



CHAIRMAN'S COMMENTS

Republic Financial Holdings Limited recorded profit attributable to shareholders of \$340 million for the quarter ending December 31, 2017. This represents an increase of \$10.2 million or 3.1% over the corresponding period of the previous financial year. Total assets stood at \$70 billion at December 31, 2017, an increase of 2.2% over total assets as at December 2016 and 1.5% over September 2017.

The improvement in profitability was driven mainly by better performance in our overseas territories. The profitability of the Trinidad and Tobago subsidiaries declined because of an increase in loan impairment expense of \$34 million and increase in taxation of \$14.4 million arising from the 5% higher tax rate.

Our shareholding in HFC Bank (Ghana) Ltd. increased by 1% to 58.51% following participation in a rights issue to increase the bank's capital to meet local regulatory requirements.

Notwithstanding the economic challenges in several key markets, we remain reasonably optimistic that the sound performance achieved in this quarter will continue for the remainder of the year.

Ronald F. deC. Harford
Chairman
January 24, 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | UNAUDITED | | AUDITED |
|---|---------------------|---------------------|----------------------|
| | Dec-31-17 \$'000 | Dec-31-16 \$'000 | Sept-30-17 \$'000 |
| ASSETS | | | |
| Cash resources | 17,457,119 | 18,407,239 | 16,712,314 |
| Advances | 37,058,114 | 34,801,203 | 35,464,448 |
| Investment securities | 10,567,694 | 10,524,807 | 12,056,865 |
| Premises and equipment | 2,389,895 | 2,233,181 | 2,350,322 |
| Net pension asset | 962,688 | 997,935 | 968,751 |
| Other assets | 1,521,669 | 1,519,073 | 1,340,179 |
| TOTAL ASSETS | 69,957,179 | 68,483,438 | 68,892,879 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Due to banks | 183,253 | 457,085 | 343,700 |
| Customers' deposits and other funding instruments | 55,993,703 | 54,985,236 | 54,623,981 |
| Debt securities in issue | 1,104,656 | 1,139,837 | 1,105,478 |
| Other liabilities | 2,675,760 | 2,542,743 | 2,673,715 |
| TOTAL LIABILITIES | 59,957,372 | 59,124,901 | 58,746,874 |
| EQUITY | | | |
| Stated capital | 784,404 | 773,152 | 780,950 |
| Statutory reserves | 1,246,605 | 1,220,502 | 1,243,151 |
| Other reserves | 959,023 | 996,393 | 881,832 |
| Retained earnings | 6,546,151 | 5,959,105 | 6,779,447 |
| Attributable to equity holders of the parent | 9,536,183 | 8,949,152 | 9,685,380 |
| Non-controlling interest | 463,624 | 409,385 | 460,625 |
| TOTAL EQUITY | 9,999,807 | 9,358,537 | 10,146,005 |
| TOTAL LIABILITIES AND EQUITY | 69,957,179 | 68,483,438 | 68,892,879 |

CONSOLIDATED STATEMENT OF INCOME

| | UNAUDITED THREE MONTHS ENDED | | AUDITED YEAR ENDED |
|---|------------------------------------|---------------------|--------------------------|
| | Dec-31-17 \$'000 | Dec-31-16 \$'000 | Sept-30-17 \$'000 |
| Net interest income | 832,368 | 806,212 | 3,228,133 |
| Other income | 394,463 | 387,770 | 1,461,376 |
| Operating income | 1,226,831 | 1,193,982 | 4,689,509 |
| Operating expenses | (667,054) | (697,851) | (2,736,433) |
| | 559,777 | 496,131 | 1,953,076 |
| Net share of profits of associated companies | 3,106 | 1,620 | 6,444 |
| Operating profit | 562,883 | 497,751 | 1,959,520 |
| Loan impairment expense | (54,505) | (27,417) | (158,689) |
| Profit before taxation | 508,378 | 470,334 | 1,800,831 |
| Taxation expense | (146,604) | (127,108) | (483,742) |
| Net profit after taxation | 361,774 | 343,226 | 1,317,089 |
| Attributable to: | | | |
| Equity holders of the parent | 339,996 | 329,748 | 1,252,128 |
| Non-controlling interest | 21,778 | 13,478 | 64,961 |
| | 361,774 | 343,226 | 1,317,089 |
| Earnings per share | | | |
| Basic | \$2.10 | \$2.04 | \$7.75 |
| Diluted | \$2.10 | \$2.04 | \$7.74 |
| Weighted average number of shares ('000) | | | |
| Basic | 161,821 | 161,402 | 161,540 |
| Diluted | 161,922 | 161,590 | 161,679 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | UNAUDITED THREE MONTHS ENDED | | AUDITED YEAR ENDED |
|---|------------------------------------|---------------------|--------------------------|
| | Dec-31-17 \$'000 | Dec-31-16 \$'000 | Sept-30-17 \$'000 |
| Net profit after taxation | 361,774 | 343,226 | 1,317,089 |
| <i>Other comprehensive income (net of tax) that may be reclassified to profit and loss in subsequent periods or have been transferred to profit and loss in the current period:</i> | | | |
| Net (loss)/gain on available-for-sale financial assets | (19,286) | (60,883) | 2,439 |
| Translation adjustments | (12,161) | 10,202 | 10,751 |
| | (31,447) | (50,681) | 13,190 |
| <i>Other comprehensive loss (net of tax) that will not be reclassified to profit and loss in subsequent periods:</i> | | | |
| Re-measurement losses on defined benefit plans | — | (3,490) | (48,593) |
| Other comprehensive loss for the period, net of taxation | (31,447) | (54,171) | (35,403) |
| Total comprehensive income for the period, net of taxation | 330,327 | 289,055 | 1,281,686 |
| Attributable to: | | | |
| Equity holders of the parent | 311,601 | 283,875 | 1,221,382 |
| Non-controlling interest | 18,726 | 5,180 | 60,304 |
| | 330,327 | 289,055 | 1,281,686 |





