

**Schedule 2**  
**FORM ECSRC – OR**

(Select One)

☐ **QUARTERLY FINANCIAL REPORT** for the period ended December 31, 2018  
**Pursuant to Section 98(2) of the Securities Act, 2001**

**OR**

☐ **TRANSITION REPORT**  
for the transition period from \_\_\_\_\_ to \_\_\_\_\_  
**Pursuant to Section 98(2) of the Securities Act, 2001**  
*(Applicable where there is a change in reporting issuer's financial year)*

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): 1 473 444 2265

Fax number: 1 473 444 5501

Email address: info@republicgrenada.com

N/A

(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. N/A

CLASS	NUMBER
Common stock	1,627,673

## SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

Keith A. Johnson

Name of Director:

Leon Charles

SIGNED AND CERTIFIED

January 2019

Date

SIGNED AND CERTIFIED

January 2019

Date

Name of Chief Financial Officer:

Elizabeth Richards-Daniel

SIGNED AND CERTIFIED

Signature

January 2019

Date

## **INFORMATION TO BE INCLUDED IN FORM ECSRC-OR**

### **1. Financial Statements**

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

### **2. Management's Discussion and Analysis of Financial Condition and Results of Operation.**

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

- 1. The quality of earnings;
- 2. The likelihood that past performance is indicative of future performance; and
- 3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures

taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

### *General Discussion and Analysis of Financial Condition*

During the three months to December 31, 2018, total assets increased by \$21M or 2.2%. There was a \$24M or 16.6% increase in cash resources and a \$16M or 3.4% growth in loans. Investments decreasing by \$15.5M or 5.4% due to three investments which matured during the quarter. The increase in total assets is reflected in the \$25M or 3.13% increase in customers' deposits.

The Bank's top 20 borrowers represented 30.08% of total loans as at December 31, 2018 a slight decrease from 30.67% as at September 30, 2018.

While the market experienced an increase in loans of 2.42% during the period June 2018 to September 2018 the Bank experienced a slight decrease of 0.21% during the same period. As a result the Bank's market share decreased to 28.1% as at September 2018 from 28.9% as at June 2018. During the period September 2017 to September 2018 both the market and the Bank experienced an increase in loans of 3.68% and 3.93% respectively. The Bank's increase was 30% of the \$60M increase in the market resulting in the Bank's market share remaining constant during the period.

The ratio of the non-performing portfolio to total loans decreased to 3.66% as at December 31, 2018 from 3.78% as at September 30, 2018. There was an increase in delinquency to 5.54% as at December 23, 2018 from 3.27% as at September 23, 2018 mainly due to the commercial portfolio increasing from 6.29% to 8.36% and the corporate portfolio from 2.25% to 4.20%.

The Bank's top 10 deposit customers represented 21.04% of total deposits as at December 31, 2018 a slight decrease from 21.05% as at September 30, 2018. While the % is still in excess of the 15% target for the Customer Dependency ratio, the liquidity ratio of 50.06% is 30.06% more than the statutory requirement of 20%, which fully covers the top 10 were they to withdraw their funds without notice.

During the period June 2018 to September 2018 both the market and the Bank experienced an increase in deposits of 2.18% and 2.52% respectively. The Bank's increase was 30.8% of the \$65M increase in the market resulting in its market share increasing slightly to 26.6% from 26.5% as at June 2018. During the period September 2017 to September 2018 both the market and the Bank also experienced an increase in deposits of 4.52% and 2.26% respectively. The Bank's increase was only 13.64% of the \$132M increase in the market resulting in a decrease in market share from 27.2% to 26.6% during the said period.

On November 27, 2018 Republic Financial Holdings Limited (RFHL), the majority shareholders of Republic Bank (Grenada) Limited, announced that it had entered into an agreement to acquire Scotiabank's operations in Guyana, St. Maarten and the Eastern Caribbean territories including Grenada. The finalization of this transaction is subject to regulatory and other approvals.

### Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.

- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

### *Discussion of Liquidity and Capital Resources*

During the quarter to December 31, 2018, the net liquid asset ratio decreased slightly to 50.06% from 50.26% as at September 30, 2018, still well in excess of the prudential requirement of 20%. Of the 50.06% net liquid asset ratio as at December 31, 2018, 9.92%% represents uninvested funds compared to 7.32% of the 50.06% as at September 30, 2018. Our Head Office, continue to assist us in finding suitable investment opportunities to assist us in managing our liquidity.

Liquidity in Grenada decreased slightly between June 2018 and September 2018, with the loan to deposit ratio of all commercial banks moving from 55.25% to 55.39%. The Bank's liquidity decreased slightly during the period September 30, 2018 to December 31, 2018 with loan to deposit moving from 57.59% to 57.74%.

During the three months to December 31, 2018, the Bank's Tier 1 capital to total adjusted risk weighted assets decreased slightly while the total qualifying capital to total adjusted risk weighted assets increased slightly. Tier 1 capital to total adjusted risk weighted assets decreased to 14.31% from 14.41% as at September 30, 2018 and total qualifying capital to total adjusted risk weighted assets increased to 15.06% from 14.85% as at September 30, 2018. Both ratios still exceed the minimum established by the Basel Committee.

As part of the Asset and Liability Committee monthly reporting, an interest rate and liquidity Gap analysis is performed for all currencies. A combined analysis is also performed as a way of monitoring, managing and controlling risks associated with different maturity and interest profiles.

### Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

N/A

## Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

### *Overview of Results of Operations*

For the three months ended December 31, 2018, the Bank recorded Net Profit after tax of \$2.298M, an increase of \$0.727M or 46.3% over the \$1.571M reported for the corresponding period last year. The main contributors to this increased performance are as follows;

Net interest income increased by \$0.274M mainly due to an increase in the investment and loans portfolio. While interest income increased by \$0.426M, this was partly offset by an increase in interest expense of \$0.153M mainly due to the repricing of some fixed deposits and an increase in the savings portfolio.

Other income increased by \$0.418M mainly due to increases in recoveries on written off debts and increase in commissions.

Credit loss expense on financial assets decreased by \$0.258M mainly due to a reduction in provision for loan losses. The reduction in provision for loan loss provision was as a result of less loan relegated and an increase in collections mainly through the realization of securities.

However, these were partly offset by increases in taxes of \$0.192M.

### 3. Disclosure about Risk Factors.

**Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.**

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. An associated 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 counter-party 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 and investments 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. For retail lending, a computerized Credit Scoring system with preset risk management criteria is in place at all branches to facilitate decision-making. 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.

The major assets facing credit risk are loans and investments. As at December 31, 2018 the ratio of the non-performing portfolio to total loans decreased to 3.66% from 3.78% as at September 30, 2018 and the ratio of impaired investments to total investments decrease to 3.42% from 3.68% for the same period.

#### 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. While there is a negative interest rate EC gap this is mitigated by a positive US gap. As a December 31, 2018 the EC Gap is negative \$105M while the US Gap is positive \$375M. The combined gap for all currencies is positive \$276M.

#### 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 continually balances the need for short-term assets which have lower yields, with the need for higher asset returns. During the quarter to December 31, 2018, the net liquid asset ratio decreased to 50.06% from 50.26% as at September 30, 2018, still well in excess of the prudential requirement of 20%. Of the 50.06% net liquid asset ratio as at December 31, 2018, 9.92% represents uninvested funds compared to 7.32% of the 50.06% as at September 30, 2018.

A liquidity gap analysis is also performed to assist in managing liquidity risk. As at December 31, 2018 the combined liquidity gap was positive \$489M. Both the EC and US showed positive gaps of \$122M and \$340M respectively.

