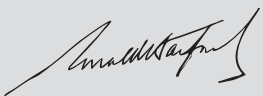


CHAIRMAN'S STATEMENT

Dear Shareholder

The Bank recorded Net Profit after tax of \$4.07 million for the nine months ended June 30, 2017 an increase of \$1.64 million over the corresponding period last year. This improvement was primarily the result of a reduction in impairment expenses. Assets increased by 2.92% or \$25.5 million year-on-year, reflected entirely in Investments, and funded largely through deposits. The Bank's balance sheet remains strong which augers well for future growth.

The economy experienced another year of growth, with 3.9% recorded for 2016. According to the IMF, growth of 2.5% is projected for 2017. Based on the Bank's performance for the fiscal year to date, and barring any major downside events in the economy, we anticipate the Bank will achieve its targets for the year.



Ronald F. deC Harford
CHAIRMAN

July 13, 2017

**STATEMENT OF FINANCIAL POSITION
as at June 30, 2017**

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

| | UNAUDITED Jun-30-17 \$'000 | UNAUDITED Jun-30-16 \$'000 | AUDITED Sept-30-16 \$'000 |
|---|----------------------------------|----------------------------------|---------------------------------|
| Assets | | | |
| Cash resources | 190,575 | 165,190 | 174,825 |
| Advances | 443,963 | 471,236 | 468,508 |
| Investment securities | 218,283 | 191,708 | 197,113 |
| Premises and equipment | 32,221 | 33,480 | 32,892 |
| Other assets | 14,329 | 12,266 | 12,818 |
| Total Assets | 899,371 | 873,880 | 886,156 |
| Liabilities and Equity | | | |
| Liabilities | | | |
| Due to banks | 4,148 | 6,659 | 3,534 |
| Customers' deposits and other funding instruments | 770,692 | 754,572 | 769,232 |
| Other liabilities | 16,807 | 17,075 | 15,532 |
| Total Liabilities | 791,647 | 778,306 | 788,298 |
| Equity | | | |
| Stated capital | 20,745 | 15,000 | 15,000 |
| Statutory reserves | 15,000 | 15,000 | 15,000 |
| Other reserves | 4,127 | 4,826 | 4,078 |
| Retained earnings | 67,852 | 60,748 | 63,780 |
| Total equity | 107,724 | 95,574 | 97,858 |
| Total Liabilities and Equity | 899,371 | 873,880 | 886,156 |



Ronald F. deC. Harford, Chairman



Keith A. Johnson, Managing Director

STATEMENT OF INCOME

For the period ended June 30, 2017
Expressed in thousands of Eastern Caribbean dollars (\$'000)

| | UNAUDITED THREE MONTHS ENDED | | UNAUDITED NINE MONTHS ENDED | | AUDITED YEAR ENDED |
|---|------------------------------------|---------------------|-----------------------------------|---------------------|--------------------------|
| | Jun-30-17 \$'000 | Jun-30-16 \$'000 | Jun-30-17 \$'000 | Jun-30-16 \$'000 | Sept-30-16 \$'000 |
| Net interest income | 7,807 | 8,509 | 24,339 | 24,422 | 32,808 |
| Other income | 2,473 | 2,277 | 7,855 | 9,074 | 12,272 |
| Operating income | 10,280 | 10,786 | 32,194 | 33,496 | 45,080 |
| Operating expenses | (8,648) | (8,560) | (26,773) | (26,388) | (35,350) |
| Operating profit | 1,632 | 2,226 | 5,421 | 7,108 | 9,730 |
| Loan/Investment impairment recovery/(expense) | 427 | (281) | (505) | (4,557) | (3,905) |
| Profit before taxation | 2,059 | 1,945 | 4,916 | 2,551 | 5,825 |
| Taxation expense | (330) | (209) | (844) | (119) | (361) |
| Net profit after taxation | 1,729 | 1,736 | 4,072 | 2,432 | 5,464 |
| Earnings per share | | | | | |
| Basic | \$1.06 | \$1.16 | \$2.50 | \$1.62 | \$3.64 |
| Weighted average number of shares ('000) | | | | | |
| Basic | 1,628 | 1,500 | 1,628 | 1,500 | 1,500 |

STATEMENT OF COMPREHENSIVE INCOME

| | UNAUDITED THREE MONTHS ENDED | | UNAUDITED NINE MONTHS ENDED | | AUDITED YEAR ENDED |
|---|------------------------------------|---------------------|-----------------------------------|---------------------|--------------------------|
| | Jun-30-17 \$'000 | Jun-30-16 \$'000 | Jun-30-17 \$'000 | Jun-30-16 \$'000 | Sept-30-16 \$'000 |
| Net profit after taxation for the period/year | 1,729 | 1,736 | 4,072 | 2,432 | 5,464 |
| 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 on available-for-sale investments | 632 | 1,225 | 49 | 1,444 | 1,185 |
| 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 | - | - | - | - | (489) |
| Total comprehensive income for the period/year, net of taxation | 2,361 | 2,961 | 4,121 | 3,876 | 6,160 |

