



Accountants &  
business advisers

**GRENADA DEVELOPMENT BANK**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31ST DECEMBER, 2020**



**GRENADA DEVELOPMENT BANK**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS AND THE MINISTER OF  
FINANCE, ECONOMIC DEVELOPMENT, PUBLIC UTILITIES AND ENERGY  
ON  
GRENADA DEVELOPMENT BANK**

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of Grenada Development Bank (the "Bank"), which comprise the statement of financial position at December 31<sup>st</sup>, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31<sup>st</sup>, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Grenada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Other information included in the Bank's 2020 Annual Report***

Other information consists of the information included in the Bank's 2020 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS AND THE MINISTER OF  
FINANCE, ECONOMIC DEVELOPMENT, PUBLIC UTILITIES AND ENERGY  
ON  
GRENADA DEVELOPMENT BANK  
(continued)**

**Report on the Audit of the Financial Statements (continued)**

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS AND THE MINISTER OF  
FINANCE, ECONOMIC DEVELOPMENT, PUBLIC UTILITIES AND ENERGY  
ON**

**GRENADA DEVELOPMENT BANK  
(continued)**

**Report on the Audit of the Financial Statements (continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

GRENADA

May 6th, 2021



Accountants & Business Advisers

# GRENADA DEVELOPMENT BANK



## STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2020

ASSETS	Notes	2020	2019
<b>Non-Current Assets</b>			
Property, plant and equipment	4	4,400,137	5,569,834
Investment securities - Equity	5	25,001	25,001
Investment securities - Debt	5	550,000	750,000
Deferred asset	6	<u>215,770</u>	<u>220,379</u>
		<u>5,190,908</u>	<u>6,565,214</u>
Advances - Principal	7	<u>78,352,837</u>	<u>72,223,197</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>83,543,745</u>	<u>78,788,411</u>
<b>Current Assets</b>			
Advances – Interest	7	505,903	313,555
Other assets	8	535,169	405,487
Investment securities - Deposits	5	3,000,020	5,426,036
Cash and cash equivalents	9	<u>5,561,543</u>	<u>4,440,530</u>
		<u>9,602,635</u>	<u>10,585,608</u>
<b>TOTAL ASSETS</b>		<u>\$93,146,380</u>	<u>\$89,374,019</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Government's Equity</b>			
Capital grants	10	1,040,000	1,040,000
Capital contribution	11	16,293,047	16,293,047
Reserve fund	12	1,874,793	1,716,616
Revaluation reserve	13	1,967,224	3,060,353
Retained earnings		<u>3,772,462</u>	<u>3,386,994</u>
		<u>24,947,526</u>	<u>25,497,010</u>
<b>Grants</b>	16	<u>1,518,121</u>	<u>-</u>
<b>Non-Current Liabilities</b>			
Long-term borrowings	14	<u>58,695,834</u>	<u>59,745,933</u>
<b>Current Liabilities</b>			
Other liabilities	17	1,663,208	1,176,367
Short-term borrowings	14	6,264,471	2,872,793
Amount due to projects	18	<u>57,220</u>	<u>81,916</u>
		<u>7,984,899</u>	<u>4,131,076</u>
<b>TOTAL LIABILITIES</b>		<u>66,680,733</u>	<u>63,877,009</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>\$93,146,380</u>	<u>\$89,374,019</u>

The accompanying notes form an integral part of these financial statements

Approved by the Board of Directors on 22<sup>nd</sup> April, 2021 and signed on its behalf by:

: Director

: Director

# GRENADA DEVELOPMENT BANK

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2020

	Notes	2020	2019
<b>INTEREST INCOME</b>			
Interest on loans	21	5,250,027	5,016,852
Interest on investments		<u>146,653</u>	<u>170,469</u>
		5,396,680	5,187,321
Interest expense	22	<u>(2,134,077)</u>	<u>(2,227,815)</u>
Net interest income		3,262,603	2,959,506
Other income	23	<u>475,512</u>	<u>916,597</u>
		<u>3,738,115</u>	<u>3,876,103</u>
<b>EXPENDITURE</b>			
Directors fees and expenses		(49,960)	(48,757)
General expenses	28	(2,422,224)	(2,442,816)
Depreciation		(153,524)	(147,218)
Commitment fees		(4,385)	(4,385)
Expected credit losses		<u>(475,313)</u>	<u>(190,267)</u>
		<u>(3,105,406)</u>	<u>(2,833,443)</u>
Net surplus for the year		<u>\$632,709</u>	<u>\$1,042,660</u>

The accompanying notes form an integral part of these financial statements

# GRENADA DEVELOPMENT BANK



## STATEMENT OF CHANGES IN GOVERNMENT'S EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2020

	Reserve Fund	Capital Grant	Revaluation Reserve	Capital Contribution	Retained Earnings	Total Equity
Balance at 1 <sup>st</sup> January, 2019	1,455,951	1,040,000	3,060,353	16,293,047	2,647,098	24,496,449
Net surplus for the year	-	-	-	-	1,042,660	1,042,660
Allocation to reserve	260,665	-	-	-	(260,665)	-
Dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,099)</u>	<u>(42,099)</u>
Balance at 31 <sup>st</sup> December, 2019	1,716,616	1,040,000	3,060,353	16,293,047	3,386,994	25,497,010
Net surplus for the year	-	-	-	-	632,709	632,709
Allocation to reserve	158,177	-	-	-	(158,177)	-
Loss on revaluation	-	-	(1,093,129)	-	-	(1,093,129)
Dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(89,064)</u>	<u>(89,064)</u>
Balance at 31 <sup>st</sup> December, 2020	<u>\$1,874,793</u>	<u>\$1,040,000</u>	<u>\$1,967,224</u>	<u>\$16,293,047</u>	<u>\$3,772,462</u>	<u>\$24,947,526</u>

The accompanying notes form an integral part of these financial statements

**GRENADA DEVELOPMENT BANK**



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER, 2020**

	Note	<b>2020</b>	2019
<b>OPERATING ACTIVITIES</b>			
Net surplus for the year		632,709	1,042,660
Adjustment for:			
Depreciation		<u>153,524</u>	<u>147,218</u>
Change in non-cash items		786,233	1,189,878
Increase in advances		(6,321,988)	(10,758,228)
Decrease in deferred asset		4,609	8,610
Increase in other assets		(129,682)	(264,626)
Increase in other liabilities		486,841	437,925
(Decrease)/increase in amounts due to projects		<u>(24,696)</u>	<u>32,332</u>
Net cash used in operating activities		<u>(5,198,683)</u>	<u>(9,354,109)</u>
<b>INVESTING ACTIVITIES</b>			
Decrease/(increase) in investment securities		2,626,016	(3,750,586)
Purchase of property, plant and equipment		<u>(76,956)</u>	<u>(37,748)</u>
Net cash provided by/(used in) investing activities		<u>2,549,060</u>	<u>(3,788,334)</u>
<b>FINANCING ACTIVITIES</b>			
Grants received		1,518,121	-
Dividends paid		(89,064)	(42,099)
Net proceeds of borrowings		<u>2,341,579</u>	<u>13,197,041</u>
Net cash provided by financing activities		<u>3,770,636</u>	<u>13,154,942</u>
Net increase in cash and cash equivalents		1,121,013	12,499
Cash and cash equivalents – at beginning of the year		<u>4,440,530</u>	<u>4,428,031</u>
- at end of the year	9	<u>\$5,561,543</u>	<u>\$4,440,530</u>

The accompanying notes form an integral part of these financial statements

## **GRENADA DEVELOPMENT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020**

#### **1. CORPORATE INFORMATION**

The Bank was established by the Grenada Agricultural and Industrial Development Act, 1976 for the purpose of granting loans and providing other forms of financial assistance for industrial and tourism development, housing, higher education, agricultural development and other development projects.

