

OUR MISSION STATEMENT

***"TO BE The LEADING GRENADIAN
PROVIDER OF HIGH QUALITY
FINANCIAL AND RELATED SERVICES
TO INDIVIDUALS AND
ORGANIZATIONS IN LOCAL And
INTERNATIONAL MARKETS, MAXIMISING
BENEFITS FOR ALL STAKEHOLDERS"***

Grenada Co-operative Bank Limited

Annual Report and Financial Statements

September 30, 2004

(expressed in Eastern Caribbean dollars)

Grenada Co-operative Bank Limited

Index to the Financial Statements

For the year ended September 30, 2004

Company Profile	Page	1
Notice/Agenda of General Meeting	“	2
Chairman’s Review	“	3-4
General Manager’s Report	“	5-12
Auditors’ Report to the Shareholders	“	13
Balance Sheet	“	14
Statement of Changes in Equity	“	15
Statement of Income	“	16
Statement of Cash Flows	“	17
Notes to the Financial Statements	“	18-30

Grenada Co-operative Bank Limited

Established 1932
Church Street, St. George's , and
Branches at Grenville, Sauteurs and Spiceland Mall

Directors

C.A. St. Bernard, Esq., C.B.E., Q.C. - Chairman
Gordon V. Steele, Esq.
Derick Steele, Esq.
Richard Mc Intyre, Esq.
Lethon Herry, Esq.
Leslie Ramdhanny, Esq.
Darryl Brathwaite, Esq.

Manager/Secretary

Gordon V. Steele, Esq.

Auditors

Messrs. PricewaterhouseCoopers
Chartered Accountants

Solicitors

Messrs. Lewis & Renwick

A Member bank of the Caribbean Association of Indigenous Banks

Grenada Co-operative Bank Limited

Notice of Annual Meeting

Notice is hereby given that the Seventy-second Annual Meeting of the Company will be held at the Tropicana Inn Conference Room, Lagoon Road, St. George's, on Thursday 27th January, 2005 at 4:45 p.m.

AGENDA

1. To receive the audited financial statements for the year ended September 30, 2004 , together with the Chairman's Review and General Manager's Report thereon.
2. To announce a dividend for the year ended September 30, 2004.
3. To elect Directors.
4. To appoint auditors for the ensuing year. (*Messrs. PricewaterhouseCoopers are due to retire and are eligible for re-appointment*).
5. To consider any other business which may be given consideration at an ordinary meeting.

By order of the Board of Directors

Gordon V. Steele
Secretary

December 14, 2004

December 14, 2004

Auditors' Report

To the Shareholders of Grenada Co-operative Bank Limited

We have audited the accompanying balance sheet of **Grenada Co-operative Bank Limited** as of September 30, 2004 and the related statements of changes in equity, income and cash flows for the year then ended. These financial statements are the responsibility of the bank's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the bank as of September 30, 2004 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**PricewaterhouseCoopers
Chartered Accountants**

Grenada Co-operative Bank Limited

Balance Sheet

As of September 30, 2004

(expressed in Eastern Caribbean dollars)

	2004 \$	2003 \$
Assets		
Cash resources (note 3)	23,199,052	34,833,867
Customer loans and advances (note 4)	184,516,951	139,199,390
Interest receivable on loans and investments	3,428,130	3,199,009
Other assets and prepayments	3,377,705	2,101,311
Investments (note 5)	20,208,250	20,352,936
Reserve deposit – E.C.C.B. (note 6)	14,045,000	12,100,000
Property, plant and equipment (note 7)	10,752,525	10,908,658
Deferred expenses	69,240	160,034
Customers' liability under guarantees	1,740,615	1,651,265
Total Assets	261,337,468	224,506,470
Liabilities		
Customer deposits (note 8)	234,780,553	201,036,624
Interest payable	2,081,523	2,574,310
Proposed dividends (note 9)	561,000	557,400
Managers' cheques	2,104,009	1,480,239
Other liabilities	977,161	1,451,358
Income tax payable	400,240	56,548
Liability for guarantees	1,740,615	1,651,265
Total Liabilities	242,645,101	208,807,744
Equity		
Stated capital (note 10)	7,620,000	3,810,000
Statutory reserve (note 11)	4,416,574	3,757,129
General reserve	–	1,100,000
Retained earnings	5,702,935	6,336,155
Revaluation surplus (12)	952,858	695,442
Total Equity	18,692,367	15,698,726
Total Liabilities and Equity	261,337,468	224,506,470

