

Schedule 2
FORM ECSRC – OR

(Select One)

☒ **QUARTERLY FINANCIAL REPORT** for the period ended June 30, 2019
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): 473 444-2265
Fax number: 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

SIGNED AND CERTIFIED

July 31, 2019

Date

Name of Director:

Leon D. Charles

SIGNED AND CERTIFIED

July 31, 2019

Date

Name of Chief Financial Officer:

Elizabeth Richards-Daniel

SIGNED AND CERTIFIED

July 31, 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 nine months to June 30, 2019, total assets increased by \$41M or 4.3% as a result of the \$39M or 4.8% increase in deposits. The increase in total assets is reflected in the \$22.5M or 15.4% increase in cash resources, \$14.5M or 3.1% growth in loans and \$7.2M or 2.5% increase in investments.

The Bank's top 20 borrowers represented 30.75% of total loans as at June 30, 2019, an increase from 29.88% as at March 31, 2019. During the period December 2018 to February 2019, the market experienced a slight increase of 0.1% in loans while the Bank remained constant. As a result, the Bank's market share for loans decreased slightly to 28.86% from 28.90% as at December 2018. The ratio of the non-performing portfolio to total loans decreased to 3.05% as at June 30, 2019 from 3.25% as at March 31, 2019. There was an increase in delinquency to 4.64% as at June 23, 2019 from 3.98% as at March 23, 2019.

The Bank's top 10 deposit customers represented 21.60% of total deposits as at June 30, 2019, an increase from 20.96% as at March 31, 2019. While the % is still in excess of the 15% target for the Customer Dependency ratio, the liquidity ratio of 51.71% is 31.71% 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 2018 to February 2019, both the market and the Bank experienced increase in deposits of 2.52% and 1.79% respectively. The Bank's increase was only 19.2% of the \$78M increase in the market resulting in its market share decreasing slightly to 26.9% from 27.1% as at December 2018.

As previously reported, Republic Financial Holdings Limited (RFHL), the majority shareholder of Republic Bank (Grenada) Limited, entered into an agreement to acquire the banking operations of the Bank of Nova Scotia in nine regional territories, including Grenada. The approval of this transaction is presently under consideration by the various regulatory and statutory bodies.

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, 2019, the net liquid asset ratio increased to 51.71% from 50.71% as at March 31, 2019, well in excess of the prudential requirement of 20%. Of the 51.71% net liquid asset ratio as at June 30, 2019, 9.74% represents un-invested funds compared to 8.94% of the 50.71% as at March 31, 2019. Our Head Office continues to assist us in finding suitable investment opportunities to assist us in managing our liquidity.

Liquidity in Grenada increased slightly between December 2018 and February 2019, with the loan to deposit ratio of all commercial banks moving from 54.97% to 53.64%. The Bank's liquidity increased slightly during the period March 31, 2019 to June 30, 2019 with loan to deposit moving from 58.33% to 57.67%.

During the quarter to June 30, 2019, both the Bank's Tier 1 capital to total adjusted risk weighted assets and total qualifying capital to total adjusted risk weighted assets decreased slightly. As at June 30, 2019 Tier 1 capital to total adjusted risk weighted assets decreased to 13.66% from 14.01% as at March 31, 2019 and total qualifying capital to total adjusted risk weighted assets decreased to 14.96% from 15.08% during the same period. 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.

NA

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, 2019, the Bank recorded Net Profit after tax of \$7.031M, an increase of \$1.797M or 34.3% over the \$5.234M reported for the corresponding period last year. The main contributors to this increased performance are as follows:

Increase in interest income of \$2.611M. There were increases in interest on
Loans of \$1.075M mainly due to the \$18M increase in the performing portfolio,
Investments of \$0.905M due to the \$15M increase in the portfolio and
Liquid assets of \$0.631M mainly due to the \$13.5M increase in fixed deposit

Increase in interest expense of \$0.431M mainly due to the repricing of some fixed deposits and increase in savings deposits.

The increase in interest expense partly offset the increase in interest income resulting in an increase in net income of \$2.180M.

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, 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.

