

Republic Bank (Grenada) Limited

Investment Portfolio as at December 31, 2013

	CURRENCY	MARKET VALUE December 31, 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	\$1,227	8.00%	21-Dec-2017	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	\$1,519	4.50%	26-Aug-2014	Regional
Sub Total		\$5,656			
EQUITY INVESTMENTS					
ECHMB	EC	\$350			Regional
Eastern C'bean Sec. Exchange	EC	\$147			Regional
VISA Inc Class C Shares	US	\$1,291			Int'l
Sub Total		\$1,788			
Total EC\$ Investment		\$7,444			
TT DOLLAR INVESTMENT					
WASA FIXED RATE BONDS	TT\$	15,823	11.50%	21-Nov-2021	Regional
Sub Total - TT Dollar Investments		15,823			
US DOLLAR INVESTMENT					
Gov't of G/da US Stepup Bonds	US	\$1,965	4.50%	15-Sep-2025	Domestic
UWI Float rate bonds	US	\$338	6.50%	17-Mar-2015	Regional
FCE St. Lucia 2011 5.125%	US	\$5,589	4.90%	9-Feb-2016	Regional
Barbados National Oil Company bonds	US	\$1,304	5.75%	31-Dec-2014	Regional
APG-St.Johns Port Expansion	US	\$5,449	9.00%	30-Sep-2025	Regional
Commonwealth Bank of Australia	US	\$8,229	1.95%	16-Mar-2015	Int'l
ANZ	US	\$6,853	1.85%	15-Oct-2015	Int'l
Goldman sachs	US	\$5,562	4.75%	15-Jul-2013	Int'l
HSBC	US	\$5,510	2.38%	13-Feb-2015	Int'l
Citigroup	US	\$5,511	2.25%	7-Aug-2015	Int'l
Govt of B/dos 2021 7.25%	US	\$3,772	7.25%	15-Dec-2021	Regional
Gov't of St. Kitts USD bonds	US	\$377	6.00%	18-Mar-2032	Regional
SUMIBK 2.5% Bond	US	\$8,136	2.50%	19-Jul-2018	Int'l
Gov't of St. Kitts USD bonds #2	US	\$10	6.00%	18-Mar-2032	Regional
Bank of America 1.25% USD bond	US	\$5,421	1.25%	11-Jan-2016	Int'l
HSBC 1.5% bond	US	\$6,593	1.50%	15-May-2018	Int'l
Sub Total		\$70,619			
Total US\$ Investment		\$70,619			
Grand Total		\$93,886			

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to ensure that funding requirements can be met, including the replacement of existing funds as they mature or are withdrawn, or to satisfy the demands of customers for additional borrowings.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 31, 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

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,

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, 2013 and December 31st 2012.
- (b) Condensed Statement of Income for the three (3) months ended December 31st, 2013 and December 31st, 2012.
- (c) Condensed Statement of Cash Flows for the three (3) months ended December 31st, 2013 and December 31st, 2012.

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

For the three months ended December 31, 2013 the Bank recorded profit after tax of \$1.329 million which is on par with the \$1.341 million recorded for the corresponding period last year.

As at December 31, 2013 the Bank's loan portfolio net of loan loss provision was \$502.517 million compared to \$492.276 million as at September 30, 2013. This represents an increase of \$10.241 million of which \$2.535 represents an increase in non-performing loans. Investment Securities as at December 31, 2013 was \$93.886 million compared to \$87.701 in September 2013 representing an increase of \$6.185 million. The increases recorded in the loan portfolio and Investment Securities are reflected in the \$11.903 million decrease in cash resources for the three month period to December 31, 2013. Deposits decrease by \$3,946 million to \$620,195 as at December 31, 2013 from \$624,141 as at September 30 2013.

Liquidity in Grenada increased between June 2013 and September 2013, with the total loan to total deposit ratio for all commercial banks moving from 82.19 percent to 78.59 percent. For the period June 2013 to September 2013 Liquid Assets/Total Deposits plus Total Liabilities remained fairly constant for all commercial banks with a marginal upward movement from 27.20 percent to 27.88 percent. The Bank's liquidity decreased slightly with a total loan to total deposit ratio of 81.03 percent as at December 31, 2013 up from 78.87 percent at September 2013. Liquid Assets/Total Deposits plus total Liabilities decreased to 29.87 percent in September 2013 from 31.16 percent in June 2013.

The Bank's capital base increased slightly from September 2013. At December 31, 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 16.3 percent compared to 14.7 percent and 16.0 percent respectively as at September 2013. The ratio of 14.8 percent far exceeds the 8 percent minimum established by the Basle Committee.