The corporate name Grenada Agricultural and Industrial Development Corporation was changed to the Grenada Development Bank by proclamation of People's Law No. 33 of 1980 which became effective on 18th July, 1980.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied at all the years presented, unless otherwise stated.

##### ***(a) Basis of Preparation***

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in Eastern Caribbean Currency Dollars. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and building.

The preparation of financial statements in conformity with IFRS's requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**GRENADA DEVELOPMENT BANK**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES**

*b) Changes in accounting policies and disclosures*

*(i) New Accounting Standards, Amendments and Interpretations*

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended December 31<sup>st</sup>, 2019 except for the adoption of new standards and interpretations below.

*Amendments to IAS 1 and IAS 8: Definition of Material (Effective 1<sup>st</sup> January, 2020)*

In October 2018, the International Accounting Standards Board (IASB) issued amendments to IAS 1: Presentation of financial Statements and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

The amendments to the definition of material is not expected to have significant impact on the Bank's financial statements.

*(ii) Standards in issue not yet effective*

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

- Amendments to IFRS 16 – Covid-19 Related Rent Concessions (Effective 1 June, 2020)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2 (Effective 1 January, 2021)
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (Effective 1 January, 2022)
- IFRS 17 - Insurance Contracts (Effective 1 January, 2023)

## GRENADA DEVELOPMENT BANK

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020 (continued)

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### *b) Changes in accounting policies and disclosures (continued)*

##### *(ii) Standards in issue not yet effective (continued)*

- Amendments to IFRS 3 – Reference to the Conceptual Framework – (Effective 1 January, 2022)
- Amendments to IAS 37 - Onerous Contracts, Costs of Fulfilling a Contract – (Effective 1 January, 2022)
- Amendments to IAS 1 – Classification of Liabilities as Current and Non-Current – (Effective 1 January, 2023)
- Amendments to IFRS 4 – Extension of Temporary Exemption from applying IFRS 9 – (Effective 1 January, 2022)

##### *(iii) Improvements to International Reporting Standards*

The annual improvements process for the International Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRS.

##### **Annual improvements to IFRS Standards 2018-2020 cycle**

The following amendments are applicable to annual periods beginning on or after 1 January, 2022

##### **IFRSs – Subject of Amendment**

IFRS 1	First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.
IFRS 9	Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.
IFRS 16	Leases – Lease incentives
IAS 41	Agriculture – Taxation in fair value measurements

##### *(c) Foreign Currency Transactions*

Transactions in foreign currencies are converted at the rates ruling on the dates of the transactions. Liabilities outstanding at the statement of financial position date are translated to Eastern Caribbean Currency Dollars at the rate of exchange ruling at that date. Differences on exchange on current liabilities are reflected in the comprehensive income statement in arriving at net income for the year, while differences on long term loans are deferred until realised.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2020  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(d) Property, Plant and Equipment (continued)***

Land and building are stated at 2020 valuation less subsequent depreciation on building. However, additions to building thereafter are stated at cost. Depreciation is provided on the straight-line basis at varying rates sufficient to write off the cost or valuation of the assets over the period of their estimated useful lives. No depreciation is charged on land. The rates used are as follows:

	Per annum
Building	2.5%
Furniture, fixtures and equipment	10% to 20%
Motor vehicles	25%
Computers	33⅓%

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation surplus in equity. Decreases that offset previous increases of the same assets are charged against the surplus directly in equity; all other decreases are charged to the statement of income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at statement of financial position date.

The cost 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 current operations.

***(e) Cash and Cash Equivalents***

Cash and cash equivalents comprises cash on hand and at bank.

***(f) Interest***

Accrued interest on loans is recorded in the statement of financial position in the related asset category. No credit is taken for interest due but uncollected after three months.

# GRENADA DEVELOPMENT BANK

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020 (continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) *Financial instruments*

##### (i) *Classification and measurement*

###### *Initial recognition*

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Bank recognises deposits with financial institutions and loans to borrowers on the date on which they are originated. All other financial instruments (including regular-way purchases and sale of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

###### *Initial measurement*

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss (FVPL) whereby transaction costs are added to, or subtracted from, this amount.

###### *Measurement categories of financial assets and liabilities*

The Bank classifies all of its assets at either:

- Amortised cost or
- FVPL

The Bank's financial liabilities are at amortised cost.

###### *Amortised cost*

The Bank measures its cash and cash equivalents, debt and deposit securities, advances and other assets at amortised cost. Financial assets are measured at amortized cost if both of the following conditions are met:

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

**GRENADA DEVELOPMENT BANK**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) *Financial instruments (continued)***

**(i) *Classification and measurement (continued)***

***Financial assets at fair value through profit or loss***

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

Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by - instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis, or
- The assets were part of a group of financial assets under IAS 39, which were managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Financial assets at FVPL are recorded in the statement of financial position at fair value.

Changes in fair value are recorded in profit and loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income, using the Effective Interest Rate (EIR), taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument.

Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other income when the right to the payment has been established

## GRENADA DEVELOPMENT BANK

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020 (continued)

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### *(g) Financial instruments (continued)*

##### *(ii) Impairment*

In relation to the impairment of financial assets, the Bank uses an expected credit loss (ECL) model which requires the Bank to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

The Bank records an allowance for expected credit losses for advances and investment securities.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Bank expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Bank considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Bank may also consider a financial asset to be in default when internal or external information indicates that the Bank is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Bank.

## GRENADA DEVELOPMENT BANK

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020 (continued)

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (g) *Financial instruments (continued)*

##### (ii) *Impairment (continued)*

Based on the above process, the Bank classifies its advances and investments ECLs into Stage 1, Stage 2 and Stage 3.

##### Stage 1

Advances and investments are first recognised, the Bank recognises an allowance based on 12 month ECLs. Stage 1 financial assets also include facilities where the credit risk have improved and the financial assets have been reclassified from Stage 2.

##### Stage 2

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

##### Stage 3

Advances and investments considered credit-impaired. Here the Bank records an allowance for the Lifetime ECLs.

