

**Schedule 2  
FORM ECSRC – OR**

(Select One)

**QUARTERLY FINANCIAL REPORT** for the period ended March 31, 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): 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

<b>CLASS</b>	<b>NUMBER</b>
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

**April 30, 2019**

Date

Name of Director:

**Leon Charles**



Signature

**April 30, 2019**

Date

Name of Chief Financial Officer:

**Elizabeth Richards-Daniel**



Signature

**April 30, 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 six months to March 31, 2019, total assets increased by \$26M or 2.8% as a result of the \$31M or 3.9% increase in deposits. The increase in total assets is reflected in the \$13M or 9.1% increase in cash resources and the \$15M or 3.2% growth in loans.

While the investment portfolio remained relatively flat during the six months to March 31, 2019, the portfolio increased by \$17.09M during the quarter to March 31, 2019. There were five new investments during the quarter. Two replaced two investments which matured during the first quarter while the other three replaced three investments which matured during the second quarter.

The Bank's top 20 borrowers represented 29.88% of total loans as at March 31, 2019 a slight decrease from 30.08% as at December 31, 2018.

During the period September 2018 to February 2019 both the market and the Bank experienced an increase in loans of 0.74% and 3.19% respectively. The Bank's increase of \$15M was \$3M more than the market resulting in the Bank's market share increasing to 28.86% from 28.18% as at September 2018.

The ratio of the non-performing portfolio to total loans decreased to 3.25% as at March 31, 2019 from 3.66% as at December 31, 2018. There was decrease in delinquency to 3.98% as at March 23, 2019 from 5.54% as at December 23, 2018 mainly due to delinquency in the corporate portfolio reducing from 4.20% to 1.88%.

The Bank's top 10 deposit customers represented 20.96% of total deposits as at March 31, 2019, a slight decrease from 21.04% as at December 31, 2018. While the % is still in excess of the 15% target for the Customer Dependency ratio, the liquidity ratio of 50.71% is 30.76% more than the statutory requirement of 20%, which fully covers the top 10 were they to withdraw their funds without notice.

During the period September 2018 to February 2019 both the market and the Bank experienced an increase in deposits of 4.02% and 4.95% respectively. The Bank's increase was 32.5% of the \$120M increase in the market resulting in its market share increasing slightly to 26.9% from 26.6% as at September 2018.

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

### Liquidity and Capital Resources

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

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

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

#### *Discussion of Liquidity and Capital Resources*

During the quarter to March 31, 2019, the net liquid asset ratio increased to 50.71% from 50.06% as at December 31, 2018, still well in excess of the prudential requirement of 20%. Of the 50.71% net liquid asset ratio as at March 31, 2019, 8.94% represents uninvested funds compared to 9.92% of the 50.06% as at December 31, 2018. Our Head Office, continues to assist us in finding suitable investment opportunities to assist 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 December 31, 2018 to March 31, 2019 with loan to deposit moving from 58.17% to 57.90%.

During the six months to March 31, 2019 the Bank's Tier 1 capital to total adjusted risk weighted assets decreased slightly while the total qualifying capital to total adjusted risk weighted assets increased slightly. Tier 1 capital to total adjusted risk weighted assets decreased to 14.04% from 14.41% as at September 30, 2018 and total qualifying capital to total adjusted risk weighted assets increased to 15.08% from 14.85% as at September 30, 2018. Both ratios still exceed the minimum established by the Basel Committee.

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

### Off Balance Sheet Arrangements

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

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

N/A

## Results of Operations

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

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

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

### *Overview of Results of Operations*

For the six months ended March 31, 2019, the Bank recorded Net Profit after tax of \$4.758M, an increase of \$1.247M or 35.5% over the \$3.511M reported for the corresponding period last year. The main contributor to this increased performance was an increase in net interest income of \$1.412M.

Interest income on loans and investments increased by \$0.740M and \$0.578M respectively mainly as a result of the \$30M increase in the loan portfolio and \$27M increase in the investment portfolio year on year. There was also an increase in income from liquid assets of \$0.389M mainly due to an increase in fixed deposits with an international Bank.

The increase in interest income of \$1.708M was partly offset by an increase in interest expense of \$0.296M mainly due to the repricing of some fixed deposits



### 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 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 March 31, 2019 the ratio of the non-performing portfolio to total loans decreased to 3.25% from 3.66% as at December 31, 2018 and the ratio of impaired investments to total investments decrease to 3.38% from 3.42% 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 at March 31, 2018 the EC Gap is negative \$110M while the US Gap is positive \$392M. The combined gap for all currencies is positive \$287M.

