

PROSPECTUS BY

REPUBLIC BANK (GRENADA) LIMITED

A Company incorporated in Grenada under the Companies Act Chapter 47 of the revised Laws of Grenada (1934 Edition) continued under the Companies Act No 35 of 1994 of the Laws of Grenada now contained in Chapter 58A of the Continuous Revised Edition of the Laws of Grenada 2010,
for a non-renounceable pro rata Rights Issue of 2,604,277 Ordinary Shares at an issue price of EC\$45.00 per share on the basis of eight (8) New shares for every five (5) Existing shares issued at the Record Date of the Offer

N.B. THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Prospectus contains important information which should be read carefully before making a decision to acquire shares. It contains information to help you make an informed investment decision and to help you understand your rights. It contains information about Republic Bank (Grenada) Limited, as well as the names of persons responsible for its organization and management.

You are encouraged to read this Prospectus in its entirety, prior to making any investment decision and you are advised to retain this Prospectus for future reference.

If you are in any doubt about the contents of this document you should consult a person licensed under the Act who specializes in advising on acquisition of shares and other securities. You should carefully consider your own personal circumstances. This includes considering financial and tax issues. You should also get advice from your solicitor, accountant or other financial adviser.

An application has been made to the Eastern Caribbean Securities Exchange to list the 2,604,277 New Shares being offered. However, this statement is not to be construed as a guarantee that the shares so offered will be listed.

ALL CORRESPONDENCE OR QUERIES IN CONNECTION WITH THIS DOCUMENT SHOULD BE ADDRESSED TO: -

REPUBLIC BANK (GRENADA) LIMITED
REPUBLIC HOUSE
MAURICE BISHOP HIGHWAY
GRAND ANSE
ST. GEORGE'S
GRENADA, WEST INDIES

ATTENTION: KEITH JOHNSON
Tel: 473-444-2265

OR

BANK OF ST LUCIA LIMITED
2ND FLOOR
FINANCIAL CENTRE BUILDING
NO.1 BRIDGE STREET
P.O. BOX 1862
CASTRIES
ST LUCIA

THE ISSUE OF THIS DOCUMENT HAS RECEIVED THE APPROVAL OF THE EASTERN CARIBBEAN SECURITIES REGULATORY COMMISSION

At a meeting of the Board of Directors of Republic Bank (Grenada) Limited ("RBGL") on 18th July 2019, duly held at its registered office situate at Republic House, Maurice Bishop Highway, Grand Anse, St. George's, Grenada it was resolved that RBGL shall issue and offer for subscription Two Million Six Hundred and Four Thousand Two Hundred and Seventy Seven (2,604,277) ordinary shares at EC\$45.00 each to its shareholders in the ratio of eight (8) New shares for every five (5) Existing shares held as at Record Date as hereinafter defined.

This document contains particulars given in compliance with the Securities Act No. 23 of 2001 Chap. 299A of the Laws of Grenada and the Securities (Prospectus) Regulations (No. 54 of 2001) of the laws of Grenada and the Listing Requirements of the Securities Market of the Eastern Caribbean Securities Exchange for the purpose of giving information to shareholders with regard to RBGL.

The directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge, the information contained in the prospectus is in accordance with the facts and the prospectus makes no omission likely to affect the import of the information.

Consent for the issuance of this prospectus is given by Board resolution dated the 18th day of July, 2019.

GREGORY THOMSON



KEITH A. JOHNSON



PARASRAM SALICKRAM



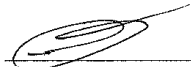
LEON D. CHARLES



CHRISTOPHER HUSBANDS



RICHARD LEWIS



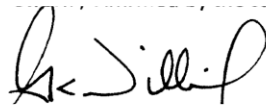
LESLIE-ANN SEON



ISABELLE S. V. SLINGER



GRAHAM K. WILLIAMS



KAREN YIP CHUCK



DISCLAIMER

This Prospectus has been prepared and delivered in accordance with the Securities (Prospectus) Regulations (No. 54 of 2001) of the Laws of Grenada (“the Securities (Prospectus) Regulations, 2001”) made under the provisions of the Securities Act No. 23 of 2001 Chap 299A of the Laws of Grenada (“the Securities Act”). This Prospectus has been filed with the Eastern Caribbean Securities Regulatory Commission, Basseterre, St. Kitts (“the ECSRC”) pursuant to Part VII, section 92(3) of the Securities Act on 10th February, 2020 and has been delivered to the Registrar of Corporate Affairs and Intellectual Property Office as required by section 304(1) of the Companies Act Chap 58A of the Continuous Revised Edition of the Laws of Grenada 2010.

The ECSRC accepts no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss whatsoever arising from or reliance upon the whole or any part of the contents of this Prospectus. Prospective investors should not construe the contents of this Prospectus as legal or financial advice. If you are in doubt about the contents of this document or need financial or investment advice you should consult a person licensed under the Securities Act or any other duly qualified corporate advisor who specializes in advising on the acquisition of shares or other securities as to such contents and as to the legal, financial or other matters relevant to the suitability of an investment in the ordinary shares of RBGL.

The Prospectus is issued for the purpose of giving information about Republic Bank (Grenada) Limited to its shareholders. The rights issue and listing of shares are made upon the terms and conditions contained in this Prospectus, and no person has been authorized to give any information or to make any representation with regard to RBGL other than through this Prospectus. The Directors of RBGL have collectively and individually accepted full responsibility for the accuracy of the information, including the financials contained in Appendix I, and the accounts have been prepared in accordance with the Act. The Directors have made all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Prospectus misleading.

The information contained in this Prospectus is accurate as at the date of publication of this Prospectus but no representation or warranty is given that there has been no change in the business, results of operation, financial condition or prospects of RBGL since the date of publication of this Prospectus. The Prospectus includes projections based on assumptions for revenues and other financial information, the outcome of which may or may not be realized. While the Directors of RBGL believe that the projections herein are likely to be attained, unforeseen circumstances and or unknown factors may cause the results to vary from such projections. Neither RBGL nor its Directors accept any responsibility in respect of any such unforeseen variations.

The Prospectus was prepared by Keith Johnson, Managing Director, Republic Bank (Grenada) Limited. The Prospectus was reviewed by Seon & Associates, Juris Chambers, Brigade House, Lucas Street, St. George’s, Grenada. The law firm of Seon & Associates has consented to have its name appear in this Prospectus in the form and context in which its name is so included.

The distribution of this document and/or Provisional Letter of Allotment into any country other than a member country of the Eastern Caribbean Currency Union (including Grenada) may be restricted by law and therefore persons into whose possession this document and/or any accompanying documents comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of such jurisdictions.

Persons who have a registered address in, or are otherwise resident or located in any country other than a member country of the Eastern Caribbean Currency Union (including Grenada) and any persons (including without limitation, nominees, custodians and trustees) who have a contractual or other legal obligation to forward this document or a Provisional Letter of Allotment to a country other than a member country of the Eastern Caribbean Currency Union (including Grenada) should obtain legal or other advice accordingly as to local requirements.

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering an investment in the Offer is prohibited. By accepting delivery of this document, each Eligible Shareholder agrees to the foregoing.

TABLE OF CONTENTS

	Page
1. The Offer	8
2. Terms and Conditions of the Offer	8
3. Information relating to Republic Bank (Grenada) Limited	10
4. Reasons For The Offer And Benefit to RBGL's Shareholders	14
5. Consideration for the Offer	15
6. Further Terms of the Offer	15
7. Forward Looking Statements	15
8. Additional Information	16
9. Material Changes	17
10. Disclosures	18
11. Further Information	19
12. Risk Factors	20
Appendix I - Audited Financial Statements and Unaudited Management Accounts for the years ended 2017 to 2019	22
Appendix II – Information Relating to RBGL	60
Appendix III - Offer Details, Subscription and Payment	67
Appendix IV - Provisional Letter of Allotment	69
Appendix V - Form of Acceptance - Form A	70

FORMAL LETTER OF OFFER

DATE: 17th February, 2020

TO: The Shareholders of Republic Bank (Grenada) Limited

Dear Investors,

OFFER BY REPUBLIC BANK (GRENADA) LIMITED TO ISSUE ORDINARY SHARES

On 27th November 2018, Republic Financial Holdings Limited, the parent of Republic Bank (Grenada) Limited, announced that it had entered into an agreement to acquire the banking operations of the Bank of Nova Scotia (trading as “Scotiabank”) within the Eastern Caribbean territories of, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and Grenadines together with the operations situate in Guyana and St. Maarten and the shareholding of Scotiabank Anguilla Limited.

Based on the then proposed acquisition and given Scotiabank’s existing operations within Grenada, Republic Bank (Grenada) Limited engaged an independent assessment of the local assets of Scotiabank. Given the assessment received, it was determined by the Board of Republic Bank (Grenada) Limited that the valuation provided was within the acceptable target valuation. As such, the Board approved the acquisition of the banking operations of Scotiabank in Grenada by Republic Bank (Grenada) Limited.

On 1st November 2019, Republic Bank (Grenada) Limited acquired the Scotiabank banking operations within Grenada by way of short term loan funding. In order to raise adequate funding for the financing and repayment of the loan facility as well as to maintain regulatory capital adequacy levels, Republic Bank (Grenada) Limited is required to increase its capital position by the issuance of ordinary shares to its Eligible shareholders.

Republic Bank (Grenada) Limited is focused on adding value to the market that it serves and providing its customers with leading financial solutions that meet their needs. The expansion of our banking operations is an opportunity to increase Republic Bank (Grenada) Limited’s ability to offer financial products to the Grenadian population and is testament to our confidence in the local financial sector. The acquisition of Scotiabank’s operations within Grenada is an investment that it is intended will provide benefits both to our customers and our shareholders.

Republic Bank (Grenada) Limited is therefore pleased to announce its issuance of 2,604,277 ordinary shares on the Eastern Caribbean Securities Exchange for subscription by our Eligible shareholders. Shareholders are now invited through this prospectus to invest in Republic Bank (Grenada) Limited ordinary shares through the offering of eight (8) new shares for every five (5) Existing shares held as at the Record Date, at a price of EC\$45.00 per right.

The issuance of further shares by Republic Bank (Grenada) Limited on the Eastern Caribbean Securities Exchange is intended to (i) provide adequate funding for the financing and repayment of the loan facility availed for the acquisition of the Bank of Nova Scotia within Grenada valued at EC\$59.50M; and (ii) strengthen the capital position of the Bank by approximately EC\$27.0M. Republic Bank (Grenada) Limited seeks to raise a minimum amount of \$86.50M by the issuance of ordinary shares to its Eligible Shareholders.

The details of the Offer are set out in the Prospectus and you are encouraged to read the Prospectus in its entirety before making an investment decision. A summary of risk factors which you should consider is set out in Section 12.

A Provisional Letter of Allotment in respect of your Entitlement to the New Shares is enclosed with this document. If you have sold or otherwise transferred all of your shares in RBGL, please forward this document and the Provisional Letter of Allotment at once to the purchaser or the stockbroker, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, except that, such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

If you are in any doubt as to the action you should take, you are recommended to seek your own personal advice from your stockbroker, attorney-at-law, tax advisor, accountant or other professional adviser immediately.

Nothing in this Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice and this Prospectus is for your information only.

On behalf of the Board we thank you for your continued support of RBGL and encourage you to take up your Entitlement under the Offer.

Please read this letter carefully.

