programme, delivered on its promise to assist students pursuing higher learning achieve their academic aspirations.

In 2021–2022, support was maintained for the UWI Bursary Programme which caters for students wishing to pursue online learning through the Open Campus, and the Scholarship programme, which supports one student at a time for a maximum of three years at any of the UWI campuses.

The Power To Succeed

THE POWER TO SUCCEED AWAKENS POTENTIAL

The Power to Succeed awakens our people's greatest potential through a variety of avenues – sports, culture, music, and the arts. Showing a world beyond their imaginations, it also promotes environmental conservation as the foundation of sustainable communities.

The Republic Bank Inter-Secondary Schools Athletic Championship successfully made its debut at the Kirani James Athletics Stadium in April 2022. Seventeen secondary schools competed for top honours in the Boys' and Girls' divisions, signalling to the nation and the world, the return of INTERCOL in Grenada.

A proud sponsor since inception, the Bank maintained its support of the annual Carriacou Regatta Festival which has showcased the remarkable boat-building and sailing skills of islanders, for the past 37 years.

Another long-term partner, the Republic Bank Angel Harps Steel Orchestra, continued its storied journey in 2021–2022 as one of the oldest and most respected steel bands in the nation. With the Bank's support, the musical titan maintained its influence as a safe haven for students and young adults alike by providing a positive alternative where they can hone their musical and social skills. The Republic Bank Angel Harps junior band boasts an unprecedented 15 Junior Panorama competition titles and is the 2022 champion.

WORKING TOGETHER TO MOVE COMMUNITIES FORWARD

As the Group continues to grow in step with the communities we serve, new partnerships are formed, while existing ones are strengthened by the test of time. With sustainable development as the shared goal, the Group makes the promise to remain vigilant in exploring as many avenues as possible to unlock the true power to care, help, learn, and succeed.

It is the promise of working together to move our people forward.
It is the promise of the Power to Make A Difference.

THE POWER TO MAKE A DIFFERENCE

Our Partners and Initiatives

- Cadrona Home for the Aged
- CHORES Support Group
- Dorothy Hopkin Centre for the Disabled
- Friends of the Mentally Ill
- Grenada Cancer Society
- Grenada, Carriacou and Petite Martinique Foundation for Needy Students
- Grenada Diabetes Association
- Grenada Down Syndrome Association
- Grenada Heart Foundation
- Grenada National Council of the Disabled
- Grenada National Patient Kidney Foundation
- GRENCODA Student Assistance Programme
- Hands Across the Sea Literacy Programme
- Hillview Home for the Aged
- Lupus Foundation of Grenada
- Missionaries of Charity
- MONTGAVA Foundation Inc.
- National Learn to Swim Week
- Pink Ribbon Society of Grenada
- Republic Bank Angel Harps Steel Orchestra
- Rotary Club of Grenada – Quarantine Park Preservation
- Sickle Cell Association of Grenada
- Society of St. Vincent de Paul
- T. A. Marryshow Community College
- UWI Scholarship and Bursary Programme

"Through Technology"
Republic*Online*: Freedom Through Tech

TRINIDAD & TOBAGO

Rebecca Denoon

Experience the world of online banking with Republic*Online* where you can bank anywhere, at anytime from the palm of your hand.

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

General responsibilities include:

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

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

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

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

Signed on behalf of the Board

Gregory I. Thomson
Chairman

September 30, 2022

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Republic Bank (Grenada) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Republic Bank (Grenada) Limited ("the Bank") which comprise the statement of financial position as at 30 September 2022 and the statement of income, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 30 September 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Matters

The financial statements of Republic Bank (Grenada) Limited for the year ended 30 September 2021 were audited by another auditor who expressed a qualified opinion on those financial statements in their audit report dated 11 February 2022. The qualified opinion resulted from two matters as described below:

i. Expected credit losses (ECL) on the Stage 1 and Stage 2 loans

   The Bank acquired Scotiabank Grenada's banking operations on 1 November 2019. At this date deferred tax on ECL for Stage 1 and Stage 2 loans was not computed and accounted for as part of the acquisition accounting. The Bank subsequently recorded the ECL on these loans. However, the adjustment was recorded in retained earnings instead of goodwill.

ii. Depreciation expense on assets acquired not recorded

   The Bank acquired assets from Scotiabank Grenada which were not depreciated. The entry to record the depreciation was recorded in retained earnings instead of goodwill. In addition, the deferred tax liability related to these assets was not recorded.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Republic Bank (Grenada) Limited

Report on the Audit of the Financial Statements (continued)

Other Matters (continued)

As part of our audit of the 2022 financial statements, we also audited the adjustments described in Note 26 that were applied to amend the 2021 financial statements. In our opinion, such adjustments are appropriate and have been properly applied to the earliest period presented. We were not engaged to audit, review, or apply any procedures to the 2021 financial statements of the Bank other than with respect to these adjustments described in Note 26 and, accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements taken as a whole.

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Republic Bank (Grenada) Limited

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Determination of expected credit losses (ECLs)	
Refer to Notes 4 & 18.2 IFRS 9: "Financial Instruments" requires the Bank to record an allowance for Expected Credit Losses (ECLs) for all advances and other financial assets not held at fair value through profit and loss (FVPL), together with loan commitments and financial guarantee contracts. Advances (loans) and other financial assets held at amortised cost comprised 63% of the Bank's total assets. The estimation of ECLs on financial assets is inherently uncertain and is subject to significant judgment. Furthermore, models used to determine credit impairments are complex and certain inputs used are not fully observable.	We assessed and tested the modelling techniques and methodologies developed by the Bank in order to estimate ECLs and evaluated its compliance with the requirements of IFRS 9. We reviewed the completeness and accuracy of data from underlying systems through to the models used to determine the ECLs. We considered the methodologies applied in determining Probabilities of Default (PDs) and the data used to estimate Losses Given Default (LGDs), and tested the Exposures at Default (EADs) against asset subledgers and amortization schedules. Where PDs and LGDs were based on assigned global credit ratings, we independently tested to the source data. We tested the aging of the portfolios and performed an independence assessment for a sample of commercial facilities to assess the accuracy and timely assignment of risk ratings in compliance with Management's policy, both of which are inputs in the staging of the portfolios. We concluded on the accuracy of the staging applied against the methodologies and assessed the reasonableness of all assumptions used to determine whether the Bank appropriately reflected additional risks where identified.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Republic Bank (Grenada) Limited

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	**How our audit addressed the key audit matter**
Determination of expected credit losses (ECLs)	
Key areas of judgment included: • The interpretation of the requirements to determine impairment under the application of IFRS 9, which is reflected in the Bank's ECL models; • The application of assumptions where there was limited or incomplete data; • The identification of exposures with a significant deterioration in credit quality • Assumptions used in the ECL model such as the financial condition of the counterparty or valuation of security; • The need to apply overlays, the quantification of which can be highly subjective, to reflect current or future external factors that are not appropriately captured by the ECL model, including the effects of the pandemic; and • Additional credit risk that could stem from the impact of the pandemic, on the ability of the Bank's customers/ investors to meet their financial commitments. These factors, individually and collectively, result in a higher judgmental risk and thus are considered a key audit matter in the context of the financial statements.	We also ensured that the definition of a significant deterioration in credit risk and staging adopted by the Bank was in compliance with IFRS 9. Management's judgmental provisions applied on specific high-risk customers of the Bank were reviewed in detail, in assessing the reasonableness of the resulting ECL overlay applied by management on advances. For ECLs calculated on an individual basis, we tested the factors underlying the default identification and quantification including forecasts of the amount and timing of future cash flows, valuation of assigned collateral and estimates of recovery on default. We utilized on EY valuation specialists to assess the appropriateness of the models and assumptions used by the Bank, including monitoring/ validation and mathematical accuracy. Finally, we assessed the disclosure in the financial statements considering whether it satisfies the requirements of IFRS.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Republic Bank (Grenada) Limited

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	**How our audit addressed the key audit matter**
Goodwill impairment assessment	
Refer to Note 8 The Bank has goodwill of $54.4 million. Goodwill impairment assessment is very subjective as it requires the use of projected financial information and judgmental assumptions. As required by IAS 36, *Impairment of Assets,* management performs an annual impairment assessment on goodwill. Due to the potential distressed macroeconomic environment that could result from the current and future effects of the pandemic, Management opted to perform their analyses more frequently than annually. Management also conducted the impairment tests using sensitivity analyses, including a range of growth rates, interest rates, recovery assumptions, macro-economic outlooks and discount rates for each entity in arriving at a probability-weighted expected cash flow projection. The purpose of the impairment review is to ensure that goodwill is not carried at an amount greater than its recoverable amount. The recoverable amount is compared with the carrying value of the asset to determine if the asset is impaired. Recoverable amount is defined as the higher of fair value less costs of disposal and value in use; the underlying concept being that an asset should not be carried at more than the amount it could raise, either from selling it now or from using it.	We evaluated and tested the Bank's process for goodwill impairment assessment. We involved our EY valuation specialists to assist us in the review of the key assumptions, cash flows and discount rate used to ensure that they are reasonable. With the added estimation uncertainty brought on by the COVID-19 pandemic, we closely analysed Management's judgment used in its assessments, including longer-term assumptions, by applying our own sensitivity analyses to account for market volatility. The calculations were reassessed to factor in any negative impact from the pandemic on the discount rate and other performance factors, along with assessing the potential for future impact on business. We also assessed whether appropriate and complete disclosures have been included in the financial statements consistent with the requirements of IAS 36.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Republic Bank (Grenada) Limited

Report on the Audit of the Financial Statements (continued)

Other information included in the Bank's 2022 Annual Report

Other information consists of the information included in the Bank's 2022 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Republic Bank (Grenada) Limited

Report on the Audit of the Financial Statements (continued)

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Republic Bank (Grenada) Limited

Report on the Audit of the Financial Statements (continued)

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

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

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

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

Ernst & Young.