#### 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 March 31, 2019, the net liquid asset ratio increased to 50.71% from 50.06% as at December 31, 2018, still well in excess of the prudential requirement of 20%. Of the 50.71% net liquid asset ratio as at March 31, 2019, 8.94% represents uninvested funds compared to 9.92% of the 50.06% as at December 31, 2018.

A liquidity gap analysis is also performed to assist in managing liquidity risk. As at December 31, 2018 the combined liquidity gap was positive \$426M. Both the EC and US showed positive gaps of \$59M and \$329M respectively.

#### Currency Risk

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

During the quarter the US excess position came within the exposure limits after being consistently over the limits. There were occasional excesses in the other currencies however, these have since been regularized. A huge foreign exchange risk position continues to be maintained in TT dollars, with net assets of TT\$14.64 (EC\$5.95M) as at March 31, 2019. TT\$10.28M (EC\$4.18M) or 70.19% of the TT\$ is represented by the WASA bond which matures in 2021. As at March 31, 2019 the TT\$ rate increased to 0.4067 from 0.4055 as at December 31, 2018.

The other significant foreign exchange exposure is in US\$ (US\$137.10), but the likelihood of any depreciation in that currency against the EC\$ is highly remote.

#### Operational Risk

Operational risk is inherent in all business activities and is the potential for financial or reputational loss arising from inadequate or failed internal control, operational processes or the systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud. The Bank recognizes that such risk can never be entirely eliminated and manages the risk through a combination of systems and procedures to monitor and document transactions. During the period the bank established an Enterprise Risk Unit which oversees this risk. Where appropriate, some risk is transferred by the placement of adequate insurance coverage. The Bank has developed contingency arrangements to support operations in the event of disaster. Independent checks on operational risk issues are also undertaken by the internal audit function.

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

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

As at March 31, 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

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

N/A

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- Name and address of underwriter(s)

N/A

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- Amount of expenses incurred in connection with the offer N/A

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

N/A

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- Payments to associated persons and the purpose for such payments

N/A

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

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

**6. Defaults upon Senior Securities.**

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

None

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

None

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

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

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

Annual General meeting on December 13, 2018.

**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

- (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

# 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](mailto:renwick-payne@spiceisle.com)  
Website: [www.renwickandpayne.com](http://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

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3<sup>rd</sup> April 2019

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

Attn: Mr. O'Neal Dominique

Dear Mr. Dominique,

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

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

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

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

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

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

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

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

### **Present Position**

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.

Renwick & Payne attempted to convince Elisha's representatives that this fear was unsupported and that there was no possible action that could be taken against him in the future for several reasons. However, they remained unconvinced and wanted firm legal submissions on the matter. Consequently, the mediation session was adjourned to permit Renwick & Payne time to provide legal submissions on the consequences of releasing or varying the restrictive covenant. All parties are to reconvene for further mediation on 30<sup>th</sup> April, 2019.

In the meantime the Bank was requested to obtain a current valuation of the property, in order to further negotiations with Ian Francis for compensation.

### **Prospect of Success**

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

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

This matter is essentially a Landlord and Tenant matter. Time Bourke (Holdings) Grenada Limited as Landlord instituted proceedings against Issa Nicholas (Grenada) Limited as Tenant



for breach of covenants under an Indenture of Lease so that the lease had become liable to forfeiture and also for possession of the leasehold property.

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

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

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

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

### **Present Position**

This matter remains as per our last report dated 9<sup>th</sup> 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 a civil Court, we do not anticipate a date to be set before April 2019. At the right time we will be filing our application seeking to enforce the Bank's **statutory remedy** for relief from forfeiture, so as to keep the Bank's security intact.

### **Prospect of Success**

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

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

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

These proceedings commenced with the filing of a Claim Form and Statement of Claim by Valma Jessamy and her registered Company claiming relief for breach of contract, negligence on the Bank's part, breach of confidentiality and general damages. We filed a Defence in these proceedings on the Bank's behalf. Pleadings are now at a close, and the Claimants opted not to file a Reply to our Defence.

**Present Position**

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

**Present Position**

At the last Court hearing in respect of the application for injunctive relief sought by the Morain brothers, the Bank was injuncted from selling the property.

The Judge further ordered that the Bank is added as an Interested Party to the proceedings and gave directions for trial which are to be completed.