There was an increase in delinquency ratio to 4.6% as at June 30, 2019 from 3.9% as at March 31, 2019. The Bank's NPL portfolio continues to operate below the limit of 5%. As at June 30, 2019, the ratio of the non-performing portfolio to total loans decreased to 3.05% from 3.25% as at March 31, 2019 and the ratio of impaired investments to total investments decreased to 3.22% from 3.38% for the same period. Provisions for loans and investments are set aside as required by IFRS 9 and reviews conducted quarterly.

Interest rate risk

Interest rate risk is the exposure of interest-bearing assets and liabilities to movements in interest rate. The Asset/Liability Committee reviews monthly the non-credit and non-operational risks for the Bank. The primary tools currently in use are gap 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 at June 30, 2018 the EC Gap is negative \$129M while the US Gap is positive \$403M. The combined gap for all currencies is positive \$279M.

The pressure on rates for loans continues to weigh on the Bank's net interest spread. There was a \$10M increase in the 5.00% to 5.99% interest rate and \$11M decrease in the 7.0% to 14.5% interest rate buckets during the period mainly due to continued aggressive competition. As at June 30, 2019, yield on the performing loan portfolio decreased to 6.69% from 6.89% as at June 30, 2018. However, as at June 30, 2019 the yield on investments increased to 3.43% from 3.26% as at June 30, 2018 as investments at lower yields were replaced with higher yielding investments during the period.

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. 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, 2019, the net liquid asset ratio increased to 51.71% from 50.71% as at March 31, 2019, well in excess of the prudential requirement of 20%. Of the 51.71% net liquid asset ratio as at June 30, 2019, 9.74% represents un-invested funds compared to 8.94% of the 50.71% as at March 31, 2019.

A liquidity gap analysis is also performed to assist in managing liquidity risk. The Bank has a long USD position, and converts USD cash for XCD by selling to other banks if the need arises. Should the other Banks not be in a position to facilitate RBGD, USD can be sold to the ECCB. As at June 30, 2019, the combined liquidity gap was positive \$354M. There was a positive US\$ gaps of \$125M while there was a negative EC\$ gap of 26M.

Currency risk

Currency Risk is the exposure of the Bank's financial condition to unfavorable movements in foreign currency exchange rates. The Bank established limits for uncovered holdings in each foreign currency and monitors its foreign currency position for both overnight and intra-day transactions.

During the quarter there were occasional excesses in the foreign 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\$13.20 (EC\$5.40M) as at June 30, 2019. TT\$8.60M (EC\$3.50M) or 64.87% of the TT\$ is represented by the WASA bond which matures in 2021. As at June 30, 2019 the TT\$ rate remained constant at the 0.4067 as at March 31, 2019.

The other significant foreign exchange exposure is in US\$ (US\$140.49), 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 reputation 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 eliminated and manages the risk through a combination of systems and procedures to monitor and document transactions. Where appropriate, some risk is transferred by the placement of adequate insurance coverage. The Bank has developed contingency arrangements to support operations in the event of disaster. Independent checks on operational risk issues are also undertaken by the internal audit function.

Project Management

The impact of project delays and projects being placed on hold continue to impact the Bank. With the delay of IT Consolidation implementation, reliant projects, were deferred. The delay affects the implementation of enhanced products and services (IDC, Card-Swipe) which limits our ability to attract/maintain customers who are looking for these enhanced products and services. The Bank continues to do all in its powers to appease customers with its "wow" customer service.

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, 2019, 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 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

RENWICK & PAYNE

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

CHAMBERS:

EBA House

Corner Lucas Street & Church Street
St. George's Grenada, West Indies

Email: renwick-payne@spiceisle.com
Website: www.renwickandpayne.com

Telephone (473) 440-2479/3895
Fax (473) 440-4189

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

9th July, 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 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

All the parties involved recently attended a formal mediation session with the hopes of amicably settling this matter. The session revolved mainly around one issue, that is, the variation or release of the restrictive covenant by Elisha Baptiste. His representatives indicated that he was very reluctant to vary or remove the covenant for fear of repercussive action being taken by other lot owners. We have since carried out extensive research on this matter and written extensive submissions to reassure his representative that they have nothing to worry about in this regard. We enclose a copy of the submissions for your information.

