



your needs are our purpose

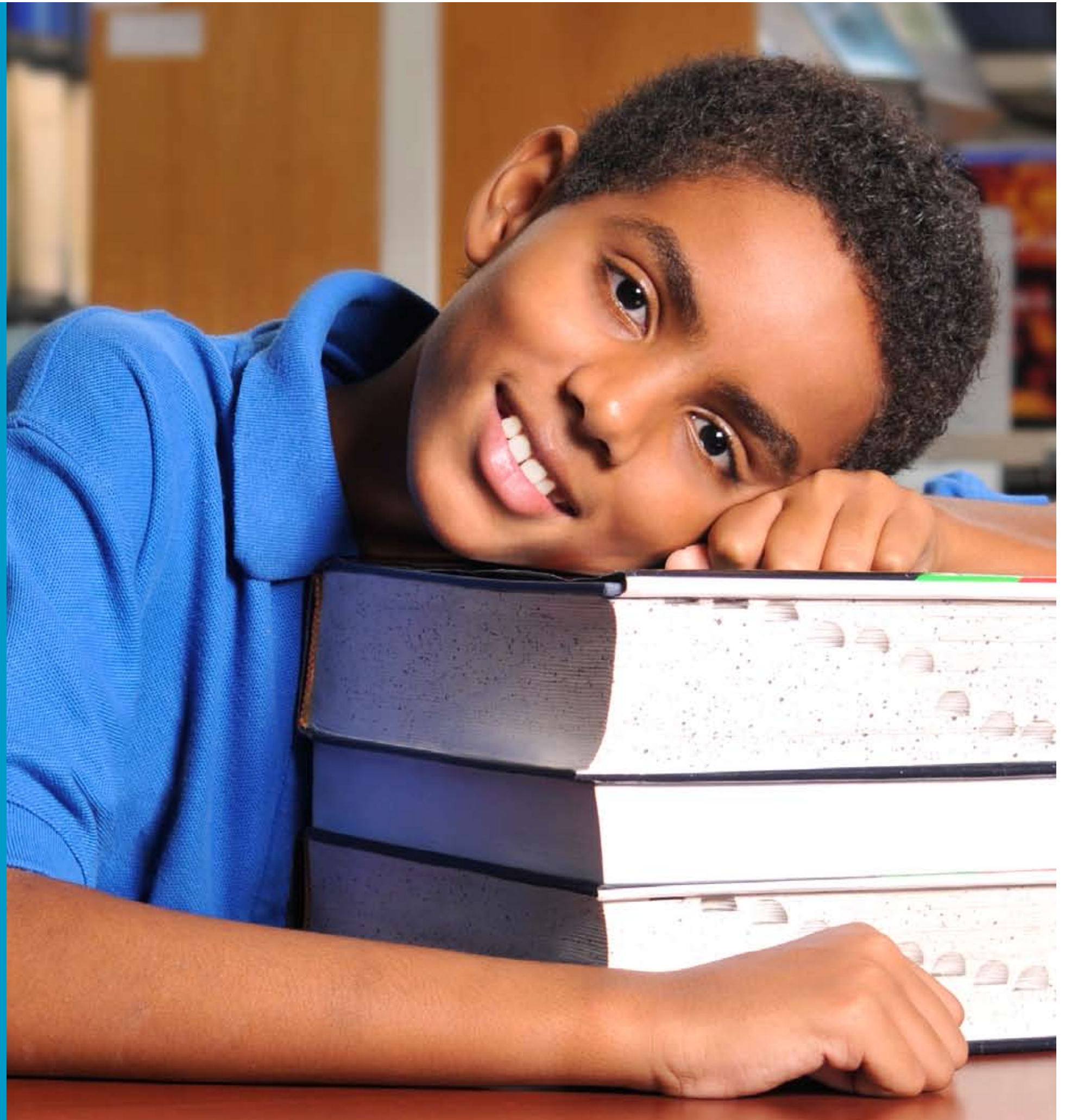
 Republic Bank (Grenada) Limited
Annual Report 2009

At Republic Bank, the needs of our customers, staff, shareholders and communities are of paramount importance. Wherever and whenever we are called to do so, we give our best in service to the people that have made us the Financial Institution of Choice in the Caribbean.

As we strive to satisfy their individual financial and aspirational needs, we are always aware of our connection with the larger community and our commitment to sustainable social development.

With this in mind, we have once again championed another era of our Power to Make a Difference programme thus giving our unyielding assurance to the socially marginalised, the elderly, the youth and the differently able.

Making a positive difference in the lives of others: as a Group, this is our purpose; as our brothers' and sisters' keepers, it is our privilege.



Vision

Republic Bank,
the Financial Institution of Choice
in the Caribbean for Customers,
Staff and Shareholders.

We set the Standard of Excellence
in Customer Satisfaction,
Employee Satisfaction and Shareholder Value.

Mission

Our mission is to provide Personalized,
Efficient and Competitively-priced Financial Services
and to implement Sound Policies
which will redound to the benefit
of our Customers, Staff and Shareholders.

Values

Customer Focus,
Respect for the Individual,
Integrity,
Professionalism and
Results Orientation.

Contents

6	Notice of Meeting
7	Corporate Information
8	Financial Summary
9	Financial Highlights
10	Board of Directors
14	Directors' Report
16	Chairman's Review
20	Managing Director's Report
23	Bank Profile
25	Executive Management Team
26	Management Team
28	Making a Difference in Communities
36	Power to Make a Difference
38	Management Discussion and Analysis
44	Corporate Governance
46	Management's Responsibility for Financial Reporting
4	Independent Auditors' Report
6	Balance Sheet
8	Statement of Income
9	Statement of Changes In Equity
10	Statement of Cash Flows
12	Notes to the Financial Statements

Notice of Meeting

ANNUAL MEETING

Notice is hereby given that the twenty-sixth Annual Meeting of Republic Bank (Grenada) Limited will be held at the St. Andrew's Conference Room, Spice Island Beach Resort, Grand Anse, St. George on Thursday December 10, 2009 at 10:00 a.m. for the following purposes:

1. To receive the Audited Financial Statements of the Company for the year ended September 30, 2009 and the Reports of the Directors and Auditors thereon.
2. To take note of the dividends paid for the twelve month period ended September 30, 2009.
3. To elect Directors.
4. To re-appoint Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.
5. Any other business.

BY ORDER OF THE BOARD



KIMBERLY G. ERRIAH
Corporate Secretary

November 10, 2009

NOTES:

PERSONS ENTITLED TO NOTICE

Pursuant to sections 108 and 110 of the Companies Act 1994 of the Laws of Grenada, the Directors of the Company have fixed November 10, 2009 as the Record Date for the

determination of Shareholders entitled to receive notice of the Annual Meeting. Only shareholders on record at the close of business on November 10, 2009 are therefore entitled to receive notice of the Annual Meeting. A list of such shareholders will be available for examination by shareholders at the Registered Office of the Company during usual business hours.

PROXIES

Shareholders of the Company entitled to attend and vote at the Meeting are entitled to appoint one or more proxies to attend, and in a poll, vote instead of them. A proxy need not be a shareholder. Any instrument appointing a proxy must be received at the Registrar's Office not less than 48 hours before the Meeting. Shareholders who return completed proxy forms are not precluded, if subsequently they so wish, from attending the Meeting instead of their proxies and voting in person. In the event of a poll, their proxy vote lodged with the Registrar, will be excluded.

DIVIDEND

A final dividend of \$2.00 for the financial year ended September 30, 2009 will be payable on December 3, 2009 to shareholders at the close of business on November 10, 2009.

DOCUMENTS AVAILABLE FOR INSPECTION

No service contracts were granted by the Company to any Director or Proposed Director of the Company.

Corporate Information

DIRECTORS

Chairman
RONALD F. DEC. HARFORD, F.C.I.B., F.I.B.A.F., F.C.A.B.F.I.

Managing Director
KEITH A. JOHNSON, BSc (Accountancy), MBA, A.I.C.B.

