

**Schedule 3  
FORM ECSRC - Q**

**(Select One)**

Interim Nine Month Report For the period ended June 30, 2015

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

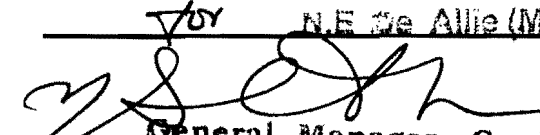
**SIGNATURES**

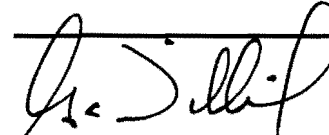
Name of Chief Executive Officer:

Name of Director:

Keith A. Johnson

Graham K. Williams

*for* N.E. De Alle (Mrs)  
  
General Manager - Credit  
 Signature

  
 Signature

Date July 29, 2015

Date July 29, 2015

## **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 June 30, 2015 and June 30, 2014.
- (b) Condensed Statement of Income for the nine (9) months ended June 30, 2015 and June 30, 2014.
- (c) Condensed Statement of Cash Flows for the nine (9) months ended June 30, 2015 and June 30, 2014.

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

For the nine months ended June 30, 2015 the Bank recorded a Net Profit after tax of \$2.394 million compared to \$3.185 million for the corresponding period last year. Our core profits improved by 12%, when the comparative 2014 results are adjusted for the one-off gain of \$1.052 million related to the sale of VISA shares in that period.

Liquidity in Grenada increased between March 2014 and March 2015, with the loan to deposit ratio of all commercial banks moving from 74.25 percent to 65.73 percent. For the period December 2014 to March 2015 Liquid Assets/Total Deposits plus Total Liabilities increased from 35.52 percent to 38.12 percent. The Bank's liquidity increased with a loan to deposit ratio of 65.33 percent as at June 30, 2015 down from 67.05 percent as at March 31, 2015.

As at June 30, 2015 there was a 2.11% or \$15M (Savings - \$5M; Demand - \$12M and CD's decrease \$2M) increase in the total deposit portfolio compared to March 31, 2015. The Bank's top 20 deposit customers represented 19.9% of total deposits as at June 30, 2015, an increase from 18.9% as at March 31, 2015. As at March, 2015, the Bank's market share for deposits increased slightly to 26.72% compared to 26.62% as at December 2014.

The total loans portfolio remained constant during the quarter to June 30, 2015. The Bank's top 20 borrowers represented 25.8% of total loans as at June 30, 2015 a slight increase from 25.0% as at March 31, 2015. As at March 31, 2015 the Bank's market share for loans increased slightly to 28.06% from 28.03% as at December 31, 2015.

The ratio of the non-performing portfolio to total loans decreased slightly to 9.63% as at June 30, 2015, down from 10.04% as at March 31, 2015. Delinquency deteriorated to 4.0% as at June 23, 2015 from 2.5% as at March 23, 2015.

The Bank's capital base decreased from March 2015 to June 2015. At June 30, 2015, 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 13.8 percent and total qualifying capital to total adjusted risk weighted assets was 15.4 percent compared to 14.3 and 15.6 percent respectively as at March 2015. Both ratios far exceed 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 June 30, 2015 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 NINE MONTHS ENDED JUNE 30, 2015**

**BALANCE SHEET AS AT JUNE 30, 2015**

**ASSETS**

	<b>Unaudited 30 June-15</b>	<b>Unaudited 30 June-14</b>	<b>Audited Y/E 30 Sept-14</b>
	\$000's	\$000's	\$000's
Cash & due from banks	108,286	116,400	126,885
Statutory reserve	43,645	39,540	40,729
Treasury Bills	6,120	5,889	2,820
Investments	154,090	91,016	111,319
Loans & Advances	489,209	506,527	491,781
Provision for loan losses	-15,499	-15,497	-15,495
Fixed Assets	75,692	77,148	76,980
Depreciation	-41,383	-41,381	-41,379
Net Pension Asset	6,731	6,520	6,731
Other Assets	5,322	4,668	7,853
<b>Total Assets</b>	<b>832,213</b>	<b>790,830</b>	<b>808,224</b>

