

REPUBLIC BANK (GRENADA) LIMITED

PRESS RELEASE

CHAIRMAN'S STATEMENT

Dear Shareholder

For the nine months ended June 30, 2013, the Bank recorded a Loss after Tax of \$11.5 million compared to a Profit after Tax of \$8.7million for the corresponding period last year.

This decline in performance is driven mainly by the Bank having to record:

- An impairment expense of \$9.9 million on the Government of Grenada Bonds, after its default on payment due in March 2013;
- Increases in Loan Loss provisions of \$3.7 million, and
- Prior-period deferred tax adjustments of \$1.9 million.

Also the results of the comparative nine months to June 2012 were boosted by some \$4.2 million in exceptional items related to recoveries and write backs.

Notwithstanding these results, the Bank remains strong, with sound capital adequacy ratios.

The economic environment continues to be challenging, but an increase in business activity, expected over the next year, should enable the Bank to return to profit.

Ronald F. de.C Harford
CHAIRMAN

July 18, 2013

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL HIGHLIGHTS

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-13 \$'000	Jun-30-12 \$'000	Jun-30-13 \$'000	Jun-30-12 \$'000	Sept-30-12 \$'000
(Loss)/Profit before taxation	(1,581)	4,634	(9,670)	9,298	7,327
(Loss)/Profit after taxation	(3,500)	5,189	(11,531)	8,745	8,712
(Loss)/Profit attributable to shareholders	(3,500)	5,189	(11,531)	8,745	8,712
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Assets			736,714	742,119	717,307
Advances			481,024	494,638	496,520
Investment securities			84,897	91,441	98,898
Deposits and other funding instruments			627,343	623,436	596,167
Stated capital			15,000	15,000	15,000
Total equity			87,398	98,720	97,496
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Information per share					
Earnings per share	(\$2.33)	\$3.46	(\$7.69)	\$5.83	\$5.81
Number of shares - average ('000)	1,500	1,500	1,500	1,500	1,500

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF FINANCIAL POSITION

	UNAUDITED Jun-30-13 \$'000	UNAUDITED Jun-30-12 \$'000	AUDITED Sept-30-12 \$'000
ASSETS			
Cash resources	125,294	109,414	73,757
Advances	481,024	494,638	496,520
Investment securities	84,897	91,441	98,898
Premises and equipment	37,207	38,711	38,123
Net pension asset	3,134	2,530	3,134
Other assets	5,158	5,385	6,875
TOTAL ASSETS	736,714	742,119	717,307
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	7,505	4,979	6,197
Customers' deposits and other funding instruments	627,343	623,436	596,167
Other liabilities	14,468	14,984	17,447
TOTAL LIABILITIES	649,316	643,399	619,811
EQUITY			
Stated capital	15,000	15,000	15,000
Statutory reserves	15,000	15,000	15,000
Other reserves	4,804	2,012	821
Retained earnings	52,594	66,708	66,675
Total equity	87,398	98,720	97,496
TOTAL LIABILITIES AND EQUITY	736,714	742,119	717,307

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF INCOME

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-13 \$'000	Jun-30-12 \$'000	Jun-30-13 \$'000	Jun-30-12 \$'000	Sept-30-12 \$'000
Net interest income	7,014	7,842	22,296	23,714	31,643
Other income	2,306	5,332	7,122	9,930	11,782
Operating income	9,320	13,174	29,418	33,644	43,425
Operating expenses	8,312	7,370	34,448	23,426	34,163
Operating profit/(loss)	1,008	5,804	(5,030)	10,218	9,262
Loan impairment expense	2,589	1,170	4,640	920	1,935
(Loss)/Profit before taxation	(1,581)	4,634	(9,670)	9,298	7,327
Taxation (expense)/credit	(1,919)	555	(1,861)	(553)	1,385
Net (loss)/profit after taxation	(3,500)	5,189	(11,531)	8,745	8,712
Earnings per share					
Basic	(\$2.33)	\$3.46	(\$7.69)	\$5.83	\$5.81
Weighted average number of shares ('000)					
Basic	1,500	1,500	1,500	1,500	1,500