Approved by the Board of Directors on December 14, 2004 and signed on their behalf by:

14

Director

Director

Secretary

Grenada Co-operative Bank Limited

Statement of Changes in Equity

For the year ended September 30, 2004

(expressed in Eastern Caribbean dollars)

	Stated capital \$	Statutory reserve \$	Revaluation surplus \$	General reserve \$	Retained earnings \$	Total equity \$
Balance at October 1, 2002	3,810,000	3,026,807	–	1,100,000	3,972,266	11,909,073
Revaluation surplus (note 12)	–	–	695,442	–	–	695,442
Net income for the year	–	–	–	–	3,651,611	3,651,611
Transfer to Statutory Reserve	–	730,322	–	–	(730,322)	–
Dividends	–	–	–	–	(557,400)	(557,400)
Balance at September 30, 2003	3,810,000	3,757,129	695,442	1,100,000	6,336,155	15,698,726
Net income for the year	–	–	–	–	3,297,225	3,297,225
Transfer to Statutory Reserve	–	659,445	–	–	(659,445)	–
Bonus share issue	3,810,000	–	–	(1,100,000)	(2,710,000)	–
Dividends	–	–	–	–	(561,000)	(561,000)
Unrealised gain on investments	–	–	257,416	–	–	257,416
Balance at September 30, 2004	7,620,000	4,416,574	952,858	–	5,702,935	18,692,367

Grenada Co-operative Bank Limited

Statement of Income

For the year ended September 30, 2004

(expressed in Eastern Caribbean dollars)

	2004 \$	2003 \$
Interest income		
Customer loans and advances	17,138,188	14,335,453
Investments and deposits at other banks	3,395,100	3,508,827
	<u>20,533,288</u>	<u>17,844,280</u>
Interest expense (note 13)	7,840,928	7,293,683
	<u>12,692,360</u>	<u>10,550,597</u>
Net interest income	12,692,360	10,550,597
Other income (note 14)	2,223,918	1,771,816
	<u>14,916,278</u>	<u>12,322,413</u>
Operating income		
Expenditure		
Loan loss expense	1,049,775	–
Direct operating expenses	7,311,753	6,169,640
Other expenses	2,517,525	2,052,696
	<u>10,879,053</u>	<u>8,222,336</u>
Income , before income tax (note 15)	4,037,225	4,100,077
Provision for income tax (note 16)	740,000	448,466
	<u>3,297,225</u>	<u>3,651,611</u>
Net income for the year		
	<u>65¢</u>	<u>72¢</u>
Basic earnings per share (note 17)		

Grenada Co-operative Bank Limited

Statement of Cash Flows

For the year ended September 30, 2004

(expressed in Eastern Caribbean dollars)

	2004 \$	2003 \$
Cash flows from operating activities		
Income before income tax	4,037,225	4,100,077
Items not affecting working capital		
Depreciation	1,154,612	940,971
Gain on disposal of property, plant and equipment	–	(12,487)
	<hr/>	<hr/>
Operating profit before working capital changes	5,191,837	5,028,561
Net changes in operating assets and liabilities:		
Interest receivable and prepayments	(1,505,515)	(2,201,267)
Customer loans and advances	(45,317,561)	(21,091,019)
Customer deposits	33,743,929	38,986,066
Interest payable	(492,787)	457,457
Other liabilities	149,574	826,176
Deferred expenses	90,794	231,189
	<hr/>	<hr/>
Net income tax paid	(8,139,729)	22,237,163
	<hr/>	<hr/>
Net cash (used in)/from operating activities	(8,536,037)	21,884,072
Cash flows from investing activities		
(Sale)/purchase of investments	402,101	(3,461,883)
Purchase of property, plant and equipment	(998,479)	(1,354,745)
Proceeds on sale of property, plant and equipment	–	13,500
Increase in reserve deposit – E.C.C.B.	(1,945,000)	(2,380,000)
	<hr/>	<hr/>
Net cash used in investing activities	(2,541,378)	(7,183,128)
Cash flows used in financing activities		
Dividends paid	(557,400)	(507,000)
	<hr/>	<hr/>
Net change in cash and cash equivalents	(11,634,815)	14,193,944
Cash and cash equivalents – beginning of year	34,833,867	20,639,923
	<hr/>	<hr/>
Cash and cash equivalents – end of year (note 18)	23,199,052	34,833,867
	<hr/>	<hr/>

Grenada Co-operative Bank Limited

Notes to Financial Statements

September 30, 2004

(expressed in Eastern Caribbean dollars)

1 Incorporation and principal activity

The Bank was incorporated on July 26, 1932, and continued under the laws of Grenada. It is engaged in the business of banking. The registered office is situated in Church Street, St. George's.