**LIABILITIES & SHAREHOLDERS EQUITY**

**LIABILITIES**

Current, Savings and Deposit Accounts	719,424	662,794	684,097
Due to other Banks	5,716	17,635	17,349
Post retirement benefits	3,516	3,380	3,516
Other liabilities	10,290	11,577	11,737

**SHAREHOLDERS EQUITY**

Shares in issue	15,000	15,000	15,000
Statutory Reserves	15,000	15,000	15,000
Other Reserves	4,410	5,867	5,062
Retained Earnings	58,857	59,577	56,463
Shareholders Equity	93,267	95,444	91,525
<b>Total liabilities and shareholders equity</b>	<b>832,213</b>	<b>790,830</b>	<b>808,224</b>

Contingent Accounts	17,934	19,032	19,127
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**REPUBLIC BANK (GRENADA) LIMITED**  
**FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED JUNE 30, 2015**

**INCOME STATEMENT FOR PERIOD ENDED JUNE 30, 2015**

	<b>Unaudited 30 June-15</b>	<b>Unaudited 30 June-14</b>	<b>Audited Y/E 30 Sept-14</b>
Interest on loans	27,291	29,125	38,568
Interest on Investments	3,706	3,120	4,183
<b>Total interest income</b>	<b>30,997</b>	<b>32,245</b>	<b>42,751</b>
Interest on Deposits	9,405	10,195	13,643
<b>Total Interest Expense</b>	<b>9,405</b>	<b>10,195</b>	<b>13,643</b>
<b>Net Interest</b>	<b>21,592</b>	<b>22,050</b>	<b>29,108</b>
Other income	8,410	8,858	11,213
	30,002	30,908	40,321
Other Expenses	25,359	25,069	32,848
Investment Impairment recovery	0	0	-183
Loan impairment expense	2,065	2,276	7,196
	27,424	27,345	39,861
<b>Profit before taxation</b>	<b>2,578</b>	<b>3,563</b>	<b>460</b>
Taxation expense	184	378	389
<b>Profit after taxation</b>	<b>2,394</b>	<b>3,185</b>	<b>71</b>



**REPUBLIC BANK (GRENADA) LIMITED**  
**FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED JUNE 30, 2015**

**CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED JUNE 30, 2015**

	Unaudited 30 June-15	Unaudited 30 June-14	Audited Y/E 30 Sept-14
Profit before taxation	2,578	3,563	460
Depreciation and non cash items	2,633	2,729	2,047
Provisions for loan losses	2,065	2,276	7,196
Decrease/ (Increase) in Customer loans	511	-1,030	8,794
Increase in Customer deposits	35,327	38,653	59,956
Increase in statutory deposit	-2,916	-2,326	-3,515
Increase/(Decrease) in other assets	2,572	-393	-4,288
(Decrease) /Increase in other liabilities	-1,390	-259	270
Income taxes paid	0	-7	-6
<b>Cash provided by operating activities</b>	<b>41,380</b>	<b>43,206</b>	<b>70,914</b>
Net purchase of investments	-47,235	-4,896	-21,223
Increase in fixed assets	-1,111	-1,770	-2,380
<b>Cash used in investing activities</b>	<b>-48,346</b>	<b>-6,666</b>	<b>-23,603</b>
(Decrease)/Increase in due to other banks	-11,633	8,704	8,418
<b>Cash (used in)/provided by financing activities</b>	<b>-11,633</b>	<b>8,704</b>	<b>8,418</b>
(Decrease)/Increase in cash resources	-18,599	45,244	55,729
Cash resources at beginning of year	126,885	71,156	71,156
<b>Cash resources at end of period</b>	<b>108,286</b>	<b>116,400</b>	<b>126,885</b>

