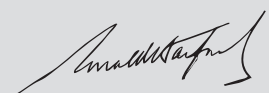


CHAIRMAN'S STATEMENT

Dear Shareholder:

For the first quarter ended December 31, 2014, the Bank recorded Profit after Tax of \$0.378 million, compared to \$1.329 million for the corresponding period last year. The core operating profit of \$1.494 million improved compared to last year's \$1.266 million but was outstripped by an increase in loan loss provisions of \$1.122 million.

Although many challenges remain, we are encouraged by the growth recorded in the economy over the past two years, and expect this to be reflected in our current year's performance.




Ronald F. de.C Harford
CHAIRMAN

January 15, 2015

**STATEMENT OF FINANCIAL POSITION
as at December 31, 2014**

Expressed in thousands of Eastern Caribbean dollars (\$'000)

| | UNAUDITED Dec-31-14 \$'000 | RESTATED UNAUDITED Dec-31-13 \$'000 | AUDITED Sept-30-14 \$'000 |
|---|----------------------------------|--|---------------------------------|
| Assets | | | |
| Cash resources | 144,151 | 102,310 | 170,434 |
| Advances | 477,922 | 502,517 | 476,286 |
| Investment securities | 123,339 | 93,886 | 111,319 |
| Premises and equipment | 35,457 | 35,764 | 35,601 |
| Net pension asset | 6,731 | 6,520 | 6,731 |
| Other assets | 4,767 | 4,948 | 7,853 |
| Total Assets | 792,367 | 745,945 | 808,224 |
| Liabilities and Equity | | | |
| Liabilities | | | |
| Due to banks | 4,434 | 14,199 | 17,349 |
| Customers' deposits and other funding instruments | 680,766 | 620,195 | 684,097 |
| Other liabilities | 15,497 | 17,391 | 15,253 |
| Total Liabilities | 700,697 | 651,785 | 716,699 |
| Equity | | | |
| Stated capital | 15,000 | 15,000 | 15,000 |
| Statutory reserves | 15,000 | 15,000 | 15,000 |
| Other reserves | 4,829 | 6,439 | 5,062 |
| Retained earnings | 56,841 | 57,721 | 56,463 |
| Total equity | 91,670 | 94,160 | 91,525 |
| Total Liabilities and Equity | 792,367 | 745,945 | 808,224 |



Ronald F. deC. Harford, Chairman



Keith A. Johnson, Managing Director

STATEMENT OF INCOME

 For the period ended December 31, 2014
 Expressed in thousands of Eastern Caribbean dollars (\$'000)

| | UNAUDITED THREE MONTHS ENDED | | AUDITED YEAR ENDED |
|---|------------------------------------|---------------------|--------------------------|
| | Dec-31-14 \$'000 | Dec-31-13 \$'000 | Sept-30-14 \$'000 |
| Net interest income | 7,026 | 7,218 | 29,108 |
| Other income | 2,900 | 2,598 | 11,213 |
| Operating income | 9,926 | 9,816 | 40,321 |
| Operating expenses | (8,432) | (8,550) | (32,665) |
| Operating profit | 1,494 | 1,266 | 7,656 |
| Loan impairment (expense)/recovery | (1,122) | 217 | (7,196) |
| Profit before taxation | 372 | 1,483 | 460 |
| Taxation recovery/(expense) | 6 | (154) | (389) |
| Net profit after taxation | 378 | 1,329 | 71 |
| Earnings per share | | | |
| Basic | \$0.25 | \$0.89 | \$0.05 |
| Weighted average number of shares ('000) | | | |
| Basic | 1,500 | 1,500 | 1,500 |

STATEMENT OF COMPREHENSIVE INCOME

 For the period ended December 31, 2014
 Expressed in thousands of Eastern Caribbean dollars (\$'000)

| | UNAUDITED THREE MONTHS ENDED | | AUDITED YEAR ENDED |
|---|------------------------------------|---------------------|--------------------------|
| | Dec-31-14 \$'000 | Dec-31-13 \$'000 | Sept-30-14 \$'000 |
| Net profit after taxation | 378 | 1,329 | 71 |
| Other comprehensive income (net of tax) that may be reclassified to profit and loss in subsequent periods or have been transferred to profit and loss in the current period: | | | |
| Net loss on available-for-sale investments | (233) | (269) | (1,228) |
| Other comprehensive income (net of tax) that will not be reclassified to profit and loss in subsequent periods: | | | |
| Re-measurement losses on defined benefit plans | - | - | (418) |
| Total comprehensive income/(loss) for the period, net of taxation | 145 | 1,060 | (1,575) |

