

Schedule 1
FORM ECSRC – K
ANNUAL REPORT
PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT, CAP. 21:16

For the financial year ended September 30, 2018

Issuer Registration number
NCB 12101979 GR

Republic Bank (Grenada) Limited

(Exact name of reporting issuer as specified in its charter)

Grenada

(Territory of incorporation)

Republic House, Maurice Bishop's Highway, Grand Anse, St. George, Grenada

(Address of principal office)

Reporting issuer's:

Telephone number (including area code): (473) 444-2265

Fax number: (473) 444-5501

Email address: headoffice@republicgrenada.com

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by section 98 of the Securities Act, Cap. 21:16 during the preceding 12 months

Yes X

No

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

CLASS	NUMBER
Common Stock	1,627,673

SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

Keith A. Johnson

Name of Director:

Leon Charles

SIGNED AND CERTIFIED

Jan. 29, 2019

Date

SIGNED AND CERTIFIED

Jan. 29, 2019

Date

Name of Chief Financial Officer:

Elizabeth Richards-Daniel

SIGNED AND CERTIFIED

Jan. 29, 2019

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-K

1. Business.

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

As at September 30, 2018 the Bank's total assets increased by 3.17% or \$30 million to \$952 million from \$922 million in 2017. The major increases are reflected in loans and investments with an increases of \$29 million in the performing loan portfolio and \$25 million increase in investments.

Customer deposits increased by \$18 million or 2.27% to \$813 million from \$795 million in 2017. The entire increase in deposit was used to partly fund the increase in loans and investments.

During the financial year there was a significant decline in the non-performing portfolio which decreased by 35.62% or \$10 million to \$18 million from \$28 million in 2017. As a result, the non-performing loans ratio decreased to 3.81% from 6.16% at the end of fiscal 2017. This is the fourth consecutive year the Bank experienced a decrease in this ratio after peaking at 10.44% in 2014 and is now within the ECCB's benchmark of 5%.

During the third quarter of 2018, the Bank early-adopted IFRS 9 - Financial Instruments, with effect from October 1, 2017 in advance of October 1, 2018, the effective date for the Bank, as required by the International Accounting Standards Board. The net impact of adopting the standard is a reduction of \$1.5 million in equity.

Republic Financial Holdings Limited our parent company is in the process of an IT Consolidation across all its subsidiaries. The IT consolidation stems from the vision to bring all territories within the Group to a common mode of operations as far as possible by implementing one Core banking system and the same interfacing applications and systems. Similarly, processes, work-flows, procedures and products, are expected to be the same across the Group as far as possible

The benefits from this IT Consolidation will redound to all staff and stakeholder groups in terms of more streamlined and effective operations, efficiency gains from the utilization of economies of scale in several areas, and enhanced customer experience.

The planned conversion date for Republic Bank (Grenada) Limited is January 2020.

2. Properties.

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed off since the beginning of the financial year for which this report is filed.

The Bank owns freehold properties in:

Grand Anse

Town of St. George

Gouyave

Leasehold interest is held for properties in:

Grenville, St. Andrew

Sauteurs, St. Patrick

Carriacou

Carenage, St. George's

Grand Anse, St. George

Cruise Port, St. George

All properties are utilized as offices of the Bank thus enabling our products and services to be widely distributed geographically.

3. Legal Proceedings.

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

As at September 30, 2018, there were certain legal proceedings outstanding against the Bank. Professional advice indicates that it is unlikely that any significant loss will arise.

(See attached Pending Litigation Report)

4. Submission of Matters to a Vote of Security Holders.

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

December 14, 2017 - Annual Meeting

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

The Directors elected at the Annual Meeting were:
Mr. Leon Charles, Mr. Keith Johnson, and Mr. Ronald Harford

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

1. Financial Statements
 - The Chariman spoke on the Bank's performance during the year
2. Appointment of Auditors and Fixing of their Remuneration
 - PKF was appointed Auditors of the Bank to hold office until the conclusion of the next Annual Meeting, and the remuneration fixed by the Directors.

- (d) A description of the terms of any settlement between the registrant and any other participant.

Not Applicable

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

Not Applicable

5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report.

Not Applicable

6. Financial Statements and Selected Financial Data.

Provide Audited Financial Statements, which comprise the following:

For the most recent financial year

- (i) Auditor's report; and
- (ii) Statement of Financial Position;

For the most recent financial year and for each of the two financial years preceding the date of the most recent audited Statement of Financial Position being filed

- (iii) Statement of Profit or Loss and other Comprehensive Income;
- (iv) Statement of Cash Flows;
- (v) Statement of Changes in Equity; and
- (vi) Notes to the Financial Statements.

7. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

The Bank manages a variety of risks in the ordinary course of business. The major risks associated with its business are credit risk, interest rate risk, market risk, liquidity risk, currency risk and operational risk. An affiliated company, Republic Bank Limited, lends its support to the Bank in managing these risks.

Credit Risk

Credit Risk is the potential that a borrower or counter-party will fail to meet its stated obligations in accordance with agreed terms. The effective management of credit risk is a key element of a comprehensive approach to risk management and is considered essential to the long term success of the Bank. The Bank's credit risk management process operates on the basis of a hierarchy of discretionary authorities. The Republic Group Risk Management Unit supports the Bank in ensuring that loans and advances are made in accordance with sound banking practice, current legislation and in accordance with the applicable general policy of the Bank as laid down from time to time. The risk management function is kept from and independent of the business development aspect of operations.