#### Currency Risk

Currency Risk is the exposure of the Bank's financial condition to unfavourable movements in foreign currency exchange rates. In recognition of this risk, the Bank's policy is to match initial net foreign currency investments with funding in that same currency. The Bank also has established limits for uncovered holdings in each foreign currency and monitors its foreign currency position for both overnight and intra-day transactions.

The Bank continues to operate within the exposure limits for trading provided by the Board, except for US\$, which has been in excess of the \$20 million limit, as purchases have outstripped sales. During the quarter there were occasional excesses in the other currencies however, these have since been regularized. A huge foreign exchange risk position continues to be maintained in TT dollars, with net assets of TT\$16.99 (EC\$6.89M) as at December 31, 2018. During the quarter the TT\$ position decreased by TT\$1.49K. TT \$10.27M (EC\$4.17M) or 60.46% of the TT\$ is represented by the WASA bond which matures in 2021. Although the return on this investment is 11.5%, the potential loss that could arise due to the depreciation of the TT\$ could be significant and as a result we decided to dispose of the bond. The Bond is still on the market however, it is not likely we would get a buyer in the short term. As at December 31, 2018 the TTS rate declined to 0.4055 from 0.4067 as at September 30, 2018

The other significant foreign exchange exposure is in US\$ (US\$129.66), but the likelihood of any depreciation in that currency against the EC\$ is highly remote.

#### 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. During the quarter the bank established an Enterprise Risk Unit which oversees this risk. 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. Independent checks on operational risk issues are also undertaken by the internal audit function.

#### **4. Legal Proceedings.**

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

As at December 31, 2018, there were certain legal proceedings outstanding against the Bank. Professional advice indicates that it is unlikely that any significant loss will arise.

(See attached Pending Litigation Report)

#### **5. Changes in Securities and Use of Proceeds.**

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

None

(a) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

N/A

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- Offer closing date (provide explanation if different from date disclosed in the registration statement)

N/A

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- Name and address of underwriter(s)

N/A

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- Amount of expenses incurred in connection with the offer

N/A

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- Net proceeds of the issue and a schedule of its use

N/A

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- Payments to associated persons and the purpose for such payments

N/A

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(c) Report any working capital restrictions and other limitations upon the payment of dividends.

The Bank has no working capital restrictions or other limitations other than the restriction required under section 44 of the Banking Act of 2015.

**6. Defaults upon Senior Securities.**

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

None

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

None

**7. Submission of Matters to a Vote of Security Holders.**

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

Annual General meeting on December 13, 2018.

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

The Directors elected at the Annual Meeting were:

Mr. Graham Williams, Ms. Isabelle Slinger, Mr. Christopher Husbands, and Mr. Gregory Thomson

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

1. Financial Statements
2. Noting of Dividends
3. Re-appointment of Auditors and fixing of their remuneration

- (d) A description of the terms of any settlement between the registrant and any other participant.

