

Schedule 2
FORM ECSRC – OR

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended December 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

CLASS	NUMBER
Common stock	1,627,673

SIGNATURES

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

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

Name of Chief Executive Officer:

Keith A. Johnson



Signature

January 2020

Date

Name of Director:

Leon Charles



Signature

January 2020

Date

Name of Chief Financial Officer:

Elizabeth Richards-Daniel



Signature

January 2020

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

On November 1, 2019, the Bank acquired the operations of Scotiabank Grenada, adding two new branches to the Bank, and increasing total assets by \$615M. As at December 31, 2019, total assets stood at \$1.66 billion, an increase of \$664 million or 65.68% from the \$1.01 billion reported as at September 30, 2019. Of the \$664 million increase in assets, 91% or \$605M was as a result of the acquisition of Scotiabank Grenada. The increase in assets is reflected in the increase in loans and cash resources.

Loans and cash resources increased by \$341 million and \$244 million respectively, of which \$324 million and \$239 million respectively, was as a result of the acquisition of the new branches.

Other assets increased by \$79M, of which \$59 million relate to Goodwill recognized on the acquisition of the new branches.

Deposits increased by \$601 million during the period, of which \$596 million relates to the acquisition, while other liabilities increased by \$67 million due to the short term loan of \$59.5 million to fund the acquisition.

For the first quarter ended December 31, 2019, the Bank recorded net Profit after Tax of \$2.6 million, an increase of \$0.3 million from the \$2.3 million recorded for the corresponding period last year. This improvement was mainly due to the acquisition of Scotiabank Grenada, after accounting for some one off expenses.

Excluding the new branches, the Bank's top 20 borrowers represented 33.48% of total loans as at December 31, 2019, an increase from 31.93% as at September 30, 2019. As at December 31, 2019, the new branches' top 20 borrowers represented 10.38% of total loans while combined (including the new branches) the top 20 loans represented 20.85% of total loans.

The non-performing loan portfolio increased during the quarter from 2.67% as at September 2019 to 2.97% as at December 31, 2019, as a result of the new branches non performing ratio of 3.95%. Excluding the new branches, the ratio would have declined to 2.35%.

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

The Bank's liquidity decreased slightly during the period September 30, 2019 to December 31, 2019, with loan to deposit moving from 57.29% to 57.45%. The acquisition of the new branches had no major impact on this ratio.

During the three months to December 31, 2019, both the Bank's Tier 1 capital to total adjusted risk weighted assets and the total qualifying capital to total adjusted risk weighted assets decreased. Tier 1 capital to total adjusted risk weighted assets decreased to 5.07% from 13.47% as at September 30, 2019 and total qualifying capital to total adjusted risk weighted assets decreased to 10.14% from 13.64% as at September 30, 2019. The decrease in the ratios was as a result of the acquisition of the new branches which decreased Tier 1 capital by \$59.5 million as a result of Goodwill recognized on the acquisition.

While the total qualifying capital to total adjusted risk weighted assets decreased, this was less than the Tier 1 capital, as the short term loan of \$59.5 million qualified as Tier 2 capital. Both ratios still exceed the minimum established by the Basel Committee.

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

Off Balance Sheet Arrangements

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

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

N/A

Results of Operations

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

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

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

Overview of Results of Operations

For the three months ended December 31, 2019, the Bank recorded Net Profit after tax of \$2.601M, an increase of \$0.303M or 13.2% over the \$2.298M reported for the corresponding period last year. This improvement was mainly due to the acquisition of Scotiabank Grenada after accounting for one-off expenses associated therewith.

Net interest income increased by \$1.8M, of which \$2.5M from the new branches operations partly off set by an increase in interest expense of \$0.7M due to interest on short term loan to fund the acquisition.

Other income increased by \$2.8M, of which \$1.9M from the new branches operations plus one off income received mainly due to earlier repayment of two investments and Citizen by Investment payment received from the Government of Grenada in relation to the Government of Grenada restructured bond.

Other expenses increased by \$3.88M, of which \$2.70M from the new branches operation and 0.94M in taxes on the acquisition of the branches.

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. As at December 31, 2019, the major risks associated with its business are listed below.

- 1 Interest
- 2 Customer expectations / preferences
- 3 Credit
- 4 Capital

Interest

There was an increase in interest expense of \$0.776M, and net interest margin reduced to 2.97% during the quarter. This was mainly due to interest of \$0.669M on short term loan from RFHL to acquire Scotiabank Grenada. Interest expense on the loan to acquire the operations, should cease by March 2020.

