

 **Republic Bank (Grenada) Limited**

CHAIRMAN'S STATEMENT

Dear Shareholder:

I am pleased to report that on November 1, 2019 the Bank acquired the operations of Scotiabank Grenada. This added two branches to our network and increased total assets by \$615 million. As at December 31, 2019, total assets of the combined entity stood at \$1.68 billion. I extend a warm welcome to all our new staff and customers.

For the first quarter ended December 31, 2019, the Bank recorded net Profit after Tax of \$2.6 million, an increase of \$0.3 million from the \$2.3 million recorded for the corresponding period last year. This improvement reflects the impact of the recent acquisition after accounting for one-off expenses associated therewith.

The first two months of operations of the acquired branches have been a settling-in period. I acknowledge that there have been instances where the service has not been to our high standards. All residual issues are being assiduously resolved and we expect normalcy in short order. I extend my appreciation for the patience and understanding of all stakeholders who have been affected.



Gregory I. Thomson
CHAIRMAN
January 16, 2020

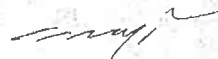
**UNAUDITED FIRST QUARTER
FINANCIAL STATEMENTS
THREE MONTHS ENDED DECEMBER 31, 2019**

Statement of Financial Position

as at December 31, 2019

Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED Dec-31-19 \$'000	UNAUDITED Dec-31-18 \$'000	AUDITED Sept-30-19 \$'000
Assets			
Cash resources	433,745	170,603	189,416
Advances	831,392	484,378	490,082
Investment securities	281,227	272,117	289,631
Premises and equipment	39,083	31,013	30,436
Other assets	90,561	15,088	12,015
Total Assets	1,676,008	973,199	1,011,580
Liabilities and Equity			
Liabilities			
Due to banks	5,220	7,132	9,045
Customers' deposits and other funding instruments	1,471,855	838,853	871,257
Other liabilities	79,896	13,248	12,970
Total Liabilities	1,556,971	859,233	893,272
Equity			
Stated capital	20,745	20,745	20,745
Statutory reserve	20,745	20,745	20,745
Retained earnings	77,547	72,476	76,818
Total equity	119,037	113,966	118,308
Total Liabilities and Equity	1,676,008	973,199	1,011,580



Gregory I. Thomson, Chairman



Keith A. Johnson, Managing Director

Republic Bank (Grenada) Limited

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS THREE MONTHS ENDED DECEMBER 31, 2019

Statement of Income

For the period ended December 31, 2019
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED THREE MONTHS ENDED		AUDITED YEAR ENDED
	Dec-31-19 \$'000	Dec-31-18 \$'000	Sept-30-19 \$'000
Net Interest Income	10,445	8,648	35,762
Other Income	6,153	3,360	11,973
Operating Income	16,598	12,008	47,735
Operating expenses	(12,875)	(8,995)	(36,338)
Operating profit	3,723	3,013	11,397
Credit (loss)/recovery on financial assets	(352)	(63)	1,276
Profit before taxation	3,371	2,950	12,673
Taxation expense	(770)	(652)	(2,236)
Net profit after taxation	2,601	2,298	10,437
Earnings per share			
Basic	\$1.60	\$1.41	\$6.41
Number of shares ('000)			
Basic	1,628	1,628	1,628

Statement of Comprehensive Income

For the period ended December 31, 2019
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED THREE MONTHS ENDED		AUDITED YEAR ENDED
	Dec-31-19 \$'000	Dec-31-18 \$'000	Sept-30-19 \$'000
Net profit after taxation for the period/year	2,601	2,298	10,437
<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 loss on available-for-sale investments			
<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			(2,414)
Total comprehensive income for the period/year, net of taxation	2,601	2,298	8,023

Statement of Changes in Equity

For the period ended December 31, 2019
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	Stated Capital \$'000	Statutory Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Unaudited period ended December 31, 2019				
Balance at October 1, 2019	20,745	20,745	76,818	118,308
Total comprehensive income for the period	-	-	2,601	2,601
Dividends paid	-	-	(1,872)	(1,872)
Balance at December 31, 2019	20,745	20,745	77,547	119,037
Unaudited period ended December 31, 2018				
Balance at October 1, 2018	20,745	20,745	72,620	114,110
Total comprehensive income for the period	-	-	2,298	2,298
Dividends paid	-	-	(2,442)	(2,442)
Balance at December 31, 2018	20,745	20,745	72,476	113,966
Audited year ended September 30, 2019				
Balance at October 1, 2018	20,745	20,745	72,620	114,110
Total comprehensive income for the year	-	-	8,023	8,023
Dividends paid	-	-	(3,825)	(3,825)
Balance at September 30, 2019	20,745	20,745	76,818	118,308

