

REPUBLIC BANK (GRENADA) LIMITED

CHAIRMAN'S STATEMENT

Dear Shareholder

The Bank recorded Net Profit after tax of \$4.07 million for the nine months ended June 30, 2017 an increase of \$1.64 million over the corresponding period last year. This improvement was primarily the result of a reduction in impairment expenses. Assets increased by 2.92% or \$25.5 million year-on-year, reflected entirely in Investments, and funded largely through deposits. The Bank's balance sheet remains strong which augers well for future growth.

The economy experienced another year of growth, with 3.9% recorded for 2016. According to the IMF, growth of 2.5% is projected for 2017. Based on the Bank's performance for the fiscal year to date, and barring any major downside events in the economy, we anticipate the Bank will achieve its targets for the year.

Ronald F. de.C Harford
CHAIRMAN

July 13, 2017

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF FINANCIAL POSITION

	UNAUDITED Jun-30-17 \$'000	UNAUDITED Jun-30-16 \$'000	AUDITED Sept-30-16 \$'000
Assets			
Cash resources	190,575	165,190	174,825
Advances	443,963	471,236	468,508
Investment securities	218,283	191,708	197,113
Premises and equipment	32,221	33,480	32,892
Other assets	14,329	12,266	12,818
Total Assets	899,371	873,880	886,156
Liabilities and Equity			
Liabilities			
Due to banks	4,148	6,659	3,534
Customers' deposits and other funding instruments	770,692	754,572	769,232
Other liabilities	16,807	17,075	15,532
Total Liabilities	791,647	778,306	788,298
Equity			
Stated capital	20,745	15,000	15,000
Statutory reserves	15,000	15,000	15,000
Other reserves	4,127	4,826	4,078
Retained earnings	67,852	60,748	63,780
Total equity	107,724	95,574	97,858
Total Liabilities and Equity	899,371	873,880	886,156

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF INCOME

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-17	Jun-30-16	Jun-30-17	Jun-30-16	Sept-30-16
	\$'000	\$'000	\$'000	\$'000	\$'000
Net interest income	7,807	8,509	24,339	24,422	32,808
Other income	2,473	2,277	7,855	9,074	12,272
Operating income	10,280	10,786	32,194	33,496	45,080
Operating expenses	(8,648)	(8,560)	(26,773)	(26,388)	(35,350)
Operating profit	1,632	2,226	5,421	7,108	9,730
Loan /investment impairment recovery/(expense)	427	(281)	(505)	(4,557)	(3,905)
Profit before taxation	2,059	1,945	4,916	2,551	5,825
Taxation expense	(330)	(209)	(844)	(119)	(361)
Net profit after taxation	1,729	1,736	4,072	2,432	5,464
Earnings per share					
Basic	\$1.06	\$1.16	\$2.50	\$1.62	\$3.64
Weighted average number of shares ('000)					
Basic	1,628	1,500	1,628	1,500	1,500

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-17	Jun-30-16	Jun-30-17	Jun-30-16	Sept-30-16
Net profit after taxation for the period/year	1,729	1,736	4,072	2,432	5,464
<i>Other comprehensive income (net of tax) that may be reclassified to profit and loss in subsequent periods or have been transferred to profit and loss in the current period:</i>					
Net gain on available-for-sale investments	632	1,225	49	1,444	1,185
<i>Other comprehensive income (net of tax) that will not be reclassified to profit and loss in subsequent periods:</i>					
Re-measurement losses on defined benefit plans	-	-	-	-	(489)
Total comprehensive income for the period/year, net of taxation	2,361	2,961	4,121	3,876	6,160

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF CHANGES IN EQUITY

	Stated Capital \$'000	Statutory Reserves \$'000	Other Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
Unaudited period ended June 30, 2017					
Balance at October 1, 2016	15,000	15,000	4,078	63,780	97,858
Issue of shares	5,745	-	-	-	5,745
Total comprehensive income for the period	-	-	49	4,072	4,121
Balance at June 30, 2017	20,745	15,000	4,127	67,852	107,724
Unaudited period ended June 30, 2016					
Balance at October 1, 2015	15,000	15,000	3,382	59,816	93,198
Total comprehensive income for the period	-	-	1,444	2,432	3,876
Dividends	-	-	-	(1,500)	(1,500)
Balance at June 30, 2016	15,000	15,000	4,826	60,748	95,574
Audited year ended September 30, 2016					
Balance at October 1, 2015	15,000	15,000	3,382	59,816	93,198
Total comprehensive income for the period	-	-	696	5,464	6,160
Dividends	-	-	-	(1,500)	(1,500)
Balance at September 30, 2016	15,000	15,000	4,078	63,780	97,858

