

**CHAIRMAN'S STATEMENT**

Dear Shareholder:

I am pleased to report that on November 1, 2019 the Bank acquired the operations of Scotiabank Grenada. This added two branches to our network and increased total assets by \$615 million. As at December 31, 2019, total assets of the combined entity stood at \$1.68 billion. I extend a warm welcome to all our new staff and customers.

For the first quarter ended December 31, 2019, the Bank recorded net Profit after Tax of \$2.6 million, an increase of \$0.3 million from the \$2.3 million recorded for the corresponding period last year. This improvement reflects the impact of the recent acquisition after accounting for one-off expenses associated therewith.

The first two months of operations of the acquired branches have been a settling-in period. I acknowledge that there have been instances where the service has not been to our high standards. All residual issues are being assiduously resolved and we expect normalcy in short order. I extend my appreciation for the patience and understanding of all stakeholders who have been affected.



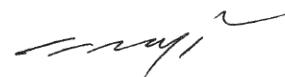
Gregory I. Thomson  
CHAIRMAN  
January 16, 2020

**Statement of Financial Position**

as at December 31, 2019

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

	UNAUDITED Dec-31-19 \$'000	UNAUDITED Dec-31-18 \$'000	AUDITED Sept-30-19 \$'000
<b>Assets</b>			
Cash resources	433,745	170,603	189,416
Advances	831,392	484,378	490,082
Investment securities	281,227	272,117	289,631
Premises and equipment	39,083	31,013	30,436
Other assets	90,561	15,088	12,015
<b>Total Assets</b>	<b>1,676,008</b>	<b>973,199</b>	<b>1,011,580</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Due to banks	5,220	7,132	9,045
Customers' deposits and other funding instruments	1,471,855	838,853	871,257
Other liabilities	79,896	13,248	12,970
<b>Total Liabilities</b>	<b>1,556,971</b>	<b>859,233</b>	<b>893,272</b>
<b>Equity</b>			
Stated capital	20,745	20,745	20,745
Statutory reserve	20,745	20,745	20,745
Retained earnings	77,547	72,476	76,818
<b>Total equity</b>	<b>119,037</b>	<b>113,966</b>	<b>118,308</b>
<b>Total Liabilities and Equity</b>	<b>1,676,008</b>	<b>973,199</b>	<b>1,011,580</b>



Gregory I. Thomson, Chairman



Keith A. Johnson, Managing Director

**Statement of Income**

 For the period ended December 31, 2019  
 Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED THREE MONTHS ENDED		AUDITED YEAR ENDED
	Dec-31-19 \$'000	Dec-31-18 \$'000	Sept-30-19 \$'000
Net interest income	10,445	8,648	35,762
Other income	6,153	3,360	11,973
<b>Operating income</b>	<b>16,598</b>	<b>12,008</b>	<b>47,735</b>
Operating expenses	(12,875)	(8,995)	(36,338)
<b>Operating profit</b>	<b>3,723</b>	<b>3,013</b>	<b>11,397</b>
Credit (loss)/recovery on financial assets	(352)	(63)	1,276
<b>Profit before taxation</b>	<b>3,371</b>	<b>2,950</b>	<b>12,673</b>
Taxation expense	(770)	(652)	(2,236)
<b>Net profit after taxation</b>	<b>2,601</b>	<b>2,298</b>	<b>10,437</b>
<b>Earnings per share</b>			
Basic	\$1.60	\$1.41	\$6.41
<b>Number of shares ('000)</b>			
Basic	1,628	1,628	1,628

**Statement of Comprehensive Income**

 For the period ended December 31, 2019  
 Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED THREE MONTHS ENDED		AUDITED YEAR ENDED
	Dec-31-19 \$'000	Dec-31-18 \$'000	Sept-30-19 \$'000
<b>Net profit after taxation for the period/year</b>	<b>2,601</b>	<b>2,298</b>	<b>10,437</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 on available-for-sale investments	-	-	-
<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	-	-	(2,414)
<b>Total comprehensive income for the period/year, net of taxation</b>	<b>2,601</b>	<b>2,298</b>	<b>8,023</b>

**Statement of Changes in Equity**

 For the period ended December 31, 2019  
 Expressed in thousands of Eastern Caribbean dollars (\$'000)

	Stated Capital \$'000	Statutory Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Unaudited period ended December 31, 2019</b>				
<b>Balance at October 1, 2019</b>	<b>20,745</b>	<b>20,745</b>	<b>76,818</b>	<b>118,308</b>
Total comprehensive income for the period	-	-	2,601	2,601
Dividends paid	-	-	(1,872)	(1,872)
<b>Balance at December 31, 2019</b>	<b>20,745</b>	<b>20,745</b>	<b>77,547</b>	<b>119,037</b>
<b>Unaudited period ended December 31, 2018</b>				
<b>Balance at October 1, 2018</b>	<b>20,745</b>	<b>20,745</b>	<b>72,620</b>	<b>114,110</b>
Total comprehensive income for the period	-	-	2,298	2,298
Dividends paid	-	-	(2,442)	(2,442)
<b>Balance at December 31, 2018</b>	<b>20,745</b>	<b>20,745</b>	<b>72,476</b>	<b>113,966</b>
<b>Audited year ended September 30, 2019</b>				
<b>Balance at October 1, 2018</b>	<b>20,745</b>	<b>20,745</b>	<b>72,620</b>	<b>114,110</b>
Total comprehensive income for the year	-	-	8,023	8,023
Dividends paid	-	-	(3,825)	(3,825)
<b>Balance at September 30, 2019</b>	<b>20,745</b>	<b>20,745</b>	<b>76,818</b>	<b>118,308</b>

