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**REPUBLIC BANK (GRENADA) LIMITED**

**PRESS RELEASE**

**CHAIRMAN'S STATEMENT**

Dear Shareholder

For the nine months ended June 30, 2014, the Bank recorded Net Profit after Tax of \$3.2 million compared to a Net Loss after Tax of \$11.5 million for the corresponding period last year.

This improvement in the Bank's performance arose because we did not have the following one-off expenses of the previous comparative year to date:

- An impairment expense of \$9.9 million for the Government of Grenada Bonds;
- Deferred tax adjustments of \$1.9 million.

In addition, Loan Loss Provision for this year is \$2.4 million less than last year.

We await the final terms and conditions of the Government's debt restructure proposal, which, when determined could negatively affect our final results for the year. The Bank's core operations remain profitable, with sound capital adequacy ratios and strong liquidity.

Ronald F. de.C Harford

CHAIRMAN

July 17, 2014



**REPUBLIC BANK (GRENADA) LIMITED**  
**FINANCIAL HIGHLIGHTS**

	<b>UNAUDITED SIX MONTHS ENDED</b>		<b>AUDITED YEAR ENDED</b>
	<b>Jun-30-14 \$'000</b>	<b>Jun-30-13 \$'000</b>	<b>Sept-30-13 \$'000</b>
Profit/(Loss) before taxation	3,563	(9,670)	(5,647)
Profit/(Loss) after taxation	3,185	(11,531)	(5,918)
Profit/(loss) attributable to shareholders	3,185	(11,531)	(5,918)
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Assets	788,202	734,914	738,855
Advances	491,030	481,024	492,276
Investment securities	91,016	84,897	87,701
Deposits and other funding instruments	662,794	627,343	624,141
Stated capital	15,000	15,000	15,000
Total equity	93,282	85,598	90,938
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<b>Information per share</b>			
Earnings per share	2.12	(7.69)	(3.95)
Number of shares - average ('000)	1,500	1,500	1,500

**REPUBLIC BANK (GRENADA) LIMITED  
STATEMENT OF FINANCIAL POSITION**

	UNAUDITED		AUDITED
	Jun-30-14	Restated Jun-30-13	Sept-30-13
	\$'000	\$'000	\$'000
<b>Assets</b>			
Cash resources	161,829	125,294	114,259
Advances	491,030	481,024	492,276
Investment securities	91,016	84,897	87,701
Premises and equipment	35,767	37,207	36,349
Other assets	8,560	6,492	8,270
<b>Total Assets</b>	<b>788,202</b>	<b>734,914</b>	<b>738,855</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Due to banks	17,635	7,505	8,931
Customers' deposits and other funding instruments	662,794	627,343	624,141
Other liabilities	14,491	14,468	14,845
<b>Total Liabilities</b>	<b>694,920</b>	<b>649,316</b>	<b>647,917</b>
<b>Equity</b>			
Stated capital	15,000	15,000	15,000
Statutory reserves	15,000	15,000	15,000
Other reserves	3,690	4,804	4,531
Retained earnings	59,592	50,794	56,407
<b>Total equity</b>	<b>93,282</b>	<b>85,598</b>	<b>90,938</b>
<b>Total Liabilities and Equity</b>	<b>788,202</b>	<b>734,914</b>	<b>738,855</b>