The Bank uses a risk rating system which groups commercial/corporate accounts into various risk categories to facilitate the management of risk on both an individual account and portfolio basis. For retail lending, a computerized Credit Scoring system with preset risk management criteria is in place at all branches to facilitate decision-making. Trend indicators are also used to evaluate risk as improving, static or deteriorating. The evaluation of the risk and trend inform the credit decision and determines the intensity of the monitoring process. The credit control processes emphasize early detection of deterioration and prompt implementation of remedial action and where it is considered that recovery of the outstanding liability may be doubtful or unduly delayed, such accounts are transferred from performing to non-performing status.

During the fiscal the Bank early adopted IFRS 9. The adoption of IFRS 9 fundamentally changed the Bank's accounting for financial asset impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Bank to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

A review of these ECL is conducted quarterly in accordance with laid down guidelines and recommended provisions arising out of these reviews for non performing loans are submitted to the Board for approval.

The major assets facing credit risk are loans and investments. As at September 30, 2018 the ratio of the non-performing portfolio to total loans decreased to 3.81% from 6.16% as at September 30, 2017 while the ratio of impaired investments to total investments decrease to 3.68% from 4.54% for the same period.

Interest Rate and Market Risks

Interest rate risk is the exposure of interest bearing assets and liabilities to movements in interest rate. The Asset/Liability Committee reviews on a monthly basis the non-credit and non-operational risks for the Bank. The primary tools currently in use are gap analysis, interest rate sensitivity analysis and exposure limits for both assets and liabilities. While there is a negative interest rate EC gap this is mitigated by a positive US gap. As at September 30, 2018 the EC Gap is negative \$168 million while there is a positive US Gap of \$370 million. The combined gap for all currencies is positive \$209 million.

Liquidity Risk

Liquidity risk is defined as the risk of the Bank not having sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access these only at excessive cost. Liquidity management is designed to ensure that funding requirements can be met, including the replacement of existing funds as they mature or are withdrawn, or to satisfy the demands of customers for additional borrowings. A substantial portion of the bank is funded with "core deposits". The Bank has access to the Inter Bank Market within the Eastern Caribbean Currency Union and Republic Group's funding to provide additional liquidity as conditions demand. The Bank can also use its investments in Regional Government Securities Market Treasury Bills for liquidity support. The Bank continually balances the need for short-term assets which have lower yields, with the need for higher asset returns. During the fiscal to September 30, 2018, the net liquid asset ratio decreased to 50.26% from 52.05% as at September 30, 2017, well in excess of the prudential requirement of 20%. Of the 50.26% net liquid asset ratio as at September 30 2018, 7.32% represents uninvested funds

Currency Risk

Currency Risk is the exposure of the Bank's financial condition to unfavourable movements in foreign currency exchange rates. In recognition of this risk, the Bank's policy is to match initial net foreign currency investments with funding in that same currency. The Bank also has established limits for uncovered holdings in each foreign currency and monitors its foreign currency position for both overnight and intra-day transactions. The Bank continues to operate within the exposure limits for trading provided by the Board, except for US\$, which has been in excess of the \$20 million limit, as purchases have outstripped sales.

A huge foreign exchange risk position continues to be maintained in TT dollars, with net assets of TT\$18.48 million (EC\$7.52 million) as at September 30, 2018. TT\$11.99 million (EC\$4.88 million) or 64.88% of the TT\$ is represented by the WASA bond which matures in 2021. Although the return on this investment is 11.5%, the potential loss that could arise due to the depreciation of the TT\$ could be significant and as a result we decided to dispose of the bond. The Bond is still on the market however, it is not likely we would get a buyer in the short term. During the fiscal to September 30, 2018 the TT\$ rate remained constant.

The other significant foreign exchange exposure is in US\$ (US\$130.80 million), but the likelihood of any depreciation in that currency against the EC\$ is highly remote.

Operational Risk

Operational risk is inherent in all business activities and is the potential for financial or reputational loss arising from inadequate or failed internal control, operational processes or the systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud. The Bank recognizes that such risk can never be entirely eliminated and manages the risk through a combination of systems and procedures to monitor and document transactions. The Bank's operational risk department oversees this risk and where appropriate, some risk is transferred by the placement of adequate insurance coverage. The Bank has developed contingency arrangements to support operations in the event of disaster. Independent checks on operational risk issues are also undertaken by the internal audit function.

8. Changes in Securities and Use of Proceeds.

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

Not Applicable

- (b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

- Name and address of underwriter(s)

- Amount of expenses incurred in connection with the offer _____

- Net proceeds of the issue and a schedule of its use

- Payments to associated persons and the purpose for such payments

- (c) Report any working capital restrictions and other limitations upon the payment of dividends.

The Bank has no working capital restrictions or other limitations other than the restriction required under section 44 of the Banking Act of 2015.

9. Defaults upon Senior Securities.

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 percent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

None

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

10. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

As at September 30, 2018 the Bank total assets increased by 3.17% or \$30 million to \$952 million from \$922 million in 2017. The major changes are reflected in loans and investments.

The investments portfolio increased by \$25 million or 9.53% to \$288 million from \$263 million in 2017. This increase originated mainly from international markets, and represents continued efforts to utilize excess liquidity within the Bank's risk appetite.

The gross loan portfolio increased by \$19 million or 4.11% to \$478 million from \$459 million in 2017, reflecting the general improvement in the economy and the trend in the market where an increase in loans of 3.68% was recorded for the period September 2017 to September 2018.

Performing loans increased by \$29 million with 99.18% of the increase in Retail and corporate and commercial mortgages. Other Retail and Corporate and Commercial loans increased by \$2 million and \$0.41 million respectively, while overdrafts decreased by \$2 million.