DEFINITIONS

Closing Date	27 th March, 2020
EC\$	Eastern Caribbean Dollars
The Eastern Caribbean Securities Exchange or ECSE	The Eastern Caribbean Securities Exchange
Eligible Shareholder	A shareholder of RBGL on the Record Date
Entitlement	The number of New Shares an Eligible Shareholder is entitled to under the Offer
Existing Shares	The shares of RBGL recorded on the share register of RBGL and in issue on the Record Date
Offer Period	The period between the Opening Date and Closing Date
The Offer	The Offer set out in this Prospectus
Offer Price	EC \$45.00
Opening Date	17 th February, 2020
New Shares	A share offered and issued by RBGL, the terms and conditions of which are set out in this Prospectus
Non-Subscribed Shares	Shares that have not been purchased by RBGL shareholders in accordance with their rights
RBGL or the Bank	Republic Bank (Grenada) Limited
RBGL Shares	Ordinary Shares of no par value
Record Date	14 th February, 2020
Remnant Shares	The fractional rights produced as a result of the terms of the offer
Provision Letter of Allotment	Document attached as Appendix III
The Regulator	The Eastern Caribbean Securities Regulatory Commission established under the Securities Act, 2001

1. THE OFFER

RBGL hereby issues and makes a non-renounceable offer of 2,604,277 New Shares to Eligible Shareholders. The New Shares are being offered to Eligible Shareholders by way of a Rights Issue on the following basis and otherwise as set out herein.

RBGL intends to provisionally allot to Eligible Shareholders ordinary shares of no par value for subscription on the basis of eight (8) New Shares for every five (5) Existing Shares held by them at the Offer Price provided that fractional entitlements shall be ignored and holders of ordinary shares shall not be entitled to fractional certificates or to payments in lieu of them.

It is important to note that your rights are of value and failure to take up your Entitlement may result in a dilution of your shareholding in RBGL. You are advised to seek professional investment advice on your rights, options and alternatives.

2. TERMS AND CONDITIONS OF THE OFFER

- (a) Shareholders are being offered the exclusive right to purchase eight (8) New shares in RBGL for every five (5) Existing Shares held in RBGL as at Record Date. RBGL Shares are to be acquired free from all liens, charges and encumbrances whatsoever and with all rights attaching thereto including the right to all dividends and other distributions declared.
- (b) Remnant Shares and Non-Subscribed Shares shall be cancelled by RBGL after the Closing Date.
- (c) **Acceptance of your Entitlement** - Eligible Shareholders may accept their Entitlement in full or in part by completing and returning the Form of Acceptance (refer to Appendix IV) which accompanies the Prospectus.

Eligible Shareholders acceptance must not exceed the Entitlement as shown on that form. The number of New Shares to which you are entitled is shown in the accompanying Provisional Letter of Allotment (refer to Appendix III). You may (1) take up all your Entitlement to New Shares; (2) take up part of your Entitlement and allow the balance to lapse; or (3) not take up any of your Entitlement and allow it to lapse.

Full Acceptance - If you wish to take up all of your Entitlement, please return the accompanying Provisional Letter of Allotment and the signed and completed Form of Acceptance in accordance with the stated instructions. Forward these items with a remittance for the full amount payable on acceptance, in accordance with the instructions printed thereon, by hand or by post to RBGL's branch at Republic House, Maurice Bishop Highway, Grand Anse, St. George's, Grenada, so as to arrive no later than 4pm on the Closing Date.

Partial Acceptance - If you wish to take up only part of the New Shares provisionally allotted you must:

Complete the Form of Acceptance for the number of New Shares for which you want to subscribe and forward these forms with a remittance for the full amount payable on acceptance, in accordance with the instructions printed thereon, by hand or by post to RBGL's branch at Republic House, Maurice Bishop Highway, Grand Anse, St. George's, Grenada, so as to arrive no later than 4pm on the Closing Date.

- (d) **Entitlements not taken up** - If you decide to take up only part of your Entitlement or fail to meet the deadline for submission or not to accept any of your entitlement (as the case may be), your Entitlement will lapse to that extent by 4pm on the Closing Date.
- (e) **Method of Payment** - All subscription payments must be in Eastern Caribbean Dollars and cheques or banker's drafts should be made payable to Republic Bank (Grenada) Limited no later than 4pm on the Closing Date. Cheques or banker's drafts will be presented for payment upon receipt.

The Directors reserve the right to make presentation of cheques to allow RBGL to obtain value for remittances at the earliest opportunity. It is a condition of the Offer that cheques shall be honoured at first presentation and RBGL may elect not to treat as valid, acceptances in respect of which cheques are not so honoured. RBGL may (in its sole discretion) treat a Provisional Letter of Allotment as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required.

- (f) **Rights attaching to the New Shares** - the New Shares issued will rank *pari passu* in all respects with Existing Shares, including the right to all future dividends and other distributions thereafter declared, paid or made.
- (g) **Validity and Rejection of Subscriptions of New Shares** - RBGL reserves the absolute right to accept any subscription, application form or Provisional Letter of Allotment as valid and binding even if not in the proper form, not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney or by evidence of satisfactory authority where required.
RBGL reserves the absolute right to reject any subscription, application form or Provisional Letter of Allotment as valid and binding even if not in the proper form, not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney or by evidence of satisfactory authority where required, or if the acceptance thereof or the allotment would in the opinion of RBGL be unlawful.

If your subscription or Form of Acceptance is not accepted in whole or is accepted in part only, the application moneys, as the case may be, the balance of the amount paid on application, will be returned without interest in the currency of subscription by returning your cheque or by crossed cheque in favour of the person entitled thereto. All cheques will be sent by post at the risk of the person entitled thereto. In the meantime, monies will be retained by the authorized broker in a separate account.

- (h) **Dividend Policy** - RBGL's dividend policy prescribes that dividends will only be paid if capital ratios and performance objectives are met. Once these ratios and performance factors are satisfied, the Board of Directors may in its discretion declare a dividend.

- (i) **Voting Rights** – The voting rights afforded to Eligible Shareholders by the purchase of New Shares will be the same as that held by other Shareholders of Ordinary Shares.
- (j) **Transferability** – New Shares shall be available only to Eligible Shareholders during the Offer Period after which Shareholders shall have the ability to sell the New Shares on the ECSE
- (k) The approximate expenses for this Offer are EC\$70,000.00

While there are no intentions to wind up RBGL, all Shareholders of RBGL shall be accorded the same rights as provided for under the Companies Act and the Bankruptcy and Insolvency Act of the laws of Grenada.

3. INFORMATION RELATING TO REPUBLIC BANK (GRENADA) LIMITED

History

The National Commercial Bank of Grenada Limited (“NCB”) was incorporated under the Companies Act of Grenada on 12th October 1979 with the first branch opening in Grenville. A year later the Head Office would be relocated to St. George’s.

In July 1992, the Trinidad and Tobago based financial institution, Republic Bank Limited bought 51% of shares in NCB from the Government of Grenada, and in April 2006 the name of the Bank was changed to Republic Bank (Grenada) Limited.

In June 2016, Republic Financial Holdings Limited (now the parent company of Republic Bank Limited and RBGL) acquired additional shares in RBGL through an Offer to purchase shares from the shareholders, increasing its shareholding by twenty four per cent (24%), with its total shareholding now standing at seventy five per cent (75%).

RBGL is led by Managing Director, Keith A. Johnson, and a team of experienced Managers, supported by over 200 employees. RBGL provides banking services in six branches around the tri-island state of Grenada, Carriacou and Petite Martinique. As at September 30, 2019 RBGL has grown its asset base to EC\$1.01 million from EC\$1 million in 1979, when NCB was incorporated.

RBGL FINANCIAL PERFORMANCE

The Operating Environment

The Education sector remains the largest component of Grenada’s gross domestic product (GDP) at over 17%. Other significant sectors include Transport, Storage & Communication (14%), Real estate, Renting & Business activities (12.7%) as well as Wholesale & Retail (8%), Construction (9.3%), Financial Intermediation (7.3%) and Hotels & Restaurants (6.4%). Early estimates put Grenada’s economic growth for 2019 at over 3%. Data from the Eastern Caribbean Central Bank (ECCB) indicate that the large Education sector registered an improved performance in 2019. Notwithstanding this, according to the ECCB’s Economic and Financial Review of June 2019, the pace of economic growth slowed in the first half of 2019 compared to the first half of 2018. While the tourism sector provided the major impetus, overall growth was moderated by a decline in construction sector activity, evidenced by a reduction in the volume and value of imports of construction materials. The

lower level of construction activity was largely due to the completion of a luxury tourism project in 2018 as well as the Silversands Grenada resort and the Gouyave extreme rainfall project in 2019.

The tourism sector registered another solid performance; with the figures for the first nine months of 2019, improving, for the most part, on the corresponding 2018 period. While the number of cruise ship calls increased from 171 to 176, the ships brought fewer people, as the number of cruise ship passengers declined by 0.3% to 224,063. Stayover arrivals increased in all segments, led by the Canadian market with growth of 14.7% followed by the Caribbean market (3.4%) the US market (2.4%), Other countries (0.8%) and the UK market (0.5%). This resulted in a 3% increase in total stayover arrivals to 124,156. Revised data show one major negative trend however, a 12.3% decline in total visitor expenditure from \$391 million for January to September 2018, to \$342.8 million for January to September 2019. Indications are that the trends in the early part of 2019 continued through the year.

Grenada's already low inflation rate moderated further in recent months. For the first five months of 2019, prices were on average 1% higher than the same period in 2018. From June to September however, the average year-on-year increase fell to 0.3%. Average prices for the first three quarters of 2019, increased by 0.8% over the same period in 2018. The most recent unemployment rate is 16.7% recorded in the third quarter of 2018. Government continues to spend less than it earns, registering a fiscal balance of \$116.5 million for the first three quarters of 2019 compared to \$108.8 million for the equivalent 2018 period. The continued fiscal surpluses allowed government to pay down on its debt. Consequently, outstanding public-sector debt fell from \$2,091.3 million at the end of 2018 to \$1,927.7 million nine months later in September.

At \$1,626,333,000 in September 2019, private sector credit was 0.6% higher than the previous quarter and 2.6% higher than in quarter three of 2018. The trend in commercial bank stability was generally one of declining performance. Asset quality was one exception, with non-performing loans to gross loans improving from 2.37% in July to 2.08% in September. Over the same period, the capital asset ratio fell marginally from 13.92% to 13.77%. Commercial banks' return on assets remained steady at 1.25%. In mid-December the World Bank Board of Executive Directors approved a US\$20 million credit to support Grenada's transition to a resilient blue economy. This operation, the second in a series of two International Development Association (IDA) credits, deepens support for Grenada's policy and institutional measures to maintain fiscal discipline and diversify the economy towards a blue growth model that is based on sustainable and well-governed use of ocean resources.

SUMMARY OF REPUBLIC BANK (GRENADA) LIMITED OPERATIONS

All figures in EC\$M

	2019	2018	Change	% Change
Profitability				
Core profit before taxation and credit loss	11.40	10.18	1.22	11.99
Credit (recovery)/ loss on financial assets	(1.28)	0.18	(1.46)	(811.11)
Profit before taxation	12.67	9.99	2.68	26.83
Profit after taxation	10.44	7.88	2.56	32.49
Statement of Financial Position				
Total assets	1,011.58	952.04	59.55	6.25
Total advances	490.08	468.39	21.69	4.63
Total deposits	871.26	813.39	57.87	7.11
Shareholders' equity	118.31	114.11	4.20	3.68

Statement of Income Review

For the year ended September 30, 2019, the Bank recorded net profit after tax of \$10.44 million, an increase of 32.49% or \$2.56 million from the \$7.88 million recorded in fiscal 2018. This improvement was largely the result of an increase in net interest income of \$2.52 million and a credit recovery on financial assets of \$1.46 million. However, these were partly offset by a reduction in other income of \$0.68 million primarily due to a reduction in commissions and an increase in operating expenses of \$0.62 million, in preparation for expansion and upgrades.

