

# **RBTT Bank Grenada Limited**

**(Formerly Grenada Bank of Commerce Limited)**

Financial Statements

**31 December, 2002**

(expressed in Eastern Caribbean dollars)

February 10, 2003

## **Auditors' Report**

**To the Shareholders of  
RBTT Bank Grenada Limited**  
(Formerly Grenada Bank of Commerce Limited)

We have audited the accompanying balance sheet of **RBTT Bank Grenada Limited** (formerly Grenada Bank of Commerce Limited) as of 31 December, 2002 and the related statements of profit and loss, changes in shareholders' equity and changes in cash resources 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 31 December, 2002 and the results of its operations, changes in its shareholders' equity and its cash resources for the year then ended in accordance with International Accounting Standards.

**Chartered Accountants**

**RBTT Bank Grenada Limited**  
 (Formerly Grenada Bank of Commerce Limited)  
 Balance Sheet  
 As of 31 December, 2002

(expressed in Eastern Caribbean dollars)

	2002 \$	2001 \$
<b>Assets</b>		
Cash resources (note 4)	44,335,558	36,700,340
Investments (note 5)	82,579,920	70,385,532
Originated loans and advances (note 6)	201,589,428	199,889,983
Customers' liability under guarantees and letters of credit (note 7)	5,848,079	1,957,680
Premises and equipment (note 8)	14,240,391	13,854,476
Other assets (note 9)	6,576,503	4,886,695
Income tax recoverable	-	135,870
<b>Total assets</b>	<b>355,169,879</b>	<b>327,810,576</b>
<b>Liabilities</b>		
Customers' deposits (note 10)	302,469,983	285,204,561
Due to banks	1,610,795	768,803
Customers' liability under guarantees and letters of credit (note 7)	5,848,079	1,957,680
Other liabilities (note 11)	3,455,169	3,599,614
Income tax payable	107,301	-
<b>Total liabilities</b>	<b>313,491,327</b>	<b>291,530,658</b>
<b>Shareholders' equity</b>		
Stated capital (note 12)	7,391,790	7,391,790
Revaluation surplus (note 13)	1,425,947	1,425,947
Statutory reserve (note 14)	7,391,790	7,391,790
Retained profits	25,469,025	20,070,391
<b>Total shareholders' equity</b>	<b>41,678,552</b>	<b>36,279,918</b>
<b>Total liabilities and shareholders' equity</b>	<b>355,169,879</b>	<b>327,810,576</b>

Approved by the Board of Directors on February 10, 2003 and signed on their behalf by:-

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**RBTT Bank Grenada Limited**  
 (Formerly Grenada Bank of Commerce Limited)  
 Profit and Loss Account  
 For the year ended 31 December, 2002

(expressed in Eastern Caribbean dollars)

	<b>2002</b>	<b>2001</b>
	\$	\$
<b>Interest income</b>	<b>28,207,537</b>	26,914,932
<b>Interest expense</b>	<b>12,432,777</b>	12,623,597
<b>Net interest income</b> (note 15)	<b>15,774,760</b>	14,291,335
<b>Other income</b> (note 16)	<b>4,667,546</b>	3,616,977
<b>Total net income</b>	<b>20,442,306</b>	17,908,312
<b>Loan loss expense</b> (note 6.4)	<b>1,074,219</b>	1,623,612
<b>Operating expenses</b> (note 17)	<b>10,852,026</b>	8,924,841
<b>Total non-interest expenses</b>	<b>11,926,245</b>	10,548,453
<b>Profit before taxation</b> (note 18)	<b>8,516,061</b>	7,359,859
Taxation (note 19)	<b>(530,301)</b>	(873,434)
<b>Net profit for the year</b>	<b>7,985,760</b>	6,486,425
<b>Basic earnings per share</b> (note 20)	1.08	0.88

**RBTT Bank Grenada Limited**  
 (Formerly Grenada Bank of Commerce Limited)  
 Statement of Changes in Shareholders' Equity  
 For the year ended 31 December, 2002

