

CHAIRMAN'S STATEMENT

Dear Shareholder

For the nine months ended June 30, 2020, the Bank recorded net Profit after Tax of \$6.32 million, a decrease of \$0.71 million from the \$7.03 million recorded for the corresponding period last year. These results, when compared to the corresponding period last year, were impacted by an increase of \$4.0 million in provisions recorded during the second quarter for expected credit losses on loans due to the economic uncertainty occasioned by Covid-19. This was partially offset by eight months of net income from the newly-acquired branches.

Total assets increased year-on-year by \$761M, of which \$624M represents assets from our recent acquisition.

As we continue to operate amidst the Covid-19 pandemic, our primary concern remains the health and safety of our staff and customers. With the reopening of the country's borders, the cooperation and collaboration of all, especially with respect to the adherence to the health and environmental protocols, are critical to keeping Grenada Covid-free. This will enable a return to increased economic activity, ultimately redounding to the benefit of everyone.



Gregory I. Thomson
CHAIRMAN

July 16, 2020

**STATEMENT OF FINANCIAL POSITION
as at June 30, 2020**

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

	UNAUDITED Jun-30-20 \$'000	UNAUDITED Jun-30-19 \$'000	AUDITED Sept-30-19 \$'000
Assets			
Cash resources	569,968	168,896	189,416
Advances	834,179	482,878	490,082
Investment securities	246,959	294,815	289,631
Premises and equipment	38,439	30,575	30,436
Other assets	82,556	15,680	12,015
Total Assets	1,772,101	992,844	1,011,580
Liabilities and Equity			
Liabilities			
Due to banks	7,063	8,943	9,045
Customers' deposits and other funding instruments	1,520,261	852,189	871,257
Other liabilities	25,430	14,396	12,970
Total Liabilities	1,552,754	875,528	893,272
Equity			
Stated capital	117,337	20,745	20,745
Statutory reserve	20,745	20,745	20,745
Retained earnings	81,265	75,826	76,818
Total equity	219,347	117,316	118,308
Total Liabilities and Equity	1,772,101	992,844	1,011,580



Gregory I. Thomson, Chairman



Keith A. Johnson, Managing Director

STATEMENT OF INCOME

For the period ended June 30, 2020
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-20 \$'000	Jun-30-19 \$'000	Jun-30-20 \$'000	Jun-30-19 \$'000	Sept-30-19 \$'000
Net interest income	13,214	8,931	35,460	26,628	35,762
Other income	3,366	3,094	15,354	9,473	11,973
Operating income	16,580	12,025	50,814	36,101	47,735
Operating expenses	(13,226)	(9,153)	(38,849)	(26,844)	(36,338)
Operating profit	3,354	2,872	11,965	9,257	11,397
Credit (loss)/recovery on financial assets	(247)	(1)	(5,230)	(377)	1,276
Profit before taxation	3,107	2,871	6,735	8,880	12,673
Taxation expense	(516)	(598)	(416)	(1,849)	(2,236)
Net profit after taxation	2,591	2,273	6,319	7,031	10,437
Earnings per share					
Basic	\$0.69	\$1.40	\$2.66	\$4.32	\$6.41
Number of shares ('000)					
Weighted average number of shares	3,774	1,628	2,372	1,628	1,628
Number of shares outstanding at period end	3,774	1,628	2,372	1,628	1,628

STATEMENT OF COMPREHENSIVE INCOME

For the period ended June 30, 2020
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-20 \$'000	Jun-30-19 \$'000	Jun-30-20 \$'000	Jun-30-19 \$'000	Sept-30-19 \$'000
Net profit after taxation for the period/year	2,591	2,273	6,319	7,031	10,437
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	-	-	-	-	(2,414)
Total comprehensive income for the period/year, net of taxation	2,591	2,273	6,319	7,031	8,023

STATEMENT OF CHANGES IN EQUITY

For the period ended June 30, 2020
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	Stated Capital \$'000	Statutory Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Unaudited period ended June 30, 2020				
Balance at October 1, 2019	20,745	20,745	76,818	118,308
Total comprehensive income for the period	-	-	6,319	6,319
Dividends paid	-	-	(1,872)	(1,872)
Rights Issue	96,592	-	-	96,592
Balance at June 30, 2020	117,337	20,745	81,265	219,347
Unaudited period ended June 30, 2019				
Balance at October 1, 2018	20,745	20,745	72,620	114,110
Total comprehensive income for the period	-	-	7,031	7,031
Dividends paid	-	-	(3,825)	(3,825)
Total comprehensive income for the period	-	-	-	5,234
Balance at June 30, 2019	20,745	20,745	75,826	117,316
Audited year ended September 30, 2019				
Balance at October 1, 2018	20,745	20,745	72,620	114,110
Total comprehensive income for the year	-	-	8,023	8,023
Dividends paid	-	-	(3,825)	(3,825)
Balance at September 30, 2019	20,745	20,745	76,818	118,308

