

**Schedule 2  
FORM ECSRC – OR**

(Select One)

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

**OR**

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

Issuer Registration Number: NCB12101979GR

Republic Bank (Grenada) Limited

(Exact name of reporting issuer as specified in its charter)

Grenada

(Territory or jurisdiction of incorporation)

P.O. Box 857, Republic House, Grand Anse, St. George, Grenada

(Address of principal executive Offices)

(Reporting issuer's:

Telephone number (including area code): 1 473 444 2265

Fax number: 1 473 444 5501

Email address: info@republicgrenada.com

N/A

(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report. N/A

CLASS	NUMBER
Common stock	1,627,673

**SIGNATURES**

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

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

Name of Chief Executive Officer:

Keith A. Johnson



Signature

April 26, 2018

Date

Name of Director:

Graham Williams



Signature

April 27, 2018

Date

Name of Chief Financial Officer:

Elizabeth Richards-Daniel



Signature

April 26, 2018

Date

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

### **1. Financial Statements**

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

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

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

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

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

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

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

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

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

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

During the six months to March 31, 2018, total assets increased by \$20M or 2.11% in line with the \$22M or 2.82% increase in deposits. The increase in assets is reflected in the 3.08% or \$13.7M growth in loans and the 3.80% or \$6.5M increase in cash resources. During the quarter the market value of the investment portfolio decreased by \$2.3M due to the general decrease in investments market prices. Following the December 13th 2017 U.S. Federal Reserve rate hike from 1.25% to 1.50%, bond prices along the 3-year, 4-year and 5-year end of the U.S. corporate yield curve fell, impacting on the investment market values across all portfolios.

The Bank's top 20 borrowers represented 28.82% of total loans as at March 31, 2018 a slight increase from 28.23% as at December 31, 2017. While the market experienced a slight increase in loans of 0.27% for the period September 2017 to December 2017 the Bank experienced a slight decrease of 0.16% resulting in a decrease in market share from 28.07% as at September 2017 to 27.98% as at December 2017. During the period December 2016 to December 2017 the market experienced a slight increase in loans of 0.02% while the Bank experienced a slight decrease of 0.51%. As a result, the Bank's market share for loans as at December 31, 2017 decreased slightly to 27.98% from 28.10% as at December 2016.

The ratio of the non-performing portfolio to total loans decreased to 4.30% as at March 31, 2018 from 4.70% as at December 31, 2017. There was a significant improvement in delinquency which decreased to 0.97% as at March 23, 2018 from 3.79% as at December 23, 2017 mainly due to the corporate portfolio decreasing from 3.79% to 0.21%.

The Bank's top 10 deposit customers represented 19.46% of total deposits as at March 31, 2018 an increase from 18.08% as at December 31, 2017 mainly due to two new fixed deposits from one customer totaling \$10M. While the percentage is still in excess of the 15% target for the Customer Dependency ratio, the liquidity ratio of 52.56% is 32.56% more than the statutory requirement of 20%, which fully covers the top 10 were they to withdraw their funds without notice.

During the quarter October 2017 to December 2017 both the market and the Bank experienced a decrease in deposits of 0.46% and 1.65% respectively. Since the decrease recorded by the Bank was more than the market, there was a decrease in market share from 27.23% as at September 2017 to 26.90% as at December 2017. During the period December 2016 to December 2017 the market deposits increased by 4.58% while the Bank deposits decreased by 0.73% resulting in a decrease in market share from 28.34% to 26.90% during the period December 2016 to December 2017.

### 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, 2018, the net liquid asset ratio increased to 52.56% from 50.37% as at December 31, 2017, well in excess of the prudential requirement of 20%. Of the 52.56% net liquid asset ratio as at March 31, 2018, 13.39% represents uninvested funds compared to 10.24% of the 50.37% as at December 31, 2017. We continue to seek from our Head Office, suitable investment opportunities as a way of managing the excess liquidity.

Liquidity in Grenada increased slightly between October 2017 and December 2017, with the loan to deposit ratio of all commercial banks moving from 56.24% to 55.84%. The Bank's liquidity also increased slightly during the period December 2017 to March 31, 2018 with loan to deposit moving from 58.65% to 57.15%.

During the three months to March 31, 2018, both the Bank's Tier 1 capital to total adjusted risk weighted assets and total qualifying capital to total adjusted risk weighted assets increased slightly. Tier 1 capital to total adjusted risk weighted assets increased to 13.71% and total qualifying capital to total adjusted risk weighted assets to 14.62% compared to 13.58% and 14.53% respectively as at December 2017. Both ratios still exceeds the minimum established by the Basel Committee.