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

- PD - The Probability of Default is an estimate of the likelihood of default over a given period of time. A default may only happen at a certain time over the asserted period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date including repayments of principal and interest, whether scheduled by contract or otherwise.
- LGD - The Loss Given Default is an estimate of the loss arising in the case were a default occurs at a given time. It is based on the difference between the contractual cash flows due and the cash flows expected to be received. It is usually expressed as a percentage of the EAD.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) *Financial instruments (continued)***

**(ii) *Impairment (continued)***

The maximum period for which the credit losses are determined is the contractual life of a financial instrument.

***Calculation of ECLs***

***Stage 1***

The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The bank calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD.

***Stage 2***

When financial assets have shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the loan.

***Stage 3***

For financial assets considered credit-impaired, the Bank recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

***Impairment of other financial assets***

***Cash at bank and short-term debt securities***

The Bank's cash at bank and deposit investment securities are deposits placed with reputable institutions. The Bank therefore considers the risk of default to be low. The ECL on these instruments were therefore determined to be zero.

**GRENADA DEVELOPMENT BANK**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2020  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) Financial instruments (continued)**

**(iii) Write offs**

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally when the Bank determines that the borrower or debtor does not have assets or resources of income that would generate sufficient cash flows to repay the amount subject to the write-off.

**(iv) Derecognition of financial assets**

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**(v) Financial liabilities**

When financial liabilities are recognised they are measured at fair value of the consideration given plus transactions costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised.

Financial liabilities are derecognized when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration price is recognised in the statement of comprehensive income.

**(vi) Fair value**

Fair value of the financial assets and liabilities represents the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of cash and cash equivalents, other assets, investments, advances, borrowings, other liabilities and amounts due to projects approximate their carrying amounts.

## GRENADA DEVELOPMENT BANK

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020 (continued)

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### *(h) Borrowings*

Borrowings are recognised at fair value net of transaction cost incurred. Borrowings are subsequently stated at amortized cost: any difference between the proceeds, net of transaction cost, and the redemption value is recognised in the statement of comprehensive income over the period of borrowings. Borrowings are classified as current liabilities unless the Bank has an unconditional right to defer settlement of the liability for at least twelve (12) months after the statement of financial position date.

#### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Bank's reported assets, liabilities, revenues and expenses. The items which may have the most effect on these financial statements, are set out below.

##### *(i) Valuation of property*

The Bank utilises professional valuers 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.

##### *(ii) Property, plant and equipment*

Management exercises judgment in determining whether future economic benefits can be derived from expenditures to be capitalized and in estimating the useful lives and residual values of these assets.

##### *(iii) Impairment of loans receivable*

Provision is made for doubtful debts based on specific identification of doubtful balances. As debts become uncollectible they are written off against the provision.

##### *(iv) Calculation of loss allowance*

When measuring ECL, the Bank uses reasonable and supportive forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contract cash flows due and those that the lender would expect to receive, taking into account cash flows collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes data, assumptions and expectations of future conditions.

**GRENADA DEVELOPMENT BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2020**  
(continued)

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)**

**(v) *Impact of COVID-19***

***Background***

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation on March 11, 2020. The Bank has considered the impact of COVID-19 in preparing its financial statements.

***Consideration of the statements of financial position and further disclosures.***

Key considerations of the impact of COVID-19 on statements of financial position and related disclosures were as follows:

***Expected Credit Losses***

Advances and other assets:

In response to the COVID-19 pandemic, the Bank assessed the need to adjust the loss rates to incorporate forward-looking information, taking into account the expected recovery rate of advances and receivables and various applicable macroeconomic factors.

Based on the analysis performed as at 31 December, 2020, no material overlay adjustments specifically related to the COVID-19 pandemic was considered necessary.

***Going concern***

In accordance with the requirements of IAS 1 'Presentation of Financial Statements', the Bank has performed a going concern assessment as of the reporting date. While the COVID-19 pandemic has heightened the inherent uncertainty in the going concern assessment, the Bank has concluded that there are no material uncertainties that may cast significant doubt on the ability to continue to operate as a going concern. The financial statements have therefore been prepared on the going concern basis.

# GRENADA DEVELOPMENT BANK



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020 (continued)

### 4. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Furniture, Fixtures and Equipment	Computers	Motor Vehicles	Total
<b>Balance at 1<sup>st</sup> January, 2019</b>						
Cost /Valuation	1,005,115	5,130,000	478,697	753,150	75,000	7,441,962
Accumulated depreciation	<u>-</u>	<u>(513,000)</u>	<u>(435,267)</u>	<u>(739,391)</u>	<u>(75,000)</u>	<u>(1,762,658)</u>
<b>NET BOOK VALUE</b>	<b><u>\$1,005,115</u></b>	<b><u>\$4,617,000</u></b>	<b><u>\$43,430</u></b>	<b><u>\$13,759</u></b>	<b><u>\$-</u></b>	<b><u>\$5,679,304</u></b>
<b>For the year ended 31<sup>st</sup> December, 2019</b>						
Opening book value	1,005,115	4,617,000	43,430	13,759	-	5,679,304
Additions for the year	-	-	20,900	16,848	-	37,748
Depreciation charge for the year	<u>-</u>	<u>(128,250)</u>	<u>(9,976)</u>	<u>(8,992)</u>	<u>-</u>	<u>(147,218)</u>
<b>NET BOOK VALUE</b>	<b><u>\$1,005,115</u></b>	<b><u>\$4,488,750</u></b>	<b><u>\$54,354</u></b>	<b><u>\$21,615</u></b>	<b><u>\$-</u></b>	<b><u>\$5,569,834</u></b>
<b>Balance at 31<sup>st</sup> December, 2019</b>						
Cost/Valuation	1,005,115	5,130,000	499,597	769,998	75,000	7,479,710
Accumulated depreciation	<u>-</u>	<u>(641,250)</u>	<u>(445,243)</u>	<u>(748,383)</u>	<u>(75,000)</u>	<u>(1,909,876)</u>
<b>NET BOOK VALUE</b>	<b><u>\$1,005,115</u></b>	<b><u>\$4,488,750</u></b>	<b><u>\$54,354</u></b>	<b><u>\$21,615</u></b>	<b><u>\$-</u></b>	<b><u>\$5,569,834</u></b>
<b>For the year ended 31<sup>st</sup> December, 2020</b>						
Opening book value	1,005,115	4,488,750	54,354	21,615	-	5,569,834
Additions for the year	-	34,717	42,239	-	-	76,956
Net movement in valuation for the year	1,301,220	(2,394,349)	-	-	-	(1,093,129)
Depreciation charge for the year	<u>-</u>	<u>(129,118)</u>	<u>(13,474)</u>	<u>(10,932)</u>	<u>-</u>	<u>(153,524)</u>
<b>NET BOOK VALUE</b>	<b><u>\$2,306,335</u></b>	<b><u>\$2,000,000</u></b>	<b><u>\$83,119</u></b>	<b><u>\$10,683</u></b>	<b><u>\$-</u></b>	<b><u>\$4,400,137</u></b>
<b>Balance at 31<sup>st</sup> December, 2020</b>						
Cost/Valuation	2,306,335	2,000,000	541,836	769,998	75,000	5,693,169
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>(458,717)</u>	<u>(759,315)</u>	<u>(75,000)</u>	<u>(1,293,032)</u>
<b>NET BOOK VALUE</b>	<b><u>\$2,306,335</u></b>	<b><u>\$2,000,000</u></b>	<b><u>\$83,119</u></b>	<b><u>\$10,683</u></b>	<b><u>\$-</u></b>	<b><u>\$4,400,137</u></b>