During the financial year there was a significant decline in the non-performing portfolio which decreased by 35.62% or \$10 million to \$18 million from \$28 million in 2017. As a result, the non-performing loans ratio decreased to 3.81% from 6.16% at the end of fiscal 2017. This is the fourth consecutive year the Bank experienced a decrease in this ratio after peaking at 10.44% in 2014 and is now within the ECCB's benchmark of 5%.

The ratio of specific provision for loan losses to non-performing loans moved to 17.03% from 34.42% in 2017 reflecting the strong quality of the Bank's collateral.

The Bank's top 20 borrowers represented 30.67% of total loans as at September 30, 2018 an increase from 28.23% as at September 30, 2017. During the period September 2017 to September 2018 both the market and the Bank experienced an increase in loans of 3.68% and 3.93% respectively. The market share for loans remained constant during the same period.

Customer deposits increased by \$18 million or 2.27% to \$813 million from \$795 million in 2017. The entire increase in deposit was used to partly fund the increase in loans and investments. The market also experienced increase in deposits. During the period September 2017 to September 2018, both the market and the Bank experienced an increase in deposits of 4.52% and 2.26% respectively. The Bank's increase was only 13.64% of the \$132M increase in the market resulting in a decrease in market share from 27.2% to 26.6% during the said period.

The Bank's top 10 deposit customers represented 21.05% of total deposits as at September 30, 2018 a slight increase from 21.03% as at September 30, 2017.

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

During the fiscal to September 30, 2018, the net liquid asset ratio decreased to 50.26% from 52.05% as at September 30, 2017, well in excess of the prudential requirement of 20%. Of the 50.26% net liquid asset ratio as at September 30 2018, 7.32% represents uninvested funds. We continue to seek from our our Head Office, suitable investment opportunities as a way of managing the excess liquidity.

The Bank's policy is to maintain a prudent relationship between capital resources and the risks of its underlying business. Shareholders' equity stood at \$114 million as at September 30, 2018, an increase of \$5.9 million during the fiscal. The increase in equity was due to profits of \$7.9 million partly offset by the impact of IFRS 9 of \$1.5 million and a reduction in defined benefit reserve.

The adoption of IFRS 9 as at October 1, 2017 resulted in an increase in impairment expenses of \$1.1 million, and as permitted by the standard reduced equity. Additionally, the previously held market value adjustment of \$1.6 million held under IAS 39 was reversed from equity. These were partly offset by deferred taxes of \$1.1 million which resulted in a net decrease in equity of \$1.5 million.

Capital adequacy is monitored by employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practice (the Basel Committee), as implemented by the Eastern Caribbean Central Bank for supervisory purposes. The risk-based capital guidelines require a minimum of core capital (Tier 1) to risk-weighted assets of 4%, with a minimum total qualifying capital (Tier 2) to risk-weighted assets of 8%.

As at September 30, 2018, the Bank exceeded the minimum levels required, with Tier 1 capital to risk-weighted assets of 14.41% and total qualifying capital to risk-weighted assets of 14.85 %. These ratios exceed the prudential guidelines, as well as the Bank's internal benchmark of 12%.

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls,

Overview of Results of Operations

For the year ended September 30, 2018, the Bank recorded net profit after tax of \$7.9 million, an increase of 28.18% or \$1.7 million from the \$6.15 million recorded in fiscal 2017. This improvement was largely the result of an increase in other income of \$2.02 million and a reduction in credit loss on financial assets of \$1.7 million, partly offset by an increase in operating expenses (\$0.69 million) and taxes (\$0.85 million).

The Bank's principal performance indicators improved in fiscal 2018. Return on average assets (ROA) increased from 0.68% to 0.84% and return on average equity (ROE) from 5.97% to 7.09%. Earnings per share increased to \$4.84 from \$3.88 in 2017, in line with the increase in profits.

Following an increase of \$0.94 million in 2017, total interest income declined by 0.19% or \$0.08 million to \$43.07 million in 2018. While interest income on investments increased, this was offset by a reduction in interest income on loans.

Interest income from investments increased by \$1.23 million, or 16.30% from the previous financial year. This increase was consistent with the \$25.03 million growth in the portfolio and represented continued efforts to utilize excess liquidity within the Banks's risk appetite.

Notwithstanding growth in the loan portfolio of \$25.5 million or 5.76%, interest income on loans reduced by \$1.56 million or 4.51% during the financial year. This was due to declining yields arising from market competition to reduce interest rates to maintain existing relationships and attract new business.

Interest expense increased by 3.56% or \$0.34 million to \$9.83 million from the \$9.49 million recorded in 2017. Saving deposits increased by \$18.35 million during the fiscal directly impacting interest expense.

Other income of \$12.66 million in 2018 was \$2.02 million or 18.95% higher than the 2017 earnings of \$10.64 million. This was primarily due to an increase in exchange earnings of \$1.31 million mainly due to increase foreign exchange activities. There was also an increase in commissions of \$0.61 million.

Operating expenses increased by 1.97% or \$0.69 million to \$35.72 million from \$35.03 million in 2017. This was primarily due to an increase in staff cost of \$0.79 million, an increase in advertising expenses of \$0.28 million partly offset by a reduction in general administrative expenses of \$0.34 million.

Credit loss expense decreased by \$1.67 million, mainly due to a reduction in loan loss provision of \$1.57 million as a result of improvement in credit quality, emanating from more rigorous risk management application, and collection efforts.

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12. Directors and Executive Officers of the Reporting Issuer. (*Complete Biographical Data Form attached in Appendix 1 and Appendix 1 (a) for each director and executive officer*)

Furnish biographical information on directors and executive officers indicating the nature of their expertise.

13. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report provided that the material change occurred within seven days of the due date of the Form ECSRC – K report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information.

None

14. List of Exhibits

List all exhibits, financial statements, and all other documents filed with this report.

2018 Annual report (previously submitted)

Pending Litigation

APPENDIX 1 - BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Gregory I. Thomson Position: Chairman

Age: 66

Mailing Address: 42 The Park, La Horquette, Glencoe, Trinidad, W.I.

Telephone No.: 868 620-6683

List jobs held during past five years (include names of employers and dates of employment).

- Central Bank of Trinidad & Tobago - Credit Risk Specialist - Mar 2013-Mar 2014
- Trinidad & Tobago Unit Trust Corporation - Executive Advisor, Investments - Jul. 2013 - Nov. 2014
- Republic Bank Limited - Director - Aug. 1, 2014 - present
- Republic Financial Holdings Limited - Director - Dec. 16, 2015 - present
- One Caribbean Media Ltd - Director - June 2016 – present
- Republic Bank (Grenada) Limited – Chairman – December 2017 - present

As a Director of the Boards of both Republic Bank Limited (RBL) and Republic Financial Holdings Limited (RFHL), the 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. The Board sets the strategic objectives for the Group and provides oversight and control. Implementation of the strategy is delegated to management under the leadership of the Managing Director of RBL and President of RFHL.

Give brief description of **current** responsibilities

Retired Banker

Education (degrees or other academic qualifications, schools attended, and dates):

- B.Sc (Maths & Physics) - University of the West Indies, St Augustine - 1974
- MBA - University of Western Ontario, Canada – 1987

Use additional sheets if necessary.

APPENDIX 1 - BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Graham Williams Position: Director

Age: 54

Mailing Address: P.O. Box 575, St. George's, Grenada

Telephone No.: (473) 443-5477/5423

List jobs held during past five years (include names of employers and dates of employment).

- Director of Island Ice Co. Ltd (1995 to present)
- Managing Director and Chairman of Westerhall Estate Ltd. (1986 to present)
- Chairman of the BOD - Umbrella Beach Bar Ltd (2010 to present)
- Executive Director of Renegade Rum Distillery Group Ltd. (2016 to present)
- Chairman of the BOD - Guardian General Insurance OECS Ltd. (2017 to present)

Give brief description of **current** responsibilities

- Westerhall Estate Ltd.
Manage the overall daily administration of the company.
As Chairman, report to the directors and secretary of the company quarterly.

Education (degrees or other academic qualifications, schools attended, and dates):

B.A. Economics - University of Windsor, 1985

Use additional sheets if necessary.

APPENDIX 1 - BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Karen Yip Chuck Position: Director

Age: 50

Mailing Address: C/O Republic Bank Limited
9 – 17 Park Street, Port-of-Spain, Trinidad

Telephone No.: (868) 625-4411

List jobs held during past five years (include names of employers and dates of employment).

Republic Bank Limited:-

- General Manager, Trust & Asset Management Division (January 1, 2011 to June 30, 2014)
- General Manager, Wealth Management (July 1, 2014 to February 10, 2016)
- General Manager, Corporate & Investment Banking (February 11, 2016 to Present)•

Give brief description of **current** responsibilities

- Oversee Operations of all Corporate Business Centres, North, South and East/Central Regions
- Oversee Operations of the Investment Banking Division
- In conjunction with Executive Director and Regional Corporate Managers, seek new Business from existing and new Corporate customers re Investments and Loans facilities
- Make presentations to the Executive Director and RBL Board in light of New Business/Investments
- Approve Loan facilities of substantial value exceeding the Corporate Centres limits for customers business re Construction, Investment, Operation of Businesses (Local and Foreign). Periodically conduct site visits to Businesses/Construction including abroad
- Allocate Foreign Exchange to Centres for Corporate Customers
- Function in the role as Director representing the Bank on several Boards
- Maintain customer relations by social networking, hosting Bank's Business functions
- Among the Bank's Subsidiaries host Trade Missions, including locally

Education (degrees or other academic qualifications, schools attended, and dates):

- B.Sc. (Hons.) - Economics – University of the West Indies
- MBA – Heriot Watt University, Edinburgh, England
- A.C.I.B. – Associate of the Chartered Institute of Bankers
- CIA – Certified Internal Auditor

Use additional sheets if necessary.

APPENDIX 1 - BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Leon D. Charles Position: Director

Age: 60

Mailing Address: P.O. Box 10, St. George's, Grenada

Telephone No.: (473) 442-4681

List jobs held during past five years (include names of employers and dates of employment).

Consultant – Charles & Associates, Inc. (self-employed)

Give brief description of **current** responsibilities

Carry out assignments for clients as per terms of contract.

Education (degrees or other academic qualifications, schools attended, and dates):

- MBA - University of Western Ontario, Canada (1987)
- B.Sc. Management (First Class Honours) - University of the West Indies, Trinidad (1982)

Use additional sheets if necessary.

APPENDIX 1 - BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Isabelle Slinger Position: Director

Age: 52

Mailing Address: The Tower, St. Paul's, St. George, Grenada

Telephone No.: (473) 435-0186

List jobs held during past five years (include names of employers and dates of employment).

- Managing Director of Comserv Limited (1999 – Present)

Give brief description of **current** responsibilities

Managing Director – senior accountant and manager of the business. Comserv Ltd offers accounting and management consulting services, and Ms. Slinger has the overall responsibility for the day to day running of the operation.