The Bank's principal performance indicators continued to improve in fiscal 2019. Return on average assets (ROA) increased to 1.07% from 0.84% and return on average equity (ROE) to 9.00% from 7.09%.

Interest income

During fiscal 2019, interest income increased by \$3.07 million, or 7.13% to \$46.14 million. There were increases in interest on loans, investments and liquid assets.

Market pressures continue to force lending rates down, with the average rate for 2019 declining to 6.68% from 6.87% the previous year. Nevertheless, interest income on loans increased by 3.77% or \$1.25 million during the fiscal primarily due to the \$26.46 million or 5.77% increase in the performing loan portfolio

While the investment portfolio only increased by \$1.97 million, the average portfolio for 2019 was \$19.5 million more than the previous year resulting in an increase in interest income on investments of \$1.045

million or 11.94%. In addition, some investments which matured during the year, were reinvested at higher yields, thereby contributing to the increase in income.

The Bank utilizes excess liquidity within its risk appetite as a means of increasing interest income. During the fiscal, interest income on liquid assets increased by \$0.77M or 66.15%, as we increased our holdings in short term interest earnings assets such as fixed deposits with other banks. Higher yields on Treasury Bills also boosted this revenue line.

Interest expense

Although customer deposits increased by \$57.87 million or 7.1%, interest expense increased at a lower rate - 5.58% (or \$0.55 million) to \$10.38 million from the \$9.83 million recorded in 2018, as the portfolio diversified further. Demand deposits accounted for 55.12% or \$32.33 million of the growth.

As result of the \$3.07 million increase in interest income and the \$0.55 million increase in interest expense, net interest income increased by 7.58% or \$2.52 million to \$35.76 million in fiscal 2019.

Other income

Other income of \$11.97 million in 2019 was \$0.68 million or 5.58% lower than the 2018 earnings of \$12.66 million. This was primarily due to a reduction in commissions and recoveries on written off debt

Operating expenses

Operating expenses increased by 1.74% or \$0.62 million to \$36.34 million from \$35.72 million in 2018, in line with inflation. This was primarily due to an increase of \$0.27 million in staff costs, and an increase in general administrative expense of \$0.46 million.

For fiscal 2019, there was a credit recovery on financial assets of \$1.28 million mainly due to a \$2.36 million reduction in provisions held on previously restructured bonds partly offset by an increase in loan loss provision of \$0.61 million.

Statement of Financial Position Review

As at September 2019 the Bank achieved a major milestone by attaining one billion in total assets. Total assets increased by 6.25% or \$59.55 million to \$1.01 billion from \$952.04 in 2018 fueled by the \$57.87 million or 7.1% increase in customer deposits. The major changes in the composition of assets during the fiscal were recorded in Liquid assets and loans.

Liquid assets increased by 34.60% or \$35.19 million to \$136.87 million from \$101.69 million in 2018. Due from Banks increased by \$33.99 million with \$13.5 million an increase in fixed deposits.

The gross loan portfolio increased by \$21.37 million or 4.47% to \$499.10 million from \$477.73 million in 2018, reflective of the 3.48% growth experienced by the market for the period June 2018 to June 2019. This increase was primarily the result of the continuous growth in the economy.

Mortgages increased by \$23.02 million or 6.12%. Of this growth, 71.45% was attributable to corporate and commercial mortgages, and 28.55% to retail mortgages.

As at September 30, 2019, the mortgage portfolio accounts for 80% of the total gross loans with 56% in corporate and commercial and 44% in retail.

During the financial year the non-performing loan portfolio continued to decline and decreased by a further 26.90% or \$4.89 million to \$13.31 million from \$18.21 million in 2018. As a result, the non-performing loans ratio decreased to 2.67% from 3.81% at the end of fiscal 2018. This is the fifth consecutive year the Bank experienced a decrease in this ratio after peaking at 10.44% in 2014 and remained within the ECCB's benchmark of 5%.

The investments portfolio recorded a slight increase of \$1.97 million or 0.7% during the fiscal. Although the increase was minimal, we were able to acquire investments from the international markets and reinvest the \$52.93 million which matured during the year. As at September 30, 2019, yield on investments increased to 3.42% from 3.28% as at September 30, 2018, as investments at lower yields were replaced with higher yielding instruments.

Customer deposits increased by \$57.87 million or 7.1% to \$871.26 million from \$813.39 million in 2018, comparable to the 6.3% increase experienced in the market during the period June 2018 to June 2019. Demand deposits, which are non-interest earning, accounted for 55.14% of the increase, and this contributed to the containment of interest expense.

As at September 30, 2019, the Bank exceeded the minimum levels required, with Tier 1 capital to risk-weighted assets of 13.47% and total qualifying capital to risk-weighted assets of 13.64 %. These ratios exceed the prudential guidelines, as well as the Bank's internal benchmark of 12%.

Given the sound capital ratios and the fiscal 2019 performance, the Directors declared a final dividend of \$1.15 per share, payable to shareholders on record as at November 12, 2019, bringing the total to \$2.00 per share for the year ended September 30, 2019.

4. REASONS FOR THE OFFER AND BENEFIT TO RBGL'S SHAREHOLDERS

The acquisition of the banking operations of Scotiabank within Grenada by Republic Financial Holdings Limited, through its subsidiary, Republic Bank (Grenada) Limited, is part of RBGL's strategy to add value within the market that it operates and also provides an opportunity for RBGL to increase its offering to a wider segment of the Grenadian market. Additionally, based on the valuation received by RBGL, the assets of Scotiabank are envisioned to positively increase the overall value and return to the Bank which will accrue to the benefit of our shareholders.

In order to satisfy financial institution capital regulations as a result of the acquisition of the Scotiabank banking operations, RBGL has determined that in order to ensure that it possesses sufficient resources, an increase in its capital base is required in the amount of EC\$27 million.

Through this prospectus and the issuance of a further 2,604,277 New Shares to its Eligible shareholders, RBGL will accomplish its aim of strengthening both its capital position. Since the Offer is made only to the shareholders of RBGL, the ownership of RBGL will remain in the hands of its current shareholders. As such, on the acceptance of the Offer by all Eligible Shareholders, RBGL expects to raise the sum of EC\$117,192,465.00 less any deductions for expenses. The Offer Price is based primarily on the average market price of EC\$45.00 over the last twelve (12) months on the Eastern Caribbean Securities Exchange.

5. CONSIDERATION FOR THE OFFER

We believe that our offer price of EC \$45.00 per share reflects a fair value given the reasons listed above.

6. FURTHER TERMS OF THE OFFER

General

Reference in the Offer to persons in the singular shall include the plural and vice versa and to the masculine shall include the feminine or neuter genders.

- (i) The Offer and all acceptances thereof shall be governed by and construed in accordance with the Laws of Grenada. The courts of Grenada are to have jurisdiction to settle any dispute which may arise in relation to the Offer, this Prospectus and the Provisional Letter of Allotment (including any dispute relating to non-contractual obligations arising out of or in relation to this Offer). In consideration for the provisional allotment of New Shares based on each Eligible Shareholder's Entitlement each Eligible Shareholder irrevocably submits to the non-exclusive jurisdiction of the courts of Grenada.
- (ii) The making of the Offer to persons not resident in or citizens of Grenada may be affected by the laws of the relevant jurisdictions. Shareholders of RBGL not resident in and/or not citizens of Grenada and interested in this investment should inform themselves about and observe and comply with any applicable legal requirements. It is the responsibility of any such shareholder wishing to purchase further shares in RBGL to satisfy himself as to the full observance of the laws of Grenada and of any other relevant jurisdictions in connection therewith, including the obtaining of any governmental or other licenses, consents or approvals which may be required or the compliance with other necessary formalities.
- (iii) The cost and expenses surrounding this offer will be borne by RBGL save where there are expenses to be borne by Eligible Shareholders in relation to their individual compliance with relevant laws.
- (iv) No person has been authorized to give any information or make any representation other than those contained in this Prospectus in connection with the Offer. If such information or representation is made or given, the information or representations must not be relied on as having been authorized by the Directors other than as set out in this Prospectus.

7. FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of RBGL, the directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in the Prospectus, except where required by the laws of Grenada.

These forward-looking statements are subject to various risk factors which may cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 12 of this Prospectus.

8. ADDITIONAL INFORMATION

The following additional information is provided.

- (i) RBGL's registrar is Bank of St Lucia Limited whose registered office is 1st Floor, Willie Volney Drive, Massade, Gros Islet, P.O. Box 1862, Castries, St. Lucia.
- (ii) The Accounts of RBGL for the year ended 30th September 2019 and September 2018 were audited by PKF, Accountants and Business Advisers, Pannell House, Grand Anse, St. George's, Grenada and the preceding year ended 30th September 2017 by Ernst & Young, Chartered Accountants, Mardini Building, Rodney Bay, Gros Islet, St. Lucia.
- (iii) PKF, Accountants and Business Advisers, and Ernst & Young, Chartered Accountants, have given and have not withdrawn their consent to the issue of this document with the references to their names in the form and context in which they appear.
- (iv) No director has any interest, direct or indirect, in any assets of RBGL other than what is disclosed herein.
- (v) No director is materially interested in any contract or arrangement which is significant in relation to the business of RBGL.
- (vi) No director is related to any employee of RBGL who performs an administrative, management or supervisory function.
- (vii) The cost and expenses of the Offer and all matters incidental thereto are being borne by RBGL.
- (viii) RBGL is not engaged in any legal or arbitration proceedings which, in the opinion of the Directors, may have a significant or material effect on the financial position of RBGL and no such proceedings which may have such an effect are known to the Directors to be pending or threatened by or against RBGL.

- (ix) No commission is payable to any person in consideration of his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for any shares issued by this offer.
- (x) RBGL has not issued any listed or unlisted securities not representing share capital of RBGL.
- (xi) RBGL is not dependent on any patent or other intellectual property right, license or particular contract which is of fundamental importance to the business of RBGL.
- (xii) RBGL is not engaged in any significant investment which is currently in progress.
- (xiii) The Offer is made by RBGL and not underwritten or guaranteed by any other person or entity.

Regular Market

MONTH	HIGH	LOW	TRADING VOLUME	CLOSING PRICE
29-May-18	\$45.00	\$45.00	1,000	\$45.00
29-May-18	\$45.00	\$45.00	400	\$45.00
30-May-18	\$45.00	\$45.00	120	\$45.00
1-Jun-18	\$45.00	\$45.00	90	\$45.00
5-Jun-18	\$45.00	\$45.00	120	\$45.00
7-Nov-18	\$45.00	\$45.00	1200	\$45.00

9. MATERIAL CHANGES

The directors and officers of RBGL are not aware of any information that indicates any material change in the financial position or prospects of RBGL since 30th September 2019, the date of the last published audited financial statements of RBGL, except as described herein.