The bank employed 84 persons during the year (2003– 78 persons).

2 Significant accounting policies

a) Basis of accounting

These financial statements comply with International Financial Reporting Standards and are prepared under the historical cost convention except for land and buildings and certain available for sale investments which are at valuation.

b) Depreciation

Depreciation on property, plant and equipment is provided at the following rates, which are expected to write off the cost or valuation of the assets over the period of their estimated useful lives.

The annual rates used are as follows:-

Furniture and equipment	10%
Computer equipment	16 2/3%
Motor vehicles	20%
Freehold buildings	2½%

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 property, plant 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 income.

c) Provision for loan losses

Specific allowances are made against loans and advances where in the opinion of Management, after detailed appraisal of the loans portfolio, recovery is doubtful. Guidelines issued by the Eastern Caribbean Central Bank are followed in this regard. Bad debts are written off against the provision when the extent of the loss is confirmed.

d) Revenue Recognition

The Bank classifies loans as non-productive when the loans have not been serviced for a period in excess of three months. No accrual is made for interest receivable on such loans.

Grenada Co-operative Bank Limited

Notes to Financial Statements

September 30, 2004

(expressed in Eastern Caribbean dollars)

2. Significant accounting policies ... *Continued*

e) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated to E.C. 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 income.

f) Taxation

The company provides for income tax payable in accordance with Income Tax Act of 1994, as amended.

Deferred tax is provided where material using the liability method at currently enacted tax rates.

g) Investments

Debt and equity investments held for short-term liquidity purposes and or 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 are classified as available-for-sale. Investments with a fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity and are carried at amortised cost. Equity investments are initially carried at cost and are subsequently remeasured at fair value. The unrealized gains or losses on investments are accounted for on the balance sheet as part of the revaluation surplus. Where the fair value of an equity investment cannot be reliably measured, the investment is measured at cost.

h) Pension

The Bank's contributions to its Defined Contribution Pension Plan are charged to the income statement in the year to which they relate.

i) Cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise cash balances, deposits with the E.C.C.B. and amounts on deposit with other banks.

Grenada Co-operative Bank Limited

Notes to Financial Statements

September 30, 2004

(expressed in Eastern Caribbean dollars)

3 Cash resources

	2004 \$	2003 \$
Cash in hand	5,200,438	3,584,532
Cash at other banks – current accounts	2,383,058	4,244,950
Cash at other financial institutions	15,986,712	22,662,925
E.C.C.B.	(371,156)	4,341,460
	<u>23,199,052</u>	<u>34,833,867</u>

4 Customer loans and advances

	2004 \$	2003 \$
Mortgages	148,425,520	101,302,078
Promissory notes	16,171,411	24,984,696
Other advances	23,771,887	16,212,411
	<u>188,368,818</u>	<u>142,499,185</u>
Provision for loan losses	(3,717,486)	(3,151,386)
Special provision re. Trans-Nemwil (Finance) Ltd. (see note below)	(134,381)	(148,409)
	<u>184,516,951</u>	<u>139,199,390</u>

Movement in provision for loan losses is as follows:-

	2004 \$	2003 \$
Balance beginning of year	3,151,386	3,708,687
Bad debts written off	(483,675)	(557,301)
Increase in provision	1,049,775	–
	<u>3,717,486</u>	<u>3,151,386</u>

The aggregate amount of non-performing loans on which interest was not being accrued amounted to \$15,215,699 as at September 30, 2004 (\$9,233,634 as at September 30, 2003). Uncollected interest accrued on impaired loans amounted to \$8,689,413 as at September 30, 2004 (\$6,630,518 as at September 30, 2003).

Note:

This amount represents the excess of assets over liabilities, purchase price, acquisition costs and provision for loan losses arising from the 1999 purchase of the said assets and liabilities of Trans-Nemwil (Finance) Ltd. The amounts to be taken into income in any year is based on the realisation of principal balances of the purchased loans. During the year \$14,028 (2003 - \$50,847) was transferred to Income as per note 14.