Statement of Cash Flows

For the period ended December 31, 2019
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED THREE MONTHS ENDED		AUDITED YEAR ENDED	
	Dec-31-19 \$'000	Dec-31-18 \$'000	Sept-30-19 \$'000	
Operating activities				
Profit before taxation	3,371	2,950	12,673	
Adjustments for non-cash items	1,322	797	3,974	
Increase in operating assets	(24,912)	(13,541)	(25,668)	
Increase in operating liabilities	52,346	22,942	18,544	
Taxes paid	(641)	(1,249)	(2,037)	
Cash provided by operating activities	31,486	11,899	7,486	
Investing activities				
Net decrease/(increase) in investments	5,571	13,865	(41,906)	
Additions to fixed assets	(535)	(519)	(2,162)	
Proceeds from sale of fixed assets	-	97	121	
Net cash inflow from acquisition of branches	193,399	-	-	
Cash provided by / (used) in investing activities	198,435	13,443	(43,947)	
Financing activities				
(Decrease)/increase in balances due to other banks	(3,880)	(1,132)	2,824	
Dividends paid	(1,872)	(2,442)	-	
Cash (used in)/ provided by financing activities	(5,752)	(3,574)	2,824	
Net increase/(decrease) in cash resources	224,169	21,768	(33,637)	
Cash and cash equivalents at beginning of period/year	110,180	72,398	108,711	
Cash and cash equivalents at end of period/year	334,349	94,166	75,074	
Cash and cash equivalents at the end of the period/year are represented by:				
Cash on hand	28,515	19,453	15,542	
Due from banks	305,834	72,958	94,638	
Treasury Bills - Original maturities of three months or less	-	1,755	-	
334,349	94,166	110,180		

Republic Bank (Grenada) Limited

**UNAUDITED FIRST QUARTER
FINANCIAL STATEMENTS
THREE MONTHS ENDED DECEMBER 31, 2019**

Notes to the Interim Financial Statements

1 Corporate information

Republic Bank (Grenada) Limited (the Bank) is incorporated in Grenada and provides banking services through eight 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, formerly Republic Bank 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.

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 Caribbean Community (CARICOM) region, Ghana and Cayman Islands.

2 Business Combination-Acquisition of Scotiabank Grenada

On November 1, 2019, Republic Bank (Grenada) Limited acquired the operations of Scotiabank Grenada. The acquisition has been accounted for using the acquisition method.

The fair value of the identifiable assets and liabilities of Scotiabank Grenada as at the date of acquisition were

	Fair value recognised on acquisition November 1, 2019
Assets	
Cash Resources	252,899
Advances	330,670
Other Assets	31,301
	<u>614,870</u>
Liabilities	
Customers deposits and due to banks	604,736
Other liabilities	10,134
	<u>614,870</u>
Total identifiable net assets at fair value	
Goodwill arising on acquisition	59,500
Purchase consideration transferred	<u>59,500</u>
Purchased consideration	
Amount settled in cash	<u>59,500</u>
Analysis of cash flows on acquisition	
Net cash acquired (included in cash flow from investing activities)	252,899
Consideration transferred	(59,500)
Net cash inflow	<u>193,399</u>

3 Basis of preparation

This interim financial report for the period ended December 31, 2019 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, 2019.

4 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, 2019.

5 Capital commitments

	UNAUDITED Dec-31-19 \$'000	UNAUDITED Dec-31-18 \$'000	AUDITED Sept-30-19 \$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	302	255	258
Other capital expenditure authorised by the Directors but not yet contracted for	12,023	12,177	9,902

6 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. There are no provisions for related party balances as at December 31, 2019.

	UNAUDITED Dec-31-19 \$'000	UNAUDITED Dec-31-18 \$'000	AUDITED Sept-30-19 \$'000
Advances, investments and other assets (net of provisions)			
Directors and key management personnel	1,506	1,185	660
Other related parties	55,953	70,604	30,508
	<u>57,459</u>	<u>71,789</u>	<u>31,168</u>
Deposits and other liabilities			
Directors and key management personnel	3,288	2,519	1,799
Other related parties	205,324	22,063	22,353
	<u>208,612</u>	<u>24,582</u>	<u>24,152</u>
Interest and other income			
Directors and key management personnel	16	18	52
Other related parties	75	100	367
	<u>91</u>	<u>118</u>	<u>419</u>
Interest and other expense			
Directors and key management personnel	115	138	185
Other related parties	822	106	466
	<u>937</u>	<u>244</u>	<u>651</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	405	354	831
Post employment benefits	8	8	32
	<u>413</u>	<u>362</u>	<u>863</u>

7 Deposits with Central Bank

The Eastern Caribbean Automated Clearing House (ECACH) System launched its operations effective September 2014. Republic Bank (Grenada) Limited has deposited three (3) days' collateral with the Eastern Caribbean Central Bank (ECCB) in the amount of \$13.01 million (A Treasury Bill valued at \$8.5M and cash of \$4.86 million) to guarantee settlement of all items being cleared through the ECACH.

8 Contingent liabilities

As at December 31, 2019, 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.