



CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to advise that for the year ended September 30, 2017, the Bank recorded net profit after tax of \$8.15 million, an improvement of \$0.69 million (12.6%) over the \$5.46 million recorded in 2016. Profit before taxes increased by \$1.59 million (27.3%), mainly due to an increase in interest on investments and liquid assets and a reduction in impairment expense. However, tax expense increased as the benefit of loss relief from previous years ended in 2016.

Assets increased by 4.4% or \$39.1 million to \$925.2 million, reflected mainly in Investments which increased significantly by 33.2% or \$65.5 million. However, loans declined by 4.94% or \$23.2 million reflecting the continued low loan demand and the general trend in the market, where a decline of 4.22% was experienced for the period June 2016 to June 2017.

In January 2017, the Bank offered a Rights issue to its shareholders in order to satisfy the minimum paid-up capital of \$20 million required by the Banking Act of 2015. The issue raised \$5.75 million through a sale of 127,673 new shares increasing the paid-up capital from \$15 million to \$20.75 million which satisfies the new minimum capital requirement. The Banking Act of 2015 also requires that the Statutory Reserve, which previously stood at \$15 million, must be 100% of paid-up capital, and that a minimum of 20% of net profit after tax in each year be transferred to Statutory Reserve until it is a 100% of paid-up capital. The Board of Directors has decided to transfer the full \$5.75 million, from the profits of 2017, to the Statutory Reserve account, in fulfillment of the requirement. This transfer does not impact the Bank's capital adequacy requirements.

Currently the Bank meets the capital requirement of Basel 1, with Tier 1 Capital to total adjusted risk-weighted assets of 13.75% and total qualifying capital to total adjusted risk-weighted assets of 14.57%. However, with the pending implementation of Basel 11 and IFRS 9 during 2018, the Bank will be required to maintain higher levels of capital and as a result has targeted a minimum total qualifying capital to total adjusted risk-weighted assets to be maintained. Since the Bank is below the estimated minimum, it has decided to conserve capital, and no dividend has been declared for the year ended September 30, 2017.

The economy continues to grow and the IMF expects economic growth of 2.5% in 2017. The successful conclusion of the Homegrown Structural Adjustment Programme, in meeting its intended objectives during the first half of 2017, is expected to foster improved confidence and credibility in the economy. Grenada's debt-to-GDP ratio declined to 85% in 2016 and is expected to decline further by the end of 2017 due to a further cut of 25% of the debt, consequent upon the conclusion of the Structural Adjustment Programme.

The Bank is well-positioned to take advantage of any opportunities which may arise as the economy grows. During fiscal 2018 the main focus of the Bank will be to build on the strides made over the past year, by further improving our efficiency through greater use of Digital technology, leading to enhanced customer service delivery.

I express gratitude to all our valued stakeholders for their dedication, loyalty, commitment and support.

Ronald F. deC. Harford
CHAIRMAN
October 26, 2017

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2017

Statement of Financial Position

As at September 30, 2017

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

	2017	2016
ASSETS		
Cash	13,956	12,107
Statutory deposits with Central Bank	48,468	40,102
Due from banks	84,345	116,281
Treasury Bills	23,898	6,335
Investment interest receivable	2,874	2,171
Advances	445,342	468,508
Investment securities	282,831	197,113
Premises and equipment	32,183	32,892
Employee benefits	7,078	7,327
Deferred tax assets	1,868	1,564
Taxation recoverable	-	89
Other assets	2,988	1,687
TOTAL ASSETS	925,234	886,156
LIABILITIES & EQUITY		
LIABILITIES		
Due to banks	5,440	3,534
Customers' current, savings and deposit accounts	795,324	769,232
Employee obligations	4,138	3,852
Taxation payable	925	-
Deferred tax liabilities	2,804	3,191
Accrued interest payable	136	136
Other liabilities	8,307	8,353
TOTAL LIABILITIES	817,072	788,298
EQUITY		
Stated capital	20,745	15,000
Statutory reserve	20,745	15,000
Other reserves	2,289	3,020
Defined benefit reserve	202	1,058
Retained earnings	64,181	63,780
TOTAL EQUITY	108,162	97,858
TOTAL LIABILITIES & EQUITY	925,234	886,156

