

REPUBLIC BANK (GRENADA) LIMITED

CHAIRMAN'S STATEMENT

Dear Shareholder

For the first quarter ended December 31st, 2015, the Bank recorded Profit after Tax of \$1.247 million, compared to \$0.378 million for the corresponding period last year. The improvement resulted from a reduction in loan loss provisions of \$0.906 million.

In December 2015, the Republic Group was reorganized with the formation of a holding company, Republic Financial Holdings Limited, which is now the parent of the Bank instead of Republic Bank Limited. This change brings the Group's governance in line with international best practice and will not affect your shareholding in the Bank.

The Government of Grenada has reported a 5.1% growth in GDP for 2015. This has been evidenced by some sustained lift in economic activity in several sectors during the last quarter. The global economy, however, has entered a period of volatility, with significant downside risks and we are mindful of its possible local impact.

Ronald F. de.C Harford
CHAIRMAN

January 14, 2016

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF FINANCIAL POSITION

	UNAUDITED Dec-31-15 \$'000	UNAUDITED Dec-31-14 \$'000	AUDITED Sept-30-15 \$'000
Assets			
Cash resources	149,657	144,151	175,901
Advances	478,615	477,922	476,924
Investment securities	159,321	123,339	142,225
Premises and equipment	34,024	35,457	34,129
Other assets	15,393	11,498	15,746
Total Assets	837,010	792,367	844,925
Liabilities and Equity			
Liabilities			
Due to banks	6,111	4,434	8,418
Customers' deposits and other funding instruments	723,203	680,766	728,603
Other liabilities	15,516	15,497	14,706
Total Liabilities	744,830	700,697	751,727
Equity			
Stated capital	15,000	15,000	15,000
Statutory reserves	15,000	15,000	15,000
Other reserves	2,617	4,829	3,382
Retained earnings	59,563	56,841	59,816
Total equity	92,180	91,670	93,198
Total Liabilities and Equity	837,010	792,367	844,925

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF INCOME

	UNAUDITED THREE MONTHS ENDED		AUDITED YEAR ENDED
	Dec-31-15	Dec-31-14	Sept-30-15
	\$'000	\$'000	\$'000
Net interest income	7,963	7,026	30,792
Other income	2,571	2,900	10,081
Operating income	10,534	9,926	40,873
Operating expenses	(8,991)	(8,432)	(33,442)
Operating profit	1,543	1,494	7,431
Loan impairment expense	(216)	-1,122	(3,466)
Profit before taxation	1,327	372	3,965
Taxation (expense)/recovery	(80)	6	(612)
Net profit after taxation	1,247	378	3,353
Earnings per share			
Basic	\$0.83	\$0.25	\$2.24
Weighted average number of shares ('000)			
Basic	1,500	1,500	1,500

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED THREE MONTHS ENDED		AUDITED YEAR ENDED
	Dec-31-15	Dec-31-14	Sept-30-15
	\$'000	\$'000	\$'000
Net profit after taxation for the period/year	1,247	378	3,353
<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	(765)	(233)	(1,468)
<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	-	-	(212)
Total comprehensive income for the period/year, net of taxation	482	145	1,673

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 December 31, 2015					
Balance at October 1, 2015	15,000	15,000	3,382	59,816	93,198
Total comprehensive income for the period	-	-	(765)	1,247	482
Dividends paid	-	-	-	(1,500)	(1,500)
Balance at December 31, 2015	15,000	15,000	2,617	59,563	92,180
Unaudited period ended December 31, 2014					
Balance at October 1, 2014	15,000	15,000	5,062	56,463	91,525
Total comprehensive income for the period	-	-	(233)	378	145
Balance at December 31, 2014	15,000	15,000	4,829	56,841	91,670
Audited year ended September 30, 2015					
Balance at October 1, 2014	15,000	15,000	5,062	56,463	91,525
Total comprehensive income for the year	-	-	(1,680)	3,353	1,673
Balance at September 30, 2015	15,000	15,000	3,382	59,816	93,198

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF CASH FLOWS

	UNAUDITED THREE MONTHS ENDED		AUDITED YEAR ENDED
	Dec-31-15 \$'000	Dec-31-14 \$'000	Sept-30-15 \$'000
Operating activities			
Profit before taxation	1,327	372	3,965
Adjustments for non-cash items	(257)	1,959	6,716
(Increase)/Decrease in operating assets	(6,774)	47	17,367
(Increase)/Decrease in operating liabilities	(3,993)	(2,985)	43,917
Taxes paid	(368)	-	-
Cash (used in)/provided by operating activities	(10,065)	(607)	71,965
Investing activities			
Net increase in investments	(16,869)	(15,764)	(30,226)
Additions to fixed assets	(743)	(658)	(1,937)
Proceeds from sale of fixed assets	-	80	201
Cash used in investing activities	(17,612)	(16,342)	(31,962)
Financing activities			
Decrease in balances due to other banks	(2,307)	(12,915)	(8,931)
Dividends paid	(1,500)	-	-
Cash used in financing activities	(3,807)	(12,915)	(8,931)
Net (decrease)/increase in cash resources	(31,484)	(29,864)	31,072
Cash and cash equivalents at beginning of period/year	142,802	126,885	111,730
Cash and cash equivalents at end of period/year	111,318	97,021	142,802
Cash and cash equivalents at the end of the period/year are represented by:			
Cash on hand	16,801	17,203	12,580
Due from banks	94,517	79,818	130,222
	111,318	97,021	142,802

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 16th December 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

The Republic Group (the 'Group') is a financial services group comprising 15 subsidiaries and four associated companies. The Group is engaged in a wide range of banking, financial and related activities in the Caribbean and from November 2012, in Ghana.

2 Basis of preparation

This interim financial report for the period ended December 31, 2015 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, 2015.

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, 2015.

4 Capital commitments

	UNAUDITED		AUDITED
	Dec-31-15	Dec-31-14	Sept-30-15
	\$'000	\$'000	\$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	<u>1,329</u>	<u>481</u>	<u>485</u>
Other capital expenditure authorised by the Directors but not yet contracted for	<u>11,892</u>	<u>10,477</u>	<u>12,847</u>

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. There are no provisions for related party balances as at December 31, 2015.

	UNAUDITED		AUDITED
	Dec-31-15 S'000	Dec-31-14 S'000	Sept-30-15 S'000
Advances, investments and other assets (net of provisions)			
Parent Company	-	69,787	107,048
Directors and key management personnel	1,348	1,839	655
Other related parties	81,937	1,184	326
	<u>83,285</u>	<u>72,810</u>	<u>108,029</u>
Deposits and other liabilities			
Parent Company	-	551	1,391
Directors and key management personnel	2,142	675	1,428
Other related parties	16,479	3,539	3,441
	<u>18,621</u>	<u>4,765</u>	<u>6,260</u>
Interest and other income			
Parent Company	-	9	39
Directors and key management personnel	23	41	99
Other related parties	39	16	57
	<u>62</u>	<u>66</u>	<u>195</u>
Interest and other expense			
Parent Company	-	108	411
Directors and key management personnel	136	130	176
Other related parties	109	1	3
	<u>245</u>	<u>239</u>	<u>590</u>
Key management compensation			
Short term benefits	264	169	599
Post employment benefits	8	8	32
	<u>272</u>	<u>177</u>	<u>631</u>

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

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 \$6.41 million to guarantee settlement of all items being cleared through the ECACH.

7 Contingent liabilities

As at December 31, 2015, 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.