NIGEL M. BAPTISTE, BSc (Economics), MSc (Economics), A.C.I.B.

MARGARET A. BLACKBURN, LLB (Honours)

LEON D. CHARLES, BSc (Agri. Mgmt.), MBA

IAN R. DE SOUZA, BSc (Econ.) Dip. (Mgmt.) MBA

HUGH D. DOLLAND

NIGEL A. JOHN, BSc (Civil Engineering), Cert. Proj. Man.

ISABELLE S. V. SLINGER, BSc (Information Systems & Computers), IAD

GREGORY I. THOMSON, BSc (Math & Physics), MBA

CORPORATE SECRETARY

KIMBERLY G. ERRIAH, LLB (Hons.), L.E.C.

REGISTERED OFFICE

Republic House
P.O. Box 857
Grand Anse
St. George
Grenada, West Indies

REGISTRAR

EASTERN CARIBBEAN CENTRAL SECURITIES REGISTRY
P.O. Box 94
Bird Rock
Basseterre
St. Kitts, West Indies

ATTORNEYS-AT-LAW

RENWICK & PAYNE
Chambers
Lucas Street
St. George's
Grenada, West Indies

HENRY HUDSON-PHILLIPS & CO
Chambers
Young Street
St. George's
Grenada, West Indies

AUDITORS

ERNST & YOUNG
Worthing Main Road
Christ Church
Barbados, West Indies

Financial Summary

Expressed in thousands of Eastern Caribbean dollars

	2009	2008	2007	2006	2005
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Deposits and other liabilities	643,634	674,989	603,452	577,194	576,450
Advances and other assets	454,470	421,302	371,637	347,946	292,062
Stated capital	15,000	15,000	15,000	15,000	15,000
Shareholders' equity	89,356	87,302	78,521	80,141	60,053
Profit after taxation	8,679	15,810	13,050	24,921	1,755
Dividends paid during the year	6,750	6,600	6,000	2,175	4,155
Earnings per share	5.79	10.54	8.70	16.61	1.17

Financial Highlights

Expressed in thousands of Eastern Caribbean dollars

RESULTS FOR THE YEAR	2009	2008	Change
ended September 30, 2009	\$'000	\$'000	%
Profit before taxation	8,451	16,256	-48.01
Profit after taxation	8,679	15,810	-45.10
AT YEAR END			
Assets	732,990	762,291	-3.84
Advances	447,097	412,555	8.37
Deposits and other liabilities	643,634	674,989	-4.65
Stated capital	15,000	15,000	0.00
Total shareholders' equity	89,356	87,302	2.35
INFORMATION PER SHARE			
Earnings	5.79	\$10.54	-45.07
Dividends paid during the year	4.50	4.10	210.34
Net asset Value	59.57	58.20	2.35
OTHER STATISTICS AT YEAR END			
Number of shareholders	1,508	1,517	-0.59
Number of branches	8	8	-12.50
Number of employees	238	258	-7.75



Left to right:
Ian R. De Souza, Kimberly G. Erriah, Gregory I. Thomson,
Nigel M. Baptiste, Ronald F. deC. Harford,
Keith A. Johnson, Isabelle S.V. Slinger, Leon D.Charles,
Margaret A. Blackburn, Hugh D. Dolland, Nigel A. John

The Board of Directors

The Board of Directors

RONALD F. DEC. HARFORD

F.C.I.B., F.I.B.A.F., F.C.A.B.F.I.

Ronald F. deC. Harford, Chairman of Republic Bank Limited, is a career banker, who has celebrated over forty-six years of service with Republic Bank Limited.

Mr. Harford is a Fellow of the UK Chartered Institute of Bankers, the Institute of Banking of Trinidad and Tobago and the Caribbean Association of Banking and Finance. He is the Chairman of The University of the West Indies Development and Endowment Fund and serves on the Advisory Committee for Habitat for Humanity Trinidad and Tobago. Mr. Harford is a member of the Board of Directors of the Arthur Lok Jack Graduate School of Business – The University of the West Indies, Caribbean Information & Credit Rating Services Limited and the Grenada Industrial Development Corporation. He is a past President of the Bankers Association of Trinidad and Tobago.

KEITH A. JOHNSON

BSc (Accountancy), MBA, A.I.C.B.

Keith A. Johnson was appointed Managing Director of Republic Bank (Grenada) Limited in February 2009. He is seconded from Republic Bank (Guyana) Limited, where he began his career in banking thirty-three years ago. Mr. Johnson holds an Executive Master of Business Administration (MBA) from the University of the West Indies (Cave Hill), a BSc in Accountancy from the University of Guyana, and is an Associate of the Institute of Canadian Bankers.

NIGEL M. BAPTISTE

BSc (Hons.) (Econ.), MSc (Econ.), A.C.I.B.

Nigel M. Baptiste is an Executive Director of Republic Bank Limited. He is a First Class Honours Graduate of The University of the West Indies, an Associate of the Chartered Institute of Banking in England and a graduate of the Stonier Graduate School of Banking in the United States of America.

MARGARET A. BLACKBURN

LLB (Hons.)

A Barrister-At-Law, Margaret A. Blackburn is a Senior Partner at the law firm of Renwick and Payne, Attorneys-at-Law. She earned her qualifications in London in 1975 and returned to Grenada in 1990.

LEON D. CHARLES

BSc (Agri. Mgmt.), MBA, Acc. Dir.

Leon D. Charles is the owner and manager of the Management Consulting firm, Charles and Associates Inc., (CAA). His professional training is in Business and he holds a Master of Business Administration Degree (MBA) from the University of Western Ontario, and a First Class Honours degree in Agricultural Management from the University of the West Indies. Mr. Charles is active in a wide range of business and sustainable development fields at the local, regional and international levels. Core activities include Strategic Planning, Project Development and Evaluation, Management Training and Facilitation, while the main areas of focus for Sustainable Development Programming are Poverty Reduction, Climate Change and Early Childhood Development.

IAN R. DE SOUZA

BSc (Econ.), Dip. (Mgmt.), MBA

Ian R. De Souza is a career banker who has spent twenty-six years in the industry. He has extensive experience in Corporate Credit and has held senior positions in Regional Trade Finance and Credit Risk Management. In addition to leadership of the Corporate Banking Division at Republic Bank, where he is the General Manager, Mr. De Souza is also the Managing Director and a member of the Board of Directors of the Republic Bank Finance and Merchant Bank Limited, Republic Bank's Merchant and Investment Banking subsidiary.

Mr. De Souza is the holder of a Bachelor of Science Degree in Economics, a Post-Graduate Diploma in Management and an Executive Master's Degree in Business Administration from the University of the West Indies. He is also a graduate of the Harvard Business School, Advanced Management Program.

HUGH D. DOLLAND

Hugh D. Dolland is a former President of the Chamber of Industry and Commerce and Rotary Club of Grenada. He is also the Rotary International Assistant Governor – Grenada District 7030. Mr. Dolland, a businessman with over thirty-one years experience, is currently the Chairman of the Grenada Cultural Foundation. He was Honourary Council for Sweden for over five years and has been on the National Cricket and Football Teams.

KIMBERLY G. ERRIAH

LLB (Hons.), L.E.C.

Kimberly G. Erriah is an Attorney at law with ten years call to the Bar of Trinidad & Tobago. She graduated from the University of the West Indies, and the Sir Hugh Wooding Law School in Trinidad. Ms. Erriah has been an Assistant Manager, Legal Services at Republic Bank Limited Trinidad since 2002. Prior to this she was attached to prominent law chambers in Port of Spain.

NIGEL A. JOHN

BSc (Civil Eng.), Cert. Prog. Mgmt.

Nigel A. John is the Managing Director of the Engineering firm Joseph John and Associates. He graduated with BSc Civil Engineering from the University of the West Indies.

Mr. John has held directorships in Grenada and regionally including President of the Grenada Chamber of Industry and Commerce and the Caribbean Association of Industry and Commerce (CAIC) for OECS Affairs. He is also the

Chairman of the Grenada Ports Authority and a founding member of the Eastern Caribbean Supreme Court-Connected Mediation Committee.

