

Schedule 3
FORM ECSRC - Q

(Select One)

Interim Six Month Report For the period ended 31 March, 2010

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:

Keith A. Johnson

Signature

Date 26th April, 2010

Name of Director:

Leon D. Charles

Signature

Date 26th April, 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 March 31st, 2010 and March 31st, 2009.
- (b) Condensed Statement of Income for the six (6) months ended March 31st, 2010 and March 31st, 2009.
- (c) Condensed Statement of Cash Flows for the six (6) months ended March 31st, 2010 and March 31st, 2009.

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

For the six months ended March 31st, 2010 the Bank recorded profit after tax of \$5.072 million. This represents an increase of \$1.165 million compared to the corresponding period last year. While the investments portfolio is not performing as planned due to the unavailability of acceptable investments, the loans portfolio has grown and we are getting better yields than in the prior year. Reduced electricity costs and the absence of one off charges for synergy and disposal of vehicles in the prior period have led to better profits than in March 2009. Liquidity in Grenada decreased between February 2009 and February 2010, with the loan to deposit ratio of all commercial banks increasing from 79.50 percent to 80.70 percent while Liquid Assets/Total Deposits plus Liquid Liabilities decreased from 28.38 percent to 26.03 percent. This Bank's liquidity is healthy with a loan to deposit ratio of 72.26 percent at March 2010 and Liquid Assets/ Total Deposits plus Liquid Liabilities at 20.99 percent.

The Bank's capital base remains strong. At March 31st, 2010, 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 15.7 percent and total qualifying capital to total adjusted risk weighted assets was 17.7 percent. This ratio of 15.7 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 March 31st, 2010 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, 2010

BALANCE SHEET AS AT MARCH 31, 2010

ASSETS

| | Unaudited 31 March-10 | Unaudited 31 March-09 | Audited Y/E 30 Sept-09 |
|----------------------------|----------------------------------|----------------------------------|-----------------------------------|
| | \$000's | \$000's | \$000's |
| Cash & due from banks | 75,801 | 66,785 | 55,042 |
| Statutory reserve | 37,809 | 31,034 | 37,219 |
| Treasury Bills | 22,884 | 39,953 | 22,884 |
| Investments | 111,710 | 104,142 | 122,619 |
| Loans & Advances | 458,315 | 437,938 | 451,761 |
| Provision for loan losses | (4,495) | (4,666) | (4,664) |
| Fixed Assets | 66,259 | 65,322 | 67,107 |
| Depreciation | (26,413) | (24,218) | (26,351) |
| Net Pension Asset | 1,633 | 1,355 | 1,633 |
| Other Assets | 7,987 | 8,446 | 5,740 |
| <u>Total Assets</u> | <u>751,490</u> | <u>726,091</u> | <u>732,990</u> |

LIABILITIES & SHAREHOLDERS EQUITY

LIABILITIES

| | | | |
|---------------------------------------|---------|---------|---------|
| Current, Savings and Deposit Accounts | 623,053 | 618,293 | 618,701 |
| Due to other Banks | 11,748 | 14,282 | 10,832 |
| Post retirement benefits | 2,500 | 2,210 | 2,500 |
| Other liabilities | 22,098 | 9,586 | 11,601 |

SHAREHOLDERS EQUITY

| | | | |
|---|-----------------------|-----------------------|-----------------------|
| Shares in issue | 15,000 | 15,000 | 15,000 |
| Statutory Reserves | 15,000 | 15,000 | 15,000 |
| Other Reserves | 3,786 | (867) | 3,122 |
| Retained Earnings | 58,305 | 52,587 | 56,234 |
| Shareholders Equity | 92,091 | 81,720 | 89,356 |
| <u>Total liabilities and shareholders equity</u> | <u>751,490</u> | <u>726,091</u> | <u>732,990</u> |

| | | | |
|---------------------|-------|-------|-------|
| Contingent Accounts | 5,974 | 5,590 | 5,983 |
|---------------------|-------|-------|-------|

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2010

INCOME STATEMENT FOR PERIOD ENDED MARCH 31, 2010

| | Unaudited 31 March-10 | Unaudited 31 March-09 | Audited Y/E 30 Sept-09 |
|-------------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Interest on loans | 19,865 | 18,705 | 38,204 |
| Interest on Investments | 4,456 | 6,123 | 11,485 |
| Total interest income | 24,321 | 24,828 | 49,689 |
| Interest on Deposits | 8,177 | 8,584 | 16,919 |
| Total Interest Expense | 8,177 | 8,584 | 16,919 |
| Net Interest | 16,144 | 16,244 | 32,770 |
| Other income | 4,959 | 4,431 | 9,402 |
| | 21,103 | 20,675 | 42,172 |
| Other Expenses | 15,824 | 17,052 | 33,819 |
| Investment Impairment | | | - |
| Provisions for loan losses | 149 | (143) | (98) |
| | 15,973 | 16,909 | 33,721 |
| Profit before tax | 5,130 | 3,766 | 8,451 |
| Taxation | 58 | (141) | 228 |
| Profit after tax | 5,072 | 3,907 | 8,679 |