**GRENADA DEVELOPMENT BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2020**  
(continued)

**5. INVESTMENT SECURITIES**

	<b>2020</b>	2019
<i>Equity securities at fair value through profit and loss</i>		
Eastern Caribbean Securities Exchange (Unquoted) 2,500 class C shares at \$10.00 each - cost	<u>25,000</u>	<u>25,000</u>
Financial Data Systems Limited (Unquoted) 60,000 shares of common stock at \$1.00 each - cost	60,000	60,000
Less: Diminution in value of shares	<u>59,999</u>	<u>59,999</u>
	<u>1</u>	<u>1</u>
Total	<u>\$25,001</u>	<u>\$25,001</u>

The fair value of the Eastern Caribbean Securities Exchange shares were estimated at cost since insufficient information was available to measure at fair value.

**Short-term:**

<i>Deposit securities at amortised cost</i>		
ARIZA Credit Union Limited		
- Fixed deposit	393,354	381,897
- Fixed deposit	2,562,500	2,500,000
- Fixed deposit	-	2,500,000
Grenada Union of Teachers- Fixed deposit	17,112	17,112
RBTT Bank Grenada Limited - Term deposit	<u>27,054</u>	<u>27,027</u>
Total	<u>\$3,000,020</u>	<u>\$5,426,036</u>

**Long-term:**

<i>Debt securities at amortized cost</i>		
Government of Grenada - 3% 2023 bond	<u>550,000</u>	<u>750,000</u>
Total	<u>\$3,550,020</u>	<u>\$6,176,036</u>

There is a lien on the RBTT Bank Grenada Limited term deposit which is being held as security for a credit card facility.

# GRENADA DEVELOPMENT BANK

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020 (continued)

### 6. DEFERRED ASSET

This relates to the deferred exchange differences on the Caribbean Development Bank and CARICOM Development Fund borrowings. The differences are being amortised over the term of the loans.

### 7. ADVANCES - PRINCIPAL

	2020	2019
Advances – principal	79,791,910	73,254,001
Less: Provision for expected credit losses	<u>1,439,073</u>	<u>1,030,804</u>
	<u>\$78,352,837</u>	<u>\$72,223,197</u>
Accrued interest (3 months)	<u>\$505,903</u>	<u>\$313,555</u>

#### Advances – principal by sector

	2020		2019	
Agriculture	1,370,270	1.72%	1,223,887	1.67%
Education	11,258,730	14.11%	11,494,235	15.69%
Fishing	1,032,653	1.29%	1,078,508	1.47%
Housing	40,081,158	50.23%	34,077,397	46.52%
Tourism	6,563,341	8.23%	6,820,631	9.31%
Personal	209,794	0.26%	246,095	0.34%
Other Business	<u>19,275,964</u>	24.16%	<u>18,313,248</u>	25.00%
	<u>\$79,791,910</u>		<u>\$73,254,001</u>	

**GRENADA DEVELOPMENT BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2020**  
(continued)

**7. ADVANCES – PRINCIPAL (continued)**

Movements in provision for loan losses are as follows:

	<b>2020</b>	2019
Balance at the beginning of the year	1,030,804	1,943,737
Bad debts recovered	(67,044)	(434,857)
Bad debts written-off	-	(668,343)
Increase in expected credit losses	<u>475,313</u>	<u>190,267</u>
Balance at end of the year	<u>\$1,439,073</u>	<u>\$1,030,804</u>

Expected credit loss by sector

Agriculture	93,537	51,084
Education	563,236	445,039
Fishing	253,740	110,184
Housing	111,925	102,932
Tourism	65,633	17,855
Personal	1,573	615
Other Business	<u>349,429</u>	<u>303,095</u>
	<u>\$1,439,073</u>	<u>\$1,030,804</u>

In response to Covid-19, the bank introduced support measures for its customers which included the deferral of payments and restructuring of loans where necessary.

**8. OTHER ASSETS**

Matured investment – CLICO investment	810,000	810,000
Interest receivable	135,934	180,075
Accounts receivable	240,922	277,594
Prepayments	<u>433,360</u>	<u>222,865</u>
	1,620,216	1,490,534
Less: Provision for expected credit losses	<u>1,085,047</u>	<u>1,085,047</u>
	<u>\$535,169</u>	<u>\$405,487</u>

# GRENADA DEVELOPMENT BANK

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020 (continued)

### 9. CASH AND CASH EQUIVALENTS

	2020	2019
Cash on hand	1,200	1,200
Cash at bank	<u>5,560,343</u>	<u>4,439,330</u>
	<u>\$5,561,543</u>	<u>\$4,440,530</u>

### 10. GOVERNMENT CAPITAL GRANTS

(a) \$40,000

This amount represents Government's counterpart contribution under the terms of the Small Industry Credit Loan Agreement dated 30th September, 1974 with the Caribbean Development Bank.

(b) \$1,000,000

This amount represents Government's counterpart contribution under the terms of the "Second Consolidated Line of Credit - AIC/MF/SLS Loan Agreement dated 2nd September, 1988 with the Caribbean Development Bank.

### 11. GOVERNMENT CAPITAL CONTRIBUTION

Balance at 31 <sup>st</sup> December, 2020	<u>\$16,293,047</u>	<u>\$16,293,047</u>
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# GRENADA DEVELOPMENT BANK



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020 (continued)

### 12. RESERVE FUND

Pursuant to the Grenada Development Bank Act, the Bank is required to transfer a minimum of 25% of its net surplus to a reserve fund to meet contingencies and for such other purposes as the Bank deems fit.

### 13. REVALUATION RESERVE

	2020	2019
Balance at 1 <sup>st</sup> January, 2020	3,060,353	3,060,353
Loss on revaluation	(1,093,129)	-
Balance at 31 <sup>st</sup> December, 2020	<u>\$1,967,224</u>	<u>\$3,060,353</u>

The Bank's property was last re-valued by Corporate Real Estate Service using the open market value method. The deficit of the revaluation over the carrying value totalled \$1,093,129 which reduced the revaluation surplus account to \$1,967,224.