CHARTERED ACCOUNTANTS
St. Lucia
23 December 2022

STATEMENT OF FINANCIAL POSITION

As at September 30, 2022
Expressed in Thousands of Eastern Caribbean Dollars ($'000), except where otherwise stated

	Notes	2022	Restated 2021
ASSETS			
Cash		**25,132**	21,396
Statutory deposits with Central Bank		**96,297**	92,808
Due from banks		**330,889**	425,721
Treasury Bills		**131,962**	51,852
Advances	4 (a)	**901,510**	863,140
Investment securities	5 (a)	**318,797**	223,039
Investment interest receivable		**2,119**	1,998
Premises and equipment	6	**37,788**	36,100
Right-of-use assets	7	**3,001**	4,075
Intangible assets	8	**58,729**	59,841
Employee benefits	9 (a)	**4,817**	4,732
Deferred tax assets	10 (a)	**5,309**	5,020
Taxation recoverable		**–**	900
Other assets	11	**9,368**	12,761
TOTAL ASSETS		**1,925,718**	**1,803,383**
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		**47,859**	10,090
Customers' current, savings and deposit accounts	12	**1,615,659**	1,541,461
Lease liabilities	7	**3,272**	4,216
Employee obligations	9 (a)	**4,539**	2,597
Taxation payable		**1,124**	–
Deferred tax liabilities	10 (b)	**2,699**	2,891
Accrued interest payable		**189**	244
Other liabilities	13	**19,648**	13,077
TOTAL LIABILITIES		**1,694,989**	**1,574,576**

	Notes	2022	Restated 2021
EQUITY			
Stated capital	14	**117,337**	117,337
Statutory reserve	2.5 (q)	**26,256**	24,178
General contingency reserve	2.5 (x)	**3,452**	–
Retained earnings		**83,684**	87,292
TOTAL EQUITY		**230,729**	**228,807**
TOTAL LIABILITIES AND EQUITY		**1,925,718**	**1,803,383**

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

These financial statements were approved by the Board of Directors on December 22, 2022 and signed on its behalf by:

Gregory I. Thomson
Chairman

Naomi E. De Allie
Managing Director

STATEMENT OF INCOME

For the year ended September 30, 2022
Expressed in Thousands of Eastern Caribbean Dollars ($'000), except where otherwise stated

	Notes	2022	2021
Interest income	15 (a)	**63,910**	62,125
Interest expense	15 (b)	**(19,054)**	(18,347)
Net interest income		**44,856**	43,778
Other income	15 (c)	**23,992**	21,478
		68,848	65,256
Operating expenses	15 (d)	**(55,586)**	(50,488)
Operating profit		**13,262**	14,768
Credit loss recovery/(expense) on financial assets	16	**451**	(6,682)
Net profit before taxation		**13,713**	8,086
Taxation expense	17	**(3,322)**	(1,275)
Net profit after taxation		**10,391**	6,811
Earnings per share (expressed in $ per share)			
Basic		**$2.75**	$1.80
Weighted average number of shares ('000)			
Weighted average number of shares		**3,774**	3,774
Number of shares outstanding at year end		**3,774**	3,774

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended September 30, 2022
Expressed in Thousands of Eastern Caribbean Dollars ($'000), except where otherwise stated

	Notes	2022	2021
Net profit after taxation		**10,391**	**6,811**
Other comprehensive loss:			
Other comprehensive (loss)/income that will not be reclassified to the income statement in subsequent periods:			
Net remeasurement losses on defined benefit plan	9 (h)	**(713)**	(1,381)
Income tax related to above	10 (b)	**200**	387
		(513)	(994)
Net remeasurement (losses)/gains on post-retirement medical and group life plans	9 (h)	**(1,510)**	150
Income tax related to above	10 (a)	**423**	(42)
		(1,087)	108
Total items that will not be reclassified to the income statement in subsequent periods		**(1,600)**	(886)
Other comprehensive loss for the year, net of tax		**(1,600)**	(886)
Total comprehensive income for the year, net of tax		**8,791**	5,925

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

STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2022
Expressed in Thousands of Eastern Caribbean Dollars ($'000), except where otherwise stated

	Stated Capital	Statutory Reserve	General Contingency Reserve	Retained Earnings	Total Equity
Balance at September 30, 2020	117,337	22,816	–	81,134	**221,287**
Total comprehensive income for the year	–	–	–	5,925	**5,925**
Transfer to statutory reserve – Note 2.5 (q)	–	1,362	–	(1,362)	**-**
Prior period adjustments – Note 26	–	–	–	1,595	**1,595**
Balance as at September 30, 2021 restated	**117,337**	**24,178**	**-**	**87,292**	**228,807**
Balance as at September 30, 2021 restated	117,337	24,178	–	87,292	**228,807**
Total comprehensive income for the year	–	–	–	8,791	**8,791**
Transfer to statutory reserve – Note 2.5 (q)	–	2,078	–	(2,078)	**-**
Transfer to general contingency reserve – Note 2.5 (x)	–	–	3,452	(3,452)	**-**
Dividends paid – Note 23	–	–	–	(6,869)	**(6,869)**
Balance as at September 30, 2022	**117,337**	**26,256**	**3,452**	**83,684**	**230,729**

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

STATEMENT OF CASH FLOWS

For the year ended September 30, 2022
Expressed in Thousands of Eastern Caribbean Dollars ($'000), except where otherwise stated

	Notes	2022	2021
Operating activities			
Profit before taxation		**13,713**	8,086
Adjustments for:			
Depreciation of premises and equipment and right-of-use assets	15 (d)	**3,850**	3,833
Credit loss (recovery)/expense on financial assets	16	**(570)**	7,849
Investment securities' impairment expense/(recovery)	16	**119**	(1,167)
Realised gain on investment securities		**–**	(149)
Amortisation of intangibles	8 (b)	**1,112**	1,112
Gain on sale of premises and equipment		**(71)**	(61)
Work in progress written off		**8**	64
Foreign exchange loss on investment securities		**-**	(9)
Amortisation of premium/discount on investment securities		**2,548**	759
Increase in employee benefits/obligations, net		**(367)**	(538)
Increase in advances		**(37,800)**	(33,913)
Increase in customers' current, savings and deposit accounts		**74,198**	2,712
(Increase)/decrease in statutory deposits with Central Bank		**(3,489)**	52,952
Decrease/(increase) in other assets and investment interest receivable		**3,272**	(9,065)
Increase/(decrease) in other liabilities and accrued interest payable		**6,519**	(339)
Increase in balances due to other banks		**37,769**	2,061
Taxes paid, net of refund		**(1,179)**	(4,329)
Cash provided by operating activities		**99,632**	**29,858**
Investing activities			
Purchase of investment securities		**(204,117)**	(97,945)
Purchase of Treasury Bills		**(33,802)**	(30,541)
Redemption of investment securities		**105,693**	106,891
Redemption of Treasury Bills		**30,295**	39,506
Additions to premises and equipment	6	**(4,429)**	(2,387)
Proceeds from sale of premises and equipment		**105**	191
Cash (used in)/provided by investing activities		**(106,255)**	**15,715**
Financing activities			
Repayment of lease liabilities	7	**(1,001)**	(1,112)
Dividends paid	23	**(6,869)**	–
Cash used in financing activities		**(7,870)**	**(1,112)**
Net (decrease)/increase in cash and cash equivalents		**(14,493)**	44,461
Cash and cash equivalents at beginning of year		**469,196**	424,735
Cash and cash equivalents at end of year		**454,703**	**469,196**

STATEMENT OF CASH FLOWS

For the year ended September 30, 2022
Expressed in Thousands of Eastern Caribbean Dollars ($'000), except where otherwise stated

	Notes	2022	2021
Cash and cash equivalents at end of year are represented by:			
Cash on hand		**25,132**	21,396
Due from banks		**330,889**	425,721
Treasury Bills – original maturity of three months or less		**98,682**	22,079
		454,703	**469,196**
Supplemental information			
Interest received during the year		**68,976**	66,790
Interest paid during the year		**19,110**	18,958
Dividends received		**32**	50

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2022
Expressed in Thousands of Eastern Caribbean Dollars ($'000), except where otherwise stated

1 Corporate Information

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

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

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

2 Significant Accounting Policies

These financial statements provide information on the accounting estimates and judgements made by the Bank. These estimates and judgements are reviewed on an ongoing basis. The continued impact of the COVID-19 pandemic, in addition to global economic uncertainty exacerbated by the Ukraine/Russia war has increased the estimation in the preparation of these financial statements. The estimation uncertainty is associated with:

- the extent and duration of disruption to business as a result of actions from consumers, businesses and governments to contain the spread of the virus;
- the extent and duration of the expected economic downturn in the economies in which we operate. This includes forecasts for economic growth, unemployment, interest rates and inflation

The Bank has formed estimates based on information that was available on September 30, 2022, which was deemed to be reasonable in forming these estimates. The actual economic conditions may be different from the estimates used and this may result in differences between the accounting estimates applied and the actual results of the Bank for future periods.

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

2.1 Basis of preparation

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

2 Significant Accounting Policies *(continued)*

2.2 Changes in accounting policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended September 30, 2021, except for the adoption of the new amendment and interpretation below:

The following amendment and interpretation applies for the first time in 2022, but did not have any impact on the financial statements of the Bank. This is also described in more detail below. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective January 1, 2021)

The amendments provide temporary reliefs which address the financial reporting effects when an Interbank Offered Rate (IBOR) is replaced with an alternative nearly Risk-Free Interest Rate (RFR).

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred.

The amendments are mandatory, with earlier application permitted. Hedging relationships must be reinstated if the hedging relationship was discontinued solely due to changes required by IBOR reform and it would not have been discontinued if the phase two amendments had been applied at that time. While application is retrospective, an entity is not required to restate prior periods.

This amendment had no impact on the financial statements of the Bank. The Bank intends to use the practical expedients in future periods if they become applicable.

2.3 Standards in issue not yet effective

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

IFRS 3 Business Combinations – Amendments to IFRS 3 (effective January 1, 2022)

The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

2 Significant Accounting Policies *(continued)*

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

IFRS 3 Business Combinations – Amendments to IFRS 3 (effective January 1, 2022) (continued)

The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018).