(expressed in Eastern Caribbean dollars)

	Share capital \$	Revaluation surplus \$	Statutory reserve \$	Retained profits \$	Total equity \$
<b>Year ended 31 December 2001</b>					
Balance at 1 January, 2001	7,391,790	1,425,947	7,391,790	13,583,966	29,793,493
Net profit for the year	-	-	-	6,486,425	6,486,425
<b>Balance at 31 December 2001</b>	<b>7,391,790</b>	<b>1,425,947</b>	<b>7,391,790</b>	<b>20,070,391</b>	<b>36,279,918</b>
<b>Year ended 31 December 2002</b>					
Balance at 1 January, 2002	7,391,790	1,425,947	7,391,790	20,070,391	36,279,918
Net profit for the year	-	-	-	7,985,760	7,985,760
Dividends	-	-	-	(2,587,126)	(2,587,126)
<b>Balance at 31 December 2002</b>	<b>7,391,790</b>	<b>1,425,947</b>	<b>7,391,790</b>	<b>25,469,025</b>	<b>41,678,552</b>

Refer to note 22 in respect of Dividends for year ended December 2002

**RBTT Bank Grenada Limited**  
 (Formerly Grenada Bank of Commerce Limited)  
 Statement of Changes in Cash Resources  
 For the year ended 31 December, 2002

(expressed in Eastern Caribbean dollars)

	2002 \$	2001 \$
<b>Operating activities</b>		
Profit before taxation	8,516,061	7,359,859
Adjustments for:		
Depreciation	797,884	811,658
Loss on disposal of premises and equipment	728	1,593
<b>Profit before changes in operating assets</b>	<b>9,314,673</b>	<b>8,173,110</b>
(Increase)/decrease in operating assets:		
- Originated loans and advances	(1,699,445)	(8,905,193)
- Other assets	(1,689,808)	(266,403)
Increase/(decrease) in operating liabilities:		
- Customers' deposits	17,265,422	28,710,640
- Other liabilities	(144,445)	986,245
- Due to banks	841,992	684,990
Cash provided by operating activities, before taxation	<b>23,888,389</b>	29,383,389
Income tax paid	(287,130)	(824,312)
Net cash provided by operating activities	<b>23,601,259</b>	28,559,077
<b>Investing activities</b>		
Additions to premises and equipment	(1,184,527)	(2,529,121)
Movement in investments	(12,194,388)	(12,374,461)
Net cash used in investing activities	<b>(13,378,915)</b>	(14,903,582)
<b>Financing activities</b>		
Dividends paid	(2,587,126)	(2,117,244)
<b>Net increase in cash resources</b>	<b>7,635,218</b>	11,538,251
<b>Cash resources at beginning of year</b>	<b>36,700,340</b>	25,162,089
<b>Cash resources at end of year</b>	<b>44,335,558</b>	36,700,340

# **RBTT Bank Grenada Limited**

(Formerly Grenada Bank of Commerce Limited)  
Notes to Financial Statements  
**31 December, 2002**

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(expressed in Eastern Caribbean dollars)

## **1. Incorporation and business activities**

The bank was incorporated on 19 January, 1983, under the laws of Grenada and is engaged in the business of commercial banking. The registered office is situated at Grand Anse, St. George's.

Effective 18 March, 2002, the Bank changed its name from Grenada Bank of Commerce Limited to RBTT Bank Grenada Limited.

During the year the bank employed 102 persons (2001 – 95 persons).

## **2. Parent company**

The bank is a 62.08% owned subsidiary of RBTT Bank Caribbean Limited (Formerly Caribbean Banking Corporation Limited), a bank incorporated in St. Vincent and the Grenadines. The ultimate parent company of RBTT Bank Caribbean Limited is RBTT Financial Holdings Limited, a company incorporated in the Republic of Trinidad & Tobago.

## **3. Significant accounting policies**

### **a) Basis of preparation**

These financial statements have been prepared under the historical cost convention, modified to include the revaluation of available-for-sale investment securities and freehold land and building.