Grenada Co-operative Bank Limited

Notes to Financial Statements

September 30, 2004

(expressed in Eastern Caribbean dollars)

4.1 Maturity profile – Loans and advances

	2004 \$'000	2003 \$'000
Within 1 year	55,811	32,977
Within 1 to 3 years	14,771	17,965
Within 3 to 5 years	13,942	9,951
Over 5 years	103,845	81,606
	<hr/> 188,369	<hr/> 142,499

4.2 Loans by Sector

	2004 \$'000	2003 \$'000
Agriculture	366	711
Fisheries	455	525
Manufacturing	10,213	5,634
Utilities (electricity, water, telephone & media)	370	3,376
Construction and land development	4,715	3,222
Distributive trades	6,341	6,073
Tourism	2,210	2,285
Entertainment and catering	1,162	1,063
Transportation and storage	8,647	5,197
Financial institutions	26	545
Professional and other services	7,728	3,111
Public administration	7,191	10,967
Personal	138,945	99,790
Total	<hr/> 188,369	<hr/> 142,499

Grenada Co-operative Bank Limited

Notes to Financial Statements

September 30, 2004

(expressed in Eastern Caribbean dollars)

5 Investments

	2004 \$	2003 \$
Treasury bills:		
Government of Grenada -		
6% Treasury Bills – E.C.C.B.	492,076	492,076
9% Treasury Bills – E.C.C.B.	418,500	418,500
7% Treasury Bills – E.C.C.B.	8,067,500	8,067,500
	<u>8,978,076</u>	<u>8,978,076</u>
Bonds/Debentures – held to maturity:		
Government of Grenada	1,178,650	1,178,650
National Development	30,000	30,000
Eastern Caribbean Home Mortgage Bank	1,500,000	2,000,000
Grenada Ports Authority – (floating rate)	2,296,914	2,365,371
Grenada Electricity Services Ltd.	412,807	450,002
Government of St. Vincent	1,505,414	–
Government of Grenada – Euro Bond	1,914,347	2,812,500
Government of St. Kitts	650,000	650,000
Barbados Port Authority	–	851,861
Government of St. Lucia	500,000	500,000
	<u>9,988,132</u>	<u>10,838,384</u>
Interest is earned on held-to-maturity investments at rates ranging between 4.25% to 9.75%		
Equities – Available for sale:		
National Commercial Bank of Grenada Ltd. -		
– 8,000 Ordinary shares	300,000	60,000
RBTT Bank Grenada Ltd.		
– 8,916 Ordinary shares	41,192	23,776
Caribbean Credit Card Corporation		
– 25 Ordinary shares of \$1,000 each	25,000	25,000
Eastern Caribbean Home Mortgage Bank		
– 777 Class C Shares of \$100 each	77,700	77,700
Eastern Caribbean Securities Exchange		
– Shares – 5,000 class C shares of \$10 each	50,000	50,000
Antigua Barbuda Investment Bank		
– 100,000 shares	300,000	300,000
Grenada Electricity Services Limited		
– 50,000 ordinary shares	448,150	–
	<u>1,242,042</u>	<u>536,476</u>
	<u>20,208,250</u>	<u>20,352,936</u>

Grenada Co-operative Bank Limited

Notes to Financial Statements

September 30, 2004

(expressed in Eastern Caribbean dollars)

5.1 Maturity profile of held to maturity investments

	2004 \$	2003 \$
Within 1 year	12,507,907	12,748,085
Within 1 to 3 years	231,698	272,315
Within 3 to 5 years	1,428,211	2,991,289
Over 5 years	4,798,392	3,804,771
	<u>18,966,208</u>	<u>19,816,460</u>

6 Reserve deposit

This reserve is maintained in accordance with Article 33 of the E.C.C.B. Agreement 1983, and is based on the level of deposit liabilities held from time to time.

7 Property, plant and equipment

	Freehold land and buildings \$	Leasehold improve- ments \$	Furniture and equipment \$	Computer equipment \$	Motor vehicles \$	Total \$
Cost/Valuation						
Balance beginning of year	7,553,200	645,133	2,595,467	4,559,399	551,008	15,904,207
Additions	–	–	76,088	747,559	–	823,647
Adjustment	–	–	174,832	–	–	174,832
Balance – end of year	<u>7,553,200</u>	<u>645,133</u>	<u>2,846,387</u>	<u>5,306,958</u>	<u>551,008</u>	<u>16,902,686</u>
Accumulated depreciation and amortisation						
Balance – beginning of year	150,293	102,601	1,634,931	2,769,256	338,468	4,995,549
Charge for year	150,479	30,696	215,233	662,746	95,458	1,154,612
Balance – end of year	<u>300,772</u>	<u>133,297</u>	<u>1,850,164</u>	<u>3,432,002</u>	<u>433,926</u>	<u>6,150,161</u>
Net book values						
End of year	<u>7,252,428</u>	<u>511,836</u>	<u>996,223</u>	<u>1,874,956</u>	<u>117,082</u>	<u>10,752,525</u>
Beginning of year	<u>7,402,907</u>	<u>542,532</u>	<u>960,536</u>	<u>1,790,143</u>	<u>212,540</u>	<u>10,908,658</u>