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-13 \$'000	Jun-30-12 \$'000	Jun-30-13 \$'000	Jun-30-12 \$'000	Sept-30-12 \$'000
Net (loss)/profit after taxation	(3,500)	5,189	(11,531)	8,745	8,712
Other comprehensive income:					
Net (loss)/gain on available-for-sale investments	(780)	(994)	5,690	(1,884)	(3,586)
Taxation credit/(expense)	234	298	(1,707)	565	1,076
Other comprehensive (loss)/income for the period	(546)	(696)	3,983	(1,319)	(2,510)
Total comprehensive (loss)/income for the period	(4,046)	4,493	(7,548)	7,426	6,202

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF CASH FLOWS

	UNAUDITED NINE MONTHS ENDED Jun-30-13 \$'000	UNAUDITED NINE MONTHS ENDED Jun-30-12 \$'000	AUDITED YEAR ENDED Sept-30-12 \$'000
Operating activities			
(Loss)/Profit before taxation	(9,670)	9,298	7,327
Adjustments for non-cash items	17,572	1,865	6,277
Decrease/(Increase) in operating assets	9,511	643	(1,236)
Increase in operating liabilities	26,540	26,668	2,278
Corporate Income tax paid	(48)	-	-
Cash provided by operating activities	43,905	38,474	14,646
Investing activities			
Net decrease/(increase) in investments	9,497	4,281	(7,464)
Additions to fixed assets	(1,856)	(1,503)	(1,987)
Proceeds from sale of fixed assets	35	21	83
Cash provided by/(used in) investing activities	7,676	2,799	(9,368)
Financing activities			
Increase in balances due to other banks	1,308	689	1,907
Dividends paid to shareholders of the parent	(1,300)	(689)	(689)
Dividend paid to non-controlling interest	(1,250)	(661)	(661)
Cash (used in)/provided by financing activities	(1,242)	(661)	557
Net increase in cash resources	50,339	40,612	5,835
Cash and cash equivalents at beginning of period/year	31,512	25,677	25,677
Cash and cash equivalents at end of period/year	81,851	66,289	31,512
Cash and cash equivalents at the end of the period are represented by:			
Cash	6,545	10,596	8,442
Due from banks	75,306	55,693	23,070
	81,851	66,289	31,512

REPUBLIC BANK (GRENADA) LIMITED
STATEMENT OF CHANGES IN EQUITY

	Stated Capital \$'000	Statutory Reserves \$'000	Other Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
Period ended June 30, 2013					
Balance at October 1, 2012	15,000	15,000	821	66,675	97,496
Total comprehensive loss for the period	-	-	3,983	(11,531)	(7,548)
Dividends	-	-	-	(2,550)	(2,550)
Balance at June 30, 2013	15,000	15,000	4,804	52,594	87,398
Period ended June 30, 2012					
Balance at October 1, 2011	15,000	15,000	3,331	59,313	92,644
Total comprehensive income for the period	-	-	(1,319)	8,745	7,426
Dividends	-	-	-	(1,350)	(1,350)
Balance at June 30, 2012	15,000	15,000	2,012	66,708	98,720
Year ended September 30, 2012					
Balance at October 1, 2011	15,000	15,000	3,331	59,313	92,644
Total comprehensive income for the period	-	-	(2,510)	8,712	6,202
Dividends	-	-	-	(1,350)	(1,350)
Balance at September 30, 2012	15,000	15,000	821	66,675	97,496

REPUBLIC BANK (GRENADA) LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 Corporate information

Republic Bank (Grenada) Limited is incorporated in Grenada and provides banking services through six branches. The Bank was continued under the provisions of the Companies Ordinance Section 365, 1995 on March 23, 1998 and its registered office is at Republic House, Grand Anse, St. George, Grenada. It is a subsidiary of Republic Bank Limited.

