

CHAIRMAN'S STATEMENT

Dear Shareholder,

The Bank recorded Net Profit after tax of \$2,343 for the fiscal half-year ended March 31, 2017; an increase of \$1.647 million over the 0.696 million recorded for the corresponding period last year. Last year's performance was negatively impacted by an impairment expense of \$3.4 million on the restructure of the last remaining portion of the Government of Grenada debt, partly offset by a gain on sale of securities of \$2.0 million. When these one-off items are excluded from the half-year results ended March 2016, our Operating Profit for the half-year to March 2017 of \$2.343 million is 10.31% or \$0.219 million more than the adjusted profit for the corresponding period last year.

In January 2017 the Board of Directors announced an offer of a RIGHTS ISSUE to the Shareholders to satisfy the new minimum capital requirement of the Banking Act of 2015. The issue raised EC\$5.745 million through the sale of 127,673 new shares. As a result, the paid-up or stated capital of Republic Bank (Grenada) Limited now stands at EC\$20.745 million which satisfies the new minimum capital requirement.

Although the Bank meets the capital requirements of the Basel I standards, no dividends have been declared, as we prepare to meet the capital requirements of the Basel II standards, which will be introduced in the early part of 2018.

The economy has shown good growth and all indications are that this will continue for the remainder of this fiscal year. The Bank is well poised to take advantage of opportunities as they arise.



Ronald F. de.C Harford

CHAIRMAN

April 20, 2017

Statement of Financial Position

Expressed in thousands of Eastern Caribbean dollars

	UNAUDITED Mar-31-17 \$'000	UNAUDITED Mar-31-16 \$'000	AUDITED Sept-30-16 \$'000
ASSETS			
Cash resources	214,103	200,191	174,825
Advances	437,818	478,819	468,508
Investment securities	215,928	161,503	197,113
Premises and equipment	32,350	33,982	32,892
Other assets	13,453	12,482	12,818
Total Assets	913,652	886,977	886,156
Liabilities and Equity			
LIABILITIES			
Due to banks	3,263	7,468	3,534
Customers' deposits and other funding instruments	790,441	773,235	769,232
Other liabilities	14,585	13,660	15,532
TOTAL LIABILITIES	808,289	794,364	788,298
EQUITY			
Stated capital	20,745	15,000	15,000
Statutory reserves	15,000	15,000	15,000
Other reserves	3,495	3,601	4,078
Retained earnings	66,123	59,012	63,780
Total equity	105,363	92,613	97,858
Total Liabilities and Equity	913,652	886,977	886,156

Statement of Income

Expressed in thousands of Eastern Caribbean dollars

	UNAUDITED THREE MONTHS ENDED		UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-17 \$'000	Mar-31-16 \$'000	Mar-31-17 \$'000	Mar-31-16 \$'000	Sept-30-16 \$'000
Net interest income	8,307	7,950	16,532	15,913	32,808
Other income	2,674	4,226	5,382	6,797	12,272
Operating income	10,981	12,176	21,914	22,710	45,080
Operating expenses	(9,311)	(10,501)	(18,125)	(19,492)	(36,841)
Operating profit	1,670	1,675	3,789	3,218	8,239
Loan impairment expense	(201)	(2,396)	(932)	(2,612)	(2,414)
Profit/(loss) before taxation	1,469	(721)	2,857	606	5,825
Taxation (expense)/recovery	(323)	170	(514)	90	(361)
Net profit/(loss) after taxation	1,146	(551)	2,343	696	5,464
Earnings per share					
Basic	\$0.70	(\$0.37)	\$1.44	\$0.46	\$3.64
Weighted average number of shares ('000)					
Basic	1,628	1,500	1,628	1,500	1,500

Statement of Comprehensive Income

Expressed in thousands of Eastern Caribbean dollars

	UNAUDITED THREE MONTHS ENDED		UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-17 \$'000	Mar-31-16 \$'000	Mar-31-17 \$'000	Mar-31-16 \$'000	Sept-30-16 \$'000
Net profit/(loss) after taxation for the period/year	1,146	(551)	2,343	696	5,464
<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 gain/(loss) on available-for-sale investments	1,369	984	(583)	219	1,185
<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	-	-	-	-	(489)
Total comprehensive income for the period/year, net of taxation	2,515	433	1,760	915	6,160

