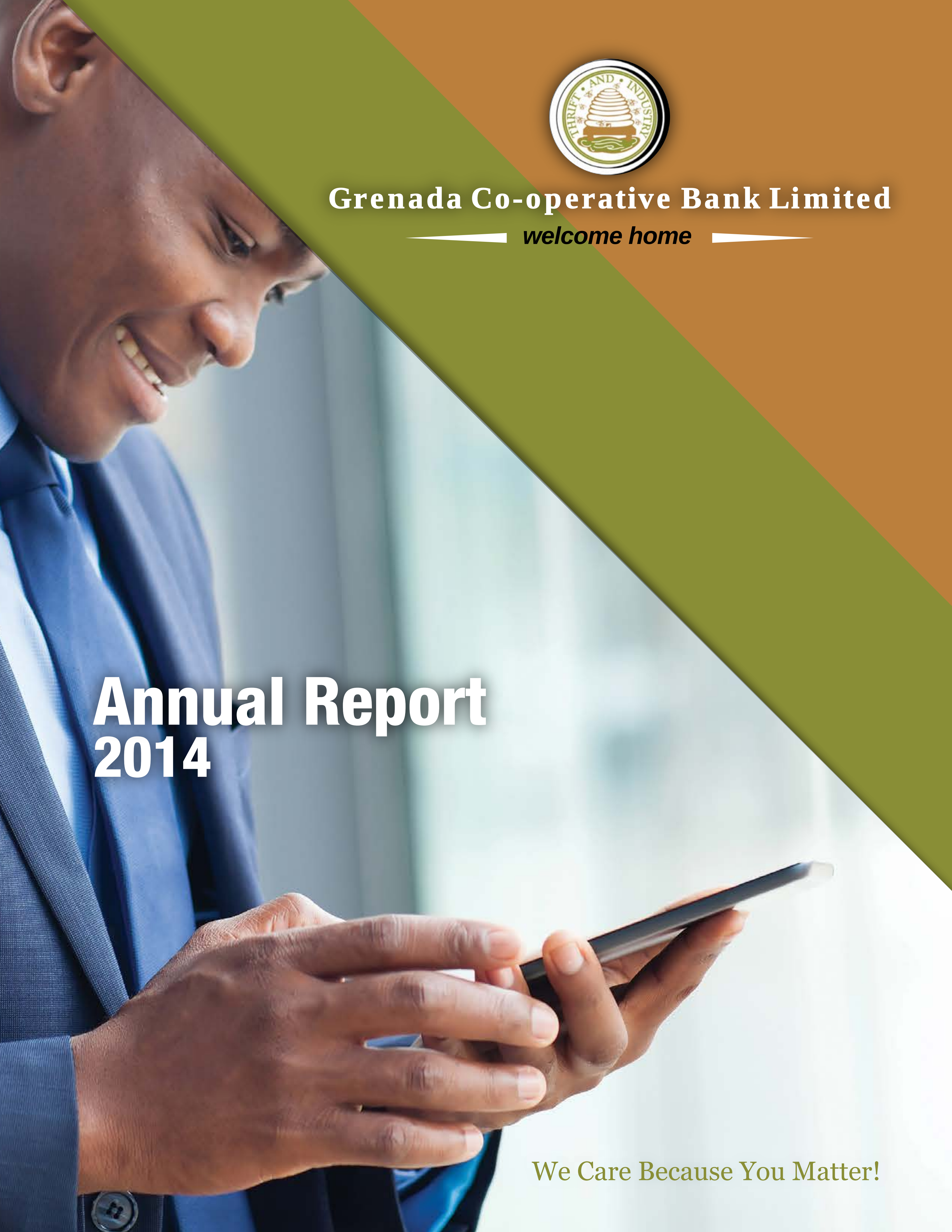


Grenada Co-operative Bank Limited

welcome home

Annual Report 2014

We Care Because You Matter!

Mission Statement

"To be the leading Grenadian Provider of High Quality Financial and Related Services to Individuals and Organizations in Local and International Markets, Maximizing Benefits for all Stakeholders."

CONTENT
2014 Annual Report

Corporate Information

DIRECTORS:

Derick Steele, *Acc. Dir.* – Chairman
Gordon V. Steele, *O.B.E.* – Deputy Chairman
Richard W. Duncan, *B.Sc., M.A., FCGA, AICB, Acc. Dir.*
Richard Mc Intyre, *Acc. Dir.*
Leslie Ramdhanny, *B.Sc., Acc. Dir.*
Lisa Taylor, *B.A. (Hons.), LL.B (Hons.), Acc. Dir.*
Darryl Brathwaite, *Acc. Dir.*
Ambrose Phillip, *B.Sc., M.Sc., Acc. Dir.*
Alfred Logie, *Lic., Acc. Dir.*

CORPORATE SECRETARY:

Richard W. Duncan, *B.Sc., M.A., FCGA, AICB, Acc. Dir.*

AUDITORS:

Messrs. PKF, Accountant & Business Advisers

SOLICITORS:

Messrs. Lewis & Renwick
Veritas Legal
Ciboney Chambers
Law Office of Alban M. John

LOCATIONS:

HEAD OFFICE
#8 Church Street
St. George's, Grenada, W.I.
Tel: (473) 440-2111/3549
Fax: (473) 440-6600
Swift Address: GROAGDGD
Email: info@grenadaco-opbank.com
Website: www.grenadaco-opbank.com
fb.com/Grenada.Cooperative.Bank.Limitied

ST. GEORGE'S
#14 Church Street
St. George's, Grenada, W.I.
Tel: (473) 440-2111/3549
Fax: (473) 435-9621

GRENVILLE
Victoria Street
Grenville, St. Andrew
Tel: (473) 442-7748/7708
Fax: (473) 442-8400

SAUTEURS
Main Street
Sauteurs, St. Patrick
Tel: (473) 442-9247/9248
Fax: (473) 442-9888

SPICELAND MALL
Morne Rouge
St. George
Tel: (473) 439-0778
Fax: (473) 439-0776

CAMBIO
Maurice Bishop International Airport
Tel: (473) 440-2111 Ext. 6357

CARRIACOU
Main Street
Hillsborough
Tel: (473) 443-6385/8424
Fax: (473) 443-8184

Correspondent Banking Relationship

CANADIAN CURRENCY TRANSFERS:
BANK: Bank of Montreal
BANK'S ADDRESS: The International Branch, Toronto, Canada
SWIFT ADDRESS: BOFMCAT2
ACCOUNT NO.: 1019198
TRANSIT #:31442 001

ECD CURRENCY TRANSFERS:
BANK: St. Kitts-Nevis-Anguilla National Bank
BANK'S ADDRESS: P.O. Box 343, Basseterre, St. Kitts, W.I.
SWIFT ADDRESS: KNANKNSK
ACCOUNT NO.:24673

GBP/ EUR CURRENCY TRANSFERS:
BANK: Lloyds TSB
BANK'S ADDRESS: UK International Services, London, UK
SWIFT ADDRESS: LOYDGB2L
ACCOUNT NO.:GBP 01017544
EUR 86161549
SORT CODE: 30-96-34

USD CURRENCY TRANSFERS:
BANK: Bank of America
BANK'S ADDRESS: Miami, FL
SWIFT ADDRESS: BOFAUS3M
ACCOUNT NO.:1901964767
ABA #:026009593

TTD CURRENCY TRANSFERS:
BANK: Royal Bank of Trinidad & Tobago
BANK'S ADDRESS: P.O. Box 287, 3B Chancery Lane, Port of Spain, Trinidad & Tobago
SWIFT ADDRESS: RBTTTTPX
ACCOUNT NO.: 8811022477

BBD CURRENCY TRANSFERS:
BANK: Republic Bank (Barbados) Limited
BANK'S ADDRESS: No.1 Broad Street, Bridgetown, Barbados
SWIFT ADDRESS: BNBABBBB
ACCOUNT NO.:0229297

Associations

Caribbean Association of Banks
Grenada Bankers Association

Notice of Annual Meeting

Notice is hereby given that the eighty second Annual Meeting of the Bank will be held at the National Stadium's South Conference Room, River Road, St. George's, on Thursday January 29, 2015 at 4:45pm.

AGENDA

1. To receive the audited financial statements for the year ended September 30, 2014, together with the Chairman's Review and Managing Director's Report thereon.
2. To announce a dividend
3. To elect Directors.
4. To appoint auditors for the ensuing year. (Messrs. PKF is due to retire and is eligible for re-appointment).
5. To discuss any other business that may be given consideration at an annual meeting.

By order of the Board of Directors

Richard W. Duncan
Corporate Secretary
December 4, 2014

Chairman's Review

Board of Directors

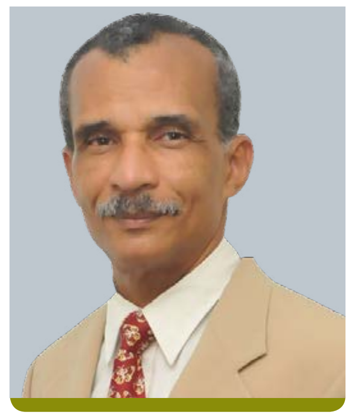
DERICK STEELE,
Acc. Dir.
Chairman

GORDON V. STEELE,
O.B.E., Acc. Dir.
Deputy Chairman

RICHARD W. DUNCAN,
B.Sc., M.A., FCGA, AICB, Acc. Dir.
Managing Director/Corporate Secretary

LISA TAYLOR,
B.A. (Hons.), LL.B (Hons.), Acc. Dir.

LESLIE RAMDHANNY,
B.Sc., Acc. Dir.



DARRYL BRATHWAITE,
Acc. Dir.

RICHARD MC INTYRE,
Acc. Dir.

AMBROSE PHILLIP,
B.Sc., M.Sc., Acc. Dir.

ALFRED LOGIE,
Lic., Acc. Dir.

Chairman's Review

Mr. Derick Steele,
Acc. Dir.,
Chairman

THE ECONOMIC ENVIRONMENT

Despite the persistent challenging economic conditions, most, if not all member countries of the Eastern Caribbean Currency Union (ECCU) are expected to record modest growth in 2014. This tentative outlook is mainly as a result of the Global economic recovery fuelled by the expected improved performances of the World's larger economies: the United States, China, Canada and Europe.

Grenada's economy remains plagued by high unemployment levels, weak productive sectors and high public debt. Preliminary data indicates that the economy is expected to grow at a rate of 2.59% in 2014, compared to 3.14% last year (2013). The growth for 2015 is projected to be at 1.95%.

The performance of the domestic economy was propelled primarily by growth in the Agricultural sector, the Private Education Services sector (mainly St. George's University), the Communications & Transport sector and the Tourism sector.

These and other early results suggest, that Grenada, which is in its first year of a Structural Adjustment Programme, is on the right path to achieving the aims of the programme, that is, sustainable economic growth and development.

The key areas of focus for our economy continues to be achieving fiscal and debt sustainability, job creation, poverty reduction and growth.

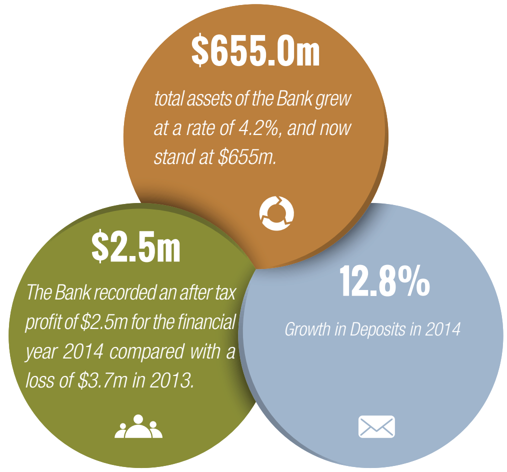
THE BANKING & FINANCIAL SERVICES ENVIRONMENT

Since the Global economic crisis, which began in 2008, the Banking sector has been experiencing declining loan portfolios, rising liquidity and growth in non-performing loans. These developments coincided with several changes in the global financial landscape resulting in significant increases to the regulatory and compliance costs of Banks. Consequently, Banks have been restructuring their operations and business models in order to adapt to the changing environment.