As part of the Asset and Liability Committee monthly reporting, an EC and US Gap analysis is performed as a way of monitoring, managing and controlling risks associated with different maturity and interest profiles.

### Off Balance Sheet Arrangements

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

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

N/A

## Results of Operations

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

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

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

### *Overview of Results of Operations*

For the six months ended March 31, 2018, the Bank recorded Net Profit after tax of \$3.511M, an increase of \$1.168M (49.85%) over the \$2.343M reported for the corresponding period last year.

Other income was \$1.1M more than the corresponding period mainly due to an increase in exchange earnings of \$0.794M as a result of large foreign exchange transactions during the period and an increase in recoveries on written off debt of \$0.247M.

Additionally, there was a positive variance in loan impairment expense of \$0.577M and a reduction in operating expenses mainly due to timing difference, as some expense budgeted in the period have not yet occurred.

As a result, in taxable profits for the period increased resulting in an increase in taxation expenses.



### 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 affiliated company, Republic Bank Limited, lends its support to the Bank in managing these risks.

#### Credit Risk

Credit Risk is the potential that a borrower or counter-party will fail to meet its stated obligations in accordance with agreed terms. The effective management of credit risk is a key element of a comprehensive approach to risk management and is considered essential to the long term success of the Bank. The Bank's credit risk management process operates on the basis of a hierarchy of discretionary authorities. The Republic Group Risk Management Unit supports the Bank in ensuring that loans and advances 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, 2018 the ratio of the non-performing portfolio to total loans decreased to 4.30% from 4.70% as at December 31, 2017 and the ratio of impaired investments to total investments decrease to 4.09% from 4.45% 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 EC gap this is mitigated by a positive US gap. As at March 15, 2018 the EC Gap was negative \$293K compared the \$286K as at December 15, 2017 while the US Gap as at March 15, 2018 was \$343K compared to the \$339K as at the December 15, 2017.

#### 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 can also use its significant investments in regional Government securities for liquidity support. 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, 2018, the net liquid asset ratio increased to 52.56% from 50.37% as at December 31, 2017, still well in excess of the prudential requirement of 20%. Of the 52.56% net liquid asset ratio as at March 31, 2018, 13.39% represents uninvested funds

#### Currency Risk

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

The Bank continues to operate within the exposure limits for trading provided by the Board, except for US\$, which has been in excess of the \$20 million limit, as purchases have outstripped sales. A huge foreign exchange risk position continues to be maintained in TT dollars, with net assets of TT\$18.96 (EC\$7.71M) as at March 31, 2018. During the quarter the TT\$ position increased by TT\$1.15M mainly due to the purchase of TT\$2.1M from a customer. TT\$13.70M (EC\$5.57M) or 72.26% of the TT\$ is represented by the WASA bond which matures in 2021. Although the return on this investment is 11.5% the potential loss that could arise due to the depreciation of the TT\$ could be significant and as a result we decided to dispose of the bond. Group is in the process of locating a buyer. During the quarter to March 31, 2018 the TT\$ rate remained constant.

The other significant foreign exchange exposure is in US\$ (US\$128.79), but the likelihood of any depreciation in that currency against the EC\$ is highly remote.

#### Operational Risk

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

#### 4. Legal Proceedings.

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

As at March 31, 2018, there were certain legal proceedings outstanding against the Bank. Professional advice

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

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

None

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

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

N/A

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

N/A

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- Name and address of underwriter(s)

N/A

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- Amount of expenses incurred in connection with the offer

N/A

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

N/A

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- Payments to associated persons and the purpose for such payments

N/A

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

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

**6. Defaults upon Senior Securities.**

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

None

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

None

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

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

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

Annual General meeting on December 14, 2017.

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

The Directors elected at the Annual Meeting were: Mr. Ronald F. deC. Harford, Mr. Keith Johnson and Mr. Leon Charles.

