

Republic Bank (Grenada) Limited

**DIRECTOR CIRCULAR PURSUANT TO
THE OFFER AND TAKE-OVER BID
CIRCULAR ISSUED BY
REPUBLIC FINANCIAL HOLDINGS LIMITED**

**DIRECTORS' CIRCULAR
IN RELATION TO THE OFFER BY
REPUBLIC FINANCIAL HOLDINGS LIMITED**

**TO PURCHASE THE REMAINING 49% ISSUED SHARES OF
REPUBLIC BANK (GRENADA) LIMITED**

AT THE PRICE OF

EC\$45.00 IN CASH PER SHARE

IMPORTANT NOTICES TO SHAREHOLDERS

1. This document is important and requires your immediate attention. If you are in doubt as to how to respond to the offer described in this Directors' Circular, you should consult with your investment advisor, bank manager, lawyer, accountant, tax consultant or other professional advisor.

2. A copy of this Directors' Circular was provided to the Eastern Caribbean Securities Regulatory Commission for its review. Save for this review process, the Eastern Caribbean Securities Regulatory Commission accepts no responsibility for the contents of this Directors' Circular, makes no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from any reliance upon the whole or any part of the contents of this Directors' Circular. No other securities regulatory authority has passed upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence.

3. Certain statements in this Directors' Circular may constitute forward-looking statements or forward-looking information ("forward-looking statements"). These statements can be identified by expressions of belief, expectation or intention, as well as those statements that are not historical fact. In some cases, forward-looking statements can be identified by the use of terms such as "may", "will", "should", "project", "expect", "believe", "plan", "scheduled", "intend", "estimate", "forecast", "predict", "potential", "continue", "anticipate" or other similar expressions concerning matters that are not historical facts. Forward-looking

statements may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future plans or prospects of the Bank. These statements are based on certain factors and assumptions, including with respect to foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities, valuation and effective tax rates. While the Bank considers these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect and there can be no assurance that such developments can be completed as anticipated or at all. Several factors could cause actual results to differ materially from those expressed in the forward-looking statements, including, but not limited to: actions taken by the Bank; actions taken by Shareholders of the Bank in respect of the offer from the Offeror and the possible effect of the Offeror's Offer on the Bank's business.

4. Forward-looking statements are given only as at the date of this Directors' Circular. You should not place undue importance on forward-looking statements and should not rely upon this information as of any other date. The Bank disclaims any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.
5. Notwithstanding the recommendation of the Board of Directors, Shareholders should consider the Offer carefully and reach their own decision as to whether to accept or reject the Offer. Shareholders who are uncertain about how to respond to the Offer should consult with their investment advisor, bank manager, lawyer, accountant, tax consultant or other professional advisor.
6. There is no legal obligation on a Shareholder to sell his shares or to accept the Offer. Shareholders may be entitled at law, if there is a misrepresentation of a material fact in a circular or other notice sent to Shareholders, to seek legal redress. Shareholders should consult with an attorney-at-law on such matters.

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

7. The Offer referred to herein is made for the securities of a Grenada company and is subject to Grenada disclosure requirements which may be different from the country of your domicile. Accordingly, if your domicile is not Grenada it may be difficult for you to enforce your rights and any

claims you may have arising under the securities laws of your domicile. The Offeror is incorporated in the Republic of Trinidad and Tobago. Republic Bank (Grenada) Limited is incorporated under the laws of Grenada and a majority of its Officers and Directors are also residents of Grenada. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the securities laws of your domicile and it may also be difficult to compel a foreign company to subject itself to the judgment of a foreign court.

NOTICE REGARDING OFFEROR'S INFORMATION

8. Information contained in this Directors' Circular regarding the Offeror is based upon, and the Board of Directors has relied, without independent verification, upon the information contained in the Offeror's Offer and Take-Over Bid Circular, the information provided to the Bank by the Offeror, or that is otherwise publicly available. Neither the Bank nor any of its Directors or Officers assumes any responsibility for the accuracy or completeness of such information or for any failure by the Offeror to disclose events or facts that may have occurred or may affect the significance or accuracy of any such information.

DIRECTORS CIRCULAR

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ABBREVIATIONS AND DEFINITIONS

In this Directors' Circular unless otherwise specified or the subject matter or context is inconsistent therewith, the following terms shall have the meanings set out below.

