

CHAIRMAN'S STATEMENT

Dear Shareholder:

For the quarter ended December 31, 2017, the Bank recorded Profit after Tax of \$1.6 million, an increase of \$0.4 million from the \$1.2 million recorded for the corresponding period last year. This improvement was mainly due to an improvement in Operating Income and a reduction in loan impairment expense.

On December 31, 2017, the Bank bade farewell to former Chairman Mr. Ronald Harford, who has retired after 25 years on the Board. We sincerely thank him for his years of distinguished service to the Bank, and wish him well in his retirement.

As your new Chairman, I look forward to building on the foundation laid by my predecessors.



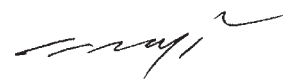
Gregory I. Thomson
CHAIRMAN
January 18, 2018

Statement of Financial Position


as at December 31, 2017

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

	UNAUDITED Dec-31-17 \$'000	UNAUDITED Dec-31-16 \$'000	AUDITED Sept-30-17 \$'000
Assets			
Cash resources	153,005	202,850	170,662
Advances	450,693	447,828	445,342
Investment securities	265,476	210,496	262,631
Premises and equipment	31,805	32,631	32,183
Other assets	14,460	13,259	14,416
Total Assets	915,439	907,064	925,234
Liabilities and Equity			
Liabilities			
Due to banks	8,684	7,813	5,440
Customers' deposits and other funding instruments	781,873	787,629	795,324
Other liabilities	15,803	14,519	16,308
Total Liabilities	806,360	809,961	817,072
Equity			
Stated capital	20,745	15,000	20,745
Statutory reserve	20,745	15,000	20,745
Other reserves	1,837	2,126	2,491
Retained earnings	65,752	64,977	64,181
Total equity	109,079	97,103	108,162
Total Liabilities and Equity	915,439	907,064	925,234



Gregory I. Thomson, Chairman



Keith A. Johnson, Managing Director

Statement of Income

For the period ended December 31, 2017
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED THREE MONTHS ENDED		AUDITED YEAR ENDED
	Dec-31-17 \$'000	Dec-31-16 \$'000	Sept-30-17 \$'000
Net interest income	8,374	8,225	33,662
Other income	2,941	2,708	10,641
Operating income	11,315	10,933	44,303
Operating expenses	(8,963)	(8,814)	(35,028)
Operating profit	2,353	2,119	9,275
Loan impairment expense	(321)	(731)	(1,859)
Profit before taxation	2,031	1,388	7,416
Taxation expense	(460)	(191)	(1,270)
Net profit after taxation	1,571	1,197	6,146
Earnings per share			
Basic	\$0.97	\$0.80	\$3.88
Number of shares ('000)			
Basic	1,628	1,500	1,628
Weighted average	1,628	1,500	1,585

Statement of Comprehensive Income

For the period ended December 31, 2017
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED THREE MONTHS ENDED		AUDITED YEAR ENDED
	Dec-31-17 \$'000	Dec-31-16 \$'000	Sept-30-17 \$'000
Net profit after taxation for the period/year	1,571	1,197	6,146
<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	(654)	(1,952)	(731)
<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	-	-	(856)
Total comprehensive income/(loss) for the period/year, net of taxation	917	(755)	4,559

Statement of Changes in Equity

For the period ended December 31, 2017
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	Stated Capital \$'000	Statutory Reserve \$'000	Other Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
Unaudited period ended December 31, 2017					
Balance at October 1, 2017	20,745	20,745	2,491	64,181	108,162
Total comprehensive income for the period	-	-	(654)	1,571	917
Balance at December 31, 2017	20,745	20,745	1,837	65,752	109,079
Unaudited period ended December 31, 2016					
Balance at October 1, 2016	15,000	15,000	4,078	63,780	97,858
Total comprehensive income for the period	-	-	(1,952)	1,197	(755)
Balance at December 31, 2016	15,000	15,000	2,126	64,977	97,103
Audited year ended September 30, 2017					
Balance at October 1, 2016	15,000	15,000	4,078	63,780	97,858
Shares issued	5,745	-	-	-	5,745
Total comprehensive income for the year	-	-	(1,587)	6,146	4,559
Transfer to Statutory reserve	-	5,745	-	(5,745)	-
Balance at September 30, 2017	20,745	20,745	2,491	64,181	108,162

Statement of Cash Flows

For the period ended December 31, 2017
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED THREE MONTHS ENDED		AUDITED YEAR ENDED
	Dec-31-17 \$'000	Dec-31-16 \$'000	Sept-30-17 \$'000
Operating activities			
Profit before taxation	2,031	1,388	7,416
Adjustments for non-cash items	1,302	1,573	5,425
Decrease in operating assets	4,546	18,942	10,818
(Decrease)/increase in operating liabilities	(13,193)	18,024	26,046
Taxes paid	(925)	-	(97)
Cash (used in)/provided by operating activities	(6,239)	39,927	49,608
Investing activities			
Net decrease/(increase) in investments	1,226	(26,059)	(76,196)
Additions to fixed assets	(366)	(481)	(2,386)
Proceeds from sale of fixed assets	-	40	73
Cash provided by/(used) in investing activities	860	(26,500)	(78,509)
Financing activities			
Increase in balances due to other banks	3,244	4,279	1,906
Rights issue	-	-	5,745
Cash provided by financing activities	3,244	4,279	7,651
Net (decrease)/increase in cash resources	(2,135)	17,706	(21,250)
Cash and cash equivalents at beginning of period/year	108,711	129,961	129,961
Cash and cash equivalents at end of period/year	106,576	147,667	108,711
Cash and cash equivalents at the end of the period/year are represented by:			
Cash on hand	18,196	16,897	13,955
Due from banks	83,899	128,292	84,345
Treasury Bills - Original maturities of three months or less	4,481	2,478	10,411
106,576	147,667	108,711	

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 with 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 Holdings Limited current shareholding is 75.55%. Republic Financial Holdings Limited is also the ultimate parent of the Bank.

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 December 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, 2017.

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, 2017.

4 Capital commitments

	UNAUDITED		AUDITED
	Dec-31-17 \$'000	Dec-31-16 \$'000	Sept-30-17 \$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	567	1,355	1,350
Other capital expenditure authorised by the Directors but not yet contracted for	22,401	3,903	2,246

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, 2017.

	UNAUDITED		AUDITED
	Dec-31-17 \$'000	Dec-31-16 \$'000	Sept-30-17 \$'000
Advances, investments and other assets (net of provisions)			
Directors and key management personnel	1,185	1,101	1,180
Other related parties	70,604	122,762	65,977
	<u>71,789</u>	<u>123,863</u>	<u>67,157</u>
Deposits and other liabilities			
Directors and key management personnel	2,519	2,958	2,671
Other related parties	22,063	12,010	25,308
	<u>24,582</u>	<u>14,968</u>	<u>27,979</u>
Interest and other income			
Directors and key management personnel	18	19	77
Other related parties	100	37	345
	<u>118</u>	<u>56</u>	<u>422</u>
Interest and other expense			
Directors and key management personnel	138	135	204
Other related parties	106	156	499
	<u>244</u>	<u>291</u>	<u>703</u>
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	354	296	755
Post employment benefits	8	8	32
	<u>362</u>	<u>304</u>	<u>787</u>

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 (\$2.47 million in cash and a \$5 million Treasury Bill) to guarantee settlement of all items being cleared through the ECACH.

7 Contingent liabilities

As at December 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.