The pressure on rates for loans continues to weigh on the Bank's net interest spread. As at December 31, 2019, yield on the performing portfolio decreased to 6.57% from 6.68% as at September 30, 2019.

Customer expectation

The use of the VISA Electron logo and platform has been discontinued, as such, the Bank will no longer be able to acquire stock or issue VTM cards. Therefore, customers who obtained VTM Cards in the absence of a debit card will no longer be able to renew same after expiry. This will further create room to lose customers to competitors.

Instances of bad publicity based on negative comments received on social media, most related to customers of the two new acquired branches of which two were unresolved at the time of the report. There are residual acquisition issues to be resolved especially as it relates to incoming and outgoing payments.

Credit Risk

Credit Risk is the potential that a borrower or counter-party will fail to meet its stated obligations in accordance with agreed terms. The effective management of credit risk is a key element of a comprehensive approach to risk management and is considered essential to the long term success of the Bank. The Bank's credit risk management process operates on the basis of a hierarchy of discretionary authorities. The Republic Group Risk Management Unit supports the Bank in ensuring that loans and advances and investments are made in accordance with sound banking practice, current legislation and in accordance with the applicable general policy of the Bank as laid down from time to time. The risk management function is kept from and independent of the business development aspect of operations.

The Bank uses a risk rating system which groups commercial/corporate accounts into various risk categories to facilitate the management of risk on both an individual account and portfolio basis. For retail lending, a computerized Credit Scoring system with preset risk management criteria is in place at all branches to facilitate decision-making. Trend indicators are also used to evaluate risk as improving, static or deteriorating. The evaluation of the risk and trend inform the credit decision and determines the intensity of the monitoring process. The credit control processes emphasize early detection of deterioration and prompt implementation of remedial action and where it is considered that recovery of the outstanding liability may be doubtful or unduly delayed, such accounts are transferred from performing to non-performing status.

As a prudent policy, loan loss provisions are set aside to cover any potential loss in respect of debts that are not performing satisfactorily. A review of these provisions is conducted quarterly in accordance with laid down guidelines and recommended provisions arising out of these reviews are submitted to the Board for approval.

The major asset facing credit risk is loans. As at December 31, 2019 the ratio of the non-performing portfolio to total loans increased to 2.97% from 2.67% as at September 30, 2019.

Capital

The risk that RBGD does not have or is unable to raise sufficient capital to continue operations, meet strategic objectives or meet regulatory requirements. Tier 1 Capital Adequacy Ratio decreased to 5.1% as at December 31, 2019. This was due to the recognition of Goodwill on the acquisition of Scotiabank Grenada. (Goodwill is deducted from Tier 1 capital in calculating the capital adequacy ratio. Although the ratio decrease it is still within the minimum required.

The pending rights issue which is scheduled to be completed during the second quarter will increase Tier 1 capital leading to an increase in the ratio.

4. Legal Proceedings.

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

As at December 31, 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 12, 2019.

- (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. Parasram Salickram, Ms. Karen Yip Chuck, Ms. Leslie-Ann Seon, and Mr. Richard Lewis

- (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. Appointment of KPMG as New Auditors and fixing of their remuneration
4. Amendment to Article 3 of the Articles of Continuance to state "The classes and any maximum number of shares the Company is authorized to issue: The Company is authorized to issue an unlimited number of ordinary shares of no par value."

- (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:

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

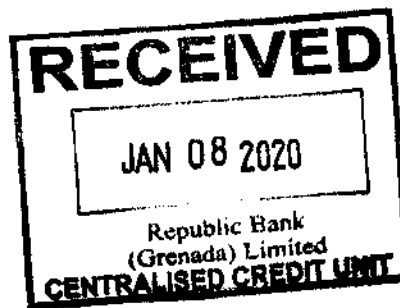
Consultant: D. H. Lalsee
Barrister-at-Law

7th January, 2020

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

We are still involved in serious settlement negotiations, and have had four meetings with Counsel in the last month. In fact, we are thinking seriously now about instructing additional Counsel, to provide a fresh outlook and to help find new solutions to this matter.

In the meantime the matter is due to return to Court soon. We will be given Case Management Directions to prepare for trial.

Prospect of Success

We are hopeful that we may still have this matter settled. However, should settlement discussions fail, 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 2nd October, 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. We continue with our efforts 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 has an outstanding application yet to be heard, filed by Jerry Edwin which is requesting an additional witness statement to be filed out of time. The matter also needs a new date for Pre-Trial Review after Mr. Edwin's application is dealt with. Once these two outstanding issues are dealt with the matter will be ready for trial on a date to be fixed by the Court.

Prospect of Success

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

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

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

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

The Bank has been enjoined from selling the property until the final resolution of this matter at trial.