Documents for Inspection

Photocopies of the following documents will be available for inspection at the offices of Republic Bank (Grenada) Limited during usual business hours on any workday while the Offer remains open for acceptance:

- (a) The Articles of Continuance and Amendment and By-Laws of RBGL
- (b) RBGL's Audited Financial Statements for the years ended:
 - (i) 30th September 2017
 - (ii) 30th September 2018
 - (iii) 30th September 2019
- (c) Copies of this Prospectus
- (d) Consent letter by PKF in accordance with Regulation 42 of the Securities (Prospectus) Regulations, 2001.
- (e) Consent letter by Ernst & Young in accordance with Regulation 42 of the Securities (Prospectus) Regulations, 2001.

Market Quotations

The highest closing quotations for the Existing Shares of RBGL for each quarter

RBGL Ordinary Shares	(EC\$)
1 st Quarter 2016	\$45.00
2 nd Quarter 2016	\$45.00
3 rd Quarter 2016	\$45.00
4 th Quarter 2016	\$45.00
1 st Quarter 2017	\$45.00
2 nd Quarter 2017	\$45.00
3 rd Quarter 2017	\$45.00
4 th Quarter 2017	\$45.00
1 st Quarter 2018	\$45.00
2 nd Quarter 2018	\$45.00
3 rd Quarter 2018	\$45.00

10. DISCLOSURES

(I) OWNERSHIP OF SHARES OF RBGL BY DIRECTORS OF RBGL

The number (without duplication) and designation of shares of RBGL beneficially owned or over which control or direction is exercised by each director as at 30th September 2019 of RBGL is as

set out below:

Mr. Keith A. Johnson	Director	50	ordinary shares	(beneficial interest)
Mr. Leon D. Charles	Director	200	ordinary shares	(beneficial interest)
Mr. Parasram Salickram	Director	50	ordinary shares	(non-beneficial interest)
Mr. Christopher Husbands	Director	150	ordinary shares	(beneficial interest)
Mr. Richard M. Lewis	Director	50	ordinary shares	(non-beneficial interest)
Ms. Leslie-Ann Seon	Director	50	ordinary shares	(beneficial interest)
Ms. Isabelle S. V. Slinger	Director	50	ordinary shares	(non-beneficial interest)
Mr. Graham K. Williams	Director	50	ordinary shares	(non-beneficial interest)
Ms. Karen Yip Chuck	Director	50	ordinary shares	(non-beneficial interest)
Mr. Gregory Thomson	Chairman	50	ordinary shares	(non-beneficial interest)

(II) OTHER DIRECTORSHIPS OF RBGL'S DIRECTORS

Gregory Thomson	Republic Financial Holdings Limited
	Republic Bank Limited
	Sagicor Financial Corporation
	One Caribbean Media Limited
Richard Lewis	Caribbean Alternative Energy Systems Limited
	Prestige Business Publications
	Ceramic Trinidad Limited
	The Beacon Insurance Company Limited
	Republic Securities Limited
	Republic Wealth Management Limited
	Republic Bank (Guyana) Limited
	Label House Group Limited
Graham K. Williams	Westerhall Estate Limited
	Umbrella Beach Bar Limited

	Island Ice Company Limited
	Guardian General Insurance OECS Limited
Christopher Husbands	Grenada Airports Authority
	Caribbean Water and Sewerage Association Inc
	Planning and Development Authority
	Public Procurement Board
	National Insurance Board
Isabelle S. V. Slinger	Comserv Limited
	Grenada Investment Development Corporation
	The Tower Limited
	Insurance Consultants of Grenada Limited
Keith Johnson	Nil
Karen Yip Chuck	London Street Project Company Limited
	Stonehaven Villas Limited
	Trintrust Limited
	Trinidad and Tobago Chamber of Industry and Commerce
Leslie-Ann Seon	Grenada Investment Development Corporation
	Coastal Ventures Inc
	Just Investments Inc
Leon D. Charles	National Development Foundation of Grenada Limited
Parasram Salickram	Nil

(III) PRINCIPAL HOLDERS OF THE SHARES OF RBGL

To the knowledge of the Directors of RBGL after reasonable inquiry, no person or company beneficially owns or exercises control or direction over or holds more than 10% of the shares of RBGL, except as set forth below:

Name	Ordinary shares	Percentage owned%
Republic Financial Holdings Limited	1,232,337	75.71%

(IV) DETAILS OF SERVICE CONTRACTS

There are no service agreements or contracts between RBGL and any directors with more than a twelve (12) month period remaining or which cannot be terminated on three (3) months' notice or less.

11. FURTHER INFORMATION

Further information relating to RBGL is provided in Appendix I. Information for Shareholders on subscribing to this Offer is contained in Appendix II. These Appendices are part of the Prospectus.

(a) Entirety of the Offer

This Prospectus constitutes the entire offer made by RBGL. An investor of RBGL by accepting this Offer acknowledges that there has been no inducement to accept this Offer by any representation or promise made by RBGL other than as contained in or related to this Prospectus.

(b) Invalidity

If any provision of this Prospectus is prohibited by law or determined by a court or relevant regulatory authority to be unlawful, void or unenforceable, such provision shall to the extent required, be severed from this Prospectus and rendered ineffective as far as possible without modifying the remaining provisions of this Prospectus, and shall not in any way affect any other circumstances of or the validity or enforcement of this Offer.

(c) Declaration

The contents and the sending of this Offer have been approved by the Board of Directors of RBGL.

12. RISK FACTORS

Prior to deciding whether to apply for New Shares under the Offer, Eligible Shareholders should read the Prospectus in its entirety in order to gain an appreciation of RBGL, its activities, operations, financial position and prospects.

An investment in New Shares should be considered speculative. New Shares carry no guarantee with respect to the payment of dividends, returns on capital or the market value of those New Shares.

The risks included in this section are the key risks identified by the Board of Directors as being specific to RBGL and its operations as at the date of this Prospectus. It is important to note that, although every effort has been made to provide a comprehensive description of the relevant risk, the risks listed in this section are not an exhaustive list of the risks relevant to RBGL. The risks discussed below also include forward-looking statements from which the RBGL's actual results may differ substantially. See cautionary statement regarding "Forward-Looking Statements" in Section 7 above.

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

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, currency risk and other price risk. Notwithstanding, the very nature of the assets funded under the portfolio makes for exposure to risks associated with the economic standing of Grenada, particularly as it relates to real estate values and sales. As with all stock market transactions, there are risks associated with an investment in RBGL. Share prices may rise or fall and the price of Existing Shares might trade below or above the issue price for the New Shares. General factors may affect the market price of the New Shares including without limitation economic conditions in Grenada, investment sentiment, local and international share market condition, changes in interest rates and the rate of inflation, changes to government regulation, policy or legislation, changes which may occur in the taxation regime and changes in the EC exchange rate.

Interest rate Risk

RBGL is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. This exposure while concentrated in its financial liabilities is also applicable in the movement of market interest rates on a broad range of financing. Interest rate risk is supported by the strength of the asset portfolio in the event of the need for market funding to allow for new business.

Credit Risk

Credit risk is the risk that a counterparty will cause a financial loss to RBGL either by the counterparty's unwillingness to perform on an obligation or if the counterparty's ability to perform such an obligation is impaired. RBGL manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. Credit exposures arise principally in lending activities that lead to loans and investment activities that add debt securities to the RBGL's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments, and administration of a portfolio. RBGL structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or groups of borrowers and to geographical segments. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations. RBGL has developed a credit risk strategy that establishes the objectives guiding the organization's credit-granting activities and has adopted the necessary policies and procedures for conducting such activities having determined the acceptable risk/reward trade-off for its activities, factoring in the cost of capital. The credit risk strategy, as well as significant credit risk policies are approved and periodically reviewed by the Board of Directors.

Liquidity Risk

Liquidity risk is financial risk due to uncertain liquidity. It is the risk that RBGL is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. RBGL may experience reduced liquidity if there is a large and unexpected cash outflow. The consequence may be the failure to meet obligations to repay debt and fulfil commitments to lend. There is also liquidity risk for the investor in that there can be no guarantee that there will continue to be an active market for the New Shares or that the price of the New Shares will increase. There may be relatively few buyers or sellers of shares on the Eastern Caribbean Securities Exchange at any given time. This may affect the volatility of the market price of the New Shares. This may result in shareholders receiving a market price for their New Shares that is less or more than the price paid in the Offer.

Dated the 14th Day of February 2020

Signed for and on behalf of
Republic Bank (Grenada) Limited



Gregory Thomson
Chairman

APPENDIX J

Pannell House | P. O. Box 1798 | Grand Anse | St. George's
Grenada | West Indies
Tel (473) 440-2562/3014/2127/0414
Fax (473) 440-6750 | Email pkf@spiceisle.com



AUDITED FINANCIAL STATEMENTS FOR 2019

The following report has been prepared by PKF Accountants and Business Advisers who have given and have not withdrawn their consent for the inclusion of their report in the form and context in which it is included.

20th January, 2020

The Board of Directors
Republic Bank (Grenada) Limited
Maurice Bishop Highway Grand Anse, St. George's Grenada

We have examined the audited financial statements of Republic Bank (Grenada) Limited for the financial year ended 30th September 2019. The information set out in this document is based on the audited financial statements.

We have consented to the inclusion of our report in this Prospectus and accept responsibility for them, and have not become aware, since the date of this report, of any matter affecting their validity.

Yours faithfully,

A handwritten signature in black ink that reads 'PKF'. The signature is written in a cursive, stylized font.

Accountants &
Business Advisers

Partners: Henry A. Joseph FCCA (Managing), Michelle A. Millet B.A., CPA, CGA (Mrs.), Michelle K. Bain ACCA (Miss.)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

Signed on behalf of the Board



Gregory I. Thomson

Chairman

September 30, 2019

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF REPUBLIC BANK (GRENADA) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Republic Bank (Grenada) Limited ('the Company') which comprise the statement of financial position as at September 30, 2019, and the statement of comprehensive income, statement of changes in equity and the 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 Company as at September 30, 2019 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 Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
REPUBLIC BANK (GRENADA) LIMITED**

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Allowance for Expected Credit Losses

Refer to note 2.5 of the financial statements for a description of the accounting policies and to note 16.2 for an analysis of credit risk.

Key Audit Matter

Allowance for Expected Credit Losses (ECL)

As described in the notes to the financial statements, the allowance for expected credit losses has been determined in accordance with IFRS 9 – Financial Instruments. Financial instruments comprise the majority of the Company's assets and liabilities.

This was considered a key audit matter as IFRS 9 is a new and complex accounting standard which requires significant judgement to determine the impairment provision for financial instruments.

Key areas of judgement included:

- The interpretation of the requirement to determine ECL under the application of IFRS 9, which is reflected in the Company's model.
- The identification of exposures to financial instruments considered important to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.
- Assumptions used in the ECL model such as the financial condition of counterparty, expected future cash flows and forward-looking macro-economic factors (e.g unemployment rates, interest rates, property prices).
- The need to apply additional checks to reflect current or future external factors that are not appropriately captured by the ECL model.

How our audit addressed the key audit matter

In assessing the allowance for expected losses, we performed the following procedures:

- Assessed the modelling techniques and methodology against the requirements of IFRS 9.
- Assessed the design and tested the effectiveness of necessary controls and sensitivity of the provision to changes in modelling assumptions.
- Documented our understanding of the Company's policies and impairment loss procedures. Analysed the controls implemented to measure and identify ECL and their functioning during the reporting period.
- Assessed the completeness of the input data and the assumptions underlying the determination of the loss identification, probability of default and loss given default.
- Involved our IT specialists in areas that required specific expertise (i.e. data reliability and the expected credit loss model).
- Reviewed the qualitative and quantitative disclosures in the financial statements for their compliance with the requirements of IFRS 9.
- On a selected sample, analysed loan exposures that were assessed by the Company on an individual basis. For the selected exposures, assessed the reasonableness of the recovery amounts estimated by the Company, including the recoverable amount of collateral, based on available financial market data.

