

PRESIDENT'S COMMENTS

I am pleased to report profit attributable to shareholders of \$373.9 million for the quarter ending December 31, 2019, an increase of \$23.3 million or 6.7% over the corresponding period last year.

Total assets stood at \$102.1 billion at December 31, 2019, an increase of \$29.6 billion or 40.9% over the total assets at December 2018. This increase was mainly due to the two acquisitions in 2019. The acquisition of Cayman National Corporation on March 13, 2019, added \$11.7 billion and the acquisition of Scotiabank's banking operations in St. Maarten and the Eastern Caribbean (Anguilla, Dominica, Grenada, St. Kitts and Nevis, Saint Lucia, and St. Vincent and the Grenadines) on November 1, 2019, added \$12.7 billion to the Group's asset base.

We have commenced the process to acquire Scotiabank's banking operations in British Virgin Islands and are presently engaged with the various regulators whose approvals are required for this acquisition.

Notwithstanding the economic challenges in several of our key markets, we are confident of a solid performance for the balance of the financial year.



Nigel M. Baptiste
President
January 29, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED		AUDITED
	Dec-31-19 \$'000	Dec-31-18 \$'000	Sept-30-19 \$'000
ASSETS			
Cash resources	27,802,352	16,090,749	20,979,111
Advances	51,967,336	37,670,881	44,630,109
Investment securities	16,228,085	13,684,982	16,576,059
Premises and equipment	2,994,077	2,501,832	2,874,572
Net pension asset	611,075	803,632	630,325
Other assets	2,509,858	1,733,395	1,793,712
TOTAL ASSETS	102,112,783	72,485,471	87,483,888
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	2,481,052	199,451	1,396,171
Customers' deposits and other funding instruments	84,051,428	59,485,081	70,559,191
Debt securities in issue	2,103,905	293,593	2,122,274
Other liabilities	2,372,611	2,507,089	2,174,492
TOTAL LIABILITIES	91,008,996	62,485,214	76,252,128
EQUITY			
Stated capital	805,985	791,346	803,064
Statutory reserves	1,349,778	1,278,616	1,346,858
Other reserves	(2,322)	48,184	15,131
Retained earnings	7,984,712	7,251,650	8,103,694
Attributable to equity holders of the parent	10,138,153	9,369,796	10,268,747
Non-controlling interest	965,634	630,461	963,013
TOTAL EQUITY	11,103,787	10,000,257	11,231,760
TOTAL LIABILITIES AND EQUITY	102,112,783	72,485,471	87,483,888

CONSOLIDATED STATEMENT OF INCOME

	UNAUDITED THREE MONTHS ENDED		AUDITED YEAR ENDED
	Dec-31-19 \$'000	Dec-31-18 \$'000	Sept-30-19 \$'000
Net interest income	1,008,248	895,239	3,814,361
Other income	476,775	391,683	1,579,439
Operating income	1,485,023	1,286,922	5,393,800
Write-back of Post-Retirement Medical Benefit (PRMB) provision	-	-	438,397
Operating expenses	(854,216)	(662,203)	(2,941,806)
	630,807	624,719	2,890,391
Share of profits of associated companies	1,494	2,554	5,980
Operating profit	632,301	627,273	2,896,371
Credit Loss Expense	(38,894)	(97,532)	(226,176)
Profit before taxation	593,407	529,741	2,670,195
Taxation expense	(180,470)	(151,685)	(609,287)
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	412,937	378,056	1,715,653
Attributable to:			
Equity holders of the parent	373,868	350,537	1,581,124
Non-controlling interest	39,069	27,519	134,529
	412,937	378,056	1,715,653

Earnings per share			
Basic	\$2.30	\$2.16	\$9.75
Diluted	\$2.29	\$2.16	\$9.73

Weighted average number of shares ('000)			
Basic	162,633	161,944	162,156
Diluted	163,585	162,086	162,430