Not Applicable

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

Not Applicable

**8. Other Information.**

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

None

**Republic Bank (Grenada) Limited**

**Investment Portfolio as at December 31, 2018**

	CURRENCY	CARRYING VALUE December 31, 2018 (EC\$'000)	COUPON RATE	MATURITY DATE	PLACE
<b>EC\$ INVESTMENTS</b>					
Govt of G/da EC Bonds	EC	1,502	7.00%	12-May-2030	Domestic
Government of Grenada Placement A	EC	\$1,015	3.00%	31-Dec-2022	Domestic
Government of Grenada Placement B	EC	\$1,340	7.00%	31-Dec-2027	Domestic
Government of Grenada Placement C	EC	\$194	7.00%	31-Dec-2030	Domestic
<b>Sub Total</b>		<b>4,051</b>			
<b>EQUITY INVESTMENTS</b>					
ECHMB	EC	\$350			Regional
Eastern C'bean Sec. Exchange	EC	\$147			Regional
Eastern C'bean Sec. Exchange	EC	\$50			Regional
<b>Sub Total</b>		<b>\$547</b>			
<b>Total EC\$ Investment</b>		<b>\$4,598</b>			
<b>TT DOLLAR INVESTMENT</b>					
WASA FIXED RATE BONDS	TT\$	4,166	11.50%	21-Nov-2021	Regional
<b>Sub Total - TT Dollar Investments</b>		<b>4,166</b>			
APG-St.Johns Port Expansion	US	\$4,773	9.00%	30-Sep-2025	Regional
Gov't of St. Kitts USD bonds	US	\$458	3.00%	18-Apr-2032	Regional
Gov't of St. Kitts USD bonds #2	US	\$16	6.00%	18-Apr-2032	Regional
Bank of America 2.625% USD bond	US	\$8,063	2.63%	19-Oct-2020	Int'l
Bank of America 2.6%	US	\$8,495	2.60%	15-Jan-2019	Int'l
Bobin	US	\$5,418	4.88%	23-Jan-2019	Int'l
Bank of Montreal	US	\$8,097	2.38%	25-Jan-2019	Int'l
Goldman sachs	US	\$8,092	2.65%	31-Jan-2019	Int'l
Citigroup	US	\$2,700	2.50%	29-Jul-2019	Int'l
Citigroup	US	\$5,388	2.40%	18-Feb-2020	Int'l
Royal Bank of Canada	US	\$5,399	2.15%	6-Mar-2020	Int'l
STD CHARTERED 2.25%USD BOND	US	\$18,886	2.25%	17-Apr-2020	Int'l
BLADEX 3.25% USD BOND	US	\$2,695	3.25%	7-May-2020	Int'l
WELLS FARGO 2.15% USD BOND	US	\$2,701	2.15%	30-Jan-2020	Int'l
BANCO DE CREDITO DEL PERU (BCP) 5.375%	US	\$8,395	5.38%	16-Sep-2020	Int'l
BANCO DE CREDITO DEL PERU (BCP) 4.25%	US	\$8,799	4.25%	1-Apr-2023	Int'l
Westpac	US	\$10,833	2.30%	26-May-2020	Int'l
American Express	US	\$8,141	2.60%	14-Sep-2020	Int'l
RABOBANK 2.5% USD Bond	US	\$2,718	2.50%	19-Jan-2021	Int'l
FCB 3.75% Loan Notes	US	\$8,087	3.75%	7-Apr-2021	Int'l
SAGICOR 5% NOTE	US	\$4,506	4.85%	14-Aug-2019	Int'l
WELLS FARGO 2.5% USD BOND NO 1	US	\$5,433	2.50%	4-Mar-2021	Int'l
WELLS FARGO 2.5% USD BOND NO 2	US	\$2,716	2.50%	4-Mar-2021	Int'l
RABOBK 2.5% USD BOND 1	US	\$4,054	2.50%	19-Jan-2021	Int'l
Commercial paper	US	\$8,088	1.95%	12-Jul-2019	Regional
Republic of Colombia	US	\$8,248	4.38%	12-Dec-2021	Int'l