### **b) Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated in E.C. dollars at current rates of exchange, except otherwise stated. Foreign exchange trading positions are valued monthly at prevailing rates and profits or losses are included in operating income.

### **c) Originated loans and advances**

Loans are stated at principal outstanding net of unearned interest.

The allowance for losses is based on the annual appraisal of advances. Specific provisions are made against advances when, in the opinion of management, credit risk or economic factors make recovery doubtful.

When a loan is deemed uncollectable, it is written off against the related provision. Subsequent recoveries are credited to the profit and loss account if previously written off.

**RBTT Bank Grenada Limited**  
(Formerly Grenada Bank of Commerce Limited)  
Notes to Financial Statements  
**31 December, 2002**

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(expressed in Eastern Caribbean dollars)

**3. Significant accounting policies ...continued**

**d) Premises and equipment**

Depreciation is provided on premises and equipment 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.

Buildings	2% - straight line
Motor vehicles	25% - straight line
Furniture and equipment	20% - reducing balance
Computer equipment	33 1/3% - reducing balance

The cost 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 current operations.

**e) Revenue recognition**

Income from loans, advances and investments is recognised as it accrues except for income on mortgages which is recognised on an amortised basis over the lives of the mortgages. Accrual of income from originated loans and advances ceases when principal or interest is past due 90 days and collateral is inadequate to cover principal and interest or when, in the opinion of management, full collection is unlikely.

**f) Taxation**

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

Deferred tax is provided where material, using the liability method, for temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes using currently enacted tax rates.

**g) Investments**

The Bank classifies its investment securities into the following two categories: held-to-maturity and available-for-sale assets. Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Investment securities 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 are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

**RBTT Bank Grenada Limited**  
 (Formerly Grenada Bank of Commerce Limited)  
 Notes to Financial Statements  
 31 December, 2002

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(expressed in Eastern Caribbean dollars)

**3. Significant accounting policies ...continued**

**g) Investments...continued**

Investment securities are initially recognised at cost (which includes transaction costs). Available-for-sale financial assets are subsequently re-measured at fair value. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. When the securities are disposed of or impaired, the related accumulated fair value adjustments are included in the profit and loss statement as gains and losses for investment securities.

Held-to-maturity investments are carried at amortised cost using the effective yield method, less any provision for impairment.

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income when a dividend is declared.

**h) Pension plan**

The pension plan is administered by a registered insurance company in Grenada. This plan is a defined contribution plan which offers its employees retirement benefits depending on the length of service.

The bank's contribution is charged to the profit and loss statement in the year to which it relates.

**4. Cash resources**

	<b>2002</b>	<b>2001</b>
	\$	\$
Cash on hand	<b>7,690,163</b>	7,619,354
Due from banks	<b>15,449,254</b>	13,851,669
Due from parent company	<b>226,641</b>	7,705
Statutory deposit with the Eastern Caribbean Central Bank	<b>15,747,277</b>	13,535,237
Cheques and other items in transit	<b>5,222,223</b>	1,686,375
	<b>44,335,558</b>	36,700,340

**RBTT Bank Grenada Limited**  
 (Formerly Grenada Bank of Commerce Limited)  
 Notes to Financial Statements  
 31 December, 2002

(expressed in Eastern Caribbean dollars)

**5. Investments**

	2002 \$	2001 \$
<u>Investments available-for-sale</u>		
Unquoted equity securities	187,800	222,691
Unquoted Government of Grenada treasury bills	9,056,920	9,056,920
Unquoted OECS Government treasury bills held by ECCB	11,168,773	8,660,529
Total investments available for sale	<u>20,413,493</u>	<u>17,940,140</u>
<u>Investments held-to-maturity</u>		
Unquoted debt securities:		
ECCB Government bonds	27,706,230	29,928,809
Eastern Caribbean Home Mortgage bank bonds	100,000	100,000
Other Government Bonds	5,400,000	–
Non-Government bonds	4,094,485	810,403
Deposits with related companies:		
RBTT Bank Limited	5,463,363	5,406,180
RBTT Merchant Bank Limited	19,402,349	–
	<u>62,166,427</u>	<u>36,245,392</u>
Other deposits with banks	–	16,200,000
	<u>62,166,427</u>	<u>52,445,392</u>
Total investments	<u>82,579,920</u>	<u>70,385,532</u>