The Sector experienced significant growth in Deposits of 5.5% in 2014; this growth was funded primarily through domestic deposits. On the other hand, Loans and Advances showed a marked contraction of 5.7% year-on-year to August 2014.

Indicator	Aug 2014 (000) in $EC	Aug 2013 (000) in $EC	% Change
Deposits	2,542,962	2,411,381	5.5%
Loans & Advances	1,807,156	1,916,522	-5.7%

Source: The Eastern Caribbean Central Bank



BANK'S PERFORMANCE

Though the financial challenges remained un-abated in 2014, Grenada Co-operative Bank Limited maintains its proactive stance in respect of impaired loans and advances, and loan delinquency management. The Bank made significant strides in containing the rise of our non-performing loans for 2014. In keeping with the requirements of the International Accounting Standards and the Guidelines of the Eastern Caribbean Central Bank, Co-op Bank has written-off $3.3m of Non-Performing Loans and Advances and made loan loss provisions of $4.3 m. As a consequence, the Bank recorded an after tax profit of $2.5m for the financial year 2014 compared with a loss of $3.7m in 2013.

The Bank's capital remains strong. Our Capital Adequacy Ratios and Solvency Ratio are above regulatory requirements. The Capital Adequacy Ratio should not be less than 8%. Our ratio is at 10%. Similarly, the Solvency Ratio should not be less than 5%. Our ratio currently stands at 7%. Both show favourable positions.

In addition to remaining adequately capitalized, total assets of the Bank grew at a rate of 4.2%, and now stand at $655.0m. Like the current trends in the Sector, the Bank's Loans and Advances fell, from $434.1m to $416.0m or by 4% in 2014. The growth in assets was mainly due to the build up in liquidity, where the Bank's Cash and Cash equivalents increased to $132m from $78m or by 70%. Customers' deposits increased to $601.1m, from $533.0m - an increase of 12.8%, compared to a 5.5% growth in 2013.

Additionally, the Bank's non-financial fundamentals remain fairly strong. Grenada Co-operative Bank Limited leads the financial sector in respect of the level of patronage (60%) it enjoys from households. Further, the Bank's Customer Satisfaction Rating is the highest in the commercial banking sector at 4.4 on a scale of 1-5 or 88% according to the annual independent Household Omnibus Survey conducted by Jude Bernard and Associates.

FUTURE PROSPECTS

As we forge on in anticipation of several more challenging years, the Bank remains both cautious and resolute in facing the challenges and opportunities of the economy. The Bank holds a positive outlook of Grenada's continued recovery and growth potential, as well as its own capacity to profitably grow all avenues of business.

Our key areas of focus will remain as follows:

- Delivering a high level of customer service experience
- Containing and reducing the non-performing loans portfolio
- Cost reduction and recovery
- Revenue diversification
- Quality portfolio growth

CORPORATE GOVERNANCE

Director Training and Development
As part of our plan to continue strengthening Directors' competence and ensure that they possess the requisite expertise to provide adequate oversight of the Bank, internal training sessions were conducted for Directors on Financial Statements Analysis and Anti-Money Laundering and Counter Terrorism Financing.

Members of the Audit & Risk Management Committee attended the Annual Meeting and Conference of the Caribbean Association of Audit Committee Members.

Strategic Planning
In an effort to ensure that the Bank's vision and goals are clearly defined and communicated throughout the organisation, the Board of Directors and the Executive Management team engaged in its Annual Strategic Planning Retreat. The output was a revised Strategic Plan for the Bank for the period 2015-2017.

Board Meetings
Sixteen (16) Board meetings were convened in 2014. The participation rate of Directors was 92%. Non-participation was due mainly to ill-health. Board meetings served as the main forum at which Executives and Directors shared information and deliberated on the Bank's performance, plans and policies. The various sub-committees of the Board met with regularity, in accordance with their Charter, and carried out their regular duties and special assignments as mandated by the full Board.

DIRECTORS' INTEREST

The table below shows the shareholdings of Directors, as at September 30th 2014, with comparisons to the previous year.

Director	Title	No. of Shares 2014	No. of Shares 2013	Change
Derick Steele	Chairman	278,088	278,088	-
Gordon V. Steele	Deputy Chairman	208,970	182,970	26,000
Richard W. Duncan	Corporate Secretary	15,500	15,500	-
Ambrose Phillip	Director	5,000	5,000	-
Richard Mc Intyre	Director	9,000	9,000	-
Lisa Taylor	Director	2,000	2,000	-
Leslie Ramdhanny	Director	15,000	15,000	-
Darryl Brathwaite	Director	3,857	3,857	-
Alfred Logie	Director	2,000	0	2,000

CHANGES TO THE BOARD

There were no changes to the Board of Directors in the past year.

DIVIDEND POLICY

In light of the challenges facing the Bank, the Financial Services Sector, and the economy, the Board has adopted a more conservative dividends policy.

Given our return to profitability, the Board of Directors declared a dividend of $0.08 per share for the 2014 financial year.

The Annexed statement of changes in equity shows that:	**$**
The Net profit for the year amounts to	2,479,786
To which has been added from Retained earnings at the beginning of the year	1,469,104
	3,948,890
Transferred to Statutory reserves	(495,957)
Transferred to General reserves	(61,995)
Retained Earnings as at September 30, 2014	**3,390,938**

ACKNOWLEDGEMENTS

The Directors have consistently demonstrated their commitment to the effective oversight of the Bank's activities, and 2014 was no exception. Their relentless support and enthusiasm have been essential in responding to the challenges presented by the global financial and economic crises. I therefore would like to convey my sincerest appreciation and gratitude to my colleague Directors for their efforts in ensuring the Bank's sustained progress.

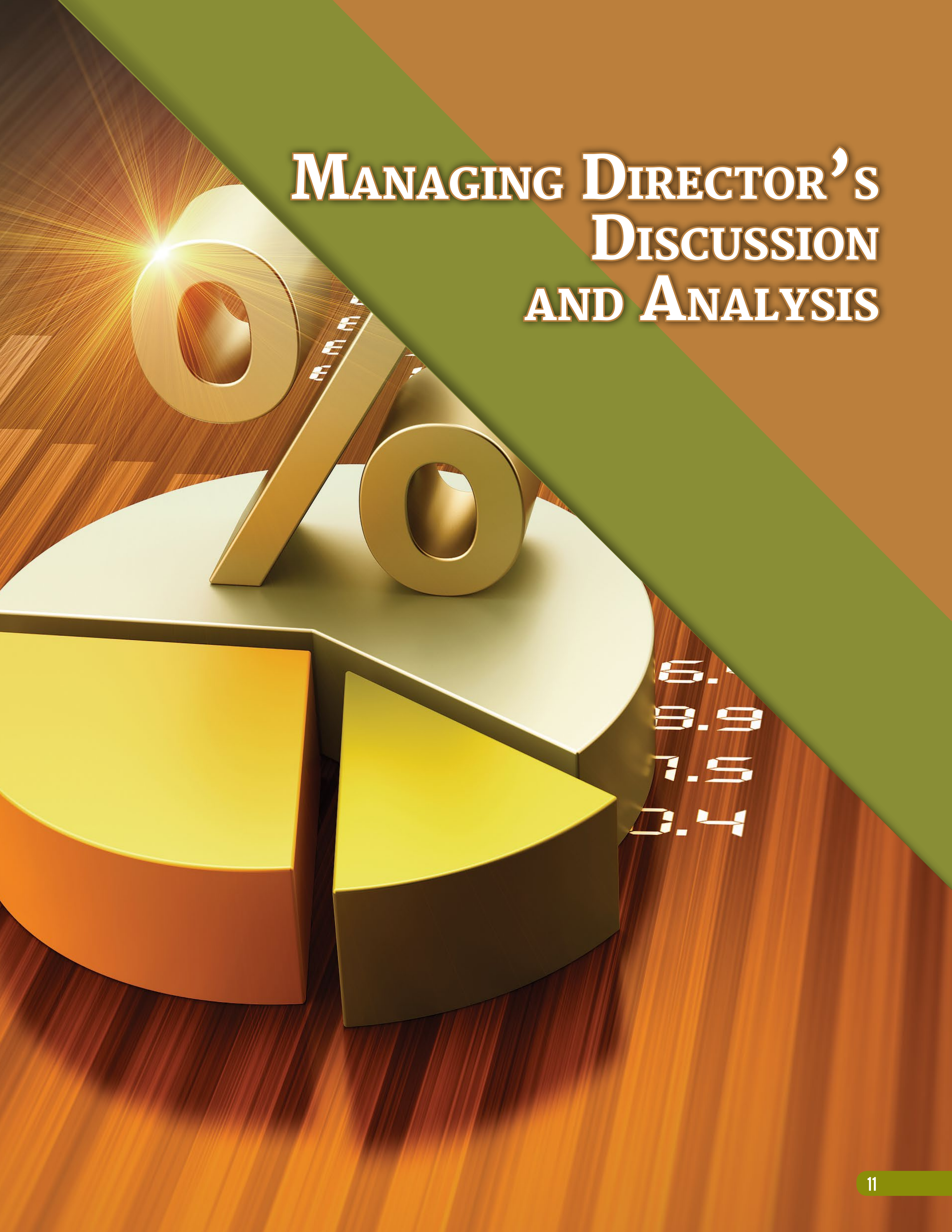
The overall performance of the Bank in the face of ever aggressive competition and the economic and financial challenges would not have been possible without strong teamwork, dedication to duty and the will to succeed among Management and Staff alike.

Therefore, on behalf of the Board of Directors, I extend my sincerest appreciation to you all.

Finally, to all our valued customers and shareholders, I express my heartfelt thanks for your continued patronage and support for the Bank.

Derick Steele, Acc. Dir.
Chairman
December 4, 2014

Managing Director's Discussion and Analysis



Executive Team

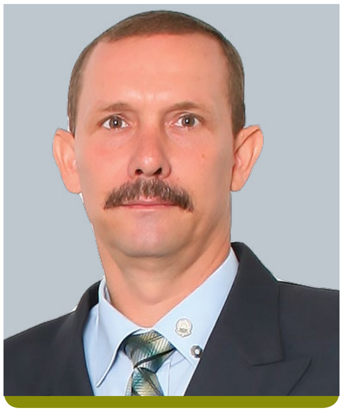
RICHARD W. DUNCAN,
B.Sc., M.A., FCGA, AICB, Acc. Dir.
Managing Director

DEON MOSES,
B.Sc., M.BA., FICB
Chief Operating Officer

AARON LOGIE,
FCCA, MBA
Executive Manager, Finance

JULIA G. LAWRENCE,
B.S., MBA-IBF
Chief Audit & Risk Management Executive

MONDELLE SQUIRES-FRANCIS,
B.Sc
Executive Manager, Customer Care



FLOYD DOWDEN,
AICB, AML/CA, MBA-IB
Executive Manager, Operations & Administration

NADIA FRANCIS-SANDY,
B.Sc., M.Sc.
Executive Manager, Corporate & Commercial Banking

WILLVORN GRAINGER,
CRU, Dip.
Executive Manager, Retail Banking

Bank's Review and Financial Performance

Mr. Richard W. Duncan,
B.Sc., M.A., FCGA, AICB, Acc. Dir.,
Managing Director

OVERVIEW

The economic conditions continued to be very challenging for the Bank in the fiscal year 2014. Despite these challenges, the Bank experienced an improvement in its performance, reporting a profit after tax of $2.5m in contrast to a loss of ($3.7m) in 2013. $4.3m was charged to credit impairment for 2014. This is a slight reduction from the $4.6m charged to credit impairment in 2013. Despite the economic challenges, the Bank witnessed an increase in net interest income, a fall in interest expense and in administrative expenses. These improvements have resulted in a net profit exceeding the budgeted target.

