

CHAIRMAN'S COMMENTS

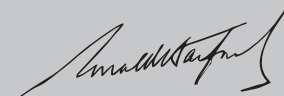

Republic Financial Holdings Limited (RFHL) and its subsidiaries recorded profit attributable to shareholders of the parent of \$1,232.6 million for the nine months period ended June 30, 2019, an increase of \$239.2 million or 24.1% over the prior period. As reported at the half year ended March 31, 2019, there were two significant one-off items, the net impact of which increased profits by \$93.1 million. Excluding the impact of these items, the Group's core profit was \$1,139.4 million, \$146.1 million or 14.7% more than the prior period.

Apart from RBL Barbados, there was a general improvement in profitability across the Group, with the RBL Trinidad and Tobago Group (\$65.7 million) and Cayman National Corporation (\$57.5 million) being the main contributors to the significant increase in core profitability. Approximately one-third of our core profits are now generated from our overseas operations.

Total assets stood at \$85.5 billion at June 30, 2019, an increase of \$15.7 billion or 22.4% over that of June 2018. This was mainly due to the acquisition of Cayman National Corporation on March 13, 2019, which added \$11.1 billion to the Group's asset base.

RFHL previously announced the commencement of the process to acquire Scotiabank's banking operations in Guyana, St. Maarten and the Eastern Caribbean (Anguilla, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines). We continue to engage the various regulators, whose approvals are required for the acquisition, through meetings and/or providing information.

We expect this strong performance to continue for the remainder of the fiscal year.



Ronald F. deC. Harford
Chairman
July 25, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED June-30-19 \$'000	UNAUDITED June-30-18 (Restated) \$'000	AUDITED Sept-30-18 \$'000
ASSETS			
Cash resources	21,547,322	16,699,003	16,481,699
Advances	44,227,064	35,947,522	36,558,137
Investment securities	14,145,484	12,100,186	12,478,559
Premises and equipment	2,864,243	2,448,921	2,481,421
Net pension asset	767,386	933,336	821,672
Other assets	1,930,964	1,685,339	1,644,132
TOTAL ASSETS	85,482,463	69,814,307	70,465,620
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	1,616,373	204,727	180,818
Customers' deposits and other funding instruments	69,733,641	57,054,647	57,375,085
Debt securities in issue	1,137,029	316,323	293,888
Other liabilities	2,132,328	2,505,940	2,518,047
TOTAL LIABILITIES	74,619,371	60,081,637	60,367,838
EQUITY			
Stated capital	798,173	789,330	790,102
Statutory reserves	1,308,072	1,277,470	1,277,372
Other reserves	(13,758)	(106,288)	(45,599)
Retained earnings	7,832,802	7,264,155	7,466,323
Attributable to equity holders of the parent	9,925,289	9,224,667	9,488,198
Non-controlling interest	937,803	508,003	609,584
TOTAL EQUITY	10,863,092	9,732,670	10,097,782
TOTAL LIABILITIES AND EQUITY	85,482,463	69,814,307	70,465,620

