

**Schedule 2
FORM ECSRC – OR**

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended June 30, 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

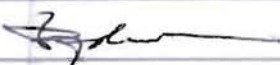
SIGNATURES

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



Signature

July 30, 2018

Date

Name of Director:

Graham K. Williams



Signature

July 30, 2018

Date

Name of Chief Financial Officer:

Elizabeth M. Richards-Daniel



Signature

July 30, 2018

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 nine months to June 30, 2018, total assets increased by \$3.7M or 0.37%. There was a \$41M or 24% decrease in cash resources which was used to fund the 5.8% or \$26M growth in loans and the 6.7% or \$18M increase in investments. Deposits remained fairly constant with growth of 0.2%.

During the quarter the Bank early adopted IFRS 9 with effect from October 1, 2017, in advance of the date required by the International Accounting Standards Board (IASB). As permitted by the standard, the prior year comparative financial statements which are reported under IAS 39 Financial Instruments: Recognition and Measurement were not restated and are therefore not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognized directly in retained earnings as of 1 October 2017. The impact of this early adoption is a reduction of \$2.6M in the Bank's equity.

The Bank's top 20 borrowers represented 29.56% of total loans as at June 30, 2018, an increase from 28.82% as at March 31, 2018.

Both the market and the Bank experienced an increase in loans of 0.25% and 1.75% respectively during the period December 2017 to March 2018. While the Market experienced a \$4M increase in loans the Bank loans increased by \$8M resulting in the Bank's market share increasing to 28.4% as at March 2018 from 28.0% as at December 2017.

During the period March 2017 to March 2018 both the market and the Bank also experienced an increase in loans of 1.0% and 3.52% respectively. The Bank's increase was 97% of the \$16M increase in the market resulting in the Bank's market share increasing to 28.4% as at March 2018 from 27.7% in March 2017.

The ratio of the non-performing portfolio to total loans decreased to 4.19% as at June 30, 2018 from 4.30% as at March 31, 2018. There was an increase in delinquency to 2.60% as at June 30, 2018 from 1.82% as at March 31, 2018 mainly due to the commercial portfolio increasing from 2.05% to 5.22%. However, the 2.60% is still below the benchmark of 3%.

The Bank's top 10 deposit customers represented 18.90% of total deposits as at June 30, 2018 a decrease from 19.46% as at March 31, 2018. While the percentage is still in excess of the 15% target for the Customer Dependency ratio, the liquidity ratio of 49.05% is 29.05% more than the statutory requirement of 20%, which fully covers the top 10 were they to withdraw their funds without notice.

During the period December 2017 to March 2018 both the market and the Bank experienced an increase in deposits of 3.64% and 4.22% respectively. The Bank's increase was 31.5% of the increase in the market and as a result increased its market share to 27.1% from 26.9% as at December 2017.

During the period March 2017 to March 2018 both the market and the Bank also experienced an increase in deposits of 5.29% and 3.09% respectively. The Bank's increase was only 16.1% of the increase in the market resulting in a decrease in market share from 27.64% to 27.06% during the said period.

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 June 30, 2018, the net liquid asset ratio decreased to 49.05% from 52.56% as at March 31, 2018, well in excess of the prudential requirement of 20%. Of the 49.05% net liquid asset ratio as at June 30, 2018, 7.02% represents uninvested funds compared to 13.39% of the 52.56% as at March 31, 2018. Our Head Office, continue to assist us in finding suitable investment opportunities to assist us in managing our liquidity.

Liquidity in Grenada increased slightly between December 2017 and March 2018, with the loan to deposit ratio of all commercial banks moving from 56.2% to 54.4%. The Bank's liquidity decreased slightly during the period March 31, 2018 to June 30, 2018 with loan to deposit moving from 57.2% to 58.5%.

During the three months to June 30, 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 13.4% from 13.7 as at March 31, 2018 and total qualifying capital to total adjusted risk weighted assets increased to 14.69% from 14.62% as at March 2018. Both ratios still exceed the minimum established by the Basel Committee.

As part of the Asset and Liability Committee monthly reporting, an EC and US Gap analysis is 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 nine months ended June 30, 2018, the Bank recorded Net Profit after tax of \$5.234M, an increase of \$1.162M (28.5%) over the \$4.072M reported for the corresponding period last year.