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

1. Financial Statements
2. Appointment of Auditors and Fixing of their Remuneration

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

Not Applicable

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

Not Applicable

**8. Other Information.**

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

None

**REPUBLIC BANK (GRENADA) LIMITED**

**FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2018**

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

**ASSETS**

	<b>Unaudited 31 MAR-18</b>	<b>Unaudited 31 MAR-17</b>	<b>Audited Y/E 30 Sept-17</b>
	\$000's	\$000's	\$000's
Cash & due from banks	114,102	146,624	98,300
Statutory reserve	43,278	46,319	48,466
Treasury Bills	19,775	21,161	23,896
Investments	261,765	215,928	262,631
Loans & Advances	466,465	450,661	458,861
Provision for loan losses	-7,407	-12,843	-13,519
Fixed Assets	79,225	77,257	78,742
Depreciation	-47,642	-44,907	-46,559
Net Pension Asset	7,078	7,327	7,078
Other Assets	8,153	6,124	7,338
<b>Total Assets</b>	<b>944,792</b>	<b>913,651</b>	<b>925,234</b>

**LIABILITIES & SHAREHOLDERS EQUITY**

**LIABILITIES**

Current, Savings and Deposit Accounts	817,728	790,441	795,324
Due to other Banks	3,947	3,263	5,440
Post retirement benefits	4,136	3,852	4,136
Other liabilities	10,274	10,733	12,172

**SHAREHOLDERS EQUITY**

Shares in issue	20,745	20,745	20,745
Statutory Reserves	20,745	15,000	20,745
Other Reserves	-475	3,495	2,491
Retained Earnings	67,692	66,123	64,181
Shareholders Equity	108,707	105,363	108,162
<b>Total liabilities and shareholders equity</b>	<b>944,792</b>	<b>913,651</b>	<b>925,234</b>

Contingent Accounts	23,325	23,362	22,235
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**REPUBLIC BANK (GRENADA) LIMITED**  
**FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2018**

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

	Unaudited 31 MAR-18	Unaudited 31 MAR-17	Audited Y/E 30 Sept-17
Interest on loans	16,405	17,223	34,695
Interest on Investments	4,722	4,030	8,460
<b>Total interest income</b>	<b>21,127</b>	<b>21,253</b>	<b>43,155</b>
Interest on Deposits	4,842	4,721	9,493
<b>Total Interest Expense</b>	<b>4,842</b>	<b>4,721</b>	<b>9,493</b>
<b>Net Interest</b>	<b>16,285</b>	<b>16,532</b>	<b>33,662</b>
Other income	6,482	5,382	10,641
	22,767	21,914	44,303
Other Expenses	17,899	16,462	35,521
Investment Impairment expense	0	1,664	-493
Loan impairment expense	355	932	1,859
	18,254	19,057	36,887
<b>Profit before taxation</b>	<b>4,513</b>	<b>2,857</b>	<b>7,416</b>
Taxation expense	1,002	514	1,270
<b>Profit after taxation</b>	<b>3,511</b>	<b>2,343</b>	<b>6,146</b>



**REPUBLIC BANK (GRENADA) LIMITED**  
**FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2018**

**CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED MARCH 31, 2018**

	<b>Unaudited 31 MAR-18</b>	<b>Unaudited 31 MAR-17</b>	<b>Audited Y/E 30 Sept-17</b>
Profit before taxation	4,513	2,857	7,416
Depreciation and non cash items	1,889	1,654	3,566
Provisions for loan losses	355	932	1,859
(Increase)/Decrease in Customer loans	-14,071	29,758	21,307
Increase in Customer deposits	22,404	21,209	26,092
Increase/(Decrease) in statutory deposit	5,188	-6,217	-8,364
Increase in other assets	-221	-648	-2,125
Decrease in other liabilities	-1,296	-1,216	-46
Income taxes paid	-925	0	-97
<b>Cash provided by operating activities</b>	<b>17,836</b>	<b>48,329</b>	<b>49,608</b>
Net purchase of investments	-6,198	-29,925	-76,196
Increase in fixed assets	-844	-869	-2,313
<b>Cash used in investing activities</b>	<b>-7,042</b>	<b>-30,794</b>	<b>-78,509</b>
(Decrease)/Increase in due to other banks	-1,493	-271	1,906
Rights Issue	0	5,745	5,745
<b>Cash (used in)/ provided by financing activities</b>	<b>-1,493</b>	<b>5,474</b>	<b>7,651</b>
Increase/(Decrease) in cash resources	9,301	23,009	-21,250
Cash resources at beginning of year	108,711	129,961	129,961
<b>Cash resources at end of period</b>	<b>118,012</b>	<b>152,970</b>	<b>108,711</b>