INCOME

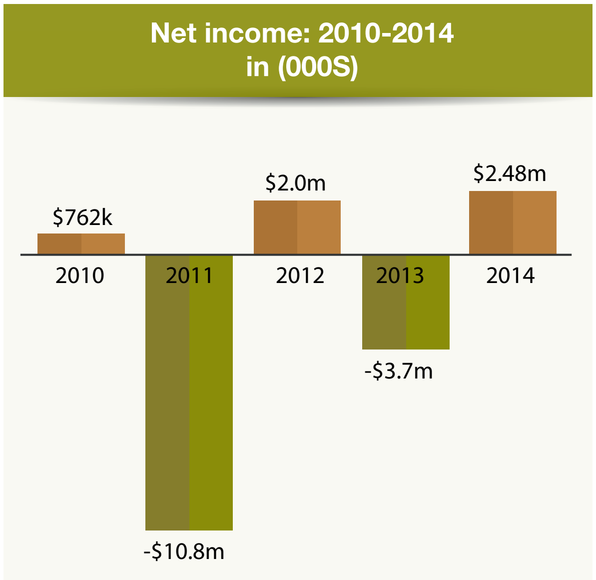
Operating income, which comprises of net interest income and other income, was recorded at $28.1m for the year, an increase of $2.1m or 8% over 2013. Interest income from loans grew slightly by $0.6m or 2% over 2013, despite the reduction in the loans portfolio.

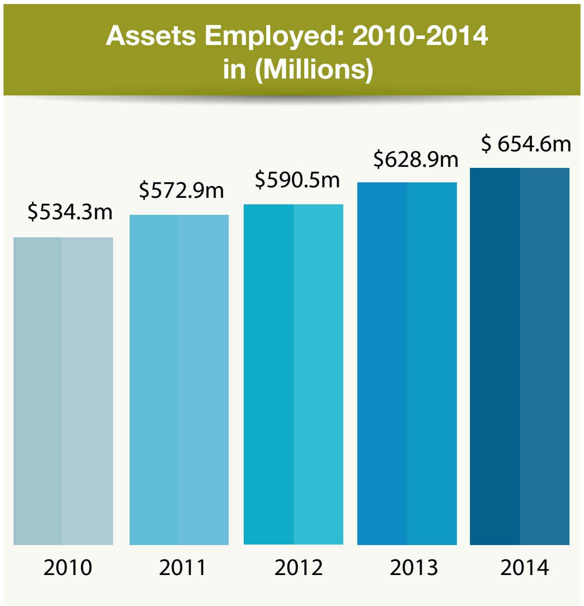
The Bank also reported a favorable reduction in interest expense of $1.1m or 6.5%. Much of the decrease resulted from the reduction in interest rates on deposit products.

NON-INTEREST EXPENSE

General administrative expenses amounted to $21.1m, representing a decrease by $1.2m or 5.5% over 2013. The largest attributes to such results were other operating expenses which fell by $0.4m or 8.0%, and wages and salaries by $0.5m or 5.0%.

The Grenadian economy is now in recovery mode. Nevertheless, the Bank continues to grapple with non-performing loans. In 2014, impairment charge for credit losses went down by $0.36m or 6.4% from $4.6m in 2013. With the economic challenges that continue to affect our economy, property values continue to decrease. Compliance with International Financial Reporting Standards means that as property values decline, increased provisions would have to be made against the loan portfolio that is secured by real estate.





ASSETS AND LIABILITIES

The Bank's assets grew by $25.6m or 4.0%. Cash and balances with Central Bank and other banks increased by $54.0m or 70% over 2013. Financial investments decreased by $11.85m or 19.21% over 2013.

CUSTOMERS' LOANS AND ADVANCES

Loans and Advances declined in 2014 by $17.6m or 4.0%, reflecting a lack of quality lending opportunities to businesses, coupled with high unemployment resulting from the economic downturn. In addition, in 2014, emphasis was placed on recoveries and collections to prevent any future impairments. The reduction in the level of non performing loans was due to concentrated recovery efforts in the areas of retail mortgages and promissory notes.

LOANS BY TYPE

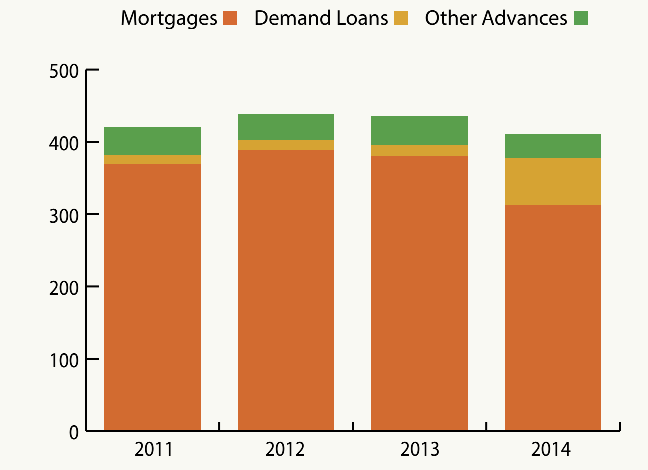
Mortgage Loans represent 88% of the Bank's total loan portfolio at the end of 2014. Demand Loans and Other Advances constitute 2.8% and 9.2%, respectively. Mortgage Loans dipped by $19m or 4.9% and Demand Loans by $3.4m or 22.5% respectively.

LOANS BY ECONOMIC SECTOR

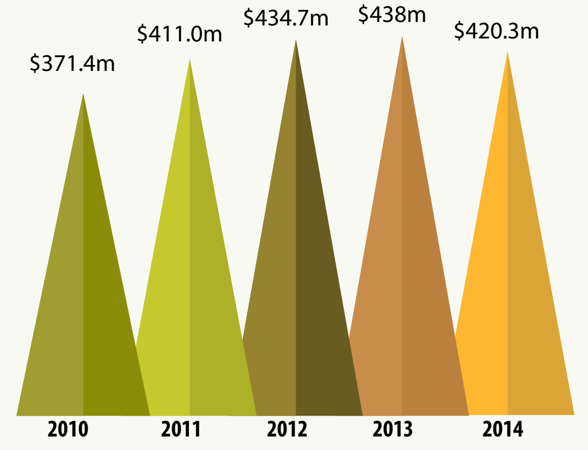
Growth in the loans portfolio decreased in the fiscal year 2014. There were changes within the various economic sectors. The largest reduction was recorded in Personal Loans of $19.7m or 8.0%. Transportation and Construction declined by 36% and 26%, respectively. Similarly, Tourism sector fell by 11%.

The quality of the credit portfolio is essential to the Bank's profitability and hence its long term sustainability. There was a decrease in the Non-Performing ratio from 12.6% at the end of the last financial year, to 12.0%. The ECCB's prudential benchmark for Non-perfoming Loans should be less than 5%.

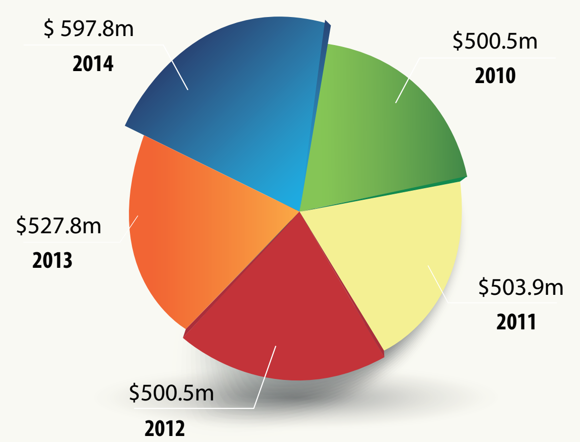
Loans by Type: 2011-2014
in (Millions)



Loans and Advances: 2010-2014
in (Millions)



Customer Deposits: 2010-2014
in (Millions)

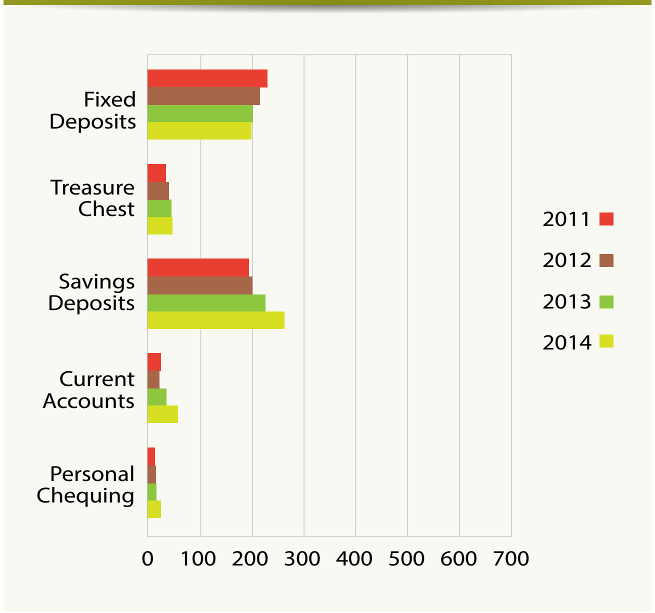


The Bank will continue with its "Non-Performing Loans & Advances Containment and Reduction Programme" in order to combat this problem. This programme, constitutes of a set of measures specifically focused on stemming the tide of loans migrating to non-performing status, rehabilitating non performing loans and expeditiously recovering the securities on bad loans. The Recoveries and Collections Unit of the Bank has been strengthened and the support of all staff solicited.

CUSTOMER DEPOSITS

Customer Deposits currently account for 98% of the Bank's total liabilities. In the fiscal year 2014, customer deposits increased by $68m or 13%.

Deposit by Type: 2011-2014
in (Millions)



DEPOSITS BY TYPE

The recent closure of branches by the RBC/RBTT and CIBC/First Caribbean Bank have resulted in an influx of deposits to the Bank. Strategically, in order to manage interest expense, the Bank placed certain restrictions on the opening and/or additions to Savings and Fixed Deposit Accounts. As a result, Current Accounts and Personal Chequing Accounts increased significantly by $22m or 60.5% and $10m or 61% respectively. Fixed Deposits remained almost constant, while Savings Deposits and Treasure Chests increased slightly by 16% and 4%, respectively.

LIQUIDITY

The Bank's overall liquidity continues to surge in 2014: Cash and cash equivalents increased by $54.30m or 70% to $132m as compared to $77.5m in 2013.

	Benchmark	GCBL
Minimum Reserves	6%	10.3%
Net Liquidity Ratio	20%	29%
Loans to deposits	75% - 85%	70%

The above indicates the extent of the Bank's compliance to the ECCB prudential requirements in respect of liquidity as at September 30th 2014. The relatively low loans to deposits ratio would have impacted the liquidity situation experienced by the Bank. Management is proactive in implementing strategies to bring this ratio within the acceptable limits.

ELECTION OF DIRECTORS AND APPOINTMENT OF AUDITORS

The Directors retiring are Messrs. Leslie Ramdhanny and Gordon V. Steele who being eligible, offer themselves for re-election.

The retiring Auditors, Messrs PKF, Chartered Accountants, offer themselves for re-appointment.

APPRECIATION

Our customers, shareholders and stakeholders continue to provide support to the Bank in these depressed economic times. I express my deep gratitude and appreciation for their unwavering loyalty and confidence in the Grenada Co-operative Bank Limited. I also thank our management and staff for their invaluable contribution to the results of the 2014 fiscal year.