Education (degrees or other academic qualifications, schools attended, and dates):

- International Baccalaureate, St. Clare's, Oxford
- University of South Carolina, SC, Dean's List
- Centre for Management Development, Grenada
- School of Accounting and Management, Trinidad, B.S.C. Information Systems and Computers
- Quickbooks Pro Advisor Certification Course

Use additional sheets if necessary.

APPENDIX 1 - BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Christopher Husbands Position: Director

Age: 49

Mailing Address: C/O: NAWASA, The Carenage, St. George's, Grenada

Telephone No.: (473)-440-2155

List jobs held during past five years (include names of employers and dates of employment).

General Manager, National Water and Sewerage Authority (April 2008 – Present)

Responsible for implementing the strategic direction provided by the Board of Directors

Give brief description of **current** responsibilities

Responsible for implementing the strategic direction provided by the Board of Directors

Education (degrees or other academic qualifications, schools attended, and dates):

- B. Sc. (Hons) Civil/Environmental Engineering, UWI St. Augustine, Trinidad
- M. Sc. Project Management, Florida International University, USA
- MBA Finance, University of Toronto, Ontario Canada

Use additional sheets if necessary.

APPENDIX 1 - BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Richard M. Lewis Position: Director

Age: 66

Mailing Address: C/O Label House Group Ltd.
24-25 Frederick Settlement Ind. Estate, Caroni
Trinidad

Telephone No.: (868)-645-5522

List jobs held during past five years (include names of employers and dates of employment).

Executive Chairman, Label House Group Ltd. (September 1986 – Present)

Give brief description of **current** responsibilities

- Executive Chairman of the Family-owned company, providing leadership at the board for Governance, and at the leadership team in terms of coaching and advice on a day to day basis.
- Direct responsibilities for new investments for the business and family investments.

Education (degrees or other academic qualifications, schools attended, and dates):

- University of Western Ontario - Richard Ivey School of Business - H.B. Administration - 1974
- Newcastle Institute of Technology - 1969

Use additional sheets if necessary.

APPENDIX 1 - BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Leslie-Ann Seon Position: Director

Age: 55

Mailing Address: C/O Seon & Associates
Lucas Street, St. George's
GRENADA

Telephone No.: (473) 435-1770

List jobs held during past five years (include names of employers and dates of employment).

Principal of the law firm, Seon & Associates. She has been admitted to practice at the Bars of Grenada, Barbados, and the British Virgin Islands and has been practicing for 24 years.

Chairman - Grenada Investment and Development Corporation.

Give brief description of **current** responsibilities

- Legal Counsel
- Manage the law firm, and its client base

Education (degrees or other academic qualifications, schools attended, and dates):

- University of the West Indies (B.A., Hons, 1988; LL.B., Hons, 1991);
- Hugh Wooding Law School (Legal Education Certificate)

Use additional sheets if necessary.

APPENDIX 1 - BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Keith A. Johnson Position: Managing Director
Age: 60
Mailing Address: C/O Republic Bank (Grenada) Limited
Republic House, Grand Anse, St. George
Grenada
Telephone No.: (473) 444-2265

List jobs held during past five years (include names of employers and dates of employment).

Republic Bank (Grenada) Limited - Managing Director (January 2009 – Present)

Give brief description of **current** responsibilities

- The development and implementation of strategy 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.
- To keep the Chairman and the Board of Directors of Republic Bank (Grenada) Ltd. informed on any issue of importance.

Education (degrees or other academic qualifications, schools attended, and dates):

- AICB – 1987
- B. Sc. Accountancy - University of Guyana - 1996
- MBA – University of the West Indies, Cave Hill, Barbados - 2003

Use additional sheets if necessary.

APPENDIX 1 - BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Parasram Salickram Position: Director
Age: 40
Mailing Address: C/O Republic Bank Limited
9-17 Park Street, Port of Spain
Trinidad
Telephone No.: (868) 625-4411

List jobs held during past five years (include names of employers and dates of employment).

Republic Financial Holdings Limited (RFHL):-

- Chief Financial Officer (June 2004 to present)

Republic Bank Limited:-

- General Manager – Planning and Financial Control - January, 2014 - Present
- Senior Manager – Planning & Financial Control - June, 2013

Give brief description of **current** responsibilities

- Responsible for the entire financial reporting process of the RFHL group including management, legal and statutory reporting requirements
- Managing the strategic planning process of the Group
- Key part of team managing the inorganic growth of the Group

Education (degrees or other academic qualifications, schools attended, and dates):

- Fellow of the Association of Chartered Certified Accountants (ACCA) - 2001
- Chartered Institute of Management Accountants (CIMA) - 2011
- Chartered Global Management Accountant (CGMA) - 2012
- Chartered Financial Analyst (CFA)

Use additional sheets if necessary.

APPENDIX 1 (a) - BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Clifford Bailey Position: General Manager - Operations

Age: 47

Mailing Address: C/O: Republic Bank (Grenada) Limited
Republic House, Grand Anse, St. George
Grenada

Telephone No.: (473) 444-2265

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Republic Bank (Grenada) Limited:-

- General Manager – Operations - April 2015
- Manager Head Office – December 2012

Current Responsibilities:

To manage the development, implementation and monitoring of strategic plans and activities of the Bank, as they relate to Branch Retail Banking, Information Technology, Marketing, General Administration, Business Systems Process Improvement and Business Support Services with guidance from Group, to oversee the operations of the Operational Risk function.

