



Independent Auditors' Report

To the Shareholders of Republic Bank (Grenada) Limited

We have audited the accompanying financial statements of Republic Bank (Grenada) Limited, which comprise the statement of financial position as at September 30, 2016, statement of income, statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Republic Bank (Grenada) Limited as at September 30, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



CHARTERED ACCOUNTANTS
St. Lucia
October 20, 2016

FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2016


Republic Bank (Grenada) Limited Statement of Financial Position

AS AT SEPTEMBER 30, 2016

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

	2016	2015
ASSETS		
Cash	12,107	12,580
Statutory deposits with Central Bank	40,102	33,099
Due from banks	116,281	130,222
Treasury Bills	6,335	—
Investment interest receivable	2,171	1,499
Advances	468,508	476,924
Investment securities	197,113	142,225
Premises and equipment	32,892	34,129
Employee benefits	7,327	7,154
Deferred tax assets	1,564	1,495
Taxation recoverable	89	—
Other assets	1,667	5,598
TOTAL ASSETS	886,156	844,925
LIABILITIES & EQUITY		
LIABILITIES		
Due to banks	3,534	8,418
Customers' current, savings and deposit accounts	769,232	728,603
Employee obligations	3,852	3,630
Taxation payable	—	430
Deferred tax liabilities	3,191	2,634
Accrued interest payable	136	129
Other liabilities	8,353	7,883
TOTAL LIABILITIES	788,298	751,727
EQUITY		
Stated capital	15,000	15,000
Statutory reserves	15,000	15,000
Other reserves	3,020	1,835
Defined benefit reserve	1,058	1,547
Retained earnings	63,780	59,816
TOTAL EQUITY	97,858	93,198
TOTAL LIABILITIES & EQUITY	886,156	844,925

These financial statements were approved by the Board of Directors on October 20, 2016 and signed on its behalf by:


Ronald F. deC. Harford, Chairman


Keith A. Johnson, Managing Director

Republic Bank (Grenada) Limited Statement of Income

For the year ended September 30, 2016

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

	2016	2015
Interest income	42,212	42,528
Interest expense	(9,404)	(11,736)
Net interest income	32,808	30,792
Other income	12,272	10,081
	45,080	40,873
Operating expenses	(36,841)	(33,442)
Operating profit	8,239	7,431
Loan impairment expense, net of recoveries	(2,414)	(3,466)
Net profit before taxation	5,825	3,965
Taxation expense	(361)	(612)
Net profit after taxation	5,464	3,353
Earnings per share (\$)		
Basic	\$3.64	\$2.24
Number of shares ('000)		
Basic	1,500	1,500





Republic Bank (Grenada) Limited Statement of Comprehensive Income

For the year ended September 30, 2016

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

	2016	2015
Net profit after taxation	5,464	3,353
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	1,693	(2,097)
Tax effect	(508)	629
	1,185	(1,468)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:	1,185	(1,468)
<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	(871)	(581)
Tax effect	261	174
	(610)	(407)
Re-measurement gains on medical and group life plans	173	278
Tax effect	(52)	(83)
	121	195
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:	(489)	(212)
Total other comprehensive income/(loss) for the year, net of tax	696	(1,680)
Total comprehensive income for the year, net of tax	6,160	1,673

Republic Bank (Grenada) Limited Statement of Changes in Equity

For the year ended September 30, 2016

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

	Stated capital	Statutory reserves	Other reserves	Defined benefit reserves	Retained earnings	Total equity
Balance as at September 30, 2014	15,000	15,000	3,303	1,759	56,463	91,525
Total comprehensive income for the year	–	–	(1,468)	(212)	3,353	1,673
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

FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2016

Republic Bank (Grenada) Limited Statement of Cash Flows

For the year ended September 30, 2016

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

	2016	2015
Operating activities		
Profit before taxation	5,825	3,965
Adjustments for:		
Depreciation	3,446	3,330
Loan impairment expense, net of recoveries	2,414	3,466
Investment impairment expense/(recoveries)	1,491	(270)
Net gain on disposal of available -for-sale investment	(286)	(60)
Loss/(Gain) on sale of premises and equipment	4	(122)
Work-in-progress written-off	–	20
Foreign exchange loss/(gain) on available -for-sale investment	466	(23)
Amortisation of premium/discount on available -for-sale investment	288	375
Increase in employee benefits/obligations, net	(440)	(612)
Decrease/ (Increase) in advances	6,002	(4,104)
Increase in customers' deposits and other fund raising instruments	40,629	44,506
(Increase)/Decrease in statutory deposits with Central Bank	(7,003)	22,785
Decrease/(Increase) in other assets and investment interest receivable	3,259	(702)
Increase/(Decrease) in liabilities and accrued interest payable	477	(589)
Taxes paid, net of refund	(691)	–
	55,881	71,965
Cash provided by operating activities	55,881	71,965
Investing activities		
Purchase of investment securities	(75,351)	(68,017)
Purchase of Treasury Bills	(14,992)	–
Redemption of investment securities	19,988	34,971
Redemption of Treasury Bills	10,230	2,820
Additions to premises and equipment	(2,224)	(1,937)
Proceeds from sale of premises and equipment	11	201
	(62,338)	(31,962)
Cash used in investing activities	(62,338)	(31,962)
Financing activities		
Decrease in balances due to other banks	(4,884)	(8,931)
Dividends paid	(1,500)	–
	(6,384)	(8,931)
Cash used in financing activities	(6,384)	(8,931)
Net (decrease)/ increase in cash and cash equivalents	(12,841)	31,072
Cash and cash equivalents at beginning of year	142,802	111,730
Cash and cash equivalents at end of year	129,961	142,802
Cash and cash equivalents at end of year are represented by:		
Cash on hand	12,107	12,580
Due from banks	116,281	130,222
Treasury bills - original maturities of three months or less	1,573	–
	129,961	142,802

