

**Schedule 3
FORM ECSRC - Q**

(Select One)

Interim Three Month Report For the period ended 31 December, 2009

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 22nd January, 2010

Date 22nd January, 2010

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, 2009 and December 31st, 2008.
- (b) Condensed Statement of Income for the three (3) months ended December 31st, 2009 and December 31st, 2008.
- (c) Condensed Statement of Cash Flows for the three (3) months ended December 31st, 2009 and December 31st, 2008.

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

For the three months ended December 31st, 2009 the Bank recorded profit after tax of \$2.221 million. This represents a decrease of \$0.172 million compared to the corresponding period last year. Smaller interest income due to lower rates on loans, investments and liquid deposits has contributed to this decrease. Liquidity in Grenada decreased between November 2008 and November 2009, with the loan to deposit ratio of all commercial banks increasing from 79.74 percent to 83.84 percent while Liquid Assets/Total Deposits plus Liquid Liabilities fell from 28.27 percent to 25.43 percent. This Bank's liquidity is healthy with a loan to deposit ratio of 72.78 percent at December 2009 and Liquid Assets/ Total Deposits plus Liquid Liabilities at 25.43 percent.

The Bank capital base remains strong. At December 31st, 2009, 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 18.2 percent and total qualifying capital to total adjusted risk weighted assets was 19.9 percent. This ratio of 18.2 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, 2009 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, 2009

BALANCE SHEET AS AT DECEMBER 31, 2009

ASSETS

	Unaudited 31 December-09	Unaudited 31 December-08	Audited Y/E 30 Sept-09
	\$000's	\$000's	\$000's
Cash & due from banks	69,346	80,484	55,042
Statutory reserve	37,108	36,877	37,219
Treasury Bills	22,884	38,747	22,884
Investments	104,698	107,526	125,292
Loans & Advances	458,361	427,916	451,761
Provision for loan losses	(4,949)	(4,766)	(4,664)
Fixed Assets	67,152	64,353	67,107
Depreciation	(27,242)	(23,523)	(26,351)
Net Pension Asset	1,633	1,355	1,633
Other Assets	3,448	9,954	3,067
Total Assets	<u>732,439</u>	<u>738,923</u>	<u>732,990</u>

LIABILITIES & SHAREHOLDERS EQUITY

LIABILITIES

Current, Savings and Deposit Accounts	617,617	622,792	618,701
Due to other Banks	12,167	18,600	10,832
Post retirement benefits	2,500	2,210	2,500
Other liabilities	11,220	12,712	11,601

SHAREHOLDERS EQUITY

Shares in issue	15,000	15,000	15,000
Statutory Reserves	15,000	15,000	15,000
Other Reserves	3,482	1,537	3,122
Retained Earnings	<u>55,453</u>	51,072	<u>56,234</u>
Shareholders Equity	88,935	82,609	89,356
Total liabilities and shareholders equity	<u>732,439</u>	<u>738,923</u>	<u>732,990</u>
Contingent Accounts	6,494	5,715	5,983

REPUBLIC BANK (GRENADA) LIMITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2009
--

INCOME STATEMENT FOR PERIOD ENDED DECEMBER 31, 2009

	Unaudited 31 December-09	Unaudited 31 December-08	Audited Y/E 30 Sept-09
Interest on loans	10,061	9,383	38,204
Interest on Investments	2,147	3,333	11,485
Total interest income	12,208	12,716	49,689
Interest on Deposits	4,136	4,352	16,919
Total Interest Expense	4,136	4,352	16,919
Net Interest	8,072	8,364	32,770
Other income	<u>2,512</u>	<u>2,313</u>	<u>9,402</u>
	10,584	10,677	42,172
Other Expenses	8,064	8,647	33,819
Investment Impairment			-

Provisions for loan losses	<u>288</u>	<u>(286)</u>	<u>(98)</u>
	8,352	8,361	33,721
Profit before tax	<u>2,232</u>	<u>2,316</u>	<u>8,451</u>
Taxation	11	(77)	228
Profit after tax	<u><u>2,221</u></u>	<u><u>2,393</u></u>	<u><u>8,679</u></u>