RICHARD W. DUNCAN
MANAGING DIRECTOR
December 4, 2014

Management Team

JENNIFER ROBERTSON,
AICB, CIRM, CRU, Dip.
Senior Manager, Credit Risk

PETER ANTOINE,
B.Sc., AICB,
Senior Programme & Research Officer

GARVIN BAPTISTE,
B.Sc.
Senior IT Officer

MARQUEZ MC SWEEN,
Manager Retail Banking
Carriacou

KERI-ANN ST. LOUIS-TELESFORD,
B.A.S
Human Resources Officer

NICOLA PHILIP-WALCOTT,
B.Sc.
Officer in Charge, Recoveries & Collections

SHANE REGIS,
AICB, B.Sc.
Manager Retail Banking, Grenville

ROLAND FLETCHER,
AICB, MBA
Senior Relief Officer, assigned to
Sauteurs Retail Banking Unit

WILFRED GARY SAYERS,
B.Sc
Manager Retail Banking, Spiceland Mall

ERICKA HOSTEN,
B.Sc.
Marketing Officer

ROGER DUNCAN,
FCIB
Manager, Retail Banking,
St. George's

REPORTS

Corporate Social Responsibility

Cheque presentation to the Pink Ribbon Society, recipients of this year's Pump it Up Family Fun Walk

CUSTOMER SERVICE

eBanking
Swift, Simple, Secure

Grenada Co-operative Bank Limited launched its eBanking Service on April 7, 2014. This Service allows customers to manage their funds at anytime, anywhere in the world, using any computer or mobile device.

Customers now have the convenience of banking access and transactions when they need them.

CONNEX

During the year we welcomed the Communal Co-operative Credit Union (3CU) to the CONNEX group with the launch of their international debit card on April 15, 2014, at the Grenada Trade Centre. Three local institutions now constitute the CONNEX group, the Grenada Co-operative Bank Limited, the Grenada Public Service Co-operative Credit Union (GPSCU) and the Communal Co-operative Credit Union.

Another ATM was added to the CONNEX brand, in the parish of St. Andrew, bringing the total to two CONNEX ATMs in the area. This signifies added convenience to customers of the Bank in the parish of St. Andrew.

COMMUNITY INITIATIVES

In the 2014 financial year, Co-op Bank demonstrated its community spiritedness in many areas.

Scholarships

The Bank awarded scholarships to fifteen students as part of its annual Super Starter Education Investment Plan Programme. For the past six years, Grenada Co-operative Bank Limited has awarded 83 scholarships, in excess of $280K throughout the island,

Super Starter Education Investment Plan (EIP) Scholarship Presentation

assisting parents in covering primary and secondary school expenses. The Bank also awarded its third Platinum Scholarship valued at $45,000 to Ms. Jodenne De Freitas. This draw is conducted every two years and affords the winner the opportunity to study any subject area, at any university, anywhere in the world. Jodenne intends to pursue tertiary education at the University of the West Indies, in the area of Banking & Finance.

Book Launch

Co-op Bank joined the UK Diaspora Consultative Committee (DCC) and the Ministry of Education to launch the book, "Ah Tell Yuh", a compilation of poems and short stories written by local students. The launch took place on March 14, 2014. The content of the book was selected from the Annual Student Stories & Poetry Challenge. This competition is held among the primary and secondary schools, with the aim of improving literacy. Co-op Bank took the opportunity at the launch to congratulate the young budding authors and poets.

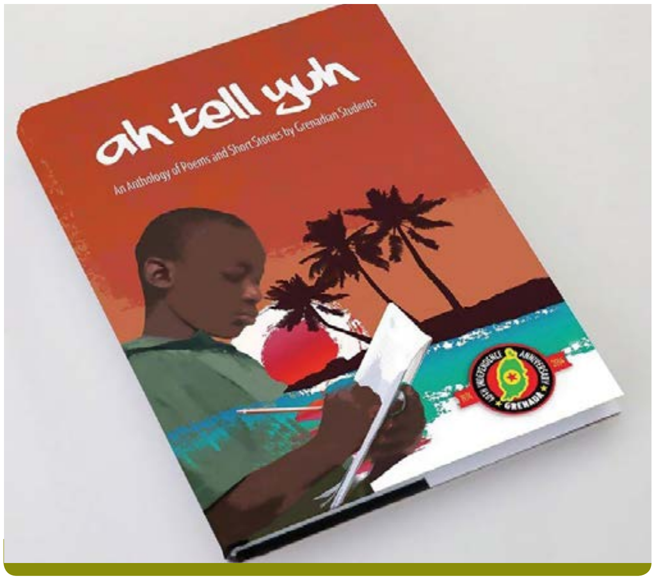
Pump it Up!

The Bank again continued in its quest to encourage the population to live vibrant and physically active lives. **Pump it Up**, the Bank's signature event, was held for the sixth year and was deemed a success. The event was patronized by approximately 4,070 persons for both the Carriacou and mainland events.

This year's beneficiary, the sixth recipient, was the Pink Ribbon Society. They received a cheque in the amount of $17,426.25, representing the contribution by the Bank plus donations from individuals.

Primary Schools' Sports

The Bank continued to be the major sponser of the Primary Schools Games, namely; the Co-op Bank National Primary Schools' Games, the St. Andrew Parish Primary Schools Games and the St. Patrick Parish Primary Schools Games. These Games help to develop athletic talent at a tender age and teach athletes discipline, confidence and the importance of teamwork.



Human Resources Report

Mr. Richard Medford accepting Managing Director's Special Award.

TRAINING AND DEVELOPMENT

Learning and Growth at GCBL is driven by the desire to ensure that we attract and retain a competent and committed cadre of personnel to effectively deliver the highest quality customer experience to both our internal and external customers. Institutional strengthening through Training and Development therefore continues to be a central pillar, underpinning the strategic decisions in fulfillment of the Bank's overall goals.

Career Development and Manpower Programme (CDMP): The CDMP remains the linchpin of the Bank's human resource management strategy. The CDMP drives rotations, mentorship and attachments as excellent avenues for staff development and as such the Challenge Programme and the Career Pathing Programme were developed to develop banking professionals among the staff. In keeping with the strategic intent of the Bank, Mr. Willvorn Grainger, who has served in positions of Loans Officer, Manager's Assistant, Credit, and Retail Banking Unit (Branch) Manager, rose to the helm as Executive Manager, Retail Banking, when his predecessor, Mr. Clifford Bhola retired in October 2013.

Mrs. Jennifer Robertson

Mr. Craig Belfon

Several accomplishments were attained by staff in the area of academics. Mrs. Jennifer Robertson, Senior Manager, Credit Risk (a Challengee), is now a Certified Residential Underwriter with the Real Estate Institute of Canada, and has also qualified as a Certified International Risk Manager.

Mr. Craig Belfon (Career Pather) successfully completed studies leading to the Associate of the Institute of Canadian Bankers.

GENERAL TRAINING

The Orientation and Induction (O&I) of new employees is an intense approach to inculcating in new staff the mission and core values of Co-op Bank, while exposing them to the business of banking. The philosophy of continuous training and development for sustained growth was pursued with training interventions such as:

- Training for twenty-six (26) Managers and Supervisors held at the beginning of the financial year. This is to ensure that our staff all contribute to and benefit from our strategic management process which are grounded in the core values of respect, trustworthiness, confidentiality and customer centricity, in the fulfillment of our overall mission.

- Twenty-two (22) staff members, who were identified as prospective trainers, were exposed to a Training of Trainers workshop on Preparation and Presentation Skills.

- Soft Skills Training for Credit Staff was designed to sharpen the skills set of Credit staff, thereby complementing other ongoing initiatives geared towards enhancing service delivery and maintaining a competitive advantage through mutually beneficial relationships with the Bank's growing credit client base. Thirty-four (34) staff members participated in this first round of training.

CONFERENCES /SEMINARS/ WORKSHOPS/ATTACHMENTS:

Several members of staff from various departments within the Bank attended seminars on behalf of the Bank:

- Rondine Lowe-Griffith participated in the 16th Annual Education Conference of the Association of Insurance Institute of the Caribbean which was held at the Grenada Grand Beach Resort in November 2013.

- Keri-Ann St. Louis-Telesford and Mondelle Squires-Francis both participated in the International Labour Organisation (ILO) /Grenada Employers' Federation (GEF) Training Workshop on Negotiation and Conciliation Skills – August 20 & 21, 2014.

- Four (4) E-seminars by the Institute of Internal Auditors: Operational Auditing- Influencing Positive Change was attended by staff of the Audit department.

- Caribbean Credit Card Corporation (4Cs) Attachment: Card and Merchant Services Officer, Javid Hosten had a short attachment to the 4 Cs Headquarters in St. Kitts which was followed by the 4Cs Seminar on Operations and Product Marketing.

ON-LINE WEBINARS/TRAINING:

The Bank continued to invest heavily in technological services and systems which enable staff to readily access educational and developmental opportunities while on the job. Through Webinars and Telecasts, on-line training was conducted on such topics as;

1. Digital Trends in Banking in 2014
2. Building Ethics & Compliance- Strategies for Mid-Markets & Private Companies

The winners of one of the races at Family Fun Day

One of the races at Family Fun Day

3. Balanced Scorecard – Shifting your Scorecard into High Gear
4. Reinventing Customer Engagement- The Winning Model for Banks & Insurers
5. Identify Fraud, Waste & Abuse in the Organisation
6. Handling Conflict in the Workplace
7. Combating Negative Employee Behaviour
8. Five Ways to Improve the Value of Your Organisation
9. Institute of Internal Auditors - Hot Topics in Compliance

Apart from Bank designed and implemented training programmes, many staff members at Co-op Bank continue to take the initiative for their own development with many of them pursuing private studies.

STAFF SOCIALS

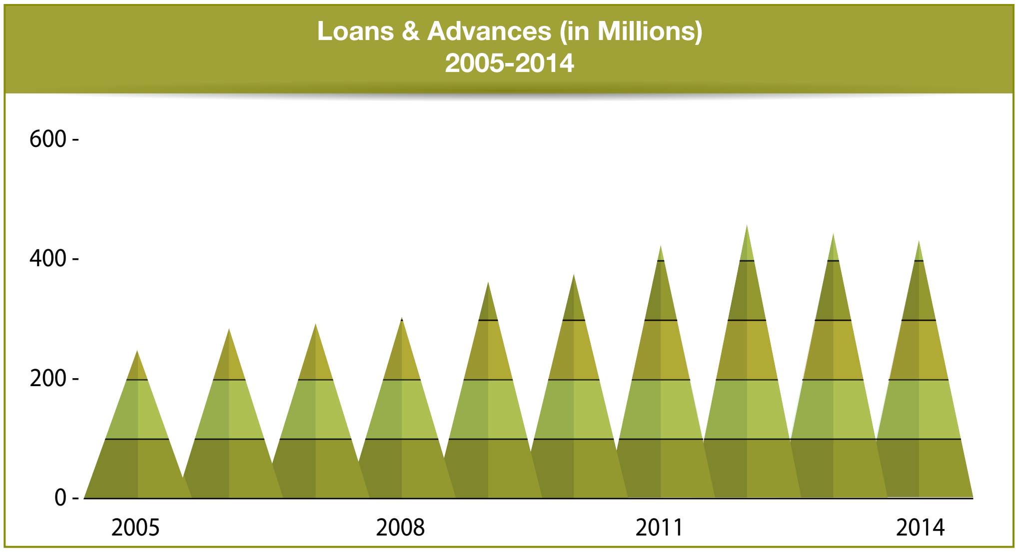
The Bank's staff came together for a day of fun and games at the La Sagesse Playing Field on June 8th 2014, at a Family Fun Day. Retired and present employees and their family members spent an enjoyable time together and in December 2013 staff and spouses celebrated the Bank's and staff's achievements at the Annual Staff Banquet.

Staff Banquet

RETIREMENTS

Mr. Clifford Bhola (Executive Manager, Retail Banking), Mrs. Cynthia Davidson (St. George's RBU Manager), Mrs. Lera Gooding (Training and Development Officer) and Mrs. Jennifer Gulston-Gittens (Manager's Assistant, Corporate & Commercial Credit) retired during the 2014 financial year. The Management and staff wish them all a happy retirement.

