

**Schedule 3
FORM ECSRC - Q**

(Select One)

Interim Nine Month Report For the period ended 30th June 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

Leon D. Charles



Signature



Signature

Date July 24, 2013

Date July 24, 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 June 30th, 2013 and June 30th, 2012.
- (b) Condensed Statement of Income for the nine (9) months ended June 30th, 2013 and June 30th, 2012.
- (c) Condensed Statement of Cash Flows for the nine (9) months ended June 30th, 2013 and June 30th, 2012.

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

For the nine months ended June 30, 2013 the Bank recorded a Loss after tax of \$11.531 million compared to a Profit after tax of \$8.745 million for the corresponding period last year. This represents a decrease of \$20.276 million. The main contributor to this decrease is the recognition of an impairment expense of \$9.9 million on the Government of Grenada Bonds, after its default on payment due in March 2013. Increase in the provision for loan losses of \$3.7 million as well as a prior year deferred tax adjustment of \$1.9 million also contributed to the bank's performance for the nine month period. Additionally, the results for the nine months to June 2012 were cushioned by recoveries of \$2.6 million and a write back of \$1.6 million on the Government of St Kitts bond which was impaired and subsequently restructured in May 2012.

As at June 30, 2013 the Bank's loan portfolio net of loan loss provision was \$481.024 million compared to \$489.987 as at March 31, 2013. This represents a decrease of \$8.963 million mainly due to lower demand for loans and increased provisioning. Non-performing loans increased by \$7.525 million for the three month period to \$43.966 million as at June 30, 2013 from \$36.440 million as at March 2013. For the three month period deposits increased from \$616.665 million as at March 2013 to \$627.343 million as at June 30, 2013. This represents an increase of \$10,678 million reflecting the lower demand for loans.

Liquidity in Grenada remained fairly constant between December 2012 and March 2013, with the total loan to total deposit ratio for all commercial banks moving from 84.46 percent to 83.47 percent. For the period December 2012 to March 2013, Liquid Assets/Total Deposits plus Total Liabilities remained fairly constant for all commercial banks with a marginal upward movement from 25.15 percent to 26.21 percent, respectively. The Bank's liquidity increased slightly with a total loan to total deposit ratio of 80.36 percent as at June 30, 2013 down from 83.25 percent at March 2013. Liquid Assets/Total Deposits

plus total Liabilities increased to 28.71 percent in March 2013 from 25.47 percent in December 2012.

Although the Bank's capital base decreased slightly from March 2013, it still remains strong. At June 30, 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 14.0 percent and total qualifying capital to total adjusted risk weighted assets was 15.4 percent compared to 14.8 percent and 15.3 percent respectively as at March 2013. The ratio of 14.0 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 June 30, 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 NINE MONTHS ENDED JUNE 30, 2013

BALANCE SHEET AS AT JUNE 30, 2013

ASSETS

	Unaudited 30 June-13	Unaudited 30 June-12	Audited Y/E 30 Sept-12
	\$000's	\$000's	\$000's
Cash & due from banks	81,851	66,289	31,512
Statutory reserve	37,554	37,228	36,356
Treasury Bills	5,889	5,897	5,889
Investments	84,897	91,441	98,898
Loans & Advances	494,037	503,609	505,581
Provision for loan losses	(13,013)	(8,971)	(9,061)
Fixed Assets	73,983	73,034	73,433
Depreciation	(36,776)	(34,323)	(35,310)
Net Pension Asset	3,134	2,530	3,134
Other Assets	5,158	5,385	6,875
Total Assets	<u>736,714</u>	<u>742,119</u>	<u>717,307</u>

LIABILITIES & SHAREHOLDERS EQUITY

LIABILITIES

Current, Savings and Deposit Accounts	627,343	623,436	596,167
Due to other Banks	7,505	4,979	6,197
Post retirement benefits	3,444	3,107	3,444
Other liabilities	11,024	11,877	14,003

SHAREHOLDERS EQUITY

Shares in issue	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
Shareholders Equity	87,398	98,720	97,496
Total Liabilities and shareholders equity	<u>736,714</u>	<u>742,119</u>	<u>717,307</u>
Contingent Accounts	11,542	7,890	7,914

