

CHAIRMAN'S STATEMENT

Dear Shareholder

For the nine months ended June 30, 2018, the Bank recorded Profit after Tax of \$5.2 million, an increase of \$1.2 million over the corresponding period last year. This improvement was mainly due to an increase in other income and a reduction in loan impairment expense.

A new accounting standard, IFRS 9, which deals with the classification and measurement of financial instruments, will become mandatory from October 1, 2018, with an option for early adoption. We have decided to early-adopt. The impact of this early adoption is a reduction of \$2.6 million in the Bank's equity.

Based on the performance for the year to date, and barring any major downside events in the economy, we anticipate the last quarter's performance to be satisfactory.



Gregory I. Thomson
CHAIRMAN

July 12, 2018

**STATEMENT OF FINANCIAL POSITION
as at June 30, 2018**

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

	UNAUDITED Jun-30-18 \$'000	UNAUDITED Jun-30-17 \$'000	AUDITED Sept-30-17 \$'000
Assets			
Cash resources	129,430	190,575	170,662
Advances	468,535	441,226	442,879
Investment securities	280,230	218,283	262,631
Premises and equipment	31,322	32,221	32,183
Other assets	16,623	14,329	14,416
Total Assets	926,140	896,634	922,771
Liabilities and Equity			
Liabilities			
Due to banks	9,161	4,148	5,440
Customers' deposits and other funding instruments	792,656	770,692	795,324
Other liabilities	13,568	14,071	13,845
Total Liabilities	815,385	788,911	814,609
Equity			
Stated capital	20,745	20,745	20,745
Statutory reserve	20,745	15,000	20,745
Other reserves	904	4,127	2,491
Retained earnings	68,361	67,851	64,181
Total equity	110,755	107,723	108,162
Total Liabilities and Equity	926,140	896,634	922,771



Ronald F. deC. Harford, Chairman



Keith A. Johnson, Managing Director

STATEMENT OF INCOME

For the period ended June 30, 2018
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-18 \$'000	Jun-30-17 \$'000	Jun-30-18 \$'000	Jun-30-17 \$'000	Sept-30-17 \$'000
Net interest income	8,161	7,807	24,446	24,339	33,662
Other income	2,821	2,473	9,303	7,855	10,641
Operating income	10,982	10,280	33,749	32,194	44,303
Operating expenses	(8,968)	(8,648)	(26,867)	(26,773)	(35,028)
Operating profit	2,013	1,632	6,881	5,421	9,275
Loan impairment recovery/(expense)	119	427	(236)	(505)	(1,859)
Profit before taxation	2,132	2,058	6,645	4,916	7,416
Taxation expense	(410)	(330)	(1,412)	(844)	(1,270)
Net profit after taxation	1,723	1,729	5,234	4,072	6,146
Earnings per share					
Basic	\$1.06	\$1.10	\$3.21	\$2.59	\$3.88
Weighted average number of shares ('000)	1,628	1,571	1,628	1,571	1,585

STATEMENT OF COMPREHENSIVE INCOME

For the period ended June 30, 2018
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-18 \$'000	Jun-30-17 \$'000	Jun-30-18 \$'000	Jun-30-17 \$'000	Sept-30-17 \$'000
Net profit after taxation for the period/year	1,723	1,729	5,234	4,072	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 gain/(loss) on available-for-sale investments	-	632	-	49	(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 for the period/year, net of taxation	1,723	2,361	5,234	4,121	4,559