We currently await a new date to reconvene and continue the mediation process, which we believe will be sometime in early August. We are also hopeful that Elisha Baptiste and his representatives will be convinced by our submissions, and will agree to waive the restrictive covenant which would extensively resolve this matter and avoid it having to go to trial.

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 report dated 9th January, 2019

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 more than one Civil Court and High Court Judge, we do not anticipate a date to be set until next year, 2020. However we will continue trying to secure a date as soon as possible. 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 report dated 9th January, 2019.

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 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.

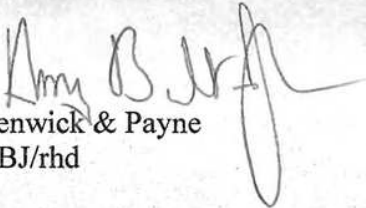
At a recent Court hearing the Bank was enjoined from selling the property until the final resolution of this matter at trial. At this hearing the Bank was also added to these proceedings as an Interested Party to the proceedings.

Prospect of Success

In our opinion, judging from the last Court hearing, we are convinced that it is unlikely that the Court will allow the Bank's mortgage to continue un-serviced, and that at the determination of the trial, the Court will provide consequential directions as to how to the Bank may proceed.

We hope the above is of assistance to you.

Yours sincerely,



Renwick & Payne
ABJ/rhd

REPUBLIC BANK (GRENADA) LIMITED

FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED JUNE 30, 2019

BALANCE SHEET AS AT JUNE 30, 2019

ASSETS

	Unaudited 30 JUN-19	Unaudited 30 JUN-18	Audited Y/E 30 Sept-18
	\$000's	\$000's	\$000's
Cash & due from banks	89,399	64,563	72,398
Statutory reserve	49,241	47,876	47,764
Treasury Bills	30,257	16,990	26,196
Investments	294,815	280,231	287,665
Loans & Advances	491,445	478,135	477,731
Provision for loan losses	-6,055	-7,077	-6,851
Unearned loan origination fees	-2,513	-2,523	-2,488
Fixed Assets	-17,843	79,607	78,670
Depreciation	48,417	-48,285	-47,443
Net Pension Asset	7,953	7,078	7,323
Other Assets	7,728	10,691	11,070
Total Assets	992,844	927,285	952,035

LIABILITIES & SHAREHOLDERS EQUITY

LIABILITIES

Current, Savings and Deposit Accounts	852,189	792,656	813,389
Due to other Banks	8,943	9,161	8,264
Post retirement benefits	4,672	4,136	4,378
Other liabilities	9,724	9,431	11,894

SHAREHOLDERS EQUITY

Shares in issue	20,745	20,745	20,745
Statutory Reserves	20,745	20,745	20,745
Retained Earnings	75,826	70,411	72,620
Shareholders Equity	117,316	111,901	114,110
Total liabilities and shareholders equity	992,844	927,285	952,035
Contingent Accounts	17,342	22,947	22,735

<p align="center">REPUBLIC BANK (GRENADA) LIMITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED JUNE 30, 2019</p>

INCOME STATEMENT FOR PERIOD ENDED JUNE 30, 2019

	Unaudited 30 JUN-19	Unaudited 30 JUN-18	Audited Y/E 30 Sept-18
Interest on loans	25,609	24,534	33,131
Interest on Investments	8,741	7,204	9,942
Total interest income	34,350	31,738	43,073
Interest on Deposits	7,722	7,292	9,831
Total Interest Expense	7,722	7,292	9,831
Net Interest	26,628	24,446	33,242
Other income	9,473	9,303	12,657
	36,101	33,749	45,899
Other Expenses	26,844	26,867	35,716
Credit loss expense on financial assets	377	236	186
	27,221	27,103	35,902
Profit before taxation	8,880	6,646	9,997
Taxation expense	1,849	1,412	2,119
Profit after taxation	7,031	5,234	7,878