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED JUNE 30, 2013

INCOME STATEMENT FOR PERIOD ENDED JUNE 30, 2013

	Unaudited 30 June-13	Unaudited 30 June-12	Audited Y/E 30 Sept-12
Interest on loans	29,177	30,805	40,998
Interest on Investments	3,551	4,425	5,824
Total interest income	32,728	35,230	46,822
Interest on Deposits	10,432	11,516	15,179
Total Interest Expense	10,432	11,516	15,179
Net Interest	22,296	23,714	31,643
Other income	7,122	9,930	11,782
	29,418	33,644	43,425
Other Expenses	24,518	23,426	34,163
Investment Impairment expense / (recovery)	9,930	0	-
Loan impairment expense / (recovery)	4,640	920	1,935
	39,088	24,346	36,098
(Loss)/Profit before taxation	(9,670)	9,298	7,327
Taxation (credit)/expense	1,861	553	(1,385)
(Loss)/Profit after taxation	(11,531)	8,745	8,712

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED JUNE 30, 2013

CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED JUNE 30, 2013

	Unaudited 30 June-13	Unaudited 30 June-12	Audited Y/E 30 Sept-12
(Loss)/Profit before taxation	(9,670)	9,298	7,327
Depreciation and non cash items	12,932	1,865	4,229
Provisions for loan losses	4,640	920	1,935
Decrease/ (Increase) in Customer loans	10,856	2,535	(1,282)
Increase /(Decrease) in Customer deposits	31,176	26,381	(888)
(Increase) in statutory deposit	(1,198)	(1,130)	(258)
(Increase)/Decrease in other assets	(147)	(1,682)	417
(Decrease) /Increase in other liabilities	(4,636)	287	3,166
Income taxes paid	(48)	0	0
Cash provided by operating activities	43,905	38,474	14,646
Net redemption/ (purchase) of investments	9,497	4,281	(7,464)
Increase in fixed assets	(1,821)	(1,482)	(1,904)
Cash provided by/(used in) investing activities	7,676	2,799	(9,368)
Dividends paid	(2,550)	(1,350)	(1,350)
Increase in due to other banks	1,308	689	1,907
Cash (used in)/ provided by financing activities	(1,242)	(661)	557
Increase in cash resources	50,339	40,612	5,835
Cash resources at beginning of year	31,512	25,677	25,677
Cash resources at end of period	81,851	66,289	31,512

Republic Bank (Grenada) Limited

Investment Portfolio as at June 30, 2013

	CURRENCY	MARKET VALUE June 30, 2013 (EC\$'000)	COUPON RATE	MATURITY DATE	PLACE
EC\$ INVESTMENTS					
Govt of G/da EC Stepup Bonds	EC	\$2,910	4.50%	15-Sep-2025	Domestic
ProDev 10 year 8% bonds	EC	\$1,379	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	\$1,534	4.50%	26-Aug-2014	Regional
ECHMB Bonds	EC	\$2,500	6.00%	1-Jul-2013	Regional
Sub Total		\$8,323			
EQUITY INVESTMENTS					
ECHMB	EC	\$350			Regional
Eastern C'bean Sec. Exchange	EC	\$147			Regional
VISA Inc Class C Shares	US	\$1,059			Int'l
Sub Total		\$1,556			
Total EC\$ Investment		\$9,879			
TT DOLLAR INVESTMENT					
WASA FIXED RATE BONDS	TT\$	17,448	11.50%	21-Nov-2021	Regional
Sub Total - TT Dollar Investments		17,448			
Gov't of G/da US Stepup Bonds	US	\$2,411	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	\$5,508	4.90%	9-Feb-2016	Regional
Barbados National Oil Company bonds	US	\$1,939	5.75%	31-Dec-2014	Regional
APG-St.Johns Port Expansion	US	\$5,432	9.00%	30-Sep-2025	Regional
Commonwealth Bank of Australia	US	\$8,241	1.95%	16-Mar-2015	Int'l
ANZ NZ	US	\$6,846	1.85%	15-Oct-2015	Int'l
Goldman sachs	US	\$5,402	4.75%	15-Jul-2013	Int'l
HSBC	US	\$5,518	2.38%	13-Feb-2015	Int'l
Citigroup	US	\$5,491	2.25%	7-Aug-2015	Int'l
Govt of B/dos 2021 7.25%	US	\$4,196	7.25%	15-Dec-2021	Regional
Gov't of St. Kitts USD bonds	US	\$499	6.00%	18-Mar-2032	Regional
Gov't of St. Lucia	US	\$300	5.00%	26-Sep-2013	Regional
Gov't of St. Kitts USD bonds #2	US	\$13	6.00%	18-Mar-2032	Regional
Bank of America 1.25% USD bond	US	\$5,325	1.25%	11-Jan-2016	Int'l
Sub Total		\$57,570			
Total US\$ Investment		\$57,570			
Grand Total		\$84,897			