**Statement of Cash Flows**

 For the period ended December 31, 2019  
 Expressed in thousands of Eastern Caribbean dollars (\$'000)

	UNAUDITED THREE MONTHS ENDED		AUDITED YEAR ENDED
	Dec-31-19 \$'000	Dec-31-18 \$'000	Sept-30-19 \$'000
<b>Operating activities</b>			
Profit before taxation	3,371	2,950	12,673
Adjustments for non-cash items	1,322	797	3,974
Increase in operating assets	(24,912)	(13,541)	(25,668)
Increase in operating liabilities	52,346	22,942	18,544
Taxes paid	(641)	(1,249)	(2,037)
<b>Cash provided by operating activities</b>	<b>31,486</b>	<b>11,899</b>	<b>7,486</b>
<b>Investing activities</b>			
Net decrease/(increase) in investments	5,571	13,865	(41,906)
Additions to fixed assets	(535)	(519)	(2,162)
Proceeds from sale of fixed assets	-	97	121
Net cash inflow from acquisition of branches	193,399	-	-
<b>Cash provided by / (used) in investing activities</b>	<b>198,435</b>	<b>13,443</b>	<b>(43,947)</b>
<b>Financing activities</b>			
(Decrease)/increase in balances due to other banks	(3,880)	(1,132)	2,824
Dividends paid	(1,872)	(2,442)	-
<b>Cash (used in)/ provided by financing activities</b>	<b>(5,752)</b>	<b>(3,574)</b>	<b>2,824</b>
<b>Net increase/(decrease) in cash resources</b>	<b>224,169</b>	<b>21,768</b>	<b>(33,637)</b>
Cash and cash equivalents at beginning of period/year	110,180	72,398	108,711
<b>Cash and cash equivalents at end of period/year</b>	<b>334,349</b>	<b>94,166</b>	<b>75,074</b>
<b>Cash and cash equivalents at the end of the period/year are represented by:</b>			
Cash on hand	28,515	19,453	15,542
Due from banks	305,834	72,958	94,638
Treasury Bills - Original maturities of three months or less	-	1,755	-
	<b>334,349</b>	<b>94,166</b>	<b>110,180</b>

## 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, 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.

### 2 Business Combination-Acquisition of Scotiabank Grenada

On November 1, 2019, Republic Bank (Grenada) Limited acquired the operations of Scotiabank Grenada. The acquisition has been accounted for using the acquisition method.

The fair value of the identifiable assets and liabilities of Scotiabank Grenada as at the date of acquisition were

	<b>Fair value recognised on acquisition November 1, 2019</b>
<b>Assets</b>	
Cash Resources	252,899
Advances	330,670
Other Assets	31,301
	<b>614,870</b>
<b>Liabilities</b>	
Customers deposits and due to banks	604,736
Other liabilities	10,134
	<b>614,870</b>
 Total identifiable net assets at fair value	 -
 Goodwill arising on acquisition	 59,500
<b>Purchase consideration transferred</b>	<b>59,500</b>
 <b>Purchased consideration</b>	
Amount settled in cash	59,500
 <b>Analysis of cash flows on acquisition</b>	
Net cash acquired (included in cash flow from investing activities)	252,899
Consideration transferred	(59,500)
Net cash inflow	<b>193,399</b>

### 3 Basis of preparation

This interim financial report for the period ended December 31, 2019 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.

### 4 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.

### 5 Capital commitments

	<b>UNAUDITED Dec-31-19 \$'000</b>	<b>UNAUDITED Dec-31-18 \$'000</b>	<b>AUDITED Sept-30-19 \$'000</b>
Contracts for outstanding capital expenditure not provided for in the financial statements	302	255	258
Other capital expenditure authorised by the Directors but not yet contracted for	12,023	12,177	9,902

### 6 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, 2019.

	<b>UNAUDITED Dec-31-19 \$'000</b>	<b>UNAUDITED Dec-31-18 \$'000</b>	<b>AUDITED Sept-30-19 \$'000</b>
<b>Advances, investments and other assets (net of provisions)</b>			
Directors and key management personnel	1,506	1,185	660
Other related parties	55,953	70,604	30,508
	<b>57,459</b>	<b>71,789</b>	<b>31,168</b>
<b>Deposits and other liabilities</b>			
Directors and key management personnel	3,288	2,519	1,799
Other related parties	205,324	22,063	22,353
	<b>208,612</b>	<b>24,582</b>	<b>24,152</b>
<b>Interest and other income</b>			
Directors and key management personnel	16	18	52
Other related parties	75	100	367
	<b>91</b>	<b>118</b>	<b>419</b>
<b>Interest and other expense</b>			
Directors and key management personnel	115	138	185
Other related parties	822	106	466
	<b>937</b>	<b>244</b>	<b>651</b>
 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank.			
<b>Key management compensation</b>			
Short term benefits	405	354	831
Post employment benefits	8	8	32
	<b>413</b>	<b>362</b>	<b>863</b>

### 7 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 \$13.01million (A Treasury Bill valued at \$8.5M and cash of \$4.86 million) to guarantee settlement of all items being cleared through the ECACH.

### 8 Contingent liabilities

As at December 31, 2019, 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.