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF CASH FLOWS

	UNAUDITED		AUDITED
	NINE MONTHS		YEAR
	ENDED	ENDED	ENDED
	Jun-30-17	Jun-30-16	Sept-30-16
	\$'000	\$'000	\$'000
Operating activities			
Profit before taxation	4,915	2,551	5,825
Adjustments for non-cash items	3,063	3,423	7,823
Decrease/(increase) in operating assets	16,860	(16,184)	1,818
Increase in operating liabilities	1,821	27,993	41,106
Taxes paid	-	(412)	(691)
Cash provided by operating activities	26,659	17,371	55,881
Investing activities			
Net increase in investments	(29,002)	(45,319)	(60,125)
Additions to fixed assets	(1,565)	(1,994)	(2,224)
Proceeds from sale of fixed assets	40	9	11
Cash used in investing activities	(30,527)	(47,304)	(62,338)
Financing activities			
Increase/(decrease) in balances due to other banks	614	(1,759)	(4,884)
Net proceeds from share issue	5,745	-	-
Dividends paid	-	(1,500)	(1,500)
Cash provided by/(used in) financing activities	6,359	(3,259)	(6,384)
Net increase/(decrease) in cash resources	2,491	(33,192)	(12,841)
Cash and cash equivalents at beginning of period/year	129,961	142,802	142,802
Cash and cash equivalents at end of period/year	132,452	109,610	129,961
Cash and cash equivalents at the end of the period/year are represented by:			
Cash on hand	12,085	12,518	12,107
Due from banks	111,661	92,142	116,281
Treasury Bills - Original maturities of three month or less	8,706	4,950	1,573
	132,452	109,610	129,961

REPUBLIC BANK (GRENADA) LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 Corporate information

Republic Bank (Grenada) Limited (the Bank) is incorporated in Grenada and provides banking services through six branches in Grenada and Carriacou. The Bank was continued under the provision of the Companies Ordinance Section 365, 1995 on March 23, 1998 and its registered office is located at Republic House, Grand Anse, St. George, Grenada. It is a subsidiary of Republic Financial Holdings Limited of Trinidad and Tobago formerly Republic Bank Limited.

On December 16, 2015 by Legal Notice no 215 of 2015 the business of Republic Bank Limited was transferred and vested into Republic Finance and Merchant Bank Limited (FINCOR) save for the shareholdings in several subsidiaries. FINCOR was renamed Republic Bank Limited and Republic Bank Limited was renamed Republic Financial Holdings Limited.

Republic Financial Holdings Limited the financial holding company for the Republic Group is incorporated in the Republic of Trinidad and Tobago and its registered office is located at Republic House, 9-17 Park Street, Port of Spain. Republic Financial Holdings Limited is listed on the Trinidad and Tobago Stock Exchange

During fiscal 2016, the parent company - Republic Financial Holdings Limited made an offer to acquire the non-controlling interest shares of the Bank. They were successful in acquiring an additional 19% in the offer and a subsequent 4% purchase on the floor of the Stock Exchange. In January 2017, an additional 2% was acquired following a Rights Issue by the Bank. Republic Financial Holding Limited current shareholding is 76%.

The Republic Group (the 'Group') is a financial services group comprising several subsidiaries and associated companies. The Group is engaged in a wide range of banking, financial and related activities in the Caricom region and Ghana.

2 Basis of preparation

This interim financial report for the period ended June 30, 2017 has been prepared in accordance with IAS 34, 'Interim Financial Reporting' and should be used in conjunction with the annual financial statements for the year ended September 30, 2016.

3 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended September 30, 2016.

4 Capital commitments

	UNAUDITED		AUDITED
	Jun-30-17 \$'000	Jun-30-16 \$'000	Sept-30-16 \$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	1,535	1,324	1,182
Other capital expenditure authorised by the Directors but not yet contracted for	2,817	10,646	7,072

REPUBLIC BANK (GRENADA) LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

5 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. A number of banking transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and conditions, at market rates.

	UNAUDITED		AUDITED
	Jun-30-17 \$'000	Jun-30-16 \$'000	Sept-30-16 \$'000
Advances, investments and other assets (net of provisions)			
Directors and key management personnel	1,210	1,349	1,318
Other related parties	94,363	78,228	101,808
	<u>95,573</u>	<u>79,577</u>	<u>103,126</u>
Deposits and other liabilities			
Directors and key management personnel	2,417	2,609	2,415
Other related parties	18,911	14,109	14,521
	<u>21,328</u>	<u>16,718</u>	<u>16,936</u>
Interest and other income			
Directors and key management personnel	58	70	92
Other related parties	239	116	154
	<u>297</u>	<u>186</u>	<u>246</u>
Interest and other expense			
Directors and key management personnel	180	176	217
Other related parties	311	315	418
	<u>491</u>	<u>491</u>	<u>635</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank.

Key management compensation

Short term benefits	602	551	697
Post employment benefits	24	24	32
	<u>626</u>	<u>575</u>	<u>729</u>

6 Deposits with Central Bank

The Eastern Caribbean Automated Clearing House (ECACH) System has launched its operations effective September 2014. Republic Bank (Grenada) Limited has deposited three (3) day's collateral with the Eastern Caribbean Central Bank (ECCB) in the amount of \$7.47 Million (\$4.97 million in cash and a \$2.5M Treasury Bill) to guarantee settlement of all items being cleared through the ECACH.

7 Contingent liabilities

As at June 30, 2017, there were certain legal proceedings outstanding against the Bank. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise or that it would be premature at this stage of the action to determine that eventuality.