AES Gener	US	\$6,960	5.25%	15-Aug-2021	Int'l
Tringen	US	\$7,966	5.25%	4-Nov-2027	Regional
SUMIBK 2.846% Bond	US	\$8,096	2.85%	11-Jan-2022	Int'l
SUMITOMO MITSUI 3.102% USD BOND	US	\$7,933	3.10%	17-Jan-2023	Int'l
CREDIT SUISSE 3.80 USD BOND	US	\$2,786	3.80%	15-Sep-2022	Int'l
CREDIT SUISSE 3.125 USD BOND	US	\$5,473	3.13%	10-Dec-2020	Int'l
PNC FIN. SERVICES GROUP 2.55%	US	\$2,721	2.55%	9-Dec-2021	Int'l
BANK OF MONTREAL 1.90% USD BOND	US	\$2,683	1.90%	27-Aug-2021	Int'l
TORONTO DOMINION 1.8% US BOND	US	\$2,678	1.80%	13-Jul-2021	Int'l
PNC FIN SERVICES 2.55% # 1	US	\$5,438	2.55%	9-Dec-2021	Int'l
Bank of Montreal	US	\$5,268	2.55%	6-Nov-2022	Int'l
NCB FIN LTD SERVICES US BOND	US	\$5,145	5.25%	27-Sep-2019	Int'l
HSBC 2.95% USD Bond	US	\$5,461	2.95%	25-May-2021	Int'l
PNC FIN SERVICES 2.55% # 2	US	\$2,721	2.55%	9-Dec-2021	Int'l
BSANCI 3.875% USD BOND	US	\$2,580	3.88%	0-Jan-1900	Int'l
Banco security	US	\$6,745	3.30%	29-Dec-2020	Int'l
ANZ 2.625% Bonds	US	\$2,646	2.63%	9-Nov-2022	Int'l
SWEDA 2.65% USD BONDS	US	\$5,360	2.65%	10-Mar-2021	Int'l
HSBC 3.4%	US	\$6,741	3.40%	8-Mar-2021	Int'l
HSBC 3.4 USD BOND # 1	US	\$6,753	3.40%	8-Mar-2021	Int'l
<b>Sub Total</b>		<b>\$263,353</b>			
<b>Total US\$ Investment</b>		<b>\$263,353</b>			
<b>Grand Total</b>		<b>\$272,117</b>			

**REPUBLIC BANK (GRENADA) LIMITED**

**FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2018**

**BALANCE SHEET AS AT DECEMBER 31, 2018**

**ASSETS**

	<b>Unaudited 31 DEC-18</b>	<b>Unaudited 31 DEC-17</b>	<b>Audited Y/E 30 Sept-18</b>
	\$000's	\$000's	\$000's
Cash & due from banks	92,411	102,095	72,398
Statutory reserve	48,743	38,186	47,764
Treasury Bills	29,449	12,723	26,196
Investments	272,117	265,476	287,665
Loans & Advances	493,315	458,590	477,731
Provision for loan losses	-6,369	-7,897	-6,851
Unearned loan origination fees	-2,567	-2,454	-2,488
Fixed Assets	78,462	79,015	78,670
Depreciation	-47,449	-47,210	-47,443
Net Pension Asset	7,533	7,078	7,323
Other Assets	7,555	7,383	11,070
<b>Total Assets</b>	<b>973,199</b>	<b>912,985</b>	<b>952,035</b>

**LIABILITIES & SHAREHOLDERS EQUITY**

**LIABILITIES**

Current, Savings and Deposit Accounts	838,853	781,873	813,389
Due to other Banks	7,132	8,684	8,264
Post retirement benefits	4,476	4,136	4,378
Other liabilities	8,772	9,213	11,894

**SHAREHOLDERS EQUITY**

Shares in issue	20,745	20,745	20,745
Statutory Reserves	20,745	20,745	20,745
Other Reserves	0	1,837	0
Retained Earnings	72,476	65,752	72,620
Shareholders Equity	113,966	109,080	114,110
<b>Total liabilities and shareholders equity</b>	<b>973,199</b>	<b>912,985</b>	<b>952,035</b>

Contingent Accounts	23,958	22,430	22,735
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**REPUBLIC BANK (GRENADA) LIMITED**  
**FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2018**

**INCOME STATEMENT FOR PERIOD ENDED DECEMBER 31, 2018**

	<b>Unaudited 31 DEC-18</b>	<b>Unaudited 31 DEC-17</b>	<b>Audited Y/E 30 Sept-18</b>
Interest on loans	8,439	8,413	33,131
Interest on Investments	2,788	2,388	9,942
<b>Total interest income</b>	<b>11,227</b>	<b>10,801</b>	<b>43,073</b>
Interest on Deposits	2,579	2,426	9,831
<b>Total Interest Expense</b>	<b>2,579</b>	<b>2,426</b>	<b>9,831</b>
<b>Net Interest</b>	<b>8,648</b>	<b>8,374</b>	<b>33,242</b>
Other income	3,360	2,941	12,657
	12,008	11,315	45,899
Other Expenses	8,995	8,963	35,716
Credit loss expense on financial assets	63	321	186
	9,058	9,284	35,902
<b>Profit before taxation</b>	<b>2,950</b>	<b>2,031</b>	<b>9,997</b>
Taxation expense	652	460	2,119
<b>Profit after taxation</b>	<b>2,298</b>	<b>1,571</b>	<b>7,878</b>