**Republic Bank (Grenada) Limited**

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

	CURRENCY	MARKET VALUE March 31, 2018	COUPON RATE	MATURITY DATE	PLACE
<b>EC\$ INVESTMENTS</b>		<b>(EC\$'000)</b>			
Govt of G/da EC Bonds	EC	\$2,415	7.00%	12-May-2030	Domestic
Government of Grenada Placement A	EC	\$1,685	3.00%	31-Dec-2022	Domestic
Government of Grenada Placement B	EC	\$1,507	7.00%	31-Dec-2027	Domestic
Government of Grenada Placement C	EC	\$212	7.00%	31-Dec-2030	Domestic
<b>Sub Total</b>		<b>\$5,818</b>			
<b>EQUITY INVESTMENTS</b>					
ECHMB	EC	\$147			Regional
Eastern C'bean Sec. Exchange	EC	\$350			Regional
Eastern C'bean Sec. Exchange		\$50			Regional
<b>Sub Total</b>		<b>\$547</b>			
<b>Total EC\$ Investment</b>		<b>\$6,365</b>			
<b>TT DOLLAR INVESTMENT</b>					
WASA FIXED RATE BONDS	TT\$	6,410	11.50%	21-Nov-2021	Regional
<b>Sub Total - TT Dollar Investments</b>		<b>6,410</b>			
APG-St.Johns Port Expansion	US	\$4,905	9.00%	30-Sep-2025	Regional
HSBC	US	\$6,740	1.50%	15-May-2018	Int'l
Gov't of St. Kitts USD bonds	US	\$463	3.00%	18-Mar-2032	Regional
SUMIBK 2.5% Bond	US	\$8,099	2.50%	19-Jul-2018	Int'l
Gov't of St. Kitts USD bonds #2	US	\$11	6.00%	18-Mar-2032	Regional
Bank of America 2.625% USD bond	US	\$8,002	2.63%	19-Oct-2020	Int'l
Ecopetrol	US	\$5,432	4.25%	18-Sep-2018	Int'l
Bank of America 2.6%	US	\$8,243	2.60%	15-Jan-2019	Int'l
Bobin	US	\$5,504	4.88%	23-Jan-2019	Int'l
Bank of Montreal	US	\$8,082	2.38%	25-Jan-2019	Int'l
Goldman sachs	US	\$8,097	2.65%	31-Jan-2019	Int'l
Citigroup	US	\$2,686	2.50%	29-Jul-2019	Int'l
Citigroup	US	\$5,330	2.40%	18-Feb-2020	Int'l
Royal Bank of Canada	US	\$5,318	2.15%	6-Mar-2020	Int'l
STD CHARTERED 2.25%USD BOND	US	\$18,509	2.25%	17-Apr-2020	Int'l
BLADEX 3.25% USD BOND	US	\$2,690	3.25%	7-May-2020	Int'l
WELLS FARGO 2.15% USD BOND	US	\$2,658	2.15%	30-Jan-2020	Int'l
National Bank of Canada	US	\$4,034	2.10%	14-Dec-2018	Int'l
National Bank of Canada	US	\$1,345	2.10%	14-Dec-2018	Int'l
Westpac	US	\$10,637	2.30%	26-May-2020	Int'l
American Express	US	\$8,007	2.60%	14-Sep-2020	Int'l
RABOBANK 2.5% USD Bond	US	\$3,978	2.50%	19-Jan-2021	Int'l
FCB 3.75% Loan Notes	US	\$8,300	3.75%	7-Apr-2021	Int'l
SAGICOR 5% NOTE	US	\$4,730	5.00%	14-Aug-2019	Int'l
WELLS FARGO 2.5% USD BOND NO 1	US	\$2,641	2.50%	4-Mar-2021	Int'l
WELLS FARGO 2.5% USD BOND NO 2	US	\$5,282	2.50%	4-Mar-2021	Int'l
RABOBK 2.5% USD BOND 1	US	\$2,652	2.50%	19-Jan-2021	Int'l
Commercial paper	US	\$8,100	1.41%	16-Jul-2017	Regional
Republic of Colombia	US	\$8,392	4.38%	12-Dec-2021	Int'l
AES Gener	US	\$6,942	5.25%	15-Aug-2021	Int'l

