

**CHAIRMAN'S STATEMENT**

Dear Shareholder,

For the six months ended March 31, 2018, the Bank recorded Profit after Tax of \$3.511 million, an increase of \$1.168 million over the \$2.343 million recorded for the corresponding period last year. This improvement was mainly due to an increase in other income and a reduction in loan impairment expense.

The pending implementation of Basel II by the Eastern Caribbean Central Bank will require the Bank to have a higher capital base. To ensure the Bank meets the new capital requirements, no dividend has been declared for this period.



Gregory I. Thomson

CHAIRMAN

April 12, 2018

**Statement of Financial Position**

Expressed in thousands of Eastern Caribbean dollars

	UNAUDITED Mar-31-18 \$'000	UNAUDITED Mar-31-17 \$'000	AUDITED Sept-30-17 \$'000
<b>ASSETS</b>			
Cash resources	177,155	214,103	170,662
Advances	459,058	437,818	445,342
Investment securities	261,765	215,928	262,631
Premises and equipment	31,583	32,350	32,183
Other assets	15,231	13,452	14,416
<b>Total Assets</b>	<b>944,792</b>	<b>913,651</b>	<b>925,234</b>
<b>Liabilities and Equity</b>			
<b>LIABILITIES</b>			
Due to banks	3,947	3,263	5,440
Customers' deposits and other funding instruments	817,728	790,441	795,324
Other liabilities	14,410	14,585	16,308
<b>TOTAL LIABILITIES</b>	<b>836,085</b>	<b>808,289</b>	<b>817,072</b>
<b>EQUITY</b>			
Stated capital	20,745	20,745	20,745
Statutory reserves	20,745	15,000	20,745
Other reserves	(475)	3,495	2,491
Retained earnings	67,692	66,123	64,181
Total equity	108,707	105,363	108,162
<b>Total Liabilities and Equity</b>	<b>944,792</b>	<b>913,651</b>	<b>925,234</b>

**Statement of Income**

Expressed in thousands of Eastern Caribbean dollars

	UNAUDITED THREE MONTHS ENDED		UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-18 \$'000	Mar-31-17 \$'000	Mar-31-18 \$'000	Mar-31-17 \$'000	Sept-30-17 \$'000
Net interest income	7,911	8,307	16,285	16,532	33,662
Other income	3,541	2,674	6,482	5,382	10,641
Operating income	11,452	10,981	22,767	21,914	44,303
Operating expenses	(8,936)	(9,311)	(17,899)	(18,125)	(35,028)
Operating profit	2,516	1,670	4,868	3,789	9,275
Loan impairment expense	(34)	(201)	(355)	(932)	(1,859)
<b>Profit before taxation</b>	<b>2,482</b>	<b>1,469</b>	<b>4,513</b>	<b>2,857</b>	<b>7,416</b>
Taxation expense	(542)	(323)	(1,002)	(514)	(1,270)
<b>Net profit after taxation</b>	<b>1,940</b>	<b>1,146</b>	<b>3,511</b>	<b>2,343</b>	<b>6,146</b>
<b>Earnings per share</b>					
Basic	\$1.19	\$0.72	\$2.16	\$1.52	\$3.88
<b>Weighted average number of shares ('000)</b>	<b>1,628</b>	<b>1,585</b>	<b>1,628</b>	<b>1,543</b>	<b>1,585</b>

## Statement of Comprehensive Income

Expressed in thousands of Eastern Caribbean dollars

	UNAUDITED THREE MONTHS ENDED		UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-18 \$'000	Mar-31-17 \$'000	Mar-31-18 \$'000	Mar-31-17 \$'000	Sept-30-17 \$'000
<b>Net profit after taxation for the period/year</b>	<b>1,940</b>	<b>1,146</b>	<b>3,511</b>	<b>2,343</b>	<b>6,146</b>
<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)/gain on available-for-sale investments	(2,312)	1,369	(2,966)	(583)	(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)
<b>Total comprehensive (loss)/ income for the period/year, net of taxation</b>	<b>(372)</b>	<b>2,515</b>	<b>545</b>	<b>1,760</b>	<b>4,559</b>