“\$” or “EC\$” means Eastern Caribbean Dollars;

“**Affiliate**” has the meaning set out in section 538 of the Companies Act, Chapter 58A which is that a body corporate is affiliated with another body corporate if one of them is the subsidiary of the other, or both are subsidiaries of the same body corporate, or each of them is controlled by the same person;

“**Bank**” means Republic Bank (Grenada) Limited – formerly National Commercial Bank of Grenada Limited;

“**Board of Directors**” or “**Board**” means the board of directors of Republic Bank (Grenada) Limited;

“**Business Day**” means any day (other than Saturday or Sunday) on which commercial banks located in Grenada are open for the conduct of business;

“**Directors**” mean directors of Republic Bank (Grenada) Limited;

“**Directors' Circular**” means this document;

“**ECSE**” means the Eastern Caribbean Stock Exchange;

“**ECSRC**” means the Eastern Caribbean Securities Regulatory Commission;

“**Expiry Time**” means at 3:00 p.m. (Grenada Time) on 10th June, 2016, or the date on which the Offer lapses, or the date on which the Offer, having become unconditional in all respects, shall cease to be open for acceptances;

“**Independent Committee**” means the committee of Directors independent of the Offeror and management of the Bank comprising Messrs. Leon D. Charles (Chairman), Graham K. Williams, Isabelle S.V. Slinger, Leslie-Ann Seon, Christopher Husbands and Richard M. Lewis which was appointed by the Board to review the Offer;

“**Independent Legal Advisor**” means the law firm of Grant, Joseph & Co;

“**Independent Financial Advisor**” means the financial advisory firm of Grant Thornton LLP (Canada);

“**Offer**” means the offer dated 9th May, 2016 made by Republic Financial Holdings Limited to purchase the Shares of the Bank;

“Offer and Take-Over Bid Circular” means the offer and accompanying documents dated 9th May, 2016 issued by Republic Financial Holdings Limited to purchase the Shares of the Bank;

“Offer Price” means the price of EC \$45.00 to be paid in cash offered for each Share of the Bank;

“Offeror” means Republic Financial Holdings Limited, a company incorporated and existing under the laws of the Republic of Trinidad and Tobago;

“Officers” has the meaning set out in section 543 of the Companies Act Chapter 58A being the chairman, deputy chairman, president or vice president of the board of directors; the managing director, general manager, comptroller, secretary or treasurer, any other person who performs for the body corporate functions similar to those normally performed by the holder of any office similar to those listed above and who is appointed by the board of directors to perform such functions;

“Options” mean any outstanding options to acquire Shares granted pursuant to any stock option plan or share incentive plan of the Bank;

“Republic Bank (Grenada) Limited” means the Bank;

“Shareholders” mean the holders of Shares of the Bank;

“Shares” mean the 49% ordinary shares of the Bank including options or other securities convertible into ordinary shares not held by the Offeror.

Words importing the singular include the plural and vice versa and words importing any gender include all genders. All dollar references in this Directors’ Circular are in Eastern Caribbean Dollars (EC \$) unless otherwise indicated.

SUMMARY OF THE OFFER

This Directors' Circular relates to the unsolicited offer by the Offeror to purchase all of the Shares at the Offer Price, upon the terms and subject to the conditions set forth in the Offer and Take-Over Bid Circular.

The Offer is described in the Offer and Take-Over Bid Circular filed by the Offeror with the ECSRC. According to the Offer and Take-Over Bid Circular, the Offer will expire at 3:00 p.m. (Grenada Time) on 10th June, 2016, or the date on which the Offer lapses, or the date on which the Offer, having become unconditional in all respects, shall cease to be open for acceptances.

The information herein relating to the Offeror and the Offer has been derived from the Offer and Take-Over Bid Circular. The Bank's Board of Directors does not assume any responsibility for the accuracy or completeness of such information.

Reference should be made to the Offer and Take-Over Bid Circular for complete details of the terms and conditions of the Offer.

BANK DETAILS

1. **Registered Office**

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

2. **Contact Information**

Email Address: republichouse@republicgrenada.com

Telephone Nos: (473) 444 2265

Fax No: (473) 444 5501

3. **Directors**

Ronald F. deC Harford, CMT, LLD, FCIB, FIBAF, FCABFI - Chairman

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

Parasram Salickram FCCA, ACMA, CGMA, CA, CFA.

Leon D. Charles, BSc (Agri. Mgmt.), MBA, Acc. Dir.