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 the Bank may proceed.

5. Re: Claim No. GDAHCV2018/0110 - Lauralee Cross v Republic Bank (Grenada) Limited)

This Claim is brought by Lauralee Cross against the Bank for monies held in what was a joint account held with Lionel Akins. The subject account belonged to Lionel Akins and he later purported to join his daughter Lauralee Cross as a holder to the account.

In or about 2017, one Gavin McQuilkin, the nephew of Lionel Akins, presented a letter to the Bank requesting a transfer from the joint account to Gavin McQuilkin's own account of a sum which was almost all of all the monies held in the account at the time (almost two million dollars). The letter stated that the monies were needed in order to, inter alia, pay for the maintenance and health care of Lionel Akins.

The Bank was concerned that the letter was not legitimate and made a home visit to Mr Akins where they were satisfied that he was mentally competent and he confirmed the instructions in the said letter. The Bank was also given a doctor's report of good mental health. However, following the home visit, the Bank was presented with another letter adjusting the transfer amount to half of the previous request. Unfortunately, before the instructions could be carried out Mr. Akins died, triggering the survivorship principle.

Lauralee Cross attempted to remove all of the monies in the account and the Bank subsequently placed a hold on the monies in the account in consideration of the two conflicting claims to the monies in the account. The Bank suggested that Lauralee Cross and Gavin McQuilkin reach a settlement or agreement as to whom the monies in the account belonged, but they did not.

Lauralee Cross filed a claim against the Bank for the monies in the account and also damages for unlawful retention. The Bank filed a Defence stating that it was within its rights to place a hold on the account as it had sufficient evidence to show that the survivorship principle may not apply in this situation. The Bank also filed a Counterclaim asking the Court for declarations as to the true entitlement of the monies in the account and for the monies to be held by the Court pending the resolution of this matter.

Present Position

Gavin McQuilkin was recently joined as an Ancillary Claimant to the proceedings. He has brought his own claim against the Bank for what he claims to be his share of the money. We filed Defence for the Bank in similar terms to that of the Defence against Lauralee Cross, so that pleadings are now closed. The matter will soon be given a date for Case Management. We anticipate that the Court will direct all of the parties to attend a formal mediation session. With any luck, the parties may agree to share the monies held by the Bank.

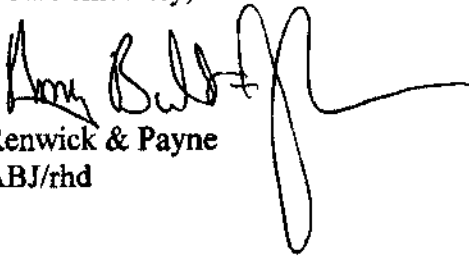
Prospect of Success

We have previously written to the Bank indicating our opinion that the Bank was correct to place a hold on the account following the death of Lionel Akins. We believe there is sufficient evidence to show contrary intention to rebut the presumption of the survivorship rule, that is to say, there is sufficient evidence to show that Lionel Akins did not intend for all of the monies in the account to go to Lauralee Cross upon his death.

We believe that the Bank has a strong Defence, and in any event the Bank is asking the Court to make declarations as to the true entitlement of the monies held in the account. The monies in the account continue to accrue interest so that the Bank is mitigating any potential losses for the customers.

We hope the above is of assistance to you.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Amy Bull". The signature is stylized with a long horizontal flourish extending to the right.

Renwick & Payne
ABJ/rhd

REPUBLIC BANK (GRENADA) LIMITED

FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2019

BALANCE SHEET AS AT DECEMBER 31, 2019

ASSETS

	Unaudited 31 DEC-19	Unaudited 31 DEC-18	Audited Y/E 30 Sept-19
	\$000's	\$000's	\$000's
Cash & due from banks	334,349	92,411	110,180
Statutory reserve	72,842	48,743	55,230
Treasury Bills	26,554	29,449	24,006
Investments	281,227	272,117	289,631
Loans & Advances	839,758	493,315	499,421
Provision for loan losses	-5,896	-6,369	-6,851
Unearned loan origination fees	-2,469	-2,567	-2,488
Fixed Assets	88,033	78,462	77,879
Depreciation	-48,951	-47,449	-47,443
Net Pension Asset	5,127	7,533	4,868
Other Assets	85,434	7,556	7,147
Total Assets	1,676,008	973,199	1,011,580

LIABILITIES & SHAREHOLDERS EQUITY

LIABILITIES

Current, Savings and Deposit Accounts	1,471,855	838,853	871,257
Due to other Banks	5,220	7,132	9,045
Post retirement benefits	4,727	4,476	4,619
Other liabilities	75,169	8,772	8,351