## Statement of Cash Flows

Expressed in thousands of Eastern Caribbean dollars

	UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-18 \$'000	Mar-31-17 \$'000	Sept-30-17 \$'000
<b>Operating Activities</b>			
Profit before taxation	4,513	2,857	7,416
Adjustments for non-cash items	2,244	2,586	5,425
(Increase)/Decrease in operating assets	(9,104)	22,893	10,818
Increase in operating liabilities	21,108	19,993	26,046
Taxes paid	(925)	-	(97)
<b>Cash provided by operating activities</b>	<b>17,836</b>	<b>48,329</b>	<b>49,608</b>
<b>Investing Activities</b>			
Net increase in investments	(6,198)	(29,925)	(76,196)
Additions to fixed assets	(923)	(909)	(2,386)
Proceeds from sale of fixed assets	79	40	73
<b>Cash used in investing activities</b>	<b>(7,042)</b>	<b>(30,794)</b>	<b>(78,509)</b>
<b>Financing Activities</b>			
(Decrease)/Increase in balances due to other banks	(1,493)	(271)	1,906
Net proceeds from share issue	-	5,745	5,745
<b>Cash provided by financing activities</b>	<b>(1,493)</b>	<b>5,474</b>	<b>7,651</b>
<b>Net increase/(decrease) in cash resources</b>	<b>9,301</b>	<b>23,009</b>	<b>(21,250)</b>
Cash and cash equivalents at beginning of period/year	108,711	129,961	129,961
<b>Cash and cash equivalents at end of period/year</b>	<b>118,012</b>	<b>152,970</b>	<b>108,711</b>
<b>Cash and cash equivalents at the end of the period/year are represented by:</b>			
Cash on hand	12,527	10,905	13,955
Due from banks	101,575	135,719	84,345
Treasury Bills - Original maturities of three month or less	3,910	6,346	10,411
	<b>118,012</b>	<b>152,970</b>	<b>108,711</b>

## 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
<b>Unaudited period ended March 31, 2018</b>					
Balance at October 1, 2017	20,745	20,745	2,491	64,181	108,162
Total comprehensive income for the period	-	-	(2,966)	3,511	545
<b>Balance at March 31, 2018</b>	<b>20,745</b>	<b>20,745</b>	<b>(475)</b>	<b>67,692</b>	<b>108,707</b>
<b>Unaudited period ended March 31, 2017</b>					
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
<b>Balance at March 31, 2017</b>	<b>20,745</b>	<b>15,000</b>	<b>3,495</b>	<b>66,123</b>	<b>105,363</b>
<b>Audited year ended September 30, 2017</b>					
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 period	-	-	(1,587)	6,146	4,559
Transfer to statutory reserve	-	5,745	-	(5,745)	-
<b>Balance at September 30, 2017</b>	<b>20,745</b>	<b>20,745</b>	<b>2,491</b>	<b>64,181</b>	<b>108,162</b>

## 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.

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 March 31, 2018 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.

## NOTES TO THE FINANCIAL STATEMENTS

Expressed in thousands of Eastern Caribbean dollars

### 4. Capital commitments

	UNAUDITED Mar-31-18 \$'000	UNAUDITED Mar-31-17 \$'000	AUDITED Sept-30-17 \$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	15,631	1,600	1,350
Other capital expenditure authorised by the Directors but not yet contracted for	6,891	3,230	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.

	UNAUDITED Mar-31-18 \$'000	UNAUDITED Mar-31-17 \$'000	AUDITED Sept-30-17 \$'000
<b>Advances, investments and other assets (net of provisions)</b>			
Directors and key management personnel	687	1,246	1,180
Other related parties	85,464	119,482	65,977
	<u>86,151</u>	<u>120,728</u>	<u>67,157</u>

### Deposits and other liabilities

Directors and key management personnel	2,138	3,309	2,671
Other related parties	20,761	13,659	25,308
	<u>22,899</u>	<u>16,968</u>	<u>27,979</u>

### Interest and other income

Directors and key management personnel	29	38	77
Other related parties	200	143	345
	<u>229</u>	<u>181</u>	<u>422</u>

### Interest and other expense

Directors and key management personnel	155	157	204
Other related parties	221	269	499
	<u>376</u>	<u>426</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	512	449	755
Post employment benefits	15	16	32
	<u>527</u>	<u>465</u>	<u>787</u>

## 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 \$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.

### 7. Contingent liabilities

As at March 31, 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.