Education (degrees or other academic qualifications, schools attended, and dates):

- B.Sc. (Computing and Info. Systems) – University of London
- M.Sc. (IT and Management) – Aspen University

Also a Director of the company ☐ Yes ☒ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary

APPENDIX 1 (a) - BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Shaeen Ghouralal Position: General Manager - Credit

Age: 58

Mailing Address: C/O: Republic Bank Limited
Republic House, Grand Anse, St. George
Grenada

Telephone No.: (473) 444-2265

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Republic Bank Limited:-

- Credit Manager – Corporate Business Centre East / Central Trincity, Trinidad
- Corporate Manager – Corporate Business Centre East / Central Chaguanas, Trinidad

Republic Bank (Grenada) Limited:-

- General Manager – Credit (February 2018 – present)

Current Responsibilities:

Customer Service / Maintenance and Protection of Assets / General Administration / Management of the Non-Performing Credit Portfolio / Sales / Business Development / Human Resource Management

Education (degrees or other academic qualifications, schools attended, and dates):

- High School (1971 – 1977)
- Secretarial College (1978)
- ACCA Diploma in Financial Management (2008-2009)
- Masters of Business Administration (2015)

Also a Director of the company ☐ Yes ☒ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary

APPENDIX 1 (a) - BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Keith A. Johnson Position: Managing Director

Age: 60

Mailing Address: C/O: Republic Bank (Grenada) Limited
Republic House, Grand Anse
St. George, Grenada

Telephone No.: 473-444-2265

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Republic Bank (Grenada) Limited - Managing Director (January 2009 – Present)

Current Responsibilities:

- The development and implementation of strategy 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 Banks assets.
- To keep the Chairman and the Board of Directors of Republic Bank (Grenada) Ltd. informed on any issue of importance.

Education (degrees or other academic qualifications, schools attended, and dates):

- AICB - 1987
- B. Sc. Accountancy - University of Guyana, 1996
- MBA - University of the West Indies, Cave Hill, Barbados, 2003.

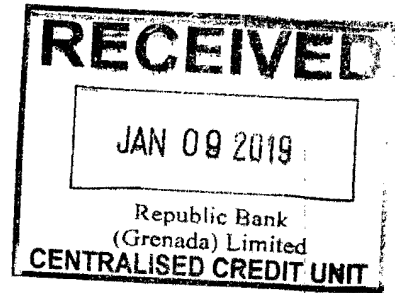
Also a Director of the company ☒ Yes ☐ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary

RENWICK & PAYNE

ATTORNEYS-AT-LAW
&
INTELLECTUAL PROPERTY AGENTS
in Grenada and the Caribbean



CHAMBERS:

EBA House
Corner Lucas Street & Church Street
St. George's Grenada, West Indies

Email: renwick-payne@spiceisle.com
Website: www.renwickandpayne.com

Telephone (473) 440-2479/3895
Fax (473) 440-4189

Partner: Margaret Blackburn-Steele LL.B (Hons.) Notary Public
Partner: Amy M. Y. Bullock-Jawahir BA (Hons.) Law Post Graduate Dip. PLS

Consultant: D. H. Lalsee
Barrister-at-Law

9th January 2019

The General Manager
Republic Bank (Grenada) Ltd
Centralised Credit Unit
Melville Street
St. George's

Attn: Mr. O'Neal Dominique

Dear Mr. Dominique,

Re: Republic Bank (Grenada) Limited- Litigation Matters

We refer to your request for information of any litigation matters involving the Bank and report as follows:

1. Claim No: GDAHCV 2005/0209- Republic Bank (Grenada) Limited v Ian Francis and Juliana Francis.

The Bank financed the purchase of a sub-divided lot of land from Simeon Francis and subsequently the construction of a house on the said sub-division for customers Ian and Juliana Francis. During the construction, customers received a court order to cease construction as there was covenant in a prior deed which prevented the sub-division of the lot. Customers have claimed \$257,900 from the Bank as the value of their equity in the property plus legal fees and rents paid.

The above-captioned action was instituted by Renwick & Payne on the Bank's behalf to obtain clarification of the Orders in the two previous actions and to obtain declarations to the effect mainly that:

- a) Mr. Ian Francis and his wife would not be in contempt of court if they were to move into the house they built; and

b) Mr. Ian Francis remains liable to pay under the mortgage.

The Bank's customers responded by way of a Defence and Counterclaim against the Bank and joined Renwick & Payne as a party for negligence as the customer alleges we did not advise him as to the covenant restricting more than one building. We responded by way of Reply and Defence to Counterclaim. On 2nd May, 2008 Judgment was entered in favour of our application to strike the Counterclaim filed in this matter. Subsequently, the Lawyers for Francis appealed the Judgment. The Court of Appeal ruled against Renwick & Payne but we did not think it in the firm's interest to resort to the Privy Council as the issue will nevertheless be thrashed out at the main trial of the action, together with the Bank's action.

Present Position

At the last Court hearing, the Judge ordered all parties to attend a formal Mediation session. We still await a date to be provided to us by the mediation centre.

Once we have a date set we will inform the Bank so that we can discuss the Bank's settlement position. Hopefully we will be able to reach a settlement, or at the very least, narrow some of the issues.

Prospect of Success

If mediation is unsuccessful, we think that we have a good chance of success in obtaining the declarations sought. These declarations are important to establish the legal position of the parties and the mortgaged property vis-à-vis a sale by the Bank under its Power of Sale. It is difficult to ascertain the final amount of the Claim because the Francis' are claiming all costs expended subsequent to their purchase of the land. However, the building remains standing and we advise that insurance be maintained.

2. Claim No. GDAHCV 2011/0096 – Time Bourke (Holdings) Grenada Limited v Issa Nicholas (Grenada) Limited and Republic Bank (Grenada) Limited

This matter is essentially a Landlord and Tenant matter. Time Bourke (Holdings) Grenada Limited as Landlord instituted proceedings against Issa Nicholas (Grenada) Limited as Tenant for breach of covenants under an Indenture of Lease so that the lease had become liable to forfeiture and also for possession of the leasehold property.