Other information included in the Company's 2019 Annual Report

Other information consists of the information included in the Company's 2019 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
REPUBLIC BANK (GRENADA) LIMITED**

Report on the Audit of the Financial Statements (continued)

Other information included in the Company's 2019 Annual Report (continued)

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

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

Responsibilities of Management and The Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
REPUBLIC BANK (GRENADA) LIMITED**

Report on the Audit of the Financial Statements (continued)

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

- 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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Henry A. Joseph.

GRENADA
October 23rd, 2019



Accountants & Business Advisers:

AUDITED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2019

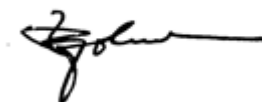
**REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019**

	Sept-30-19	Sept-30-18
	\$'000	\$'000
Assets		
Cash on hand	15,542	11,753
Deposits with Central Banks	55,230	47,764
Due from banks	94,638	60,645
Treasury bills	24,006	26,196
Investment interest receivable	2,687	3,093
Advances	490,082	468,392
Investment Securities	289,631	287,665
Premises and equipment	30,436	31,227
Employee benefits	4,868	7,323
Deferred tax assets	2,798	2,871
Other assets	1,662	5,106
	<hr/>	<hr/>
Total Assets	1,011,580	952,035
Liabilities and Equity		
Liabilities		
Due to banks	9,045	8,264
Customers' current, savings and deposit accounts	871,257	813,389
Employee Obligation	4,619	4,378
Taxation payable	151	776
Deferred tax liabilities	1,363	2,197
Accrued interest payable	185	177
Other liabilities	6,652	8,744
	<hr/>	<hr/>
Total Liabilities	893,272	837,925
Equity		
Stated capital	20,745	20,745
Statutory reserves	20,745	20,745
Retained earnings	76,818	72,620
	<hr/>	<hr/>
Total Equity	118,308	114,110
	<hr/>	<hr/>
Total Liabilities & Equity	1,011,580	952,035

These financial statements were approved by the Board of Directors on 24th October, 2019 and signed on its behalf by:



Gregory Thomson, Chairman



Keith A. Johnson, Managing Director

STATEMENT OF INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Sept-30-19	Sept-30-18
	\$'000	\$'000
Net interest income	35,762	33,242
Other income	11,973	12,657
Operating income	47,735	45,899
Operating expenses	(36,338)	(35,716)
Operating profit	11,397	10,183
Credit recovery/(loss) on financial assets	1,276	(186)
Net Profit before taxation	12,673	9,997
Taxation expense	(2,236)	(2,119)
Net profit after taxation	10,437	7,878
Earnings per share		
Basic	\$6.41	\$4.84
Number of shares ('000)		
Basic	1,628	1,628

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Sept-30-19	Sept-30-18
	\$'000	\$'000
Net profit after taxation for the period/year	7,031	5,234
Other Comprehensive Income:		
<i>Other comprehensive income that will not be reclassified to Income Statement in subsequent periods:</i>		
Net remeasurement losses on defined benefit plan	(3,554)	(806)
Income tax related to above	995	242
	<hr/>	<hr/>
	(2,559)	(564)
	<hr/>	<hr/>
Net remeasurement gains on medial and group life plans	201	184
Income tax related to above	(56)	(55)
	<hr/>	<hr/>
	145	129
Total items that will not be classified to the income statement in subsequent periods	(2,414)	(435)
Other Comprehensive loss for the year, net of tax	(2,414)	(435)
Total comprehensive income for the year, net of tax	8,023	7,443

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Stated Capital \$'000	Statutory Reserve \$'000	Other Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at September 30, 2017	20,745	20,745	2,289	64,383	108,162
Net impact of adopting IFRS 9	-	-	(2,289)	794	(1,495)
Total comprehensive income for the year	-	-	-	7,443	7,443
Balance at September 30, 2018	20,745	20,745	-	72,620	114,110
Balance at September 30, 2018	20,745	20,745	-	72,620	114,110
Total comprehensive income for the year	-	-	-	8,023	8,023
Dividend paid	-	-	-	(3,825)	(3,825)
Balance at September 30, 2019	20,745	20,745	-	76,818	118,308

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	2019	2018
Operating activities		
Profit before taxation	12,673	6,646
Adjustments for:		
Depreciation	2,698	2,248
Credit (recovery)/loss on financial assets	(1,276)	186
Gain on disposal of investment securities	-	(21)
Gain on sale of premises and equipment	(4)	(74)
Foreign exchange loss on available -for-sale investment	4	2
Amortisation of premium/discount on available -for-sale investment	561	920
Increase in employee benefits/obligations, net	(657)	(438)
Increase in advances	(22,586)	(23,373)
Increase in customers' deposits and other fund raising instruments	57,868	18,065
(Increase)/decrease in statutory deposits with Central Bank	(7,466)	702
Decrease/(increase) in other assets and investment interest receivable	3,850	(2,559)
(Decrease)/increase in liabilities and accrued interest payable	(2,084)	479
Taxes paid, net of refund	<u>(2,682)</u>	<u>(2,037)</u>
Cash provided by operating activities	<u>40,899</u>	<u>4,810</u>
Investing activities		
Purchase of investment securities	(54,244)	(60,151)
Purchase of Treasury Bills	(24,006)	(26,452)
Redemption of investment securities	53,890	30,957
Redemption of Treasury Bills	26,197	13,740
Additions to premises and equipment	(2,078)	(2,162)
Proceeds from sale of premises and equipment	<u>168</u>	<u>121</u>
Cash used in investing activities	<u>(73)</u>	<u>(43,947)</u>
Financing activities		
Increase in balances due to other banks	781	2,824
Dividends paid	<u>(3,825)</u>	<u>-</u>
Cash (used in)/provided by financing activities	<u>(3,044)</u>	<u>2,824</u>

Net increase/(decrease) in cash and cash equivalents	37,782	(36,313)
Cash and cash equivalents at beginning of year	<u>72,398</u>	<u>108,711</u>
Cash and cash equivalents at end of year	<u>110,180</u>	<u>72,398</u>
Cash and cash equivalents at end of year are represented by:		
Cash on hand	15,542	11,753
Due from banks	<u>94,638</u>	<u>60,645</u>
	<u>110,180</u>	<u>72,398</u>

AUDITED FINANCIAL STATEMENTS FOR 2018

The following report has been prepared by PKF who have given and have not withdrawn their consent for the inclusion of their report in the form and context in which it is included.

14th October, 2019

The Board of Directors
Republic Bank (Grenada) Limited
Maurice Bishop Highway
Grand Anse, St. George's
Grenada

We have examined the audited financial statements of Republic Bank (Grenada) Limited for the financial year ended 30th September 2018. The information set out in this document is based on the audited financial statements.

We have consented to the inclusion of our report in this Prospectus and accept responsibility for them, and have not become aware, since the date of this report, of any matter affecting their validity.

Yours faithfully,



PKF,

Accountants & Business Advisers

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

Signed on behalf of the Board



GREGORY I. THOMSON

Chairman

September 30, 2018

**INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF
REPUBLIC BANK (GRENADA) LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Republic Bank (Grenada) Limited (‘the Company’) which comprise the statement of financial position as at September 30, 2018, and the statement of comprehensive income, statement of changes in equity and the 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 Company as at September 30, 2018 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 Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

**INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF
REPUBLIC BANK (GRENADA) LIMITED**

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Impairment Losses

Refer to page 15 and 16 of the financial statements for a description of the accounting policies and to page 82 to 93 for an analysis of credit risk.

Key Audit Matter	How our audit addressed the key audit matter
<p>Impairment loss</p> <p>As described in the notes to the financial statements, the impairment losses have been determined in accordance with IFRS 9 – Financial Instruments. Financial instruments comprise the majority of the Company’s assets and liabilities.</p> <p>This was considered a key audit matter as IFRS 9 is a new and complex accounting standard which requires significant judgement to determine the impairment provision for financial instruments.</p> <p>Key areas of judgement included:</p> <ul style="list-style-type: none"> • The interpretation of the requirement to determine impairment under the application of IFRS 9, which is reflected in the Company’s expected credit loss model. • The identification of exposures to financial instruments considered important to users of the financial statements given the estimation uncertainty and sensitivity of the valuations. • Assumptions used in the expected credit loss model such as the financial condition of counterparty, expected future cash flows and forward-looking macro-economic factors (e.g unemployment rates, interest rates, property prices). 	<p>In assessing impairment provisions, we performed the following procedures:</p> <ul style="list-style-type: none"> • Assessed the modelling techniques and methodology against the requirements of IFRS 9. • Assessed the design and tested the effectiveness of necessary controls and sensitivity of the provision to changes in modelling assumptions. • Documented our understanding of the Company’s policies and impairment loss procedures. Analysed the controls implemented to measure and identify impairment losses and their functioning during the reporting period. • Assessed the completeness of the input data and the assumptions underlying the determination of the loss identification, probability of default and loss given default. • Involved our IT specialists in areas that required specific expertise (i.e. data reliability and the expected credit loss model). • Reviewed the qualitative and quantitative disclosures in the financial statements for their compliance with the requirements of IFRS 9.

**INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF
REPUBLIC BANK (GRENADA) LIMITED**

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> • The need to apply additional checks to reflect current or future external factors that are not appropriately captured by the expected credit loss model. 	<ul style="list-style-type: none"> • On a selected sample, analysed loan exposures that were assessed by the Company on an individual basis. For the selected exposures, assessed the reasonableness of the recovery amounts estimated by the Company, including the recoverable amount of collateral, based on available financial market data.

Other information included in the Company’s 2018 Annual Report

Other information consists of the information included in the Company’s 2018 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.

Responsibilities of Management and The Audit Committee 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 Company’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 Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company’s financial reporting process.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
REPUBLIC BANK (GRENADA) LIMITED**

Report on the Audit of the Financial Statements (continued)

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 Company to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
REPUBLIC BANK (GRENADA) LIMITED**

Report on the Audit of the Financial Statements (continued)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

We did not audit the 2017 comparative figures.

The engagement partner on the audit resulting in this independent auditor's report is Henry A. Joseph.