STATEMENT OF CHANGES IN EQUITY

For the period ended June 30, 2017
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, 2017 | | | | | |
| Balance at October 1, 2016 | 15,000 | 15,000 | 4,078 | 63,780 | 97,858 |
| Issue of shares | 5,745 | - | - | - | 5,745 |
| Total comprehensive income for the period | - | - | 49 | 4,072 | 4,121 |
| Balance at June 30, 2017 | 20,745 | 15,000 | 4,127 | 67,852 | 107,724 |
| 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 | - | - | - | (1,500) | (1,500) |
| Balance at June 30, 2016 | 15,000 | 15,000 | 4,826 | 60,748 | 95,574 |
| Audited year ended September 30, 2016 | | | | | |
| Balance at October 1, 2015 | 15,000 | 15,000 | 3,382 | 59,816 | 93,198 |
| Total comprehensive income for the period | - | - | 696 | 5,464 | 6,160 |
| Dividends | - | - | - | (1,500) | (1,500) |
| Balance at September 30, 2016 | 15,000 | 15,000 | 4,078 | 63,780 | 97,858 |

STATEMENT OF CASH FLOWS

| | UNAUDITED NINE MONTHS ENDED Jun-30-17 \$'000 | UNAUDITED NINE MONTHS ENDED Jun-30-16 \$'000 | AUDITED YEAR ENDED Sept-30-16 \$'000 |
|--|--|--|--|
| Operating activities | | | |
| Profit before taxation | 4,916 | 2,551 | 5,825 |
| Adjustments for non-cash items | 3,062 | 3,423 | 7,823 |
| Decrease/(increase) in operating assets | 16,860 | (16,184) | 1,818 |
| Increase in operating liabilities | 1,821 | 27,993 | 41,106 |
| Taxes paid | - | (412) | (691) |
| Cash provided by operating activities | 26,659 | 17,371 | 55,881 |
| Investing activities | | | |
| Net increase in investments | (29,002) | (45,319) | (60,125) |
| Additions to fixed assets | (1,565) | (1,994) | (2,224) |
| Proceeds from sale of fixed assets | 40 | 9 | 11 |
| Cash used in investing activities | (30,527) | (47,304) | (62,338) |
| Financing activities | | | |
| Increase/(decrease) in balances due to other banks | 614 | (1,759) | (4,884) |
| Net proceeds from share issue | 5,745 | - | - |
| Dividends paid | - | (1,500) | (1,500) |
| Cash provided by/(used in) financing activities | 6,359 | (3,259) | (6,384) |
| Net increase/(decrease) in cash resources | 2,491 | (33,192) | (12,841) |
| Cash and cash equivalents at beginning of period/year | 129,961 | 142,802 | 142,802 |
| Cash and cash equivalents at end of period/year | 132,452 | 109,610 | 129,961 |
| Cash and cash equivalents at the end of the period/year are represented by: | | | |
| Cash on hand | 12,085 | 12,518 | 12,107 |
| Due from banks | 111,661 | 92,142 | 116,281 |
| Treasury Bill (With original maturity of three months) | 8,706 | 4,950 | 1,573 |
| | 132,452 | 109,610 | 129,961 |

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.

During fiscal 2016, the parent company - Republic Financial Holdings Limited made an offer to acquire the non-controlling interest shares of the Bank. They were successful in acquiring an additional 19% in the offer and a subsequent 4% purchase on the floor of the Stock Exchange. In January 2017, an additional 2% was acquired following a Rights Issue by the Bank. Republic Financial Holding Limited current shareholding is 76%.

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 Caricom region and Ghana.

2 Basis of preparation

This interim financial report for the period ended June 30, 2017 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, 2016.

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, 2016.

4 Capital commitments

| | UNAUDITED | | AUDITED |
|--|---------------------|---------------------|----------------------|
| | Jun-30-17 \$'000 | Jun-30-16 \$'000 | Sept-30-16 \$'000 |
| Contracts for outstanding capital expenditure not provided for in the financial statements | 1,535 | 1,324 | 1,182 |
| Other capital expenditure authorised by the Directors but not yet contracted for | 2,817 | 10,646 | 7,072 |

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-30-17 \$'000 | UNAUDITED Jun-30-16 \$'000 | AUDITED Sept-30-16 \$'000 |
|---|----------------------------------|----------------------------------|---------------------------------|
| Advances, investments and other assets (net of provisions) | | | |
| Directors and key management personnel | 1,210 | 1,349 | 1,318 |
| Other related parties | 94,363 | 78,228 | 101,808 |
| | 95,573 | 79,577 | 103,126 |

Deposits and other liabilities

| | | | |
|--|--------|--------|--------|
| Directors and key management personnel | 2,417 | 2,609 | 2,415 |
| Other related parties | 18,911 | 14,109 | 14,521 |
| | 21,328 | 16,718 | 16,936 |

Interest and other income

| | | | |
|--|-----|-----|-----|
| Directors and key management personnel | 58 | 70 | 92 |
| Other related parties | 239 | 116 | 154 |
| | 297 | 186 | 246 |

Interest and other expense

| | | | |
|--|-----|-----|-----|
| Directors and key management personnel | 180 | 176 | 217 |
| Other related parties | 311 | 315 | 418 |
| | 491 | 491 | 635 |

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 | 602 | 551 | 697 |
| Post employment benefits | 24 | 24 | 32 |
| | 626 | 575 | 729 |

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 \$7.47 Million (\$4.97 million in cash and a \$2.5M Treasury Bill) to guarantee settlement of all items being cleared through the ECACH.

7 Contingent liabilities

As at June 30, 2017, 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.