SHAREHOLDERS EQUITY

Shares in issue	20,745	20,745	20,745
Statutory Reserves	20,745	20,745	20,745
Retained Earnings	77,547	72,476	76,818
Shareholders Equity	119,037	113,966	118,308
Total liabilities and shareholders equity	1,676,008	973,199	1,011,580

Contingent Accounts	18,000	23,958	17,200
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REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2019

INCOME STATEMENT FOR PERIOD ENDED DECEMBER 31, 2019

	Unaudited 31 DEC-19	Unaudited 31 DEC-18	Audited Y/E 30 Sept-19
Interest on loans	12,392	8,439	34,381
Interest on Investments	2,699	2,788	11,761
Total interest income	15,091	11,227	46,142
Interest on Deposits	4,646	2,579	10,380
Total Interest Expense	4,646	2,579	10,380
Net Interest	10,445	8,648	35,762
Other income	6,153	3,360	11,973
	16,598	12,008	47,735
Other Expenses	12,875	8,995	36,338
Credit loss/(recovery) on financial assets	352	63	-1,276
	13,228	9,058	35,062
Profit before taxation	3,371	2,950	12,673
Taxation expense	770	652	2,236
Profit after taxation	2,601	2,298	10,437

REPUBLIC BANK (GRENADA) LIMITED
FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2019

CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED DECEMBER 31, 2019

	Unaudited 31 DEC-19	Unaudited 31 DEC-18	Audited Y/E 30 Sept-19
Profit before taxation	3,371	2,950	12,673
Depreciation and non cash items	946	707	1,087
Provisions for loan losses	376	89	896
Increase in Customer loans	-11,016	-16,073	-22,586
(Decrease)/increase in Customer deposits	-3,510	25,464	57,868
Decrease/(increase) in statutory deposit	22,600	-979	-7,466
(Increase)/decrease in other assets	-36,496	3,511	3,193
(Decrease)/increase in other liabilities	55,856	-2,522	-2,084
Income taxes paid	-641	-1,249	-2,682
Cash provided by operating activities	31,486	11,898	40,899
Net purchase of investments	5,571	13,865	1,837
Increase in fixed assets	-535	-422	-1,910
Net cash flow from acquisition of branches	193,399	-	-
Cash provided by/(used in) investing activities	198,435	13,443	-73
Increase in due to other banks	-3,880	-1,132	781
Dividends paid	-1,872	-2,442	-3,825
Cash used in financing activities	-5,752	-3,574	-3,044
Increase in cash resources	224,169	21,768	37,782
Cash resources at beginning of year	110,180	72,398	72,398
Cash resources at end of period	334,349	94,166	110,180

Republic Bank (Grenada) Limited

Investment Portfolio as at December, 2019

	CURRENCY	CARRYING VALUE December 31, 2019 (EC\$'000)	COUPON RATE	MATURITY DATE	PLACE
EC\$ INVESTMENTS					
Govt of G/da EC Bonds	EC	1,718	7.00%	12-May-2030	Domestic
Government of Grenada Placement A	EC	\$1,058	3.00%	31-Dec-2022	Domestic
Government of Grenada Placement B	EC	\$1,448	7.00%	31-Dec-2027	Domestic
Government of Grenada Placement C	EC	\$214	7.00%	31-Dec-2030	Domestic
Sub Total		4,438			
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		4,985			