**Republic Bank (Grenada) Limited**

**Investment Portfolio as at June 30, 2015**

	CURRENCY	MARKET VALUE June 30, 2015 (EC\$'000)	COUPON RATE	MATURITY DATE	PLACE
<b>EC\$ INVESTMENTS</b>					
Govt of G/da EC Stepup Bonds	EC	\$2,910	6.00%	15-Sep-2025	Domestic
ProDev 10 year 8% bonds	EC	\$750	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
<b>Sub Total</b>		<b>\$3,660</b>			
<b>EQUITY INVESTMENTS</b>					
ECHMB	EC	\$350			Regional
Eastern C'bean Sec. Exchange	EC	\$147			Regional
<b>Sub Total</b>		<b>\$497</b>			
<b>Total EC\$ Investment</b>		<b>\$4,157</b>			
<b>TT DOLLAR INVESTMENT</b>					
WASA FIXED RATE BONDS	TT\$	12,644	11.50%	21-Nov-2021	Regional
<b>Sub Total - TT Dollar Investments</b>		<b>12,644</b>			
<b>US DOLLAR INVESTMENT</b>					
Gov't of G/da US Stepup Bonds	US	\$1,965	4.50%	15-Sep-2025	Domestic
FCB St.Lucia 2011 5.125%	US	\$5,454	4.90%	9-Feb-2016	Regional
Barbados National Oil Company bonds	US	\$0	5.75%	31-Dec-2014	Regional
APG-St.Johns Port Expansion	US	\$5,355	9.00%	30-Sep-2025	Regional
Commonwealth Bank of Australia	US	\$0	1.95%	16-Mar-2015	Int'l
ANZ NZ	US	\$6,775	1.85%	15-Oct-2015	Int'l
Goldman sachs	US	\$0	3.30%	3-May-2015	Int'l
HSBC	US	\$6,703	1.50%	15-May-2018	Int'l
Citigroup	US	\$5,403	2.25%	7-Aug-2015	Int'l
Govt of B/dos 2021 7.25%	US	\$4,488	7.25%	15-Dec-2021	Regional
Gov't of St. Kitts USD bonds	US	\$426	6.00%	18-Mar-2032	Regional
SUMIBK 2.5% Bond	US	\$8,217	2.50%	19-Jul-2018	Int'l
Gov't of St. Kitts USD bonds #2	US	\$12	6.00%	18-Mar-2032	Regional
Bank of America 1.25% USD bond	US	\$5,411	1.25%	11-Jan-2016	Int'l
Corbana	US	\$8,123	3.13%	15-Jan-2018	Int'l
Ecopetrol	US	\$5,623	4.25%	18-Sep-2018	Int'l
Bank of America 2.6%	US	\$8,590	2.60%	15-Jan-2019	Int'l
Bobin	US	\$5,738	4.88%	23-Jan-2019	Int'l
Bank of Montreal	US	\$8,189	2.38%	25-Jan-2019	Int'l
Goldman sachs	US	\$8,165	2.65%	31-Jan-2019	Int'l
Citigroup	US	\$2,700	2.50%	29-Jul-2019	Int'l
Citigroup	US	\$5,333	2.40%	18-Feb-2020	Int'l
Royal Bank of Canada	US	\$5,370	2.15%	6-Mar-2020	Int'l
STD CHARTERED 2.25%USD BOND#1	US	\$10,608	2.25%	17-Apr-2020	Int'l
STD CHARTERED 2.25%USD BOND#2	US	\$7,956	2.25%	17-Apr-2020	Int'l
STD CHARTERED 2.25%USD BOND	US	\$2,652	2.25%	17-Apr-2020	Int'l
BLADEX 3.25% USD BOND	US	\$2,693	3.25%	7-May-2020	Int'l
WELLS FARGO 2.15% USD BOND	US	\$2,670	2.15%	30-Jan-2020	Int'l
WELLS FARGO 2.15% USD BOND	US	\$2,670	2.15%	30-Jan-2020	Int'l
<b>Sub Total</b>		<b>\$137,289</b>			
<b>Total US\$ Investment</b>		<b>\$137,289</b>			
<b>Grand Total</b>		<b>\$154,090</b>			