Statement of Cash Flows

Expressed in thousands of Eastern Caribbean dollars

	UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-17 \$'000	Mar-31-16 \$'000	Sept-30-16 \$'000
Operating Activities			
Profit before taxation	2,857	606	5,825
Adjustments for non-cash items	2,586	2,042	7,823
Decrease/(increase) in operating assets	22,893	(19,892)	1,818
Increase in operating liabilities	19,993	43,925	41,106
Taxes paid	-	(368)	(691)
Cash provided by operating activities	48,329	26,313	55,881
Investing Activities			
Net increase in investments	(29,925)	(16,673)	(60,125)
Additions to fixed assets	(909)	(1,585)	(2,224)
Proceeds from sale of fixed assets	40	9	11
Cash used in investing activities	(30,794)	(18,249)	(62,338)
Financing Activities			
Increase in balances due to other banks	(271)	(950)	(4,884)
Net proceeds from share issue	5,745	-	-
Dividends paid	-	(1,500)	(1,500)
Cash provided by/(used in) financing activities	5,474	(2,450)	(6,384)
Net increase/(decrease) in cash resources	23,009	5,614	(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	152,970	148,416	129,961
Cash and cash equivalents at the end of the period/year are represented by:			
Cash on hand	10,905	14,827	12,107
Due from banks	135,719	133,589	116,281
Treasury Bills - Original maturities of three month or less	6,346	-	1,573
	152,970	148,416	129,961

Statement of Changes in Equity

Expressed in thousands of Eastern Caribbean dollars

	Stated Capital \$'000	Statutory Reserves \$'000	Other Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
Unaudited period ended March 31, 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	-	-	(583)	2,343	1,760
Balance at March 31, 2017	20,745	15,000	3,495	66,123	105,363
Unaudited period ended March 31, 2016					
Balance at October 1, 2015	15,000	15,000	3,382	59,816	93,198
Total comprehensive income for the period	-	-	219	696	915
Dividends	-	-	-	(1,500)	(1,500)
Balance at March 31, 2016	15,000	15,000	3,601	59,012	92,613
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

NOTES TO THE FINANCIAL STATEMENTS

Expressed in thousands of Eastern Caribbean dollars

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 March 31, 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.

NOTES TO THE FINANCIAL STATEMENTS

Expressed in thousands of Eastern Caribbean dollars

4. Capital commitments

	UNAUDITED Mar-31-17 \$'000	UNAUDITED Mar-31-16 \$'000	AUDITED Sept-30-16 \$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	1,600	1,329	1,182
Other capital expenditure authorised by the Directors but not yet contracted for	3,230	11,050	7,072

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 Mar-31-17 \$'000	UNAUDITED Mar-31-16 \$'000	AUDITED Sept-30-16 \$'000
Advances, investments and other assets (net of provisions)			
Directors and key management personnel	1,246	1,368	1,318
Other related parties	119,482	115,591	101,808
	<u>120,728</u>	<u>116,959</u>	<u>103,126</u>
Deposits and other liabilities			
Directors and key management personnel	3,309	2,518	2,415
Other related parties	13,659	16,761	14,521
	<u>16,968</u>	<u>19,279</u>	<u>16,936</u>
Interest and other income			
Directors and key management personnel	38	46	92
Other related parties	143	77	154
	<u>181</u>	<u>123</u>	<u>246</u>
Interest and other expense			
Directors and key management personnel	157	154	217
Other related parties	269	212	418
	<u>426</u>	<u>366</u>	<u>635</u>
Key management compensation			
Short term benefits	449	406	697
Post employment benefits	16	16	32
	<u>465</u>	<u>422</u>	<u>729</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Expressed in thousands of Eastern Caribbean dollars

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 \$6.92 million to guarantee settlement of all items being cleared through the ECACH.

7. Contingent liabilities

As at March 31, 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.