The amendments are intended to update a reference to the Conceptual Framework without significantly changing requirements of IFRS 3. The amendments will promote consistency in financial reporting and avoid potential confusion from having more than one version of the Conceptual Framework in use.

IAS 16 Property, Plant and Equipment – Amendments to IAS 16 (effective January 1, 2022)

The amendment prohibits entities from deducting from the cost of an item of Property, Plant and Equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments to IAS 37 (effective January 1, 2022)

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g. the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g. depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognised contract loss provisions using the guidance from the former standard, IAS 11 Construction Contracts, will be required to exclude the allocation of indirect overheads from their provisions. Judgement will be required in determining which costs are 'directly related to contract activities', but we believe that guidance in IFRS 15 Revenue from Contracts with Customers will be relevant.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1 (effective January 1, 2023)

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

The amendments clarify:

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

2 Significant Accounting Policies *(continued)*

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

IFRS 17 Insurance Contracts (effective January 1, 2023)

IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e. coverage period)
- The effect of changes in discount rates will be reported in either profit or loss or Other Comprehensive Income, determined by an accounting policy choice
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the Statement of Income, but are recognised directly on the Statement of Financial Position
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense

A loss-recovery component of the asset for the remaining coverage of a group of reinsurance contracts held is determined and recorded in profit or loss when an entity recognises a recovery of a loss on initial recognition of an onerous group of underlying issued contracts as well as for subsequent measurement of the recovery of those losses

Entities should present separately in the Statement of Financial Position, the carrying amounts of portfolios of insurance contracts issued that are assets and those that are liabilities, with the same requirement applying to portfolios of reinsurance contracts held

- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

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

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures

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

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

2 Significant Accounting Policies *(continued)*

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

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

Replacement of the term 'significant' with 'material'

In the absence of a definition of the term 'significant' in IFRS, the IASB decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the IASB. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendments to IAS 8 (effective January 1, 2023)

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

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

IAS 12 Income Taxes – Amendments to IAS 12 (effective January 1, 2023)

The amendments to IAS 12, narrows the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

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

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

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

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

2 Significant Accounting Policies *(continued)*

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

IAS 12 Income Taxes – Amendments to IAS 12 (effective January 1, 2023) (continued)

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

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 (Effective for annual periods beginning on or after January 1, 2024)

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46 (a) of IFRS 16.

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

2.4 Improvements to International Financial Reporting Standards

The annual improvements process of the International Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRS. The following amendments are applicable to annual periods beginning on or after January 1, 2022:

IFRS	Subject of Amendment
IFRS 1	First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (effective January 1, 2022)
IFRS 9	Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (effective January 1, 2022)
IAS 41	Agriculture – Taxation in fair value measurements (effective January 1, 2022)

2.5 Summary of significant accounting policies

a Cash and cash equivalents

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

b Statutory deposits with Central Bank

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

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

b Statutory deposits with Central Bank *(continued)*

Deposits with the Central Bank represent mandatory reserve deposits and are not available for use in day-to-day operations. These amounted to $96.3 million (2021: $92.8 million).

c Financial instruments - initial recognition

i Date of recognition

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

ii Initial measurement of financial instruments

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

iii Measurement categories of financial asset and liabilities

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

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

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

d Financial assets and liabilities

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

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

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

The details of these conditions are outlined below.

The SPPI test

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

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

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

d Financial assets and liabilities *(continued)*

i Due from banks, Treasury Bills, Advances and Investment securities (continued)

The SPPI test ***(continued)***

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

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

Business model assessment

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

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

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

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

ii Financial assets at FVPL

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

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

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

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

d Financial assets and liabilities *(continued)*

iii Undrawn loan commitments

Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the ECL requirements but no ECL was determined based on historical observation of defaults.

e Reclassification of financial assets and liabilities

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

f Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

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

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

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

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

Derecognition other than for substantial modification

Financial assets

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

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

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

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

f Derecognition of financial assets and liabilities *(continued)*

Derecognition other than for substantial modification (continued)

Financial assets ***(continued)***

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

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

A transfer only qualifies for derecognition if either:

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

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

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

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

Financial liabilities

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

g Impairment of financial assets

i Overview of the ECL principles

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

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

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

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

Where the financial assets meets the definition of Purchased or Originated Credit Impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

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

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

Stage 1

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

Stage 2

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

Stage 3

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

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

g Impairment of financial assets *(continued)*

i Overview of the ECL principles (continued)

POCI

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

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

ii The calculation of ECLs

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

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

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

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

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

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

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

Impairment losses and recoveries are accounted for and disclosed separately.

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

g Impairment of financial assets *(continued)*

ii The calculation of ECLs (continued)

Provisions for ECLs for undrawn loan commitments are assessed as set out in Note 21.2.3 The calculation of ECLs (including the ECLs related to the undrawn element) of revolving facilities such as credit cards is explained below.

The mechanics of the ECL method are summarised below:

Stage 1
The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD which are derived as explained under Stage 3 for loans and using Global Credit Loss tables for traded investments and modified with management overlays when not traded.

Stage 2
When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The LGDs are derived as explained under Stage 3 for loans and using Global Credit Loss tables for traded investments and modified with management overlays when not traded.

Stage 3
For financial assets considered credit-impaired (as defined in Note 18.2), the Bank recognises the LTECLs for these loans and investments. The method is similar to that for Stage 2 assets, with the PD set at 100%.

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

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

In limited circumstances within the Bank, where portfolios were small and the products homogenous with minimal history of defaults, a simplified ECL approach was applied using historical loss rates and staged based on the sovereign rating of the residence of the loan.

High risk
The portfolio was assessed for exposure on highly volatile sectors against the backdrop of uncertain economic shocks and the lingering impact of the COVID-19 pandemic. Management considered the financial strength of these customers and the likelihood and timing of any eventual default. In this regard varing PDs and LGDs were ascribed. The other mechanics are similar to those described above. The ECL on the loans included in the high risk assessment is $1.12 million in stage 1 and $0.73 million in Stage 2.

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

g Impairment of financial assets *(continued)*

iii Credit cards, overdrafts and other revolving facilities

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

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

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

iv Treasury Bills, Statutory deposits with Central Bank and Due from banks

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

v Financial guarantees, letters of credit and undrawn loan commitments

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

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

vi Forward looking information

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

- Currency rates
- Gross Domestic Product (GDP) growth
- Unemployment rates
- Industry risk
- Real estate price trends
- Commodity price inflation rates

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

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

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

h Collateral valuation

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

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

i Collateral repossessed

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

j Write-offs

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

k Leases

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

Bank as a lessee

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

Right-of-use assets

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

Lease liabilities

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

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

k Leases *(continued)*

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

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

l Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation.

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

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

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

The depreciation rates used are as follows:

Leasehold premises	1%
Freehold premises	2%
Equipment, furniture and fittings	12.5% to 33.3%
Vehicles	20%

m Impairment of non-financial assets

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

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

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

m Impairment of non-financial assets *(continued)*

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

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

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

n Business combinations and goodwill

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

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

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

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

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

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

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

o Employee benefits/obligations

i Pension assets

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

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

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

a The date of the plan amendment or curtailment, and

b The date that the Bank recognises related restructuring costs

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

a Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

b Net interest expense or income

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

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

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

ii Other post-retirement obligations

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

iii Profit sharing scheme

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

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

p Taxation

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

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

Income tax payable on profits, based on the applicable tax law, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

q Statutory reserve

The Banking Act of Grenada (No. 45 of 2015) requires every licensed financial institution to maintain a reserve fund and shall, out of its net profits of each year transfer to that fund a sum equal to not less than twenty per cent of profits whenever the amount of the reserve fund is less than a hundred per cent of the paid-up or, or as the case may be, assigned capital of the licensed financial institution. This reserve is not available for distribution as dividends or for any other form of appropriation. Statutory reserves amounted to $26.7 million (2021: $24.2 million) at year end.

r Earnings per share

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

s Foreign currency translation

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

t Intangible assets

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

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

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

t Intangible assets *(continued)*

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

u Revenue recognition

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

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

The Effective Interest Rate (EIR) method

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

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

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through interest and similar income in the income statement.

Interest income and expense

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

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

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

u Revenue recognition *(continued)*

Fee and commission income

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

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

Dividends

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

v Fair value

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

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

i In the principal market for the asset or liability, or

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

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

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

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

Level 1

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

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

v Fair value *(continued)*

Level 2

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

Level 3

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

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

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

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

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

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

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

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

2 Significant Accounting Policies *(continued)*

2.5 Summary of significant accounting policies *(continued)*

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

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

x Equity reserves

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

Stated capital -	Ordinary stated capital is classified within equity and is recognised at the fair value of the consideration received by the Bank.
Statutory reserves -	Statutory reserves that qualify for treatment as equity are discussed in Note 2.5 (q).
General contingency reserve -	This represents the difference between regulatory provision requirements and specific provisions under IFRSs and is an appropriation of retained earnings.

3 Significant Accounting Judgements, Estimates and Assumptions

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

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

a Risk management – Note 18

b Capital management – Note 20

Estimates and assumptions

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

Impairment losses on financial assets – Note 4 and 5

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

3 Significant Accounting Judgements, Estimates and Assumptions *(continued)*

Estimates and assumptions *(continued)*

Impairment losses on financial assets – Note 4 and 5 (continued)

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

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

Other assumptions

Employee benefits/obligations – Note 9

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

Goodwill – Note 8

The Bank's financial statements include goodwill arising from acquisitions. In accordance with IFRS 3, goodwill was reviewed for impairment, as at September 30, 2022, using the 'value in use' method. This requires the use of estimates for determination of future cash flows expected to arise from each CGU and an appropriate perpetuity discount rate to calculate present value.