Other income was \$1.448M more than the corresponding period mainly due to an increase in exchange earnings of \$0.986M and an increase in recoveries on written off debt of \$0.306M. The increase in exchange earnings was mainly due to large EUR transactions relating to a CBI project. There were also large GBP and US transactions, a large TT transaction and a general increased in transaction volumes this period to date.

Additionally, there was a positive variance in loan impairment expense of \$0.269M and a reduction in operating expenses mainly due to timing difference, as some expense budgeted in the period have not yet occurred.

As a result, taxable profits for the period increased, resulting in an increase in taxation expenses of \$0.568M

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 June 30, 2018 the ratio of the non-performing portfolio to total loans decreased to 4.19% from 4.30% as at March 31, 2018 and the ratio of impaired investments to total investments decrease to 3.90% from 4.09% 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 June 30, 2018 the EC Gap was negative \$153M while the US Gap was positive \$347M.

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 June 30, 2018, the net liquid asset ratio decreased to 49.05% from 52.56% as at March 31, 2018, still well in excess of the prudential requirement of 20%. Of the 49.05% net liquid asset ratio as at June 30, 2018, 7.02% represents uninvested funds

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. A huge foreign exchange risk position continues to be maintained in TT dollars, with net assets of TT\$18.01 (EC\$7.33M) as at June 30, 2018. During the quarter the TT\$ position decreased by TT\$0.95K. TT\$11.99M (EC\$4.88M) or 66.54% 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 doesn't seem likely we would get a buyer in the short term. During the quarter to June 30, 2018 the TT\$ rate remained constant. The other significant foreign exchange exposure is in US\$ (US\$121.47), 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. The Bank's operational risk department oversees this risk and 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 June 30, 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

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

N/A

- Name and address of underwriter(s)

N/A

- Amount of expenses incurred in connection with the offer

N/A

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

N/A

- Payments to associated persons and the purpose for such payments

N/A

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

The Bank cannot pay a dividend without the Central Bank's approval, if the payment would result in an impairment of the capital required under section 44 of the Banking Act of 2015 or if the Bank makes a net loss for that financial year.

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 14, 2017.

- (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. Ronald F. deC. Harford, Mr. Keith Johnson and Mr. Leon Charles.

- (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. 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

FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED JUNE 30, 2018

BALANCE SHEET AS AT JUNE 30, 2018

ASSETS

	Unaudited 30 JUN-18	Unaudited 30 JUN-17	Audited Y/E 30 Sept-17
	\$000's	\$000's	\$000's
Cash & due from banks	64,564	123,747	98,300
Statutory reserve	47,876	45,742	48,466
Treasury Bills	16,990	21,087	23,896
Investments	280,230	218,283	262,631
Loans & Advances	475,612	453,409	456,398
Provision for loan losses	-7,077	-12,183	-13,519
Fixed Assets	79,607	77,835	78,742
Depreciation	-48,285	-45,614	-46,559
Net Pension Asset	7,078	7,327	7,078
Other Assets	9,545	7,002	7,338
<u>Total Assets</u>	926,140	896,634	922,771

LIABILITIES & SHAREHOLDERS EQUITY

LIABILITIES

Current, Savings and Deposit Accounts	792,656	770,692	795,324
Due to other Banks	9,161	4,148	5,440
Post retirement benefits	4,136	3,852	4,136
Other liabilities	9,432	10,219	9,709

SHAREHOLDERS EQUITY

Shares in issue	20,745	20,745	20,745
Statutory Reserves	20,745	15,000	20,745
Other Reserves	904	4,127	2,491
Retained Earnings	68,361	67,851	64,181
Shareholders Equity	110,754	107,723	108,162
<u>Total liabilities and shareholders equity</u>	926,140	896,634	922,771

Contingent Accounts	22,947	22,508	22,235
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REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED JUNE 30, 2018

INCOME STATEMENT FOR PERIOD ENDED JUNE 30, 2018

	Unaudited 30 JUN-18	Unaudited 30 JUN-17	Audited Y/E 30 Sept-17
Interest on loans	24,534	25,225	34,695
Interest on Investments	7,204	6,196	8,460
Total interest income	31,738	31,421	43,155
Interest on Deposits	7,292	7,082	9,493
Total Interest Expense	7,292	7,082	9,493
Net Interest	24,446	24,339	33,662
Other income	9,303	7,855	10,641
	33,749	32,194	44,303
Other Expenses	26,867	25,109	35,521
Investment Impairment expense	0	1,664	-493
Loan impairment expense	236	505	1,859
	27,103	27,278	36,887
Profit before taxation	6,646	4,916	7,416
Taxation expense	1,412	844	1,270
Profit after taxation	5,234	4,072	6,146