The maturity of investments is disclosed in note 24.  
 Effective interest rates ranged from 5.5% to

Unquoted equity securities and Government Treasury bills are carried at cost, as these investments are not quoted on a stock exchange and it has not been possible to obtain a fair value through other means.

**6. Originated loans and advances**

	2002 \$	2001 \$
Originated loans and advances	221,051,146	220,930,697
Unearned interest	(8,794,420)	(9,571,049)
	<u>212,256,726</u>	<u>211,359,648</u>
Interest receivable	874,003	918,534
Allowance for losses	(11,541,301)	(12,388,199)
	<u>201,589,428</u>	<u>199,889,983</u>

Effective interest rates ranged from 4% to 16%.

**RBTT Bank Grenada Limited**  
 (Formerly Grenada Bank of Commerce Limited)  
 Notes to Financial Statements  
 31 December, 2002

(expressed in Eastern Caribbean dollars)

**6. Originated loans and advances...continued**

	<b>2002</b>	<b>2001</b>
	\$	\$
<b>6.1 Sectoral analysis of originated loans and advances</b>		
Residential mortgages	51,752,037	51,475,771
Consumer	49,398,512	37,551,056
Distribution	16,389,273	18,618,307
Tourism/entertaining/catering	16,847,094	20,185,640
Construction	7,294,996	9,201,760
Transport	11,699,503	10,675,170
Manufacturing	14,149,880	11,017,059
Agriculture/fisheries	3,293,406	3,194,848
Utilities	9,151,336	9,013,258
Finance and insurance	1,329,015	1,715,727
Mining and quarrying	118,273	4,914,697
Public administration	14,841,274	6,595,080
Professional and other	15,992,127	27,201,275
	<b>212,256,726</b>	<b>211,359,648</b>

The maturity of originated loans and advances is disclosed in note 24.

	<b>2002</b>	<b>2001</b>
	\$	\$
<b>6.2 Allowance for losses</b>		
Balance at beginning of year	12,388,199	11,079,100
Increase in provision	1,740,224	1,527,000
Write-offs	(2,587,122)	(217,901)
	<b>11,541,301</b>	<b>12,388,199</b>
<b>6.3 Suspension of interest accrual</b>		
Gross loans and advances on which interest is not being accrued	<b>16,928,369</b>	<b>20,618,683</b>
<b>6.4 Loan loss expense</b>		
Increase in provision	1,740,224	1,527,000
Amounts directly written off to profit and loss account	636,025	103,022
Recoveries	(1,302,030)	(6,410)
	<b>1,074,219</b>	<b>1,623,612</b>

**RBTT Bank Grenada Limited**  
 (Formerly Grenada Bank of Commerce Limited)  
 Notes to Financial Statements  
 31 December, 2002

(expressed in Eastern Caribbean dollars)

**6. Originated loans and advances...continued**

	\$ 2002	\$ 2001
<b>6.5 Sectorial analysis of undrawn commitments</b>		
Consumer	1,002,000	3,675,883
Distribution	6,321,000	6,234,385
Government and administration	304,000	983,589
Residential mortgages	2,417,000	–
Commercial mortgages	1,320,000	–
Transport	333,000	254,959
Hospitality	444,000	747,762
Construction	2,093,000	819,848
Manufacturing	637,000	662,944
Agriculture	90,000	69,122
Financial institutions	1,133,000	145,092
Fisheries	–	601,307
Mining and quarry	473,000	500,000
Entertainment and catering	24,000	36,691
Professional and other services	874,000	2,701,603
Utilities	802,000	11,066
<b>Total undrawn commitments</b>	<b>18,267,000</b>	<b>17,444,251</b>

Loan commitments refer to facilities that have been approved by the year-end but at December 31, 2002 they have either not been disbursed to the customer or are partially undrawn.