### 14. BORROWINGS

#### *Long-term:*

(a) Caribbean Development Bank (Note 15)	23,911,454	22,621,740
(b) National Insurance Board	857,195	1,165,997
(c) CARICOM Development Fund	4,890,503	5,296,669
(d) Eastern Caribbean Home Mortgage Bank	8,301,153	8,534,320
(e) Petrocaribe	<u>25,000,000</u>	<u>25,000,000</u>

Less: Current portion	62,960,305	62,618,726
	<u>4,264,471</u>	<u>2,872,793</u>

	<u>58,695,834</u>	<u>59,745,933</u>
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#### *Short-term*

Current portion of borrowings	4,264,471	2,872,793
(f) Government of Grenada	<u>2,000,000</u>	-

	<u>6,264,471</u>	<u>2,872,793</u>
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Total borrowings	<u>\$64,960,305</u>	<u>\$62,618,726</u>
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**GRENADA DEVELOPMENT BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2020**  
 (continued)

**14. BORROWINGS (continued)**

- (a) The loan is secured by a guarantee from the Government of Grenada.
- (b) There are two (2) National Insurance Board loans as follows:

Loan A- Renovation loan

The sum of \$1,000,000 was authorised and withdrawn. It is repayable over twenty-five (25) years by equal monthly instalments of \$7,067.79 inclusive of interest, which began December 31st, 1999. Interest was charged at the rate of 7% per annum until August 31st, 2017. Effective September 1st, 2017, interest is charged at the rate of 5.75%.

Loan B

This loan was refinanced in 2014. It is to be repaid over seven (7) years at a rate of interest of 7%. The monthly repayment is \$49,121.75 inclusive of interest which began in January 2015. Interest was charged at the rate of 7% per annum until August 31st, 2017. Effective September 1st, 2017, interest is charged at the rate of 5.75%.

The loans are secured by a mortgage on the Bank's property at Melville Street.

- (c) Payments commenced in January 2017 over forty (40) equal quarterly instalment payments of \$89,079 inclusive of interest. Interest is payable at the rate of 3% per annum.
- (d) There are two Eastern Caribbean Home Mortgage loans which are as follows:

Loan A

The sum of \$6,000,000 was made available and withdrawn. Interest is payable at the rate of 3.5% per annum, with principal payments which commenced November 2019 over sixty-four (64) equal quarterly instalments.

Loan B

The sum of \$3,000,000 was made available and withdrawn. Interest is payable at the rate of 3.5% per annum with principal payments which commenced September 2017 over fourteen (14) years.

**GRENADA DEVELOPMENT BANK**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2020  
(continued)**

**14. BORROWINGS (continued)**

- (e) There are two (2) Petrocaribe loans which are as follows:

Loan A

The sum of \$10,000,000 was made available and withdrawn. It is to be repaid over sixteen (16) years at a rate of interest of 3% per annum. Principal payments will commence in January 2021.

Loan B

The sum of \$15,000,000 was made available and withdrawn. It is to be repaid over sixteen (16) years at an interest rate of 2.5% per annum. Principal payments are to commence in April 2022.

- (f) The Government of Grenada loan is a short-term interest free loan payable in March 2021. This relates to a bridging finance facility extended by the Government of Grenada to the Grenada Development Bank. Funds are to be repaid on the receipt of the initial disbursement of the 3<sup>rd</sup> Petro Caribe line of credit of \$10m.

**GRENADA DEVELOPMENT BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2020**  
(continued)

**15. CARIBBEAN DEVELOPMENT BANK - LOAN**

			Foreign Currency		<b>2020 EC\$</b>	2019 EC\$
(i)	21/SFR-OR-GRN 1	Fourth consolidation line of credit	US\$	47,619	1,289,714	-
(ii)	21/SFR-OR-GRN 3	Fourth consolidated line of credit	US\$	8,781,008	<u>22,621,740</u>	<u>22,621,740</u>
					<u>\$23,911,454</u>	<u>\$22,621,740</u>

The loan is in the name of the Government of Grenada with the Bank as the executing Agency.

Facility (i) is to be repaid in sixty (60) equal quarterly instalments at 2.5% interest per annum. Facility (ii) is to be repaid in thirty-two (32) equal monthly instalments at interest rates varying between 2.97% - 4.8% per annum.

Repayment of the facility (i) commenced in 2020. Facility (ii) is to commence repayment in January 2021.

# GRENADA DEVELOPMENT BANK

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020 (continued)

### 16. GRANTS

	2020	2019
(i) Grant #1	1,079,618	-
(ii) Grant #2	<u>438,503</u>	<u>-</u>
	<u>\$1,518,121</u>	<u>\$ -</u>

- (i) Energy for Sustainable Development in the Caribbean Buildings Project grant - The grant amount is US\$400,000 and is provided by the Caribbean Community Climate Change Centre. The Bank is the administrator/manager of the revolving fund which will provide loans to customers with a focus on energy efficiency building. The Bank will contribute 75% of the loan amounts with the remaining 25% provided by the fund.
- (ii) Improving the Climate Resilience of Grenada's Water Supply System grant - The grant amount is EUR2,592,864.00 and is provided by Deutsche Gesellschaft Ftir International Zusammenarbeit (GIZ) and the Green Climate Fund (GCF). The grant will be managed by the Bank and the primary aim of the project is to establish and implement a fund to increase resilience in the Tourism and Agriculture sectors. As at 31<sup>st</sup> December, 2020 EC\$438,503 was drawn down on the grant.

### 17. OTHER LIABILITIES

	2020	2019
Accrued interest	738,535	554,262
Accounts payable	<u>924,673</u>	<u>622,005</u>
	<u>\$1,663,208</u>	<u>\$1,176,367</u>

### 18. AMOUNT DUE TO PROJECTS

	2020	2019
Youth enterprise initiative	<u>\$57,220</u>	<u>\$81,916</u>

These funds are disbursed for on-lending to the respective micro-businesses.

**GRENADA DEVELOPMENT BANK**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2020  
(continued)**

**19. COMMITMENTS**

At the statement of financial position date un-disbursed loans committed amounted to \$7,069,189 (2019: \$3,199,331).

**20. FINANCIAL RISK MANAGEMENT**

The Bank's activities expose it to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Currency risk
- Interest rate risk
- Operational risk

Risk is inherent to the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for risk exposures relating to their responsibilities.

***Risk management structure***

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles is carried out by the management of the Bank in compliance with the policies approved by the Board of Directors.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board has established two (2) committees, the Audit Committee and the Internal Loan Committee, which are responsible for developing and monitoring the Bank's risk management policies in their specified areas. These committees report to the Board of Directors.

**GRENADA DEVELOPMENT BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2020**  
(continued)

**20. FINANCIAL RISK MANAGEMENT (continued)**

***Audit Committee***

The Audit Committee has oversight for the integrity of the financial statements and reviews the adequacy and effectiveness of internal controls and risk management procedures.

***Internal Loan Committee***

This committee reviews applications for business loans up to \$100,000, student loans up to \$200,000 and mortgage loans up to \$300,000. The Board of Directors considers for approval, loans over the limits of the Internal Loan Committee. All loans under the limits of the committee are considered for approval by the Manager.