REPUBLIC BANK (GRENADA) LIMITED  
STATEMENT OF INCOME

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-14 \$'000	Jun-30-13 \$'000	Jun-30-14 \$'000	Jun-30-13 \$'000	Sept-30-13 \$'000
Net interest income	7,033	7,014	22,050	22,296	29,955
Other income	2,518	2,306	8,858	7,122	9,636
<b>Operating income</b>	<b>9,551</b>	<b>9,320</b>	<b>30,908</b>	<b>29,418</b>	<b>39,591</b>
Operating expenses	(7,964)	(8,312)	(25,069)	(34,448)	(43,552)
<b>Operating profit/(loss)</b>	<b>1,587</b>	<b>1,008</b>	<b>5,839</b>	<b>(5,030)</b>	<b>(3,961)</b>
Loan impairment expense	(464)	(2,589)	(2,276)	(4,640)	(1,686)
<b>Profit/(Loss) before taxation</b>	<b>1,123</b>	<b>(1,581)</b>	<b>3,563</b>	<b>(9,670)</b>	<b>(5,647)</b>
Taxation expense	(121)	(1,919)	(378)	(1,861)	(271)
<b>Net profit/(loss) after taxation</b>	<b>1,002</b>	<b>(3,500)</b>	<b>3,185</b>	<b>(11,531)</b>	<b>(5,918)</b>
<b>Earnings per share</b>					
Basic	0.67	(2.33)	2.12	(\$7.69)	(\$3.95)
<b>Weighted average number of shares ('000)</b>					
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-30-14 \$'000	Jun-30-13 \$'000	Jun-30-14 \$'000	Jun-30-13 \$'000	Sept-30-13 \$'000
<b>Net profit/(loss) after taxation</b>	1,002	(3,500)	3,185	(11,531)	(5,918)
<b>Other comprehensive income:</b>					
Realised gains transferred to net profit	-	-	(1,052)	-	-
Tax effect	-	-	316	-	-
Revaluation of available-for-sale investment securities	238	(780)	(150)	5,690	5,300
Tax effect	(71)	234	45	(1,707)	(1,590)
<b>Other comprehensive income/(loss) for the period, net of taxation</b>	<b>167</b>	<b>(546)</b>	<b>(841)</b>	<b>3,983</b>	<b>3,710</b>
<b>Total comprehensive income/(loss) for the period, net of taxation</b>	<b>1,169</b>	<b>(4,046)</b>	<b>2,344</b>	<b>(7,548)</b>	<b>(2,208)</b>

**EPUBLIC BANK (GRENADA) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

	Stated Capital \$'000	Statutory Reserves \$'000	Other Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Period ended June 30, 2014</b>					
Balance at October 1, 2013	15,000	15,000	4,531	56,407	90,938
Total comprehensive income for the period	-	-	(841)	3,185	2,344
Dividends	-	-	-	-	-
Balance at June 30, 2014	<u>15,000</u>	<u>15,000</u>	<u>3,690</u>	<u>59,592</u>	<u>93,282</u>
<b>Period ended June 30, 2013</b>					
Balance at October 1, 2012 as originally stated	15,000	15,000	821	66,675	97,496
For prior adjustment (Note 4)	-	-	-	(1,800)	(1,800)
Balance at October 1, 2012 (Restated)	15,000	15,000	821	64,875	95,696
Total comprehensive income for the period	-	-	3,983	(11,531)	(7,548)
Dividends	-	-	-	(2,550)	(2,550)
Balance at June 30, 2013 (Restated)	<u>15,000</u>	<u>15,000</u>	<u>4,804</u>	<u>50,794</u>	<u>85,598</u>
<b>Year ended September 30, 2013</b>					
Balance at October 1, 2012 (Restated)	15,000	15,000	821	64,875	95,696
Total comprehensive loss for the year	-	-	3,710	(5,918)	(2,208)
Dividends	-	-	-	(2,550)	(2,550)
Balance at September 30, 2013	<u>15,000</u>	<u>15,000</u>	<u>4,531</u>	<u>56,407</u>	<u>90,938</u>

**REPUBLIC BANK (GRENADA) LIMITED**  
**STATEMENT OF CASH FLOWS**

	UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-14 \$'000	Jun-30-13 \$'000	Sept-30-13 \$'000
<b>Operating activities</b>			
Profit /(loss) before taxation	3,563	(9,670)	(5,647)
Adjustment for non-cash items	5,005	17,572	15,589
(Increase)/decrease in operating assets	(3,749)	9,511	1,852
Increase in operating liabilities	38,394	26,540	23,295
Corporation tax paid	(7)	(48)	-
<b>Cash provided by operating activities</b>	<b>43,206</b>	<b>43,905</b>	<b>35,089</b>
<b>Investing activities</b>			
Net (increase)/decrease in investments	(4,896)	9,497	6,467
Additions to fixed assets	(1,814)	(1,856)	(2,157)
Proceeds from sale of fixed assets	44	35	61
<b>Cash (used in)/provided by investing activities</b>	<b>(6,666)</b>	<b>7,676</b>	<b>4,371</b>
<b>Financing activities</b>			
Increase in balances due to other banks	8,704	1,308	2,734
Dividends paid to majority shareholders	-	(1,300)	(1,300)
Dividends paid to minority shareholders	-	(1,250)	(1,250)
<b>Cash provided by/(used in) financing activities</b>	<b>8,704</b>	<b>(1,242)</b>	<b>184</b>
<b>Net increase in cash resources</b>	<b>45,244</b>	<b>50,339</b>	<b>39,644</b>
Cash and cash equivalents at beginning of period/year	71,156	31,512	31,512
<b>Cash and cash equivalents at end of period/year</b>	<b>116,400</b>	<b>81,851</b>	<b>71,156</b>
<b>Cash and Cash equivalent at end of period/year are represented by:</b>			
Cash on hand	8,837	6,545	8,012
Due from Banks	107,563	75,306	63,144
	<b>116,400</b>	<b>81,851</b>	<b>71,156</b>



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

**Corporate information**

Republic Bank (Grenada) Limited is incorporated in Grenada and provides banking services through six branches in Grenada and Carriacou. 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 of Trinidad and Tobago.