**7. Customers' liability under guarantees and letters of credit**

	2002 \$	2001 \$
Guarantees	5,727,425	1,800,094
Letters of Credit	120,654	157,586
	<b>5,848,079</b>	<b>1,957,680</b>

**7.1 Sectorial analysis of customers' liability under guarantees and acceptances**

Consumer	12,537	29,643
Private sector	5,835,542	1,928,037
	<b>5,848,079</b>	<b>1,957,680</b>

**RBTT Bank Grenada Limited**  
 (Formerly Grenada Bank of Commerce Limited)  
 Notes to Financial Statements  
**31 December, 2002**

(expressed in Eastern Caribbean dollars)

**8. Premises and equipment**

	<b>Freehold properties \$</b>	<b>Leasehold improvements \$</b>	<b>Equipment and motor vehicles \$</b>	<b>Capital work in progress \$</b>	<b>Total \$</b>
<b>Year ended 31 December, 2002</b>					
Opening net book value	9,454,015	28,188	1,805,374	2,566,899	13,854,476
Additions	–	–	–	1,184,527	1,184,527
Disposals	–	–	(728)	–	( 728)
Transfers	2,436,883	–	1,040,311	(3,477,194)	–
Depreciation charge	(198,777)	(5,637)	(593,470)	–	(797,884)
Closing net book value	<u>11,692,121</u>	<u>22,551</u>	<u>2,251,487</u>	<u>274,232</u>	<u>14,240,391</u>
<b>At 31 December, 2002</b>					
Cost/valuation	12,797,884	55,611	7,986,666	274,232	21,114,393
Accumulated depreciation	(1,105,763)	(33,060)	(5,735,179)	–	(6,874,002)
Net book value	<u>11,692,121</u>	<u>22,551</u>	<u>2,251,487</u>	<u>274,232</u>	<u>14,240,391</u>
<b>At 31 December, 2001</b>					
Cost/valuation	10,360,997	55,611	6,951,316	2,566,899	19,934,823
Accumulated depreciation	(906,982)	(27,423)	(5,145,942)	–	(6,080,347)
Net book value	<u>9,454,015</u>	<u>28,188</u>	<u>1,805,374</u>	<u>2,566,899</u>	<u>13,854,476</u>

**RBTT Bank Grenada Limited**  
 (Formerly Grenada Bank of Commerce Limited)  
 Notes to Financial Statements  
**31 December, 2002**

(expressed in Eastern Caribbean dollars)

**9. Other assets**

	<b>2002</b>	<b>2001</b>
	\$	\$
4 C's deposit to secure credit cards	<b>2,657,529</b>	2,074,620
Interest accrued on investments	<b>2,750,652</b>	1,910,415
Other	<b>1,168,322</b>	901,660
	<b><u>6,576,503</u></b>	<u>4,886,695</u>

**10. Customers' deposits**

	<b>2002</b>	<b>2001</b>
	\$	\$
Deposit balances	<b>298,414,681</b>	279,716,336
Accrued interest	<b>4,055,302</b>	5,488,225
	<b><u>302,469,983</u></b>	<u>285,204,561</u>

The maturity of customers' deposits is disclosed in note 24.  
 Effective interest rate ranged from 1% to 8.25%.

**10.1 Sectoral analysis of customers' deposits**

Consumers	<b>188,806,887</b>	178,868,000
Private institutions	<b>55,053,489</b>	57,204,000
Public institutions	<b>21,265,749</b>	14,732,000
State sector	<b>5,483,809</b>	5,708,000
Other	<b>27,804,747</b>	23,204,336
	<b><u>298,414,681</u></b>	<u>279,716,336</u>

**11. Other liabilities**

	<b>2002</b>	<b>2001</b>
	\$	\$
Local payables	<b>1,830,674</b>	1,839,457
Management fees	<b>537,252</b>	480,564
Other	<b>1,087,243</b>	1,279,593
	<b><u>3,455,169</u></b>	<u>3,599,614</u>