TT DOLLAR INVESTMENT					
WASA FIXED RATE BONDS	TT\$	2,778	11.50%	21-Nov-2021	Regional
Sub Total - TT Dollar Investments		2,778			
Commercial paper	US	\$8,080	1.95%	10-Jul-2020	Regional
FIRST CITIZEN SYNDICATED 3.75% LOAN NOTES DUE 20	US	\$8,076	3.75%	7-Apr-2021	Regional
TRINGEN 5.25% due 11/04/2027	US	\$7,971	5.25%	4-Nov-2027	Regional
Gov't of St. Kitts USD bonds	US	\$464	3.00%	18-Apr-2032	Regional
Gov't of St. Kitts USD bonds #2	US	\$11	3.00%	18-Apr-2032	Regional
WESTPAC 2.3%USD BOND DUE 5/26/2020	US	\$10,801	2.30%	26-Mar-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	\$9,383	2.20%	2-Nov-2020	Int'l
TORONTO DOMINION 1.8% BOND DUE 13/7/2021	US	\$2,686	1.80%	13-Jul-2021	Int'l
BANK OF MONTREAL 1.9% USD BOND DUE 8/27/2021	US	\$2,689	1.90%	27-Aug-2021	Int'l
BMO 2.55% USD BOND Due 11/6/2022	US	\$5,301	2.55%	6-Nov-2022	Int'l
BANCO SECURITY FLR STINDICATED LOAN DUE 12/29/2020	US	\$6,750	3.30%	29-Dec-2020	Int'l
BSANCI 3.875% USD BOND	US	\$2,575	3.88%	20-Sep-2022	Int'l
COLUM 4.375% due 7/12/2021	US	\$8,181	4.38%	12-Jul-2021	Int'l
SOCGEN 3.25% USD BOND Due 1/12/2022	US	\$7,995	3.25%	12-Jan-2022	Int'l
NCB FINANCIAL GROUP LIMITED	US	\$4,895	5.56%	27-Sep-2021	Int'l
SUMIBK 2.846% USD BOND	US	\$8,095	2.85%	11-Jan-2022	Int'l
SUMITOMO MITSUI 3.102% USD BOND	US	\$7,967	3.10%	17-Jan-2023	Int'l
MIZUHO 3.549% USD BOND DUE 03/05/2023	US	\$8,147	3.55%	5-Mar-2023	Int'l
RABOBK 2.5% USD BOND	US	\$4,050	0.00%	0-Jan-1900	Int'l
RABOBK 2.5% USD BOND NO. 2	US	\$2,708	3.25%	7-May-2020	Int'l
ANZ 2.625% US BOND	US	\$2,659	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	\$8,216	5.38%	16-Sep-2020	Int'l
BANCO DE CREDITO DEL PERU (BCP) 4.25% BOND DUE 1/4/2023	US	\$8,769	4.25%	1-Apr-2023	Int'l
SWEDBANK 2.65% US BOND	US	\$5,375	2.65%	10-Mar-2021	Int'l
SWEDA 2.80% USD BOND DUE 3/14/2022	US	\$6,710	2.80%	14-Mar-2022	Int'l

CREDIT SUISSE 3.125% USD BOND DUE 12/10/2020	US	\$5,481	3.13%	10-Dec-2020	Int'l
CREDIT SUISSE 3.8% USD BOND DUE 9/15/2022	US	\$2,763	3.80%	15-Sep-2022	Int'l
STD CHARTERED 2.25%USD BOND#1	US	\$10,783	2.25%	17-Apr-2020	Int'l
STD CHARTERED 2.25%USD BOND#2	US	\$8,090	2.25%	17-Apr-2020	Int'l
HISBC 3.4% USD BOND		\$6,747	3.40%	8-Mar-2021	Int'l
HISBC 3.4% USD BOND #1	US	\$6,711	3.40%	8-Mar-2021	Int'l
HSEC 2.95% USD BOND	US	\$5,432	2.95%	21-May-2021	Int'l
LLOYDS 3.90% USD BOND DUE 3/12/2024		\$5,553	3.90%	12-Mar-2024	Int'l
WELLS FARGO 2.15% USD BOND	US	\$2,696	2.15%	30-Jan-2020	Int'l
CITI GROUP 2.40% BOND DUE 02/18/2020	US	\$5,392	2.40%	18-Feb-2020	Int'l
AMERICAN EXPRESS 2.60% USD BOND DUE 9/14/2020	US	\$8,109	2.60%	14-Sep-2020	Int'l
BANK OF AMERICA 2.625% USD BOND	US	\$8,076	2.63%	19-Oct-2020	Int'l
WELLS FARGO 2.5% USD BOND	US	\$5,114	2.50%	4-Mar-2021	Int'l
WELLS FARGO 2.5% USD BOND P	US	\$2,706	2.50%	4-Mar-2021	Int'l
PNC 2.55% USD BONDS DUE 12/9/2021 #1	US	\$5,422	2.55%	9-Dec-2021	Int'l
PNC 2.55% USD BONDS DUE 12/9/2021 P	US	\$2,712	2.55%	9-Dec-2021	Int'l
PNC 2.55% USD BONDS DUE 12/9/2021 #2	US	\$2,712	2.55%	9-Dec-2021	Int'l
CITI GROUP 3.5% BOND DUE 05/15/2023	US	\$5,603	3.50%	15-May-2023	Int'l
Bank of America 4.1% USD Bond Due 7/24/2023	US	\$8,217	4.10%	24-Jul-2023	Int'l
GOLDMAN SACHS 4% USD BOND DUE 3/3/2024	US	\$8,206	4.00%	3-Mar-2024	Int'l
Sub Total		\$273,464			
Total US\$ Investment		\$273,464			
Grand Total		\$281,227			