STATEMENT OF CHANGES IN EQUITY

For the period ended June 30, 2018
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 June 30, 2018					
Balance at September 30, 2017	20,745	20,745	2,491	64,181	108,162
Impact of adopting IFRS 9	-	-	(1,587)	(1,054)	(2,641)
Revised opening balance under IFRS 9	20,745	20,745	904	63,127	105,521
Total comprehensive income for the period	-	-	-	5,234	5,234
Balance at June 30, 2018	20,745	20,745	904	68,361	110,755
Unaudited period ended June 30, 2017					
Balance at September 30, 2016	15,000	15,000	4,078	63,780	97,858
Shares issued	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
Audited year ended September 30, 2017					
Balance at September 30, 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 June 30, 2018
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED NINE MONTHS ENDED Jun-30-18 \$'000	UNAUDITED NINE MONTHS ENDED Jun-30-17 \$'000	AUDITED YEAR ENDED Sept-30-17 \$'000
Operating activities			
Profit before taxation	6,645	4,916	7,416
Adjustments for non-cash items	3,147	3,062	5,425
(Increase)/Decrease in operating assets	(25,069)	16,860	10,818
(Decrease)/Increase in operating liabilities	(4,391)	1,821	26,046
Taxes paid	(1,759)	-	(97)
Cash (used in)/provided by operating activities	(21,427)	26,659	49,608
Investing activities			
Net increase in investments	(22,006)	(29,002)	(76,196)
Additions to fixed assets	(1,512)	(1,565)	(2,386)
Proceeds from sale of fixed assets	139	40	73
Cash used in investing activities	(23,379)	(30,527)	(78,509)
Financing activities			
Increase in balances due to other banks	3,721	614	1,906
Net proceeds from share issue	-	5,745	5,745
Cash provided by financing activities	3,721	6,359	7,651
Net (decrease)/increase in cash resources	(41,085)	2,491	(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	67,626	132,452	108,711
Cash and cash equivalents at the end of the period/year are represented by:			
Cash on hand	13,676	12,085	13,955
Due from banks	50,887	111,661	84,345
Treasury Bills - Original maturities of three months or less	3,063	8,706	10,411
	67,626	132,452	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.

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 Caricom region and Ghana.

2 Basis of preparation

This interim financial report for the period ended June 30, 2018, with effect from October 1, 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.

Reclassifications may be made to the prior period's financial statements to conform to the current period's presentation.

New standards, interpretations and amendments adopted by the Bank

The Bank early-adopted IFRS 9 in the third quarter of 2018, with effect from October 1, 2017, in advance of the date required by the International Accounting Standards Board (IASB).

As permitted by the standard, the prior year's comparative financial statements which are reported under IAS 39, Financial Instruments: Recognition and Measurement, were not restated and are therefore not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of October 1, 2017.

The adoption of IFRS 9 resulted in changes in accounting policies relating to classification and measurement and impairment of financial instruments.

3 Capital commitments

	UNAUDITED		AUDITED
	Jun-30-18 \$'000	Jun-30-17 \$'000	Sept-30-17 \$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	15,338	1,535	1,350
Other capital expenditure authorised by the Directors but not yet contracted for	6,730	2,817	2,246

NOTES TO THE INTERIM FINANCIAL STATEMENTS
4 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-30-18 \$'000	UNAUDITED Jun-30-17 \$'000	AUDITED Sept-30-17 \$'000
Advances, investments and other assets (net of provisions)			
Directors and key management personnel	672	1,210	1,180
Other related parties	21,209	94,363	65,977
	<u>21,881</u>	<u>95,573</u>	<u>67,157</u>
Deposits and other liabilities			
Directors and key management personnel	1,961	2,417	2,671
Other related parties	23,110	18,911	25,308
	<u>25,071</u>	<u>21,328</u>	<u>27,979</u>
Interest and other income			
Directors and key management personnel	41	58	77
Other related parties	225	239	345
	<u>266</u>	<u>297</u>	<u>422</u>
Interest and other expense			
Directors and key management personnel	171	180	204
Other related parties	335	311	499
	<u>506</u>	<u>491</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

	UNAUDITED Jun-30-18 \$'000	UNAUDITED Jun-30-17 \$'000	AUDITED Sept-30-17 \$'000
Short-term benefits	671	602	755
Post-employment benefits	23	24	32
	<u>694</u>	<u>626</u>	<u>787</u>

5 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) days' collateral with the Eastern Caribbean Central Bank (ECCB), in the amount of \$7.57 million (\$2.57 million in cash and a \$5 million Treasury Bill), to guarantee settlement of all items being cleared through the ECACH.

6 Contingent liabilities

As at June 30, 2018, 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.