ISABELLE S.V. SLINGER

BSc (Information Systems & Computers), IAD

Isabelle S.V. Slinger has been active in the Financial and Information Technology sectors for the last twenty years providing financial consulting services to companies in Grenada and Trinidad. She is the Managing Director of Comserv Limited, a management and financial consulting firm. Ms. Slinger is currently assisting with the development of the Information Technology industry in Grenada, and is the second Vice President of the Grenada Chamber of Industry and Commerce. Ms. Slinger holds a Bachelors of Science in Information Systems and Computers, from the School of Accounting and Management.

GREGORY I. THOMSON

BSc (Math & Physics), MBA

Gregory I. Thomson is the Deputy Managing Director of Republic Bank Limited and sits on the Boards of several subsidiaries within the Republic Bank Group. He is a career banker with over thirty years experience in banking and finance. Mr. Thomson holds a Bachelor of Science Degree in Mathematics and Physics from The University of the West Indies and a Master of Business Administration (MBA) degree from the University of Western Ontario, Canada.

Directors' Report

Your Directors have pleasure in submitting their Report for the year ended September 30, 2009.

FINANCIAL RESULTS & DIVIDENDS

The Directors report that the Bank's profit after taxation for the year ended September 30, 2009 amounted to \$8.679 million. The Directors have declared a dividend of \$2.00 per share. A half year dividend of \$0.75 per share was paid on May 20, 2009 making a total dividend on each share of \$2.75 (2008: \$4.50)

SUBSTANTIAL INTEREST IN SHARE CAPITAL AS AT SEPTEMBER 30, 2009

	ORDINARY SHARES
Republic Bank Limited	764,700

A substantial interest is a holding of five percent or more of the issued Share capital of the Bank.

DIRECTORS

In accordance with By-Law No. 1, Paragraph 4.5.1., Keith A. Johnson was appointed on December 11, 2008, with effect from February 1, 2009, to fill the vacancy created by the retirement of Daniel Roberts.

In accordance with By-Law No. 1, Paragraph 4.3.1 Mr. Ronald F. deC. Harford and Mr. D. Leon Charles retire from the Board by rotation, and being eligible, offer themselves for re-election for a term expiring at the close of the third Annual Meeting following this appointment.

In accordance with By-Law No. 1, Paragraph 4.3.1 Mr. Keith A. Johnson, Mr. Nigel A. John, and Ms. Isabelle S.V. Slinger retire from the Board, and being eligible, offer themselves for election for a term expiring at the close of the third Annual Meeting following this appointment.

DIRECTORS' INTEREST

Set out are the names of the Directors with an interest in the company at September 30, 2009 together with particulars of their holdings.

DIRECTOR	BENEFICIAL INTEREST	NON-BENEFICIAL INTEREST
Nigel M. Baptiste	Nil	50
Margaret A. Blackburn	170	Nil
Leon D. Charles	200	Nil
Ian R. De Souza	Nil	50
Hugh D. Dolland	1,000	Nil
Ronald F. deC. Harford	Nil	100
Nigel A. John	Nil	Nil
Keith A. Johnson	50	Nil
Isabelle S.V. Slinger	Nil	Nil
Gregory I. Thomson	Nil	100

Since the end of the Company's year, 50 shares each have been transferred from Mr. Harford and Mr. Thomson, to Ms. Slinger and Mr. John, respectively.

AUDITORS

The retiring Auditors Ernst & Young have expressed their willingness to be re-appointed and a resolution to that effect will be proposed at the Annual Meeting.

BY ORDER OF THE BOARD



KIMBERLY G. ERRIAH
Corporate Secretary



“In the coming months therefore, we will continue to focus on maintaining asset quality, improving efficiencies, building relationships, and enhancing customer service.”



Ronald F. deC. Harford

Chairman’s Review

Chairman's Review

On September 29, 2008 Wall Street experienced its biggest points drop ever, triggering a meltdown of the world's financial and economic markets. Significant slow-down in economic activity followed, resulting in decreased demand for goods and services, falling commodity and asset prices, and spiraling unemployment. One year later, though there have been recent signs of recovery, the effects of the financial crisis are still being felt worldwide and there remain fears that the improvements seen may be temporary, resulting in a double dip recession. The Caribbean Region in general, and Grenada in particular, have not escaped this financial and economic crisis, and the position has been exacerbated by financial scandals within the region.

It is within this economic environment that the Bank has recorded net income after tax of \$8.679 million for the financial year ended September 30, 2009, a 29.5% decline in core profits from \$12.310 million for 2008, that is, after allowing for one-off capital gains of \$3.5 million on the sale of our former St. George's branch and VISA shares in that year. This decline is largely attributed to increased depreciation on our new premises of \$1.5 million, an impairment of \$1.2 million on a major OECS tourism project, and reduced foreign exchange income of \$1.4 million.

The Directors have declared a dividend of \$2.00 per share to be paid on December 3, 2009 to shareholders on record on November 10, 2009. This, when added to the \$0.75 already paid, brings the total dividend payment to \$2.75 per share (2008: \$4.50).

Through coordinated efforts by governments worldwide, stimulus packages have been implemented in attempts to inject new life into the world economies. The gestation period, however, has taken longer than expected, and in the opinion of the IMF, we are not likely to witness a complete

turn-around in the world economy until the fourth quarter of 2010.

While the Grenada Government has been commended for its economic and financial management, the economy has been stymied by reductions in tourism receipts, foreign direct investments, and remittances, as a consequence of the financial crisis. Most FDI-financed tourism projects remain on hold, further fuelling unemployment levels which currently stand at an estimated 30%, and undermining GDP, which is forecast to decline by 6% in 2009, following a modest growth of 0.5% in 2008.

The outlook for 2010 for Grenada, and indeed the whole OECS, remains challenging. The fortunes of the region remain hinged on a sustained resurgence in economic activity in the developed world, which should result in increased tourism receipts, resumption of foreign direct investments and large construction projects, particularly those related to tourism, and an increase in remittances.

The Bank is well poised to meet those challenges. It has a strong balance sheet, a stable income base and capable and talented staff. In the coming months therefore, we will continue to focus on maintaining asset quality, improving efficiencies, building relationships, and enhancing customer service.

In closing, I would like to acknowledge the valuable contribution of Mr. Daniel Roberts, who retired after twenty-six years of meritorious service, the last eight of which were as Managing Director. Mr. Roberts was succeeded by Mr. Keith Johnson, who was seconded from Republic Bank (Guyana) Limited, and whom I welcome to this Bank. I also acknowledge Ms. Claudia Alexis and Mrs. Margaret George, who retired from the Board this year, and I thank them for their valuable contributions. To fill these casual

vacancies, we are pleased to welcome Mr. Nigel John and Ms. Isabelle Slinger. To all the valued stakeholders: customers, management and staff, shareholders, and my fellow directors, I wish to say thanks for your continued support, loyalty, and commitment.



“Despite the challenges, we were able to grow our loans and advances portfolio by 8.4%, keeping pace with market growth. The growth in Credit was financed by a reduction in Investments and other securities, and we trimmed our deposit portfolio to carefully manage our liquidity.”



Keith A. Johnson Managing Director’s Report

Managing Director's Report

This financial year has been turbulent for economies across the globe. Grenada has not been immune to the resultant impact. Tourism, foreign direct investment, and remittances have all declined. Unemployment levels have escalated to 30%. It is against this difficult economic landscape, that I report on the Bank's financial performance.

For the year ended September 30, 2009, the Bank recorded a profit after tax of \$8.7 million, compared to \$15.8 million last year, which included one-off non-core gains of \$3.5 million. Our results this year have been negatively impacted by the provisioning for impairment on a loan to a major tourism project in the OECS, higher depreciation and maintenance costs on our new St. George's premises, and reduced non-interest income, resulting from reduced foreign exchange trading.

