

Schedule 3
FORM ECSRC - Q

(Select One)

Interim Six Month Report For the period ended 31st March 2014

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

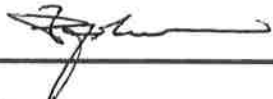
SIGNATURES

Name of Chief Executive Officer:

Name of Director:

Keith A. Johnson

Leon D. Charles



Signature

Signature

Date April 30, 2014

Date April 30, 2014

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 March 31st, 2014 and March 31st, 2013.
- (b) Condensed Statement of Income for the six (6) months ended March 31st, 2014 and March 31st, 2013.
- (c) Condensed Statement of Cash Flows for the six (6) months ended March 31st, 2014 and March 31st, 2013.

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

For the six months ended March 31st, 2014 the Bank recorded a Profit after tax of \$2.183 million compared to a Loss after tax of \$8.031 million for the corresponding period last year. This represents an increase of \$10.214 million. The main contributors to this increase is the recognition of an impairment expense of \$9.7 million on the Government of Grenada in March 2013 and a gain on the sale of visa shares of \$1.052 million recorded in March 2014.

Liquidity in Grenada increased between December 2012 and December 2013, with the loan to deposit ratio of all commercial banks moving from 84.46 percent to 76.56 percent. For the period September 2013 to December 2013 Liquid Assets/Total Deposits plus Total Liabilities increased from 25.47 percent to 30.38 percent. The Bank's liquidity increased with a loan to deposit ratio of 77.81 percent as at March 31, 2014 down from 81.02 percent at December 2013 and Liquid Assets/Total Deposits plus total Liabilities moving from 29.87 percent in September 2013 to 28.93 percent in December 2013.

The Bank's capital base increased slightly from December 2013 to March 2014. At March 31st, 2014, 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 14.9 percent and total qualifying capital to total adjusted risk weighted assets was 16.5 percent compared to 14.8 and 16.3 percent respectively as at December 2012. Both ratios far exceeded the 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 March 31st, 2014 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 SIX MONTHS ENDED MARCH 31, 2014

BALANCE SHEET AS AT MARCH 31, 2014

ASSETS

	Unaudited 31 March-14	Unaudited 31 March-13	Audited Y/E 30 Sept-13
	\$000's	\$000's	\$000's
Cash & due from banks	80,578	67,125	71,156
Statutory reserve	37,992	36,581	37,214
Treasury Bills	5,889	5,889	5,889
Investments	92,007	82,964	87,701
Loans & Advances	506,709	500,538	501,992
Provision for loan losses	(9,517)	(10,551)	(9,716)
Fixed Assets	74,330	74,488	73,671
Depreciation	(38,546)	(36,764)	(37,322)
Net Pension Asset	3,781	3,134	3,781
Other Assets	5,209	7,078	4,489
<u>Total Assets</u>	<u>758,432</u>	<u>730,482</u>	<u>738,855</u>

LIABILITIES & SHAREHOLDERS EQUITY

LIABILITIES

Current, Savings and Deposit Accounts	638,931	616,665	624,141
Due to other Banks	13,045	7,878	8,931
Post retirement benefits	3,736	3,444	3,736
Other liabilities	10,607	11,050	11,109

SHAREHOLDERS EQUITY

Shares in issue	15,000	15,000	15,000
Statutory Reserves	15,000	15,000	15,000
Other Reserves	3,523	5,351	4,531
Retained Earnings	58,590	56,094	56,407
Shareholders Equity	92,113	91,445	90,938
<u>Total liabilities and shareholders equity</u>	<u>758,432</u>	<u>730,482</u>	<u>738,855</u>
Contingent Accounts	10,870	11,335	10,233

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2014

INCOME STATEMENT FOR PERIOD ENDED MARCH 31, 2014

	Unaudited 31 March-14	Unaudited 31 March-13	Audited Y/E 30 Sept-13
Interest on loans	19,610	19,840	39,202
Interest on Investments	2,226	2,410	4,635
Total interest income	21,836	22,250	43,837
Interest on Deposits	6,819	6,968	13,882
Total Interest Expense	6,819	6,968	13,882
Net Interest	15,017	15,282	29,955
Other income	6,340	4,816	9,636
	21,357	20,098	39,591
Other Expenses	16,837	16,474	33,463
Investment Impairment expense / (recovery)	268	9,662	10,089
Loan impairment expense / (recovery)	1,812	2,051	1,686
	18,917	28,187	45,238
(Loss)/Profit before taxation	2,440	(8,089)	(5,647)
Taxation (credit)/expense	257	(58)	271
(Loss)/Profit after taxation	2,183	(8,031)	(5,918)