***Credit Risk***

Credit risk is the risk of financial loss to the Bank if a borrower or counter party to a financial instrument fails to meet its contractual obligations in accordance with agreed terms. The objective of the Bank's credit risk management function is to maintain credit risk exposure within acceptable parameters as the effective management of credit risk is a key comprehensive approach to risk management and is considered essential to the long-term success of the Bank. The Bank's exposure to credit risk arises primarily from the Bank's loans receivable which are given for national developmental purposes in all areas of industrial development. The priority areas for industrial development are identified by the Government of Grenada each year.

Significant changes in the economy or in the state of a particular industry segment that represents a concentration in the Bank's portfolio could result in losses that are different from those provided at the statement of financial position date.

Concentration of credit risk exists if a number of customers are engaged in similar activities or are located in the same industry sector or have similar economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the bank's performance to developments affecting a particular industry or geographical location.

***Management of credit risk***

***Advances***

The management and oversight of credit risk of loans is executed by the management of the Bank, the Internal Loan Committee and the Board of Directors. There is a documented credit policy in place, which guides the bank's credit processes.

**GRENADA DEVELOPMENT BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2020**  
(continued)

**20. FINANCIAL RISK MANAGEMENT (continued)**

*Management of credit risk (continued)*

*Advances (continued)*

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 group of borrowers and to industry segments. Such risk is monitored on a revolving basis and is subject to an annual or more frequent review. The level of risk is set against economic factors and government priority areas.

Exposure to credit risk is managed through regular analysis of the ability of the borrower to meet interest and capital repayment obligations, obtaining collateral and corporate and personal guarantees, and by changing lending limits and adjusting interest rates within approved ranges where appropriate.

*Other financial assets*

With respect to credit risk arising from the other financial assets of the bank, which comprise accounts receivable and prepayments, cash and cash equivalents and investments, the Bank's exposure to credit risk arises from default of the counterparty with regards to cash and cash equivalents and investments. The Bank seeks to hold its funds with financial institutions which management regards as sound and the market for investments are monitored regularly to ensure that returns are realized.

*Exposure to credit risk*

The following table shows the maximum exposure to credit risk for the components of the statement of financial position, without taking account of any collateral held or other credit enhancements.

	Maximum exposure	
	2020	2019
Investment securities - Debt	550,000	750,000
Investment securities - Equity	25,001	25,001
Investment securities - Deposits	3,000,020	5,426,036
Advances – Principal	78,352,837	72,223,197
Advances - Interest	505,903	313,555
Other assets	535,169	405,487
Cash and cash equivalents	<u>5,561,543</u>	<u>4,440,530</u>
	<u>\$88,530,473</u>	<u>\$83,583,806</u>

# GRENADA DEVELOPMENT BANK



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020

(continued)

### 20. FINANCIAL RISK MANAGEMENT

*Credit Risk (continued)*

*Concentration of credit risk at 31<sup>st</sup> December, 2020*

	Investment Securities- Debt	Investment Securities - Equity	Investment Securities - Deposits	Advances - Principal	Advances - Interest	Other Assets	Cash and Cash Equivalents	Total
Education	-	-	-	10,695,494	69,565	-	-	10,765,059
Agriculture	-	-	-	1,276,733	7,863	-	-	1,284,596
Fishing	-	-	-	778,913	588	-	-	779,501
Tourism	-	-	-	6,497,708	79,381	-	-	6,577,089
Housing	-	-	-	39,969,233	194,982	-	-	40,164,215
Other Business	-	-	-	18,926,535	154,821	-	-	19,081,356
Personal	-	-	-	208,221	(1,297)	-	-	206,924
Other	<u>550,000</u>	<u>25,001</u>	<u>3,000,020</u>	<u>-</u>	<u>-</u>	<u>535,169</u>	<u>5,561,543</u>	<u>9,671,733</u>
	<u>\$550,000</u>	<u>\$25,001</u>	<u>\$3,000,020</u>	<u>\$78,352,837</u>	<u>\$505,903</u>	<u>\$535,169</u>	<u>\$5,561,543</u>	<u>\$88,530,473</u>

**GRENADA DEVELOPMENT BANK**



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2020**

(continued)

**20. FINANCIAL RISK MANAGEMENT (continued)**

*Credit Risk (continued)*

*Concentration of credit risk at 31<sup>st</sup> December, 2019*

	Investment Securities- Debt	Investment Securities - Equity	Investment Securities - Deposits	Advances - Principal	Advances - Interest	Other Assets	Cash and Cash Equivalents	Total
Education	-	-	-	11,049,196	68,390	-	-	11,117,586
Agriculture	-	-	-	1,172,804	4,885	-	-	1,177,689
Fishing	-	-	-	968,323	6,777	-	-	975,100
Tourism	-	-	-	6,802,776	55,012	-	-	6,857,788
Housing	-	-	-	33,974,465	108,894	-	-	34,083,359
Other Business	-	-	-	18,010,152	69,070	-	-	18,079,222
Personal	-	-	-	245,481	527	-	-	246,008
Other	<u>750,000</u>	<u>25,001</u>	<u>5,426,036</u>	<u>-</u>	<u>-</u>	<u>405,487</u>	<u>4,440,530</u>	<u>11,047,054</u>
	<u>\$750,000</u>	<u>\$25,001</u>	<u>\$5,426,036</u>	<u>\$72,223,197</u>	<u>\$313,555</u>	<u>\$405,487</u>	<u>\$4,440,530</u>	<u>\$83,583,806</u>

**GRENADA DEVELOPMENT BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020**  
(continued)



**20. FINANCIAL RISK MANAGEMENT (continued)**

*Credit risk (Continued)*

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

	Stage 1	Stage 2	Stage 3	Total
<b><i>Balance at 31<sup>st</sup> December, 2020</i></b>				
Gross advances	70,944,824	7,129,045	1,718,041	79,791,910
ECL	(343,559)	(71,290)	(1,024,224)	(1,439,073)
Net balance	<u>\$70,601,265</u>	<u>\$7,057,755</u>	<u>\$693,817</u>	<u>\$78,352,837</u>
ECL as a percentage of gross advances	.48%	1.0%	59.62%	1.80%
<b><i>Balance at 31<sup>st</sup> December, 2019</i></b>				
Gross advances	67,929,267	3,732,578	1,592,156	73,254,001
ECL	(239,781)	(37,326)	(753,697)	(1,030,804)
Net balance	<u>\$67,689,486</u>	<u>\$3,695,252</u>	<u>\$838,459</u>	<u>\$72,223,197</u>
ECL as a percentage of gross advances	.35%	1.0%	47.3%	1.40%
Stages as a percentage of total gross advances:			<b>2020</b>	<b>2019</b>
Stage 1			88.9%	92.7%
Stage 2			8.9%	5.1%
Stage 3			<u>2.2%</u>	<u>2.2%</u>
			<u>100.00%</u>	<u>100.00%</u>

**GRENADA DEVELOPMENT BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020**  
(continued)



**20. FINANCIAL RISK MANAGEMENT (continued)**

**Credit risk (continued)**

*Analysis of gross carrying amount of investments securities subject to impairment (debt and deposits) and corresponding ECLs are as follows:*