Christopher Husbands, BSc (Civil/Env. Eng.) (Hons.), MSc (Proj. Mgmt.), MBA (Finance)

Richard M. Lewis, HBA

Leslie-Ann Seon, BA (Hons.), LLB (Hons.), LEC

Isabelle S. V. Slinger, BSc (Info. Systems and Computers), CA

Graham K. Williams, BA (Econ.)

Karen Yip Chuck, BSc (Econ.) (Hons.), MBA, ACIB, CIA

4. **Corporate Secretary**

Jacqueline H.C. Quamina LLB, MA, MBA

5. **Principal Business**

The Bank is incorporated in Grenada and is licensed to carry on the business of banking. It offers a complete range of commercial banking and related services.

6. **Auditors**

Ernst & Young

Chartered Accountants, Worthing Main Road, Christ Church, Barbados, W.I.

7. **Attorneys**

Renwick & Payne

Corner Lucas and Church Streets, St. George's, Grenada W.I.

OFFEROR DETAILS

1. **Registered Office**

Republic Financial Holdings Limited

P.O. Box 1153, 9-17 Park Street, Port of Spain, Trinidad & Tobago, W.I.

2. **Contact Information**

Email Address: info@republicfinancialholdings.com

Telephone Nos: 1-868-625-4411

3. **Directors**

Chairman-Ronald F. deC Harford, CMT, LLD, FCIB, FIBAF, FCABFI,

President and Chief Executive Officer-Nigel Baptiste, BSc (Econ.) (Hons.), MSc (Econ.), ACIB

Shazan Ali, BSc (Mechanical Eng.)

Dawn Callender, FCCA, CPA, MBA

Alison Lewis, MOM, BA (Econ. and Mgmt.)

William P. Lucie-Smith, MA (Oxon), FCA

Terrence W. Farrell, LLB, PhD

Russell Martineau, CMT, SC, LLM (Lond.)

Kristine Thompson, B. Comm., MBA

Gregory I. Thomson, BSc (Math and Physics), MBA

4. **Corporate Secretary**

Jacqueline H.C Quamina, LLB, MA, MBA

5. **Principal Business**

Republic Financial Holdings Limited is a Holding Company formed by the transfer to and the vesting into Republic Finance and Merchant Bank Limited (a wholly owned subsidiary) of the banking undertaking of Republic Bank Limited in accordance with section 89 of the Financial Institutions Act of Trinidad and Tobago Chap 79:09.

6. **Auditors**

Ernst & Young

Chartered Accountants, Worthing Main Road, Christ Church, Barbados, W. I.

BACKGROUND TO THE OFFER

The Board was informally advised of the likelihood of an offer in August 2015. An ad hoc Committee, independent of Republic Bank Executive Directors, was formed and sought independent legal and financial advice.

On 27th January 2016, the Offeror formally informed the Board of Directors of the Bank that the Offeror's Board had agreed to make an offer to acquire the Shares of the Bank at the Offer Price. It further indicated that a draft offer document was prepared and submitted to the ECSRC for approval and that a copy of the final document would be sent to each Director for his consideration upon receipt of all regulatory approvals for the transaction. By letter dated 29th April, 2016 the Offeror informed the Board of Directors of the Bank that the Offer and Takeover Bid Circular had received approval from the Eastern Caribbean Central Bank and the Eastern Caribbean Securities Regulatory Commission and forwarded a copy of the Offer and Takeover Bid Circular to the Board of Directors of the Bank.

RESPONSE OF THE BOARD OF DIRECTORS OF BANK TO OFFER

Conflict of Interest

After receipt of the formal notice from the Offeror on 27th January, 2016, the Board of Directors of the Bank assessed that it was not in a position to consider the Offer as there were Directors on the Board of the Bank who were affiliated with the Offeror. It was decided that the Independent Committee should be appointed to consider the Offer. The Independent Committee comprises of the Directors on the Board who have no affiliation with the Offeror and who were completely independent of the Offeror and the management of the Bank.

The Chairman of the Board of Directors, Mr. Ronald F. deC. Harford and directors Ms. Karen Yip Chuck, Mr. Derwin M. Howell and Mr. Keith Johnson and the Corporate Secretary, Ms. Janelle Bernard informed the Board of their affiliation with the Offeror and recused themselves from attending all meetings and deliberations of the Board in relation to the Offer. No other Director of the Board is conflicted in any manner so as to inhibit the application of his impartiality and objectivity in considering the Offer.