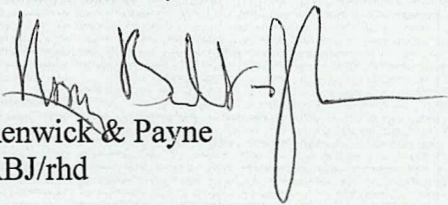
We invite the Bank to refer to our recent report on the matter dated 1<sup>st</sup> March, 2019, which provides a fully comprehensive and detailed synopsis of this last Court hearing (copy enclosed for ease of reference).

**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

1<sup>st</sup> March, 2019

Mr O'Neal Dominique  
Republic Bank (Grenada) Limited  
Centralised Credit Unit  
Republic House  
Grand Anse

Dear Mr. Dominique

**Re: Ricky & Robbie Morain v Beverly Whint**

We attended High Court before Justice Raulston Glasgow on 4<sup>th</sup> February, 2019 on the Bank's behalf and report as follows:

Beverly Whint was present and represented by her Attorneys Queens Counsel Celia Edwards, Deloni Edwards, Celene Edwards and Zuriel Francique. Both Morain brothers were present represented by their Attorney Miss Georgelle George.

The matter before the Court on this occasion was the hearing of an application filed by the Morain brothers to injunct the Bank from selling the property mortgaged to the Bank by Beverly Whint and which property is also the subject of the Court action between Ms Whint and her brothers.

**BACKGROUND**

This is a long outstanding matter which commenced with a mortgage of the subject property by Ms. Whint to the Bank. At some point a sale from Ms. Whint to her brothers was negotiated with the Bank funding the purchase by way of another mortgage by the Morain brothers. The Bank was informed that everything was in good standing and the mortgaged document for the Morain brothers was signed and the mortgaged monies disbursed, with some applied to liquidate Ms. Whint's existing mortgage. The Bank then discovered that Ms Whint was refusing to sign the conveyance in favour of her brothers which left the Bank with an unsecured mortgage. The Bank was advised by its then attorneys to reverse all transactions which resulted in reimbursement to the Morain brothers, cancellation of their mortgage and reinstatement of Ms Whint's mortgage.

The Morain brothers, in occupation of the property, brought a claim against Ms Whint for specific performance of their sale agreement and execution of the Conveyance in their favour. Ms Whint is defending the matter by saying that there was never a valid agreement and her brother did not adhere to their orally agreed terms of sale.

## **THE INJUNCTION**

At the hearing, the judge, minded that the Bank had an unequivocal power of sale enquired of Ms Edwards why the Bank ought to be enjoined. Ms Edwards raised issues that this case involved special circumstances where the Bank acted outside of its powers and wrongfully reversed the transactions mentioned above. She argued that there was in effect a lawful sale, as the Bank had received the purchase monies and applied them to the Beverly Whint's mortgage.

The Judge was of the opinion that the sale to the Morain brothers was an exercise of the Bank's power of sale. We submitted that we disagreed and that the sale was in fact a private sale between the parties done with the consent of the Bank. The Judge did not accept our submission and stated that the documents before him did not support that notion as no reconveyance was done in favour of Beverly Whint. Following this train of thought the Judge stated that he believed that the Bank exhausted its power of sale under Beverly Whint's mortgage so that it no longer had the power to sell the property as it was attempting to do.

The Judge agreed with Mrs. Edwards that the sale was lawfully concluded when the Bank accepted and applied the purchase monies. He continued that the sale was valid until it could be set aside by a Court of competent jurisdiction. He agreed that the Morain brothers' inability to deliver the property as security amounted to a repudiatory breach of the mortgage, but stated that the Bank's lawful options at that point would have been to sue the Morain brothers for specific performance to deliver the property or for damages but not to reverse all of the transactions.

The Judge continued that the Bank ought to have treated the two transactions as separate and ought not to have taken advantage of their position as "the middle man" in both transactions. Mrs Edwards then added to this point that had Mrs. Whint's mortgage been with a different institution then the Bank would not have been able to reverse the transactions, and would have been obliged to carry on its relationship with the Morain brothers. The Judge agreed and elaborated that although there was a repudiatory breach on the part of the Morain brothers, that this breach could not extend to a third party transaction so that the Bank was not entitled to reverse the transactions.