Deferred taxes – Note 10

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

Judgements

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

Premises and equipment – Note 6

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

Leases – Note 7

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

3 Significant Accounting Judgements, Estimates and Assumptions *(continued)*

Judgements *(continued)*

Leases – Note 7 (continued)

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

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

4 Advances

a Advances

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Credit Cards	Total
2022						
Performing advances	78,242	61,835	711,761	17,817	24,006	**893,661**
Non-performing advances	1,543	1,955	23,026	–	651	**27,175**
	79,785	63,790	734,787	17,817	24,657	**920,836**
Accrued interest	189	229	2,025	–	(60)	**2,383**
	79,974	64,019	736,812	17,817	24,597	**923,219**
Allowance for ECLs – Note 4 (b)	(2,984)	(1,745)	(12,466)	(92)	(1,413)	**(18,700)**
	76,990	62,274	724,346	17,725	23,184	**904,519**
Unearned loan origination fees	(468)	(365)	(2,176)	–	–	**(3,009)**
Net advances						**901,510**

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

4 Advances *(continued)*

a Advances *(continued)*

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Credit Cards	Total
2021						
Performing advances	79,353	45,585	677,969	18,619	28,883	**850,409**
Non-performing advances	1,963	2,244	24,108	–	–	**28,315**
	81,316	47,829	702,077	18,619	28,883	**878,724**
Accrued interest	449	202	6,573	46	304	**7,574**
	81,765	48,031	708,650	18,665	29,187	**886,298**
Allowance for ECLs – Note 4 (b)	(2,932)	(1,203)	(16,244)	(211)	(160)	**(20,750)**
	78,833	46,828	692,406	18,454	29,027	**865,548**
Unearned loan origination fees	(343)	(242)	(1,823)	–	–	**(2,408)**
Net advances						**863,140**

b ECL allowance for advances to customers

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

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Credit Cards	Total
2022						
Gross loans	79,974	64,019	736,812	17,817	24,597	**923,219**
Stage 1: 12 Month ECL	(2,441)	(543)	(8,207)	(25)	(507)	**(11,723)**
Stage 2: Lifetime ECL	(81)	(250)	(1,803)	(67)	(255)	**(2,456)**
Stage 3: Credit-impaired financial assets – Lifetime ECL	(462)	(952)	(2,456)	–	(651)	**(4,521)**
	76,990	**62,274**	**724,346**	**17,725**	**23,184**	**904,519**
Stage 1: 12 Month ECL						
ECL allowance as at October 1, 2021	2,173	290	10,530	146	160	**13,299**
ECL on new instruments issued during the year	476	350	809	–	–	**1,635**
Other credit loss movements, repayments etc.	(208)	(97)	(3,132)	(121)	347	**(3,211)**
As at September 30, 2022	**2,441**	**543**	**8,207**	**25**	**507**	**11,723**

4 Advances *(continued)*

b ECL allowance for advances to customers *(continued)*

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Credit Cards	Total
2022						
Stage 2: Lifetime ECL						
ECL allowance as at October 1, 2021	40	100	1,642	65	–	**1,847**
ECL on new instruments issued during the year	15	103	205	–	–	**323**
Other credit loss movements, repayments etc.	26	47	(44)	2	255	**286**
As at September 30, 2022	**81**	**250**	**1,803**	**67**	**255**	**2,456**
Stage 3: Credit-impaired financial assets – Lifetime ECL						
ECL allowance as at October 1, 2021	719	813	4,072	–	–	**5,604**
Charge-offs and write-offs	(326)	(304)	(371)	(479)	–	**(1,480)**
Credit loss expense	1,069	448	1,540	479	651	**4,187**
Recoveries	(1,000)	(5)	(2,785)	–	–	**(3,790)**
As at September 30, 2022	**462**	**952**	**2,456**	**–**	**651**	**4,521**
Total	**2,984**	**1,745**	**12,466**	**92**	**1,413**	**18,700**

Of the total ECL of $18.7 million, 75.82% was on a collective basis and 24.18% was on an individual basis.

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Credit Cards	Total
2021						
Gross loans	81,765	48,031	708,650	18,665	29,187	**886,298**
Stage 1: 12 Month ECL	(2,173)	(290)	(10,530)	(146)	(160)	**(13,299)**
Stage 2: Lifetime ECL	(40)	(100)	(1,642)	(65)	–	**(1,847)**
Stage 3: Credit-impaired financial assets – Lifetime ECL	(719)	(813)	(4,072)	–	–	**(5,604)**
	78,833	**46,828**	**692,406**	**18,454**	**29,027**	**865,548**

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

4 Advances *(continued)*

b ECL allowance for advances to customers *(continued)*

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Credit Cards	Total
2021						
Stage 1: 12 Month ECL						
ECL allowance as at October 1, 2020	504	225	3,685	93	516	**5,023**
ECL on new instruments issued during the year	612	88	864	–	–	**1,564**
Other credit loss movements, repayments etc.	1,057	(23)	5,981	53	(356)	**7,068**
As at September 30, 2021	**2,173**	**290**	**10,530**	**146**	**160**	**13,299**
Stage 2: Lifetime ECL						
ECL allowance as at October 1, 2020	743	386	5,431	197	781	**7,538**
ECL on new instruments issued during the year	8	37	184	–	–	**229**
Other credit loss movements, repayments etc.	(711)	(323)	(3,973)	(132)	(781)	**(5,920)**
As at September 30, 2021	**40**	**100**	**1,642**	**65**	**–**	**1,847**
Stage 3: Credit-impaired financial assets – Lifetime ECL						
ECL allowance as at October 1, 2021	11	210	3,787	–	–	**4,008**
Adjustment	397	79	(476)	–	–	**–**
Charge-offs and write-offs	(473)	–	(87)	–	(3,108)	**(3,668)**
Credit loss expense	1,559	551	1,242	–	3,108	**6,460**
Recoveries	(775)	(27)	(394)	–	–	**(1,196)**
As at September 30, 2021	**719**	**813**	**4,072**	**–**	**–**	**5,604**
Total	**2,932**	**1,203**	**16,244**	**211**	**160**	**20,750**

Of the Total ECL of $20.750 million, 72.99% was on a collective basis and 27.01% was on an individual basis.

4 Advances *(continued)*

c Restructured/Modified loans

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

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

Restructured loans are carefully monitored. Restructured large commercial and corporate loans are classified as Stage 2 and amounted to $148 million as at September 30, 2022, ($14 million as at September 30, 2021).

5 Investment Securities

		2022	2021
a	**Designated at fair value through profit or loss**		
	Equities	**696**	696
b	**Debt instruments at amortised cost**		
	Government securities	**3,316**	4,697
	State-owned company securities	**40,450**	24,388
	Corporate bonds	**274,335**	193,258
		318,101	222,343
	Total investment securities	**318,797**	**223,039**

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

5 Investment Securities *(continued)*

c Financial investment securities subject to impairment assessment

Debt instruments measured at amortised cost

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

	Stage 1 12 Month ECL	Stage 2 Lifetime ECL	Purchased or Originated Credit-impaired (POCI)	Total
2022				
Gross exposure	290,394	25,161	7,576	**323,131**
ECL	(303)	(467)	(4,260)	**(5,030)**
Net Exposure	**290,091**	**24,694**	**3,316**	**318,101**
ECL allowance as at October 1, 2021	270	207	4,434	**4,911**
ECL on new instruments issued during the year	177	156	–	**333**
Other credit loss movements, repayments and maturities	(144)	104	(174)	**(214)**
As at September 30, 2022	**303**	**467**	**4,260**	**5,030**
2021				
Gross exposure	209,412	8,711	9,131	**227,254**
ECL	(270)	(207)	(4,434)	**(4,911)**
Net Exposure	**209,142**	**8,504**	**4,697**	**222,343**
ECL allowance as at October 1, 2020	247	602	5,229	**6,078**
ECL on new instruments issued during the year	107	–	–	**107**
Other credit loss movements, repayments and maturities	(84)	(395)	(795)	**(1,274)**
As at September 30, 2021	**270**	**207**	**4,434**	**4,911**

d Designated at fair value through profit or loss

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

6 Premises and Equipment

	Capital Works in Progress	Freehold Premises	Leasehold Premises	Vehicles Equipment, Furniture and Fittings	Total
2022					
Cost					
At beginning of year	662	39,917	7,523	48,676	**96,778**
Work-in-progress written off	–	–	–	(8)	**(8)**
Additions at cost	3,570	–	–	859	**4,429**
Disposal of assets	–	–	–	(775)	**(775)**
Transfer of assets	(1,617)	196	–	1,421	**–**
	2,615	**40,113**	**7,523**	**50,173**	**100,424**
Accumulated depreciation					
At beginning of year	–	12,656	4,219	43,803	**60,678**
Charge for the year	–	826	52	1,840	**2,718**
Disposal of assets	–	–	–	(760)	**(760)**
	–	**13,482**	**4,271**	**44,883**	**62,636**
Net book value	**2,615**	**26,631**	**3,252**	**5,290**	**37,788**
2021					
Cost					
At beginning of year	316	39,712	7,490	47,763	**95,281**
Additions at cost	1,679	104	–	604	**2,387**
Disposal of assets	(66)	–	–	(824)	**(890)**
Transfer of assets	(1,267)	101	33	1,133	**–**
	662	**39,917**	**7,523**	**48,676**	**96,778**
Accumulated depreciation					
At beginning of year	–	11,853	4,161	42,686	**58,700**
Charge for the year	–	803	58	1,807	**2,668**
Disposal of assets	–	–	–	(690)	**(690)**
	–	**12,656**	**4,219**	**43,803**	**60,678**
Net book value	**662**	**27,261**	**3,304**	**4,873**	**36,100**

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

6 Premises and Equipment *(continued)*

Capital commitments

	2022	2021
Contracts for outstanding capital expenditure not provided for in the financial statements	**864**	88
Other capital expenditure authorised by the Directors but not yet contracted for	**6,374**	14,380

7 Right-of-use Assets and Lease Liabilities

a Right-of-use assets

	Leasehold Premises	
	2022	**2021**
Cost		
At beginning of year	**6,429**	4,566
Exchange and other adjustments	**(26)**	–
Additions at cost	**84**	1,863
	6,487	**6,429**
Accumulated depreciation		
At beginning of year	**2,354**	1,189
Charge for the year	**1,132**	1,165
	3,486	**2,354**
Net book value	**3,001**	**4,075**

Leasehold premises generally have lease terms between 3 and 15 years.