CONSOLIDATED STATEMENT OF INCOME

	UNAUDITED THREE MONTHS ENDED June-30-19 \$'000	UNAUDITED THREE MONTHS ENDED June-30-18 \$'000	UNAUDITED NINE MONTHS ENDED June-30-19 \$'000	UNAUDITED NINE MONTHS ENDED June-30-18 \$'000	AUDITED YEAR ENDED Sept-30-18 \$'000
Net interest income	1,034,355	848,881	2,813,053	2,527,519	3,415,022
Other income	491,670	375,744	1,281,800	1,120,929	1,535,604
Operating income	1,526,025	1,224,625	4,094,853	3,648,448	4,950,626
Write-back of Post-Retirement Medical Benefit (PRMB) provision	-	-	438,397	-	-
Operating expenses	(878,365)	(658,864)	(2,260,454)	(2,004,080)	(2,734,672)
	647,660	565,761	2,272,796	1,644,368	2,215,954
Net share of (loss)/profits of associated companies	(709)	1,329	4,261	5,751	7,567
Operating profit	646,951	567,090	2,277,057	1,650,119	2,223,521
Credit Loss Expense	7,536	(60,177)	(154,418)	(144,716)	(301,533)
Profit before taxation	654,487	506,913	2,122,639	1,505,403	1,921,988
Taxation expense	(157,258)	(145,316)	(450,206)	(449,126)	(527,075)
Reversal of Deferred Tax on write-back of PRMB provision	-	-	(153,439)	-	-
Reversal of Deferred Tax Asset for change in tax rates in Barbados	-	-	(191,816)	-	-
Net profit after taxation	497,229	361,597	1,327,178	1,056,277	1,394,913
Attributable to:					
Equity holders of the parent	449,217	342,868	1,232,567	993,312	1,322,850
Non-controlling interest	48,012	18,729	94,611	62,965	72,063
	497,229	361,597	1,327,178	1,056,277	1,394,913
Earnings per share					
Basic			\$7.60	\$6.13	\$8.17
Diluted			\$7.59	\$6.13	\$8.16
Weighted average number of shares ('000)					
Basic			162,134	161,972	161,980
Diluted			162,393	162,068	162,076
Dividend based on the results for the period			\$1.25	\$1.25	\$4.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED THREE MONTHS ENDED June-30-19 \$'000	UNAUDITED THREE MONTHS ENDED June-30-18 (Restated) \$'000	UNAUDITED NINE MONTHS ENDED June-30-19 \$'000	UNAUDITED NINE MONTHS ENDED June-30-18 (Restated) \$'000	AUDITED YEAR ENDED Sept-30-18 \$'000
Net profit after taxation	497,229	361,597	1,327,178	1,056,277	1,394,913
Other comprehensive income					
<i>Other comprehensive loss (net of tax) that will be reclassified to the consolidated statement of income in subsequent periods:</i>					
Translation adjustments	(14,271)	(58,564)	(78,384)	(64,345)	(58,092)
	(14,271)	(58,564)	(78,384)	(64,345)	(58,092)
<i>Other comprehensive loss (net of tax) that will not be reclassified to the consolidated statement of income in subsequent periods:</i>					
Re-measurement losses on defined benefit plans	-	-	(31,663)	-	(66,522)
Other comprehensive loss for the period, net of taxation	(14,271)	(58,564)	(110,047)	(64,345)	(124,614)
Total comprehensive income for the period, net of taxation	482,958	303,033	1,217,131	991,932	1,270,299
Attributable to:					
Equity holders of the parent	438,033	280,134	1,141,342	939,124	1,213,357
Non-controlling interest	44,925	22,899	75,789	52,808	56,942
	482,958	303,033	1,217,131	991,932	1,270,299

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Statutory Reserves	Other Reserves	Retained Earnings	Total equity attributable to equity holders of the parent	Non- controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Period ended June 30, 2019							
Balance at October 1, 2018	790,102	1,277,372	(45,599)	7,466,323	9,488,198	609,584	10,097,782
Total comprehensive income for the period	–	–	(59,562)	1,200,904	1,141,342	75,789	1,217,131
Issue of shares	7,029	–	–	–	7,029	–	7,029
Share-based payment	1,042	–	–	–	1,042	–	1,042
Shares purchased for profit sharing scheme	–	–	(42,924)	–	(42,924)	–	(42,924)
Allocation of shares	–	–	59,153	–	59,153	–	59,153
Transfer to other reserves	–	–	88,136	(88,136)	–	–	–
Transfer to statutory reserves	–	30,700	–	(30,700)	–	–	–
Share of changes in equity	–	–	–	–	–	517	517
Acquisition of non-controlling interest	–	–	–	–	–	286,758	286,758
Other	–	–	(12,962)	–	(12,962)	(6,518)	(19,480)
Dividends	–	–	–	(715,589)	(715,589)	–	(715,589)
Dividends paid to non-controlling interest	–	–	–	–	–	(28,327)	(28,327)
Balance at June 30, 2019	798,173	1,308,072	(13,758)	7,832,802	9,925,289	937,803	10,863,092
Period ended June 30, 2018							
Balance at October 1, 2017 as previously reported	780,950	1,243,151	881,832	6,779,447	9,685,380	460,625	10,146,005
Net Impact of adopting IFRS 9	–	–	(911,537)	182,776	(728,761)	(10,753)	(739,514)
Restated opening balance under IFRS 9	780,950	1,243,151	(29,705)	6,962,223	8,956,619	449,872	9,406,491
Total comprehensive income for the period	–	–	(54,188)	993,312	939,124	52,808	991,932
Issue of shares	6,886	–	–	–	6,886	–	6,886
Share-based payment	1,494	–	–	–	1,494	–	1,494
Shares purchased for profit sharing scheme	–	–	(23,795)	–	(23,795)	–	(23,795)
Allocation of shares	–	–	59,200	–	59,200	–	59,200
Transfer to other reserves	–	–	(57,733)	57,733	–	–	–
Transfer to statutory reserves	–	34,319	–	(34,319)	–	–	–
Share of changes in equity	–	–	–	–	–	540	540
Acquisition of non-controlling interest	–	–	–	–	–	(3,401)	(3,401)
Non-controlling interests' share of rights issue	–	–	–	–	–	27,362	27,362
Other	–	–	(67)	67	–	–	–
Dividends	–	–	–	(714,861)	(714,861)	–	(714,861)
Dividends paid to non-controlling interest	–	–	–	–	–	(19,178)	(19,178)
Balance at June 30, 2018	789,330	1,277,470	(106,288)	7,264,155	9,224,667	508,003	9,732,670
Year ended September 30, 2018							
Balance at October 1, 2017 as previously reported	780,950	1,243,151	881,832	6,779,447	9,685,380	460,625	10,146,005
Net Impact of adopting IFRS 9	–	–	(911,537)	182,776	(728,761)	(10,753)	(739,514)
Restated opening balance under IFRS 9	780,950	1,243,151	(29,705)	6,962,223	8,956,619	449,872	9,406,491
Total comprehensive income for the year	–	–	(42,953)	1,256,310	1,213,357	56,942	1,270,299
Issue of shares	7,762	–	–	–	7,762	–	7,762
Share-based payment	1,390	–	–	–	1,390	–	1,390
Shares purchased for profit sharing scheme	–	–	(32,141)	–	(32,141)	–	(32,141)
Allocation of shares	–	–	59,200	–	59,200	–	59,200
Transfer to statutory reserves	–	34,221	–	(34,221)	–	–	–
Non-controlling interests' share of rights issue	–	–	–	(1,332)	(1,332)	121,389	120,057
Dividends	–	–	–	(714,861)	(714,861)	–	(714,861)
Dividends paid to non-controlling interest	–	–	–	–	–	(19,178)	(19,178)
Share issuance costs	–	–	–	(8,494)	(8,494)	–	(8,494)
Other	–	–	–	6,698	6,698	559	7,257
Balance at September 30, 2018	790,102	1,277,372	(45,599)	7,466,323	9,488,198	609,584	10,097,782

CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	June-30-19 \$'000	June-30-18 \$'000	Sept-30-18 \$'000
Operating activities			
Profit before taxation	2,122,639	1,505,403	1,921,988
Adjustments for non-cash items	(21,592)	187,084	623,056
Increase in operating assets	(3,210,396)	(1,999,986)	(2,743,178)
Increase in operating liabilities	2,380,972	2,375,718	2,701,356
Taxes paid	(468,512)	(503,139)	(663,616)
Cash provided by operating activities	803,111	1,565,080	1,839,606
Investing activities			
Net increase in investments	(116,908)	(13,462)	(2,311,465)
Acquisition of additional interest in a subsidiary	–	(3,401)	(2,686)
Acquisition of subsidiary, net of cash acquired	2,313,125	–	–
Non-controlling interests' share of rights issue	–	(27,362)	122,744
Dividends from associated companies	3,129	3,353	3,353
Additions to fixed assets	(254,411)	(263,459)	(353,830)
Proceeds from sale of fixed assets	3,866	4,482	13,420
Cash provided by/(used in) investing activities	1,948,801	(299,849)	(2,528,464)
Financing activities			
Increase/(decrease) in balances due to other banks	1,435,555	(138,973)	(162,882)
Issue/(Repayment) of debt securities	843,141	(789,155)	(811,590)
Net proceeds from share issue	7,029	6,886	7,762
Shares purchased for profit sharing scheme	(42,924)	(23,795)	(32,141)
Allocation of shares from profit sharing plan	59,153	59,200	59,200
Dividends paid to shareholders of the parent	(715,589)	(714,861)	(714,861)
Dividends paid to non-controlling interest	(28,327)	(19,178)	(19,178)
Cash provided by/(used in) financing activities	1,558,038	(1,619,876)	(1,673,690)
Net increase/(decrease) in cash resources	4,309,950	(354,645)	(2,362,548)
Net foreign exchange difference	(27,156)	(31,261)	(22,853)
Cash and cash equivalents at beginning of period/year	7,829,001	10,214,402	10,214,402
Cash and cash equivalents at end of period/year	12,111,795	9,828,496	7,829,001
Supplemental information:			
Interest received during the period/year	3,236,219	2,870,758	3,845,962
Interest paid during the period/year	(429,187)	(411,730)	(483,515)
Dividends received	690	664	686

**NOTES TO THE INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**
1 Corporate information

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 June 30, 2019, with effect from October 1, 2018, 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, 2018.