Despite the challenges, we were able to grow our loans and advances portfolio by 8.4%, keeping pace with market growth. The growth in Credit was financed by a reduction in Investments and other securities, and we trimmed our deposit portfolio to carefully manage our liquidity. Our loans to deposits ratio improved from 66% to 71%. We continue to focus on maintaining the quality of our Credit portfolio by astute assessment and rigorous collection management. Our Non-performing loans to total loans is 2.9% and remains well within the Eastern Caribbean Central Bank's threshold of 5%.

Ever conscious of our Corporate Social Responsibility, we continue through our "Power to Make a Difference" program to assist the less-able by contributing to many worthy projects. The construction of a new wing for the

Dorothy Hopkin Centre for the disabled in the parish of St. George, which began last year, is nearing completion. Additionally, our scholarship and bursary programmes for undergraduate study at the University of the West Indies, the annual Republic Bank RightStart Cup Youth Football Tournament and the sponsorship of the champion Steel Orchestra, Republic Bank Angel Harps, are also examples of our commitment to youth development through education, sport and culture.

We remain committed to the highest quality of customer service. We are focusing on improving our efficiency and service delivery through technology, process improvement, and staff training. In support of that thrust, we are pursuing a number of IT-related projects in the new year.

The challenges of last year are expected to persist into the new financial year. Latest GDP projection by the IMF for Grenada is a decline of 6% for 2009, with a best case scenario for next year of zero growth. We are, however, putting strategies in place to meet those challenges, and are confident that with our adherence to core banking, and with prudent management, we will continue to add value for our stakeholders.

Our achievements during this difficult year could not have been possible without the support of our staff, whose dedication and commitment continue undiminished, and for which I am sincerely grateful. I wish to recognise the foundation laid by my predecessor, Mr. Daniel Roberts, during his eight years as Managing Director. I also wish to thank the Chairman and Directors of the Board for their guidance, direction, and counsel.

HEAD OFFICE

Republic House
P.O. Box 857
Grand Anse
St. George
Grenada, West Indies

Telephone: (473)-444-BANK(2265)
Fax: (473)-444-5501
Swift: NCBGGDGD
E-mail: info@republicgrenada.com
Website: www.republicgrenada.com

MANAGERS

Managing Director
KEITH A. JOHNSON, BSc (Accountancy), MBA, A.I.C.B.

General Manager, Credit
ANTHONY P.S. CLERK, Dip. (Bkg.), Dip. (Business Mgmt.), MBA

General Manager, Operations
DONNA L. Y. LANDER, F.I.C.B., MBA (HR Mgmt.)

Manager, Commercial Credit
VALENTINE ANTOINE, BSc (Mgmt. Studies) A.C.I.B.

Manager, Information Technology Management
CLIFFORD BAILEY, BSc (Comp. & Info Systems), MSc (Info Tec)

Manager, Business Support Services
HERMILYN CHARLES

Manager, Corporate Credit
NAOMI DE ALLIE, A.C.I.B., BSc (Fin. Ser. Mgmt.)

Manager, Human Resources, Training & Development
MC KIE GRIFFITH, BSc (Mgmt.)

Bank Profile

Manager, Finance
EDWIN K. JAMES, FCCA, MAAT

OTHER BANKING OFFICES

REPUBLIC HOUSE CLUSTER
Republic House
Telephone: (473)-444-BANK(2265)
Fax: (473)-444-5500/5501

Manager, Retail Services
ALTHEA ROBERTS, A.I.C.B.

Supervisor, Customer Care
RACHAEL JONES

CARRIACOU
Telephone: (473)-443-7289/7896
Fax: (473)-443-7860

Officer-in-Charge
ROGER PATRICE

PETITE MARTINIQUE
Telephone: (473)-443-9005
Fax: (473)-443-9013

Officer-in-Charge
ROGER PATRICE

Bank Profile

ST. GEORGE'S CLUSTER

St. George's

Telephone: (473)-440-3566

Fax: (473)-440-6698

Fax – Credit: (473)-440-6697

Manager, Retail Operations

GARNET ROSS

Manager, Retail Credit

JOCELYN MC SWEEN

Operations Officer

JEAN JOHN, A.I.C.B.

GRAND ANSE

Telephone: (473)-444-2627

Fax: (473)-444-2835

Operations Officer

DIANA ROMNEY

GOUYAVE

Telephone: (473)-444-8353

Fax: (473)-444-8899

Operations Officer

EDMOND CALLISTE, A.I.C.B.

GRENVILLE CLUSTER

Grenville

Telephone: (473)-442-7618

Fax: (473)-442-8877

Manager, Retail Services

WINEFRED LOGIE, BSc (Business Mgmt.)

Operations Officer

VALERIE HORSFORD

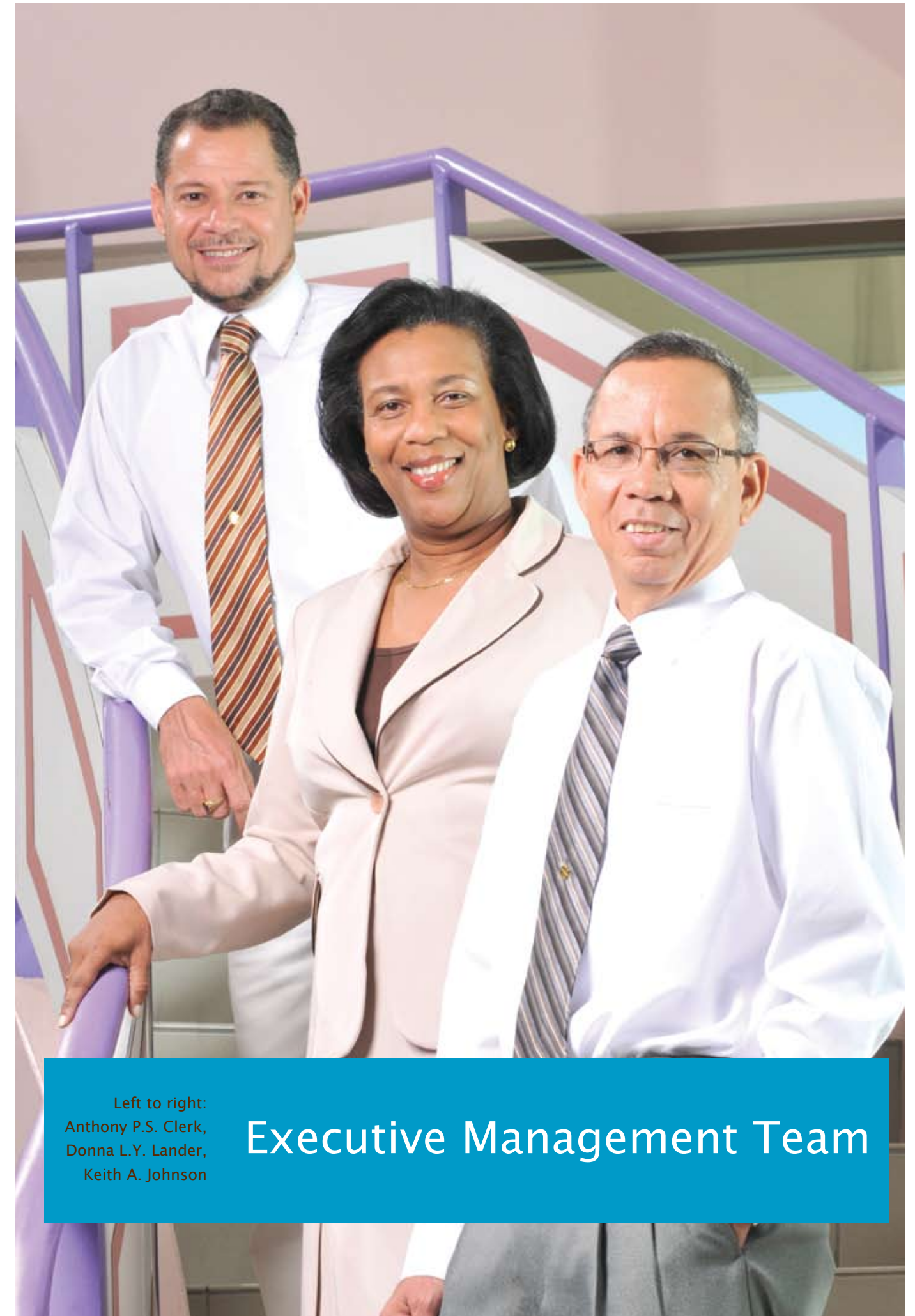
SAUTEURS

Telephone: (473)-442-1045/1023

Fax: (473)-442-1042

Officer-in-Charge

HESTA MC LEISH



Left to right:
Anthony P.S. Clerk,
Donna L.Y. Lander,
Keith A. Johnson

Executive Management Team



Left to right:
Garnet Ross, Jocelyn Mc Sween, Clifford Bailey,
Naomi De Allie, Edwin James, Althea Roberts,
Mc Kie Griffith, Hermilyn Charles,
Valentine Antoine, Winefred Logie

Management Team



care

Republic Bank continuously strives to embody the ideals that make us human. On this quest, the most ardently pursued ideal is compassion. This principle is evident in the Bank's resolve to assist with improving the lives of the socially disadvantaged, the underprivileged, the elderly and the differently able, and by providing opportunities for the youth.