Appointment of Independent Committee

On 2nd February, 2016 the Directors (excluding Mr. Ronald F. deC. Harford, Ms. Karen Yip Chuck, Mr. Keith Johnson and then director Mr. Derwin M. Howell¹) formally appointed the Independent Committee to consider the Offer.

¹ Derwin Howell was replaced by Parasram Salickram as a director of the Bank on 15th April, 2016.

Retention of Independent Advisors

Pending receipt of the final document, the Independent Committee retained the Independent Legal Advisor to provide legal advice and retained the Independent Financial Advisor to conduct a valuation of the Shares and to provide an opinion on the fairness of the Offer from a financial point of view, to the Shareholders of the Bank.

As part of its deliberations, the Independent Committee considered, among other things, the Bank's prospects, the advice from its Independent Financial Advisor and the advice from its Independent Legal Advisor before determining its response to the Offer.

DIRECTORS' RECOMMENDATION

After careful consideration, including a thorough review by the Independent Committee, in consultation with its Independent Legal Advisor and Independent Financial Advisor, of the terms and conditions of the Offer and having regard to the fairness opinion and based upon the factors set forth herein, the Independent Committee unanimously determine that the Offer is fair to the Shareholders from a financial point of view.

Accordingly, for the reasons described in more detail below, the Board of Directors recommends that Shareholders accept the Offer.

On 10th May, 2016 the Board of Directors approved this Directors' Circular and confirmed the recommendation herein.

Notwithstanding the recommendation of the Board of Directors, Shareholders should consider the Offer carefully and reach their own decision as to whether to accept or reject the Offer. Shareholders who are uncertain about how to respond to the Offer should consult with their investment advisor, bank manager, lawyer, accountant, tax consultant or other professional advisor.

Shareholders wishing to accept the Offer should complete the required documents carefully and should refer to the Offer and Take-Over Bid Circular. A copy of the Offer and Take-Over Bid Circular is included as part of this Directors' Circular as **Schedule "A"**.

ANALYSIS AND REASONS FOR THE BOARD'S RECOMMENDATION

The following is a summary of the principal reasons for the recommendation of the Board of Directors to Shareholders to accept the Offer and tender their Shares to the Offer:

- (i) **Opinion of Independent Financial Advisor:** The Independent Committee has received:
- (a) advice from the Independent Financial Advisor in respect of the financial terms of the Offer.
 - (b) a written fairness opinion dated 9th May, 2016 from the Independent Financial Advisor, to the effect that as of such date and based upon and subject to the assumptions, limitations and qualifications contained in the fairness opinion, the consideration of EC \$45.00 offered by the Offeror under the Offer, is fair, from a financial point of view, to the Shareholders. The opinion was provided for the information and assistance of the Independent Committee in connection with its consideration of the Offer. The fairness opinion does not constitute a recommendation to Shareholders as to whether they should tender their Shares to the Offer. The fairness opinion is included as part of this Director's Circular as **Schedule B**.

The Board of Directors recommends that you read the fairness opinion carefully and in its entirety for a description of the procedures followed, matters considered and limitations on the reviews undertaken.

- (ii) **Liquidity:** The Offer Price provides Shareholders with liquidity and certainty of value considering the Offeror's representations that it has the financial resources available to complete the acquisition of the Shares pursuant to the Offer.
- (iii) **Volume of Trades and Traded Prices:** The Shares have low trading volumes whereby approximately 0.2% of its public float has traded on average during each of the Bank's last three (3) fiscal years (2015, 2014 and 2013). The Trading Volume on the **ECSE** is nil for the six (6) months immediately preceding the Offer.
- (iv) **Industry Conditions:** The Board's knowledge of the assets, financial condition, results of operation and business of the Bank both on a historical and prospective basis, and current industry, economic and market conditions.
- (v) **Offeror's Ownership:** The Offeror already beneficially owns 764,700 ordinary shares of the Bank which equates to fifty-one percent (51%) of the issued shares of the Bank which makes it the majority shareholder of the Bank. It is therefore unlikely that there will be competitive bidding for the Shares.

