

Schedule 3
FORM ECSRC - Q

(Select One)

Interim Three Month Report For the period ended 31st March 2013

TRANSITION REPORT _____
(Applicable where there is a change in reporting issuer's financial year)

For the transition period from _____ to _____

Issuer Registration Number: NCB12101979GR

Republic Bank (Grenada) Limited
(Exact name of reporting issuer as specified in its charter)

Grenada _____
(Territory or jurisdiction of incorporation)

P.O. Box 857, Republic House, Grand Anse, St. George, Grenada

(Address of principal executive Offices)

(Reporting issuer's:

Telephone number (including area code): 473-444-2265

Fax number: 473-444-5501

Email address: info@republicgrenada.com

(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

CLASS	NUMBER
Common Stock	1,500,000

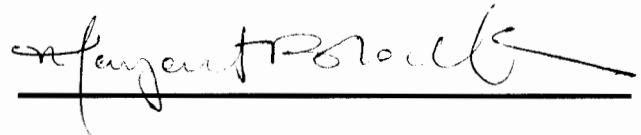
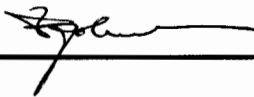
SIGNATURES

Name of Chief Executive Officer:

Name of Director:

Keith A. Johnson

Margaret Blackburn



Signature

Signature

Date April 25, 2013

Date April 25, 2013

REPUBLIC BANK (GRENADA) LIMITED

Quarterly Report (Form ECSE – Q)

1 Financial Statements

Unaudited quarterly Financial Statements are attached and include:

- (a) Condensed Balance Sheet as at March 31st, 2013 and March 31st, 2012.
- (b) Condensed Statement of Income for the six (6) months ended March 31st, 2013 and March 31st, 2012.
- (c) Condensed Statement of Cash Flows for the six (6) months ended March 31st, 2013 and March 31st, 2012.

2 Management Discussion and Analysis of Financial Condition and Results of Operations

For the six months ended March 31st, 2013 the Bank recorded a Loss after tax of \$8.031 million compared to a Profit after tax of \$3.555 million for the corresponding period last year. This represents a decrease of \$11.586 million. The main contributor to this decrease is the recognition of an impairment expense of \$9.7 million largely due to a reduction in market value, consequent upon the default of the Government of Grenada Bonds payment due on March 15, 2013 and the announcement of an imminent debt restructuring. Increase in the provision for loan losses of \$2.051 million also contributed to the Bank's financial performance for the half-year.

Liquidity in Grenada remained fairly constant between December 2011 and December 2012, with the loan to deposit ratio of all commercial banks moving from 83.41 percent to 84.46 percent. For the period September 2012 to December 2012 Liquid Assets/Total Deposits plus Total Liabilities also remained fairly constant with a marginal upward movement from 24.35 percent to 25.47 percent. The Bank's liquidity increased slightly with a loan to deposit ratio of 79.46 percent as at March 31, 2013 down from 82.38 percent at December 2012 and Liquid Assets/Total Deposits plus total Liabilities fairly constant at 25.02 percent in September 2012 and 25.15 percent in December 2012.

Although the Bank's capital base decreased slightly from December 2012, it still remains strong. At March 31st, 2013, Tier 1 capital to total adjusted risk weighted assets, calculated on the basis of the Basle Committee risk based guidelines implemented by the Eastern Caribbean Central Bank was 14.8 percent and total qualifying capital to total adjusted risk weighted assets was 15.3 percent compared to 16.2 and 17.0 respectively as at December 2012. The ratio of 14.8 percent still far exceeds the 8 percent minimum established by the Basle Committee.

3 Disclosure of Risk Factors

The Bank manages a variety of risks in the ordinary course of business. The major risks associated with its business are credit risk, interest rate risk, market risk, liquidity risk, currency risk and operational risk. The Bank's parent company, Republic Bank Limited, lends its support to the bank in managing these risks.

Credit Risk

Credit Risk is the potential that a borrower or counterparty will fail to meet its stated obligations in accordance with agreed terms. The effective management of credit risk is a key element of a comprehensive approach to risk management and is considered essential to the long term success of the Bank. The Bank's credit risk management process operates on the basis of a hierarchy of discretionary authorities. The Republic Group Risk Management Unit supports the Bank in ensuring that loans and advances are made in accordance with sound banking practice, current legislation and in accordance with the applicable general policy of the Bank as laid down from time to time. The risk management function is kept from and independent of the business development aspect of operations.

The Bank uses a risk rating system which groups commercial/corporate accounts into various risk categories to facilitate the management of risk on both an individual account and portfolio basis. Trend indicators are also used to evaluate risk as improving, static or deteriorating. The evaluation of the risk and trend inform the credit decision and determines the intensity of the monitoring process.

