

Schedule 3
FORM ECSRC - Q

(Select One)

Interim Six Month Report For the period ended 31st March, 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.

REPUBLIC BANK (GRENADA) LIMITED

FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2009

BALANCE SHEET AS AT MARCH 31, 2009

ASSETS

	Unaudited 31 March-09	Unaudited 31 March-08	Audited Y/E 30 Sept-08
	\$000's	\$000's	\$000's
Cash & due from banks	66,785	121,526	96,209
Statutory reserve	31,034	37,646	38,016
Treasury Bills	39,953	10,734	38,747
Investments	104,142	128,351	126,854
Loans & Advances	437,938	391,925	417,746
Provision for loan losses	(4,666)	(5,151)	(5,191)
Fixed Assets	65,322	58,184	63,757
Depreciation	(24,218)	(21,577)	(22,594)
Net Pension Asset	1,355	1,153	1,355
Other Assets	7,771	7,584	7,392
<u>Total Assets</u>	<u>725,416</u>	<u>730,375</u>	<u>762,291</u>

LIABILITIES & SHAREHOLDERS EQUITY

LIABILITIES

Current, Savings and Deposit Accounts	618,293	630,477	635,593
Due to other Banks	14,282	4,910	15,687

Post retirement benefits	2,210	1,940	2,210
Other liabilities	9,586	12,997	21,499
<u>SHAREHOLDERS EQUITY</u>			
Shares in issue	15,000	15,000	15,000
Statutory Reserves	15,000	15,000	15,000
Other Reserves	702	4,502	2,997
Retained Earnings	<u>50,343</u>	<u>45,549</u>	<u>54,305</u>
Shareholders Equity	81,045	80,051	87,302
<u>Total liabilities and shareholders equity</u>	<u>725,416</u>	<u>730,375</u>	<u>762,291</u>
Contingent Accounts	5,590	5,916	6,724

REPUBLIC BANK (GRENADA) LIMITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2009

INCOME STATEMENT FOR PERIOD ENDED MARCH 31, 2009

	Unaudited 31 March-09	Unaudited 31 March-08	Audited Y/E 30 Sept-08
Interest on loans	18,706	17,566	35,626
Interest on Investments	6,123	6,654	13,226
Total interest income	<u>24,829</u>	<u>24,220</u>	<u>48,852</u>
Interest on Deposits	8,585	8,213	16,853
Total Interest Expense	<u>8,585</u>	<u>8,213</u>	<u>16,853</u>

Net Interest	16,244	16,007	31,999
Other income	4,431	5,440	14,246
	<u>20,675</u>	<u>21,447</u>	<u>46,245</u>
Other Expenses	17,052	14,981	29,561
Investment Impairment			-
Provisions for loan losses	(143)	488	428
	<u>16,909</u>	<u>15,469</u>	<u>29,989</u>
Profit before tax	3,766	5,978	16,256
Taxation	(141)	49	446
Profit after tax	3,907	5,929	15,810

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2009

CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED MARCH 31, 2009

	Unaudited 31 March-09	Unaudited 31 March-08	Audited Y/E 30 Sept-08
Profit before tax	3,766	5,978	16,256
Depreciation and non cash items	(2,276)	436	(421)
Provisions for loan losses	143	488	(3,298)
(Increase) in Customer loans	(20,717)	(22,726)	(48,935)
(Decrease)/Increase in Customer deposits	(17,300)	46,964	52,080
Decrease /(Increase) in statutory deposit	6,982	(2,738)	(3,108)
(Increase) in other assets	(1,054)	(1,335)	(967)
(Decrease) /Increase in other liabilities	(13,318)	2,558	11,181
Income taxes paid	141	0	0
	<u> </u>	<u> </u>	<u> </u>

Cash provided by operating activities	(43,633)	29,625	22,788
Net redemption/ (purchase) of investments	23,594	244	(25,183)
Increase in fixed assets	<u>(2,355)</u>	(8,212)	<u>(10,917)</u>
Cash from investing activities	21,239	(7,968)	(36,100)
Dividends paid	(5,625)	(5,475)	(6,600)
Increase in due to other banks	(1,405)	(2,650)	8,127
Cash (used in)/ provided by financing activities	(7,030)	(8,125)	1,527
Decrease in cash resources	(29,424)	13,532	(11,785)
Cash resources at beginning of year	<u>96,209</u>	107,994	<u>107,994</u>
<u>Cash resources at end of period</u>	<u>66,785</u>	<u>121,526</u>	<u>96,209</u>

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 20th April, 2009

Date 20th April, 2009

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, 2009 and March 31st, 2008
- (b) Condensed Statement of Income for the six (6) months ended March 31st, 2009 and the corresponding period in the previous year.
- (c) Condensed statement of Cash Flows for the six (6) months ended March 31st, 2009 and March 31st, 2008.

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

For the six months ended March 31st, 2009 the Bank recorded profit after tax of \$3.907 million. This represents a decrease of \$2.022 million or 34.1% compared to the corresponding period last year. This arose as interest on liquid deposits fell by \$1.07 million or 59.4%, due to the poor interest rate environment worldwide. Commissions also fell by \$710k or 34.8%. An increase in operating expenses including depreciation charges of \$749k or 61.4%, electricity charges of \$518k or 86.8% and staff costs of \$1.026 million or 13.1% has also contributed to the decline in profits.

Liquidity in Grenada decreased between February 2008 and February 2009, with the loan to deposit ratio of all commercial banks increasing from 73.67 percent to 79.50 percent while Liquid Assets/Total Deposits plus liquid Liabilities fell from 29.57 percent to 28.32 percent. This Bank's liquidity is healthy with a loan to deposit ratio of 69.04 percent at March 2009 and Liquid Assets/ Total Deposits plus Liquid Liabilities at 21.38 percent.

The Bank's capital base remains strong. At March 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 16.2 percent and total qualifying capital to total adjusted risk weighted assets was 17.6 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 Bank's Asset/Liability Committee reviews on a monthly basis the non-credit and non-operational risks. 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, 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