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Stated Capital \$'000 | Statutory Reserves \$'000 | Other Reserves \$'000 | Retained Earnings \$'000 | Total equity attributable to equity holders of the parent \$'000 | Non- controlling Interest \$'000 | Total Equity \$'000 |
|--|-----------------------------|---------------------------------|-----------------------------|--------------------------------|--|---|---------------------------|
| Period ended December 31, 2017 | | | | | | | |
| Balance at October 1, 2017 | 780,950 | 1,243,151 | 881,832 | 6,779,447 | 9,685,380 | 460,625 | 10,146,005 |
| Total comprehensive income for the period | — | — | (28,395) | 339,996 | 311,601 | 18,726 | 330,327 |
| Issue of shares | 2,956 | — | — | — | 2,956 | — | 2,956 |
| Share-based payment | 498 | — | — | — | 498 | — | 498 |
| Shares purchased for profit sharing scheme | — | — | (11,749) | — | (11,749) | — | (11,749) |
| Allocation of shares | — | — | 59,200 | — | 59,200 | — | 59,200 |
| Transfer to general contingency reserves | — | — | 58,135 | (58,135) | — | — | — |
| Transfer to statutory reserves | — | 3,454 | — | (3,454) | — | — | — |
| Share of changes in equity | — | — | — | — | — | 320 | 320 |
| Acquisition of non-controlling interest | — | — | — | — | — | (2,686) | (2,686) |
| Dividends | — | — | — | (511,703) | (511,703) | — | (511,703) |
| Dividends paid to non-controlling interest | — | — | — | — | — | (13,361) | (13,361) |
| Balance at December 31, 2017 | 784,404 | 1,246,605 | 959,023 | 6,546,151 | 9,536,183 | 463,624 | 9,999,807 |
| Period ended December 31, 2016 | | | | | | | |
| Balance at October 1, 2016 | 765,950 | 1,212,651 | 951,932 | 6,194,078 | 9,124,611 | 418,084 | 9,542,695 |
| Total comprehensive income for the period | — | — | (42,646) | 326,521 | 283,875 | 5,180 | 289,055 |
| Issue of shares | 6,214 | — | — | — | 6,214 | — | 6,214 |
| Share-based payment | 988 | — | — | — | 988 | — | 988 |
| Shares purchased for profit sharing scheme | — | — | (9,148) | — | (9,148) | — | (9,148) |
| Allocation of shares | — | — | 45,662 | — | 45,662 | — | 45,662 |
| Transfer to general contingency reserves | — | — | 50,593 | (50,593) | — | — | — |
| Transfer to statutory reserves | — | 7,851 | — | (7,851) | — | — | — |
| Share of changes in equity | — | — | — | — | — | 49 | 49 |
| Acquisition of non-controlling interest | — | — | — | — | — | (484) | (484) |
| Dividends | — | — | — | (503,050) | (503,050) | — | (503,050) |
| Dividends paid to non-controlling interest | — | — | — | — | — | (13,444) | (13,444) |
| Balance at December 31, 2016 | 773,152 | 1,220,502 | 996,393 | 5,959,105 | 8,949,152 | 409,385 | 9,358,537 |
| Year ended September 30, 2017 | | | | | | | |
| Balance at October 1, 2016 | 765,950 | 1,212,651 | 951,932 | 6,194,078 | 9,124,611 | 418,084 | 9,542,695 |
| Total comprehensive income for the period | — | — | 17,580 | 1,203,802 | 1,221,382 | 60,304 | 1,281,686 |
| Issue of shares | 14,275 | — | — | — | 14,275 | — | 14,275 |
| Share-based payment | 725 | — | — | — | 725 | — | 725 |