The Judge did however confirm that there does exist an outstanding debt to the Bank for which one of the parties was most certainly liable. However, he said that this issue could only be resolved at the trial of the matter dependent on the Court's opinion of the validity of the agreement for sale between Beverly Whint and the Morain brothers. He stated that there would be one of two outcomes:

1. The sale agreement was invalid so that the property remains vested with Beverly Whint and consequently the Court would give directions to lawfully reinstate her mortgage with the Bank for which Beverly Whint would be liable under all of its relevant terms and conditions. This would also revive the Bank's power of sale under this mortgage and the Bank would then be able to lawfully sell to recover its monies.
2. The sale agreement was invalid and the Court would order Beverly Whint to sign the conveyance in favour of the Morain brothers, which the Morain brothers would then have to tender to the Bank and service their mortgage accordingly.

In the meantime the judge opined sympathetically that the Bank would have to maintain the current status quo with no apparent option for remedial relief until determination of the matter at trial.

We then submitted that the Bank ought to be joined as an interest party to the action, such joinder being necessary for the proper resolution of the matter and the Bank clearly having a vested interest in the matter. The judge agreed and ordered that the Bank be joined as an interested party.

The judge further ordered that the Bank is to be served with all of the proceedings and gave directions for trial of the matter.

1. Standard disclosure of documents on or before 30<sup>th</sup> April, 2019
2. The Bank is permitted to call up to 5 witnesses
3. Witness statements are to be filed and exchanged on 5<sup>th</sup> July, 2019
4. Pre-trial review to be set for a date in September 2019

In our opinion this hearing had a positive result for the Bank. We were able to be joined as a party fairly quickly, without having to file our own application, and it is clear that the judge is sympathetic of the Bank's position and stated unequivocally that one of the parties must be liable to pay the Bank.

We will proceed to carry out the directions for trial. The Bank must send us all relevant documents for disclosure, and give us instructions as to the witnesses and their evidence so that we may prepare the witness statements.

We will keep the Bank updated.