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2010

CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED MARCH 31, 2010

| | Unaudited 31 March-10 | Unaudited 31 March-09 | Audited Y/E 30 Sept-09 |
|---|----------------------------------|----------------------------------|-----------------------------------|
| Profit before tax | 5,130 | 3,766 | 8,451 |
| Depreciation and non cash items | 2,192 | (2,276) | 4,292 |
| Provisions for loan losses | 149 | 143 | 1,100 |
| (Increase) in Customer loans | (6,405) | (20,717) | (34,674) |
| (Decrease)/Increase in Customer deposits | 3,436 | (15,895) | (21,747) |
| Decrease /(Increase) in statutory deposit | (590) | 6,982 | 797 |
| (Increase) in other assets | (1,565) | (379) | 1,963 |
| (Decrease) /Increase in other liabilities | 10,497 | (13,830) | (10,033) |
| Income taxes paid | 0 | (79) | 0 |
| Cash provided by operating activities | 12,844 | (42,285) | (49,851) |
| Net redemption/ (purchase) of investments | 10,909 | 16,328 | 16,276 |
| Increase in fixed assets | (910) | (2,180) | 4,013 |
| Cash from investing activities | 9,999 | 14,148 | 20,289 |
| Dividends paid | (3,000) | (5,625) | (6,750) |
| Increase in due to other banks | 916 | (1,405) | (4,855) |
| Cash (used in)/ provided by financing activities | (2,084) | (7,030) | (11,605) |
| Decrease in cash resources | 20,759 | (35,167) | (41,167) |
| Cash resources at beginning of year | 55,042 | 96,209 | 96,209 |
| <u>Cash resources at end of period</u> | <u>75,801</u> | <u>61,042</u> | <u>55,042</u> |

Republic Bank (Grenada) Limited

Investment Port folio as at March 31, 2010

| | CURRENCY | MARKET VALUE MARCH 2010 (EC\$'000) | COUPON RATE | MATURITY DATE | PLACE |
|--|----------|--|----------------|------------------|----------|
| EC\$ INVESTMENTS | | | | | |
| Govt of G/da EC Stepup Bonds | | \$7,447 | 2.50% | 15-Sep-2025 | Domestic |
| | | | | | |
| | | | | | |
| ProDev 10 year 8% bonds | EC | \$2,424 | 8.00% | 21-Dec-2017 | Regional |
| Gov't of St. Kitts & Nevis 2015 | EC | \$1,261 | 9.50% | 1-Apr-2015 | Regional |
| Gov't of St. Kitts C/Homes 2016 | EC | \$1,082 | 11.00% | 21-Dec-2016 | Regional |
| FINCOR Debenture series A | EC | \$1,121 | 8.38% | 31-Aug-2022 | Domestic |
| FINCOR Debenture series B | EC | \$322 | 9.64% | 31-Aug-2022 | Domestic |
| Govt of St.Kitts 10 year bond 2012 | EC | \$3,324 | 7.50% | 1-Aug-2012 | Regional |
| Gravel, Concrete & Emulsion Production Phase 1 | EC | \$352 | 7.75% | 28-Jul-2015 | Domestic |
| Gravel, Concrete & Emulsion Production Phase 2 | | \$239 | 7.50% | 28-Jul-2015 | Domestic |
| ECHMB Bonds 18th issue | EC | \$4,898 | 6.00% | 26-Aug-2011 | Regional |
| ECHMB Bonds 12th issue | EC | \$2,487 | 5.50% | 1-Jul-2010 | Regional |
| Sub Total | | \$17,510 | | | |
| | CURRENCY | MARKET VALUE MARCH 2010 | 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 | \$528 | | | |
| Sub Total | | \$1,025 | | | |
| | | | | | |
| Total EC\$ Investment | | \$25,982 | | | |
| | | | | | |
| TT DOLLAR INVESTMENT | | | | | |
| WASA FIXED RATE BONDS | TT\$ | 23,206 | 11.50% | 21-Nov-2021 | Regional |
| Government of Trinidad & Tobago 3 year note | TT\$ | 18,494 | 4.00% | 4-Jul-2012 | Regional |
| Sub Total - TT Dollar Investments | | 41,700 | | | |
| | | | | | |
| US\$ INVESTMENTS | | | | | |
| TAURUS SERVICES LTD | US\$ | \$1,119 | 7.40% | 8-Dec-2010 | Regional |

| | | | | | |
|---------------------------------|----------|----------------------------|----------------|------------------|---------------|
| TAURUS SERVICES LTD | US\$ | \$5,333 | 7.35% | 8-Jun-2010 | Regional |
| Sub Total | | 6,452 | | | |
| | | | | | |
| | CURRENCY | MARKET VALUE MARCH 2010 | COUPON RATE | MATURITY DATE | PLACE |
| | | | | | |
| Gov't of G/da US Stepup Bonds | US | \$3,573 | 2.50% | 15-Sep-2025 | Domestic |
| UWI Float rate bonds | US | \$1,126 | 8.60% | 30-Apr-2015 | Regional |
| FCB St.Lucia 2011 5.125% | US | \$5,427 | 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 | \$5,436 | 7.25% | 15-Dec-2021 | Regional |
| BNS Commercial paper 2012 | US | \$8,135 | 2.25% | 22-Jan-2013 | International |
| Sub Total | | \$36,201 | | | |
| | | | | | |
| Queen Elizabeth Hospital Strips | US | \$7,827 | 7.48% | 19-Dec-2012 | Regional |
| | | | | | |
| Grand Total | | \$111,710 | | | |