**RBTT Bank Grenada Limited**  
(Formerly Grenada Bank of Commerce Limited)  
Notes to Financial Statements  
**31 December, 2002**

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(expressed in Eastern Caribbean dollars)

**12. Stated capital**

	<b>2002</b>	<b>2001</b>
	\$	\$
Authorised:		
- 50,000,000 ordinary shares of no par value		
Issued:		
- 7,391,790 ordinary shares	<u><b>7,391,790</b></u>	<u>7,391,790</u>

**13. Revaluation surplus**

The bank's freehold properties were revalued by Joseph John and Associates in December, 1993 and October, 1996 for \$3,375,100 and \$10,648,757 respectively.

The excess of \$1,872,600 resulting from the 1993 revaluation was capitalised on 31 December, 1993 by the issue of fully paid bonus shares to existing members. An excess of \$1,635,903 resulted from the 1996 revaluation. During 1999, \$209,956 (representing the appraisal excess of property sold during the year,) was transferred from the revaluation surplus to retained profits.

**14. Statutory reserve**

This fund is required to be maintained under the provisions of the Banking Act 1993, at a minimum amount equal to that of the bank's stated capital. At 31 December, 2002 and 2001 the statutory reserve equalled the stated capital of \$7,391,790.

**RBTT Bank Grenada Limited**  
 (Formerly Grenada Bank of Commerce Limited)  
 Notes to Financial Statements  
 31 December, 2002

(expressed in Eastern Caribbean dollars)

**15. Net interest income**

	2002 \$	2001 \$
<b>Interest income</b>		
Originated loans and advances	21,614,209	20,942,797
Investments	5,528,687	5,492,419
Deposits with banks	1,064,641	479,716
	<u>28,207,537</u>	<u>26,914,932</u>
<b>Interest expense</b>		
Customers' deposits	12,431,258	12,616,725
Due to banks	1,519	6,872
	<u>12,432,777</u>	<u>12,623,597</u>
<b>Net interest income</b>	<u>15,774,760</u>	<u>14,291,335</u>

**16. Other income**

	2002 \$	2001 \$
Fee and commission income	2,323,055	2,422,522
Foreign exchange earnings	2,344,491	1,186,413
Sundry income	-	8,042
	<u>4,667,546</u>	<u>3,616,977</u>

**17. Operating expenses**

	2002 \$	2001 \$
General administrative expenses	5,832,591	4,853,725
Other operating expenses	5,019,435	4,071,116
	<u>10,852,026</u>	<u>8,924,841</u>

**RBTT Bank Grenada Limited**  
 (Formerly Grenada Bank of Commerce Limited)  
 Notes to Financial Statements  
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(expressed in Eastern Caribbean dollars)

**18. Profit before taxation**

Profit before taxation is arrived at after charging the following:

	<b>2002</b>	<b>2001</b>
	\$	\$
Depreciation	<b>797,884</b>	811,658
Directors' fees	<b>60,000</b>	53,500
Auditors' remuneration	<b>75,000</b>	65,000
Employees retirement benefit expense	<b>130,137</b>	136,776
Other staff costs	<b>4,886,857</b>	4,272,644

**19. Taxation**

	<b>2002</b>	<b>2001</b>
	\$	\$
Current year	<b>980,301</b>	585,000
Prior years – (over)/under-provision	<b>(450,000)</b>	288,434
	<b>530,301</b>	873,434

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

	<b>2002</b>	<b>2001</b>
	\$	\$
Profit before taxation	<b>8,516,061</b>	7,359,859
Prima facie tax calculated at corporation tax rate of 30%	<b>2,554,818</b>	2,207,958
Income not subject to tax	<b>(1,654,500)</b>	(1,647,864)
Expenses not deductible for tax purposes	<b>79,403</b>	13,133
Other	<b>580</b>	11,773
Prior years – (over)/under-provision (note)	<b>(450,000)</b>	288,434
	<b>530,301</b>	873,434

**Note:**

The over-provision resulted from an allowance granted by the Inland Revenue Department with respect to bad debt provisions disallowed in prior years.