Selected Financial Statistics

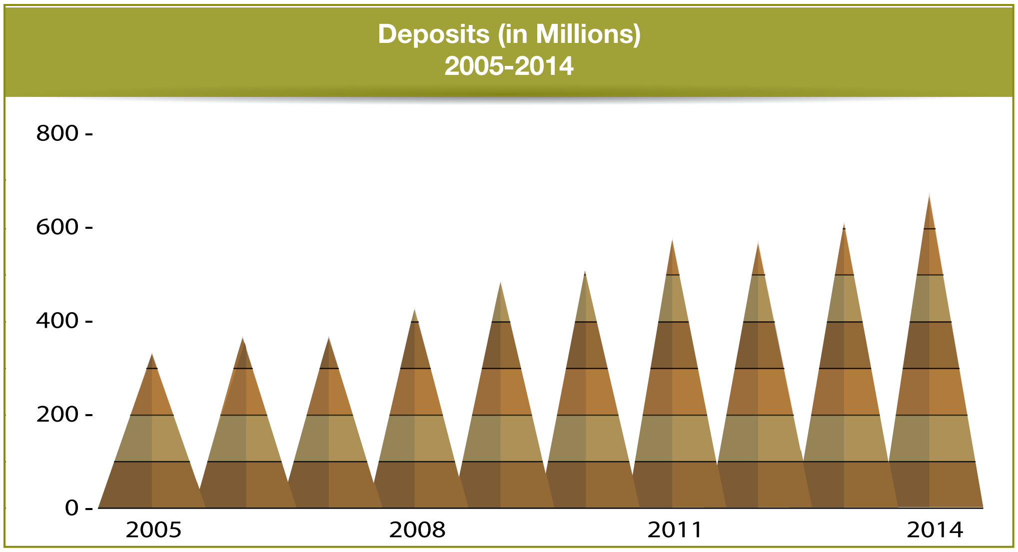


	2005	2006	2007	2008	2009
LOANS & ADVANCES	$232,910,658	$273,389,669	$280,638,341	$300,935,401	$352,707,364
% Change	23.6%	17.4%	2.7%	7.2%	17.2%

	2005	2006	2007	2008	2009
DEPOSITS	$284,983,243	$316,891,219	$321,150,926	$377,118,178	$429,020,547
% Change	20.3%	11.2%	1.3%	17.4%	13.8%
LOANS & ADVANCES TO DEPOSIT RATIO	82%	86%	87%	80%	82%

	2005	2006	2007	2008	2009
Net After Tax Profits	$4,594,693	$4,576,219	$5,066,156	$4,551,543	$2,940,142
% Change	39.4%	-0.4%	10.7%	-10.2%	-35.4%
DIVIDEND PER SHARE	$0.11	$0.14	$0.22	$0.25	$0.29

2005 - 2014



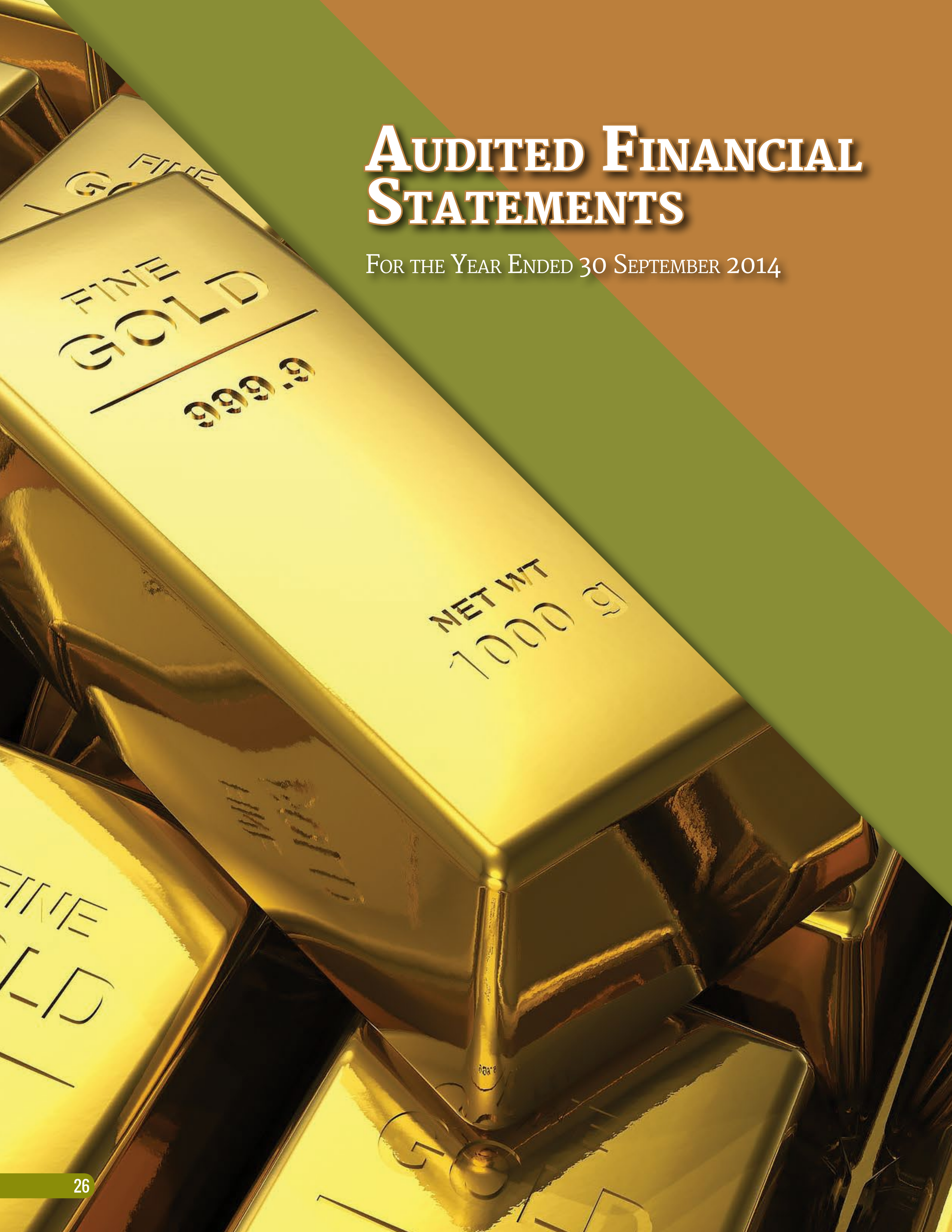
2010	2011	2012	2013	2014	2005 - 2014
$371,381,947	$410,634,725	$434,656,704	$437,944,376	$420,375,729	
5.3%	10.6%	5.8%	0.8%	-4.0%	80.5%

2010	2011	2012	2013	2014	2005 - 2014
$460,845,080	$509,118,529	$505,134,323	$532,961,783	$601,102,761	
7.4%	10.5%	-0.8%	5.5%	12.8%	110.9%
81%	81%	86%	82%	70%	

2010	2011	2012	2013	2014
$762,274	($10,778,874)	$2,069,870	($3,694,152)	$2,479,786
-74.1%	-1514.0%	119.2%	-278.5%	167.1%
$0.25	$0.00	$0.07	$0.00	$0.08

Audited Financial Statements

For the Year Ended 30 September 2014



CONTENT
2014 Annual Report

Independent Auditor's Report
To the Shareholders

We have audited the accompanying financial statements of the Bank which comprise the statement of financial position at September 30th, 2014 and the related statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Responsibility for the Financial Statements

Those charged with governance are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments , the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as of September 30th, 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

GRENADA:

PKF

December 8, 2014

Accountants & Business Advisers

Statement of Financial Position
For the year ended 30 September 2014

	Notes	2014 $	2013 $
Assets			
Cash and balances with Central Bank and other banks	5	131,951,532	77,582,060
Customers' loans and advances	7	415,946,938	434,086,530
Financial investments	8	49,828,819	61,676,769
Premises and equipment	9	42,100,428	43,288,904
Other assets and prepayments	10	13,670,196	11,019,030
Income tax recoverable		-	51,659
Deferred tax asset	22	1,108,590	1,256,175
Total Assets		**654,606,503**	**628,961,127**
Liabilities and Equity			
Liabilities			
Amount due to other banks	11	5,000,000	35,755,698
Customers' deposits	12	601,102,761	532,961,783
Other liabilities	13	6,647,313	6,491,630
ECHMB liabilities	14	-	14,388,333
Tax Payable		92,960	-
Total Liabilities		**612,843,034**	**589,597,444**
Equity			
STATED CAPITAL	15	24,871,739	24,871,739
STATUTORY RESERVE	16	8,682,386	8,186,429
OTHER RESERVES	17	4,818,406	4,836,411
RETAINED EARNINGS		3,390,938	1,469,104
		41,763,469	39,363,683
Total Liabilities and Equity		**654,606,503**	**628,961,127**

Approved by the Board of Directors on December 4, 2014, and signed on their behalf by:

Director Director Secretary

The notes on pages 33 to 62 form an integral part of the financial statements

Statement of Comprehensive Income
For the year ended 30 September 2014

	Notes	2014 $	2013 $
Income			
Interest Income			
Customer loans and advances		33,252,594	32,611,928
Investments and deposits at other banks		2,999,004	3,534,813
		36,251,598	36,146,741
Interest expense	18	(15,913,469)	(17,021,719)
Net interest income		20,338,129	19,125,022
Other income	19	7,784,251	6,866,486
Operating income		28,122,380	25,991,508
Expenditure			
Impairment charge for credit losses		4,266,419	4,557,731
Investment and deposit impairment	20	-	780,340
General administrative expenses	21	21,081,005	22,305,335
		25,347,424	27,643,406
Net income/(loss) for the year before income tax		2,774,956	(1,651,898)
Provision for income tax	22		
- Current		(147,585)	-
- Deferred		(147,585)	(2,042,254)
Total		($295,170)	(2,042,254)
Net income/(loss) for the year after income tax		**2,479,786**	**(3,694,152)**
Basic earnings per share	23	$0.33	$(0.49)

The notes on pages 33 to 62 form an integral part of the financial statements

Statement of Changes in Equity
For the year ended 30 September 2014

	Stated Capital $	Statutory Reserves $	Other Reserves $	Retained Earnings $	Total Equity $
Balance at 1st October, 2012	24,871,739	8,186,429	3,399,159	7,132,508	43,589,835
Net loss for the year	-	-	-	(3,694,152)	(3,694,152)
Transfer from Regulatory Loss Reserves	-	-	1,437,252	(1,437,252)	-
Dividend for the year ended September 30th, 2012	-	-	-	(532,000)	(532,000)
Balance at 30th September, 2013	24,871,739	8,186,429	4,836,411	1,469,104	39,363,683
Net Income for the year	-	-	-	2,479,786	2,479,786
Transfer to Statutory Reserves	-	495,957	-	(495,957)	-
Transfer to General Reserves	-	-	61,995	(61,995)	-
Movement in values of traded security	-	-	(80,000)	-	(80,000)
Balance at 30th September, 2014	**24,871,739**	**8,682,386**	**4,818,406**	**3,390,938**	**41,763,469**

The notes on pages 33 to 62 form an integral part of the financial statements

Statement of Cash Flows
For the year ended 30 September 2014

	2014 $	2013 $
Operating Activities		
Net income/(loss) before taxation for the year	2,774,956	(1,651,898)
Adjustments for:		
Depreciation	2,588,373	2,448,308
Gain on disposal of premises and equipment	72,035	-
Operating income before working capital changes	5,435,364	796,410
Net changes in operating assets and liabilities:		
Other assets and prepayments	(2,651,167)	(5,442,005)
Customers' loans and advances	18,139,592	(6,451,654)
Customers' deposits	68,140,978	27,827,461
Other liabilities	(14,232,650)	3,397,814
Due to other banks	(30,755,698)	1,434,823
	44,076,419	21,562,849
Income tax paid	(2,965)	(17,790)
Net cash provided by operating activities	44,073,454	21,545,059
Investing Activities		
Net change in investments	11,767,950	(5,342,024)
Purchase of premises and equipment	(1,471,932)	(953,620)
Net cash used in investing activities	10,296,018	(6,295,644)
Financing Activities		
Dividends paid	-	(532,000)
Net cash used in financing activities	-	(532,000)
Net change in cash and cash equivalents	54,369,472	14,717,415
Cash and cash equivalents - at beginning of the year	77,582,060	62,864,645
- at end of the year	**131,951,532**	**77,582,060**

The notes on pages 33 to 62 form an integral part of the financial statements

1. Corporate Information

Grenada Co-operative Bank Limited (the Bank) was incorporated on July 26, 1932, and continued under the Companies Act 1994 of Grenada. It provides retail and corporate banking services. The Bank's registered office and principal place of business is situated on Church Street, St. George's.