STATEMENT OF CHANGES IN EQUITY

 For the period ended December 31, 2014
 Expressed in thousands of Eastern Caribbean dollars (\$'000)

| | Stated Capital \$'000 | Statutory Reserves \$'000 | Other Reserves \$'000 | Retained Earnings \$'000 | Total Equity \$'000 |
|--|-----------------------------|---------------------------------|-----------------------------|--------------------------------|---------------------------|
| Period ended December 31, 2014 | | | | | |
| Balance at October 1, 2014 | 15,000 | 15,000 | 5,062 | 56,463 | 91,525 |
| Total comprehensive income for the period | - | - | (233) | 378 | 145 |
| Dividends | - | - | - | - | - |
| Balance at December 31, 2014 | 15,000 | 15,000 | 4,829 | 56,841 | 91,670 |
| Period ended December 31, 2013 | | | | | |
| Balance at October 1, 2013 as originally stated | 15,000 | 15,000 | 4,531 | 56,407 | 90,938 |
| Prior period adjustment (Note 4) | - | - | 2,177 | (15) | (2,162) |
| Balance at October 1, 2013 (Restated) | 15,000 | 15,000 | 6,708 | 56,392 | 93,100 |
| Total comprehensive income for the period | - | - | (269) | 1,329 | 1,060 |
| Dividends | - | - | - | - | - |
| Balance at December 31, 2013 (Restated) | 15,000 | 15,000 | 6,439 | 57,721 | 94,160 |
| Year ended September 30, 2014 | | | | | |
| Balance at October 1, 2013 (Restated) | 15,000 | 15,000 | 6,708 | 56,392 | 93,100 |
| Total comprehensive loss for the period | - | - | (1,646) | 71 | (1,575) |
| Dividends | - | - | - | - | - |
| Balance at September 30, 2014 | 15,000 | 15,000 | 5,062 | 56,463 | 91,525 |

STATEMENT OF CASH FLOWS

 For the period ended December 31, 2014
 Expressed in thousands of Eastern Caribbean dollars (\$'000)

| | UNAUDITED THREE MONTHS ENDED | | AUDITED YEAR ENDED |
|---|------------------------------------|---------------------|--------------------------|
| | Dec-31-14 \$'000 | Dec-31-13 \$'000 | Sept-30-14 \$'000 |
| Operating activities | | | |
| Profit before taxation | 372 | 1,483 | 460 |
| Adjustments for non-cash items | 1,959 | 957 | 9,243 |
| Decrease/(increase) in operating assets | 47 | (10,571) | 991 |
| (Decrease)/increase in operating liabilities | (2,985) | (1,878) | 60,220 |
| Cash (used in)/provided by operating activities | (607) | (10,009) | 70,914 |
| Investing activities | | | |
| Net increase in investments | (15,764) | (6,950) | (21,223) |
| Additions to fixed assets | (658) | (212) | (2,431) |
| Proceeds from sale of fixed assets | 80 | - | 51 |
| Cash used in investing activities | (16,342) | (7,162) | (23,603) |
| Financing activities | | | |
| (Decrease)/increase in balances due to other banks | (12,915) | 5,268 | 8,418 |
| Cash (used in)/provided by financing activities | (12,915) | 5,268 | 8,418 |
| Net (decrease)/increase in cash resources | (29,864) | (11,903) | 55,729 |
| Cash and cash equivalents at beginning of period/year | 126,885 | 71,156 | 71,156 |
| Cash and cash equivalents at end of period/year | 97,021 | 59,253 | 126,885 |
| Cash and Cash equivalent at end of period/year are represented by: | | | |
| Cash on hand | 17,203 | 16,222 | 9,615 |
| Due from Banks | 79,818 | 43,031 | 117,270 |
| | 97,021 | 59,253 | 126,885 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS
1 Corporate information

Republic Bank (Grenada) Limited (the Bank) is incorporated in Grenada and provides banking services through six branches in Grenada and Carriacou. The Bank was continued under the provision of the Companies Ordinance Section 365, 1995 on March 23, 1998 and its registered office is located at Republic House, Grand Anse, St. George, Grenada. It is a subsidiary of Republic Bank Limited of Trinidad and Tobago.

Republic Bank Limited (the 'Parent') is incorporated in the Republic of Trinidad and Tobago. It was continued under the provision of the Companies Act, 1995 on March 23, 1998. Its registered office is located at Republic House, 9-17 Park Street, Port of Spain.

CLICO Investment Bank Limited (CIB) owned together with its subsidiary First Company Limited, 18.3% of Republic Bank Limited. On October 17, 2011 the High Court ordered that CLICO Investment Bank Limited (CIB) be wound up and the Deposit Insurance Company appointed liquidator. Accordingly, this 18.3% shareholding is under the control of the Deposit Insurance Company.