Through longstanding partnerships, Republic Bank contributes to the cause of a number of Non-Governmental and Charitable Organizations. Our contributions focus on institutions such as the CHORES Support Group in Grenada, the Grenada Heart Foundation, the Grenada Cancer Society, the Diabetes Foundation and the Rotary Club Grenada East – Eye Care Programme.

As a Caribbean Bank, our drive to raise the standard of corporate social investment ultimately raises the standard of life in communities across the region. As we practice the Power to Care, we demonstrate an ideal which benefits us all.

“Too often we underestimate the power of a touch, a smile, a kind word, a listening ear, an honest compliment, or the smallest act of caring, all of which have the potential to turn a life around.”

Leo F. Buscaglia



learn

Engaging young achievers, stoking their potential, helping them craft visions for themselves and facilitating the means by which they can achieve their goals, this is how Republic Bank has ignited the Power to Learn within young people.

Over the years, while empowering the individuals and communities we serve, our youth-oriented programmes and initiatives have gained both local and regional recognition. In December 2008, the University of the West Indies awarded the establishment of the Scholarship and Bursary Programmes for Undergraduate study at UWI. The following year, in July 2009, the International Business Awards gave Republic Bank's Power to Make a Difference Programme the Stevie Award for the Most Outstanding CSR Programme in South America. These are just two examples of a growing recognition of the importance of corporate social investment.

The Bank also encourages youth empowerment and the achievement of goals through the annual sponsorship of the Award for Overall Academic Excellence at the T. A. Marryshow Community College as well as through assistance to organizations such as the Grenada, Carriacou and Petite Martinique Foundation for Needy Students, Grencoda School Books and Uniform Programme, and sponsorship of the Grenada Save the Children Development Agency (Grensave) Summer Camp.

We understand that the will to grow and achieve is imbedded in all young persons, and we recognize our role in helping them cultivate that will, to ensure that they bring their goals to fruition.

“You cannot teach a man anything;
you can only help him find it within himself.”

Galileo



help

The promise to be our brother's keeper is a commitment to unlock the highest potential that lies within us. This promise forms the core of the Power to Help and drives Republic Bank's embrace of the wider interests and needs of those who are visibly differently able and those with hidden disabilities.

This focus has prompted the Bank to invest over \$500,000 towards the expansion of the Dorothy Hopkin Centre to facilitate the care of additional children with various disabilities, in addition to its annual contribution. The Grenada National Council for the Disabled also receives annual support.

Republic Bank also works with Special Education Schools across Grenada to showcase the sporting prowess of the students through sponsorship of the Special Education Schools' Sports Meet. This event helps raise public awareness of the talent and abilities of the differently able.

Beyond our efforts to assist institutions, we also recognize the challenges faced by the differently able in interacting with the wider community. With this in mind, we are playing our part in meeting the needs of the physically challenged by the provision of suitable access to our banking services and facilities. Through our Power To Help, Republic Bank continues to support the campaign to increase awareness and to sensitize the public to the various disability issues in our communities.

"To believe in men is the first step towards helping them."

Anon.



succeed

Working with our communities we are building a bridge to future success. In our quest to embolden a rising class of future leaders we have made strides in community development through sport and culture.

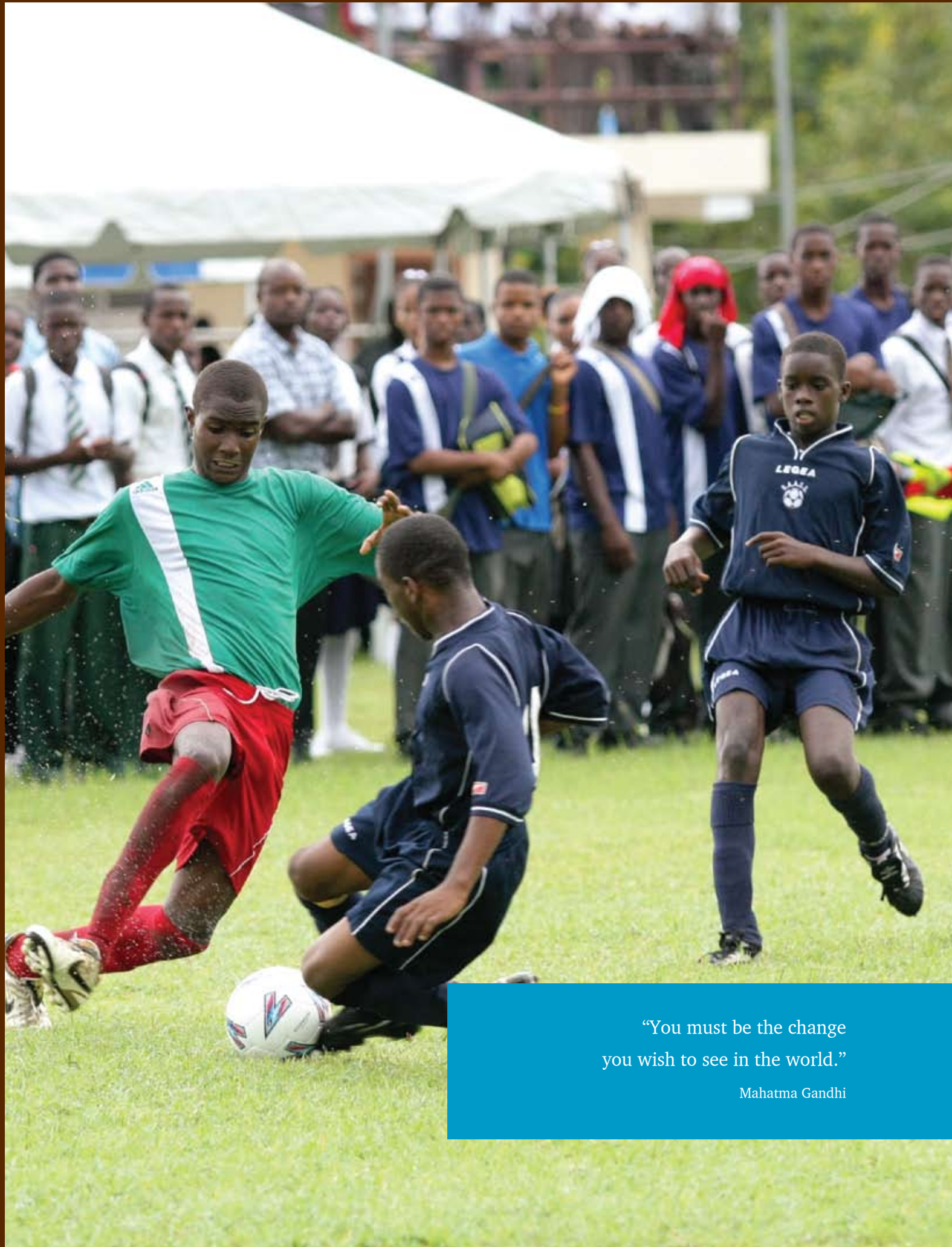
Republic Bank has worked with various community organizations to highlight and maintain Grenada's cultural heritage. Annual sponsorship of the Republic Bank Angel Harps Steel Orchestra, the Carriacou Regatta Festival and the Rainbow City Festival, has gone a long way towards promoting cultural development.