	Stage 1	Stage 2	Stage 3	Total
<b><i>Balance at 31<sup>st</sup> December, 2020</i></b>				
Gross investments	3,000,020	600,000	-	3,600,020
ECL	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
Net balance	<u>\$3,000,020</u>	<u>\$550,000</u>	<u>\$ -</u>	<u>\$3,550,020</u>
ECL as a percentage of gross investments	-	8%	-	<u>1.40%</u>
<b><i>Balance at 31<sup>st</sup> December, 2019</i></b>				
Gross investments	5,426,036	800,000	-	6,226,036
ECL	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
Net balance	<u>\$5,426,036</u>	<u>\$750,000</u>	<u>\$ -</u>	<u>\$6,176,036</u>
ECL as percentage of gross investments	-	6%	-	0.8%
Stages as a percentage of total gross investment				
Stage 1			<b>2020</b>	2019
Stage 2			85%	88%
Stage 3			15%	12%
			<u>-</u>	<u>-</u>
			<u>100%</u>	<u>100%</u>

**GRENADA DEVELOPMENT BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020**  
(continued)



**20. FINANCIAL RISK MANAGEMENT (continued)**

*Credit risk (continued)*

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

	Stage 1	Stage 2	Stage 3	Total
<b><i>Balance at 31<sup>st</sup> December, 2020</i></b>				
Gross other assets	535,169	-	1,085,047	1,620,216
ECL	<u>-</u>	<u>-</u>	<u>(1,085,047)</u>	<u>(1,085,047)</u>
Net balance	<u>\$535,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$535,169</u>
ECL as a percentage of gross balance	-	-	100%	67%
<b><i>Balance at 31<sup>st</sup> December, 2019</i></b>				
Gross other assets	405,487	-	1,085,047	1,490,534
ECL	<u>-</u>	<u>-</u>	<u>(1,085,047)</u>	<u>(1,085,047)</u>
Net balance	<u>\$405,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$405,487</u>
ECL as a percentage of gross balance	-	-	100%	73%
Stages as a percentage of total gross other assets			<b>2020</b>	2019
Stage 1			-	-
Stage 2			-	-
Stage 3			<u>100%</u>	<u>100%</u>
			<u>100%</u>	<u>100%</u>

# GRENADA DEVELOPMENT BANK

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020 (continued)

### 20. FINANCIAL RISK MANAGEMENT (continued)

Analysis of advances before provision for expected credit losses:

	Current	1-3 months	3-6 months	6-12 month	Over 12 months	Total
	\$	\$	\$	\$	\$	\$
2020	<u>70,944,824</u>	<u>7,129,045</u>	<u>-</u>	<u>183,901</u>	<u>1,534,140</u>	<u>79,791,910</u>
2019	<u>67,929,267</u>	<u>3,732,578</u>	<u>289,013</u>	<u>323,310</u>	<u>979,833</u>	<u>73,254,001</u>

#### *Collateral*

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. The Bank has guidelines that set out the acceptability of different types of collateral and valuation parameters. The types of collateral held by the Bank are mortgage over properties, bill of sales over motor vehicles and other assets, liens over cash, bonds and shares, covenants over assets, and personal guarantees.

Estimates of fair values are based on value of collateral assessed at the time of borrowing and are generally not updated except when a loan is individually assessed as impaired.

Management monitors the market value of collateral, request additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

It is the Bank's policy to dispose of repossessed properties of which the proceeds are used to repay outstanding balances on loans.

**GRENADA DEVELOPMENT BANK**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2020  
(continued)**

**20. FINANCIAL RISK MANAGEMENT (continued)**

***Past due and not impaired***

These are loans where the contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate based on the quality and value of security available or the stage of collection of amounts owed to the Bank.

***Write off policy***

The Bank writes off a loan when it determines that the loan is uncollectible after considering information such as the occurrence of significant changes in the borrower's statement of financial position such that the borrower can no longer pay the obligation, and that proceeds from collateral will not be sufficient to recover the entire exposure.

***Liquidity risk***

Liquidity risk is the risk that the Bank will have difficulty in meeting its obligations from its financial liabilities.

***Management of liquidity risk***

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

The Bank monitors its risks of a shortage of funds by considering the maturity of both its investments and the projected cash flow from operations to ensure that it is able to honour all its commitments when they fall due.

# GRENADA DEVELOPMENT BANK

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020 (continued)

### 20. FINANCIAL RISK MANAGEMENT (continued)

#### *Management of liquidity risk (Continued)*

The aggregate value of the Bank's financial liabilities into relevant groups based on the remaining period at the statement of financial position to the contractual maturity dates.

	On Demand	Up to 1 year	1 to 5 years	Over 5 years	Total
Long-term borrowings	-	-	22,803,646	35,892,188	58,695,834
Other liabilities	1,663,208	-	-	-	1,663,208
Short-term borrowings	-	6,264,471	-	-	6,264,471
Amount due to projects	<u>57,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,220</u>
<b>Balance at 31<sup>st</sup> December, 2020</b>	<b><u>\$1,720,428</u></b>	<b><u>\$6,264,471</u></b>	<b><u>\$22,803,646</u></b>	<b><u>\$35,892,188</u></b>	<b><u>\$66,680,733</u></b>
Long-term borrowings	-	-	22,221,355	37,524,578	59,745,933
Other liabilities	1,176,367	-	-	-	1,176,367
Short-term borrowings	-	2,872,793	-	-	2,872,793
Amount due to projects	<u>81,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,916</u>
<b>Balance at 31<sup>st</sup> December, 2019</b>	<b><u>\$1,258,283</u></b>	<b><u>\$2,872,793</u></b>	<b><u>\$22,221,355</u></b>	<b><u>\$37,524,578</u></b>	<b><u>\$63,877,009</u></b>

# GRENADA DEVELOPMENT BANK

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020 (continued)

### 20. FINANCIAL RISK MANAGEMENT (continued)

#### *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company operates primarily in The Eastern Caribbean and is therefore not subject to significant foreign currency risk. However, some of the Bank's transactions are in United States but there is no significant risk exposure.