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED JUNE 30, 2019

CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED JUNE 30, 2019

	Unaudited 30 JUN-19	Unaudited 30 JUN-18	Audited Y/E 30 Sept-18
Profit before taxation	8,880	6,646	9,997
Depreciation and non cash items	2,085	2,910	3,684
Provisions for loan losses	426	236	290
Increase in Customer loans	-14,912	-23,461	-23,373
Increase/(decrease) in Customer deposits	38,800	-2,668	18,065
(Increase)/decrease in statutory deposit	-1,477	590	702
Decrease/(Increase) in other assets	3,280	-3,032	-2,997
(Decrease)/increase in other liabilities	-1,765	-890	479
Income taxes paid	-2,191	-1,758	-2,037
Cash provided by/(used in) operating activities	33,126	-21,427	4,810
Net purchase of investments	-11,599	-22,006	-41,906
Increase in fixed assets	-1,380	-1,373	-2,041
Cash used in investing activities	-12,979	-23,379	-43,947
Increase in due to other banks	679	3,721	2,824
Dividends paid	-3,826	0	0
Cash (used in)/ provided by financing activities	-3,147	3,721	2,824
Increase/(Decrease) in cash resources	17,000	-41,085	-36,313
Cash resources at beginning of year	72,398	108,711	108,711
Cash resources at end of period	89,398	67,626	72,398

Republic Bank (Grenada) Limited

Investment Portfolio as at June 30, 2019

	CURRENCY	CARRYING VALUE June 30, 2019	COUPON RATE	MATURITY DATE	PLACE
EC\$ INVESTMENTS		(EC\$'000)			
Govt of G/da EC Bonds	EC	1,305	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
Sub Total		3,854			
EQUITY INVESTMENTS					
ECHMB	EC	\$350			Regional
Eastern C'bean Sec. Exchange	EC	\$147			Regional
Eastern C'bean Sec. Exchange	EC	\$50			Regional
Sub Total		\$547			
Total EC\$ Investment		4,401			
TT DOLLAR INVESTMENT					
WASA FIXED RATE BONDS	TT\$	3,482	11.50%	21-Nov-2021	Regional
Sub Total - TT Dollar Investments		3,482			
APG-St.Johns Port Expansion	US	\$4,675	9.00%	30-Sep-2025	Regional
COMMERCIAL PAPER - REPUBLIC BANK TRINIDAD & Gov't of St. Kitts USD bonds	US	\$8,088	1.95%	12-Jul-2019	Regional
	US	\$398	3.00%	18-Apr-2032	Regional
Gov't of St. Kitts USD bonds #2	US	\$15	3.00%	18-Apr-2032	Regional
SAGICOR 4.85% NOTE	US	\$4,506	4.85%	14-Aug-2019	Regional
WESTPAC 2.3%USD BOND DUE 5/26/2020	US	\$10,820	2.30%	26-May-2020	Int'l
RBC 2.15% Bond Due 03/06/2020	US	\$5,397	2.15%	6-Mar-2020	Int'l
NACN 2.20% USD Bond due 11/02/2020	US	\$9,347	2.20%	2-Nov-2020	Int'l
TORONTO DOMINION 1.8% BOND DUE 13/7/2021	US	\$2,682	1.80%	13-Jul-2021	Int'l
BANK OF MONTREAL 1.9% USD BOND DUE 8/27/2021	US	\$2,687	1.90%	27-Aug-2021	Int'l
BMO 2.55% USD BOND Due 11/6/2022	US	\$5,284	2.55%	6-Nov-2022	Int'l
BANCO SECURITY FLR STNDICATED LOAN DUE 12/29/2020	US	\$6,745	3.53%	29-Dec-2020	Int'l
AES GENER S.A. 5.25% due 08/15/2021	US	\$6,917	5.25%	15-Aug-2021	Int'l
BSANCI 3.875% USD BOND	US	\$2,578	3.88%	20-Sep-2022	Int'l
COLUM 4.375% due 7/12/2021	US	\$8,216	4.38%	12-Jul-2021	Int'l
SOCGEN 3.25% USD BOND Due 1/12/2022	US	\$7,990	3.25%	12-Jan-2022	Int'l
Bobin 4.875% USD Bond	US	\$5,385	4.88%	23-Jul-2019	Int'l
NCB FINANCIAL GROUP LIMITED	US	\$5,145	5.25%	27-Sep-2019	Regional
SUMIBK 2.846% USD BOND	US	\$8,095	2.85%	11-Jan-2022	Int'l
SUMITOMO MITSUI 3.102% USD BOND	US	\$7,951	3.10%	17-Jan-2023	Int'l
MIZUHO 3.549% USD BOND DUE 03/05/2023	US	\$8,169	3.55%	5-Mar-2023	Int'l
RABOBK 2.5% USD BOND	US	\$4,053	2.50%	19-Jan-2021	Int'l
RABOBK 2.5% USD BOND NO. 2	US	\$2,713	2.50%	19-Jan-2021	Int'l
ANZ 2.625% US BOND	US	\$2,652	2.63%	9-Nov-2022	Int'l
BLADEX 3.25% USD BOND	US	\$2,695	3.25%	7-May-2020	Int'l
BANCO DE CREDITO DEL PERU (BCP) 5.375% BOND DUE 16/9/2020	US	\$8,308	5.38%	16-Sep-2020	Int'l