Until October 31, 2012, the CL Financial Group held through its various subsidiaries, 51.4% of the shares of Republic Bank Limited, of which Colonial Life Insurance Company (Trinidad) Limited (CLICO) and CLICO Investment Bank Limited (CIB) combined, held 51.1%.

On November 1, 2012, 24.8% of Republic Bank Limited formerly owned by Colonial Life Insurance Company (Trinidad) Limited (CLICO) was transferred into an investment fund launched by the Government of the Republic of Trinidad and Tobago and called the CLICO Investment Fund (the Fund). The trustee of the Fund is the CLICO Trust Corporation Limited which holds the 24.8% shareholding in Republic Bank Limited in trust solely for the benefit of subscribing unit holders of the Fund. The Fund is as a consequence the largest shareholder in Republic Bank Limited.

2 Basis of preparation

This interim financial report for the period ended December 31, 2014 has been prepared in accordance with IAS 34, 'Interim Financial Reporting' and should be used in conjunction with the annual financial statements for the year ended September 30, 2014.

3 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended December 31, 2014.

4 Prior period restatement

IAS19 - Employee Benefits (Revised) became effective January 1, 2013 and has been applied retrospectively. The change in accounting policy resulted in the following:

- Amounts recognised in profit or loss will comprise of current service costs, any past service costs and gain or loss on settlement, and net interest on the net defined liability/(asset) and
- Amounts recognised in other comprehensive income as re-measurement of the net defined liability/(asset) will comprise actuarial gains and losses.

Impact on statement of financial position

The defined benefit pension asset and related deferred tax liability increased by \$2,739 (2012: \$1,558) and \$822 (2012: \$467) as at December 31, 2013. The post-retirement medical and group life obligation and related deferred tax asset decreased by \$356 (2012: \$496) and \$111 (2012: \$149) respectively. Retained earnings decreased by \$15 due to the increase in net pension costs.

5 Capital commitments

| | UNAUDITED | | AUDITED |
|--|---------------------|---------------------|----------------------|
| | Dec-31-14 \$'000 | Dec-31-13 \$'000 | Sept-30-14 \$'000 |
| Contracts for outstanding capital expenditure not provided for in the financial statements | 481 | 211 | 485 |
| Other capital expenditure authorised by the Directors but not yet contracted for | 10,477 | 5,568 | 12,847 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS
6 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. A number of banking transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and conditions, at market rates.

| | UNAUDITED | | AUDITED |
|---|---------------------|---------------------|----------------------|
| | Dec-31-14 \$'000 | Dec-31-13 \$'000 | Sept-30-14 \$'000 |
| Advances, investments and other assets (net of provisions) | | | |
| Parent Company | 69,787 | 41,642 | 88,000 |
| Directors and key management personnel | 1,839 | 2,206 | 1,937 |
| Other related parties | 1,184 | 1,175 | 1,153 |
| | <u>72,810</u> | <u>45,023</u> | <u>91,090</u> |
| Provision for amounts due from related parties | - | - | - |
| Deposits and other liabilities | | | |
| Parent Company | 551 | 222 | 580 |
| Directors and key management personnel | 675 | 337 | 515 |
| Other related parties | 3,539 | 13,638 | 16,933 |
| | <u>4,765</u> | <u>14,197</u> | <u>18,028</u> |
| Interest and other income | | | |
| Parent Company | 9 | 5 | 26 |
| Directors and key management personnel | 41 | 58 | 182 |
| Other related parties | 16 | 27 | 109 |
| | <u>66</u> | <u>90</u> | <u>317</u> |
| Interest and other expense | | | |
| Parent Company | 108 | 61 | 358 |
| Directors and key management personnel | 130 | 115 | 160 |
| Other related parties | 1 | 4 | 10 |
| | <u>239</u> | <u>180</u> | <u>528</u> |

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank.

Key management compensation

| | | | |
|--------------------------|------------|------------|------------|
| Short term benefits | 169 | 192 | 627 |
| Post employment benefits | 8 | 8 | 31 |
| | <u>177</u> | <u>200</u> | <u>658</u> |

7 Deposits with central bank

The Eastern Caribbean Automated Clearing House (ECACH) System has launched its operations effective September 2014. Republic Bank (Grenada) Limited has deposited three (3) days' collateral with the Eastern Caribbean Central Bank (ECCB) in the amount of \$6.27 million to guarantee settlement of all items being cleared through the ECACH.

8 Contingent liabilities

As at December 31, 2014, there were certain legal proceedings outstanding against the Bank. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise or that it would be premature at this stage of the action to determine that eventuality.