<p align="center"><b>REPUBLIC BANK (GRENADA) LIMITED</b>  <b>FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2018</b></p>
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**CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2018**

	Unaudited 31 DEC-18	Unaudited 31 DEC-17	Audited Y/E 30 Sept-18
Profit before taxation	2,950	2,031	9,997
Depreciation and non cash items	707	981	3,684
Provisions for loan losses	89	321	290
Increase in Customer loans	-16,073	-5,672	-23,373
Increase/(decrease) in Customer deposits	25,464	-13,451	18,065
(Increase)/decrease in statutory deposit	-979	10,280	702
Decrease/(Increase) in other assets	3,511	-62	-2,997
(Decrease)/increase in other liabilities	-2,522	258	479
Income taxes paid	-1,249	-925	-2,037
<b>Cash provided by/(used in) operating activities</b>	<b>11,898</b>	<b>-6,239</b>	<b>4,810</b>
Net purchase of investments	13,865	1,226	-41,906
Increase in fixed assets	-422	-366	-2,041
<b>Cash used in /(provided by) investing activities</b>	<b>13,443</b>	<b>860</b>	<b>-43,947</b>
(Decrease)/Increase in due to other banks	-1,132	3,244	2,824
Dividends paid	-2,442	0	0
<b>Cash (used in)/ provided by financing activities</b>	<b>-3,574</b>	<b>3,244</b>	<b>2,824</b>
Increase/(Decrease) in cash resources	21,768	-2,135	-36,313
Cash resources at beginning of year	72,398	108,711	108,711
<b>Cash resources at end of period</b>	<b>94,166</b>	<b>106,576</b>	<b>72,398</b>

# RENWICK & PAYNE

ATTORNEYS-AT-LAW  
&  
INTELLECTUAL PROPERTY AGENTS  
in Grenada and the Caribbean

**CHAMBERS:**

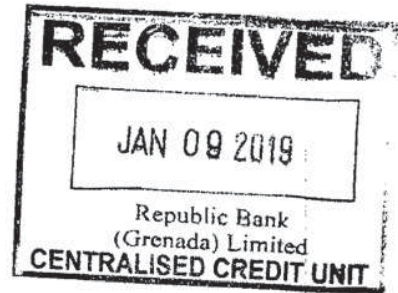
EBA House  
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Website: [www.renwickandpayne.com](http://www.renwickandpayne.com)

Telephone (473) 440-2479/3895  
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Partner: Margaret Blackburn-Steele LL.B (Hons.) Notary Public  
Partner: Amy M. Y. Bullock-Jawahir BA (Hons.) Law Post Graduate Dip. PLS

Consultant: D. H. Lalsee  
Barrister-at-Law



9<sup>th</sup> January 2019

The General Manager  
Republic Bank (Grenada) Ltd  
Centralised Credit Unit  
Melville Street  
St. George's

Attn: Mr. O'Neal Dominique

Dear Mr. Dominique,

**Re: Republic Bank (Grenada) Limited- Litigation Matters**

We refer to your request for information of any litigation matters involving the Bank and report as follows:

**1. Claim No: GDAHCV 2005/0209- Republic Bank (Grenada) Limited v Ian Francis and Juliana Francis.**

The Bank financed the purchase of a sub-divided lot of land from Simeon Francis and subsequently the construction of a house on the said sub-division for customers Ian and Juliana Francis. During the construction, customers received a court order to cease construction as there was covenant in a prior deed which prevented the sub-division of the lot. Customers have claimed \$257,900 from the Bank as the value of their equity in the property plus legal fees and rents paid.