Reclassifications may be made to the prior period's financial statements to conform to the current period's presentation.

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, 2018.

The Group adopted IFRS 9 - Financial Instruments with effect from October 1, 2017. As such, balances in the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for period ended June 30, 2018, were restated to reflect these adjustments.

3 Capital commitments

	UNAUDITED		AUDITED
	June-30-19 \$'000	June-30-18 \$'000	Sept-30-18 \$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	93,037	133,141	120,901
Other capital expenditure authorised by the Directors but not yet contracted for	84,445	58,930	46,970

4 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
	June-30-19 \$'000	June-30-18 \$'000	Sept-30-18 \$'000
Outstanding Balances			
Advances, investments and other assets			
Directors and key management personnel	286,097	20,412	21,180
Other related parties	169,826	319,402	290,618
	455,923	339,814	311,798
Deposits and other liabilities			
Directors and key management personnel	131,449	94,588	89,601
Other related parties	399,232	377,711	353,497
	530,681	472,299	443,098
Interest and other income			
Directors and key management personnel	2,374	585	790
Other related parties	11,690	18,630	29,398
	14,064	19,215	30,188
Interest and other expense			
Directors and key management personnel	10,235	7,350	11,603
Other related parties	17,363	12,324	18,121
	27,598	19,674	29,724
Key management compensation			
Short-term benefits	30,575	30,313	37,086
Post-employment benefits	576	135	11,798
Share-based payment	1,042	1,494	1,390
	32,193	31,942	50,274

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

5 Segment reporting

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

	Trinidad and Tobago \$'000	Barbados \$'000	Guyana \$'000	Suriname and Eastern Caribbean \$'000	Ghana \$'000	Cayman Islands \$'000	Eliminations \$'000	Total \$'000
Unaudited Nine months ended June 30, 2019								
Operating income	4,142,059	492,483	291,739	278,631	354,536	332,498	(1,797,093)	4,094,853
Net profit before taxation	3,163,326	226,373	144,350	142,242	92,441	145,967	(1,792,060)	2,122,639
Total assets	56,721,247	11,303,381	5,739,809	7,158,551	3,667,790	14,188,095	(13,296,410)	85,482,463
Unaudited Nine months ended June 30, 2018								
Operating income	3,363,102	508,114	244,787	276,752	284,959	57,707	(1,086,973)	3,648,448
Net profit before taxation	2,000,751	224,542	105,504	126,727	86,044	45,595	(1,083,760)	1,505,403
Total assets	52,120,648	9,104,319	5,420,862	7,189,665	2,837,665	2,447,996	(9,306,848)	69,814,307
Audited Year ended September 30, 2018								
Operating income	4,159,676	675,927	344,185	388,286	390,204	78,339	(1,085,991)	4,950,626
Net profit before taxation	2,339,733	193,407	152,067	191,274	76,272	61,937	(1,092,702)	1,921,988
Total assets	53,403,956	9,632,726	5,634,141	7,412,321	3,174,490	2,549,684	(11,341,698)	70,465,620

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

6 Post-Retirement Medical Benefit Provision (PRMB)

The Bank in Trinidad amended the terms under which it provides for Post-Retirement Medical Benefits resulting in a write-back of \$285 million net of deferred taxation of \$153.4 million.

7 Contingent liabilities

As at June 30, 2019, 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.

8 Business Combinations - Acquisition of Cayman National Corporation

On March 13, 2019, Republic Bank Trinidad and Tobago (Barbados) Limited (a subsidiary of Republic Financial Holdings Limited), acquired 74.99% of the outstanding ordinary shares and obtained control of Cayman National Corporation. The acquisition has been accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities of Cayman National Corporation as at the date of acquisition were:

	Fair value recognised on acquisition March 31, 2019 TT\$'000
Assets	
Cash resources	3,642,977
Investment securities	1,100,836
Advances	6,050,533
Other assets	402,929
	<u>11,197,275</u>
Liabilities	
Customer deposits and due to banks	9,928,882
Other liabilities	121,832
	<u>10,050,714</u>
Total identifiable net assets at fair value	<u>1,146,561</u>
Non-controlling interests	(286,758)
Goodwill arising on acquisition (provisional)	470,049
Purchase consideration transferred	<u>1,329,852</u>
Purchase Consideration	
Amount settled in Cash	<u>1,329,852</u>
Analysis of cash flows on acquisition	
Net cash acquired (included in cash flows from investing activities)	3,642,977
Consideration transferred	(1,329,852)
Net cash outflow	<u>2,313,125</u>