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED JUNE 30, 2018

CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED JUNE 30, 2018

	Unaudited 30 JUN-18	Unaudited 30 JUN-17	Audited Y/E 30 Sept-17
Profit before taxation	6,646	4,916	7,416
Depreciation and non cash items	2,909	2,557	3,566
Provisions for loan losses	236	505	1,859
(Increase)/Decrease in Customer loans	-23,461	24,040	21,307
Increase in Customer deposits	-2,668	1,460	26,092
Increase/(Decrease) in statutory deposit	590	-5,640	-8,364
Increase in other assets	-3,032	-1,540	-2,125
Decrease in other liabilities	-890	361	-46
Income taxes paid	-1,758	0	-97
Cash provided by operating activities	-21,427	26,659	49,608
Net purchase of investments	-22,006	-29,002	-76,196
Increase in fixed assets	-1,373	-1,525	-2,313
Cash used in investing activities	-23,379	-30,527	-78,509
(Decrease)/Increase in due to other banks	3,721	614	1,906
Rights Issue	0	5,745	5,745
Cash (used in)/ provided by financing activities	3,721	6,359	7,651
Increase/(Decrease) in cash resources	-41,085	2,491	-21,250
Cash resources at beginning of year	108,711	129,961	129,961
Cash resources at end of period	67,626	132,452	108,711

Republic Bank (Grenada) Limited

Investment Portfolio as at June 30, 2018

	CURRENCY	CARRYING VALUE June 30, 2018 (EC\$'000)	COUPON RATE	MATURITY DATE	PLACE
EC\$ INVESTMENTS					
Govt of G/da EC Bonds	EC	2,218	7.00%	12-May-2030	Domestic
Government of Grenada Placement A	EC	\$1,685	3.00%	31-Dec-2022	Domestic
Government of Grenada Placement B	EC	\$1,507	7.00%	31-Dec-2027	Domestic
Government of Grenada Placement C	EC	\$212	7.00%	31-Dec-2030	Domestic
Sub Total		5,621			
EQUITY INVESTMENTS					
ECHMB	EC	\$350			Regional
Eastern C'bean Sec. Exchange	EC	\$50			Regional
Eastern C'bean Sec. Exchange		\$147			Regional
Sub Total		\$547			
Total EC\$ Investment		\$6,168			
TT DOLLAR INVESTMENT					
WASA FIXED RATE BONDS	TT\$	4,875	11.50%	21-Nov-2021	Regional
Sub Total - TT Dollar Investments		4,875			
APG-St.Johns Port Expansion	US	\$4,856	9.00%	30-Sep-2025	Regional
HSBC	US	-\$5	1.50%	15-May-2018	Int'l
Gov't of St. Kitts USD bonds	US	\$434	3.00%	18-Mar-2032	Regional
SUMIBK 2.5% Bond	US	\$8,091	2.50%	19-Jul-2018	Int'l
Gov't of St. Kitts USD bonds #2	US	\$11	6.00%	18-Mar-2032	Regional
Bank of America 2.625% USD bond	US	\$8,051	2.63%	19-Oct-2020	Int'l
Corbana	US	-\$11	3.13%	15-Jan-2018	Int'l
Ecopetrol	US	-\$18	4.25%	18-Sep-2018	Int'l
Bank of America 2.6%	US	\$8,504	2.60%	15-Jan-2019	Int'l
Bobin	US	\$5,451	4.88%	23-Jan-2019	Int'l
Bank of Montreal	US	\$8,100	2.38%	25-Jan-2019	Int'l
Goldman sachs	US	\$8,110	2.65%	31-Jan-2019	Int'l
Citigroup	US	\$2,703	2.50%	29-Jul-2019	Int'l
Citigroup	US	\$5,385	2.40%	18-Feb-2020	Int'l
Royal Bank of Canada	US	\$5,397	2.15%	6-Mar-2020	Int'l
STD CHARTERED 2.25%USD BOND	US	\$18,893	2.25%	17-Apr-2020	Int'l
BLADEX 3.25% USD BOND	US	\$2,697	3.25%	7-May-2020	Int'l
WELLS FARGO 2.15% USD BOND	US	\$2,704	2.15%	30-Jan-2020	Int'l
National Bank of Canada	US	\$4,046	2.10%	14-Dec-2018	Int'l
National Bank of Canada	US	\$1,348	2.10%	14-Dec-2018	Int'l
Westpac	US	\$10,849	2.30%	26-May-2020	Int'l
American Express	US	\$8,157	2.60%	14-Sep-2020	Int'l
RABOBANK 2.5% USD Bond	US	\$4,056	2.50%	19-Jan-2021	Int'l
FCB 3.75% Loan Notes	US	\$8,088	3.75%	7-Apr-2021	Int'l
SAGICOR 5% NOTE	US	\$4,440	5.00%	14-Aug-2019	Int'l
WELLS FARGO 2.5% USD BOND NO 1	US	\$2,721	2.50%	4-Mar-2021	Int'l
WELLS FARGO 2.5% USD BOND NO 2	US	\$5,442	2.50%	4-Mar-2021	Int'l
RABOBK 2.5% USD BOND 1	US	\$2,722	2.50%	19-Jan-2021	Int'l
Commercial paper	US	\$8,092	1.41%	16-Jul-2017	Regional
Republic of Colombia	US	\$8,278	4.38%	12-Dec-2021	Int'l