The credit control processes emphasize early detection of deterioration and prompt implementation of remedial action and where it is considered that recovery of the outstanding liability may be doubtful or unduly delayed, such accounts are transferred from performing to non-performing status.

As a prudent policy, loan loss provisions are set aside to cover any potential loss in respect of debts that are not performing satisfactorily. A review of these provisions is conducted quarterly in accordance with laid down guidelines and recommended provisions arising out of these reviews are submitted to the Board for approval.

Interest Rate and Market Risks

Interest rate risk is the exposure of interest bearing assets and liabilities to movements in interest rate. The Asset/Liability Committee reviews on a monthly basis the non-credit and non-operational risks for the Bank. The primary tools currently in use are gap analysis, interest rate sensitivity analysis and exposure limits for both assets and liabilities.

Liquidity Risk

Liquidity risk is defined as the risk of the Bank not having sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access these only at excessive cost. Liquidity management is designed to

ensure that funding requirements can be met, including the replacement of existing funds as they mature or are withdrawn, or to satisfy the demands of customers for additional borrowings. A substantial portion of the bank is funded with “core deposits”. The Bank has access to the Inter Bank Market within the Eastern Caribbean Currency Union and Republic Group’s funding to provide additional liquidity as conditions demand. The Bank can also use its significant investments in regional Government securities for liquidity support. The Bank continually balances the need for short-term assets which have lower yields, with the need for higher asset returns.

Currency Risk

Currency Risk is the exposure of the Bank’s financial condition to unfavourable movements in foreign currency exchange rates. In recognition of these risks the Bank has established limits for uncovered holdings in each foreign currency.

Operational Risk

Operational risk is inherent in all business activities and is the potential for financial or reputational loss arising from inadequate or failed internal control, operational processes or the systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud. The Bank recognizes that such risk can never be entirely eliminated and manages the risk through a combination of systems and procedures to monitor and document transactions. Where appropriate some risk is transferred by the placement of adequate insurance coverage. The Bank has developed contingency arrangements to support operations in the event of disaster.

4 Legal Proceedings

As at March 31st, 2013 there were certain legal proceedings outstanding against the Bank. Professional advice indicates that it is unlikely that any significant loss will arise.

5 Changes in Securities and Use of Proceeds

None

6 Defaults Upon Senior Securities

None

7 Submission of Matters to a vote of Security Holders

None

8 Other Information

None

REPUBLIC BANK (GRENADA) LIMITED

FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2013

BALANCE SHEET AS AT MARCH 31, 2013

ASSETS

	Unaudited 31 March-13	Unaudited 31 March-12	Audited Y/E 30 Sept-12
	\$000's	\$000's	\$000's
Cash & due from banks	67,125	56,729	31,512
Statutory reserve	36,581	36,659	36,356
Treasury Bills	5,889	5,897	5,889
Investments	82,964	92,453	98,898
Loans & Advances	500,538	506,283	505,581
Provision for loan losses	(10,551)	(9,954)	(9,061)
Fixed Assets	74,488	72,822	73,433
Depreciation	(36,764)	(33,312)	(35,310)
Net Pension Asset	3,134	2,530	3,134
Other Assets	7,078	5,604	6,875
<u>Total Assets</u>	<u>730,482</u>	<u>735,711</u>	<u>717,307</u>

LIABILITIES & SHAREHOLDERS EQUITY

LIABILITIES

Current, Savings and Deposit Accounts	616,665	617,049	596,167
Due to other Banks	7,878	7,237	6,197
Post retirement benefits	3,444	3,107	3,444
Other liabilities	11,050	13,117	14,003

SHAREHOLDERS EQUITY

Shares in issue	15,000	15,000	15,000
Statutory Reserves	15,000	15,000	15,000
Other Reserves	5,351	2,708	821
Retained Earnings	56,094	62,493	66,675
Shareholders Equity	91,445	95,201	97,496
<u>Total liabilities and shareholders equity</u>	<u>730,482</u>	<u>735,711</u>	<u>717,307</u>
Contingent Accounts	11,335	7,797	7,914

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2013

INCOME STATEMENT FOR PERIOD ENDED MARCH 31, 2013

	Unaudited 31 March-13	Unaudited 31 March-12	Audited Y/E 30 Sept-12
Interest on loans	19,840	20,518	40,998
Interest on Investments	2,410	3,003	5,824
Total interest income	22,250	23,521	46,822
Interest on Deposits	6,968	7,649	15,179
Total Interest Expense	6,968	7,649	15,179
Net Interest	15,282	15,872	31,643
Other income	4,816	4,597	11,782
	20,098	20,469	43,425
Other Expenses	16,474	16,428	34,163
Investment Impairment expense /(recovery)	9,662	(373)	-
Loan impairment expense / (recovery)	2,051	(250)	1,935
	28,187	15,805	36,098
(Loss)/Profit before taxation	(8,089)	4,664	7,327
Taxation (credit)/expense	(58)	1,109	(1,385)
(Loss)/Profit after taxation	(8,031)	3,555	8,712