The Bank's property was revalued on September 16, 2003 by Joseph John & Associates Ltd.; resulting in a revaluation excess of EC\$695,442. Valuations were made on the basis of open market value.

Grenada Co-operative Bank Limited

Notes to Financial Statements

September 30, 2004

(expressed in Eastern Caribbean dollars)

8 Customer deposits

	2004 \$	2003 \$
Savings accounts	101,377,836	85,945,796
Fixed deposit accounts	96,126,323	85,951,613
Treasure Chest accounts	15,448,177	9,807,363
Chequing accounts	14,323,087	12,614,406
Current accounts	7,505,130	6,717,446
	<u>234,780,553</u>	<u>201,036,624</u>

All deposits mature within one year. Effective interest rate ranged from 1.5% to 5%.

9 Proposed dividends

	2004 \$	2003 \$
Preference shares	–	3,000
Common shares	561,000	554,400
	<u>561,000</u>	<u>557,400</u>

10 Stated capital

	2004 \$	2003 \$
Authorised:- An unlimited number of common shares with no par value		
Issued:-		
5,100,000 common shares (2003 – Nil)	7,620,000	–
Nil – (2003 30,000 Preference shares)	–	30,000
Nil – (2003 850,000 Series “A” ordinary shares)	–	850,000
Nil – (2003 500,000 Series “B” ordinary shares)	–	500,000
Nil – (2003 120,000 Series “C” ordinary shares)	–	120,000
Nil – (2003 1,050,000 Series “D” ordinary shares)	–	2,310,000
	<u>7,620,000</u>	<u>3,810,000</u>

Grenada Co-operative Bank Limited

Notes to Financial Statements

September 30, 2004

(expressed in Eastern Caribbean dollars)

10 Stated capital/Continued.....

- 1) At a joint special meeting of the shareholders of all classes of shares of the Bank held on Tuesday, December 2, 2003, a special resolution was passed that the several classes of issued shares be converted into single class of common shares of no par value so that immediately thereafter the issued capital of the company shall consist of 2,550,000 common shares of no par value represented by an aggregate stated capital account of \$3,810,000.
- 2) Subsequently, a one for one stock dividend was issued by capitalising \$2,710,000 of the retained earnings and \$1,100,000 General Reserve.

11 Statutory reserve

The Banking Act of 1993 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.

The transfer for the year was \$659,445 (2003 - \$730,322).

12 Revaluation surplus

	Total \$	Property \$	Equity investments \$
Balance at beginning of year	695,442	695,442	–
Revaluation surplus – unrealized gain on available for sale investments	257,416	–	257,416
Balance at end of year	952,858	695,442	257,416

13 Interest expense

	2004 \$	2003 \$
Savings deposits	3,125,512	2,601,821
Other time deposits	4,578,572	4,551,412
Chequing account	136,844	140,450
	7,840,928	7,293,683

Grenada Co-operative Bank Limited

Notes to Financial Statements

September 30, 2004

(expressed in Eastern Caribbean dollars)

14 Other income

	2004 \$	2003 \$
Sundry fees	2,137,657	1,638,948
Miscellaneous	72,233	82,021
Transfer from Trans-Nemwil special provision – (note 4)	14,028	50,847
	<u>2,223,918</u>	<u>1,771,816</u>

15 Income before income tax

Income before income tax is arrived at after charging the following:-

	2004 \$	2003 \$
Depreciation	1,154,612	940,971
Staff costs	4,010,251	3,908,094

16 Taxation

	2004 \$	2003 \$
Current tax	<u>740,000</u>	448,466

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

	2004 \$	2003 \$
Income before income tax	<u>4,037,225</u>	4,100,077
Tax calculated at corporation tax rate of 30%	1,211,168	1,230,023
Income not subject to tax	(608,676)	(865,134)
Expenses not deductible for tax purposes	109,389	54,963
Other	24,689	28,614
Over-provision in accounts – current year	3,430	–
	<u>740,000</u>	448,466

Grenada Co-operative Bank Limited

Notes to Financial Statements

September 30, 2004

(expressed in Eastern Caribbean dollars)

17 Basic earnings per share

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

	2004	2003
	\$	\$
Net income attributable to common shareholders	3,297,225	\$3,651,611
Weighted average number of common shares in issue	5,100,000	5,100,000
Basic earnings per share	65¢	72¢

During the year, the Bank issued stock dividend allotted in the proportion of one share for every share held. For this issue \$2,710,000 of retained earnings and \$1,100,000 of general reserve was capitalised. (See note 10).