SIGNATURES

Name of Chief Executive Officer:

Name of Director:

Keith A. Johnson

Nigel A. John



Signature

Signature

Date January 31, 2014

Date January 31, 2014

**Schedule 3
FORM ECSRC - Q**

(Select One)

Interim three Month Report For the period ended 31st December 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

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2013

CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED DECEMBER 31, 2013

	Unaudited 31 December-13	0	Unaudited 31 December-12	0	Audited Y/E 30 Sept-13
Profit/(Loss) before taxation	1,483		1,404		(5,647)
Depreciation and non cash items	1,174		1,053		13,903
Provisions for loan losses	(217)		603		1,686
(Increase)/Decrease in Customer loans	(10,024)		815		2,558
(Decrease)/Increase in Customer deposits	(3,946)		4,810		27,974
Decrease/(Increase) in statutory deposit	46		594		(858)
(Increase)/Decrease in other assets	(593)		(386)		152
Increase/(Decrease) in other liabilities	2,068		(2,616)		(4,679)
Cash (used in)/provided by operating activities	(10,009)		6,277		35,089
Net (purchase)/redemption of investments	(6,950)		1,238		6,467
Increase in fixed assets	(212)		(647)		(2,096)
Cash (used in)/ provided by investing activities	(7,162)		591		4,371
Dividends paid	0		(2,550)		(2,550)
Increase in due to other banks	5,268		369		2,734
Cash provided by/(used in) financing activities	5,268		(2,181)		184
(Decrease)/Increase in cash resources	(11,903)		4,687		39,644
Cash resources at beginning of year	71,156		31,512		31,512
<u>Cash resources at end of period</u>	<u>59,253</u>		<u>36,199</u>		<u>71,156</u>

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2013

INCOME STATEMENT FOR PERIOD ENDED DECEMBER 31, 2013

	Unaudited 31 December-13	Unaudited 31 December-12	Audited Y/E 30 Sept-13
Interest on loans	9,536	10,014	39,202
Interest on Investments	1,123	1,466	4,635
Total interest income	10,659	11,480	43,837
Interest on Deposits	3,441	3,521	13,882
Total Interest Expense	3,441	3,521	13,882
Net Interest	7,218	7,959	29,955
Other income	2,598	2,434	9,636
	9,816	10,393	39,591
Other Expenses	8,282	8,386	33,463
Investment impairment expense	268	0	10,089
Loan impairment (recovery)/expense	(217)	603	1,686
	8,333	8,989	45,238
Profit/(Loss)/ before taxation	1,483	1,404	(5,647)
Taxation expense	154	63	271
Profit/(Loss)/ after taxation	1,329	1,341	(5,918)

REPUBLIC BANK (GRENADA) LIMITED

FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2013

BALANCE SHEET AS AT DECEMBER 31, 2013

ASSETS

	Unaudited 31 December-13	Unaudited 31 December-12	Audited Y/E 30 Sept-13
	\$000's	\$000's	\$000's
Cash & due from banks	59,253	36,199	71,156
Statutory reserve	37,168	35,762	37,214
Treasury Bills	5,889	5,889	5,889
Investments	93,886	96,353	87,701
Loans & Advances	511,532	504,769	501,992
Provision for loan losses	(9,015)	(9,664)	(9,716)
Fixed Assets	73,814	75,541	73,671
Depreciation	(38,050)	(37,730)	(37,322)
Net Pension Asset	3,781	3,134	3,781
Other Assets	5,059	7,802	4,489
Total Assets	743,317	718,055	738,855

LIABILITIES & SHAREHOLDERS EQUITY

LIABILITIES

Current, Savings and Deposit Accounts	620,195	600,977	624,141
Due to other Banks	14,199	6,566	8,931
Post retirement benefits	3,736	3,444	3,736
Other liabilities	13,189	11,628	11,109

SHAREHOLDERS EQUITY

Shares in issue	15,000	15,000	15,000
Statutory Reserves	15,000	15,000	15,000
Other Reserves	4,262	(26)	4,531
Retained Earnings	57,736	65,466	56,407
Shareholders Equity	91,998	95,440	90,938
Total Liabilities and shareholders equity	743,317	718,055	738,855

Contingent Accounts	10,451	7,685	10,233
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From: Managing Dir. Secretary [mDirectorSecretary@republicgrenada.com]
Sent: Monday, February 03, 2014 10:50 AM
To: info@ecsrc.com
Cc: ECSE
Subject: ECSRC-Q-December 31, 2013

Attachments: Letter to ECSRC-Qtr. Ended Dec. 31, 2013.pdf; ECSRC-Qtr. Ended Dec 31, 2013.pdf; Financial Statement-Qtr. Ended Dec. 31, 2013.pdf; ECSRC-Investment-Qtr Ended Dec 31 2013.pdf
Ms. Sharon Welcome
Secretary, ECSRC

Dear Ms. Welcome

Please see subject report attached. Hard copy will be sent by DHL courier. Regards.

Gloria Lewis
Managing Director's Secretary
Republic Bank (Grenada) Limited
P.O. Box 857, Republic House
Grand Anse, St. George's
Grenada
Tel: 1-473-444-2265 Ext. 201
Fax: 1-473-444-5501
Email: mdsec@republicgrenada.com

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