



Republic Bank

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CHAIRMAN'S STATEMENT

Dear Shareholder,

The results for the six-month period ended March 31, 2020 is being reported at a turbulent and unpredictable time. The COVID-19 pandemic has negatively impacted, and is expected to continue to negatively impact individuals, businesses, the Bank and the economy at large. The duration and ultimate impact of the pandemic remains uncertain.

For the six months ended March 31, 2020, the Bank recorded net Profit after Tax of \$3.73 million, a decrease of \$1.03 million from the \$4.76 million recorded for the corresponding period last year. This reduction was mainly due to an after-tax increase of \$3.01 million in provisions for expected credit losses on loans due to the prevailing economic uncertainty driven by COVID-19. This increased expense was partly offset by net income of \$1.87 million from the acquisition of the Scotiabank assets.

As at March 31, 2020 total assets stood at \$1.77 billion, an increase of \$0.76 billion over the \$1.01 billion reported as at September 30, 2019. This was mainly due to \$0.608 billion in assets acquired from Scotiabank.

Notwithstanding the anticipated impact from COVID-19, the Bank has reached out and provided assistance and support in responding to the pandemic to our customers, our employees and the country. We see this as part of our corporate social responsibility in keeping with our commitment to build stronger, more resilient, caring, and compassionate societies.

During March 2020, the Bank offered a Rights Issue to its shareholders to raise capital for the acquisition of the Scotiabank assets. The issue raised \$96.592 million through the sale of 2,146,472 new shares which increased paid-up capital to \$117.337 million thus ensuring full compliance with all regulatory requirements.

However, given the uncertainties related to COVID-19 and its ultimate impact on the Bank and the national economy, the directors have decided not to pay an interim dividend.

The Bank remains committed to assisting its customers and communities affected by this unprecedented global event. We encourage all to continue to maintain the health protocols established and continue to be safe.

Gregory I. Thomson

CHAIRMAN

April 24, 2020

UNAUDITED HALF YEAR FINANCIAL STATEMENTS ENDED MARCH 31, 2020

Republic Bank (Grenada) Limited

Statement Of Financial Position

Expressed in thousands of Eastern Caribbean dollars

	UNAUDITED Mar-31-20 \$'000	UNAUDITED Mar-31-19 \$'000	UNAUDITED Sept-30-19 \$'000
ASSETS			
Cash resources	539,163	159,616	189,416
Advances	834,367	483,557	490,082
Investment securities	280,423	289,202	289,631
Premises and equipment	38,817	30,860	30,436
Other assets	74,190	15,197	12,015
Total Assets	1,766,960	978,432	1,011,580
Liabilities and Equity			
LIABILITIES			
Due to banks	11,729	4,451	9,045
Customers' deposits and other funding instruments	1,517,009	844,769	871,257
Other liabilities	21,467	12,786	12,970
Total Liabilities	1,550,205	862,006	893,272
EQUITY			
Stated capital	117,337	20,745	20,745
Statutory reserve	20,745	20,745	20,745
Retained earnings	78,673	74,936	76,818
Total equity	216,755	116,426	118,308
Total Liabilities and Equity	1,766,960	978,432	1,011,580

Republic Bank (Grenada) Limited

Statement of Income

Expressed in thousands of Eastern Caribbean dollars

	UNAUDITED THREE MONTHS ENDED		UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-20 \$'000	Mar-31-19 \$'000	Mar-31-20 \$'000	Mar-31-19 \$'000	Sept-30-19 \$'000
Net interest income	11,801	9,049	22,246	17,697	35,762
Other income	5,835	3,019	11,988	6,379	11,973
Operating income	17,636	12,068	34,234	24,076	47,735
Operating expenses	(12,748)	(8,696)	(25,623)	(17,691)	(36,338)
Operating profit	4,888	3,372	8,611	6,385	11,397
Credit (loss)/recovery on financial assets	(4,631)	(313)	(4,983)	(376)	1,276
Profit before taxation	257	3,059	3,628	6,009	12,673
Taxation recovery/(expense)	870	(599)	100	(1,251)	(2,236)
Net profit after taxation	1,127	2,460	3,728	4,758	10,437
Earnings per share					
Basic	\$0.67	\$1.51	\$2.23	\$2.92	\$6.41
Number of shares ('000)					
Weighted average number of shares	1,675	1,628	1,675	1,628	1,628
Number of shares outstanding at period end	3,774	1,628	3,774	1,628	1,628



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UNAUDITED HALF YEAR FINANCIAL STATEMENTS ENDED MARCH 31, 2020

Republic Bank (Grenada) Limited Statement of Comprehensive Income

Expressed in thousands of Eastern Caribbean dollars

	UNAUDITED THREE MONTHS ENDED		UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-20 \$'000	Mar-31-19 \$'000	Mar-31-20 \$'000	Mar-31-19 \$'000	Sept-30-19 \$'000
Net profit after taxation for the period/year	1,127	2,460	3,728	4,758	10,437
<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)
Total comprehensive income for the period/year, net of taxation	1,127	2,460	3,728	4,758	8,023