In sport we endeavour to empower aspiring sports enthusiasts by facilitating such annual favourites as the Republic Bank RightStart Cup Youth Football Tournament and the Republic Bank Carriacou Domestic Cricket Tournament. Through these activities Republic Bank engages the minds and bodies of hundreds of young persons, focusing them on positive achievements.

The successes, of which we remain proud, are celebrated in our long-lasting relationships, which span generations, with the people of Grenada, Carriacou and Petite Martinique.

“Men are born to succeed, not fail.”

Henry David Thoreau



“You must be the change
you wish to see in the world.”

Mahatma Gandhi

power to make a difference

Republic Bank thrives on a commitment to serving the needs of our customers, shareholders, staff and the communities with which we share our future. Even through the current economic slowdown, the Bank continues to identify with all segments of our society using the best possible means to serve their financial and social needs.

In 2004 the Bank responded to societal needs with the launch of its philanthropic Power to Make a Difference Programme which encompassed a dynamic commitment to social development in Grenada, Carriacou, and Petite Martinique.

Through this humanitarian investment programme Republic Bank sought to empower fellow members of our communities by focusing primarily on the development of youth through education, sport and culture as well as on care for the elderly and the differently able.

The Bank embraced several opportunities to assist the targeted groups. To date approximately \$2.5 million has been invested overall, with \$663,000 invested in Education, \$1.02 million in Sports and Culture, and \$844,000 in the differently able, the Elderly and other non-governmental and charitable causes.

As we forge ahead Republic Bank renews its social responsibility commitment by extending our community interaction well beyond the boundaries of core banking services. All assistance under the Power to Make a Difference Programme is targeted at areas of special need, where the impact makes a difference not just in the short term, but for many years to come. Republic Bank remains committed to effecting such positive change.

Management Discussion & Analysis

INTRODUCTION

Republic Bank (Grenada) Limited was incorporated on October 12, 1979. The Bank is a subsidiary of Republic Bank Limited and a member of the Republic Group. The Bank is well represented in Grenada with seven branches and one agency office dispersed across the tri-island state.

The Bank maintains a leading market share position in Grenada for deposits and total assets. The products and services offered have inherent flexibility and are specifically structured to satisfy the banking requirements of its many valued customers.

The following is a discussion and analysis of the financial condition and results of the Bank. This discussion should be read in conjunction with the audited financial statements contained on pages 6 to 62 of this report. All amounts are stated in Eastern Caribbean Currency.

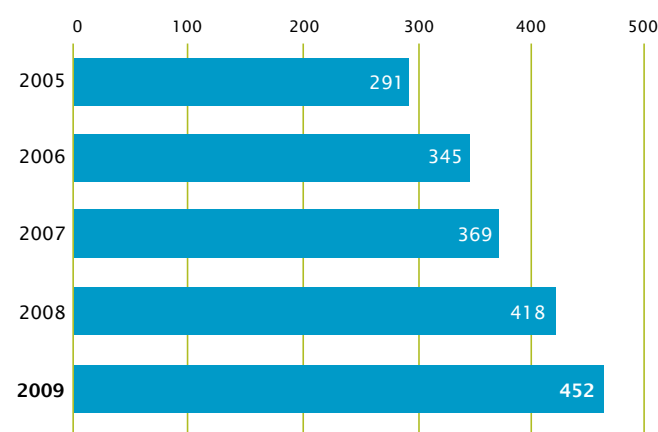
Foreign currency balances have been converted to EC dollars at the prevailing mid-rate on September 30 for each financial year. The following are the mid-rates for the major currencies as at September 30:

Country	2009	2008
United States Dollars	2.70	2.70
Canadian Dollars	2.5213	2.5850
Pounds Sterling	4.3666	4.8769
Euro	3.9522	3.8731
TT Dollars	0.4405	0.4405

BALANCE SHEET REVIEW

In 2009 total assets decreased by 3.84 percent or \$29.3 million. However, the loans portfolio increased by 8.37 percent or \$34.5 million, a demonstration of the Bank's confidence in the future of Grenada, in spite of the harsh economic climate. The growth continues the trend of the past five years. This increase was mainly in the retail sector and to a lesser extent the commercial sector, and was financed through a reduction in low yielding investments and dated securities upon maturity during the year.

GROSS LOANS AND ADVANCES



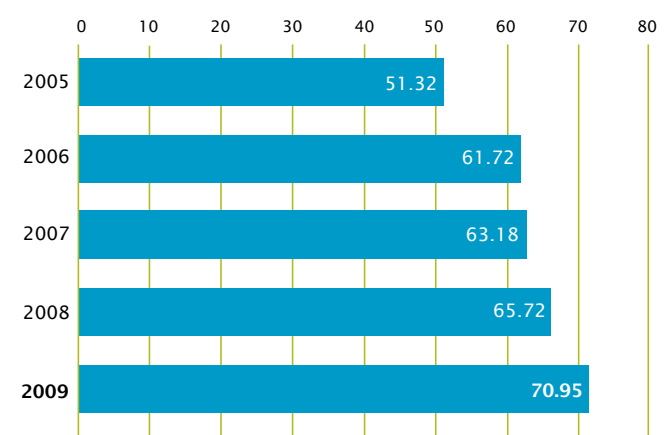
Focus was maintained on the quality of the local loan portfolio, and for the second consecutive year, our non-performing segment was kept under 3%. The Bank's ratio of non-performing loans to Gross loans as at 30 September 2009 increased to 2.88% from the prior year's 2.46%.

NON-PERFORMING TO GROSS LOANS (%)



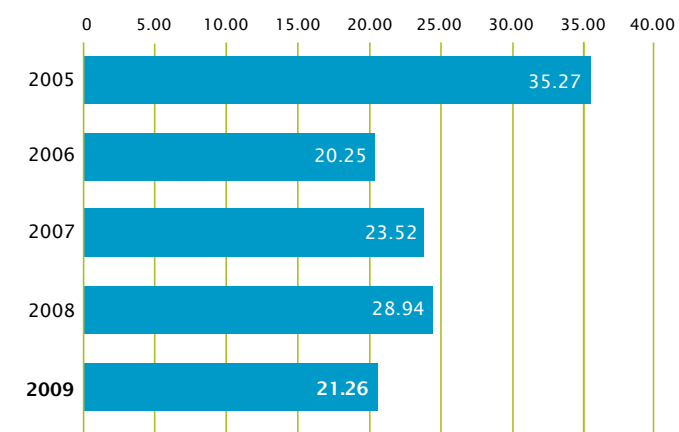
Our Loans to deposits ratio also improved, moving from 66% in 2008 to 71% in 2009, a continuation of the trend over the past few years.

LOANS TO DEPOSITS (%)



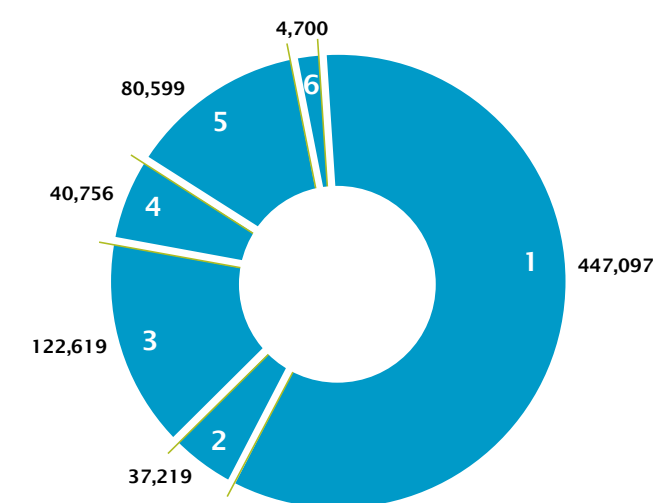
Its ratio of specific provision for loan losses to non-performing loans moved from 28.94% in 2008 to 21.26% in 2009 reflecting the continued strong quality of the Bank's collateral.