The Bank has five retail units and employed one hundred and fifty-five (155) persons during the year (2013 – 155 persons).

2. Summary of Significant Accounting Policies

a. *Basis of Preparation*

These financial statements comply with International Financial Reporting Standards (IFRS) and are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and land and buildings.

The preparation of financial statements in accordance with IFRS requires management to make critical estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and income and expenses during the reporting period. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

b. *Accounting standards, amendments and interpretations*

(i) There are no new standards amendments and interpretations that are effective for the first time for the financial year beginning on or after 1st October, 2014 that would be expected to have a material impact on the Company's financial statements.

(i) Amendments and interpretations issued but not effective for the financial year beginning 1st October, 2013 and not early adopted. These either do not apply to the activities of the Company or have no material impact on its financial statements.

Standard	Description	Effective for annual periods beginning on or after –
IAS 19	Employee benefits	1st January, 2013
IAS 27	Separate financial statements	1st January, 2013
IAS 28	Investments in associates and joint ventures	1st January, 2013
IAS 32	Offsetting financial assets and financial liabilities	1st January, 2014
IAS36	Impairment of assets	1st January, 2013
IFRS 1	Government loans	1st January, 2013

2. Summary of Significant Accounting Policies *(continued)*

b. *Accounting standards, amendments and interpretations (continued)*

Standard	Description	Effective for annual periods beginning on or after –
IFRS 7	Disclosures – offsetting financial assets and financial liabilities	1st January, 2013
IFRS 9	Financial Instruments part 1: Classification and measurement of financial assets and financial liabilities.	1st January, 2015
IFRS 10	Consolidated financial statements.	1st January, 2013
IFRS 11	Joint arrangements.	1st January, 2013
IFRS 12	Disclosure of interests in other entities	1st January, 2013
IFRS 13	Fair value measurement	1st January, 2013
IAS 39	Financial Instruments: Recognition and measurement	1st January, 2013

The Directors anticipate that all of the relevant Standards and Interpretations will be adopted in the Bank's financial statements and that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Bank in the period of initial application.

c. *Financial Assets*

The Bank classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(i) Financial assets available-for-sale

Available-for-sale investments are those intended to be-held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Regular-way purchases and sales of financial assets available for sale are recognised on trade date - the date on which the Bank commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished - that is, when the obligation is discharged, canceled or has expired.

2. Summary of Significant Accounting Policies *(continued)*

c. *Financial Assets* *(continued)*

(i) Financial assets available-for-sale *(continued)*

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in equity is recognised in profit or loss. However, interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available-for-sale are recognised in the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the entity's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Bank establishes fair value using valuation techniques, which include the use of recent arm's length transactions.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates at fair value through profit or loss; (b) those that the entity upon initial recognition designates as available for sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

d. *Impairment of Financial Assets*

(i) Assets carried at amortised cost

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

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

» Delinquency in contractual payments of principal or interest;

» Cash flow difficulties experienced by the borrower (for example-: equity ratio, net income percentage of sales);

» Breach of loan covenants or conditions;

2. Summary of Significant Accounting Policies *(continued)*

d. *Impairment of Financial Assets (continued)*

(i) Assets carried at amortised cost *(continued)*

- » Initiation of bankruptcy proceedings;
- » Deterioration of the borrower's competitive position;
- » Deterioration in the value of collateral; and
- » Downgrading below investment grade level.

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three (3) months and twelve (12) months; in exceptional cases, longer periods are warranted.

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

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

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

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

2. Summary of Significant Accounting Policies *(continued)*

d. *Impairment of Financial Assets* (continued)

(i) Assets carried at amortised cost *(continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income in impairment charge for credit losses.

(ii) Assets classified as available for sale

The Bank assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in income, the impairment loss is reversed through the statement of comprehensive income.

(iii) Renegotiated loans

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

e. *Premises and Equipment*

All premises and equipment used by the Bank are stated at historical cost except for land and buildings which are at valuation and net of accumulated depreciation. Land is not depreciated. Depreciation of other assets is provided on the straight-line method at rates designed to allocate the cost of the assets over the period of their estimated useful lives. The rates used are as follows:

» Furniture and equipment	10%
» Computer equipment	16⅔%
» Motor vehicles	20%
» Freehold buildings	2½%

2. Summary of Significant Accounting Policies *(continued)*

e. Premises and Equipment *(continued)*

The assets residual values and useful lives are reviewed and adjusted if appropriate at each statement of financial position date. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Leasehold improvements are amortised over the term of the lease.

Maintenance and repairs to buildings are charged to current operations and the cost of improvements are capitalised where such improvements would extend the remaining useful life of the building.

The cost or valuation of premises and equipment replaced, retired or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss reflected in the statement of comprehensive income.

f. Revenue Recognition

(i) Interest income and expense

Interest income and expense are taken into income on an accrual basis using the effective interest yield method based on the actual purchase price or estimated recoverable amount. Interest income includes coupons earned on fixed income investments.

(ii) Fees and commission income

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

(iii) Other income

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

2. Summary of Significant Accounting Policies *(continued)*

f. Revenue Recognition *(continued)*

(iv) Other income *(continued)*

The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

(v) Dividends

Dividends are recognised in the statement of comprehensive income when the entity's right to receive payment is established.

g. Foreign Currency Translation

The financial statements are presented in Eastern Caribbean currency dollars which is also the Bank's functional currency.

Assets and liabilities denominated in foreign currencies are translated to Eastern Caribbean dollars at the rates of exchange ruling at the end of the financial year. Transactions arising during the year involving foreign currencies have been converted at the rates prevailing on the dates the transactions occurred. Differences arising from fluctuations in exchange rates are included in the statement of comprehensive income.

h. Income tax

The Bank provides for current income tax payable in accordance with the Income Tax Act 1994 as amended.

Deferred income tax is provided using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rate that is expected apply to the period when the asset is realized or the liability is settled, based on the enacted tax rate at the statement of financial position date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

i. Pension

The Bank has a Defined Contribution Pension Plan. In this Defined Contribution Pension Plan, the Bank pays fixed contributions into the fund and has no legal or constructive obligation to pay further contributions.

Contributions are recognised as employee benefit expense when they are due.

2. Summary of Significant Accounting Policies *(continued)*

j. Cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise cash balances, deposits with the Eastern Caribbean Central Bank other than reserve deposit and amounts on deposits with other banks and other financial institutions.

k. Leases

Leases entered into by the Bank are operating leases. The monthly rentals are charged to income on a straight-line basis over the lease term.

l. Dividends on ordinary shares

Dividends are recognised in equity in the year in which they are declared by the Directors.

m. Computer software licences

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life.

n. Share issue costs

Costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

3. Financial Risk Management

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

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

Risk management is carried out under policies approved by the Board of Directors. Internal Audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

3. Financial Risk Management *(continued)*

3.1. Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Bank's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Bank's asset portfolio. There is also credit risk in off statement of financial position sheet financial instruments, such as loan commitments.

3.1.1. Credit risk management

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

(i) Loans and advances

These assets result from transactions conducted in the normal course of business and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with financial statement amounts.

(ii) Customers' deposits

The fair value of items with no stated maturity is assumed to be equal to their carrying values. Deposits with fixed rate characteristics are at rates which are not significantly different from current rates and are assumed to have discounted cash flow values which approximate carrying values.

3.1.2. Risk limit control and mitigation policies

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

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

Collateral

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

3. Financial Risk Management *(continued)*

Collateral *(continued)*

- Mortgages over residential properties
- Charges over business assets such as premises, inventory and accounts receivable
- Charges over financial instruments such as debt securities and equities.

3.1.3. Impairment and provisioning policies

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

The impairment allowance shown in the statement of financial position at year end is derived from each of the five internal rating grades.

The table below shows the percentage of the Bank's loans and advances and the associated impairment allowance for each category.

Bank Rating	2014 Credit Risk Exposure	2013 Credit Risk Exposure	2014 Impairment Allowance	2013 Impairment Allowance
Pass	72%	74%	8%	8%
Special mention	18%	18%	6%	24%
Substandard	8%	6%	30%	36%
Doubtful	2%	2%	54%	32%
Loss	0%	0%	2%	0%
	100%	**100%**	**100%**	**100%**

3. Financial Risk Management *(continued)*

3.1.4. *Maximum exposure to credit risk before collateral held*

Credit risk exposures relating to on-statement of financial position assets are as follows:

	Gross Maximum Exposure	
	2014 **$**	**2013** **$**
Loans and advances to customers:		
Loans to individuals:		
Overdrafts	2,939,009	3,195,788
Mortgages	188,082,467	194,697,876
Loans to corporate entities:		
Government and Statutory bodies:		
Loans and Overdrafts	36,992,000	32,323,000
Loans to Corporate Customers and Small and Medium Size Enterprises		
Loans and Overdrafts	180,524,593	192,452,611
Other	11,837,660	15,275,101
	420,375,729	**437,944,376**

Credit risk exposures relating to off-statement of financial position items are as follows:

Financial guarantees	3,287,077	3,283,488
Loan commitments and other credit related obligation	23,276,168	15,841,739
	26,563,245	**19,125,227**

The above table represents a worst case scenario of credit risk exposure to the Bank at 30th September, 2014 without taking into account any collateral held or other credit enhancements attached.

3. Financial Risk Management *(continued)*

3.1.5. *Industry Sector*

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

	Individuals		Business		
2014	**Overdrafts $'000**	**Loans and Advances $'000**	**Overdrafts $'000**	**Loans and Advances $'000**	**Total $'000**
Financial institution	-	-	68	5	73
Manufacturing	-	-	2,327	17,794	20,121
Real Estate	-	-	2,784	15,317	18,101
Wholesale and Retail	-	-	4,596	29,639	34,235
Public Sector	-	-	15,738	-	15,738
Other industries	-	-	7,694	92,798	100,492
Individuals	6,135	225,481	-	-	231,616
Total	**6,135**	**225,481**	**33,207**	**155,553**	**420,376**
2013					
Financial institution	-	-	153	13	166
Manufacturing	-	-	2,475	18,695	21,170
Real Estate	-	-	2,842	21,546	24,388
Wholesale and Retail	-	-	4,375	32,556	36,931
Public Sector	-	-	10,117	980	11,097
Other industries	-	-	8,143	84,734	92,877
Individuals	6,578	244,737	-	-	251,315
Total	**6,578**	**244,737**	**28,105**	**158,524**	**437,944**

3. Financial Risk Management *(continued)*

3.1.6. Loans and advances to customers are summarized as follows:

	2014 $	2013 $
Neither past due nor impaired		
Loans and Overdrafts	320,851,933	309,340,412
Past due but not impaired		
Loans	63,870,696	105,638,278
Overdrafts	7,193,728	4,756,087
Individually impaired		
Loans	25,837,093	16,950,368
Overdrafts	2,622,279	1,259,231
Gross	420,375,729	437,944,376
Less: Allowance for impairment	(9,736,319)	(8,722,995)
Net	**410,639,410**	**429,221,381**
Individually impaired	9,533,150	7,776,982
Portfolio allowance	203,169	946,013
Total impairment charge	**9,736,319**	**8,722,995**

3.1.7. Age analysis of loans and advances past due but not impaired:

2014	Less than 1 Month $	1 to 3 Months $	3 to 6 Months $	More than 6 Months $	Total $
Loans	28,293,571	16,681,167	700,058	18,195,900	63,870,696
Overdrafts	4,720	2,922,206	92,502	4,174,299	7,193,727
Total	**28,298,291**	**19,603,373**	**792,560**	**22,370,199**	**71,064,423**

2013					
Loans	41,400,755	28,255,809	4,280,299	31,701,415	105,638,278
Overdrafts	16,397	1,077,181	549,019	3,113,490	4,756,087
Total	**41,417,152**	**29,332,990**	**4,829,318**	**34,814,905**	**110,394,365**

3. Financial Risk Management *(continued)*

3.2. *Market risk*

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

3.2.1. *Interest rate risk*

Interest rate risk arises when there is a mismatch between the size and maturity of interest earning assets and deposit liabilities such that interest rate changes can expose the Bank to earnings volatility. The Bank reviews its exposure to financial risks and implements mitigating measures to minimise or reduce the negative impact of interest rate risk.