The above-captioned action was instituted by Renwick & Payne on the Bank's behalf to obtain clarification of the Orders in the two previous actions and to obtain declarations to the effect mainly that:

- a) Mr. Ian Francis and his wife would not be in contempt of court if they were to move into the house they built; and

b) Mr. Ian Francis remains liable to pay under the mortgage.

The Bank's customers responded by way of a Defence and Counterclaim against the Bank and joined Renwick & Payne as a party for negligence as the customer alleges we did not advise him as to the covenant restricting more than one building. We responded by way of Reply and Defence to Counterclaim. On 2<sup>nd</sup> May, 2008 Judgment was entered in favour of our application to strike the Counterclaim filed in this matter. Subsequently, the Lawyers for Francis appealed the Judgment. The Court of Appeal ruled against Renwick & Payne but we did not think it in the firm's interest to resort to the Privy Council as the issue will nevertheless be thrashed out at the main trial of the action, together with the Bank's action.

### **Present Position**

At the last Court hearing, the Judge ordered all parties to attend a formal Mediation session. We still await a date to be provided to us by the mediation centre.

Once we have a date set we will inform the Bank so that we can discuss the Bank's settlement position. Hopefully we will be able to reach a settlement, or at the very least, narrow some of the issues.

### **Prospect of Success**

If mediation is unsuccessful, we think that we have a good chance of success in obtaining the declarations sought. These declarations are important to establish the legal position of the parties and the mortgaged property vis-à-vis a sale by the Bank under its Power of Sale. It is difficult to ascertain the final amount of the Claim because the Francis' are claiming all costs expended subsequent to their purchase of the land. However, the building remains standing and we advise that insurance be maintained.

## **2. Claim No. GDAHCV 2011/0096 – Time Bourke (Holdings) Grenada Limited v Issa Nicholas (Grenada) Limited and Republic Bank (Grenada) Limited**

This matter is essentially a Landlord and Tenant matter. Time Bourke (Holdings) Grenada Limited as Landlord instituted proceedings against Issa Nicholas (Grenada) Limited as Tenant for breach of covenants under an Indenture of Lease so that the lease had become liable to forfeiture and also for possession of the leasehold property.

Issa Nicholas (Grenada) Limited, filed a Defence denying that it was in breach of the lease; that the Claimant was not entitled to forfeit the lease; and, contending that the Claim against it should be struck out. Issa Nicholas (Grenada) Limited also counterclaimed for damages, relief from forfeiture, and costs.

The Bank is affected by this matter as Issa Nicholas (Grenada) Limited has a mortgage with the Bank under which the leasehold property is being held as security. Forfeiture of the lease would result in the Bank losing its security under the said Mortgage.

On 11th September, 2015 the Bank filed an application to be joined as an Interested Party or as a Defendant to these proceedings in order to make the Court aware of the existence of the mortgage and to protect its interests.

At the last hearing, the Court ordered that the Bank be joined as a Defendant to these proceedings and we have since been served with all the relevant documents. Also at this hearing, the Court dealt with an Application by Issa Nicholas (Grenada) Limited to permit the late filing of an additional witness statement. This application was denied by the High Court and Issa Nicholas (Grenada) Limited's appeal of this decision was dismissed.

#### **Present Position**

This matter remains as per our last report dated 9<sup>th</sup> October 2018.

By way of reminder, the substantive matter has not yet been heard by the High Court. We are still awaiting a date to be set by the Court for Pre-Trial Review of this matter. With the current unavailability of a civil Court, we do not anticipate a date to be set before April 2019. At the right time we will be filing our application seeking to enforce the Bank's **statutory remedy** for relief from forfeiture, so as to keep the Bank's security intact.