As at September 30, 2022, and 2021, all of the Bank's leases liabilities are classified as non-current.

b Lease liabilities

	Non-current	Total
2022		
At beginning of year	4,216	**4,216**
Additions at cost	84	**84**
Accretion of interest expense	307	**307**
Less: Principal payments	(1,308)	**(1,308)**
Disposal	(27)	**(27)**
	3,272	**3,272**

7 Right-of-use Assets and Lease Liabilities *(continued)*

b Lease liabilities *(continued)*

	Non-current	Total
2021		
At beginning of year	3,465	**3,465**
Additions at cost	1,863	**1,863**
Accretion of interest expense	274	**274**
Less: Principal payments	(1,386)	**(1,386)**
	4,216	**4,216**

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

Payments

Total rental payment of $1,308 for fiscal 2022 is fixed.

8 Intangible Assets

		2022	Restated 2021
a	Goodwill	**54,412**	54,412
b	Core deposits	**4,317**	5,429
		58,729	**59,841**
a	**Goodwill**		
	Goodwill on acquisition brought forward	**54,412**	51,297
	Prior year restatement Note 26	–	3,115
	Goodwill on acquisition carried forward	**54,412**	**54,412**

Goodwill arising from business combinations was primarily generated from the acquisitions of The Bank of Nova Scotia, Grenada branches.

Impairment testing of goodwill

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

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

8 Intangible Assets *(continued)*

a Goodwill *(continued)*

Impairment testing of goodwill *(continued)*

The impact of COVID-19 and the global economy exacerbated by the Ukraine/Russia war, has created uncertainty in the estimation of cash flow projections, discount rates and terminal growth rates. The goodwill impairment tests were conducted using sensitivity analysis, including a range of growth rates, interest rates, recovery assumptions, macroeconomic outlooks and discount rates for each entity in arriving at a probability-weighted expected cash flow projection.

b Core deposits

	2022	2021
Cost		
At beginning and end of year	**7,560**	7,560
Accumulated amortisation		
At beginning of year	**2,131**	1,019
Amortisation	**1,112**	1,112
	3,243	**2,131**
Net book value	**4,317**	**5,429**

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

9 Employee Benefits/Obligations

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

	Defined Benefit Pension Plan		**Post-retirement Medical and Group Life Obligations**	
	2022	**2021**	**2022**	**2021**
Present value of defined benefit obligation	**(27,054)**	(26,842)	**(4,539)**	(2,597)
Fair value of plan assets	**31,871**	31,574	**–**	–
Net asset/(liability) recognised in the Statement of Financial Position	**4,817**	**4,732**	**(4,539)**	**(2,597)**

9 Employee Benefits/Obligations *(continued)*

b Reconciliation of opening and closing Statement of Financial Position entries:

	Defined Benefit Pension Plan		Post-retirement Medical and Group Life Obligations	
	2022	2021	**2022**	2021
Opening defined benefit obligation	**4,732**	5,232	**(2,597)**	(2,416)
Net pension cost	**(329)**	(279)	**(504)**	(372)
Remeasurements recognised in other comprehensive income	**(713)**	(1,381)	**(1,510)**	150
Bank contributions	**1,127**	1,160	**–**	–
Premiums paid by the Bank	**–**	–	**72**	41
Closing defined benefit asset/(obligation)	**4,817**	**4,732**	**(4,539)**	**(2,597)**

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

	Defined Benefit Pension Plan		Post-retirement Medical and Group Life Obligations	
	2022	2021	**2022**	2021
Opening defined benefit obligation	**(26,842)**	(25,441)	**(2,597)**	(2,416)
Current service cost	**(640)**	(625)	**(325)**	(205)
Interest cost	**(1,820)**	(1,743)	**(179)**	(167)
Members' contributions	**(117)**	(122)	**–**	–
Remeasurements:				
– Experience adjustments	**659**	(4)	**(1,510)**	150
Benefits paid	**1,706**	1,093	**–**	–
Premiums paid by the Bank	**–**	–	**72**	41
Closing defined benefit obligation	**(27,054)**	**(26,842)**	**(4,539)**	**(2,597)**

d Liability profile

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

	Defined Benefit Pension Plan	Post-retirement Medical	Group Life Obligations
– Active members	65.00%	57.00%	48.00%
– Deferred members	4.00%	0.00%	0.00%
– Pensioners	31.00%	43.00%	52.00%

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

9 Employee Benefits/Obligations *(continued)*

d Liability profile *(continued)*

Pension

The weighted average duration of the defined benefit obligation as at September 30, 2022, was 12.8 years.

12% of the defined benefit obligation is defined contribution in nature.

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

40% of the defined benefit obligation for active members is conditional on future salary increases.

Medical

The weighted average duration of the defined benefit obligation as at September 30, 2022, was 16.3 years.

34% of the benefits for active members are vested.

Group Life

The weighted average duration of the defined benefit obligation as at September 30, 2022, was 14.0 years.

49% of the benefits for active members are vested.

18% of the defined benefit obligation for active members was conditional on future salary increases.

e Movement in Fair Value of Plan assets

	Defined Benefit Pension Plan	
	2022	**2021**
Fair value of plan assets at start of year	**31,574**	30,673
Interest income	**2,192**	2,151
Return on plan assets, excluding interest income	**(1,372)**	(1,377)
Bank contribution	**1,127**	1,160
Members' contributions	**117**	122
Benefits paid	**(1,706)**	(1,093)
Administrative expenses allowance	**(61)**	(62)
Fair value of plan assets at end of year	**31,871**	**31,574**
Actual return on plan assets	**820**	**774**

f Plan asset allocation as at September 30

	Defined Benefit Pension Plan			
	Fair Value		% Allocation	
	2022	**2021**	**2022**	**2021**
Regional equity securities	**212**	227	**1**	1
Debt securities	**5,608**	1,550	**18**	5
Other short term securities	**2,120**	2,129	**7**	7
Money market instruments/cash and cash equivalents	**23,931**	27,668	**75**	88
Total	**31,871**	**31,574**	**100**	**100**

9 Employee Benefits/Obligations *(continued)*

f Plan asset allocation as at September 30 *(continued)*

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

The regional equities held by the pension plan relates to Eastern Caribbean Financial Holdings and has a quoted price but the market is illiquid. Approximately 6% of the Plan's bond portfolio is made up of a bond issued by the Government of Grenada which was substantially impaired in 2013 and restructured in 2016.

g The amounts recognised in the Statement of Income are:

	Defined Benefit Pension Plan		Post-retirement Medical and Group Life Obligations	
	2022	2021	**2022**	2021
Current service cost	**(640)**	(625)	**(325)**	(205)
Net interest on net defined asset/(liability)	**372**	408	**(179)**	(167)
Administration expenses	**(61)**	(62)	**–**	–
Total included in staff costs	**(329)**	**(279)**	**(504)**	**(372)**

h Remeasurement recognised in other comprehensive income

	Defined Benefit Pension Plan		Post-retirement Medical and Group Life Obligations	
	2022	2021	**2022**	2021
Experience (losses)/gains	**(713)**	(1,381)	**(1,510)**	150
Total included in other comprehensive income	**(713)**	**(1,381)**	**(1,510)**	**150**

i Summary of principal actuarial assumptions as at September 30

	2022 %	**2021 %**
Discount rate	**7.00**	7.00
Rate of salary increase	**4.00**	4.00
Pension increases	**0.00**	0.00
Medical cost trend rates	**6.00**	6.00
NIS ceiling rates	**3.00**	3.00

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

9 Employee Benefits/Obligations *(continued)*

i Summary of principal actuarial assumptions as at September 30 *(continued)*

Assumptions regarding future mortality are based on published mortality rates. The life expectancies underlying the value of the defined benefit obligation as at September 30, 2022, are as follows:

	Defined Benefit Pension Plan		Post-retirement Medical and Group Life Obligations	
	2022	2021	**2022**	2021
Life expectancy at age 60 for current pensioner in years:				
Male	**21.8**	21.8	**21.9**	21.8
Female	**26.1**	26.1	**26.1**	26.1
Life expectancy at age 60 for current members age 40 in years:				
Male	**22.7**	22.7	**22.7**	22.7
Female	**27.0**	27.0	**27.1**	27.0

j Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at September 30, 2022, would have changed as a result of reasonable changes in key assumptions used.

	Defined Benefit Pension Plan		Post-retirement Medical and Group Life Obligations	
	1% p.a. Increase	1% p.a. Decrease	1% p.a. Increase	1% p.a. Decrease
– Discount rate	(2,921)	3,621	(631)	791
– Future salary increases	3,326	(2,490)	21	(20)
– Medical cost increases	–	–	666	(541)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at September 30, 2022, by $0.365 million and the post-retirement medical benefit by $0.129 million but decrease group life obligation by $0.059 million.

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

k Funding

The Bank meets the balance of the cost of funding the defined benefit pension plan. The funding requirements are based on regular actuarial valuations of the Plan made every three years and the assumptions used to determine the funding required may differ from those set out above. The Bank expects to pay $1.9 million to the pension plan in the 2023 financial year.

The Bank operates the post-retirement medical benefit plan as a self-insured arrangement administered by insurance brokers. Retirees meet 40% of the total premium due and the bank meets the remaining 60%. Assuming no change in premium the bank expects to pay $0.092 million in retirees medical premium in the 2023 financial year.

9 Employee Benefits/Obligations *(continued)*

k Funding *(continued)*

The Bank pays premiums to meet the cost of insuring the plan's benefits. Assuming no change in premium rates the Bank expects to pay premiums of around $0.019 million to the group life plan in the 2023 financial year.