Republic Bank Limited (the 'Parent') is incorporated in the Republic of Trinidad and Tobago. It was continued under the provision of the Companies Act, 1995 on March 23, 1998 and its registered office is located at Republic House, 9-17 Park Street, Port of Spain.

CLICO Investment Bank Limited (CIB) owned together with its subsidiary First Company Limited, 18.3% of Republic Bank Limited. On October 17, 2011 the High Court ordered that CLICO Investment Bank Limited (CIB) be wound up and the Deposit Insurance Company appointed liquidator. Accordingly, this 18.3% shareholding is under the control of the Deposit Insurance Company.

Until October 31, 2012, the CL Financial Group held through its various subsidiaries, 51.4% of the shares of Republic Bank Limited, of which Colonial Life Insurance Company (Trinidad) Limited (CLICO) and CLICO Investment Bank Limited (CIB) combined, held 51.1%.

On November 1, 2012, 24.8% of Republic Bank Limited formerly owned by Colonial Life Insurance Company (Trinidad) Limited (CLICO) was transferred into an investment fund launched by the Government of the Republic of Trinidad and Tobago and called the CLICO Investment Fund (the Fund). The trustee of the Fund is the CLICO Trust Corporation Limited which holds the 24.8% shareholding in Republic Bank Limited in trust solely for the benefit of subscribing unit holders of the Fund. The Fund is as a consequence the largest shareholder in Republic Bank Limited.

**Basis of preparation**

This interim financial report for the period ended June 30, 2014 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, 2013.

**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, 2013.

**Prior period restatement**

During the financial year ended September 30, 2013, the Bank undertook a comprehensive review of the elements attributed to its deferred tax assets and determined that the deferred tax assets arising on unearned loan origination fees and general provisions were overstated. This error was corrected retrospectively in the financial statements issued as at September 30, 2013. Consequently this restatement also has to be reflected in the comparative balances for the period ended June 30, 2014. As a result the deferred tax asset and retained earnings as at October 1, 2012 were reduced by \$1,800K.

**Capital commitments**

Contracts for outstanding capital expenditure not provided for in the financial statements

Other capital expenditure authorised by the Directors but not yet contracted for

	UNAUDITED		AUDITED
	Jun-30-14	Jun-30-13	Sept-30-13
	\$'000	\$'000	\$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	200	712	360
Other capital expenditure authorised by the Directors but not yet contracted for	4,282	6,942	6,645

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

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 provision for amounts due from related parties for the period ended June 30, 2014.

	UNAUDITED		
	Jun-30-14 \$'000	Restated Jun-30-13 \$'000	Restated Sept-30-13 \$'000
<b>Advances, investments and other assets (net of provisions)</b>			
Parent Company	82,041	65,887	49,579
Directors and key management personnel	1,990	2,407	2,528
Other related parties	1,235	2,646	1,053
	<u>85,266</u>	<u>70,940</u>	<u>53,160</u>
<b>Deposits and other liabilities</b>			
Parent Company	344	561	215
Directors and key management personnel	477	371	389
Other related parties	18,128	9,076	8,331
	<u>18,949</u>	<u>10,008</u>	<u>8,935</u>
<b>Interest and other income</b>			
Parent Company	17	12	15
Directors and key management personnel	143	142	188
Other related parties	83	232	95
	<u>243</u>	<u>386</u>	<u>298</u>
<b>Interest and other expense</b>			
Parent Company	259	352	461
Directors and key management personnel	145	106	118
Other related parties	9	53	3
	<u>413</u>	<u>511</u>	<u>582</u>
<b>Key management compensation</b>			
Short term benefits	483	532	678
Post employment benefits	23	22	30
	<u>506</u>	<u>554</u>	<u>708</u>

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

7 Contingent liabilities

As at June 30, 2014, 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.