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(expressed in Eastern Caribbean dollars)

**20. Basic earnings per share**

Earnings per share are calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year.

	<b>2002</b>	<b>2001</b>
	\$	\$
Net profit for the year	<b>7,985,760</b>	<b>6,486,425</b>
Weighted average number of ordinary shares in issue	<b>7,391,790</b>	<b>7,391,790</b>
Basic earnings per share	<b>1.08</b>	<b>.88</b>

The Bank has no potential ordinary shares in issue which would give rise to a dilution of the basic earnings per share.

**21. Related party transactions**

A number of banking transactions is entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. These transactions are carried out on commercial terms and conditions and at market rates. Similarly, RBTT Services Limited, wholly owned subsidiary of RBTT Financial Holdings Limited, charges a management fee in respect of services provided by head office.

The management fee charged by RBTT Services Limited for the year ended 31 December, 2002 was \$614,755 (2001 - \$480,564). Other related party transactions have been disclosed in the relevant notes.

**22. Dividends**

Final dividends are not accounted for until they have been ratified at the annual general meeting. A dividend of \$2,956,716 will be proposed in respect of 2002. The financial statements for the year ended December 31, 2002 do not reflect this resolution, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending December 31, 2003.

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**23. 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

Since these assets are short-term in nature, the values are taken as indicative of realisable fair value.

Originated loans and advances

These assets result from transactions conducted under typical market conditions 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 statements amounts.

Investments

As disclosed in Note 3, these assets are carried at fair value in the case of available for sale investments and amortised cost in the case of held to maturity investments.

**Liabilities**

Due to banks and customers' deposits

The fair values of items with no stated maturity are 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.

Other borrowed funds

These items are carried at amounts which reflect contractual obligations and bear terms and conditions similar to current rates offered to the bank for debt of the same remaining maturities.

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**24. Interest rate risk**

**Interest sensitivity of assets and liabilities**

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market rates on its financial position and cash flows. The table below summarises the Bank's exposure to interest rate risks. Included in the table are the assets and liabilities at carrying amounts, categorised by the earlier off contractual repricing or maturity dates.

	<b>Up to One Year (\$000's)</b>	<b>Up to Five Years (\$000's)</b>	<b>Over Five Years (\$000's)</b>	<b>Non-Int. Bearing (\$000's)</b>	<b>Total (\$000's)</b>
<b>As at 31 December, 2002</b>					
<b>Assets</b>					
Cash resources	11,647	–	–	32,689	44,336
Investments	50,491	7,636	24,452	–	82,579
Originated loans and advances	155,654	28,799	17,136	–	201,589
Other assets	12,425	–	–	14,240	26,665
<b>Total assets</b>	<b>230,217</b>	<b>36,435</b>	<b>41,588</b>	<b>46,929</b>	<b>355,169</b>
<b>Liabilities</b>					
Customers' deposits	292,345	10,125	–	–	302,470
Due to banks	1,611	–	–	–	1,611
Other liabilities	–	–	–	9,410	9,410
<b>Total liabilities</b>	<b>293,956</b>	<b>10,125</b>	<b>–</b>	<b>9,410</b>	<b>313,491</b>
<b>Interest sensitivity gap</b>	<b>(63,739)</b>	<b>26,310</b>	<b>41,588</b>		

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**24 Interest rate risk ...continued**