- (vi) **Independent Legal Advice:** Before retaining the Independent Legal Advisor, the Independent Committee considered the credentials of the Independent Legal Advisor and satisfied itself that it was (i) qualified to provide the services solicited and (ii) independent of both the Bank and the Offeror. The Independent Committee received advice from its Independent Legal Advisor that (i) in the absence of regulations or a regulatory framework in force for takeovers in Grenada, but nonetheless guided by the proposed Common Takeover Code for the Eastern Caribbean and the ECSRC, the Offer was validly made, (ii) the Board is obligated to make a statement regarding a recommendation to the Shareholders as it relates to the Offer, (iii) the Directors' recommendation ought to be informed by the Independent Financial Advisor, and (iv) the making of a recommendation to the Shareholders is consistent with the Board's fiduciary obligations to the Bank and the Shareholders.
- (vii) **The Offeror's intention to invoke Part XI of the Companies Act Cap. 58A for a Mandatory Takeover Bid:** The Offeror has, in the Offer and Take-Over Bid Circular, stated its intention to invoke Part XI of the Companies Act Cap 58A of the Laws of Grenada should it obtain an acceptance rate of ninety percent (90%) of the Offer for the Common Shares. In summary, the provisions of Part XI would allow the Offeror, assuming the 90% threshold was met, to compel the remaining Shareholders of the Bank to transfer their Common Shares to the Offeror, at the Offer Price or at a price determined by the Court in the event Shareholders who do not accept the Offer elect to take the matter to Court. ***The Directors recommend that Shareholders read section 11 (c) (ix), on pages 22 and 23 of the Offer and Take-Over Bid Circular and seek legal advice in relation to Part XI of the Companies Act.***
- (viii) The Offer and Take-Over Bid Circular also signals the Offeror's intention to delist the Shares of the Bank from the ECSE.

For the principal reasons outlined above, the Board of Directors believes that the Offer is fair and recommends its acceptance. The foregoing summary of the information and factors considered by the Board of Directors is not intended to be exhaustive of the factors considered by the Board of Directors in reaching its conclusion and making its recommendation to accept the Offer, but includes the material information, factors and analysis considered by the Board in reaching its conclusion and recommendation. The members of the Independent Committee evaluated the various factors summarized above in light of their own knowledge of the business, financial condition and prospects of the Bank, and based upon the advice of the Independent Financial Advisor and the

Independent Legal Advisor. **Shareholders however should consider the Offer carefully and make their own decision as to acceptance or rejection of the Offer.**

FAIRNESS OPINION

The Independent Committee retained the Independent Financial Advisor as its exclusive independent financial advisor to:

- (a) provide advice and assistance to the Independent Committee in evaluating the Offer;
- (b) provide the Independent Committee with a fairness opinion as to the fairness of the Offer from a financial perspective to the Shareholders. A copy of the Fairness Opinion is included as **Schedule B**.

Before retaining the Independent Financial Advisor the Independent Committee considered the Independent Financial Advisor credentials and satisfied itself that the independent Financial Advisor's was qualified to provide the services solicited. In the fairness opinion, the Independent Financial Advisor confirmed that it is independent of both the Bank and the Offeror.

The Independent Financial Advisor has provided the Independent Committee with a written fairness opinion dated 9th May, 2016 stating that as at the date thereof the Offer Price is fair, from a financial point of view, to the Shareholders.

Shareholders should carefully review and consider the Fairness Opinion attached hereto as **Schedule B**.

BANK DIRECTORS' AND OFFICERS' OWNERSHIP OF SHARES OF THE BANK

The following table sets out the names and positions of each director and officer of the Bank and the number of Shares owned or over which control or direction is exercised by each director and officer and, where known after reasonable inquiry, by each associate and affiliate of the Bank as at the date of the announcement of the Offer.

| Name | Position | Number of Shares |
|----------------------|-----------------------|-------------------------|
| Mr. Keith A. Johnson | Managing Director | 50 |
| Mr. Leon D. Charles | Director (Chairman of | 200 |

| | | |
|----------------------------|------------------------|-----------------------|
| | Independent Committee) | |
| Mr. Parasram Salickram | Director | 50 |
| Mr. Christopher Husbands | Director | 300 |
| Mr. Richard M. Lewis | Director | 50 |
| Ms. Leslie-Ann Seon | Director | 100 |
| Ms. Isabelle S. V. Slinger | Director | 50 |
| Mr. Graham K. Williams | Director | 50 |
| Ms. Karen Yip Chuck | Director | 50 |
| Mr. Ronald F. deC. Harford | Chairman | 100 |
| TOTAL | | <u>1000.00</u> |

INTENTION OF THE DIRECTORS AND OFFICERS OF THE BANK WITH RESPECT TO THE OFFER

The Board of Directors has made reasonable inquiries of each Director and Officer of the Bank in relation to their intended disposition towards the Offer. Each of the Directors and Officers of the Bank has indicated his intention to accept the Offer.