Yours sincerely,



Renwick & Payne

**Republic Bank (Grenada) Limited**

**Investment Portfolio as at March 31, 2019**

	<b>CURRENCY</b>	<b>CARRYING VALUE March 31, 2019 (EC\$'000)</b>	<b>COUPON RATE</b>	<b>MATURITY DATE</b>	<b>PLACE</b>
<b>EC\$ INVESTMENTS</b>					
Govt of G/da EC Bonds	EC	1,502	7.00%	12-May-2030	Domestic
Government of Grenada Placement A	EC	\$1,015	3.00%	31-Dec-2022	Domestic
Government of Grenada Placement B	EC	\$1,340	7.00%	31-Dec-2027	Domestic
Government of Grenada Placement C	EC	\$194	7.00%	31-Dec-2030	Domestic
<b>Sub Total</b>		<b>4,051</b>			
<b>EQUITY INVESTMENTS</b>					
ECHMB	EC	\$350			Regional
Eastern C'bean Sec. Exchange	EC	\$147			Regional
Eastern C'bean Sec. Exchange	EC	\$50			Regional
<b>Sub Total</b>		<b>\$547</b>			
<b>Total EC\$ Investment</b>		<b>4,598</b>			
<b>TT DOLLAR INVESTMENT</b>					
WASA FIXED RATE BONDS	TT\$	4,179	11.50%	21-Nov-2021	Regional
<b>Sub Total - TT Dollar Investments</b>		<b>4,179</b>			
APG-St.Johns Port Expansion	US	\$4,724	9.00%	30-Sep-2025	Regional
Gov't of St. Kitts USD bonds	US	\$44	3.00%	18-Apr-2032	Regional
Gov't of St. Kitts USD bonds #2	US	\$399	3.00%	18-Apr-2032	Regional
COMMERCIAL PAPER - REPUBLIC BANK TRINIDAD & TOBAGO (BARBADOS) LIMITED	US	\$8,088	1.95%	12-Jul-2019	Regional
SAGICOR 4.85% NOTE		\$4,506	4.85%	14-Aug-2019	
WESTPAC 2.3%USD BOND DUE 5/26/2020	US	\$10,827	2.30%	26-May-2020	Int'l
RBC 2.15% Bond Due 03/06/2020	US	\$5,398	2.15%	6-Mar-2020	Int'l
NACN 2.20% USD Bond due 11/02/2020	US	\$9,323	2.20%	2-Nov-2020	Int'l
TORONTO DOMINION 1.8% BOND DUE 13/7/2021	US	\$2,680	1.80%	13-Jul-2021	Int'l
BANK OF MONTREAL 1.9% USD BOND DUE 8/27/2021	US	\$2,686	1.90%	27-Aug-2021	Int'l
BMO 2.55% USD BOND Due 11/6/2022	US	\$5,276	2.55%	6-Nov-2022	Int'l
BANCO SECURITY FLR STNDICATED LOAN DUE 12/29/2020	US	\$6,745	3.80%	29-Dec-2020	Int'l
AES GENER S.A. 5.25% due 08/15/2021	US	\$6,939	5.25%	15-Aug-2021	Int'l
BSANCI 3.875% USD BOND	US	\$2,579	3.88%	20-Sep-2022	Int'l
COLUM 4.375% due 7/12/2021	US	\$8,232	4.38%	12-Jul-2021	Int'l
SOCGEN 3.25% USD BOND Due 1/12/2022	US	\$7,980	3.25%	12-Jan-2022	Int'l
Bobin 4.875% USD Bond	US	\$5,401	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	\$8,096	2.85%	11-Jan-2022	Int'l
SUMITOMO MITSUI 3.102% USD BOND	US	\$7,942	3.10%	17-Jan-2023	Int'l
MIZUHO 3.549% USD BOND DUE 03/05/2023	US	\$8,174	3.55%	5-Mar-2023	Int'l
RABOBK 2.5% USD BOND	US	\$4,054	2.50%	19-Jan-2021	Int'l
RABOBK 2.5% USD BOND NO. 2	US	\$2,716	2.50%	19-Jan-2021	Int'l
ANZ 2.625% US BOND	US	\$2,649	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	\$8,352	5.38%	16-Sep-2020	Int'l
BANCO DE CREDITO DEL PERU (BCP) 4.25% BOND DUE 1/4/2023	US	\$8,790	4.25%	1-Apr-2023	Int'l
SWEDBANK 2.65% US BOND	US	\$5,364	2.65%	10-Mar-2021	Int'l
CREDIT SUISSE 3.125% USD BOND DUE 12/10/2020	US	\$5,462	3.13%	10-Dec-2020	Int'l
CREDIT SUISSE 3.8% USD BOND DUE 9/15/2022	US	\$2,780	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	\$7,968	5.25%	4-Nov-2027	Int'l
STD CHARTERED 2.25%USD BOND#1	US	\$10,790	2.25%	17-Apr-2020	Int'l
STD CHARTERED 2.25%USD BOND#2	US	\$8,094	2.25%	17-Apr-2020	Int'l
HSBC 3.4% USD BOND	US	\$6,752	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	\$5,454	2.95%	21-May-2021	Int'l
CITIGROUP 2.5%BOND DUE 29/7/2019	US	\$2,698	2.50%	29-Jul-2019	Int'l
WELLS FARGO 2.15% USD BOND	US	\$2,700	2.15%	30-Jan-2020	Int'l
CITI GROUP 2.40% BOND DUE 02/18/2020	US	\$5,388	2.40%	18-Feb-2020	Int'l
AMERICAN EXPRESS 2.60% USD BOND DUE 9/14/2020	US	\$8,133	2.60%	14-Sep-2020	Int'l
BANK Of AMERICA 2.625% USD BOND	US	\$8,067	2.63%	19-Oct-2020	Int'l
WELLS FARGO 2.5% USD BOND	US	\$5,428	2.50%	4-Mar-2021	Int'l
WELLS FARGO 2.5% USD BOND P	US	\$2,714	2.50%	4-Mar-2021	Int'l
PNC 2.55% USD BONDS DUE 12/9/2021 #1	US	\$5,434	2.55%	9-Dec-2021	Int'l
PNC 2.55% USD BONDS DUE 12/9/2021 P	US	\$2,719	2.55%	9-Dec-2021	Int'l
PNC 2.55% USD BONDS DUE 12/9/2021 #2	US	\$2,719	2.55%	9-Dec-2021	Int'l
Bank of America 4.1% USD Bond Due 7/24/2023	US	\$8,259	4.10%	24-Jul-2023	Int'l
GOLDMAN SACHS 4% USD BOND DUE 3/3/2024	US	\$8,235	4.00%	3-Mar-2024	Int'l
0					
<b>Sub Total</b>		<b>\$280,425</b>			
<b>Total US\$ Investment</b>		<b>\$280,425</b>			
<b>Grand Total</b>		<b>\$289,202</b>			