The Republic Bank Group (the 'Group') is a financial services group comprising thirteen (13) subsidiaries and three (3) associated companies. The Group is engaged in a wide range of banking, financial and related activities in Trinidad and Tobago and the Caribbean. Republic Bank Limited is the ultimate parent of the Group. This company is listed on the Trinidad and Tobago Stock Exchange

For the last financial year ending September 30, 2012, the CL Financial Group held through its various subsidiaries, 51.4% of the shares of Republic Bank Limited. 51.1% of these shares were held by CLICO Investment Bank Limited (CIB) and Colonial Life Insurance Company (Trinidad) Limited (CLICO), two companies within the CL Financial Group whose affairs have been under the control of the Central Bank of Trinidad and Tobago (CBTT) since 2009.

By order of the Trinidad and Tobago High Court dated October 17, 2011 CLICO Investment Bank Limited (CIB) was ordered to be wound up and the Deposit Insurance Corporation was appointed liquidator.

On November 1, 2012, the CLICO Investment Fund (the Fund) was launched by the Government of the Republic of Trinidad and Tobago. This fund was constituted to offer to 11-20 year Bondholders who were holders of Short Term Investment Products (STIP) purchased from Colonial Life insurance Company (Trinidad) Limited, an exchange of their 11-20 year Bonds for Units in the Fund. The Fund assets are comprised in part of 40,072,299 Republic Bank Limited shares representing 24.80% of the total share capital of Republic Bank Limited. These shares are owned by the Fund. This transaction had the effect of reducing the CLICO and CIB shareholdings from 51.1% to 26.2% as at November 1, 2012.

As at June 30, 2013, the CL Financial Group is no longer considered a related party of Republic Bank Limited.

2 Basis of preparation

This interim financial report for the period ended June 30, 2013 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, 2012.

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, 2012.

4 Capital commitments

	UNAUDITED	UNAUDITED	AUDITED
	Jun-30-13	Jun-30-12	Sept-30-12
	\$'000	\$'000	\$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	<u>712</u>	<u>772</u>	<u>474</u>
Other capital expenditure authorised by the Directors but not yet contracted for	<u>6,942</u>	<u>2,784</u>	<u>2,391</u>

REPUBLIC BANK (GRENADA) LIMITED
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

	UNAUDITED		AUDITED
	Jun-30-13	Jun-30-12	Sept-30-12
	\$'000	\$'000	\$'000
Advances, investments and other assets (net of provisions)			
CL Financial Group	-	1,066	1,013
Parent Company	65,887	51,401	14,549
Directors and key management personnel	2,407	3,049	3,840
Other related parties	2,514	5,789	13,409
	<u>70,808</u>	<u>61,305</u>	<u>32,811</u>
Deposits and other liabilities			
CL Financial Group	-	2,956	3,093
Parent Company	561	605	492
Directors and key management personnel	371	620	388
Other related parties	9,033	4,345	7,171
	<u>9,965</u>	<u>8,526</u>	<u>11,144</u>
Interest and other income			
CL Financial Group	-	86	107
Parent Company	12	8	10
Directors and key management personnel	142	352	248
Other related parties	222	6	290
	<u>376</u>	<u>452</u>	<u>655</u>
Interest and other expense			
CL Financial Group	-	-	52
Parent Company	352	300	402
Directors and key management personnel	106	102	111
Other related parties	53	-	1
	<u>511</u>	<u>402</u>	<u>566</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	532	422	557
Post employment benefits	22	12	20
	<u>554</u>	<u>434</u>	<u>577</u>

As stated in Note 1 (Corporate information), the CL Financial Group is no longer considered a related party of Republic Bank Limited as at June 30, 2013. As such, while the CL Financial Group still maintains balances with Republic Bank Limited and its subsidiaries, these balances have not been included in the related party note for the quarter ended June 2013. Prior period balances have however been maintained in the related party note.

6 Contingent liabilities

As at June 30, 2013, 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.