GRENADA



Accountants & Business Advisers

October 31, 2018

Audited Financial Statements of Republic Bank (Grenada) Limited
for the financial year ended 30th September 2018

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

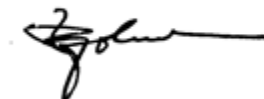
	Notes	2018	2017
ASSETS			
Cash		11,753	13,955
Statutory deposits with Central Bank		47,764	48,466
Due from banks		60,645	84,345
Treasury bills		26,196	23,896
Investment interest receivable		3,093	2,674
Advances	4(a)	468,392	442,879
Investment securities	5(a)	287,665	262,631
Premises and equipment	6	31,227	32,183
Employee benefits	7 (a)	7,323	7,078
Deferred tax assets	8 (a)	2,871	1,698
Other assets	9	5,106	2,966
TOTAL ASSETS		<u>952,035</u>	<u>922,771</u>
LIABILITIES & EQUITY			
LIABILITIES			
Due to banks		8,264	5,440
Customers' current, savings and deposit accounts	10	813,389	795,324
Employee obligations	7 (a)	4,378	4,136
Taxation payable		776	925
Deferred tax liabilities	8 (b)	2,197	2,804
Accrued interest payable		177	136
Other liabilities	11	8,744	5,844
TOTAL LIABILITIES		<u>837,925</u>	<u>814,609</u>
EQUITY			
Stated capital	12	20,745	20,745
Statutory reserve	2.5 (q)	20,745	20,745
Other reserves	13	-	2,289
Retained earnings		72,620	64,383
TOTAL EQUITY		<u>114,110</u>	<u>108,162</u>
TOTAL LIABILITIES & EQUITY		<u>952,035</u>	<u>922,771</u>

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

These financial statements were approved by the Board of Directors on October 29, 2018 and signed on its behalf by:



Gregory I Thomson, *Chairman*



Keith A. Johnson, *Managing Director*

Audited Financial Statements of Republic Bank (Grenada) Limited
for the financial year ended 30th September 2018

REPUBLIC BANK (GRENADA) LIMITED

STATEMENT OF INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	Notes	2018	2017
Interest income	14 (a)	43,073	43,155
Interest expense	14 (b)	<u>(9,831)</u>	<u>(9,493)</u>
Net interest income		33,242	33,662
Other income	14 (c)	<u>12,657</u>	<u>10,641</u>
		45,899	44,303
Operating expenses	14 (d)	<u>(35,716)</u>	<u>(35,028)</u>
Operating profit		10,183	9,275
Credit loss expense on financial assets	15	<u>(186)</u>	<u>(1,859)</u>
Net profit before taxation		9,997	7,416
Taxation expense	16	<u>(2,119)</u>	<u>(1,270)</u>
Net profit after taxation		<u>7,878</u>	<u>6,146</u>
Earnings per share (expressed in \$ per share)			
Weighted average		\$4.84	\$3.88
Number of shares ('000)			
Basic		1,628	1,628
Weighted average		1,628	1,585

Audited Financial Statements of Republic Bank (Grenada) Limited
for the financial year ended 30th September 2018

REPUBLIC BANK (GRENADA) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	2018	2017
Net profit after taxation	<u>7,878</u>	<u>6,146</u>
Other comprehensive Income:		
<i>Other comprehensive income that will be reclassified to the income statement in subsequent periods:</i>		
Net gain on available-for-sale investments	–	(1,043)
Income tax related to above	<u>–</u>	
<u>312</u>	<u>–</u>	<u>(731)</u>
Total items that will be reclassified to the income statement in subsequent periods	<u>–</u>	<u>(731)</u>
<i>Other comprehensive income that will not be reclassified to the income statement in subsequent periods:</i>		
Net remeasurement losses on defined benefit plan	(806)	(1,353)
Income tax related to above	<u>242</u>	<u>406</u>
	<u>(564)</u>	<u>(947)</u>
Net remeasurement gains on medical and group life plans	184	130
Income tax related to above	<u>(55)</u>	<u>(39)</u>
	<u>129</u>	<u>91</u>
Total items that will not be reclassified to the income statement subsequent periods	<u>(435)</u>	<u>(856)</u>
Other comprehensive loss for the year, net of tax	<u>(435)</u>	<u>(1,587)</u>
Total comprehensive income for the year, net of tax	<u>7,443</u>	<u>4,559</u>

Audited Financial Statements of Republic Bank (Grenada) Limited
for the financial year ended 30th September 2018

REPUBLIC BANK (GRENADA) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	Stated capital	Statutory reserve	Other reserves	Retained earnings	Total equity
Balance at September 30, 2016	15,000	15,000	3,020	64,838	97,858
Shares issued	5,745	–	–	–	5,745
Total comprehensive income for the year	–	–	(731)	5,290	4,559
Transfer to Statutory reserve	–	<u>5,745</u>	–	<u>(5,745)</u>	–
Balance as at September 30, 2017	<u>20,745</u>	<u>20,745</u>	<u>2,289</u>	<u>64,383</u>	<u>108,162</u>
Balance as at October 1, 2017 as previously stated	20,745	20,745	2,289	64,383	108,162
Net impact of adopting IFRS 9 (Note 19)	–	–	(2,289)	794	(1,495)
Restated opening balance under IFRS 9	20,745	20,745	–	65,177	106,667
Total comprehensive income for the year	–	–	–	7,443	7,443
Balance as at September 30, 2018	<u>20,745</u>	<u>20,745</u>	<u>–</u>	<u>72,620</u>	<u>114,110</u>

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

Audited Financial Statements of Republic Bank (Grenada) Limited
for the financial year ended 30th September 2018

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	2018	2017
Operating activities		
Net Profit before taxation	9,997	7,416
Adjustments for:		
Depreciation	14(d) 2,961	3,052
Credit loss expense on financial assets	15 290	1,859
Investment impairment recoveries	15 (104)	(493)
(Gain)/loss on disposal of available -for-s ale investment	(21)	445
Gain on sale of premises and equipment	(74)	(30)
Foreign exchange loss on available -for-s ale investment	2	46
Amortisation of premium/discount on available -for-s ale investment	920	546
Increase in employee benefits /obligations , net	(438)	(323)
(Increase)/Decrease in advances	(23,373)	21,307
Increase in customers ' depos its and other fund raising instruments	18,065	26,092
Decrease/(increase) in statutory depos its with Central Bank	702	(8,364)
Increase in other assets and investment interest receivable	(2,559)	(1,802)
Increase/(decrease) in liabilities and accrued interest payable	479	(46)
Taxes paid, net of refund	(2,037)	(97)
Cash provided by operating activities	<u>4,810</u>	<u>49,608</u>
Investing activities		
Purchas e of investment secur ities	(60,151)	(78,934)
Purchas e of Treasury Bills	(26,452)	(21,963)
Redemption of investment securities	30,957	12,201
Redemption of Treasury Bills	13,740	12,500
Additions to premises and equipment	6 (2,162)	(2,386)
Proceeds from sale of premises and equipment	121	73
Cash used in investing activities	<u>(43,947)</u>	<u>(78,509)</u>
Financing activities		
Increase in balances due to other banks	2,824	1,906
Proceeds from Rights issue	-	5,745
Cash provided by financing activities	<u>2,824</u>	<u>7,651</u>
Net decrease in cash and cash equivalents	(36,313)	(21,250)
Cash and cash equivalents at beginning of year	<u>108,711</u>	<u>129,961</u>
Cah and cah equivalents at end of year	<u>72,399</u>	<u>108,711</u>
Cash and cash equivalents at end of year are represented by:		
Cash on hand	11,753	13,955
Due from banks	60,645	84,345
Treasury bills - original maturities of three months or less	-	10,411
	<u>72,398</u>	<u>108,711</u>
Supplemental information:		
Interest received during the year	42,408	42,669
Interest paid during the year	9,790	9,493
Dividends received	21	21

The accompanying notes form an integral part of these financial statements

AUDITED FINANCIAL STATEMENTS FOR 2017

The following report has been prepared by Ernst & Young who have given and have not withdrawn their consent for the inclusion of their report in the form and context in which it is included.

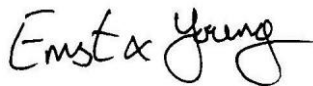
October 17, 2019

The Board of Directors
Republic Bank (Grenada) Limited
Maurice Bishop Highway
Grand Anse, St. George's
Grenada

We have examined the summary audited financial statements of Republic Bank (Grenada) Limited for the financial year ended 30th September 2017. The information set out in this document is based on the audited financial statements.

We have consented to the inclusion of our report in this Prospectus and accept responsibility for them, and have not become aware, since the date of this report, of any matter affecting their validity.

Yours faithfully,



Ernst & Young,

Chartered Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

General responsibilities include:

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

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

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

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

Signed on behalf of the Board



RONALD F. deC. HARFORD
Chairman

September 30, 2017

**INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF
REPUBLIC BANK (GRENADA) LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Republic Bank (Grenada) Limited (‘the Company’), which comprise the statement of financial position as at 30 September 2017, and the statement of comprehensive income, statement of changes in equity and the 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 Republic Bank (Grenada) Limited as at 30 September 2017 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 *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Republic Bank (Grenada) Limited in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF REPUBLIC BANK (GRENADA) LIMITED**

Report on the Audit of the Financial Statements
(Continued)

Key Audit Matters
(Continued)

Key Audit Matter	How our audit addressed the key audit matter
<p data-bbox="151 562 418 590">Loan loss provisions</p> <p data-bbox="151 594 786 657">Refer to Note 4. Loans and advances comprise 48% of the Company's total assets</p> <p data-bbox="151 688 816 1037">The appropriateness of loan loss provisions is a key area of judgement for management. The identification of impairment and the determination of the recoverable amount are inherently uncertain processes involving various assumptions and factors including the probability of default, financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices. The use of different modelling techniques and assumptions could produce significantly different estimates of loan loss provisions.</p> <p data-bbox="151 1098 816 1213">The disclosures relating to loans and advances are considered important to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.</p>	<p data-bbox="833 625 1458 688">We evaluated and tested the Company's process and documented policy for loan loss provisioning.</p> <p data-bbox="833 716 1511 856">For loan loss provisions calculated on an individual basis we tested the factors underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral and estimates of recovery on default.</p> <p data-bbox="833 888 1511 1003">We performed an independent assessment of a sample of commercial loan files to assess accurate and timely assignment of loan risk ratings and compliance with management's rating policy.</p> <p data-bbox="833 1035 1511 1119">We also tested the aging of the loan portfolios and considered the completeness of the loan book assessed for impairment.</p> <p data-bbox="833 1150 1511 1266">For loan loss provisions calculated on a collective basis, we reviewed management's inherent risk provision estimate, with a focus on the reasonableness of the factors applied and assumptions used.</p> <p data-bbox="833 1297 1511 1381">Finally we focused on the adequacy of the Company's financial statement disclosures regarding loans and advances and the related loan loss provisions.</p>

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF REPUBLIC BANK (GRENADA) LIMITED**

Report on the Audit of the Financial Statements

(Continued)

Key Audit Matters

(Continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Fair value measurement of investment securities and related disclosures</p> <p>Refer to Notes 5 and 19. The Company invests in various investment securities, all of which are carried at fair value.</p> <p>Of these assets, \$52.5 million relates to investments for which no published prices in active markets are available and has been classified as Level 2 and Level 3 assets in the IFRS fair value hierarchy.</p> <p>Valuation techniques for these investments can be subjective in nature and involve various assumption regarding pricing factors. Associated risk management disclosure is complex and dependent on high quality data. A specific area of audit focus includes the determination of fair value of Level 2 and Level 3 assets where valuation techniques are applied in which unobservable inputs are used.</p> <p>For Level 2 assets, these techniques include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analyses making maximum use of market inputs, such as the market risk free yield curve.</p> <p>Included in the Level 3 category are financial assets that are not quoted as there are no active markets to determine a price. The fair value of these assets cannot be measured reliably and are therefore held at cost, being the fair value of the consideration paid on acquisition. These assets are regularly assessed for impairment.</p>	<p>We independently tested the pricing on quoted securities, and we used our valuation specialists to assess the appropriateness of pricing models used by the Company. This included:</p> <ul style="list-style-type: none"> • An assessment of the pricing model methodologies and assumptions against industry practice and valuation guidelines. • Testing of the inputs used, including cash flows and other market based data. • An evaluation of the reasonableness of other assumptions applied such as credit spreads. • The re-performance of valuation calculations on a sample basis of internally priced securities that were classified as higher risk and estimation. • An assessment of management's impairment analysis. <p>Finally, we assessed whether the financial statement disclosures, including sensitivity to key inputs and the IFRS fair value hierarchy, appropriately reflect the Company's exposure to financial instrument valuation risk.</p>

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF REPUBLIC BANK (GRENADA) LIMITED**

Report on the Audit of the Financial Statements

(Continued)

Other information included in the Company's 2017 Annual Report

Other information consists of the information included in the Company's 2017 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2017 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of Management and 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 Company'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 Republic Bank (Grenada) Limited or to cease operations, or has no realistic alternative but to do so.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF REPUBLIC BANK (GRENADA) LIMITED**

Report on the Audit of the Financial Statements

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF REPUBLIC BANK (GRENADA) LIMITED**

Report on the Audit of the Financial Statements

(Continued)

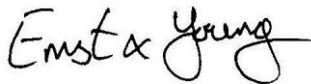
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

The engagement partner responsible for the audit of Republic Financial Holdings Limited (RFHL) and its subsidiaries is Pria Narinesingh, and Republic Bank (Grenada) Limited is a subsidiary of RFHL. Indira Regobert is the executive in charge of the audit resulting in this independent auditor's report.