STATEMENT OF CASH FLOWS

For the period ended June 30, 2020
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-20 \$'000	Jun-30-19 \$'000	Sept-30-19 \$'000
Operating activities			
Profit before taxation	6,735	8,880	12,673
Adjustments for non-cash items	8,657	2,510	1,983
Increase in operating assets	(41,942)	(13,109)	(26,859)
Increase in operating liabilities	40,428	37,035	55,784
Taxes paid	(1,133)	(2,191)	(2,682)
Cash provided by operating activities	12,745	33,125	40,899
Investing activities			
Net decrease/(increase) in investments	31,038	(11,599)	1,837
Additions to fixed assets	(1,459)	(1,548)	(2,078)
Proceeds from sale of fixed assets	136	168	168
Net cash inflow from acquisition of branches	193,399	-	-
Cash provided by (used in) investing activities	223,114	(12,979)	(73)
Financing activities			
Increase in balances due to other banks	2,933	679	781
Repayment of Lease Liability	(613)	-	-
Dividends Paid	(1,872)	(3,825)	(3,825)
Proceeds from Rights Issue	96,592	-	-
Cash provided by/(used in) financing activities	97,040	(3,146)	(3,044)
Net increase in cash resources	332,899	17,000	37,782
Cash and cash equivalents at beginning of period/year	110,180	72,398	72,398
Cash and cash equivalents at end of period/year	443,079	89,398	110,180
Cash and cash equivalents at the end of the period/year are represented by:			
Cash on hand	22,885	13,921	15,542
Due from banks	395,394	75,477	94,638
Treasury Bills - Original maturities of three month or less	24,800	-	-
	443,079	89,398	110,180

NOTES TO THE INTERIM FINANCIAL STATEMENTS
1 Corporate information

Republic Bank (Grenada) Limited (the Bank) is incorporated in Grenada and provides banking services through eight 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 Caribbean Community (CARICOM) region, Ghana and Cayman Islands.

In March 2020, the Bank made a Rights issue to its shareholders. The issue raised \$96.592 million through a sale of 2,146,472 new shares increasing the paid up capital from \$20.745 million to \$117.337 million. Republic Financial Holdings Limited acquired an additional 1,971,819 shares during the Rights issue increasing their shareholding from 75.7% to 84.9%.

2 Basis of preparation

This interim financial report for the period ended June 30, 2020 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, 2019.

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, 2019.

The Bank adopted IFRS 16 using the Modified Retrospective Approach effective October 1, 2019 and implemented for the period ended June 30, 2020. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of implementation.

4 Capital commitments

	UNAUDITED		AUDITED
	Jun-30-20 \$'000	Jun-30-19 \$'000	Sept-30-19 \$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	652	612	258
Other capital expenditure authorised by the Directors but not yet contracted for	11,073	10,107	9,902

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-30-20 \$'000	UNAUDITED Jun-30-19 \$'000	AUDITED Sept-30-19 \$'000
Advances, investments and other assets (net of provisions)			
Directors and key management personnel	1,292	1,375	1,354
Other related parties	93,436	31,993	53,421
	<u>94,728</u>	<u>33,368</u>	<u>54,775</u>
Deposits and other liabilities			
Directors and key management personnel	2,531	2,015	2,111
Other related parties	130,935	20,256	87,521
	<u>133,466</u>	<u>22,271</u>	<u>89,632</u>
Interest and other income			
Directors and key management personnel	39	50	68
Other related parties	276	243	333
	<u>315</u>	<u>293</u>	<u>401</u>
Interest and other expense			
Directors and key management personnel	346	218	317
Other related parties	2,121	355	985
	<u>2,467</u>	<u>573</u>	<u>1,302</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-30-20 \$'000	UNAUDITED Jun-30-19 \$'000	AUDITED Sept-30-19 \$'000
Short term benefits	752	706	871
Post employment benefits	24	24	32
	<u>776</u>	<u>730</u>	<u>903</u>

6 Deposits with Central Bank

The Eastern Caribbean Automated Clearing House (ECACH) System 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 \$15.68 million (Two Treasury Bills valued at \$11.25M and cash of \$5.50M) to guarantee settlement of all items being cleared through the ECACH.

7 Contingent liabilities

As at June 30, 2020, 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.