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2013

CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED MARCH 31, 2013

	Unaudited 31 March-13	Unaudited 31 March-12	Audited Y/E 30 Sept-12
(Loss)/Profit before taxation	(8,089)	4,664	7,327
Depreciation and non cash items	11,743	2,806	4,229
Provisions for loan losses	2,051	(250)	1,935
Decrease/ (Increase) in Customer loans	4,482	(401)	(1,282)
Increase / (Decrease) in Customer deposits	20,498	19,994	(888)
(Increase) in statutory deposit	(225)	(561)	(258)
Decrease in other assets	188	225	417
(Decrease) /Increase in other liabilities	(4,845)	1,509	3,166
Income taxes paid	(48)	0	0
Cash provided by operating activities	25,755	27,986	14,646
Net redemption/ (purchase) of investments	12,531	1,788	(7,464)
Increase in fixed assets	(1,470)	(1,221)	(1,904)
Cash provided by/(used in) investing activities	11,061	567	(9,368)
Dividends paid	(2,550)	(375)	(1,350)
Increase in due to other banks	1,681	2,947	1,907
Cash (used in)/ provided by financing activities	(869)	2,572	557
Increase in cash resources	35,947	31,125	5,835
Cash resources at beginning of year	31,512	25,677	25,677
Cash resources at end of period	67,459	56,802	31,512

Republic Bank (Grenada) Limited

Investment Portfolio as at March 31, 2013

	CURRENCY	MARKET VALUE March 31, 2013 (EC\$'000)	COUPON RATE	MATURITY DATE	PLACE
EC\$ INVESTMENTS					
Govt of G/da EC Stepup Bonds		\$2,910	4.50%	15-Sep-2025	Domestic
ProDev 10 year 8% bonds	EC	\$1,525	8.00%	21-Dec-2017	Regional
Gov't of St. Kitts C/Homes 2016	EC	\$0	11.00%	21-Dec-2016	Regional
Gravel, Concrete & Emulsion Production Phase 1	EC	\$0	7.75%	28-Nov-2015	Domestic
Gravel, Concrete & Emulsion Production Phase 2	EC	\$0	7.50%	28-Nov-2015	Domestic
ECHMB Bonds	EC	\$1,539	4.50%	26-Aug-2014	Regional
ECHMB Bonds	EC	\$2,536	6.00%	1-Jul-2013	Regional
Sub Total		\$8,510			
EQUITY INVESTMENTS					
ECHMB	EC	\$350			Regional
Eastern C'bean Sec. Exchange	EC	\$147			Regional
VISA Inc Class C Shares	US	\$985			Int'l
Sub Total		\$1,482			
Total EC\$ Investment		\$9,992			
TT DOLLAR INVESTMENT					
WASA FIXED RATE BONDS	TT\$	18,107	11.50%	21-Nov-2021	Regional
Sub Total - TT Dollar Investments		18,107			
US DOLLAR INVESTMENT					
Gov't of G/da US Stepup Bonds	US	\$2,680	4.50%	15-Sep-2025	Domestic
UWI Float rate bonds	US	\$449	6.50%	17-Mar-2015	Regional
FCB St.Lucia 2011 5.125%	US	\$5,697	4.90%	9-Feb-2016	Regional
Barbados National Oil Company bonds	US	\$2,252	5.75%	31-Dec-2014	Regional
APG-St.Johns Port Expansion	US	\$5,467	9.00%	30-Sep-2025	Regional
Commonwealth Bank of Australia	US	\$8,292	1.95%	16-Mar-2015	Int'l
ANZ NZ	US	\$6,875	1.85%	15-Oct-2015	Int'l
Goldman sachs	US	\$5,454	4.75%	15-Jul-2013	Int'l
HSBC	US	\$5,542	2.38%	13-Feb-2015	Int'l
Citigroup	US	\$5,527	2.25%	7-Aug-2015	Int'l
Gov't of B/dos 2021 7.25%	US	\$5,768	7.25%	15-Dec-2021	Regional
Gov't of St. Kitts USD bonds	US	\$560	6.00%	18-Mar-1932	Regional
Gov't of St. Lucia	US	\$302	5.00%	26-Sep-2013	Regional
Sub Total		\$54,865			
Total US\$ Investment		\$54,865			
Grand Total		\$82,964			