ERNST & YOUNG

Gross Islet,
ST. LUCIA

26 October 2017

Audited Financial Statements of Republic Bank (Grenada) Limited
for the financial year ended 30th September 2017

REPUBLIC BANK (GRENADA) LIMITED

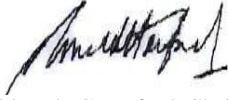
STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2017

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

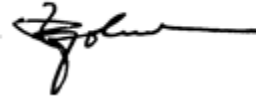
	Notes	2017	2016
ASSETS			
Cash		13,955	12,107
Statutory deposits with Central Bank		48,466	40,102
Due from banks		84,345	116,281
Treasury Bills		23,896	6,335
Investment interest receivable		2,674	2,171
Advances	4(a)	445,342	468,508
Investment securities	5(a)	262,631	197,113
Premises and equipment	6	32,183	32,892
Employee benefits	7 (a)	7,078	7,327
Deferred tax assets	8 (a)	1,698	1,564
Taxation recoverable		–	89
Other assets	9	<u>2,966</u>	<u>1,667</u>
TOTAL ASSETS		<u>925,234</u>	<u>886,156</u>
LIABILITIES & EQUITY			
LIABILITIES			
Due to banks		5,440	3,534
Customers' current, savings and deposit accounts	10	795,324	769,232
Employee obligations	7 (a)	4,136	3,852
Taxation payable		925	–
Deferred tax liabilities	8 (b)	2,804	3,191
Accrued interest payable		136	136
Other liabilities	11	<u>8,307</u>	<u>8,353</u>
TOTAL LIABILITIES		<u>817,072</u>	<u>788,298</u>
EQUITY			
Stated capital	12	20,745	15,000
Statutory reserves	2 (j)	20,745	15,000
Other reserves	13	2,289	3,020
Defined benefit reserve		202	1,058
Retained earnings		<u>64,181</u>	<u>63,780</u>
TOTAL EQUITY		<u>108,162</u>	<u>97,858</u>
TOTAL LIABILITIES & EQUITY		<u>925,234</u>	<u>886,156</u>

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

These financial statements were approved by the Board of Directors on October 26, 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read "Ronald F. de C Harford".

Ronald F. de C Harford, Chairman

A handwritten signature in black ink, appearing to read "Keith A. Johnson".

Keith A. Johnson, Managing Director

Audited Financial Statements of Republic Bank (Grenada) Limited
for the financial year ended 30th September 2017

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	Notes	2017	2016
Interest income	14 (a)	43,155	42,212
Interest expense	14 (b)	<u>(9,493)</u>	<u>(9,404)</u>
Net interest income		33,662	32,808
Other income	14 (c)	<u>10,641</u>	<u>12,272</u>
		44,303	45,080
Operating expenses	14 (d)	<u>(35,028)</u>	<u>(36,841)</u>
Operating profit		9,275	8,239
Loan impairment expense, net of recoveries	4 (b)	<u>(1,859)</u>	<u>(2,414)</u>
Net profit before taxation		7,416	5,825
Taxation expense	15	<u>(1,270)</u>	<u>(361)</u>
Net profit after taxation		<u>6,146</u>	<u>5,464</u>
Earnings per share (\$)			
Basic		\$3.88	\$3.64
Number of shares ('000)			
Basic		1,628	1,500
Weighted average		1,585	1,500

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

Audited Financial Statements of Republic Bank (Grenada) Limited
for the financial year ended 30th September 2017

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF COMPREHENSIVE
INCOME FOR THE YEAR ENDED
SEPTEMBER 30, 2017

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	2017	2016
Net profit after taxation	<u>6,146</u>	<u>5,464</u>
Other comprehensive Income:		
<i>Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Revaluation of available-for-sale investment securities	(1,043)	1,693
Tax effect	<u>312</u>	<u>(508)</u>
	<u>(731)</u>	<u>1,185</u>
Net other comprehensive (loss)/ income that may be reclassified to profit or loss in subsequent periods:	<u>(731)</u>	<u>1,185</u>
<i>Items of other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Re-measurement losses on defined benefit plans	(1,353)	(871)
Tax effect	<u>406</u>	<u>261</u>
	<u>(947)</u>	<u>(610)</u>
Re-measurement gains on medical and group life plans	130	173
Tax effect	<u>(39)</u>	<u>(52)</u>
	<u>91</u>	<u>121</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:	<u>(856)</u>	<u>(489)</u>
Total other comprehensive (loss)/ income for the year, net of tax	<u>(1,587)</u>	<u>696</u>
Total comprehensive income for the year, net of tax	<u>4,559</u>	<u>6,160</u>

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

Audited Financial Statements of Republic Bank (Grenada) Limited
for the financial year ended 30th September 2017

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	Stated capital	Statutory reserve	Other reserves	Defined benefit reserve	Retained earnings	Total equity
Balance at September 30, 2015	15,000	15,000	1,835	1,547	59,816	93,198
Total comprehensive income for the year	–	–	1,185	(489)	5,464	6,160
Dividends paid	–	–	–	–	(1,500)	(1,500)
Balance as at September 30, 2016	15,000	15,000	3,020	1,058	63,780	97,858
Balance as at September 30, 2016	15,000	15,000	3,020	1,058	63,780	97,858
Shares issued (Note 12)	5,745	–	–	–	–	5,745
Total comprehensive income for the year	–	–	(731)	(856)	6,146	4,559
Transfer to Statutory reserves	–	5,745	–	–	(5,745)	–
Balance as at September 30, 2017	20,745	20,745	2,289	202	64,181	108,162

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

Audited Financial Statements of Republic Bank (Grenada) Limited
for the financial year ended 30th September 2017

REPUBLIC BANK (GRENADA) LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	2017	2016
Operating activities		
Profit before taxation	7,416	5,825
Adjustments for:		
Depreciation	14(d) 3,052	3,446
Loan impairment expense, net of recoveries	4(b) 1,859	2,414
Investment impairment (recoveries)/expense	5(b) (493)	1,491
Loss/ (gain) on disposal of available -for-sale investment	445	(286)
(Gain)/ loss on sale of premises and equipment	(30)	4
Foreign exchange loss on available -for-sale investment	46	466
Amortisation of premium/discount on available -for-sale investment	546	288
Increase in employee benefits/obligations, net	(323)	(440)
Decrease in advances	21,307	6,002
Increase in customers' deposits and other fund raising instruments	26,092	40,629
Increase in statutory deposits with Central Bank	(8,364)	(7,003)
(Increase)/decrease in other assets and investment interest receivable	(1,802)	3,259
(Decrease)/increase in liabilities and accrued interest payable	(46)	477
Taxes paid, net of refund	<u>(97)</u>	<u>(691)</u>
Cash provided by operating activities	<u>49,608</u>	<u>55,881</u>
Investing activities		
Purchase of investment securities	(78,934)	(75,351)
Purchase of treasury bills	(21,963)	(14,992)
Redemption of investment securities	12,201	19,988
Redemption of treasury bills	12,500	10,230
Additions to premises and equipment	6 (2,386)	(2,224)
Proceeds from sale of premises and equipment	<u>73</u>	<u>11</u>
Cash used in investing activities	<u>(78,509)</u>	<u>(62,338)</u>
Financing activities		
Increase/(decrease) in balances due to other banks	1,906	(4,884)
Proceeds from Rights issue	12 5,745	-
Dividends paid	<u>-</u>	<u>(1,500)</u>
Cash provided by/(used in) financing activities	<u>7,651</u>	<u>(6,384)</u>
Net decrease in cash and cash equivalents	(21,250)	(12,841)
Cash and cash equivalents at beginning of year	<u>129,961</u>	<u>142,802</u>
Cash and cash equivalents at end of year	<u>108,711</u>	<u>129,961</u>
Cash and cash equivalents at end of year are represented by:		
Cash on hand	13,955	12,107
Due from banks	84,345	116,281
Treasury bills - original maturities of three months or less	<u>10,411</u>	<u>1,573</u>
	<u>108,711</u>	<u>129,961</u>

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

APPENDIX II

INFORMATION RELATING TO RBGL

A) HISTORY OF RBGL

The National Commercial Bank of Grenada Limited (“NCB”) was incorporated under the Companies Act of Grenada on 12th October 1979 and was renamed Republic Bank (Grenada) Limited in April 2006.

Republic Bank (Grenada) Limited is licensed by the Eastern Caribbean Central Bank in accordance with the Banking Act, 2015 to conduct banking business which includes the acceptance of deposits for the purpose of granting credit facilities.

RBGL is a subsidiary of Republic Financial Holdings Limited, a financial holding company incorporated in Trinidad and Tobago. Republic Financial Holdings Limited, along with its seventeen subsidiaries and three associated companies, provide a complete range of commercial banking and related services. These include investment banking, mortgage financing, securities trading and related activities, trustee services, credit card operations, foreign exchange and trade finance services.

Republic Financial Holdings Limited has subsidiaries and business interests throughout the Caribbean region together with Ghana and has in recent times completed acquisitions in the Cayman Islands.

B) SHARE CAPITAL INFORMATION – RBGL

Authorised:

The Company is authorised to issue an unlimited number of ordinary shares at no par value with power to subdivide and issue the said ordinary shares in one or more classes or series.

Issued and Outstanding:

1,627,673 ordinary shares of no par value

Authorised and Unissued

RBGL is authorised to issue an unlimited number of ordinary shares of no par value

C) SUMMARY OF FINANCIAL PERFORMANCE – RBGL

Three Year Summary of Selected Financial Data
30th September, 2017 - 30th September, 2019

EASTERN CARIBBEAN DOLLARS

FOR THE YEAR (\$'000)			2017	2018	2019
Interest Income			43,155	43,073	46,142
Interest Expense			9,493	9,831	10,380
Net Interest Income			33,662	33,242	35,762
Credit loss on financial assets			1,859	186	(1,276)
Net Interest Income after Provision for loan losses			31,803	33,056	37,038
Other Operating Income			10,641	12,657	11,973
Other Expenses			35,028	35,716	36,338
Pre-Tax Income for the Year			7,416	9,997	12,673
Taxation			1,27	2,119	2,236
Consolidated Net Income for the Year			6,146	7,878	10,437

EASTERN CARIBBEAN DOLLARS

AT YEAR END (\$'000)			2017	2018	2019
Total Assets			922,771	952,035	1,011,580
Total Loans (Gross)			458,861	477,731	499,100
Total Loans (Net)			442,879	468,392	490,082
Total Investments Securities			262,631	287,665	289,631
Total Deposits			795,324	813,389	871,257
Shareholders' Equity			108,16	114,110	118,308

Performance Ratios

FOR THE YEAR (%)			2017	2018	2019
Return on Assets			0.68	0.84	1.07
Return on Equity			5.97	7.09	9.00
Productivity *			79.06	77.81	76.12
Capital Adequacy			14.6	14.9	13.6
Net Interest Margin			3.72	3.58	3.65

* Productivity is expressed as a percentage of expenses to revenue

D) DIVIDEND PAYMENTS BY RBGL FOR THE PRECEDING FIVE YEARS

Year	Date of Payment	Amount (EC\$)
2014	No dividend paid	
2015	December 3, 2015	\$1.00
2016	No dividend paid	
2017	No dividend paid	
2018	December 6, 2018	\$1.50
2019	May 23, 2019	\$0.85

E) RBGL's DIVIDEND POLICY

The dividend policy of RBGL allows dividends to be paid if all capital ratios and performance objectives are met. RBGL is required to maintain a capital adequacy ratio of at least 2% above the regulatory requirement of 10% under Basel II. Once these ratios and performance factors are satisfied, the Board of Directors may in its discretion declare a dividend.