BANK DIRECTORS' AND OFFICERS' OWNERSHIP OF SECURITIES OF THE OFFEROR

Save as set out in the table immediately below no other Director or Officer of the Bank or any of their respective associates or affiliates, or any person or company acting jointly or in concert with them owns or exercises control or direction over any securities of any class of the Offeror.

| Name | Position | Number of Shares |
|----------------------------|-----------------|-------------------------|
| Parasram Salickram | Director | 10,183 |
| Ms. Isabelle S. V. Slinger | Director | 500 |
| Mr. Ronald F. deC. | Chairman | 4,574 |

| | | |
|---------------------|----------|----------------------|
| Harford | | |
| Ms. Karen Yip Chuck | Director | 33,987 |
| TOTAL | | <u>49,244</u> |

BANK OWNERSHIP OF SECURITIES IN OFFEROR

Save as set out in the table immediately above, neither the Bank nor any of its Affiliates owns or is interested in any shareholding in the Offeror.

TRADING BY THE BANK ITS DIRECTORS OFFICERS OF AFFILIATES IN SHARES IN THE OFFEROR

No shares of the Offeror have been purchased, sold or traded in by the Bank, its Affiliates or the Directors of the Bank within the six months preceding the date of the announcement of the Offer.

INDEPENDENT FINANCIAL ADVISOR OWNERSHIP OF SECURITIES IN THE OFFEROR

Neither the Independent Financial Advisor nor any of its Affiliates are owners of or interested in any shareholding in the Offeror.

CROSS DIRECTORSHIP BETWEEN THE OFFEROR AND THE BANK

Mr. Ronald F. deC. Harford sits as Chairman of the Board of Directors of both the Bank and the Offeror. There are no other cross-directorships.

RELATIONSHIPS BETWEEN THE OFFEROR AND THE DIRECTORS AND OFFICERS OF THE BANK

Other than arrangements disclosed in the Offer and Take-Over Bid Circular or described elsewhere herein, there are no agreements, commitments or understandings that have been made or are proposed to be made between the Offeror and any of the

Directors or Officers of the Bank and no payment or other benefit is proposed to be made or given by the Offeror to any Directors or Officers of the Bank by way of compensation for loss of office or as to their remaining in or retiring from office in the event that the Offer is successful.

ISSUANCE OF SECURITIES OF THE BANK TO DIRECTORS AND OFFICERS AND OTHER INSIDERS OF THE BANK

No Shares, or securities convertible into Shares, have been issued by the Bank to the Directors and Officers of the Bank during the two-year period preceding the date of this Directors' Circular.

ISSUANCE OF SECURITIES OF THE BANK SINCE ITS LAST FINANCIAL STATEMENTS

No Shares, or securities convertible into Shares, have been issued by the Bank to any person since the publication of the Bank's last financial statements.

TRADING BY DIRECTORS AND OFFICERS OF THE BANK IN BANK SECURITIES

To the knowledge of the Directors, after reasonable inquiry, no Director or Officer of the Bank, or any of their respective associates of affiliates, or any person or company holding more than 10% of the Shares, or any person or company acting jointly, has traded in securities of the Bank during the six month period preceding the announcement of the Offer.

DETAILS OF SHARE CAPITAL OF THE BANK

The Bank has is authorised to issue an unlimited number of ordinary shares of no par value. As at the date of this Directors' Circular, the total issued, outstanding and fully paid up shares comprising the capital of the Bank consists of 1,500,000 Shares of no par value. At a meeting of shareholders of the Bank, shareholders are entitled, on a show of hands, to one vote, unless a vote by ballot is demanded by a shareholder or proxy holder before or after the vote by show of hands in which case on a vote by ballot each shareholder is entitled to one vote for each share held by him or her. Shareholders are only entitled to be paid dividends on the issued shares of the capital

of the Bank as may by resolution be determined by the Board of Directors. Dividends may only be paid out of the profits of the Bank.