| Shares purchased for profit sharing scheme | — | — | (17,837) | — | (17,837) | — | (17,837) |
| Allocation of shares | — | — | 45,662 | — | 45,662 | — | 45,662 |
| Transfer from general contingency reserves | — | — | (115,505) | 115,505 | — | — | — |
| Transfer to statutory reserves | — | 30,500 | — | (30,500) | — | — | — |
| Acquisition of non-controlling interest | — | — | — | 271 | 271 | 748 | 1,019 |
| Dividends | — | — | — | (705,985) | (705,985) | — | (705,985) |
| Dividends paid to non-controlling interest | — | — | — | — | — | (19,279) | (19,279) |
| Other | — | — | — | 2,276 | 2,276 | 768 | 3,044 |
| Balance at September 30, 2017 | 780,950 | 1,243,151 | 881,832 | 6,779,447 | 9,685,380 | 460,625 | 10,146,005 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| | UNAUDITED THREE MONTHS ENDED | | AUDITED YEAR ENDED |
|--|------------------------------------|---------------------|--------------------------|
| | Dec-31-17 \$'000 | Dec-31-16 \$'000 | Sept-30-17 \$'000 |
| Operating activities | | | |
| Profit before taxation | 508,378 | 470,334 | 1,800,831 |
| Adjustments for non-cash items | 149,343 | 65,824 | 409,625 |
| Increase in operating assets | (2,041,226) | (547,177) | (1,011,674) |
| Increase in operating liabilities | 1,415,094 | 1,523,372 | 1,136,824 |
| Taxes paid | (188,139) | (138,308) | (468,885) |
| Cash (used in) / provided by operating activities | (156,550) | 1,374,045 | 1,866,721 |
| Investing activities | | | |
| Net increase/(decrease) in investments | 1,292,274 | (199,698) | (1,547,617) |
| Acquisition of additional interest in a subsidiary | (2,686) | — | (720) |
| Dividends from associated companies | 1,159 | — | 2,826 |
| Additions to fixed assets | (95,289) | (131,977) | (417,597) |
| Proceeds from sale of fixed assets | 2,247 | 842 | 22,130 |
| Cash provided by /(used in) investing activities | 1,197,705 | (330,833) | (1,940,978) |
| Financing activities | | | |
| (Decrease) / increase in balances due to other banks | (160,447) | 289,604 | 176,219 |
| Repayment of debt securities | (822) | (8,955) | (43,314) |
| Net proceeds from share issue | 2,956 | 6,214 | 14,275 |
| Shares purchased for profit sharing scheme | (11,749) | (9,148) | (17,837) |
| Allocation of shares from profit sharing plan | 59,200 | 45,662 | 45,662 |
| Dividends paid to shareholders of the parent | (511,703) | (503,050) | (705,985) |
| Dividends paid to non-controlling interest | (13,361) | (13,444) | (19,279) |
| Cash used in financing activities | (635,926) | (193,117) | (550,259) |
| Net increase / (decrease) in cash resources | 405,229 | 850,095 | (624,516) |
| Net foreign exchange difference | (12,910) | 51,091 | 41,782 |
| Cash and cash equivalents at beginning of period/year | 10,214,402 | 10,797,135 | 10,797,135 |
| Cash and cash equivalents at end of period/year | 10,606,721 | 11,698,321 | 10,214,401 |
| Supplemental information: | | | |
| Interest received during the period/year | 944,158 | 930,122 | 3,740,319 |
| Interest paid during the period/year | (118,458) | (125,737) | (568,468) |
| Dividends received | 52 | 146 | 1,693 |