Issa Nicholas (Grenada) Limited, filed a Defence denying that it was in breach of the lease; that the Claimant was not entitled to forfeit the lease; and, contending that the Claim against it should be struck out. Issa Nicholas (Grenada) Limited also counterclaimed for damages, relief from forfeiture, and costs.

The Bank is affected by this matter as Issa Nicholas (Grenada) Limited has a mortgage with the Bank under which the leasehold property is being held as security. Forfeiture of the lease would result in the Bank losing its security under the said Mortgage.

On 11th September, 2015 the Bank filed an application to be joined as an Interested Party or as a Defendant to these proceedings in order to make the Court aware of the existence of the mortgage and to protect its interests.

At the last hearing, the Court ordered that the Bank be joined as a Defendant to these proceedings and we have since been served with all the relevant documents. Also at this hearing, the Court dealt with an Application by Issa Nicholas (Grenada) Limited to permit the late filing of an additional witness statement. This application was denied by the High Court and Issa Nicholas (Grenada) Limited's appeal of this decision was dismissed.

Present Position

This matter remains as per our last report dated 9th October 2018.

By way of reminder, the substantive matter has not yet been heard by the High Court. We are still awaiting a date to be set by the Court for Pre-Trial Review of this matter. With the current unavailability of a civil Court, we do not anticipate a date to be set before April 2019. At the right time we will be filing our application seeking to enforce the Bank's statutory remedy for relief from forfeiture, so as to keep the Bank's security intact.

Prospect of Success

Having researched the matter, we find it very unlikely that the Court will forfeit the lease. Forfeiture of the lease as a remedy for Time Bourke (Holdings) Grenada Limited is highly disproportionate to the effect it would have on Issa Nicholas (Grenada) Limited and Republic Bank (Grenada) Limited.

Should the Court be of the decision that the lease should be forfeited, it will more than likely grant relief from forfeiture to Issa Nicholas (Grenada) Limited. It is at that time that our application to enforce the Bank's statutory remedy of relief from forfeiture will be taken into consideration to protect the Bank's financial interest.

3. Claim No.GDAHCV2014/0274 – Jessamy Environmental Consulting & Research Caribbean Incorporated, a firm and Valma Jessamy v Republic Bank (Grenada) Limited

These proceedings commenced with the filing of a Claim Form and Statement of Claim by Valma Jessamy and her registered Company claiming relief for breach of contract, negligence on the Bank's part, breach of confidentiality and general damages. We filed a Defence in these

proceedings on the Bank's behalf. Pleadings are now at a close, and the Claimants opted not to file a Reply to our Defence.

Present Position

This matter remains as per our last report dated 9th October 2018.

By way of reminder, we are awaiting a date to be given a date for Pre-Trial Review, after which the matter will be ready for trial on a date to be fixed by the Court.

Prospect of Success

As indicated above, we filed a Defence on behalf of the Bank, which in summary emphasizes that the Bank acted in accordance with the provisions of the Bill of Sale Act as well as the Banking Act. We feel the Bank has a strong position to defend this matter at trial.

4. Re: Claim No. GDAHCV 2015/0036- Rickie Morain and Robbie Morain v Beverly Whint

Robbie Morain and Rickie Morain ("the Morains") brought an action against their sister Beverly Whint for specific performance of an agreement between the Morains and Ms. Whint made on or about 27th January 2011 for the sale by Ms. Whint to the Morains of all that lot of land situate at Woburn, St. George comprising 8791 square feet with residential building thereon.

Prior to the agreement, Ms. Whint mortgaged the said property to the Bank. The Morains claim that there was an agreement partly in writing and partly oral whereby Ms. Whint agreed to sell and the Morains agreed to purchase the said lot of land for the purchase price of \$170,000.00. It was also agreed that the said purchase price was to be applied to Ms. Whint's mortgage account with the Bank.

Present Position

Following the Bank's attempts to sell the property, as anticipated, Ms. Celia Edwards filed an application against the Bank for an injunction to prevent the Bank from going through with the sale. Application for the injunction will give the Bank an opportunity to present its interests in the matter to the Court. The Application for the Injunction is due to be heard on 6th February 2019. In the meantime, until the Application is heard, the Bank cannot sell the property.

Prospect of Success

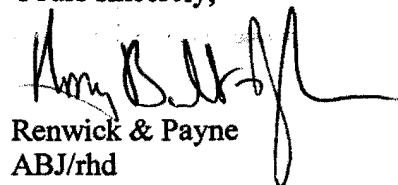
In our opinion, this action is one for breach of contract and can be remedied by an award of damages to the injured party. The legal title for the property is, in any event, vested in the Bank as mortgagee, who can sell at any time under its power of sale. We believe that it is unlikely that

the Court will allow the Bank's mortgage to continue un-serviced, and will dismiss any injunctive proceedings brought by Ms. Edwards and allow the Bank to sell the property under its power of sale without further interference from the parties. Following a sale, the Bank should have no further involvement or interest in this matter.

Of course, should the proceeds from a sale of the property be insufficient to pay off the outstanding mortgage debt in full, the Bank is at liberty to bring a separate claim against Beverly Whint for the balance owed.

We hope the above is of assistance to you.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Amy Bell", with a long horizontal flourish extending to the right.

Renwick & Payne
ABJ/rhd



CHAIRMAN'S STATEMENT

Dear Shareholder

I am pleased to report that for the year ended September 30, 2018, the Bank recorded Net Profit after tax of \$7.88 million, an increase of \$1.73 million over last year's performance. This improvement was mainly due to an increase in other income and a reduction in credit losses.