DETAILS OF FIVE LARGEST SHAREHOLDERS

| Name | Number of Shares | Percentage Shareholding |
|---|-------------------------|--------------------------------|
| Republic Bank Limited | 764,700 | 51% |
| National Insurance Board of Grenada | 66,680 | 4.45% |
| Antigua Commercial Bank | 62100 | 4.14% |
| St. Kitts Nevis Anguilla National Bank Limited | 62100 | 4.14% |
| National Bank of Dominica Limited | 62100 | 4.14% |

DETAILS OF OPTIONS, WARRANTS AND CONVERSION RIGHTS AFFECTING SHARES IN THE BANK

Save for the Employee Stock Option Plan there are no Options with respect to the Shares.

PRE-ACQUISITION AGREEMENTS

The Independent Committee has been informed by the Offeror that there are no pre-acquisition agreements between the Offeror and any person with respect to the Shares.

TRADING AND PRICE RANGE OF SHARES IN THE BANK

As of the six (6) months preceding 24th March, 2016, no Shares of the Bank were traded on the regular market of the ECSE.

INTERESTS OF DIRECTORS AND OFFICERS OF THE BANK IN MATERIAL TRANSACTIONS WITH THE OFFEROR

Except as otherwise disclosed in this Directors' Circular, none of the Directors or Officers of the Bank or any of their respective associates or, to the knowledge of the Directors and Officers of the Bank, after reasonable inquiry, any person who owns more than 10% of the Shares, has any interest in any material transaction to which the Offeror is a party.

INTEREST OF BANK DIRECTORS AND OFFICERS IN MATERIAL CONTRACTS OR TRANSACTIONS WITH THE BANK

Except as otherwise disclosed in this Directors' Circular, none of the Directors or Officers of the Bank or any of their respective associates or, to the knowledge of the Directors and Officers of the Bank, after reasonable inquiry, any person who owns more than 10% of the Shares, has any interest in any material transaction to which the Bank is a party.

ACCOUNTING PRINCIPLES AND FINANCIAL INFORMATION

The Bank prepares its financial statements in accordance with International Reporting Standards, or IFRS. Calculations of percentage amounts or amounts per Share set forth in this Directors' Circular are based on 735,300 Shares outstanding as of the date of this Directors' Circular.

The Bank's profit and loss summaries extracted from the audited financial statements for the five (5) financial years ended 30 September 2015 are set out in the Offer and Take-Over Bid Circular in Appendix 1, on page 31 of the Offer and Take-Over Bid Circular under the caption Five Year Summary of Selected Financial Data Group and are accurate summaries of the Bank's profit and loss statements for the five years ended 30 September 2015.

For the last 5 financial years for which the information has been published, and included in the Annual reports which include the audited financial statements, the table below sets out the following for: turnover, extraordinary items, minority interests, and the amounts absorbed by dividends:

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|----------------------|-----------|-----------|-----------|-----------|-----------|
| | EC \$'000 | EC \$'000 | EC \$'000 | EC \$'000 | EC \$'000 |
| Turnover (Note 1) | 40,873 | 40,321 | 39,591 | 43,425 | 40,760 |

| | | | | | |
|--|-----|-----|-------|-------|-------|
| Extraordinary Items (Note 2) | - | - | - | - | - |
| Minority Interests (Note 3) | N/A | N/A | N/A | N/A | N/A |
| Amounts Absorbed by Dividends (Note 4) | - | - | 2,550 | 1,350 | 3,975 |

Note 1 Turnover refers to Net interest income and other income.

Note 2 There were no extraordinary items disclosed in the Annual reports prepared in accordance with International Financial Reporting Standards.

Note 3 The Bank has no subsidiaries and therefore has no non-controlling interest (minority interest) as defined by International Financial Reporting Standards.

Note 4 Represents dividends paid in the respective financial year.

The financial statements of the Bank are prepared in accordance with International Financial Reporting Standards (IFRS) and are stated in Eastern Caribbean Dollars. The financial statements are prepared on a historical cost basis, except for the measurement at fair value of investment securities classified as available-for-sale. The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions. Actual results could differ from those estimates. Refer to Notes 2 and 3 of the Bank's financial statements for the year ended September 30, 2015 for further details on the specific significant accounting policies, judgments and estimates. There were no changes in accounting policies for the year ended September 30, 2015.

The following is a summary of the earnings per share and the aggregate dividends per share paid on the Shares of the Bank for the last five (5) financial years ended 30 September 2015.