F) DIRECTORS' FEES

The aggregate fees for the last completed financial year are EC\$286,167.80
The aggregate fees proposed for the current financial year are EC\$422,010.00 *

*We note that executive management of Republic Bank Limited who are also Directors do not get paid a board fee

G) OTHER INFORMATION – RBGL

- 1. Registered Office**
Republic House
Maurice Bishop Highway
Grand Anse
St. George's
Grenada, West Indies

2. Directors

Gregory Thomson, BSc (Math and Physics), MBA Chairman

Mr. Thomson is a member of the Republic Group Board of Directors. As a Director of the Boards of both Republic Bank Limited (RBL) and Republic Financial Holdings Limited (RFHL), his current responsibilities are to provide leadership, enterprise, integrity, and good judgement in guiding the Group to achieve growth and deliver long term sustainable shareholder value. Mr. Thomson is also a member of the Board of Directors at One Caribbean Media Ltd.

Keith A. Johnson, BSc (Accountancy), MBA, AICB Managing Director

Mr. Johnson's responsibilities as Managing Director include the development and implementation of strategies for sustained growth of the Bank in accordance with such directives as the Board may issue from time to time; to require the Bank to establish policies and procedures to discharge their administrative and accounting responsibilities so as to safeguard the Bank's assets; and to keep the Chairman and the Board of Directors of Republic Bank (Grenada) Ltd. informed on any issue of importance.

External Appointments

Mr. Johnson is the Vice President of the Eastern Caribbean Currency Union Bankers Association and is also the President of the Grenada Bankers Association.

Parasram Salickram, FCCA, ACMA, CGMA, CA, CFA Chief Risk Officer, Republic Financial Holdings Limited; General Manager, Risk, Republic Bank Limited.

To have oversight of all credit and enterprise risk matters

Leon D. Charles, BSc (Agri. Mgmt.), MBA, Acc. Dir. Chief Executive Officer, Charles and Associates Inc.

Mr. Charles is actively involved in a wide range of business and sustainable development fields at the local, regional and international levels. His core activities in business include strategic planning, project development and evaluation, management training, and facilitation; while activities in sustainable development include climate change advisory services, high level national representation at the United Nations climate change negotiations, poverty reduction, and early childhood development programming.

Christopher Husbands, BSc (Civil/Env. Eng.) (Hons.), MSc (Proj. Mgmt.), MBA (Finance) General Manager, National Water and Sewerage Authority

Mr. Husbands is responsible for the implementation of the strategic direction provided by the Board of Directors. Mr. Husbands completed the Eastern Caribbean Securities Exchange Directors Education and Accreditation Programme for which he was awarded the designation of 'Accredited Director'.

External Appointments

Mr. Husbands is a Director of Grenada Solid Waste Management Authority and Chairman of the National Insurance Board.

**Richard Lewis, HBA
General Manager / Director, Label House Group Limited**

The Label House Group is the leading supplier of packaging solutions within the Caribbean and South American region.

External Appointments

Mr. Lewis is also a Director of Republic Bank (Guyana) Limited and Republic Securities Limited. He is also the Chairman of Prestige Business Publications and the Beacon Insurance Company Ltd.

**Leslie-Ann Seon, BA (Hons.), LL.B. (Hons.)
Attorney-at-law and Principal, Seon & Associates**

Ms. Seon is responsible for the provision of general legal counsel; and also manages the law firm, and its client base.

External Appointments

Ms. Seon serves as the Chairman of the Grenada Investment Development Corporation and is the Honorary Consul in Grenada for Chile.

**Isabelle S. V. Slinger, BSc (Info. Systems and Computers)
Principal, Comserv Limited**

Ms. Slinger has been actively involved in the Financial and Information Technology sectors for more than 25 years, providing advisory services to companies both locally and internationally. She is a practicing member and secretary of the Institute of Chartered Accountants of the Eastern Caribbean, and also operates various companies in the local agro-tourism sector.

External Appointments

Ms. Slinger currently serves on the Boards of the Grenada Investment Development Corporation, T. A. Marryshow Community College and David Slinger and Co. Ltd.

**Graham K. Williams, BA (Econ.)
Managing Director / Chairman, Westerhall Estate Ltd.**

Mr. Williams manages the overall daily administration of Westerhall Estate Ltd., a Grenadian private limited liability company, registered in 1966. The Company is primarily involved in the blending and bottling of rum, and is the third oldest distillery on the island of Grenada. As Chairman of the Board, Mr. Williams reports to the directors and secretary of the company quarterly.

External Appointments

Mr. Williams is the Chairman of Guardian General Insurance (OECS) Ltd.; Chairman of the Board - Umbrella Beach Bar Ltd.; Director of Island Ice Co. Ltd; and Executive Director of Renegade Rum Distillery Group Ltd.

**Karen Yip Chuck, Dip. (Business Admin.) ACIB, BSc (Econ.) (Hons.), MBA, CIA
General Manager, Commercial and Retail Banking, Republic Bank Limited**

General Manager, Commercial and Retail Banking - is responsible for oversight of the branch network across Trinidad and Tobago which comprises 35 branches; the Credit Card Centre which is the leading Card Issuer and Merchant Acquirer in the English Speaking Caribbean; Branch Support Services; Customer Care and Support Unit; and Projects. Collectively these areas proactively partner with the bank's retail and commercial customers and offer financial products and services, inclusive of financial management and planning to realize lifetime aspirations. The portfolio serves over 300,000 customers through omnichannel experiences in the branch network, self-service and digital avenues.

External Appointments

Ms. Yip Chuck serves on the boards of Trintrust Limited, London Street Project Company Limited, Stonehaven Villas Limited, and the Trinidad and Tobago Chamber of Industry and Commerce.

3. Corporate Secretary

Melissa Jankie, BSc (Econ.), LL.B. (Hons.) ,L.E.C

4. Principal Business

Republic Bank (Grenada) Limited is incorporated in Grenada and is licensed by the Eastern Caribbean Central Bank to carry on the business of banking. It offers a complete range of commercial banking and related services.

5. Auditors

KPMG
KPMG
National Insurance Services Headquarters
First Floor, Upper Bay Street
P.O. Box 587
ST. VINCENT

Accountants & Business Advisers

6. Attorneys

Renwick & Payne
Corner Lucas and Church Streets
St. George's
Grenada, West Indies

Seon & Associates
Juris Chambers
Lucas Street
St. George's
Grenada, West Indies

APPENDIX III

OFFER DETAILS, SUBSCRIPTION AND PAYMENT

OFFER PRICE: EC \$45.00

OFFER PRICE DETERMINATION: The offer price is based on the average market price of EC\$45.00 over the last twelve (12) months.

ALLOCATION STRATEGY: Eight (8) new ordinary shares of no par value for every five (5) ordinary shares of no par value

OFFER PERIOD: 17th February 2020 to 27th March 2020

SUBSCRIPTION AGENT: Bank of St Lucia Limited

PAYMENT INSTRUCTIONS:

Place: Main branch of Republic Bank Grenada (Republic House) Grand Anse

Mode of Payment: Cheque / Direct Deposit to a designated RBGL Account

Period of Offer: Three (3) weeks

APPENDIX IV: PROVISIONAL LETTER OF ALLOTMENT

Republic Bank (Grenada) Limited

Rights Issue of 2,604,277

Ordinary Shares of No Par Value

At an Issue Price of EC\$ 45.00 Per Share
To Shareholders as at
the Record Date



17th February, 2020

Dear Shareholder:

This letter is pursuant to the resolution of the Board of Directors of Republic Bank (Grenada) Limited passed on 18th July, 2019 in respect of the issue and offer for sale, by way of an Offer, of eight (8) new ordinary share of No Par Value for every five (5) ordinary shares of No Par Value held by shareholders (the Offer) as at the close of business on 27th March, 2020 at an issue price of EC\$ 45.00 per share, payable in full on acceptance.

As a consequence thereof, you have been provisionally allotted the number of new shares as indicated above.

The terms of the Rights Issue, material information relating thereto and the procedures for acceptance, whether in whole or in part and contained in the Prospectus of which this letter is an integral part.

The form of receipt contained on the reverse of this Provisional Letter of Allotment will be completed by Republic Bank (Grenada) Limited or any stockbroker and returned to the person lodging it.

By Order of the Board

Republic Bank (Grenada) Limited

Melissa Jankie

SECRETARY

APPENDIX IV: PROVISIONAL LETTER OF ALLOTMENT (Continued)

Acknowledgement of Receipt

(Tick [] box, where applicable.)

Receipt is hereby acknowledged of the following:

Form of Acceptance (Form A)

Number of Shares Accepted _____ Remittance EC\$ _____

—

Date

Signature of agent receiving form

APPENDIX V: FORM OF ACCEPTANCE – FORM A

--	--	--	--	--	--	--	--

Republic Bank (Grenada) Limited

Rights Issue of 2,604,277 RBGL Shares

At an Issue Price of EC\$45 Per share
To Shareholders on Record Date

17th February, 2020

To be lodged on or before
4:00 pm on
27th March, 2020
Republic Bank (Grenada) Limited
Republic House
Maurice Bishop Highway
Grand Anse
St. George's
Grenada, West Indies

TO: The Directors of Republic Bank (Grenada) Limited

Having paid to the company the sum of EC\$ _____ being EC\$ 45 per share on acceptance of Ordinary Shares of No Par Value each in the Company. I/We hereby request that such shares be allotted to me/us and I/we agree to accept the said shares upon the terms and conditions of the Prospectus dated 17th February, 2020 and subject to the Articles of Continuance and Amendment and By-Laws of Republic Bank (Grenada) Limited. In the event that I/we are beneficial owners of Republic Bank (Grenada) Limited shares at the Eastern Caribbean Securities Exchange ("ECSE").

I/We authorize you to deliver directly to the ECSE my allotment of shares and to credit the number of shares mentioned in the Allotment Notification to my/your account at the ECSE.

Signature:

Signature:

Date:

Date:

Cheques are to be made payable to “RBGL RIGHTS ISSUE”

FOR OFFICIAL USE ONLY

FOLIO UNITS

--	--	--	--	--	--	--	--

HELD

--	--	--	--	--	--	--	--

ENTITLEMENT

--	--	--	--	--	--	--	--

AGENCY

--	--

NO. OF SHARES ACCEPTED

--	--	--	--	--	--	--	--