	Up to One Year (\$000's)	Up to Five Years (\$000's)	Over Five Years (\$000's)	Non-Int. Bearing (\$000's)	Total (\$000's)
<b>As at 31 December, 2001</b>					
<b>Assets</b>					
Cash resources	13,852	–	–	22,848	36,700
Investments	40,185	7,636	22,565	–	70,386
Originated loans and advances	152,457	20,295	27,138	–	199,890
Other assets	2,075	–	–	18,760	20,835
<b>Total assets</b>	<b>208,569</b>	<b>27,931</b>	<b>49,703</b>	<b>41,608</b>	<b>327,811</b>
<b>Liabilities</b>					
Customers' deposits	249,548	–	–	35,656	285,204
Due to banks	768	–	–	–	768
Other liabilities	–	–	–	5,559	5,559
<b>Total liabilities</b>	<b>250,316</b>	<b>–</b>	<b>–</b>	<b>41,215</b>	<b>291,531</b>
<b>Interest sensitivity gap</b>	<b>(41,747)</b>	<b>27,931</b>	<b>49,703</b>		

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**25. Currency risk**

	<b>EC</b> <b>(\$000's)</b>	<b>USD</b> <b>(\$000's)</b>	<b>Other</b> <b>(\$000's)</b>	<b>Total</b> <b>(\$000's)</b>
<b>As at 31 December, 2002</b>				
<b>Assets</b>				
Cash resources	40,109	3,272	955	44,336
Investments	45,374	37,205	–	82,579
Originated loans and advances	201,354	235	–	201,589
Customers' liability	5,848	–	–	5,848
Premises and equipment	14,240	–	–	14,240
Other assets	6,577	–	–	6,577
<b>Total assets</b>	<b>313,502</b>	<b>40,712</b>	<b>955</b>	<b>355,169</b>
<b>Liabilities</b>				
Customers' deposits	273,529	28,780	161	302,470
Due to banks	1,611	–	–	1,611
Customers' liability	5,848	–	–	5,848
Other liabilities	3,562	–	–	3,562
<b>Total liabilities</b>	<b>284,550</b>	<b>28,780</b>	<b>161</b>	<b>313,491</b>
<b>Net balance sheet position</b>	<b>28,952</b>	<b>11,932</b>	<b>794</b>	<b>41,678</b>
<b>As at 31 December, 2001</b>				
Total assets	290,018	37,339	454	327,811
Total liabilities	268,650	22,881	–	291,531
<b>Net balance sheet position</b>	<b>21,368</b>	<b>14,458</b>	<b>454</b>	<b>36,280</b>

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## **26. Liquidity risk**

### **Maturity of assets and liabilities**

	<b>Up to One Year (\$000's)</b>	<b>Up to Five Years (\$000's)</b>	<b>Over Five Years (\$000's)</b>	<b>Total (\$000's)</b>
<b>As at 31 December, 2002</b>				
<b>Assets</b>				
Cash resources	44,336	–	–	44,336
Investments	50,491	7,636	24,452	82,579
Originated loans and advances	32,863	38,532	130,194	201,589
Other assets	12,424	–	14,241	26,665
	<hr/>	<hr/>	<hr/>	<hr/>
	140,114	46,168	168,887	355,169
<b>Liabilities</b>				
Customers' deposits	302,470	–	–	302,470
Due to banks	1,611	–	–	1,611
Other liabilities	9,410	–	–	9,410
	<hr/>	<hr/>	<hr/>	<hr/>
	313,491	–	–	313,491
<b>Net liquidity gap</b>	<hr/>	<hr/>	<hr/>	<hr/>
	(173,377)	46,168	168,887	41,678
<b>As at 31 December, 2001</b>				
Total assets	110,294	61,474	156,043	327,811
Total liabilities	291,531	–	–	291,531
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net liquidity gap</b>	(181,237)	61,474	156,043	36,280

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Statement of Other Income and Expenses	<b>2</b>

February 10, 2003

### **Auditors' Report**

**To the Board of Directors of  
RBTT Bank Grenada Limited**  
(Formerly Grenada Bank of Commerce Limited)

The accompanying schedule is presented as supplementary information only. In this respect, it does not form part of the financial statements of **RBTT Bank Grenada Limited** (Formerly Grenada Bank of Commerce Limited) for the year ended 31 December, 2002, and hence is excluded from the opinion expressed in our report dated February 10, 2003 to the shareholders on such financial statements. The information in this schedule 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**