SPECIFIC PROVISION TO NON-PERFORMING LOANS (%)



As a result of a disciplined approach to balance sheet management, a larger portion of the balance sheet now comprises interest earning assets.

COMPOSITION OF ASSETS

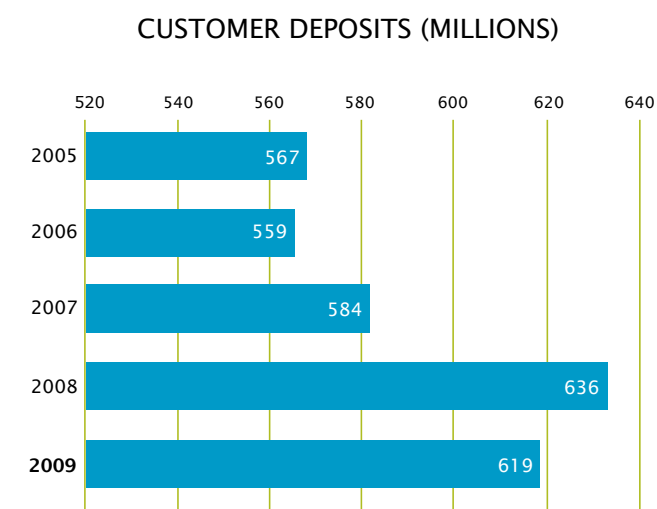


KEY

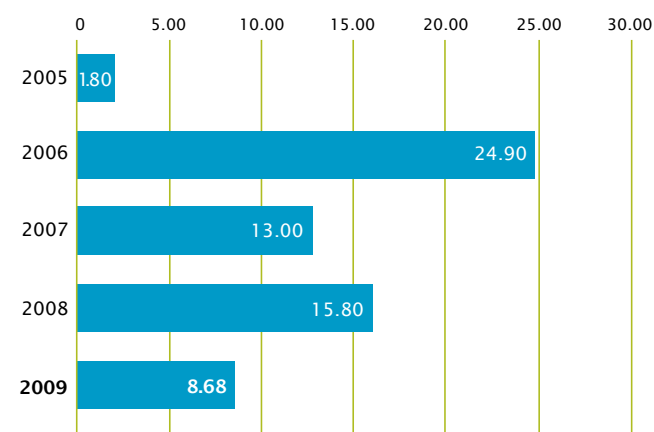
- Loans and advances
- Statutory Deposit at Central Bank
- Investments
- Premises and equipment
- Liquid Assets
- Other Assets

Management Discussion & Analysis

Customer deposits decreased during the year by 2.66 percent or \$16.9 million to \$618.7 million as customers drew down on their savings to supplement reduced income and as the Bank adopted a less aggressive approach to deposit pricing due to the dearth of interest earning assets.

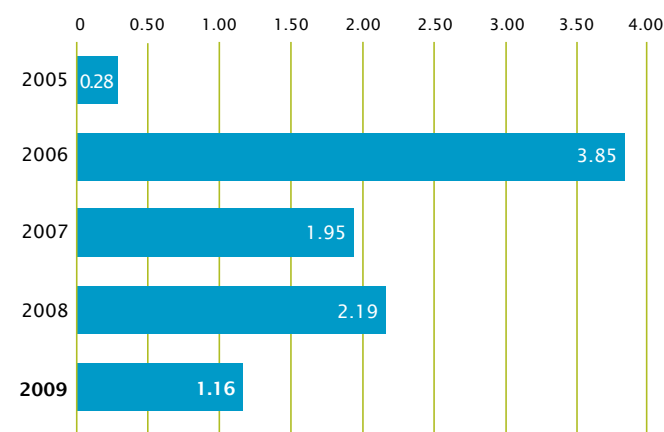


PROFIT AFTER TAX (MILLIONS)



The reduced profitability is directly reflected in the Bank's return on total assets and return on equity.

RETURN ON ASSETS (%)



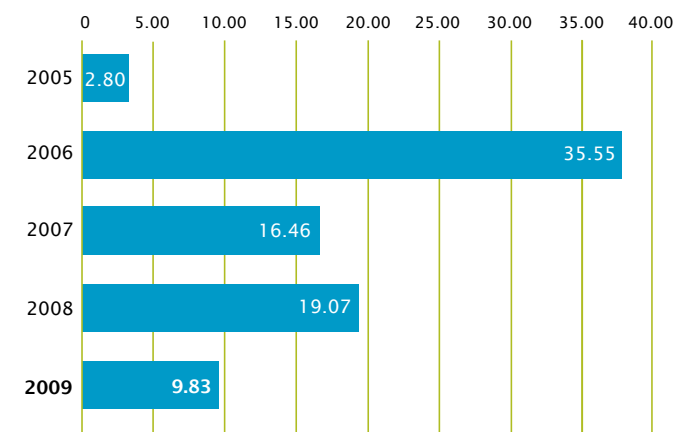
STATEMENT OF INCOME REVIEW

FINANCIAL SUMMARY

Fiscal 2009 saw the Bank returning a profit after tax of \$8.68 million which is 45.11 percent less than the \$15.81 million reported in 2008. Excluding the one-off gains experienced in Fiscal 2008 (sale of St. George's premises and VISA shares), the result represents a 29.5% decline in core profits.

The reduced profitability was primarily the result of a \$1.2 million provision on a tourism related project in the OECS after its value became impaired; an increase in depreciation and operating expenses associated with our new St. George's premises and increased costs; and reduced foreign exchange income as a result of a reduction in remittances, tourist arrivals and foreign direct investment.

RETURN ON EQUITY (%)



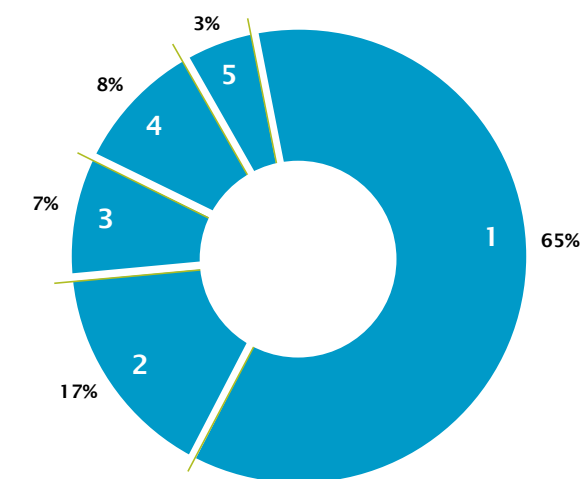
Other income declined to \$9.4 million in 2009. This is a 12.1% decline from the 2008 level after excluding the one-off gains referred to earlier. Exchange earnings decreased by 23.9 percent, and fees and commissions earned were less by 4.6 percent than in the previous year. Consistent with IAS 18, commission on new loans is being recognized over the average life of the loan rather than being taken to income when the loan is granted.

Overall, total income fell by 6.4 percent reflecting the economic circumstances existing in the country.

NET INTEREST AND OTHER INCOME

Net interest income grew by 2.41 percent to \$32.7 million, in spite of the decline in total assets, and a narrowing of interest margins which continued in 2009 due to prevailing market conditions. This reflects prudent management of the bank's assets and liabilities by reducing non-interest earning assets, increasing the loan portfolio and constraining deposit growth to manage interest expense. The ratio of the Bank's average interest earning assets to average customer deposits grew to 102.69%, reflecting the Bank's resolve to make optimum use of customers' deposits.