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

Ronald F. deC. Harford, Chairman

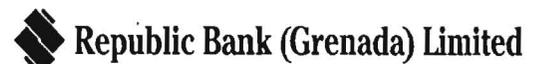
Keith A. Johnson, Managing Director

Statement of Income

For the year ended September 30, 2017

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

	2017	2016
Interest Income	43,155	42,212
Interest expense	(9,483)	(9,404)
Net Interest Income	33,662	32,808
Other income	10,641	12,272
	44,303	45,080
Operating expenses	(35,028)	(36,841)
Operating profit	9,275	8,239
Loan impairment expense, net of recoveries	(1,859)	(2,414)
Net profit before taxation	7,416	5,825
Taxation expense	(1,270)	(361)
Net profit after taxation	6,146	5,464
Earnings per share (\$)		
Basic	\$3.88	\$3.64
Number of shares ('000)		
Basic	1,628	1,500
Weighted average	1,585	1,500




Republic Bank (Grenada) Limited

Statement of Comprehensive Income

For the year ended September 30, 2017
Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	2017	2016
Net profit after taxation	8,148	5,484
Other comprehensive income:		
<i>Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Revaluation of available-for-sale investment securities	(1,043)	1,693
Tax effect	312	(508)
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:	(731)	1,185
<i>Items of other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Re-measurement losses on defined benefit plans	(1,353)	(871)
Tax effect	406	261
	(947)	(610)
Re-measurement gains on medical and group life plans	130	173
Tax effect	(39)	(62)
	91	121
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:	(856)	(489)
Total other comprehensive (loss)/income for the year, net of tax	(1,587)	696
Total comprehensive income for the year, net of tax	4,559	6,160

Statement of Changes in Equity

For the year ended September 30, 2017
Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

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

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2017

Statement of Cash Flows

For the year ended September 30, 2017
Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	2017	2016
Operating activities		
Profit before taxation	7,418	5,825
Adjustments for:		
Depreciation	3,062	3,446
Loan impairment expense, net of recoveries	1,859	2,414
Investment impairment (recoveries)/expense	(493)	1,491
Loss/(gain) on disposal of available-for-sale investment	445	(288)
(Gain)/loss on sale of premises and equipment	(30)	24
Foreign exchange loss on available-for-sale investment	46	466
Amortisation of premium/discount on available-for-sale investment	548	288
Increase in employee benefits/obligations, net	(323)	(440)
Decrease in advances	21,307	6,002
Increase in customers' deposits and other fund raising instruments	28,092	40,629
Increase in statutory deposits with Central Bank	(8,364)	(7,003)
(Increase)/decrease in other assets and investment interest receivable	(1,802)	3,259
(Decrease)/increase in liabilities and accrued interest payable	(46)	477
Taxes paid, net of refund	(97)	(691)
Cash provided by operating activities	49,608	56,881
Investing activities		
Purchase of investment securities	(78,834)	(75,351)
Purchase of Treasury Bills	(21,963)	(14,992)
Redemption of investment securities	12,201	19,988
Redemption of Treasury Bills	12,500	10,230
Additions to premises and equipment	(2,386)	(2,224)
Proceeds from sale of premises and equipment	73	11
Cash used in investing activities	(78,509)	(62,338)
Financing activities		
Increase/(decrease) in balances due to other banks	1,908	(4,884)
Proceeds from Rights issue	5,745	-
Dividends paid	-	(1,500)
Cash provided by/(used in) financing activities	7,651	(6,384)
Net decrease in cash and cash equivalents	(21,250)	(12,841)
Cash and cash equivalents at beginning of year	129,961	142,802
Cash and cash equivalents at end of year	108,711	129,961
Cash and cash equivalents at end of year are represented by:		
Cash on hand	13,955	12,107
Due from banks	84,345	116,281
Treasury bills - original maturities of three months or less	10,411	1,573
	108,711	129,961