

CHAIRMAN'S STATEMENT

Dear Shareholder

For the nine months ended June 30, 2016, the Bank recorded Net Profit after Tax of \$2.432 million, a slight improvement over the \$2.394 million for the corresponding period last year.

Economic activity in recent months is estimated to have expanded further following a strong 4.6% expansion in 2015. However, the initial financial shocks following the recent Brexit vote serve as a sobering reminder of the volatility of the global economy and its potential impact on the local tourism industry.

During the last quarter, the parent company – Republic Financial Holdings Limited - made an offer to acquire the remaining shares of the Bank. They were successful in acquiring an additional 19%, taking their shareholding to 70%, resulting in a disbursement of \$12.826 million to former shareholders.

Based on the Bank's performance for the period, and barring any major downside effects to the economy, we anticipate a moderately improved return for fiscal 2016.



Ronald F. deC Harford
CHAIRMAN

July 14, 2016

**STATEMENT OF FINANCIAL POSITION
as at June 30, 2016**

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

	UNAUDITED Jun-30-16 \$'000	UNAUDITED Jun-30-15 \$'000	AUDITED Sept-30-15 \$'000
Assets			
Cash resources	165,190	158,051	175,901
Advances	471,236	473,710	476,924
Investment securities	191,708	154,090	142,225
Premises and equipment	33,480	34,309	34,129
Other assets	12,266	12,053	15,746
Total Assets	873,880	832,213	844,925
Liabilities and Equity			
Liabilities			
Due to banks	6,659	5,716	8,418
Customers' deposits and other funding instruments	754,572	719,424	728,603
Other liabilities	17,075	13,806	14,706
Total Liabilities	778,306	738,946	751,727
Equity			
Stated capital	15,000	15,000	15,000
Statutory reserves	15,000	15,000	15,000
Other reserves	4,826	4,410	3,382
Retained earnings	60,748	58,857	59,816
Total equity	95,574	93,267	93,198
Total Liabilities and Equity	873,880	832,213	844,925



Ronald F. deC. Harford, Chairman



Keith A. Johnson, Managing Director

STATEMENT OF INCOME

For the period ended June 30, 2016
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-16 \$'000	Jun-30-15 \$'000	Jun-30-16 \$'000	Jun-30-15 \$'000	Sept-30-15 \$'000
Net interest income	8,509	7,603	24,422	21,592	30,792
Other income	2,277	2,708	9,074	8,410	10,081
Operating income	10,786	10,311	33,496	30,002	40,873
Operating expenses	(8,560)	(8,540)	(26,388)	(25,359)	(33,712)
Operating profit	2,226	1,771	7,108	4,643	7,161
Loan/Investment impairment (expense)/recovery	(281)	408	(4,557)	(2,065)	(3,196)
Profit before taxation	1,945	2,179	2,551	2,578	3,965
Taxation expense	(209)	(188)	(119)	(184)	(612)
Net profit after taxation	1,736	1,991	2,432	2,394	3,353
Earnings per share					
Basic	\$1.16	\$1.33	\$1.62	\$1.60	\$2.24
Weighted average number of shares ('000)					
Basic	1,500	1,500	1,500	1,500	1,500

STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-15 \$'000	Jun-30-14 \$'000	Jun-30-15 \$'000	Jun-30-14 \$'000	Sept-30-14 \$'000
Net profit after taxation for the period/year	1,736	1,991	2,432	2,394	3,353
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:					
Net gain/(loss) on available-for-sale investments	1,225	(562)	1,444	(652)	(1,468)
Other comprehensive income (net of tax) that will not be reclassified to profit and loss in subsequent periods:					
Re-measurement losses on defined benefit plans	-	-	-	-	(212)
Total comprehensive income for the period/year, net of taxation	2,961	1,429	3,876	1,742	1,673

STATEMENT OF CHANGES IN EQUITY

For the period ended June 30, 2016
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	Stated Capital \$'000	Statutory Reserves \$'000	Other Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
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 paid	-	-	-	(1,500)	(1,500)
Balance at June 30, 2016	15,000	15,000	4,826	60,748	95,574
Unaudited period ended June 30, 2015					
Balance at October 1, 2014	15,000	15,000	5,062	56,463	91,525
Total comprehensive income for the period	-	-	(652)	2,394	1,742
Balance at June 30, 2015	15,000	15,000	4,410	58,857	93,267
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 period	-	-	(1,680)	3,353	1,673
Balance at September 30, 2015	15,000	15,000	3,382	59,816	93,198

STATEMENT OF CASH FLOWS

	UNAUDITED NINE MONTHS ENDED Jun-30-16 \$'000	UNAUDITED NINE MONTHS ENDED Jun-30-15 \$'000	AUDITED YEAR ENDED Sept-30-15 \$'000
Operating activities			
Profit before taxation	2,551	2,578	3,965
Adjustments for non-cash items	3,423	4,698	6,716
(Increase)/Decrease in operating assets	(16,184)	167	17,367
Increase in operating liabilities	27,993	33,937	43,917
Taxes paid	(412)	-	-
Cash provided by operating activities	17,371	41,380	71,965
Investing activities			
Net increase in investments	(45,319)	(47,235)	(30,226)
Additions to fixed assets	(1,994)	(1,256)	(1,937)
Proceeds from sale of fixed assets	9	145	201
Cash used in investing activities	(47,304)	(48,346)	(31,962)
Financing activities			
Increase in balances due to other banks	(1,759)	(11,633)	(8,931)
Dividends paid	(1,500)	-	-
Cash used in financing activities	(3,259)	(11,633)	(8,931)
Net (decrease)/increase in cash resources	(33,192)	(18,599)	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	109,610	108,286	142,802
Cash and cash equivalents at the end of the period/year are represented by:			
Cash on hand	12,518	13,363	12,580
Treasury Bill (With original maturity of three months)	4,950	-	-
Due from banks	92,142	94,923	130,222
	109,610	108,286	142,802

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

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 and from November 2012, in Ghana.

2 Basis of preparation

This interim financial report for the period ended June 30, 2016 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
	Jun-30-16 \$'000	Jun-30-15 \$'000	Sept-30-15 \$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	1,324	49	1,330
Other capital expenditure authorised by the Directors but not yet contracted for	10,646	9,912	7,955

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 Jun-30-16 \$'000	UNAUDITED Jun-30-15 \$'000	AUDITED Sept-30-15 \$'000
Advances, investments and other assets (net of provisions)			
Parent Company	-	96,626	107,048
Directors and key management personnel	1,349	716	655
Other related parties	78,228	354	326
	79,577	97,696	108,029
Provision for amounts due from related parties	-	-	-
Deposits and other liabilities			
Parent Company	-	685	1,391
Directors and key management personnel	2,609	1,415	1,428
Other related parties	14,109	2,625	3,441
	16,718	4,725	6,260
Interest and other income			
Parent Company	-	28	39
Directors and key management personnel	70	88	99
Other related parties	116	49	57
	186	165	195
Interest and other expense			
Parent Company	-	310	411
Directors and key management personnel	176	157	176
Other related parties	315	2	3
	491	469	590
Key management compensation			
Short term benefits	551	457	599
Post employment benefits	24	24	32
	575	481	631

7 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.

8 Contingent liabilities

As at June 30, 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.