

REPUBLIC BANK (GRENADA) LIMITED

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30 2013

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	2013	Restated 2012	Restated 2011
<b>ASSETS</b>			
Cash	8,012	8,442	6,862
Statutory deposits with Central Bank	37,214	36,356	36,098
Due from banks	63,144	23,070	18,815
Treasury bills	5,889	5,889	5,897
Investment interest receivable	1,330	1,565	1,753
Advances	492,276	496,520	497,173
Investment securities	87,701	98,898	95,147
Premises and equipment	36,349	38,123	40,426
Pension assets	3,781	3,134	2,530
Deferred tax assets	1,711	1,790	1,091
Other assets	1,448	1,720	2,103
<b>TOTAL ASSETS</b>	<b><u>738,855</u></b>	<b><u>715,507</u></b>	<b><u>707,895</u></b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>LIABILITIES</b>			
Due to banks	8,931	6,197	4,290
Customers' current, savings and deposit accounts	624,141	596,167	597,055
Provision for post-retirement medical and group life obligations	3,736	3,444	3,107
Taxation payable	-	48	-
Deferred tax liabilities	2,778	993	1,885
Accrued interest payable	764	1,459	1,844
Other liabilities	7,567	11,503	7,952
<b>TOTAL LIABILITIES</b>	<b><u>647,917</u></b>	<b><u>619,811</u></b>	<b><u>616,133</u></b>
<b>EQUITY</b>			
Stated capital	15,000	15,000	15,000
Statutory reserves	15,000	15,000	15,000
Other reserves	4,531	821	3,331
Retained earnings	56,407	64,875	58,431
<b>TOTAL EQUITY</b>	<b><u>90,938</u></b>	<b><u>95,696</u></b>	<b><u>91,762</u></b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>738,855</u></b>	<b><u>715,507</u></b>	<b><u>707,895</u></b>

STATEMENT OF INCOME  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	<b>2013</b>	<b>Restated 2012</b>
Interest income	43,837	46,822
Interest expense	<u>(13,882)</u>	<u>(15,179)</u>
<b>Net interest income</b>	29,955	31,643
Other income	<u>9,636</u>	<u>11,782</u>
	39,591	43,425
Operating expenses	<u>(43,552)</u>	<u>(34,163)</u>
Operating (loss)/profit	(3,961)	9,262
Loan impairment expense, net of recoveries	<u>(1,686)</u>	<u>(1,935)</u>
<b>Net (loss)/profit before taxation</b>	(5,647)	7,327
Taxation (expense)/credit	<u>(271)</u>	<u>467</u>
<b>Net (loss)/profit after taxation</b>	<u>(5,918)</u>	<u>7,794</u>
<b>Earnings per share (\$)</b>		
Basic	(\$3.95)	\$5.20
<b>Number of shares ('000)</b>		
Basic	1,500	1,500

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	<b>2013</b>	<b>Restated 2012</b>
<b>Net (loss)/profit after taxation</b>	<b>(5,918)</b>	<b>7,794</b>
<b>Other comprehensive income/(loss):</b>		
Revaluation of available-for-sale investment securities	5,300	(3,586)
Tax effect	<u>(1,590)</u>	<u>1,076</u>
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<u>3,710</u>	<u>(2,510)</u>
<b>Total comprehensive (loss)/income for the year, net of tax</b>	<u><b>(2,208)</b></u>	<u><b>5,284</b></u>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	Stated capital	Statutory reserves	Other reserves	Retained earnings	Total equity
<b>Balance at October 1, 2010 as originally stated</b>	<b>15,000</b>	<b>15,000</b>	<b>4,397</b>	<b>61,392</b>	<b>95,789</b>
Total comprehensive income for the year, as originally stated	-	-	(1,066)	1,896	830
Prior period adjustment	-	-	-	(882)	(882)
Dividends	-	-	-	(3,975)	(3,975)
<b>Balance at September 30, 2011 (Restated)</b>	<b>15,000</b>	<b>15,000</b>	<b>3,331</b>	<b>58,431</b>	<b>91,762</b>
<b>Balance at October 1, 2011 (Restated)</b>	<b>15,000</b>	<b>15,000</b>	<b>3,331</b>	<b>58,431</b>	<b>91,762</b>
Total comprehensive income for the year, as originally stated	-	-	(2,510)	8,712	6,202
Prior period adjustment	-	-	-	(918)	(918)
Dividends	-	-	-	(1,350)	(1,350)
<b>Balance at September 30, 2012 (Restated)</b>	<b>15,000</b>	<b>15,000</b>	<b>821</b>	<b>64,875</b>	<b>95,696</b>
Total comprehensive loss for the year	-	-	3,710	(5,918)	(2,208)
Dividends	-	-	-	(2,550)	(2,550)
<b>Balance at September 30, 2013</b>	<b>15,000</b>	<b>15,000</b>	<b>4,531</b>	<b>56,407</b>	<b>90,938</b>