AES Gener	US	\$7,007	5.25%	15-Aug-2021	Int'l
Tringen	US	\$7,962	5.25%	4-Nov-2027	Regional
SUMIBK 2.846% Bond	US	\$8,101	2.85%	11-Jan-2022	Int'l
GOVT OF ARUBA 6.55%	US	\$8,070	6.55%	28-Nov-2018	Int'l
CREDIT SUISSE 3.80 USD BOND	US	\$2,800	3.80%	15-Sep-2022	Int'l
CREDIT SUISSE 3.125 USD BOND	US	\$5,498	3.13%	10-Dec-2020	Int'l
PNC FIN. SERVICES GROUP 2.55%	US	\$5,445	2.55%	9-Dec-2021	Int'l
BANK OF MONTREAL 1.90% USD BOND	US	\$2,681	1.90%	27-Aug-2021	Int'l
TORONTO DOMINION 1.8% US BOND	US	\$2,674	1.80%	13-Jul-2021	Int'l
PNC FIN SERVICES 2.55% # 2	US	\$2,725	2.55%	9-Dec-2021	Int'l
BANCO SECURITY FLR US BOND	US	\$6,719	2.33%	28-Dec-2018	Int'l
NCB FIN LTD SERVICES US BOND	US	\$4,870	5.25%	27-Sep-2019	Int'l
HSBC 2.95% USD Bond	US	\$5,479	2.95%	25-May-2021	Int'l
PNC FIN SERVICES 2.55% # 2	US	\$2,725	2.55%	9-Dec-2021	Int'l
BCP 4.25%	US	\$8,832	2.63%	9-Nov-2022	Int'l
BCP 5.375% USD BOND	US	\$8,504	2.65%	10-Mar-2021	Int'l
ANZ 2.625% Bonds	US	\$2,640	2.63%	9-Nov-2022	Int'l
SWEDA 2.65% USD BONDS	US	\$5,351	2.65%	10-Mar-2021	Int'l
HSBC 3.4%	US	\$6,764	3.40%	8-Mar-2021	Int'l
HSBC 3.4 USD BOND # 1	US	\$6,749	3.40%	8-Mar-2021	Int'l
Sub Total		\$269,187			
Total US\$ Investment		\$269,187			
Grand Total		\$280,230			

RENWICK & PAYNE

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

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Partner: Amy M. Y. Bullock-Jawahir BA (Hons.) Law Post Graduate Dip. PLS

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

3rd July, 2018

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

Attn: Mr. O'Neale 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 2nd 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

We have a set hearing date for further Status Hearing on Monday 9th July, 2018.

The Bank will recall from our interim reports on this matter that on the last two occasions that Ian Francis was neither present in person nor represented by legal counsel. We can confirm that he has now retained Gennilyn Ettienne as his attorney, which means that there should be some good progress at the next hearing. As previously indicated, the Judge is strongly minded to send this matter to mediation, if not for settlement, at least to narrow the issues.