10 Deferred Tax Assets and Liabilities

Components of deferred tax assets and liabilities

a Deferred tax assets

		Credit/(Charge)		
	Opening Balance	Statement of Income	Other Comprehensive Income	Closing Balance
	2021	2022	2022	2022
Post-retirement medical and group life obligation	727	**121**	**423**	**1,271**
Leased assets, net	52	**17**	**–**	**69**
IFRS 9 provision	4,241	**(272)**	**–**	**3,969**
	5,020	**(134)**	**423**	**5,309**

b Deferred tax liabilities

		(Credit)/Charge		
	Restated Opening Balance	Statement of Income	Other Comprehensive Income	Closing Balance
	2021	2022	2022	2022
Core deposits	1,521	**(311)**	**–**	**1,210**
Pension asset	1,323	**223**	**(200)**	**1,346**
Premises and equipment	48	**95**	**–**	**143**
	2,892	**7**	**(200)**	**2,699**

11 Other Assets

	2022	2021
Accounts receivable and prepayments	**9,368**	12,761

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

12 Customers' Current, Savings and Deposit Accounts

Concentration of customers' current, savings and deposit accounts

	2022	2021
State	**172,603**	154,023
Corporate and commercial	**226,451**	226,786
Personal	**1,148,240**	1,091,431
Other financial institutions	**68,365**	69,221
	1,615,659	**1,541,461**

13 Other Liabilities

	2022	2021
Accounts payable and accruals	**9,757**	8,660
Provision for profit sharing and salary increase	**867**	1,051
Other	**9,024**	3,366
	19,648	**13,077**

14 Stated Capital

	Number of Ordinary Shares ('000)			
	2022	2021	**2022**	2021
Authorised				
The Bank is authorised to issue an unlimited number of shares of no par value				
Issued and fully paid				
Beginning and end of year	**3,774**	**3,774**	**117,337**	**117,337**

15 Operating Profit

	2022	2021
a Interest income		
Advances	**55,844**	54,314
Investment securities	**6,057**	5,782
Liquid assets	**2,009**	2,029
	63,910	**62,125**

15 Operating Profit *(continued)*

		2022	2021
b	**Interest expense**		
	Customers' current, savings and deposit accounts	**18,747**	18,073
	Finance cost Lease liabilities – Note 7 (b)	**307**	274
		19,054	**18,347**
c	**Other income**		
	Fees and commission income	**7,688**	8,702
	Credit Card fees and commission (net)	**6,083**	2,742
	Net exchange trading income	**7,740**	6,438
	Dividends	**32**	50
	Gain from sales of premises and equipment	**93**	61
	Other operating income	**2,356**	3,485
		23,992	**21,478**
d	**Operating expenses**		
	Staff costs	**21,500**	20,911
	Employee benefits/obligations expense – Note 9 (g)	**833**	651
	General administrative expenses	**22,046**	18,002
	Loss from sales of premises and equipment	**2**	–
	Property related expenses	**4,603**	4,272
	Depreciation expense – Note 6	**2,718**	2,668
	Depreciation expense right-of-use assets – Note 7 (a)	**1,132**	1,165
	Intangible amortisation expense – Note 8 (b)	**1,112**	1,112
	Advertising and public relations expenses	**1,217**	1,285
	Directors' fees	**423**	422
		55,586	**50,486**

16 Credit Loss (Recovery)/Expense on Financial Assets

	Notes	2022	2021
Advances	4 (b)	**(570)**	7,849
Debt instrument measured at amortised cost	5 (c)	**119**	(1,167)
		(451)	**6,682**

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

17 Taxation Expense

	2022	2021
Corporation tax	**3,182**	1,742
Deferred tax charge/(credit)	**140**	(467)
	3,322	**1,275**

Reconciliation between taxation expense and accounting profit

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

	2022	2021
Net profit before taxation	**13,713**	8,086
Tax at applicable statutory tax rates (2022 and 2021 – 28%)	**3,840**	2,264
Tax effect of items that are adjustable in determining taxable profit:		
Tax exempt income	**(2,489)**	(3,419)
Items not allowable for tax purposes	**1,971**	2,430
	3,322	**1,275**

18 Risk Management

18.1 General

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

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

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

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

18 Risk Management *(continued)*

18.1 General *(continued)*

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

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

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

18.2 Credit risk

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

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

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

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

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

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

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

18 Risk Management *(continued)*

18.2 Credit risk *(continued)*

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

18.2.1 Analysis of risk concentration

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

	Gross Maximum Exposure	
	2022	**2021**
Statutory deposits with Central Banks	**96,297**	92,808
Due from banks	**330,889**	425,721
Treasury Bills	**131,962**	51,852
Investment interest receivable	**2,119**	1,998
Advances	**901,510**	863,140
Investment securities, net of equities	**318,101**	222,492
Total	**1,780,878**	**1,658,011**
Undrawn commitments	**213,694**	138,150
Guarantees and Indemnities	**30,879**	24,107
Letters of credit	**11,783**	10,580
Total	**256,356**	**172,837**
Total credit risk exposure	**2,037,234**	**1,830,848**

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

a Industry sectors

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

18 Risk Management *(continued)*

18.2 Credit risk *(continued)*

18.2.1 Analysis of risk concentration *(continued)*

a Industry sectors *(continued)*

	2022	2021
Government and Central Government Bodies	**162,836**	56,986
Financial sector	**616,268**	661,411
Energy and mining	**1,269**	19,561
Agriculture	**6,008**	6,466
Electricity and water	**8,841**	8,842
Transport storage and communication	**33,805**	17,544
Distribution	**105,346**	53,921
Real estate	**165,016**	211,851
Manufacturing	**21,445**	11,653
Construction	**349,602**	10,464
Hotel and restaurant	**44,658**	258,220
Personal	**446,582**	431,619
Other services	**75,558**	82,310
	2,037,234	**1,830,848**

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

b Geographical sectors

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

	2022	2021
Eastern Caribbean (excluding Grenada)	**379,058**	322,218
Barbados	**5,633**	9,078
Grenada	**1,112,577**	1,000,537
Trinidad and Tobago	**85,657**	99,914
United States	**265,532**	265,736
Other Countries	**188,777**	133,365
	2,037,234	**1,830,848**

18 Risk Management *(continued)*

18.2 Credit risk *(continued)*

18.2.2 Impairment Assessment

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

18.2.3 Default and Recovery

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

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

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

18.2.4 The Bank's internal rating and PD estimation process

Commercial and corporate lending and mortgages

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

Retail lending and mortgages

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

Overdrafts and credit cards

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

18 Risk Management *(continued)*

18.2 Credit risk *(continued)*

18.2.4 The Bank's internal rating and PD estimation process *(continued)*

Overdrafts and credit cards **(continued)**

Management judgementally applied overlays as required as there was no noted correlation between macroeconomic trends and historical default rates.

Investment securities

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

Treasury Bills and Due from banks

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

Financial guarantees, letters of credit and undrawn loan commitments

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

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

18.2.5 Significant increase in credit risk

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

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

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

18.2.6 Grouping financial assets measured on a collective basis

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

- All Stage 3 assets, regardless of the class of financial assets
- The Commercial and corporate lending and overdraft portfolio
- The Mortgage portfolio
- The Retail lending portfolio

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

18 Risk Management *(continued)*

18.2 Credit risk *(continued)*

18.2.6 Grouping financial assets measured on a collective basis *(continued)*

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

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

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

Advances

	2022 %	2021 %
Stage 1	**77.5**	86.9
Stage 2	**19.5**	9.9
Stage 3	**2.9**	3.2
	100.0	**100.0**

In response to the continuing impact of COVID-19 and the global economic uncertainty exacerbated by the Ukraine/Russia war, the Bank undertook a review of its loan portfolios, determining the high-risk sectors and the ECL for each. The review considered the macroeconomic outlook, customer credit quality, type and value of collateral held, exposure at default and the effect of payment deferral options as at the reporting date.

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

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Credit Cards	Total
2022						
Stage 1						
Gross loans	76,894	48,376	559,520	13,186	17,715	**715,691**
ECL	(2,441)	(543)	(8,207)	(25)	(507)	**(11,723)**
	74,453	**47,833**	**551,313**	**13,161**	**17,208**	**703,968**
ECL as a % of Gross loans	3.2	1.1	1.5	0.2	2.9	**1.6**
2021						
Stage 1						
Gross loans	78,444	38,929	607,271	16,008	29,170	769,822
ECL	(2,173)	(290)	(10,530)	(146)	(160)	(13,299)
	76,271	**38,639**	**596,741**	**15,862**	**29,010**	**756,523**
ECL as a % of Gross loans	2.8	0.7	1.7	0.9	0.5	**1.7**

18 Risk Management *(continued)*

18.2 Credit risk *(continued)*

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

The decrease in ECLs of Stage 1 portfolios was driven by a decrease in gross loans and the decrease in the overlay for mortgages.

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Credit Cards	Total
2022						
Stage 2						
Gross loans	1,537	13,688	154,266	4,631	6,231	**180,354**
ECL	(81)	(250)	(1,803)	(67)	(255)	**(2,456)**
	1,456	**13,438**	**152,463**	**4,564**	**5,976**	**177,898**
ECL as a % of Gross loans	5.3	1.8	1.2	1.4	4.1	**1.4**
2021						
Stage 2						
Gross loans	1,358	6,858	77,271	2,657	17	**88,161**
ECL	(40)	(100)	(1,642)	(65)	–	**(1,847)**
	1,318	**6,758**	**75,629**	**2,592**	**17**	**86,314**
ECL as a % of Gross loans	2.9	1.5	2.1	2.4	0.0	**2.1**

The increase in ECLs of Stage 2 portfolios was driven by the increase in the gross loan portfolio.