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	<b>2013</b>	<b>2012</b>
<b>Operating activities</b>		
(Loss)/Profit before taxation	(5,647)	7,327
<b>Adjustments for:</b>		
Depreciation	3,631	4,229
Loan impairment expense, net of recoveries	1,686	1,935
Investment impairment expense	10,089	35
(Gain)Loss on disposal of available -for-sale investment	(40)	100
Loss/(Gain) on sale of premises and equipment	4	(22)
Work-in-progress written-off	219	-
Increase in employee benefits and post-retirement medical and group life obligations	(355)	(267)
Decrease/(Increase) in advances	2,558	(1,282)
Increase/(Decrease) in customers' deposits and other fund raising	27,974	(888)
Increase in statutory deposits with Central Bank	(858)	(258)
Decrease in other assets and investment interest receivable	507	571
(Decrease)/Increase in other liabilities and accrued interest payal	<u>(4,679)</u>	<u>3,166</u>
<b>Cash provided by operating activities</b>	<u>35,089</u>	<u>14,646</u>
<b>Investing activities</b>		
Purchase of investment securities	(17,213)	(37,676)
Redemption of investment securities	23,680	30,212
Additions to premises and equipment	(2,157)	(1,987)
Proceeds from sale of premises and equipment	<u>61</u>	<u>83</u>
<b>Cash provided by/(used in) investing activities</b>	<u>4,371</u>	<u>(9,368)</u>
<b>Financing activities</b>		
Increase in balances due to other banks	2,734	1,907
Dividends paid to shareholders	<u>(2,550)</u>	<u>(1,350)</u>
<b>Cash provided by financing activities</b>	<u>184</u>	<u>557</u>
<b>Net increase in cash and cash equivalents</b>	39,644	5,835

<b>Cash and cash equivalents at beginning of year</b>	<u>31,512</u>	<u>25,677</u>
<b>Cash and cash equivalents at end of year</b>	<u>71,156</u>	<u>31,512</u>
<b>Cash and cash equivalents at end of year are represented by:</b>		
Cash on hand	8,012	8,442
Due from banks	<u>63,144</u>	<u>23,070</u>
	<u>71,156</u>	<u>31,512</u>

## **REPUBLIC BANK (GRENADA) LIMITED**

### **PRESS RELEASE**

#### **CHAIRMAN'S STATEMENT**

For the year ended September 30, 2013, the Bank recorded a loss after tax of \$5.9 million, after accounting for an impairment expense of \$10.1 million on Government of Grenada bonds (comparative adjusted net profit after tax for 2012: \$7.8 million). Based on these results, the Bank has not declared a dividend for the year (2012: \$2.35). Given the depressed economic environment in which the Bank operated, its net profit before the impairment expense and taxes, of \$4.5 million can be viewed against the comparative 2012 \$7.3 million profit.

The economic environment in Grenada remains challenging. The immediate future is clouded by uncertainty, most critical of which is the form and conditions of the proposed restructuring of the Government debt. Notwithstanding, there is an expectation for a turnaround in 2014, following renewed interest in Foreign Direct Investment. The opening of the Sandals Resort for the beginning of this year's tourist season, should provide a welcome boost to the economy.

Our core business remains solid, and we expect to return to profitability in 2014.

Ronald F. deC. Harford  
CHAIRMAN

November 1, 2013