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2009

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

	Unaudited 31 December-09	Unaudited 31 December-08	Audited Y/E 30 Sept-09
Profit before tax	2,232	2,316	8,451
Depreciation and non cash items	966	1,206	4,292
Provisions for loan losses	288	(286)	1,100
(Increase) in Customer loans	(6,312)	(10,595)	(34,674)
(Decrease)/Increase in Customer deposits	251	(12,801)	(21,747)
Decrease /(Increase) in statutory deposit	111	1,139	797
(Increase) in other assets	(1,627)	(2,275)	1,963
(Decrease) /Increase in other liabilities	(381)	(8,923)	(10,033)
Income taxes paid	11	0	0
Cash provided by operating activities	(4,461)	(30,219)	(49,851)
Net redemption/ (purchase) of investments	20,594	17,868	16,276
Increase in fixed assets	(164)	(661)	4,013
Cash from investing activities	20,430	17,207	20,289
Dividends paid	(3,000)	(5,626)	(6,750)
Increase in due to other banks	1,335	2,913	(4,855)
Cash (used in)/ provided by financing activities	(1,665)	(2,713)	(11,605)
Decrease in cash resources	14,304	(15,725)	(41,167)
Cash resources at beginning of year	55,042	96,209	96,209
<u>Cash resources at end of period</u>	<u>69,346</u>	<u>80,484</u>	<u>55,042</u>

Republic Bank (Grenada) Limited

Investment Port folio as at December 31, 2009

	CURRENCY	MARKET VALUE DECEMBER 2009	COUPON RATE	MATURITY DATE	PLACE
EC\$ INVESTMENTS		(EC\$'000)			
Govt of G/da EC Stepup Bonds		\$7,100	2.50%	15-Sep-2025	Domestic
ProDev 10 year 8% bonds	EC	\$2,407	8.00%	21-Dec-2017	Regional
Gov't of St. Kitts & Nevis 2015	EC	\$1,253	9.50%	1-Apr-2015	Regional
Gov't of St. Kitts C/Homes 2016	EC	\$1,116	11.00%	21-Dec-2016	Regional
FINCOR Debenture series A	EC	\$1,117	8.38%	31-Aug-2022	Domestic
FINCOR Debenture series B	EC	\$317	9.64%	31-Aug-2022	Domestic
Govt of St.Kitts 10 year bond 2012	EC	\$3,289	7.50%	1-Aug-2012	Regional
Gravel, Concrete & EmulsionProduction	EC	\$381	7.75%	28-Jul-2015	Domestic
Gravel, Concrete & EmulsionProduction Phase 2		\$258	7.50%	28-Jul-2015	Domestic
ECHMB Bonds 18th issue	EC	\$4,841	6.00%	26-Aug-2011	Regional
ECHMB Bonds 12th issue	EC	\$2,480	5.50%	1-Jul-2010	Regional
Sub Total		\$17,459			
	CURRENCY	MARKET VALUE DECEMBER 2009	COUPON RATE	MATURITY DATE	PLACE
EQUITY INVESTMENTS					
ECHMB	EC	\$350			Regional
Eastern C'bean Sec. Exchange	EC	\$147			Regional
VISA Inc Class C Shares	US	\$507			
Sub Total		\$1,004			
Total EC\$ Investment		\$25,563			

TT DOLLAR INVESTMENT					
WASA FIXED RATE BONDS	TT\$	24,884	11.50%	21-Nov-2021	Regional
Government of Trinidad & Tobago 3 ye	TT\$	18,495	4.00%	4-Jul-2012	Regional
Sub Total - TT Dollar Investments		43,379			
US\$ INVESTMENTS					
TAURUS SERVICES LTD	US\$	\$1,108	7.40%	8-Dec-2010	Regional
TAURUS SERVICES LTD	US\$	\$5,282	7.35%	8-Jun-2010	Regional
Sub Total		6,390			
	CURRENCY	MARKET VALUE DECEMBER 2009	COUPON RATE	MATURITY DATE	PLACE
Gov't of G/da US Stepup Bonds	US	\$3,484	2.50%	15-Sep-2025	Domestic
UWI Float rate bonds	US	\$1,239	8.60%	30-Apr-2015	Regional
FCB St.Lucia 2011 5.125%	US	\$5,405	5.13%	14-Feb-2011	Regional
APG-St.Johns Port Expansion	US	\$4,820	10.50%	19-Dec-2015	Regional
Bank of St.Lucia Repo	US	\$1,232	4.75%	20-Oct-2010	Regional
Govt of B/dos 2021 7.25%	US	\$5,587	7.25%	15-Dec-2021	Regional
Sub Total		\$28,157			
Queen Elizabeth Hospital Strips	US	\$7,599	7.48%	19-Dec-2012	Regional
Grand Total		\$104,698			