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Credit Cards	Total
2022						
Stage 3						
Gross loans	1,543	1,955	23,026	–	651	**27,174**
ECL	(462)	(952)	(2,456)	–	(651)	**(4,521)**
	1,081	**1,003**	**20,570**	**–**	**–**	**22,653**
ECL as a % of Gross loans	29.9	48.7	10.7	–	100.0	**16.6**

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

18 Risk Management *(continued)*

18.2 Credit risk *(continued)*

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

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Credit Cards	Total
2021						
Stage 3						
Gross loans	1,963	2,244	24,108	–	–	**28,315**
ECL	(719)	(813)	(4,072)	–	–	**(5,604)**
	1,244	**1,431**	**20,036**	**–**	**–**	**22,711**
ECL as a % of Gross loans	36.6	36.2	16.9	–	–	**19.8**

The decrease in ECLs of Stage 3 portfolios was driven by a decrease in the gross size of the portfolio.

Investment securities

	2022 %	2021 %
Stage 1	**89.9**	92.1
Stage 2	**7.8**	3.8
POCI	**2.3**	4.0
	100.0	**100.0**

	Stage 1	Stage 2	POCI	Total
2022				
Gross balance	290,394	25,161	7,576	**323,131**
ECL	(303)	(467)	(4,260)	**(5,030)**
	290,091	**24,694**	**3,316**	**318,101**
ECL as a % of Balance	0.1	1.9	56.2	**1.6**
2021				
Gross balance	209,412	8,711	9,131	**227,254**
ECL	(270)	(207)	(4,434)	**(4,911)**
	209,142	**8,504**	**4,697**	**222,343**
ECL as a % of Balance	0.1	2.4	48.6	**2.2**

The increase in ECLs was driven mainly by an increase in the gross portfolio.

18 Risk Management *(continued)*

18.3 Liquidity risk

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

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

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

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

18.3.1 Analysis of financial liabilities by remaining contractual maturities

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

Financial liabilities – on Consolidated Statement of Financial Position

	On Demand	Up to One Year	1 to 5 Years	Over 5 Years	Total
2022					
Customers' current, savings and deposit accounts	628,292	983,700	3,856	–	**1,615,848**
Due to banks	47,859	–	–	–	**47,859**
Lease liability	–	162	3,110	–	**3,272**
Other liabilities	19,625	–	–	23	**19,648**
Total undiscounted financial liabilities 2022	**695,776**	**983,862**	**6,966**	**23**	**1,686,627**

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

18 Risk Management *(continued)*

18.3 Liquidity risk *(continued)*

18.3.1 Analysis of financial liabilities by remaining contractual maturities *(continued)*

Financial liabilities – on Statement of Financial Position

	On Demand	Up to One Year	1 to 5 Years	Over 5 Years	Total
2021					
Customers' current, savings and deposit accounts	442,404	1,096,489	2,812	–	**1,541,705**
Due to banks	10,090	–	–	–	**10,090**
Lease liability	–	–	4,216	–	**4,216**
Other liabilities	13,047	–	–	23	**13,070**
Total undiscounted financial liabilities 2021	**465,541**	**1,096,489**	**7,028**	**23**	**1,569,081**

Financial liabilities – off Statement of Financial Position

	On Demand	Up to One Year	1 to 5 Years	Over 5 Years	Total
2022					
Guarantees and indemnities	943	17,541	12,394	–	**30,878**
Letters of Credit	68	11,715	–	–	**11,783**
Total	**1,011**	**29,256**	**12,394**	**–**	**42,661**
2021					
Guarantees and indemnities	1,002	11,437	11,668	–	**24,107**
Letters of Credit	680	9,900	–	–	**10,580**
Total	**1,682**	**21,337**	**11,668**	**–**	**34,687**

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

18.4 Market risk

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

18 Risk Management *(continued)*

18.4 Market risk *(continued)*

18.4.1 Interest rate risk

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

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

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

18.4.2 Currency risk

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

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

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

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

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

18 Risk Management *(continued)*

18.4 Market risk *(continued)*

18.4.2 Currency risk *(continued)*

	ECD	USD	TTD	Other	Total
2022					
Financial assets					
Cash	22,667	2,105	–	360	**25,132**
Statutory deposits with Central Bank	96,297	–	–	–	**96,297**
Due from banks	245,445	70,817	17,585	497	**334,344**
Treasury Bills	50,962	81,000	–	–	**131,962**
Investment interest receivable	262	1,857	–	–	**2,119**
Advances	763,391	138,118	–	–	**901,510**
Investment securities	3,611	315,186	–	–	**318,797**
Total financial assets	**1,182,636**	**609,083**	**17,585**	**857**	**1,810,162**
Financial liabilities					
Due to banks	28,956	18,901	–	2	**47,859**
Customers' current, savings and deposit accounts	1,399,640	215,524	–	495	**1,615,659**
Interest payable	182	7	–	–	**189**
Total financial liabilities	**1,428,778**	**234,431**	**–**	**497**	**1,663,707**
Net currency risk exposure		**374,651**	**17,585**	**360**	
Reasonably possible change in currency rate (%)		**1%**	**1%**	**1%**	
Effect on profit before tax		**3,747**	**176**	**4**	

18 Risk Management *(continued)*

18.4 Market risk *(continued)*

18.4.2 Currency risk *(continued)*

	ECD	USD	TTD	Other	Total
2021					
Financial assets					
Cash	19,155	1,722	–	519	**21,396**
Statutory deposits with Central Bank	92,808	–	–	–	**92,808**
Due from banks	194,260	189,983	38,837	2,641	**425,721**
Treasury Bills	51,852	–	–	–	**51,852**
Investment interest receivable	262	1,707	29	–	**1,998**
Advances	732,693	130,446	–	–	**863,140**
Investment securities	4,955	217,391	693	–	**223,039**
Total financial assets	**1,095,985**	**541,249**	**39,559**	**3,160**	**1,679,954**
Financial liabilities					
Due to banks	9,601	489	–	–	**10,090**
Customers' current, savings and deposit accounts	1,351,026	189,532	–	903	**1,541,461**
Interest payable	238	6	–	–	**244**
Total financial liabilities	**1,360,865**	**190,027**	**-**	**903**	**1,551,795**
Net currency risk exposure		**351,222**	**39,559**	**2,257**	
Reasonably possible change in currency rate (%)		**1%**	**1%**	**1%**	
Effect on profit before tax		**3,512**	**396**	**23**	

18.5 Operational risk

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

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

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

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

19 Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. A number of banking transactions are entered into with related parties in the normal course of business. These transactions are both secured and unsecured and were carried out on commercial terms and conditions, at market rates. As at September 30, 2022, and 2021, there were no allowances for impairment against related parties.

	2022	2021
Advances, investments and other assets		
Directors and key management personnel	**1,160**	1,290
Other related parties	**272,113**	228,422
	273,273	**229,712**
Deposits and other liabilities		
Directors and key management personnel	**3,532**	3,195
Other related parties	**143,090**	95,682
	146,621	**98,877**
Interest and other income		
Directors and key management personnel	**53**	57
Other related parties	**250**	253
	303	**310**
Interest and other expense		
Directors and key management personnel	**485**	471
Other related parties	**1,722**	793
	2,206	**1,264**

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

Key management compensation

	2022	2021
Short-term benefits	**1,170**	890
Post employment benefits	**48**	39
	1,218	**929**

20 Capital Management

For the purpose of the Bank's capital management, capital includes issued share capital and other equity reserves. The Bank's policy is to diversify its sources of capital, to allocate capital within the Bank efficiently and to maintain a prudent relationship between capital resources and the risk of its underlying business. Equity increased by $1.92 million to $230.729 million during the year under review. This was mainly as a result of profit after tax of $10.39 million for fiscal 2022, a decrease of $1.6 million in defined benefit reserve and dividend paid of $6.87 million.

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

Capital adequacy ratio

	2022 %	**2021 %**
Tier 1 Capital	**11.21**	15.15
Total Capital	**11.98**	16.21

At September 30, 2022, and 2021, the Bank exceeded the minimum levels required for adequately capitalised institutions.

21 Fair Value

21.1 Carrying values and fair values

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

	Carrying Value	**Fair Value**	**Unrecognised (Loss)/Gain**
2022			
Financial assets			
Cash, due from banks and Treasury Bills	487,983	487,972	(11)
Investment interest receivable	2,119	2,119	–
Advances	901,510	824,201	(77,309)
Investment securities	318,797	304,510	(14,287)
Financial liabilities			
Customers' current, savings and deposit accounts	1,615,659	1,566,174	49,485
Accrued interest payable	189	189	–
Total unrecognised change in unrealised fair value			**(42,122)**

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

21 Fair Value *(continued)*

21.1 Carrying values and fair values *(continued)*

	Carrying Value	Fair Value	Unrecognised (Loss)/Gain
2021			
Financial assets			
Cash, due from banks and Treasury Bills	487,983	498,968	–
Investment interest receivable	1,998	1,998	–
Advances	863,140	840,114	(23,026)
Investment securities	223,039	235,151	12,112
Financial liabilities			
Customers' current, savings and deposit accounts	1,541,461	1,553,888	(12,427)
Accrued interest payable	244	244	–
Total unrecognised change in unrealised fair value			**(23,341)**

21.2 Fair value and fair value hierarchies

21.2.1 Determination of fair value and fair value hierarchies

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

	Level 1	Level 2	Level 3	Total
2022				
Financial assets measured at fair value				
Investment securities	–	696	–	**696**
Financial assets for which fair value is disclosed				
Advances	–	–	824,201	**824,201**
Debt instruments at amortised cost	275,220	3,313	39,565	**318,098**
Financial liabilities for which fair value is disclosed				
Customers' current, savings and deposit accounts	–	–	1,566,174	**1,566,174**
	275,220	**4,009**	**2,429,940**	**2,709,169**

21 Fair Value *(continued)*

21.2 Fair value and fair value hierarchies *(continued)*

21.2.1 Determination of fair value and fair value hierarchies *(continued)*

	Level 1	Level 2	Level 3	Total
2021				
Financial assets measured at fair value				
Investment securities	–	696	–	**696**
Financial assets for which fair value is disclosed				
Advances	–	–	840,114	**840,114**
Debt instruments at amortised cost	229,052	5,403	–	**234,455**
Financial liabilities for which fair value is disclosed				
Customers' current, savings and deposit accounts	–	–	1,553,888	**1,553,888**
	229,052	**6,099**	**2,394,002**	**2,629,153**

21.2.2 Transfers between Level 1 and 2

For the year ended September 30, 2022, no assets were transferred between level 1 level 2 and level 3.