Differences in contractual re-pricing or maturity dates and changes in interest rates may expose the Bank to interest rate risk. The table below summarises the Bank's exposure to interest rate risk:

As at 30th September, 2014	Up to 1 year $'000	Between 1-3 years $'000	Between 3-5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Assets						
Cash and short-term funds	48,450	-	-	-	83,502	131,952
Loans and advances	103,567	19,941	24,194	272,674	-	420,376
Investments	43,101	3,844	136	2,748	-	49,829
Other assets	-	-	-	-	52,450	52,450
Total assets	**195,118**	**23,785**	**24,330**	**275,422**	**135,952**	**654,607**
Liabilities						
Customers' deposits	584,527	13,237	-	-	-	597,764
Other liabilities	8,339	-	-	-	6,740	15,079
Total liabilities	**592,866**	**13,237**	**-**	**-**	**6,740**	**612,843**
Interest Sensitivity Gap	**(397,748)**	**10,548**	**24,330**	**275,422**		

3. Financial Risk Management *(continued)*

3.2.1. *Interest rate risk (continued)*

As at 30th September, 2013	Up to 1 year $'000	Between 1-3 years $'000	Between 3-5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Assets						
Cash and short-term funds	43,319	-	-	-	34,263	77,582
Loans and advances	131,853	22,446	23,500	260,145	-	437,944
Investments	54,794	1,063	3,035	2,785	-	61,677
Other assets	-	-	-	-	51,758	51,758
Total assets	**229,966**	**23,509**	**26,535**	**262,930**	**86,021**	**628,961**
Liabilities						
Customers' deposits	526,828	1,009	-	-	-	527,837
Other liabilities	48,074	7,194	-	-	6,492	61,760
Total liabilities	**574,902**	**8,203**	**-**	**-**	**6,492**	**589,597**
Interest Sensitivity Gap	**(344,936)**	**15,306**	**26,535**	**262,930**		

3.3 *Liquidity risk*

Liquidity risk arises from fluctuations in cash flows. The liquidity management process ensures that the Bank is able to honour all its commitments when they fall due. The Bank has a liquidity policy which sets out the liquidity management process. Liquidity risk is managed by the Bank's Risk and Capital Committee, which formulates strategies for maintaining adequate exposure from deposit concentrations and also building core deposits.

3. Financial Risk Management *(continued)*

3.3 *Liquidity risk (continued)*

Past experience has, however, indicated that term deposits and savings are continually reinvested. The table below summarises the Bank's exposure to liquidity risk:

As at 30th September, 2014	Up to 1 month	Over 1 month to 3 months $'000	Over 3 months up to 12 months $'000	Over 1 year up to 5 years $'000	Total $'000
Liabilities					
Deposits from banks	-	5,000	-	-	5,000
Deposits from customers	414,710	46,154	123,663	13,237	597,764
Other liabilities	1,387	3,973	4,720	-	10,080
	416,097	**55,127**	**128,383**	**13,237**	**612,844**
Assets held for managing liquidity risk:					
Cash	131,952	-	-	-	131,952
Investments held for trading	-	202	42,900	6,727	49,829
Customer loans	61,484	2,093	39,990	316,809	420,376
Gap	193,436	2,295	82,890	323,536	602,157
	(222,661)	**(52,832)**	**(45,493)**	**310,299**	**(10,687)**
As at 30th September, 2013					
Total liabilities	320,942	99,722	154,734	14,199	589,597
Assets held for managing liquidity risk	143,907	32,027	88,296	312,973	577,203
Gap	**(177,035)**	**(67,695)**	**(66,438)**	**(298,774)**	**(12,394)**

3.4. *Fair value of financial instruments*

The fair value of financial instruments is based on the valuation methods and assumptions set out in Note 2 - Summary of Significant Accounting Policies. Fair value represents the amount at which financial instruments may be exchanged in an arm's length transaction between willing parties under no compulsion to transact and is best evidenced by a quoted market place. If no quoted market prices are available, the fair values represented are estimates derived using present value or other valuation techniques indicative of net realisable value.

3. Financial Risk Management *(continued)*

3.4. *Fair value of financial instruments (continued)*

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

a. *Short-term financial assets and liabilities*

The carrying value of these assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets comprise of cash resources, interest receivable, and other receivables. Short-term financial liabilities comprise interest payable and other liabilities.

b. *Investment securities*

Debt securities are carried at amortised cost in the absence of market values and are considered to reflect fair value. Equity investments are unquoted and are carried at cost less impairment which is management's estimate of fair value.

4. Critical Accounting Estimates and Judgments

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

a. *Impairment losses on loans and advances*

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

b. *Impairment of available-for-sale equity investments*

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment.

4. Critical Accounting Estimates and Judgments *(continued)*

b. *Impairment of available-for-sale equity investments (continued)*

In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

c. *Held-to-maturity investments*

The Bank follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.

d. *Income taxes*

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

e. *Revaluation of land and buildings*

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

5. Cash and Balances with Central Bank and Other Banks

	2014 $	2013 $
Cash on hand	19,257,217	18,478,884
Amount due from banks	27,636,698	23,263,776
Cash at other financial institutions	1,556,183	1,575,921
	48,450,098	43,318,581
Mandatory reserve deposit with ECCB	83,501,434	34,263,479
	131,951,532	**77,582,060**

6. RESERVE DEPOSIT

Mandatory reserve deposits with the ECCB represent the Bank's regulatory requirement to maintain a minimum percentage of 6% of deposit liabilities as cash in vault and or deposits with the ECCB in accordance with Article 33 of the ECCB Agreement 1983. These funds are not available to finance the Bank's day to day operations and as such, are excluded from cash resources to arrive at cash and cash equivalents. The reserve deposit is non-interest bearing.

7. CUSTOMERS' LOAN AND ADVANCES

	2014 $	2013 $
Mortgages	369,196,527	388,047,840
Promissory notes	11,837,667	15,275,101
Other advances	39,341,535	34,621,435
	420,375,729	437,944,376
Provision for loan losses	(9,736,319)	(8,722,995)
	410,639,410	429,221,381
Interest receivable	5,307,528	4,865,149
	415,946,938	**434,086,530**
Movement in provision for loan losses is as follows:		
Balance beginning of year	8,722,995	10,684,862
Bad debts written off	(3,253,094)	(6,518,769)
Increase in provision	4,266,418	4,556,902
Balance end of year	**9,736,319**	**8,722,995**

7. Customers' Loan and Advances *(continued)*

7.1. *Allowance for loan losses by sector*

	2014 $	2013 $
Agriculture	13,632	-
Fisheries	35,639	30,551
Manufacturing	238,651	23,198
Construction and land development	450,362	43,640
Distribution trade	2,880,748	3,080,780
Tourism	80,647	509,724
Entertainment	967,871	295,513
Transportation	691,732	1,534,271
Professional service	417,805	468,664
Personal	3,756,063	1,782,039
General provisioning	203,169	954,615
	9,736,319	**8,722,995**

7.2. *Maturity profile – Loans and advances*

Within 1 year	103,567	131,853
Within 1 to 3 years	19,941	22,446
Within 3 to 5 years	24,194	23,500
Over 5 years	272,674	260,145
	420,376	**437,944**

7. CUSTOMERS' LOAN AND ADVANCES *(continued)*

7.3. Loans by Sector

	2014 $	2013 $
Mining and quarrying	1,322	559
Agriculture	1,214	1,000
Fisheries	375	1,341
Manufacturing	20,121	21,170
Utilities (electricity, water, telephone & media)	17,067	10,154
Construction and land development	18,101	24,388
Distributive trades	34,235	36,931
Tourism	32,276	36,328
Entertainment and catering	4,976	5,086
Transportation and storage	15,250	23,951
Financial institutions	73	166
Professional and other services	28,012	14,458
Public administration	15,738	11,097
Personal	231,616	251,315
Total	**420,376**	**437,944**

8. FINANCIAL INVESTMENTS

Fixed income securities classified as loans and receivables under IAS 39:

	2014 $	2013 $
Government of St. Vincent – Treasury Bills	5,868,253	-
Government of Dominica – Treasury Bills	2,392,580	-
Government of St. Lucia – Treasury Bills	9,938,930	5,000,000
Government of Grenada-Treasury Bills	22,719,074	25,577,664
Government of Grenada - Bonds	334,432	334,432
Eastern Caribbean Home Mortgage Bank - Bonds	4,552,712	12,500,000
Grenada Electricity Services Limited - Bonds	1,300,000	1,700,000
Government of St. Kitts - Bonds	263,276	289,904
Government of Antigua (ABIB) - Bonds	201,621	964,705
Government of St. Lucia - Bonds	-	5,000,000
Government of St. Lucia - Repos	-	8,027,123
	47,570,878	**59,393,828**

8. Financial Investments *(continued)*

Interest is earned on loans and receivables at rates ranging between 1% to 9% (2013 – 2% to 9.75%)

	2014 $	2013 $
Equity - Available for sale:		
Republic Bank (Grenada) Limited - 8,000 ordinary shares	360,000	440,000
RBTT Bank Grenada Limited - 8,916 ordinary shares	71,378	71,378
Caribbean Credit Card Corporation - 25 ordinary shares	25,000	25,000
Eastern Caribbean Home Mortgage Bank - 4,041 class "C" shares	646,560	646,560
Eastern Caribbean Securities Exchange - shares – 5,000 class "C" shares	50,000	50,000
Antigua Barbuda Investment Bank - 250,000 shares	1	1
Grenada Electricity Services Limited - 55,000 ordinary shares	605,000	550,000
TCI Bank Limited - 250,000 shares	1	1
ECIC Holdings Limited - 632,000 shares	1	1
Cable & Wireless Grenada Limited - 48,000 shares	500,000	500,000
	2,257,941	2,282,941
	49,828,819	**61,676,769**

8.1. Maturity profile investments

Within 1 year	43,101,440	54,794,500
Within 1 to 3 years	3,843,869	1,062,527
Within 3 to 5 years	135,791	3,034,733
Over 5 years	2,747,719	2,785,009
	49,828,819	**61,676,769**