Republic Bank (Grenada) Limited Statement Of Cash Flows

Expressed in thousands of Eastern Caribbean dollars

	UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-20 \$'000	Mar-31-19 \$'000	Sept-30-19 \$'000
Operating Activities			
Profit before taxation	3,628	6,009	12,673
Adjustments for non-cash items	6,837	1,785	1,983
Increase in operating assets	(38,651)	(9,591)	(26,859)
Increase in operating liabilities	39,059	28,201	55,784
Taxes paid	(1,133)	(1,720)	(2,682)
Cash provided by operating activities	9,740	24,684	40,899
Investing Activities			
Net increase in investments	(2,111)	(3,366)	1,837
Additions to fixed assets	(1,022)	(1,043)	(2,078)
Proceeds from sale of fixed assets	69	97	168
Net cash inflow from acquisition of branches	193,399	-	-
Cash provided by/(used in) investing activities	190,335	(4,312)	(73)
Financing Activities			
(Decrease)/Increase in balances due to other banks	2,629	(3,813)	781
Dividends Paid	(1,873)	(2,442)	(3,825)
Proceeds from Rights Issue	96,592	-	-
Cash (used in)/provided by financing activities	97,348	(6,255)	(3,044)
Net increase in cash resources	297,423	14,117	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	407,603	86,515	110,180
Cash and cash equivalents at the end of the period/year are represented by:			
Cash on hand	21,687	11,915	15,542
Due from banks	375,136	72,760	94,638
Treasury Bills - Original maturities of three month or less	10,780	1,840	-
	407,603	86,515	110,180

Republic Bank (Grenada) Limited Statement of Changes in Equity

Expressed in thousands of Eastern Caribbean dollars

	Stated Capital \$'000	Statutory Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Unaudited period ended March 31, 2020				
Balance at October 1, 2019	20,745	20,745	76,818	118,308
Total comprehensive income for the period	-	-	3,728	3,728
Dividends paid	-	-	(1,873)	(1,873)
Rights Issue	96,592	-	-	96,592
Balance at March 31, 2020	117,337	20,745	78,673	216,755

Unaudited period ended March 31, 2019				
Balance at October 1, 2018	20,745	20,745	72,620	114,110
Total comprehensive income for the period	-	-	4,758	4,758
Dividends paid	-	-	(2,442)	(2,442)
Balance at March 31, 2019	20,745	20,745	74,936	116,426

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

Republic Bank (Grenada) Limited 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 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 during the Rights issue increasing their shareholding from 75.7% to 84.9%.

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.

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



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NOTES TO THE FINANCIAL STATEMENTS

Expressed in thousands of Eastern Caribbean dollars

3. Basis of preparation

This interim financial report for the period ended March 31, 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.

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

	UNAUDITED Mar-31-20 \$'000	UNAUDITED Mar-31-19 \$'000	AUDITED Sept-30-19 \$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	804	165	258
Other capital expenditure authorised by the Directors but not yet contracted for	11,106	11,808	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.

	UNAUDITED Mar-31-20 \$'000	UNAUDITED Mar-31-19 \$'000	AUDITED Sept-30-19 \$'000
Advances, investments and other assets (net of provisions)			
Directors and key management personnel	1,315	1,331	1,354
Other related parties	75,655	35,956	53,421
	<u>76,970</u>	<u>37,287</u>	<u>54,775</u>
Deposits and other liabilities			
Directors and key management personnel	2,532	1,848	2,111
Other related parties	138,739	23,424	87,521
	<u>141,271</u>	<u>25,272</u>	<u>89,632</u>
Interest and other income			
Directors and key management personnel	31	34	68
Other related parties	168	161	333
	<u>199</u>	<u>195</u>	<u>401</u>
Interest and other expense			
Directors and key management personnel	308	159	317
Other related parties	1,980	237	985
	<u>2,288</u>	<u>396</u>	<u>1,302</u>
Key management compensation			
Short term benefits	570	535	871
Post employment benefits	16	16	32
	<u>586</u>	<u>551</u>	<u>903</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank.

Republic Bank (Grenada) Limited

NOTES TO THE FINANCIAL STATEMENTS

Expressed in thousands of Eastern Caribbean dollars

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) day's collateral with the Eastern Caribbean Central Bank (ECCB) in the amount of \$13.01million (A Treasury Bill valued at \$8.5 million and cash of \$4.86 million) to guarantee settlement of all items being cleared through the ECACH.

8. Contingent liabilities

As at March 31, 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.