SOURCES OF REVENUE



KEY

1. Advances
2. Investment securities
3. Exchange earnings
4. Fee and commissions
5. Other income

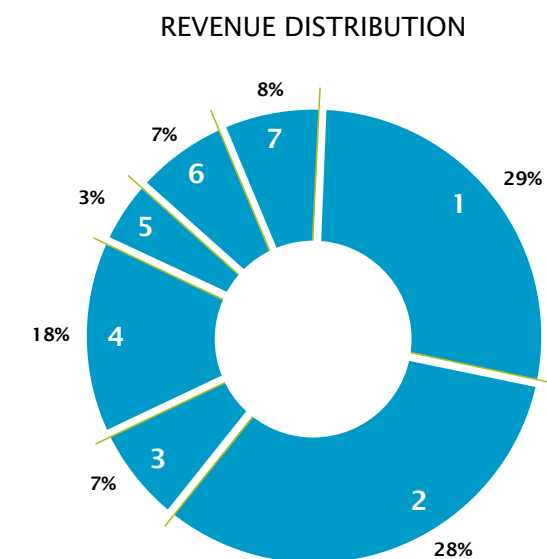
INTEREST EARNING ASSETS TO DEPOSITS (%)



Operating expenses excluding impairment adjustments, increased by 9.4 percent, reflecting increased cost of depreciation (59.99%) associated with the new Melville Street building and increased salary expenses (8.77%) as a result of a new industrial agreement.

Management Discussion & Analysis

In accordance with IAS 39, the Bank conducts an impairment review of each of its impaired assets annually. In 2009, expenses related to provisioning for impaired assets amounted to \$2.69 million as against \$2.17 million in 2008. This provisioning is primarily the result of a \$1.2 million provision on an OECS tourism project whose value became impaired during the year. The Bank is working closely with the project sponsors and the other financiers to secure a restructuring of the project based on the forecasted lower cash flows (in the short to medium term).



- KEY
1. Interest expenses
 2. Staff cost
 3. Depreciation
 4. General administration expenses
 5. Other expenses
 6. Dividend
 7. Retained earnings and reserves

MANAGEMENT OF RISK

OVERVIEW

The Bank's prudent banking practices are based on solid risk management. Utilizing the resources of Republic Bank Limited, our parent company, we keep abreast of our dynamic environment and manage continually evolving risks as our business activities change in response to market, credit, product and other developments. The Bank manages a variety of risks in the ordinary course of business. Our approach to each of the major specific risks is listed in the notes to the accounts.

CAPITAL STRUCTURE

The Bank's policy is to maintain a prudent relationship between capital resources and the risks of its underlying business. Shareholders' equity increased by 2.35 percent or \$2.05 million to \$89.4 million over the year under review.

The Bank's dividend policy is to distribute 40 percent to 50 percent of its net earnings to shareholders. The total distribution based on the results for the financial year 2009 was \$4.125 million representing 47.52 percent of net profit for the year.

Capital adequacy is monitored by employing techniques based on the guidelines developed by the Basle Committee on Banking Regulations and Supervisory Practice (the Basle 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 percent, with a minimum total qualifying capital (Tier 2) to risk-weighted assets of 8 percent.

At September 30 2009, the Bank exceeded the minimum levels required with Tier 1 capital to risk-weighted assets of 17.6 percent and total qualifying capital to risk-weighted assets of 18.6 percent.

Corporate Governance

Republic Bank (Grenada) Limited is committed to maintaining the highest standards of corporate governance. To this end, we continuously monitor and update as necessary our internal systems in order to ensure our standards reflect best international practice while tailored to the specific needs of the Bank. The Board of Directors exercises leadership, enterprise, integrity and good judgment in directing the Bank to achieve continuing prosperity. It will act in the best interests of the Bank guided by a philosophy that is based on transparency, accountability and responsibility.

The Board provides entrepreneurial leadership to the Bank within a framework of prudent and effective controls which enables risk to be assessed and managed. It sets the Bank's strategic aims, ensuring that the necessary financial and human resources are in place for it to meet its objectives and review management performance. The Bank's values and standards are set to ensure that obligations to its shareholders and other stakeholders are met.

The Board is responsible for:

- Oversight of the Bank including its control and accountability systems.
- Appointing and removing Directors and members of senior management.
- Formulation of policy.
- Input into and final approval of management's development of corporate strategy and performance objectives.
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance.
- Monitoring senior management's performance and implementation of strategy and ensuring appropriate resources are available.
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures.

- Approving and monitoring financial and other reporting.
- Approving credit facilities in excess of a defined amount.

Our Board of Directors is currently made up of nine 9 Non-Executive Directors and a Managing Director. The Board exercises independent judgment with management information to enable proper and objective assessment of corporate affairs. The Non-Executive Directors, including our parent company's Chairman and two of its Executive Directors, reflect a diverse cross-section of the professional business community and are all highly respected, independent individuals with a wealth of experience in their respective fields.

The Managing Director and our parent company's Executive Directors ensure that at Board meetings, Directors have access to the best possible banking, management and financial advice during their deliberations and this ensures that the Board has a clear perspective on all matters on which decisions are required.

The Board of Directors meets formally in the first month of each quarter and also in December while a Sub-Committee of the Board meets in each of the seven months the Board does not meet. The Managing Director has explicit authorities and responsibilities that are documented and approved by the Board of Directors and reviewed as and when necessary.

At the Annual Meeting, one-third of the Directors retires and may offer themselves for re-election. Mrs. Margaret George and Ms. Claudia Alexis resigned from the Board on January 16, 2009 creating casual vacancies which have been filled by the appointment of Mr. Nigel John and Ms. Isabelle Slinger on April 16, 2009. Mr. Daniel Roberts, Managing Director, proceeded on pre-retirement leave from the Bank effective February 2, 2009 and was succeeded by Mr.

Keith Johnson. At the upcoming Annual Meeting, Ronald Harford and Leon Charles retire from the Board by rotation and being eligible, have offered themselves for re-election. Isabelle Slinger and Nigel John, whose appointments effective on April 16, 2009, filled the vacancies created by the retirement of Margaret George and Claudia Alexis, and Keith Johnson whose appointment filled the vacancy left by Daniel Roberts in accordance with the Company's By-law, will also retire from the Board. Being eligible, they have offered themselves for election.

The Board of Directors complies with a Model Code for Securities Transaction by Insiders of Listed Companies. Strict guidelines are provided by the Bank for the occasions when it may be perceived that Directors have special knowledge, and dealing in the Bank's shares is prohibited. The purchase or sale of shares by an insider requires the prior written consent of the Corporate Secretary, and transactions are tabled for the information of the Board of Directors.

The Bank's strategies, policies, agreed management performance criteria and business plans are defined and measurable in a manner which is precise and tangible both to the Board and management. The Bank's affairs are subject to comprehensive assessment against accurate and relevant information, both financial and non-financial as appropriate, obtainable from the Bank's internal reporting systems as well as external sources, so that informed assessment can be made of issues facing the Board.

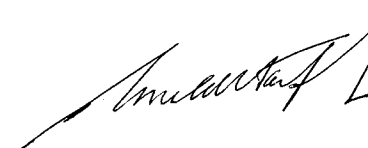
AUDIT COMMITTEE

This Committee meets quarterly to review the financial reporting process, the system of internal control, management of financial risks, the audit process, the Bank's process for monitoring compliance with laws and regulations and its own code of business.

THE COMMITTEE COMPRISES:

- Gregory I. Thomson - Chairman
- Ronald F. deC. Harford
- Margaret A. Blackburn
- Leon D. Charles
- Isabelle S.V. Slinger

SIGNED ON BEHALF OF THE BOARD



RONALD F. DEC. HARFORD
Chairman

September 30, 2009

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:

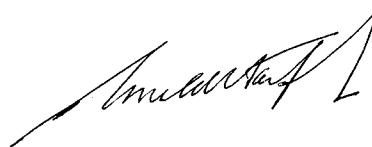
- establishing and maintaining effective internal controls and procedures for financial reporting;
- safeguarding of assets; and
- prevention and detection of fraud and other irregularities.

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 recognized 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 authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are recognized. The system is augmented by written policies and procedures, the careful selection and training of qualified staff, the establishment of an organizational 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, 2009