Prospect of Success

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

Please note that the substantive matter has not yet been heard by the High Court. We have spoken with the Attorney for Issa Nicholas (Grenada) Limited who confirmed that she is currently striving to secure a date for Pre-Trial Review of this matter. She confirmed that she would let us know as soon as a date has been set. 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

We are currently following Case Management Directions issued in this matter. We have already complied with Standard Disclosure and filing of Witness Statements. We will soon 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 27th 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.

The Court's jurisdiction regarding an interlocutory decision in relation to service has been brought into question in these proceedings by Beverly Whint's Attorneys. Written submissions in relation thereto were requested by the Judge.

Present Position

We wrote to the Bank on 6th June, 2018 (copy enclosed for ease of reference), advising on the next steps to be taken. The property should be re-advertised for sale and notice of the sale given to all parties involved. We are certain that this would prompt Ms. Celia Edwards to file an injunction against the Bank to prevent it from selling. The Application for the injunction will give the Bank an opportunity to present its interest in the matter to the Court much more quickly than if we were to apply to join the Bank as an Interested Party.

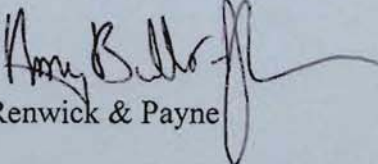
Prospect of Success

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,


Renwick & Payne

6th June, 2018

Mr. Keith Johnson,
Manager – Head Office
Republic Bank (Grenada) Limited
Republic House
Grand Anse
St. George

Dear Mr. Johnson,

Re: Ricky and Robbie Morain v Beverly Whint

We have reviewed the judgment handed down by Justice Wynante Roberts in this matter (copy enclosed). To summarize, the judge found that the service effected on Beverly Whint was irregular, but not invalid and deemed the Claim to have been properly served. The judge also gave subsequent directions for Beverly Whint to file and serve her Defence.

As the Bank is already aware, this Claim is one filed by the Morain brothers for specific performance of an agreement entered into between themselves and Beverly Whint for the sale of a property owned by Beverly Whint and mortgaged to the Bank. Henry Hudson-Phillips & Co, acted for all parties and prepared the Sale Agreement. At the crucial moment, after the Bank had disbursed mortgage monies through Henry Hudson-Phillips & Co., to the Morain brothers to facilitate their purchase of the property, Beverly Whint reneged on the agreement (the validity of which she disputes) and decided not to sell the property, and instead offered her brothers to join her as co-sureties on her existing mortgage in exchange for her giving them a share or interest in the property.

The existing mortgage held at the Bank is in the name of Beverly Whint with the property as security therefor. It is our understanding that Ms. Whint has been in default of payments in the mortgage since prior to the failure of the sale, and remains in default to date.

The Bank has a clear financial interest in this matter. As mortgagee, the Bank also has a clear legal right to sell the property under its power of sale to recover the outstanding debt owed under the mortgage of Beverly Whint. In our opinion, the matter before the Court, being a breach of contract, can be rectified by awarding the injured party an amount of damages. At this stage the

legal title is vested with the Bank, who at any time can sell same, so that compelling Beverly Whint to sign a conveyance in favour of the Morains would be a pointless action. Additionally it is not in either of the parties' interests to have the outstanding loan remain on the Bank's books accumulating interest, pending the resolution of the matter, which could ultimately take years.

So as to convey the Bank's interests and position to the Court expeditiously, we recommend that the Bank once again puts up the property for sale and gives notice of this to all parties. We feel this would get an immediate response from Celia Edwards (the Morains' attorney) in the form of an injunction to prevent the Bank selling. An application for an injunction filed by QC will be heard by the Court very quickly (within a matter of days or a couple weeks), whereas if we were to file an application to join the Bank as an interested party to the action our application would not be heard until October or even November.

Of course, once we attend the injunction hearing we can put forward the Bank's suggestion of mediation.

We have enclosed copies of an Affidavit filed by Ricky Morain in the previous suit and an affidavit of Earl Mc Leish which we filed in response. These two affidavits summarize the issues and the Bank's position very well.

In the meantime, we strongly advise that the Bank serve formal notice on Beverly Whint making a formal demand for the payment of her debt and notifying her of the Bank's intention to sell under its power of sale.

Yours sincerely,



Renwick & Payne