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---------------------|-------|-------|--------|------|------|
| | EC \$ | EC \$ | EC \$ | | |
| EARNINGS PER SHARE | 2.24 | 0.05 | (3.96) | 5.20 | 1.26 |
| DIVIDENDS PER SHARE | 1.00 | - | - | 2.35 | 0.90 |

MATERIAL CHANGES IN THE AFFAIRS OF THE BANK

Except as disclosed in this Directors' Circular or the Offer and Take-Over Bid Circular, the Directors and Officers of the Bank are not aware of any information that indicates any material change in the affairs of the Bank since 30 September 2015, the date of the Bank's last audited financial statements.

OTHER MATERIAL INFORMATION

The Bank operates an Employee Stock Option Plan pursuant to a Trust Deed and Rules dated 1st October, 1998 and a Supplemental Trust Deed to the Trust Deed and Rules dated 4th November, 2004 by which 37,500 shares are held by Trustees for and on behalf of employees of the Bank who are the beneficiaries of the Employee Stock Option Plan.

The Bank and the Offeror are parties to a technical services agreement dated 1st October, 2014 whereby the Bank contracted with the Offeror for the Offeror to provide, amongst other services, such advisory technical and other services as may reasonably be required by the Bank to enable it to develop and offer a wide range of banking services and products and conduct its operations as permitted under the Laws of Grenada for the continued benefit of the Bank. The duration of the technical services agreement is for a period of five years ending on 30th September 2019.

EASTERN CARIBBEAN CENTRAL BANK APPROVAL

A Shareholder who owns ten percent (10%) or more of the issued shares of the Bank is required to give prior notification to the Eastern Caribbean Central Bank before selling or disposing of his Shares in the Bank.

STATEMENT OF RIGHTS

Save for the mandatory takeover provisions referenced in paragraph (vii) on page 16 in this Directors' Circular there is no legal obligation on a Shareholder to sell his shares or to accept the Offer. Shareholders may be entitled at law, if there is a misrepresentation of a material fact in a circular or other notice sent to Shareholders, to seek legal redress. Shareholders should consult with an attorney-at-law on such matters.

DOCUMENTS AVAILABLE FOR INSPECTION

In addition to the documents attached to this Directors' Circular, the Bank's constitutional documents, being its Certificate and Articles of Continuance and Bylaws are available for inspection by the Shareholders during the Bank's usual business hours on any Business Day at the Bank's Registered Office, Grand Anse, St. George's, Grenada, while the Offer remains in effect.

SHAREHOLDERS ARE ENCOURAGED TO READ THE OFFER TOGETHER WITH THE DIRECTORS' CIRCULAR AND APPENDICES THERETO AND THE DOCUMENTS INCORPORATED BY REFERENCE INTO THE OFFER AND DIRECTORS' CIRCULAR IN THEIR ENTIRETY AS THESE DOCUMENTS CONTAIN IMPORTANT INFORMATION WITH RESPECT TO THE OFFER.

CONSENT OF THE INDEPENDENT FINANCIAL ADVISOR

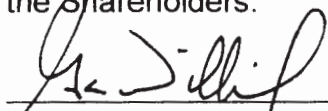
To: The Board of Directors of the Bank

We hereby consent to the inclusion of our Fairness Opinion dated 9th May, 2016 in the Directors' Circular and to the references to the Fairness Opinion in the Directors' Circular.


Signed: Grant Thornton LLP (Canada)

APPROVAL OF DIRECTORS' CIRCULAR

The Directors have approved the contents of this Directors' Circular and its delivery to the Shareholders.



Director-Independent Committee



Director-Independent Committee

NO UNTRUE MATERIAL FACT CERTIFICATE

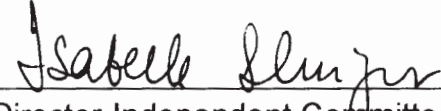
Dated the 10th day of May 2016

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

On Behalf of the Board of Directors of the Bank



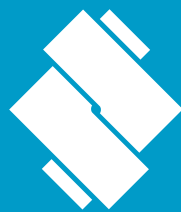
Director-Independent Committee



Director-Independent Committee

SCHEDULE A: Offer and Take-Over Bid Circular

SCHEDULE B: Fairness Opinion



Republic Bank (Grenada) Limited

Visit us on republicgrenada.com
or email us at info@republicgrenada.com