Basic earnings per share for 2003 has been adjusted as if the stock dividend had occurred prior to the beginning of 2003.

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.

18 Cash and cash equivalents

	2004	2003
	\$	\$
This is comprised of:-		
Cash resources (note 3)	<u>23,199,052</u>	<u>34,833,867</u>

19 Leasehold commitments

At September 30, 2004, the bank was committed under an operating lease to \$182,250 (2003 - \$182,250) in annual leasehold payments re. the Spiceland Mall Branch. The unexpired term of the lease is 1 year with an option to renew for a further 5 years.

20 Undrawn commitments

Undrawn commitments on loans and advances at September 30, 2004 amounted to \$20,017,000 (2003 - \$6,099,000).

21 Defined contribution scheme

The bank maintains a superannuation plan into which both employer and employee pay 5% of gross salary. The bank's contribution to the Scheme was \$160,224 (2003 - \$156,397).

Grenada Co-operative Bank Limited

Notes to Financial Statements

September 30, 2004

(expressed in Eastern Caribbean dollars)

22 Financial instruments

Interest rate risk

As at 09.30.04	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	23,199	–	–	–	14,045	37,244
Loans and advances	51,959	14,771	13,942	103,845	–	184,517
Investments	12,508	232	1,428	4,798	1,242	20,208
Other assets	–	–	–	–	19,368	19,368
Total assets	87,666	15,003	15,370	108,643	34,655	261,337
Liabilities						
Customers' deposits	234,781	–	–	–	–	234,781
Other liabilities	–	–	–	–	7,864	7,864
Total liabilities	234,781	–	–	–	7,864	242,645
Interest Sensitivity Gap	(147,115)	15,003	15,370	108,643		
As at 09.30.03						
Assets						
Cash resources	34,884	–	–	–	12,100	46,984
Loans and advances	29,677	17,965	9,951	81,606	–	139,199
Investments	12,748	272	2,991	4,341	–	20,352
Other assets	–	–	–	–	17,971	17,971
Total assets	77,309	18,237	12,942	85,947	30,071	224,506
Liabilities						
Customers' deposits	201,037	–	–	–	–	201,037
Other liabilities	–	–	–	–	7,771	7,771
Total liabilities	201,037	–	–	–	7,771	208,808
Interest Sensitivity Gap	(123,728)	18,237	12,942	85,947		

Grenada Co-operative Bank Limited

Notes to Financial Statements

September 30, 2004

(expressed in Eastern Caribbean dollars)

22. Financial instruments/Continued...

Liquidity risk

Maturity of assets and liabilities

	Up to 1 year (\$000's)	Up to 5 years (\$000's)	Over 5 years (\$000's)	Total (\$000's)
As at September 30, 2004				
Assets				
Cash resources	37,244	–	–	37,244
Investments	12,508	1,660	6,040	20,208
Loans and advances	51,959	28,713	103,845	184,517
Other assets	5,169	6,946	7,253	19,368
Total assets	106,880	37,319	117,138	261,337
Liabilities				
Customers' deposits	234,781	–	–	234,781
Other liabilities	7,864	–	–	7,864
Total liabilities	242,645	–	–	242,645
Net liquidity gap	(135,765)	37,319	117,138	18,692

As at September 30, 2003

Total assets	96,520	32,303	95,683	224,506
Total liabilities	(208,808)	–	–	(208,808)
Net liquidity gap	(112,288)	32,303	95,683	15,698

The maturity profile of the bank's deposits and other borrowings is not directly matched by the maturity profile of its advances. Past experience has however indicated that deposits are traditionally reinvested at maturity.

Grenada Co-operative Bank Limited

Notes to Financial Statements

September 30, 2004

(expressed in Eastern Caribbean dollars)

22 Financial instruments/*Continued...*

Fair value of financial assets and liabilities

Financial assets and liabilities are carried at amounts which approximate their fair values at the balance sheet date. The following methods and assumptions have been used to estimate their values.