9. Premises and Equipment

For year ended 1st October, 2012	Freehold Land and Buildings	Leasehold Improvements	Furniture and Equipment	Computer Equipment	Motor Vehicles	Work-in-Progress	Total
Cost/Valuation	39,966,974	1,910,145	6,906,551	8,607,542	405,100	846,282	58,642,594
Accumulated depreciation	(3,054,521)	(1,460,684)	(3,276,737)	(5,780,012)	(287,048)	-	(13,859,002)
Net Book Value	**36,912,453**	**$449,461**	**$3,629,814**	**$2,827,530**	**$118,052**	**$846,282**	**$44,783,592**
For year ended 30th September, 2013							
Opening net book value	36,912,453	449,461	3,629,814	2,827,530	118,052	846,282	44,783,592
Additions for the year	-	-	37,777	44,738	-	871,105	953,619
Transfers	-	-	158,596	988,676	-	(1,147,272)	-
Depreciation charged	(928,668)	(80,816)	(535,402)	(843,414)	(60,008)	-	(2,448,308)
Net Book Value	**$35,983,785**	**$368,645**	**3,290,785**	**$3,017,530**	**$58,044**	**$570,115**	**$43,288,903**
Balance at 30th September, 2013							
Cost/Valuation	39,966,974	1,910,145	7,102,924	9,640,956	405,100	570,115	59,596,214
Accumulated depreciation	(3,983,189)	(1,541,500)	(3,812,139)	(6,623,426)	(347,056)	-	(16,307,310)
Net Book Value	**$35,983,785**	**$368,645**	**$3,290,785**	**$3,017,530**	**$58,044**	**$570,115**	**$43,288,904**
For year ended 30th September, 2014							
Opening net book value	35,983,785	368,645	3,290,785	3,017,530	58,044	570,115	43,288,904
Additions for the year	-	-	390,334	659,332	94,411	13,473	1,157,550
Transfers	-	-	55,500	129,602	-	(185,102)	-
Disposals/Write-Offs	-	-	(82,498)	(4,537)	-	(357,194)	(444,229)
Adjustments	5,645	768,837	(12,977)	(47,110)	-	(27,819)	686,576
Depreciation charged	(926,837)	(95,507)	(556,020)	(977,521)	(32,488)	-	(2,588,373)
Net Book Value	**$35,062,593**	**$1,041,975**	**$3,085,124**	**2,777,296**	**119,967**	**13,473**	**42,100,428**
Balance at 30th September, 2014							
Cost/Valuation	39, 966,974	1,910,145	6,770,170	9,522,511	419,511	13,473	58,602,784
Accumulated depreciation	(4,904,381)	(868,170)	(3,685,046)	(6,745,215)	(299,544)	-	(16,502,356)
Net Book Value	**$35,062,593**	**$1,041,975**	**$3,085,124**	**$2,777,296**	**$119,967**	**$13,473**	**$42,100,428**

Notes to the Financial Statements
For the year ended 30 September 2014 *(continued)*

10. Other Assets and Prepayments

	2014 $	2013 $
Interest receivable on financial investments	285,569	553,185
Other receivables	13,384,627	10,465,845
	13,670,196	**11,019,030**

11. Amount due to Other Banks

	2014 $	2013 $
Other deposits from banks	**5,000,000**	**35,755,698**

12. Customers' Deposits

	2014 $	2013 $
Savings	263,163,382	226,329,536
Fixed deposit	202,024,746	202,753,941
Treasure chest	46,946,661	45,203,587
Chequing accounts	26,635,992	16,574,096
Current accounts	58,993,037	36,975,994
	597,763,818	527,837,154
Interest payable	3,338,943	5,124,629
	601,102,761	**532,961,783**

13. Other Liabilities

	2014 $	2013 $
Manager's cheques	1,308,773	1,760,054
Other	5,338,540	4,731,576
	6,647,313	**6,491,630**

Notes to the Financial Statements
For the year ended 30 September 2014 *(continued)*

14. Eastern Caribbean Home Mortgage Bank Liability

	2014 $	2013 $
Balance at 1st October, 2013	14,388,333	10,033,476
Loans sold during the year	-	23,891,637
(Loans repurchased and repaid during the year)	(14,388,333)	(19,536,780)
Balance at 30th September, 2014	**-**	**14,388,333**

The above loans carry interest rates averaging 9% with terms maturing up to 2028.

15. Stated Capital

	2014 $	2013 $
Authorised:-		
An unlimited number of common shares with no par value		
Issued:-		
7,600,000 common shares with no par value	24,871,739	24,871,739

16. Statutory Reserve

The Banking Act of 2005 under Sub-section 14 (1) requires that a minimum of 20% of net after tax profits in each year be transferred to a Statutory Reserve Fund until the balance of this fund is equal to the issued Share Capital. This reserve is not available for distribution as dividends or any form of appropriation.

17. Other Reserve

	Property Revaluation Surplus $	Net Un-realized Gains/Losses $	Other General Reserves $	Total $
Balance at 1st October, 2012	3,825,535	(861,181)	434,805	3,399,159
Transfer from Regulatory loss reserves	-	1,437,252	-	1,437,252
Balance at 30th September, 2013	3,825,535	576,071	434,805	4,836,411
Movement in values of traded security	-	(80,000)		(80,000)
Transfer to General Reserves	-	-	61,995	61,995
Balance at 30th September, 2014	**3,825,535**	**496,071**	**496,800**	**4,818,406**

18. Interest Expense

	2014 $	2013 $
Savings deposits	8,297,690	7,174,652
Other time deposits	7,536,505	9,744,195
Chequing account	79,274	102,872
	15,913,469	**17,021,719**

19. Other Income

	2014 $	2013 $
Commissions and fees	6,575,771	5,723,795
Miscellaneous	1,208,480	1,142,691
	7,784,251	**6,866,486**

20. Investment and Deposit Impairment

	2014 $	2013 $
Government of Grenada	**-**	**780,340**

21. General and Administrative Expenses

	2014 $	2013 $
By nature		
Staff costs:		
Wages, salaries and NIS	9,509,530	10,018,340
Pension costs	-	175,778
Other staff costs	573,866	643,450
Total staff costs	10,083,396	10,837,568
Other operating expenses	4,037,467	4,393,196
Depreciation	2,588,373	2,448,308
Operating lease rentals	461,987	411,787
Advertising and promotion	1,035,515	1,324,799
Directors' fee	139,627	153,579
Professional fees	499,120	550,458
Utilities	1,396,488	1,391,836
Repair and maintenance	839,032	793,804
	21,081,005	**22,305,335**

22. Taxation

Current year:

Taxation on the income before tax differs from the theoretical amount that would arise using the basic tax rate as follows:-

	2014 $	2013 $
Net income/(loss) before income tax	2,774,956	(1,651,898)
Tax calculated at corporation tax rate of 30%	832,487	(495,569)
Income not subject to tax	(790,198)	(933,071)
Expenses not deductible for tax purposes	60,951	8,183
Depreciation on items not eligible for capital allowances	219,610	302,845
Deferred tax asset	(147,585)	-
Other	(27,680)	3,159,866
	147,585	**2,042,254**

22. Taxation *(continued)*

Current year: *(continued)*

	2014 $	2013 $
Deferred tax asset		
Balance at 1st October, 2013	1,256,175	3,298,429
Release for the year	(147,585)	(2,042,254)
Balance at 30th September, 2014	**1,108,590**	**1,256,175**

The deferred tax asset relates to tax losses carried forward.

Tax losses

Tax losses which are available for off-set against future taxable income for income tax purposes are as follows:

Year of loss	Balance	Expiry date
2013	$4,063,996	2016

23. Basic Earnings per Share

Basic earnings per share is calculated by dividing the net income attributable to common shareholders by the weighted average number of common shares in issue during the year.

	2014 $	2013 $
Net income/(loss) attributable to common shareholders	2,479,786	(3,694,154)
Weighted average number of common shares in issue	7,600,000	7,600,000
Basic (loss)/earnings per share	$0.33	$(0.49)

The Bank has no potential common shares in issue which would give rise to a dilution of the basic earnings per share. Therefore diluted earnings per share would be same as basic earnings per share.

24. Contingent Liabilities and Commitments

a. *Legal proceedings*

There were six legal proceedings outstanding against the Bank at 30th September, 2014. No provision has been made, as professional advice indicates that it is unlikely that any significant loss will arise.

b. *Undrawn loan commitments, guarantees and other financial facilities*

At 30th September, 2014, the Bank had contractual amounts of off-statement of financial position financial instruments that commit it to extend credit to customers, guarantees and other facilities as follows:

	2014 $	2013 $
Undrawn loan commitments	23,276,168	15,841,739
Guarantees and standby letters of credit	3,287,077	3,283,488
	26,563,245	**19,125,227**

c. *Operating leasehold commitments*

At 30th September, 2014, the Bank was committed to annual leasehold payments as follows:

Under 1 year	425,592	412,917
1 to 5 years	1,214,616	1,585,269
	1,640,208	**1,998,186**

25. Pension Scheme

The Bank maintains a Defined Contribution Pension plan into which employer contributes 6.5% and employee contributes 5% of gross salary. The Bank's contribution to the Plan in 2014 was $461,477 (2013 - $499,668).

26. Related Party transactions

	2014 $	2013 $
Loans and Investments		
Directors and key management personnel (and their families)	7,686,129	8,075,754
Deposits and other liabilities		
Directors and key management personnel (and their families)	8,279,084	6,445,248
Interest income		
Directors and key management personnel (and their families)	353,515	484,591
Interest Expenses		
Directors and key management personnel (and their families)	273,038	210,672
Other		
Salaries and other short-term employee benefits	1,628,742	1,736,285
Directors' fees & expenses	139,627	153,579

Grenada Co-operative Bank Limited
Offices

Branch	Designation	Names
Head Office: No. 8 Church Street St. George's P.O. Box 135 Telephone: (473)-440-2111/3549 Fax: (473)-440-6600 Website: www.grenadaco-opbank.com E-mail: info@grenadaco-opbank.com	Managing Director	R.W. Duncan, *B.Sc., M.A., FCGA, AICB. Acc.Dir.*
	Chief Operating Officer	D. Moses, *B.Sc., MBA, FICB*
	Executive Manager, Corporate & Commercial Banking	N. Sandy, *B.Sc, MSc*
	Chief Audit Executive	J.G. Lawrence (Ms), *B.S., MBA-IBF*
	Executive Manager, Finance	A. Logie, *FCCA, MBA*
	Executive Manager, Retail Banking	W. Grainger, *CRU, Dip. Mgmt.*
	Executive Manager, Operations & Administration	F. Dowden, *AICB, AML-CA, MBA-IB*
	Senior Manager, Credit Risk	J. Robertson (Mrs), *AICB, CIRM, CRU, Dip. Banking*
	Executive Manager, Customer Care	M. Squires-Francis (Mrs) *B.Sc.*
	Officer in Charge, Recoveries and Collections	N. Philip-Walcott (Mrs.), *B.Sc.*
	Marketing Officer	E. Hosten (Mrs.), *B.Sc*
	Senior Programme & Research Officer	P. Antoine, *B.Sc, AICB*
	Human Resource Officer	K. St.Louis- Telesford (Mrs), *BAS*
Grenville: Victoria Street Grenville, St. Andrew's Tel: (473)-442-7748/7708 Fax: (473)-442-8400	Manager, Retail Banking	S.Regis, AICB, B.Sc.
Sauteurs: Main Street Sauteurs, St. Patrick's Tel: (473)-442-9247/1188 Fax: (473)-442-9888	Manager, Retail Banking	R. Fletcher, AICB, *MBA*
Spiceland Mall: Morne Rouge St. George's Tel: (473)-440-2111 Fax: (473)-439-0776	Manager, Retail Banking	G. Sayers, Bsc.
Carriacou Main Street Hillsborough Tel: (473)-443-8424	Manager, Retail Banking	M. McSween
St. George's No. 8 Church Street St. George's Tel: (473)-440-2111 Fax: (473)-435-9621	Manager, Retail Banking	R. D. Duncan, FICB

NOTES

Designed & Printed by:
Innovative Marketing Services
info@imscaribbean.com • www.imscaribbean.com

Grenada Co-operative Bank Limited
welcome home

#8 Church Street, P.O. Box 135, St. George's, Grenada, W.I.
Tel: (473) 440-2111/3549 . Fax: (473) 440-6600
Email: info@grenadaco-opbank.com
Website: www.grenadaco-opbank.com