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2014

CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED MARCH 31, 2014

	Unaudited 31 March-14	Unaudited 31 March-13	Audited Y/E 30 Sept-13
(Loss)/Profit before taxation	2,440	(8,089)	(5,647)
Depreciation and non cash items	2,002	11,743	13,903
Provisions for loan losses	1,812	2,051	1,686
Decrease/ (Increase) in Customer loans	(6,728)	4,482	2,558
Increase /(Decrease) in Customer deposits	14,790	(7,476)	27,974
(Increase) in statutory deposit	(778)	633	(858)
Decrease in other assets	(780)	188	152
(Decrease) /Increase in other liabilities	(265)	(4,845)	(4,679)
Income taxes paid	0	(48)	0
Cash provided by operating activities	12,493	(1,361)	35,089
Net redemption/ (purchase) of investments	(6,181)	12,531	6,467
Increase in fixed assets	(1,004)	(1,470)	(2,096)
Cash provided by/(used in) investing activities	(7,185)	11,061	4,371
Dividends paid	0	(2,550)	(2,550)
Increase in due to other banks	4,114	(1,053)	2,734
Cash (used in)/ provided by financing activities	4,114	(3,603)	184
Increase in cash resources	9,422	6,097	39,644
Cash resources at beginning of year	71,156	71,156	31,512
Cash resources at end of period	80,578	77,253	71,156

Republic Bank (Grenada) Limited

Investment Portfolio as at March 31, 2014

	CURRENCY	MARKET VALUE March 31, 2014 (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	\$1,219	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	\$1,515	4.50%	26-Aug-2014	Regional
Sub Total		\$5,644			
EQUITY INVESTMENTS					
ECHMB	EC	\$350			Regional
Eastern C'bean Sec. Exchange	EC	\$147			Regional
Sub Total		\$497			
Total EC\$ Investment		\$6,141			
TT DOLLAR INVESTMENT					
WASA FIXED RATE BONDS	TT\$	15,624	11.50%	21-Nov-2021	Regional
Sub Total - TT Dollar Investments		15,624			
US\$ INVESTMENT					
Gov't of G/da US Stepup Bonds	US	\$1,965	4.50%	15-Sep-2025	Domestic
UWI Float rate bonds	US	\$224	6.50%	17-Mar-2015	Regional
FCB St.Lucia 2011 5.125%	US	\$5,664	4.90%	9-Feb-2016	Regional
Barbados National Oil Company bonds	US	\$985	5.75%	31-Dec-2014	Regional
APG-St.Johns Port Expansion	US	\$5,439	9.00%	30-Sep-2025	Regional
Commonwealth Bank of Australia	US	\$8,214	1.95%	16-Mar-2015	Int'l
ANZNZ	US	\$6,865	1.85%	15-Oct-2015	Int'l
Goldman sachs	US	\$5,424	4.75%	15-Jul-2013	Int'l
HSBC	US	\$5,487	2.38%	13-Feb-2015	Int'l
Citigroup	US	\$5,497	2.25%	7-Aug-2015	Int'l
Gov't of B/dos 2021 7.25%	US	\$3,870	7.25%	15-Dec-2021	Regional
Gov't of St. Kitts USD bonds	US	\$314	6.00%	18-Mar-2032	Regional
SUMIBK 2.5% Bond	US	\$8,238	2.50%	19-Jul-2018	Int'l
Gov't of St. Kitts USD bonds #2	US	\$8	6.00%	18-Mar-2032	Regional
Bank of America 1.25% USD bond	US	\$5,429	1.25%	11-Jan-2016	Int'l
HSBC 1.5% bond	US	\$6,619	1.50%	15-May-2018	Int'l
Sub Total		\$70,242			
Total US\$ Investment		\$70,242			
Grand Total		\$92,007			