Assets increased by 3.17 percent to \$952 million from the 2017 level of \$923 million. As at September 30, 2018, the Bank is well capitalized with a Tier 1 capital ratio of 14.4 percent.

Based on the results for 2018 and our solid capital ratios, but tempered by the impending implementation of Basel IV/III by the Eastern Caribbean Central Bank, the Board has approved a dividend of \$1.50 for the year (2017: Nil). The dividend will be paid on December 06, 2018.

The economy continues to improve, and for 2017, expanded by 3.7%. There were strong performances in major sectors such as tourism, construction, and education. The general improvement in the economy is reflected in the increase in the loans portfolio of the Bank, as well as the wider market. For the twelve months to July 2018, the market experienced a 1.78% increase, while the Bank experienced a 5.15% increase.

The IMF in its July 2018 report is projecting the Grenada economy to grow by 3.6% in 2019. The positive outlook for the economy augurs well for the Bank in fiscal 2019.

Appreciation

I express gratitude to all our valued stakeholders for their support, dedication, loyalty and commitment. I wish to particularly thank Mr. Ronald Harford, who retired from the Board after 20 years as Chairman, for his astute leadership and sterling service.

Gregory I. Thomson
CHAIRMAN
October 29, 2018

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2018

Statement of Financial Position

As at September 30, 2018

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

	2018	2017
ASSETS		
Cash	11,753	13,955
Statutory deposits with Central Bank	47,764	48,466
Due from banks	60,645	64,345
Treasury bills	26,196	23,896
Investment interest receivable	3,083	2,674
Advances	468,392	442,879
Investment securities	287,865	262,631
Premises and equipment	31,227	32,183
Employee benefits	7,323	7,078
Deferred tax assets	2,871	1,688
Other assets	5,106	2,966
TOTAL ASSETS	952,035	922,771
LIABILITIES & EQUITY		
LIABILITIES		
Due to banks	8,264	5,440
Customers' current, savings and deposit accounts	813,389	795,324
Employee obligations	4,378	4,136
Taxation payable	776	925
Deferred tax liabilities	2,197	2,804
Accrued interest payable	177	136
Other liabilities	8,744	5,844
TOTAL LIABILITIES	837,925	814,800
EQUITY		
Stated capital	20,745	20,745
Statutory reserve	20,745	20,745
Other reserves	-	2,289
Retained earnings	72,620	64,383
TOTAL EQUITY	114,110	106,182
TOTAL LIABILITIES & EQUITY	952,035	922,771

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

Statement of Income

For the year ended September 30, 2018

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

	2018	2017
Interest income	43,073	43,155
Interest expense	(9,831)	(9,493)
Net interest income	33,242	33,662
Other income	12,657	10,641
	45,899	44,303
Operating expenses	(35,716)	(35,028)
Operating profit	10,183	9,275
Credit loss expense on financial assets	(186)	(1,859)
Net profit before taxation	9,997	7,416
Taxation expense	(2,119)	(1,270)
Net profit after taxation	7,878	6,146
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





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	7,878	8,148
Other comprehensive income:		
Other comprehensive income that will be reclassified to the income statement in subsequent periods:		
Net gain on available-for-sale investments	-	(1,043)
Income tax related to above	-	312
	-	(731)
Total items that will be reclassified to the income statement in subsequent periods	-	(731)
Other comprehensive income that will not be reclassified to the income statement in subsequent periods:		
Net remeasurement losses on defined benefit plan	(806)	(1,353)
Income tax related to above	242	406
	(564)	(947)
Net remeasurement gains on medical and group life plans	184	130
Income tax related to above	(55)	(39)
	129	91
Total items that will not be reclassified to the income statement in subsequent periods	(435)	(856)
Other comprehensive loss for the year, net of tax	(435)	(1,587)
Total comprehensive income for the year, net of tax	7,443	4,559

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, 2018	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	-	5,745	-	(5,745)	-
Balance as at September 30, 2017	20,745	20,745	2,289	64,383	108,162
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	-	-	(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	20,745	20,745	-	72,620	114,110

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2018

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	2,961	3,052
Credit loss expense on financial assets	290	1,859
Investment securities impairment recoveries	(104)	(493)
(Gain)/loss on disposal of investment securities	(21)	445
Gain on sale of premises and equipment	(74)	(30)
Foreign exchange loss on investment securities	2	46
Amortisation of premium/discount on investment securities	820	546
Increase in employee benefits obligations,	(438)	(323)
(Increase)/decrease in advances	(23,373)	21,307
Increase in customers' deposits and other fund raising instruments	18,065	26,092
Decrease/(increase) in statutory deposits 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	4,810	49,608
Investing activities		
Purchase of investment securities	(60,151)	(78,934)
Purchase of Treasury Bills	(26,452)	(21,963)
Redemption of investment securities	30,857	12,201
Redemption of Treasury Bills	13,740	12,500
Additions to premises and equipment	(2,162)	(2,386)
Proceeds from sale of premises and equipment	121	73
Cash used in investing activities	(43,947)	(78,509)
Financing activities		
Increase in balances due to other banks	2,824	1,906
Proceeds from Rights issue	-	5,745
Cash provided by financing activities	2,824	7,651
Net decrease in cash and cash equivalents	(36,313)	(21,250)
Cash and cash equivalents at beginning of year	108,711	129,961
Cash and cash equivalents at end of year	72,398	108,711
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
	72,398	108,711
Supplemental information:		
Interest received during the year	42,408	42,669
Interest paid during the year	9,790	9,493
Dividends received	21	21