

**Schedule 3
FORM ECSRC - Q**

(Select One)

Interim Three Month Report For the period ended 31st December, 2012

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 21st January, 2013

Date 21st January, 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 December 31st, 2012 and December 31st, 2011.
- (b) Condensed Statement of Income for the three (3) months ended December 31st, 2012 and December 31st, 2011.
- (c) Condensed Statement of Cash Flows for the three (3) months ended December 31st, 2012 and December 31st, 2011.

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

For the three months ended December 31st, 2012 the Bank recorded profit after tax of \$1.341 million. This represents a decrease of \$0.325 million compared to the corresponding period last year. The main contributor to this decrease has been an increase in the provision for loan losses. Liquidity in Grenada remained fairly constant between November 2011 and October 2012, with the loan to deposit ratio of all commercial banks moving from 83.55 percent to 84.09 percent and Liquid Assets/Total Deposits plus Liquid Liabilities also remaining constant with marginal downward movement from 24.32 percent to 24.03 percent. This Bank's liquidity eased slightly with a loan to deposit ratio of 82.38 percent at December 2012 and Liquid Assets/Total Deposits plus Liquid Liabilities at 14.09 percent.

The Bank's capital base remains strong. At December 31st, 2012, 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 16.2 percent and total qualifying capital to total adjusted risk weighted assets was 17.0 percent. This ratio of 16.2 percent 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 December 31st, 2012 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 THREE MONTHS ENDED DECEMBER 31, 2012

BALANCE SHEET AS AT DECEMBER 31, 2012

ASSETS

	Unaudited 31 December-12	Unaudited 31 December-11	Audited Y/E 30 Sept-12
	\$000's	\$000's	\$000's
Cash & due from banks	36,199	32,052	31,512
Statutory reserve	35,762	35,844	36,356
Treasury Bills	5,889	5,897	5,889
Investments	96,353	93,258	98,898
Loans & Advances	504,769	510,705	505,581
Provision for loan losses	(9,664)	(9,895)	(9,061)
Fixed Assets	73,777	71,916	73,433
Depreciation	(35,966)	(32,267)	(35,310)
Net Pension Asset	3,134	2,530	3,134
Other Assets	7,802	6,191	6,875
<u>Total Assets</u>	<u>718,055</u>	<u>716,231</u>	<u>717,307</u>

LIABILITIES & SHAREHOLDERS EQUITY

LIABILITIES

Current, Savings and Deposit Accounts	600,977	601,488	596,167
Due to other Banks	6,566	6,526	6,197
Post retirement benefits	3,444	3,107	3,444
Other liabilities	11,628	11,769	14,003

SHAREHOLDERS EQUITY

Shares in issue	15,000	15,000	15,000
Statutory Reserves	15,000	15,000	15,000
Other Reserves	(26)	2,737	821
Retained Earnings	65,466	60,604	66,675
Shareholders Equity	95,440	93,341	97,496
<u>Total liabilities and shareholders equity</u>	<u>718,055</u>	<u>716,231</u>	<u>717,307</u>

Contingent Accounts	7,685	8,226	7,914
---------------------	-------	-------	-------

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2012

INCOME STATEMENT FOR PERIOD ENDED DECEMBER 31, 2009

	Unaudited 31 December-12	Unaudited 31 December-11	Audited Y/E 30 Sept-12
Interest on loans	10,014	10,308	40,998
Interest on Investments	1,466	1,478	5,824
Total interest income	11,480	11,786	46,822
Interest on Deposits	3,521	3,829	15,179
Total Interest Expense	3,521	3,829	15,179
Net Interest	7,959	7,957	31,643
Other income	2,434	2,423	11,782
	10,393	10,380	43,425
Other Expenses	8,337	8,219	34,163
Investment Impairment	652	249	-
Provisions for loan losses	8,989	8,468	1,935
	8,989	8,468	36,098
Profit before tax	1,404	1,912	7,327
Taxation	63	246	(1,385)
Profit after tax	1,341	1,666	8,712