#### **Prospect of Success**

Having researched the matter, we find it very unlikely that the Court will forfeit the lease. Forfeiture of the lease as a remedy for Time Bourke (Holdings) Grenada Limited is highly disproportionate to the effect it would have on Issa Nicholas (Grenada) Limited and Republic Bank (Grenada) Limited.

Should the Court be of the decision that the lease should be forfeited, it will more than likely grant relief from forfeiture to Issa Nicholas (Grenada) Limited. It is at that time that our application to enforce the Bank's statutory remedy of relief from forfeiture will be taken into consideration to protect the Bank's financial interest.

### **3. Claim No.GDAHCV2014/0274 – Jessamy Environmental Consulting & Research Caribbean Incorporated, a firm and Valma Jessamy v Republic Bank (Grenada) Limited**

These proceedings commenced with the filing of a Claim Form and Statement of Claim by Valma Jessamy and her registered Company claiming relief for breach of contract, negligence on the Bank's part, breach of confidentiality and general damages. We filed a Defence in these

proceedings on the Bank's behalf. Pleadings are now at a close, and the Claimants opted not to file a Reply to our Defence.

### **Present Position**

This matter remains as per our last report dated 9<sup>th</sup> October 2018.

By way of reminder, we are awaiting a date to be given a date for Pre-Trial Review, after which the matter will be ready for trial on a date to be fixed by the Court.

### **Prospect of Success**

As indicated above, we filed a Defence on behalf of the Bank, which in summary emphasizes that the Bank acted in accordance with the provisions of the Bill of Sale Act as well as the Banking Act. We feel the Bank has a strong position to defend this matter at trial.

#### **4. Re: Claim No. GDAHCV 2015/0036- Rickie Morain and Robbie Morain v Beverly Whint**

Robbie Morain and Rickie Morain ("the Morains") brought an action against their sister Beverly Whint for specific performance of an agreement between the Morains and Ms. Whint made on or about 27<sup>th</sup> January 2011 for the sale by Ms. Whint to the Morains of all that lot of land situate at Woburn, St. George comprising 8791 square feet with residential building thereon.

Prior to the agreement, Ms. Whint mortgaged the said property to the Bank. The Morains claim that there was an agreement partly in writing and partly oral whereby Ms. Whint agreed to sell and the Morains agreed to purchase the said lot of land for the purchase price of \$170,000.00. It was also agreed that the said purchase price was to be applied to Ms. Whint's mortgage account with the Bank.

### **Present Position**

Following the Bank's attempts to sell the property, as anticipated, Ms. Celia Edwards filed an application against the Bank for an injunction to prevent the Bank from going through with the sale. Application for the injunction will give the Bank an opportunity to present its interests in the matter to the Court. The Application for the Injunction is due to be heard on 6<sup>th</sup> February 2019. In the meantime, until the Application is heard, the Bank cannot sell the property.

### **Prospect of Success**

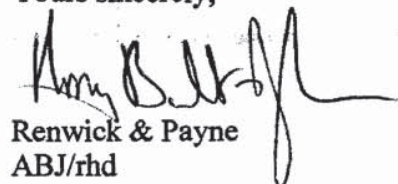
In our opinion, this action is one for breach of contract and can be remedied by an award of damages to the injured party. The legal title for the property is, in any event, vested in the Bank as mortgagee, who can sell at any time under its power of sale. We believe that it is unlikely that

the Court will allow the Bank's mortgage to continue un-serviced, and will dismiss any injunctive proceedings brought by Ms. Edwards and allow the Bank to sell the property under its power of sale without further interference from the parties. Following a sale, the Bank should have no further involvement or interest in this matter.

Of course, should the proceeds from a sale of the property be insufficient to pay off the outstanding mortgage debt in full, the Bank is at liberty to bring a separate claim against Beverly Whint for the balance owed.

We hope the above is of assistance to you.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Amy B. Payne", with a long, sweeping horizontal stroke extending to the right.

Renwick & Payne  
ABJ/rhd