The aggregate value of the Bank's financial assets and liabilities by currency is as follows:

#### *Currency risk*

	EC\$	USD\$	Total
<b>Balance at 31<sup>st</sup> December, 2020</b>			
<b>Assets</b>			
Investment securities – Debt	550,000	-	550,000
Investment securities- Equity	25,001	-	25,001
Investment securities - Deposits	3,000,020	-	3,000,020
Advances - Principal	78,352,837	-	78,352,837
Advances - interest	505,903	-	505,903
Other assets	535,169	-	535,169
Cash and cash equivalents	<u>3,968,399</u>	<u>1,593,144</u>	<u>5,561,543</u>
	<u>86,937,329</u>	<u>1,593,144</u>	<u>88,530,473</u>
<b>Liabilities</b>			
Long-term borrowings	32,481,863	26,213,971	58,695,834
Short-term borrowings	1,440,796	222,412	1,663,208
Other liabilities	3,676,485	2,587,986	6,264,471
Amount due to projects	<u>57,220</u>	<u>-</u>	<u>57,220</u>
	<u>37,656,364</u>	<u>29,024,369</u>	<u>66,680,733</u>
<b>Net currency exposure</b>	<u>\$49,280,965</u>	<u>\$(27,431,225)</u>	<u>\$21,849,740</u>

# GRENADA DEVELOPMENT BANK

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020 (continued)

### 20. FINANCIAL RISK MANAGEMENT (continued)

	EC\$	USD\$	Total
<b>Balance at 31<sup>st</sup> December, 2019</b>			
<b>Assets</b>			
Investment securities – Debt	750,000	-	750,000
Investment securities- Equity	25,001	-	25,001
Investment securities - Deposits	5,426,036	-	5,426,036
Advances - Principal	72,223,197	-	72,223,197
Advances - interest	313,555	-	313,555
Other assets	405,487	-	405,487
Cash and cash equivalents	<u>4,440,530</u>	<u>-</u>	<u>4,440,530</u>
	<u>83,583,806</u>	<u>-</u>	<u>83,583,806</u>
<b>Liabilities</b>			
Long-term borrowings	33,022,887	26,723,046	59,745,933
Other liabilities	904,761	271,606	1,176,367
Short-term borrowings	1,677,451	1,195,342	2,872,793
Amount due to projects	<u>81,916</u>	<u>-</u>	<u>81,916</u>
	<u>35,687,015</u>	<u>28,189,994</u>	<u>63,877,009</u>
<b>Net currency exposure</b>	<u>\$47,896,791</u>	<u>\$(28,189,994)</u>	<u>\$19,706,797</u>

### *Interest rate risk*

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Bank is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including loans.

The Bank's exposure is also managed through the matching of funding products with financial services and monitoring market conditions and yields.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2020**  
(continued)

**20. FINANCIAL RISK MANAGEMENT (continued)**

***Operational risk***

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those rising from legal and regulatory requirements and generally accepted standards of good corporate behaviour. Operational risks arise from all the Bank's operations. The Bank's objective to manage operational risk is assigned to senior management so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and for development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, as the adequacy of controls and procedures to address the risks identified.
- Training and professional development
- Risk mitigation, including insurance where this is effective.

**21. INTEREST INCOME**

	<b>2020</b>	2019
CARICOM Development Fund loan	529,624	518,903
Caribbean Development Bank loans	1,470,554	1,822,925
Local loans	1,517,340	1,284,113
Business reactivation loans	76,192	122,960
National Insurance Scheme loans	5,993	6,814
Petro Caribe	1,126,950	720,741
Eastern Caribbean Home Mortgage Bank	<u>523,374</u>	<u>540,396</u>
	<b><u>\$5,250,027</u></b>	<b><u>\$5,016,852</u></b>

**22. INTEREST EXPENSE**

CARICOM Development Fund	151,290	173,852
Caribbean Development Bank	954,413	1,088,753
National Insurance Scheme	59,080	85,343
Petro Caribe	675,000	575,342
Eastern Caribbean Home Mortgage Bank	<u>294,294</u>	<u>304,525</u>
	<b><u>\$2,134,077</u></b>	<b><u>\$2,227,815</u></b>

**GRENADA DEVELOPMENT BANK**



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2020  
(continued)**

**23. OTHER INCOME**

	<b>2020</b>	2019
Rental	153,000	183,600
Sundry	255,468	298,140
Bad debts recoveries	<u>67,044</u>	<u>434,857</u>
	<u><b>\$475,512</b></u>	<u><b>\$916,597</b></u>

**24. TOTAL INCOME**

	<b>% Change in income</b>	<b>% Of total income 2020</b>	<b>2020</b>	<b>% Of total income 2019</b>	<b>2019</b>
<b>Interest income:</b>					
Interest loans	5%	89%	5,250,027	82%	5,016,852
Interest investments	-14%	3%	146,653	3%	170,469
<b>Other income:</b>					
Rental	-17%	3%	153,000	3%	183,600
Sundry	-16%	4%	255,468	5%	298,140
Bad debt recoveries	<u>-84%</u>	<u>1%</u>	<u>67,044</u>	<u>7%</u>	<u>434,857</u>
Total income		<u><b>100%</b></u>	<u><b>\$5,872,192</b></u>	<u><b>100%</b></u>	<u><b>\$6,103,918</b></u>

**25. RELATED PARTY TRANSACTIONS**

Compensation of key management personnel of the Bank.

i) Salaries and staff benefits	<u><b>\$758,539</b></u>	<u><b>\$677,973</b></u>
ii) Loans receivable from key management personnel and directors	<u><b>\$984,289</b></u>	<u><b>\$873,179</b></u>
iii) Interest income from key management personnel and directors	<u><b>\$48,929</b></u>	<u><b>\$56,445</b></u>

**GRENADA DEVELOPMENT BANK**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2020  
(continued)**

**26. DIVIDENDS**

The Board approved a dividend of \$47,453 for 2020 subsequent to year-end. This amount was not recorded as a liability as at 31<sup>st</sup> December, 2020.

**27. EVENTS AFTER THE REPORTING PERIOD**

The duration and extent of the COVID-19 pandemic and related financial, social and public health impacts of the pandemic are uncertain. As such, the actual economic events and conditions in the future may be materially different from those estimated by the Bank at the reporting date. No matters have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Bank. The Bank will continue to closely monitor the situation in order to plan its response, if necessary.

# GRENADA DEVELOPMENT BANK

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020 (continued)

### 28. GENERAL EXPENSES

	2020	2019
Salaries, wages and allowances	1,378,524	1,435,467
National Insurance contributions	63,217	54,081
Pension and gratuities	65,928	61,196
Security	44,284	48,341
Computer expenses	74,115	88,635
Subscription and donations	18,945	27,269
Postage	2,592	3,142
Office expenses	30,209	35,604
Advertising	27,496	40,190
Audit fees	27,631	40,450
Professional services	84,118	52,458
Foreign exchange loss	11,169	8,610
Bank charges	13,418	28,003
Entertainment	-	133
Motor vehicle expenses	9,291	14,028
Legal fees	40,667	33,126
Settlement fee	121,038	-
Stationery and printing	60,323	74,185
Telephone and cable	64,202	73,677
Miscellaneous	554	2,344
Repairs and maintenance	16,655	20,957
Staff uniforms	29,748	29,797
Travelling and subsistence	87,930	90,589
Electricity	54,142	69,325
Rates and taxes	2,468	1,807
Staff training	6,623	17,155
Insurance	37,255	36,089
Recruitment cost	400	300
Staff functions and awards	24,013	43,241
Cash shortage	(12)	322
Corporate image and product development	14,757	12,295
COVID-19 expenses	<u>10,524</u>	<u>-</u>
	<u>\$2,422,224</u>	<u>\$2,442,816</u>