21.2.3 Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy as at September 30, 2022, are as shown below:

	Valuation Technique	Significant Unobservable Inputs	Range
Advances	Discounted Cash Flow Method	Growth rate for cash flows for subsequent years	3.5% - 16.00%
Customers' current, savings and deposit accounts	Discounted Cash Flow Method	Growth rate for cash flows for subsequent years	0.00% - 3.00%

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

22 Maturity Analysis of Assets and Liabilities

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

	Within One Year	After One Year	Total
2022			
ASSETS			
Cash	25,132	–	**25,132**
Statutory deposits with Central Bank	96,297	–	**96,297**
Due from banks	330,889	–	**330,889**
Treasury Bills	131,962	–	**131,962**
Investment interest receivable	2,119	–	**2,119**
Advances	40,463	861,047	**901,510**
Investment securities	146,514	172,283	**318,797**
Premises and equipment	3,117	34,671	**37,788**
Right-of-use assets	161	2,840	**3,001**
Intangible assets	–	58,729	**58,729**
Employee benefits	–	4,817	**4,817**
Deferred tax assets	–	5,309	**5,309**
Other assets	9,368	–	**9,368**
	786,022	**1,139,696**	**1,925,718**
LIABILITIES			
Due to banks	47,859	–	**47,859**
Customers' current, savings and deposit accounts	846,888	768,771	**1,615,659**
Lease liabilities	170	3,102	**3,272**
Employee obligations	–	4,539	**4,539**
Taxation payable	1,124	–	**1,124**
Deferred tax liabilities	–	2,699	**2,699**
Accrued interest payable	104	85	**189**
Other liabilities	19,625	23	**19,648**
	915,770	**779,219**	**1,694,989**

22 Maturity Analysis of Assets and Liabilities *(continued)*

	Within One Year	After One Year	Total
2021			
ASSETS			
Cash	21,396	–	**21,396**
Statutory deposits with Central Bank	92,808	–	**92,808**
Due from banks	425,721	–	**425,721**
Treasury Bills	51,852	–	**51,852**
Investment interest receivable	1,998	–	**1,998**
Advances	77,530	785,610	**863,140**
Investment securities	137,883	85,156	**223,039**
Premises and equipment	984	35,116	**36,100**
Right-of-use assets	635	3,440	**4,075**
Intangible assets	–	56,726	**56,726**
Employee benefits	–	4,732	**4,732**
Deferred tax assets	–	5,020	**5,020**
Taxation recoverable	900		**900**
Other assets	12,761	–	**12,761**
	824,468	**975,800**	**1,800,268**
LIABILITIES			
Due to banks	10,090	–	**10,090**
Customers' current, savings and deposit accounts	1,538,657	2,804	**1,541,461**
Lease liabilities	–	4,216	**4,216**
Employee obligations	–	2,597	**2,597**
Deferred tax liabilities	–	1,371	**1,371**
Accrued interest payable	236	8	**244**
Other liabilities	13,054	23	**13,077**
	1,562,037	**11,019**	**1,573,056**

23 Dividends Paid and Proposed

	2022	2021
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2021: $0.72	**2,717**	–
Interim dividend for 2022: $1.10	**4,152**	–
Total dividends paid	**6,869**	**–**

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

23 Dividends Paid and Proposed *(continued)*

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

	2022	**2021**
Equity dividends on ordinary shares:		
Final dividend for 2022: $0.30 (2021: $0.72)	**1,132**	2,717

24 Contingent Liabilities, Commitments and Leasing Arrangements

a Litigation

As at September 30, 2022, there were certain legal proceedings outstanding against the Bank. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise or that it would be premature at this stage of the action to determine the eventuality.

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

	2022	**2021**
Guarantees and indemnities	**30,879**	24,107
Letters of credit	**11,783**	10,580
	42,662	**34,687**

c Sectoral information

Corporate and commercial	**42,662**	34,687
	42,662	**34,687**

25 Segmental Information

As at September 30, 2022 and 2021, the Bank's entire operations are in the retail and commercial banking class of business in Grenada.

26 Prior Year Restatements

The financial statements for the years ended September 30, 2021, and 2020, excluded the following: -

1 Deferred tax relating to core deposit intangibles

2 The impact on the carrying value of goodwill relating to deferred tax on ECL on Stage 1 and Stage 2 loans as well as depreciation, arising from the acquisition of The Bank of Nova Scotia Grenada branches on November 1, 2019.

These errors were corrected in 2022, in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) and presented in accordance with IAS 1 (Presentation of Financial Statements).

26 Prior Year Restatements *(continued)*

The impact of these corrections to the Statement of Financial Position for the prior period are as follows:

	As previously stated 2021	Adjustments 2021	Restated 2021
Intangible assets	56,726	3,115	59,841
Deferred tax liabilities	1,371	1,520	2,891
Retained earnings	85,697	1,595	87,292

MANAGEMENT PROXY CIRCULAR

The Companies Act, 1994, Section 141

1 Name of Company

Republic Bank (Grenada) Limited Company No: 46 of 1979-822

2 Particulars of Meeting

Thirty-ninth Annual Meeting of Republic Bank (Grenada) Limited to be held at the St. Andrew's Conference Room, Spice Island Beach Resort, Grand Anse, St. George, Grenada, on Wednesday, March 1, 2023, at 3:30 p.m.

3 Solicitation

It is intended to vote the Proxy hereby solicited by the Management of the Company (unless the Shareholder directs otherwise) in favour of all resolutions specified in the Proxy Form sent to the Shareholders with this Circular and in the absence of a specific direction, in the discretion of the proxy-holder in respect of any other resolution.

4 Any Director's Statement Submitted Pursuant to Section 74(2)

No statement has been received from any Director pursuant to section 74(2) of the Companies Act, 1994.

5 Any Auditor's Statement Submitted Pursuant to Section 170(1)

No statement has been received from the Auditors of the Company pursuant to Section 170(1) of the Companies Act, 1994.

6 Any Shareholder's Proposal Submitted Pursuant to Sections 114(A) And 115(2)

No proposal has been received from any Shareholder pursuant to Sections 114(A) and 115(2) of the Companies Act, 1994.

Date	Name and Title	Signature
January 30, 2023	**Andrea M. De Matas** Corporate Secretary Republic Bank (Grenada) Limited	

FORM OF PROXY

The Companies Act 1994, Section 141 Company No: 46 of 1979-822

Name of Company

Republic Bank (Grenada) Limited

A Subsidiary of Republic Financial Holdings Limited

Particulars of Meeting

The Thirty-ninth Annual Meeting of the Shareholders of the Company ("the Meeting") to be held at the St. Andrew's Conference Room, Spice Island Beach Resort, Grand Anse, St. George, Grenada, on Wednesday, March 1, 2023, at 3:30 p.m.

I/We being a member/members of Republic Bank (Grenada) Limited, hereby appoint Gregory I. Thomson, or failing him, Naomi E. De Allie, Directors of the Company or ______________________________
(Block Letters)

of ______________________________
(Block Letters)

as my/our proxy to vote for me/us on my/our behalf as indicated below on the Resolutions to be proposed at the Annual Meeting of the Company, to be held on March 1, 2023, and at any adjournment thereof.

Dated this ______________ day of ______________ 2023

Name ______________ (Block Letters) Signature ______________

Name ______________ (Block Letters) Signature ______________

Please indicate with an 'X' in the spaces below how you wish your proxy to vote on the Resolutions referred to. If no such indication is given, the proxy will exercise his discretion as to how he votes or whether he abstains from voting.

Resolutions	For	Against
IT IS RESOLVED THAT:		
1 The Audited Financial Statements of the Company for the year ended September 30, 2022 and Reports of the Directors and Auditors thereon be and are hereby received.		
2 a The Directors to be elected be elected en bloc;		
b Carlene Seudat, be and is hereby elected Director to fill the vacancy created by the resignation of Mr. Parasram Salickram for a term expiring at the close of the third annual meeting following this appointment.		
c Karen Yip Chuck, Leslie Ann Seon and Richard Lewis be and are hereby elected Directors for a term expiring at the close of the third annual meeting following this appointment.		
3 EY be re-appointed Auditors, and the Directors be authorised to fix their remuneration		

Notes

1 If it is desired by the Shareholder/s to appoint a proxy other than the named Directors, the necessary deletions must be made and initialled and the name inserted in the space provided.

2 In the case of joint holders, the signature of any holder is sufficient but the names of all joint holders must be stated.

3 If the shareholder is a Corporation, this form must be under its Common Seal or under the name of an Officer of the Corporation duly authorised in this behalf.

4 If this Proxy Form has been signed under a power of attorney, a copy of the power of attorney under which it was signed (if not previously provided to the Secretary), and a signed certificate of non-revocation of the power of attorney must accompany this Proxy Form.

5 The Company may be entitled to reject the proxy form if it is incomplete, improperly completed or illegible or where the true intention of the Shareholder/s is not ascertainable from the instructions of the Shareholder specified in the Proxy Form.

6 To be valid, this form must be completed and deposited with the Secretary, Republic Bank (Grenada) Limited, at Republic House, Grand Anse, St. George, Grenada or emailed to Hillary.L.McLeish-Barclay@rfhl.com at least 48 hours before the time appointed for holding the Meeting or adjourning the Meeting.

7 Electronic Shareholder communications – If you received the Notice of the Annual General Meeting and Proxy Form by mail and wish to receive your future shareholder communications by email, please provide your email address below.

Email address ______________________________
(Block Letters)

Return to:
Corporate Secretary
Republic Bank (Grenada) Limited
P.O. Box 857
Grand Anse
St. George
GRENADA, WEST INDIES

republicgrenada.com

rbgdinfo@rfhl.com

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