Assets

Cash resources

The fair values of these financial instruments are assumed to approximate their carrying values due to their short-term nature.

Loans and advances

The carrying amounts, net of allowances for loan losses are assumed to reflect their fair values.

Investments

The valuation policy for investments is disclosed in note 2(g).

Liabilities

Customers' deposits and other borrowings

Deposit liabilities payable on demand are assumed to equal their fair value.

23 Subsequent event

Subsequent to September 30, 2004, it was discovered that certain unauthorised transactions had taken place within the bank system. These transactions which span a period before and after year-end are currently under investigation and the extent of possible loss has not yet been established, however management has provided for estimated losses that occurred up to year-end.

Grenada Co-operative Bank Limited

Offices:

Branch

Designation

Names

Head Office:

No. 8 Church Street
St. George's
Grenada, West Indies
P.O. Box 135

Managing Director
Manager, Finance & Corporate Affairs
Manager, Credit
Senior Credit Officer
Senior Information Technology Officer
Human Resources Officer
Marketing Officer
Senior Operations Officer
Internal Auditor
Consultants:-

Gordon V. Steele, Esq.
R.W. Duncan, Esq., B.Sc., MA., CGA, AICB
F.A. Williams (Mrs.), B.S.
P. Antoine, Esq., B.Sc., AICB
F. Dowden, Esq., AICB
M. Squires-Francis (Mrs.) B.Sc.
S. Ince-John (Mrs.) B. Sc.
C. Sylvester-Layne (Mrs.), C.B.A., AICB
J.G. Lawrence (Miss), B.S., MBA-IBF

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(473)440-2111/3549

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Operations Consultant
Credit Consultant
Special Consultant

L. Antoine (Miss)
D. De Freitas, Esq.
F. O'Neale, Esq.

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Grenville:

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Grenville, St. Andrew's

Branch Manager

A.C. Williams (Miss)

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Sauteurs:

Main Street
Sauteurs, St. Patrick's

Branch Manager

C. Bhola, Esq., AICB

Telephone:

(473)442-9247/1188

Fax:

(473)442-9888

Spiceland Mall:

Morne Rouge
St. George's

Branch Manager

C. Davidson (Mrs.)

Telephone:

(473)440-2111

Fax:

(473)439-0776

Grenada Co-operative Bank Limited

Additional Information to

Financial Statements for the year ended September 30, 2004

(expressed in Eastern Caribbean dollars)

December 14, 2004

Additional Comments of Auditors

To the Board of Directors
Grenada Co-operative Bank Limited
Church Street
St. George's.

The accompanying schedules are presented as supplementary information only. In this respect, they do not form part of the financial statements of **Grenada Co-operative Bank Limited** for the year ended September 30, 2004, and hence are excluded from the opinion expressed in our report dated December 14, 2004, to the shareholders on such financial statements. The information in these schedules has been subject to audit procedures only to the extent necessary to express an opinion on the financial statements of the Bank and, in our opinion, is fairly presented in all respects material to those financial statements.

Chartered Accountants

SCHEDULE I

Grenada Co-operative Bank Limited

Supplementary Financial Information

Statement of Branch Operations

For the year ended September 30, 2004

(expressed in Eastern Caribbean dollars)

	Total		St. George's		Grenville		Sauteurs		Spiceland Mall	
	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$
Income										
Interest:										
– loans	17,138,188	14,335,453	12,432,848	10,936,845	1,411,098	1,158,441	1,909,451	1,280,309	1,384,791	959,858
– paid	7,840,928	7,293,683	5,353,596	5,003,401	1,142,856	760,599	815,590	1,228,549	528,886	301,134
Net interest income/(loss)	9,297,260	7,041,770	7,079,252	5,933,444	268,242	397,842	1,093,861	51,760	855,905	658,724
Other income/other interest	5,619,018	5,280,643	4,640,932	4,403,363	284,636	286,052	303,596	298,077	389,854	293,151
	14,916,278	12,322,413	11,720,184	10,336,807	552,878	683,894	1,397,457	349,837	1,245,759	951,875
Direct expenses	7,311,753	6,169,640	5,711,781	4,539,662	624,058	614,300	577,519	579,446	398,395	436,232
Branch income/(loss) before general/administrative expenses and loan loss expense	7,604,525	6,152,773	6,008,403	5,797,145	(71,180)	69,594	819,938	(229,609)	847,364	515,643
General/admin. expenses and loan loss expense	3,567,300	2,052,696	3,567,300	2,052,696	–	–	–	–	–	–
Net Branch income/(loss) before Inter-Branch adjustments	4,037,225	4,100,077	2,441,103	3,744,449	(71,180)	69,594	819,938	(229,609)	847,364	515,643
Inter-Branch interest adjustments	–	–	(1,571,716)	(1,592,076)	1,081,257	1,042,032	490,459	550,044	–	–
Net Branch income	4,037,225	4,100,077	869,387	2,152,373	1,010,077	1,111,626	1,310,397	320,435	847,364	515,643