NOTES TO THE INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

1 Corporate information

On December 16, 2015 by Legal Notice no 215 of 2015 the business of Republic Bank Limited was transferred and vested into Republic Finance and Merchant Bank Limited (FINCOR) save for the shareholdings in several subsidiaries. FINCOR was renamed Republic Bank Limited and Republic Bank Limited was renamed Republic Financial Holdings Limited.

Republic Financial Holdings Limited, the financial holding company for the Republic Group, is incorporated in the Republic of Trinidad and Tobago and its registered office is located at Republic House, 9-17 Park Street, Port of Spain. Republic Financial Holdings Limited is listed on the Trinidad and Tobago Stock Exchange.

The Republic Group (the 'Group') is a financial services group comprising several subsidiaries and associated companies. The Group is engaged in a wide range of banking, financial and related activities mainly in the Caricom region and Ghana.

2 Basis of preparation

This interim financial report for the period ended December 31, 2017 has been prepared in accordance with IAS 34, 'Interim Financial Reporting' and should be used in conjunction with the annual financial statements for the year ended September 30, 2017.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended September 30, 2017.

3 Capital commitments

| | UNAUDITED | | AUDITED |
|--|---------------------|---------------------|----------------------|
| | Dec-31-17 \$'000 | Dec-31-16 \$'000 | Sept-30-17 \$'000 |
| Contracts for outstanding capital expenditure not provided for in the financial statements | 173,905 | 360,526 | 329,020 |
| Other capital expenditure authorised by the Directors but not yet contracted for | 83,392 | 55,408 | 30,357 |

4 General Contingency Reserve

Specific provisions are made for non-performing advances based on the difference between the loan balances and the discounted realisable value of collateral held. These provisions are charged through the statement of income.

A General Contingency Reserve is created as an appropriation of retained earnings, for the difference between the specific provision and non-performing advances. When the collateral is realised, the reserve is released back to retained earnings. The General Contingency Reserve serves to enhance the Group's non-distributable capital base. As at December 31, 2017, the balance in the General Contingency Reserve of \$851.6 million is part of Other Reserves which totals \$959.0 million.





NOTES TO THE INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)

5 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. A number of banking transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and conditions, at market rates.

| | UNAUDITED | | AUDITED |
|---|---------------------|---------------------|----------------------|
| | Dec-31-17 \$'000 | Dec-31-16 \$'000 | Sept-30-17 \$'000 |
| Outstanding balances | | | |
| Advances, investments and other assets | | | |
| Directors and key management personnel | 20,757 | 17,458 | 20,357 |
| Other related parties | 183,817 | 208,719 | 265,278 |
| | <u>204,574</u> | <u>226,177</u> | <u>285,635</u> |
| Deposits and other liabilities | | | |
| Directors and key management personnel | 80,508 | 71,919 | 85,588 |
| Other related parties | 384,337 | 144,412 | 373,987 |
| | <u>464,845</u> | <u>216,331</u> | <u>459,574</u> |
| Interest and other income | | | |
| Directors and key management personnel | 212 | 253 | 1,097 |
| Other related parties | 6,047 | 7,062 | 35,261 |
| | <u>6,259</u> | <u>7,315</u> | <u>36,358</u> |
| Interest and other expense | | | |
| Directors and key management personnel | 2,099 | 2,408 | 12,469 |
| Other related parties | 6,679 | 5,833 | 19,520 |
| | <u>8,778</u> | <u>8,241</u> | <u>31,989</u> |
| Key management compensation | | | |
| Short term benefits | 11,053 | 10,983 | 37,873 |
| Post employment benefits | 50 | - | 4,474 |
| Share-based payment | 498 | 988 | 1,992 |
| | <u>11,601</u> | <u>11,971</u> | <u>44,339</u> |

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

6 Segment reporting

The Group analyses its operations by geographic segments, reflecting its management structure as follows:

| | Trinidad and Tobago \$'000 | Barbados \$'000 | Guyana \$'000 | Cayman, Suriname and Eastern Caribbean \$'000 | Ghana \$'000 | Eliminations \$'000 | Total \$'000 |
|---|----------------------------------|--------------------|------------------|---|-----------------|------------------------|-----------------|
| Unaudited Three months ended December 31, 2017 | | | | | | | |
| Operating income | 1,547,406 | 196,127 | 82,065 | 112,944 | 90,882 | (802,593) | 1,226,831 |
| Net profit before taxation | 1,087,044 | 101,650 | 34,284 | 54,524 | 30,891 | (800,015) | 508,378 |
| Total assets | 53,251,703 | 9,309,070 | 4,788,766 | 9,271,453 | 2,964,356 | (9,628,169) | 69,957,179 |
| Unaudited Three months ended December 31, 2016 | | | | | | | |
| Operating income | 1,498,006 | 146,536 | 80,119 | 137,426 | 79,211 | (747,316) | 1,193,982 |
| Net profit before taxation | 1,083,124 | 54,932 | 38,840 | 40,006 | 724 | (747,292) | 470,334 |
| Total assets | 51,795,587 | 9,427,685 | 5,043,794 | 8,640,625 | 2,875,122 | (9,299,375) | 68,483,438 |
| Audited Year ended September 30, 2017 | | | | | | | |
| Operating income | 4,010,441 | 612,934 | 311,782 | 446,507 | 357,348 | (1,049,503) | 4,689,509 |
| Net profit before taxation | 2,273,289 | 225,207 | 136,591 | 170,491 | 31,219 | (1,035,966) | 1,800,831 |
| Total assets | 52,252,060 | 9,475,542 | 4,733,894 | 9,235,730 | 2,946,385 | (9,750,732) | 68,892,879 |

Eliminations represent outstanding balances with other entities within the Group which are required to be eliminated in the preparation of consolidated financial statements.

7 Contingent liabilities

As at December 31, 2017, there were certain legal proceedings outstanding against the Group. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise or that it would be premature at this stage of the action to determine that eventuality.