**REPUBLIC BANK (GRENADA) LIMITED**

**FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2019**

**BALANCE SHEET AS AT MARCH 31, 2019**

**ASSETS**

	<b>Unaudited 31 MAR-19</b>	<b>Unaudited 31 MAR-18</b>	<b>Audited Y/E 30 Sept-18</b>
	\$000's	\$000's	\$000's
Cash & due from banks	84,675	114,102	72,398
Statutory reserve	45,349	43,278	47,764
Treasury Bills	29,592	19,775	26,196
Investments	289,202	262,714	287,665
Loans & Advances	492,779	466,433	477,731
Provision for loan losses	-6,675	-7,408	-6,851
Unearned loan origination fees	-2,547	-2,526	-2,488
Fixed Assets	78,806	79,224	78,670
Depreciation	-47,946	-47,642	-47,443
Net Pension Asset	7,743	7,078	7,323
Other Assets	7,454	9,299	11,070
<b>Total Assets</b>	<b>978,432</b>	<b>944,327</b>	<b>952,035</b>

**LIABILITIES & SHAREHOLDERS EQUITY**

**LIABILITIES**

Current, Savings and Deposit Accounts	844,769	817,728	813,389
Due to other Banks	4,451	3,947	8,264
Post retirement benefits	4,574	4,136	4,378
Other liabilities	8,212	8,339	11,894

**SHAREHOLDERS EQUITY**

Shares in issue	20,745	20,745	20,745
Statutory Reserves	20,745	20,745	20,745
Retained Earnings	74,936	68,687	72,620
Shareholders Equity	116,426	110,178	114,110
<b>Total liabilities and shareholders equity</b>	<b>978,432</b>	<b>944,327</b>	<b>952,035</b>

Contingent Accounts	21,960	23,325	22,735
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**REPUBLIC BANK (GRENADA) LIMITED**  
**FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2019**

**INCOME STATEMENT FOR PERIOD ENDED MARCH 31, 2019**

	<b>Unaudited 31 MAR-19</b>	<b>Unaudited 31 MAR-18</b>	<b>Audited Y/E 30 Sept-18</b>
Interest on loans	17,145	16,405	33,131
Interest on Investments	5,690	4,722	9,942
<b>Total interest income</b>	<b>22,835</b>	<b>21,127</b>	<b>43,073</b>
Interest on Deposits	5,138	4,842	9,831
<b>Total Interest Expense</b>	<b>5,138</b>	<b>4,842</b>	<b>9,831</b>
<b>Net Interest</b>	<b>17,697</b>	<b>16,285</b>	<b>33,242</b>
Other income	6,379	6,482	12,657
	24,076	22,767	45,899
Other Expenses	17,691	17,899	35,716
Credit loss expense on financial assets	376	355	186
	18,067	18,254	35,902
<b>Profit before taxation</b>	<b>6,009</b>	<b>4,513</b>	<b>9,997</b>
Taxation expense	1,251	1,002	2,119
<b>Profit after taxation</b>	<b>4,758</b>	<b>3,511</b>	<b>7,878</b>

**REPUBLIC BANK (GRENADA) LIMITED**  
**FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2019**

**CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED MARCH 31, 2019**

	<b>Unaudited 31 MAR-19</b>	<b>Unaudited 31 MAR-18</b>	<b>Audited Y/E 30 Sept-18</b>
Profit before taxation	6,009	4,513	9,997
Depreciation and non cash items	1,357	1,889	3,684
Provisions for loan losses	425	355	290
Increase in Customer loans	-15,590	-14,071	-23,373
Increase/(decrease) in Customer deposits	31,380	22,404	18,065
(Increase)/decrease in statutory deposit	2,415	5,188	702
Decrease/(Increase) in other assets	3,584	-221	-2,997
(Decrease)/increase in other liabilities	-3,179	-1,296	479
Income taxes paid	-1,720	-925	-2,037
<b>Cash provided by/(used in) operating activities</b>	<b>24,681</b>	<b>17,836</b>	<b>4,810</b>
Net purchase of investments	-3,363	-6,198	-41,906
Increase in fixed assets	-946	-844	-2,041
<b>Cash used in /(provided by) investing activities</b>	<b>-4,309</b>	<b>-7,042</b>	<b>-43,947</b>
(Decrease)/Increase in due to other banks	-3,813	-1,493	2,824
Dividends paid	-2,442	0	0
<b>Cash (used in)/ provided by financing activities</b>	<b>-6,255</b>	<b>-1,493</b>	<b>2,824</b>
Increase/(Decrease) in cash resources	14,117	9,301	-36,313
Cash resources at beginning of year	72,398	108,711	108,711
<b><u>Cash resources at end of period</u></b>	<b>86,515</b>	<b>118,012</b>	<b>72,398</b>