Tringen	US	\$8,106	5.25%	4-Nov-2027	Regional
SUMIBK 2.846% Bond	US	\$7,865	2.85%	11-Jan-2022	Int'l
GOVT OF ARUBA 6.55%	US	\$8,232	6.55%	28-Nov-2018	Int'l
CREDIT SUISSE 3.80 USD BOND	US	\$2,707	3.80%	15-Sep-2022	Int'l
CREDIT SUISSE 3.125 USD BOND	US	\$5,358	3.13%	10-Dec-2020	Int'l
PNC FIN. SERVICES GROUP 2.55%	US	\$5,261	2.55%	9-Dec-2021	Int'l
BANK OF MONTREAL 1.90% USD BOND	US	\$2,578	1.90%	27-Aug-2021	Int'l
TORONTO DOMINION 1.8% US BOND	US	\$2,584	1.80%	13-Jul-2021	Int'l
PNC FIN SERVICES 2.55% # 2	US	\$2,630	2.55%	9-Dec-2021	Int'l
BANCO SECURITY FLR US BOND	US	\$6,750	2.33%	28-Dec-2018	Int'l
NCB FIN LTD SERVICES US BOND	US	\$5,169	5.25%	27-Sep-2019	Int'l
HSBC 2.95% USD Bond	US	\$5,335	2.95%	25-May-2021	Int'l
PNC FIN SERVICES 2.55% # 2	US	\$2,630	2.55%	9-Dec-2021	Int'l
ANZ 2.625% Bonds	US	\$2,632	2.63%	9-Nov-2022	Int'l
SWEDA 2.65% USD BONDS	US	\$5,346	2.65%	10-Mar-2021	Int'l
<b>Sub Total</b>		<b>\$248,991</b>			
<b>Total US\$ Investment</b>		<b>\$248,991</b>			
<b>Grand Total</b>		<b>\$261,765</b>			

# RENWICK & PAYNE

ATTORNEYS-AT-LAW

&

INTELLECTUAL PROPERTY AGENTS

in Grenada and the Caribbean

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Consultant: D. H. Lasee

Barrister-at-Law

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9<sup>th</sup> April, 2018

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

Attn: Mr. O'Neale Dominique

Dear Mr. Dominique,

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

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

1. **Re: Claim No: GDAHCV 2005/0209- Republic Bank Grenada Limited v Ian Francis and Julian 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:

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- a) Mr. Ian Francis and his wife would be 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.

### **Prospect of Success**

We think that we have a good chance of success in obtaining the declarations sought. These declarations are important to establish the legal position of the parties and the mortgaged property vis-à-vis a sale by the Bank under its Power of Sale. It is difficult to ascertain the final amount of the Claim because the Francis' are claiming all costs expended subsequent to their amount of claim because 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.

### **Present Position**

We are currently awaiting a new date from the Court Office for a status hearing. The Judge has indicated that this matter ought to be settled at Mediation.

## **2. Re: 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

Defendant 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.

We have spoken with the Attorney for Time Bourke Holdings Limited who has confirmed that Issa Nicholas (Grenada) Limited has withdrawn its appeal to the Privy Council. The said Attorney was written to the Registrar to request that the matter be re-listed with the High Court for Pre-Trial Review. We will confirm once a date has been given. Please note that the substantive matter has not yet been heard by the High Court. 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.

### **Present Position**

We have spoken with the Attorney for Issa Nicholas (Grenada) Limited who has indicated that Issa Nicholas (Grenada) Limited has withdrawn its Privy Council Appeal to the Privy Council. The substantive appeal has yet to be heard, and will be given a date for Pre-Trial Review. 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. Re: Claim No.GDAHCV2014/0274 – Jessamy Environmental Consulting & Research Caribbean Incorporated, a firm and Valma Jessamy v Republic Bank (Grenada) Limited**

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

**Present Position**

We are currently following Case Management Directions issued in this matter. We have already complied with Standard Disclosure and filing of Witness Statements. We will soon be given a date for Pre-Trial Review, after which the matter will be ready for trial on a date to be fixed by the Court.

**Prospect of Success**

As indicated above we filed a Defence on behalf of the Bank, which in summary emphasizes that the Bank acted in accordance with the provisions of the Bill of Sale Act as well as the Banking Ac. 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**

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

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

It was also agreed that the said purchase price was to be applied to Ms. Whint's mortgage account with the Bank.

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

### **Present Position**

There remains outstanding, the ruling of Justice Adrien-Roberts with respect to the said written submissions filed by both parties which challenges the jurisdiction of the Court.

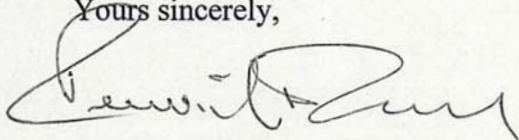
We have written to Nigel Stewart, Attorney for Beverly Whint, enquiring as to the current status and are awaiting a response. To our knowledge the parties are waiting on a Judgment from Justice Roberts.

### **Prospect of Success**

It would be difficult to assess the Bank's prospects of a successful or favourable outcome at this time, as the Bank has not yet been joined as a party to this action and consequently we have not been served with any of the Court documents.

We hope the above is of assistance to you.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Renwick & Payne", written in a cursive style.

Renwick & Payne