BANCO DE CREDITO DEL PERU (BCP) 4.25% BOND DUE 1/4/2023	US	\$8,780	4.25%	1-Apr-2023	Int'l
SWEDBANK 2.65% US BOND	US	\$5,369	2.65%	10-Mar-2021	Int'l
SWEDA 2.80% USD BOND DUE 3/14/2022	US	\$6,706	2.80%	14-Mar-2022	Int'l
CREDIT SUISSE 3.125% USD BOND DUE 12/10/2020	US	\$5,452	3.13%	10-Dec-2020	Int'l
CREDIT SUISSE 3.8% USD BOND DUE 9/15/2022	US	\$2,774	3.80%	15-Sep-2022	Int'l
FIRST CITIZEN SYNDICATED 3.75% LOAN NOTES DUE 2021	US	\$8,086	3.75%	7-Apr-2021	Regional
TRINGEN 5.25% due 11/04/2027	US	\$7,971	5.25%	4-Nov-2027	Regional
STD CHARTERED 2.25%USD BOND#1	US	\$10,789	2.25%	17-Apr-2020	Int'l
STD CHARTERED 2.25%USD BOND#2	US	\$8,093	2.25%	17-Apr-2020	Int'l
HSBC 3.4% USD BOND	US	\$6,751	3.40%	8-Mar-2021	Int'l
HSBC 3.4% USD BOND #1	US	\$6,741	3.40%	8-Mar-2021	Int'l
HSBC 2.95% USD BOND	US	\$5,447	2.95%	21-May-2021	Int'l
CITIGROUP 2.5%BOND DUE 29/7/2019	US	\$2,697	2.50%	29-Jul-2019	Int'l
WELLS FARGO 2.15% USD BOND	US	\$2,699	2.15%	30-Jan-2020	Int'l
CITI GROUP 2.40% BOND DUE 02/18/2020	US	\$5,389	2.40%	18-Feb-2020	Int'l
AMERICAN EXPRESS 2.60% USD BOND DUE 9/14/2020	US	\$8,126	2.60%	14-Sep-2020	Int'l
BANK Of AMERICA 2.625% USD BOND	US	\$8,071	2.63%	19-Oct-2020	Int'l
WELLS FARGO 2.5% USD BOND	US	\$5,424	2.50%	4-Mar-2021	Int'l
WELLS FARGO 2.5% USD BOND P	US	\$2,712	2.50%	4-Mar-2021	Int'l
PNC 2.55% USD BONDS DUE 12/9/2021 #1	US	\$5,430	2.55%	9-Dec-2021	Int'l
PNC 2.55% USD BONDS DUE 12/9/2021 P	US	\$2,717	2.55%	9-Dec-2021	Int'l
PNC 2.55% USD BONDS DUE 12/9/2021 #2	US	\$2,717	2.55%	9-Dec-2021	Int'l
Bank of America 4.1% USD Bond Due 7/24/2023	US	\$8,251	4.10%	24-Jul-2023	Int'l
GOLDMAN SACHS 4% USD BOND DUE 3/3/2024	US	\$8,229	4.00%	3-Mar-2024	Int'l
0					
Sub Total		\$286,932			
Total US\$ Investment		\$286,932			
Grand Total		\$294,815			