SCHEDULE II

Grenada Co-operative Bank Limited

Supplementary Financial Information

Statement of Direct Expenses

For the year ended September 30, 2004

(expressed in Eastern Caribbean dollars)

	Total		St. George's		Grenville		Sauteurs		Spiceland Mall	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries, wages and NIS	3,042,814	2,676,384	2,119,159	1,879,316	284,106	267,104	339,446	281,032	300,103	248,932
Travelling and subsistence	102,585	138,719	81,576	119,009	5,297	4,565	3,810	3,650	11,902	11,495
Printing/stationery/postage	440,083	379,162	378,720	292,193	25,208	30,160	14,867	32,719	21,288	24,090
Telephone and electricity	582,504	530,824	423,346	366,426	95,096	87,623	45,083	41,888	18,979	34,887
Donations	152,964	174,440	138,904	160,287	2,300	3,173	11,760	10,980	–	–
Miscellaneous	148,463	71,130	100,833	43,084	26,490	9,805	20,941	18,141	199	100
Maintenance of buildings and equipment	471,809	319,970	429,256	211,842	11,292	42,887	26,493	33,571	4,768	31,670
Insurance	97,805	101,731	82,301	86,489	10,584	10,584	4,920	4,658	–	–
Rates and taxes	30,474	25,667	24,955	19,639	3,015	3,918	2,208	1,696	296	414
Depreciation:										
– furniture and equipment	213,582	225,247	152,004	146,135	33,740	38,757	27,838	40,355	–	–
– computer equipment	662,746	447,654	662,746	447,654	–	–	–	–	–	–
– buildings	150,479	–	96,079	–	38,150	–	16,250	–	–	–
Provision for bonus	261,796	784,709	176,686	534,743	25,542	84,794	32,072	89,447	27,496	75,725
Cash (overs)/shorts	6,862	22,970	(2,796)	16,485	2,294	985	2,754	3,792	4,610	1,708
Staff expenses	113,583	151,884	68,620	128,748	29,457	12,777	10,820	5,847	4,686	4,512
Commission on cash purchased	47,328	47,146	25,934	27,702	9,947	10,022	8,700	8,494	2,747	928
Cleaning supplies	55,442	42,330	30,405	32,037	19,639	5,346	4,077	3,176	1,321	1,771
Cablevision rental	9,177	5,337	1,796	3,537	1,901	1,800	5,480	–	–	–
ECCB adjustment	–	24,336	–	24,336	–	–	–	–	–	–
Extraordinary loss	721,257	–	721,257	–	–	–	–	–	–	–
	7,311,753	6,169,640	5,711,781	4,539,662	624,058	614,300	577,519	579,446	398,395	436,232

SCHEDULE III**Grenada Co-operative Bank Limited**Supplementary Financial Information
Statement of General and Administrative Expenses
For the year ended September 30, 2004

(expressed in Eastern Caribbean dollars)

	2004	2003
	\$	\$
Contributions to pension scheme – current year	160,224	156,397
Licences	60,260	60,000
Advertising	97,201	207,435
Legal and professional fees	290,765	130,962
Motor vehicles - depreciation	95,548	98,793
Membership subscriptions	20,766	50,466
Entertaining	33,301	26,813
Rent	60,800	67,650
Directors' fees and travelling	43,200	35,100
Staff training	177,452	168,166
Public relations	669,779	256,156
Security	110,882	84,650
Sundry losses/(gain)	7,533	(1,966)
Miscellaneous	54,430	–
Bank charges	70,739	56,147
Lease – Spiceland Mall	182,250	182,250
Meetings, conferences, seminars	60,580	52,242
Health plan	52,179	50,705
Adjustment to interest receivable	861	30,721
Deferred expenses written off	183,059	205,348
Miscellaneous write-offs	10,454	66,466
General consumption tax	75,262	48,906
Under-provision - deductions	–	19,289
	2,517,525	2,052,696