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2012

CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED DECEMBER 31, 2009

	Unaudited 31 December-12	Unaudited 31 December-11	Audited Y/E 30 Sept-12
Profit before tax	1,404	1,912	7,327
Depreciation and non cash items	1,053	1,081	4,229
Provisions for loan losses	603	249	1,935
Decrease/(Increase) in Customer loans	815	(3,745)	(1,282)
Increase/(Decrease) in Customer deposits	4,810	4,433	(888)
Decrease /(Increase) in statutory deposit	594	254	(258)
(Increase)/Decrease in other assets	(386)	(337)	417
(Decrease) /Increase in other liabilities	(2,616)	88	3,166
Cash provided by operating activities	6,277	3,935	14,646
Net redemption/ (purchase) of investments	1,238	883	(7,464)
Increase in fixed assets	(647)	(304)	(1,904)
Cash Provided by/(used in) investing activities	591	579	(9,368)
Dividends paid	(2,550)	(375)	(1,350)
Increase in due to other banks	369	2,236	1,907
Cash (used in)/ provided by financing activities	(2,181)	1,861	557
Increase in cash resources	4,687	6,375	5,835
Cash resources at beginning of year	31,512	25,677	25,677
Cash resources at end of period	36,199	32,052	31,512

Republic Bank (Grenada) Limited

Investment Portfolio as at December 31, 2012

	CURREN	MARKET VALUE December 2012 (EC\$'000)	COUPON RATE	MATURITY DATE	PLACE
EC\$ INVESTMENTS					
Govt of G/da EC Stepup Bonds	EC	\$4,962	4.50%	15-Sep-2025	Domestic
ProDev 10 year 8% bonds	EC	\$1,517	8.00%	21-Dec-2017	Regional
ECHMB Bonds 6% 12th issue	EC	\$2,570	6.00%	1-Jul-2013	Regional
ECHMB Bonds 4.497% 18th issue	EC	\$1,563	4.50%	26-Aug-2014	Regional
Sub Total		\$10,612			
EQUITY INVESTMENTS					
ECHMB	EC	\$350			Regional
Eastern C'bean Sec. Exchange	EC	\$147			Regional
VISA Inc Class C Shares	US	\$255			Int'l
REVALUATION EQUITY SHARES	US	\$624			Int'l
Sub Total		\$1,376			
Total EC\$ Investment		\$11,988			
TT DOLLAR INVESTMENT					
WASA FIXED RATE BONDS	TT\$	18,261	11.50%	21-Nov-2021	Regional
Govt of Trinidad & Tobago	TT\$	0	4.00%	27-Jul-2012	Regional
Sub Total - TT Dollar Investments		18,261			
US\$ INVESTMENTS					
Gov't of G/da US Stepup Bonds	US	\$2,858	4.50%	15-Sep-2025	Domestic
UWI Float rate bonds	US	\$562	6.75%	17-Mar-2015	Regional
FCB St.Lucia 2011 5.125%	US	\$5,616	4.90%	9-Feb-2016	Regional
Barbados National Oil Company bonds	US	\$2,542	5.75%	31-Dec-2014	Regional
APG-St.Johns Port Expansion	US	\$5,484	9.00%	30-Sep-2025	Regional
BNS Commercial Paper	US	\$8,103	2.25%	22-Jan-2013	Int'l
Govt of B/dos 2021 7.25%	US	\$5,552	7.25%	15-Dec-2021	Regional
Bank of Australia USD Bond	US	\$8,291	1.95%	16-Mar-2015	Int'l
HSBC USD Bond	US	\$5,540	2.38%	13-Feb-2015	Int'l
Citigroup USD Bond	US	\$5,530	2.25%	7-Aug-2015	Int'l
Goldman Sachs USD Bond	US	\$5,494	4.75%	15-Jul-2013	Int'l
ANZNZ USD Bond	US	\$6,878	1.85%	15-Oct-2015	Int'l
Gov't of St. Kitts USD Bond	US	\$619	6.00%	18-Mar-2032	Regional
Gov't of St. Lucia 5% USD Bond	US	\$3,035	5.00%	26-Sep-2013	Regional
Sub Total		\$66,104			
Total US\$ Investment		\$66,104			
Grand Total		\$96,353			