Dividend based on the results for the period			
	-	-	\$4.40

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED THREE MONTHS ENDED		AUDITED YEAR ENDED
	Dec-31-19 \$'000	Dec-31-18 \$'000	Sept-30-19 \$'000
Net profit after taxation	412,937	378,056	1,715,653
<i>Other comprehensive (loss)/income (net of tax) that will be reclassified to the consolidated statement of income in subsequent periods :</i>			
Translation adjustments	(33,693)	18,064	(54,678)
	(33,693)	18,064	(54,678)
<i>Other comprehensive (loss)/income (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	-	-	(80,887)
Income tax related to above	-	-	(5,861)
Other comprehensive (loss)/income for the period, net of taxation	(33,693)	18,064	(141,426)
Total comprehensive income for the period, net of taxation	379,244	396,120	1,574,227
Attributable to:			
Equity holders of the parent	353,739	360,540	1,451,151
Non-controlling interest	25,505	35,580	123,076
	379,244	396,120	1,574,227

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, 2019							
Balance at October 1, 2019	803,064	1,346,858	15,131	8,103,694	10,268,747	963,013	11,231,760
Total comprehensive income for the period	—	—	(20,129)	373,868	353,739	25,505	379,244
Issue of shares	2,288	—	—	—	2,288	—	2,288
Share-based payment	633	—	—	—	633	—	633
Shares purchased for profit sharing scheme	—	—	(12,489)	—	(12,489)	—	(12,489)
Allocation of shares	—	—	53,899	—	53,899	—	53,899
Transfer from other reserves	—	—	(38,734)	38,734	—	—	—
Transfer to statutory reserves	—	2,920	—	(2,920)	—	—	—
Share of changes in equity	—	—	—	—	—	(257)	(257)
Dividends	—	—	—	(528,664)	(528,664)	—	(528,664)
Dividends paid to non-controlling interest	—	—	—	—	—	(22,627)	(22,627)
Balance at December 31, 2019	805,985	1,349,778	(2,322)	7,984,712	10,138,153	965,634	11,103,787
Period ended December 31, 2018							
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	—	—	10,003	350,537	360,540	35,580	396,120
Issue of shares	897	—	—	—	897	—	897
Share-based payment	347	—	—	—	347	—	347
Shares purchased for profit sharing scheme	—	—	(27,317)	—	(27,317)	—	(27,317)
Allocation of shares	—	—	59,153	—	59,153	—	59,153
Transfer to other reserves	—	—	51,944	(51,944)	—	—	—
Transfer to statutory reserves	—	1,244	—	(1,244)	—	—	—
Share of changes in equity	—	—	—	—	—	431	431
Dividends	—	—	—	(512,022)	(512,022)	—	(512,022)
Dividends paid to non-controlling interest	—	—	—	—	—	(15,134)	(15,134)
Balance at December 31, 2018	791,346	1,278,616	48,184	7,251,650	9,369,796	630,461	10,000,257
Year ended September 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 year	—	—	(43,224)	1,494,375	1,451,151	123,076	1,574,227
Issue of shares	10,432	—	—	—	10,432	—	10,432
Share-based payment	2,530	—	—	—	2,530	—	2,530
Shares purchased for profit sharing scheme	—	—	(46,630)	—	(46,630)	—	(46,630)
Allocation of shares	—	—	59,153	—	59,153	—	59,153
Transfer to other reserves	—	—	91,431	(91,431)	—	—	—
Transfer to statutory reserves	—	69,486	—	(69,486)	—	—	—
Share of changes in equity	—	—	—	—	—	666	666
Non-controlling interests' share of rights issue	—	—	—	—	—	258,014	258,014
Dividends	—	—	—	(715,264)	(715,264)	—	(715,264)
Dividends paid to non-controlling interest	—	—	—	—	—	(28,327)	(28,327)
Other	—	—	—	19,177	19,177	—	19,177
Balance at September 30, 2019	803,064	1,346,858	15,131	8,103,694	10,268,747	963,013	11,231,760

CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED THREE MONTHS ENDED		AUDITED YEAR ENDED
	Dec-31-19 \$'000	Dec-31-18 \$'000	Sept-30-19 \$'000
Operating activities			
Profit before taxation	593,407	529,741	2,670,195
Adjustments for non-cash items	128,853	133,200	174,956
Increase in operating assets	(1,955,361)	(1,410,343)	(2,747,322)
Increase in operating liabilities	3,807,139	2,097,377	3,323,494
Taxes paid	(190,172)	(159,957)	(621,248)
Cash provided by operating activities	2,383,866	1,190,018	2,800,075
Investing activities			
Net decrease/(increase) in investments	339,928	1,011,408	(650,087)
Acquisition of subsidiary, net of cash acquired	3,890,529	—	809,700
Dividends from associated companies	—	1,225	3,129
Additions to fixed assets	(114,014)	(71,082)	(368,272)
Proceeds from sale of fixed assets	951	1,167	6,069
Cash provided by/(used in) investing activities	4,117,394	942,718	(199,461)
Financing activities			
(Decrease)/Increase in balances due to other banks	(657,417)	18,634	1,215,354
(Repayment)/Issue of debt securities	(18,370)	(295)	1,828,386
Net proceeds from share issue	2,288	897	10,432
Shares purchased for profit sharing scheme	(12,489)	(27,317)	(46,630)
Allocation of shares from profit sharing plan	53,899	59,153	59,153
Dividends paid to shareholders of the parent	(528,664)	(512,022)	(715,264)
Dividends paid to non-controlling interest	(22,627)	(15,134)	(28,327)
Cash (used in)/provided by financing activities	(1,183,380)	(476,084)	2,323,104
Net increase in cash resources	5,317,880	1,656,652	4,923,718
Net foreign exchange difference	(9,420)	11,489	(21,787)
Cash and cash equivalents at beginning of period/year	12,730,932	7,829,001	7,829,001
Cash and cash equivalents at end of period/year	18,039,392	9,497,142	12,730,932
Supplemental information:			
Interest received during the period/year	1,198,950	1,043,925	4,377,580
Interest paid during the period/year	(218,811)	(106,247)	(584,793)
Dividends received	403	52	722

**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 December 31, 2019, with effect from October 1, 2019, 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, 2019.

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, 2019.

NOTES TO THE INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)

3 Capital commitments

	UNAUDITED		AUDITED
	Dec-31-19 \$'000	Dec-31-18 \$'000	Sept-30-19 \$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	137,780	217,474	153,639
Other capital expenditure authorised by the Directors but not yet contracted for	139,226	90,494	103,050

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
	Dec-31-19 \$'000	Dec-31-18 \$'000	Sept-30-19 \$'000
Outstanding Balances			
Advances, investments and other assets			
Directors and key management personnel	249,060	26,543	232,958
Other related parties	159,967	221,848	174,865
	<u>409,027</u>	<u>248,391</u>	<u>407,823</u>
Deposits and other liabilities			
Directors and key management personnel	132,085	82,824	127,521
Other related parties	363,638	364,040	436,482
	<u>495,723</u>	<u>446,864</u>	<u>564,003</u>
Interest and other income			
Directors and key management personnel	3,148	253	8,644
Other related parties	7,559	7,385	22,793
	<u>10,707</u>	<u>7,638</u>	<u>31,437</u>
Interest and other expense			
Directors and key management personnel	1,829	4,087	7,286
Other related parties	2,335	3,695	11,641
	<u>4,164</u>	<u>7,782</u>	<u>18,927</u>

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

Key management compensation

	Dec-31-19	Dec-31-18	Sept-30-19
Short term benefits	9,135	11,952	49,070
Post employment benefits	106	52	4,949
Share-based payment	633	347	2,530
	<u>9,874</u>	<u>12,351</u>	<u>56,549</u>

5 Segment reporting

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

	Trinidad and Tobago \$'000	Barbados \$'000	Suriname \$'000	Eastern Caribbean \$'000	Guyana \$'000	Ghana \$'000	Cayman Islands \$'000	Total \$'000
	Unaudited Three months ended December 31, 2019							
Operating income	768,447	124,952	46,738	146,559	113,975	108,978	176,868	1,486,517
Net profit before taxation	301,218	37,915	19,956	75,174	60,663	34,873	63,608	593,407
Total assets	48,564,031	9,767,773	3,267,782	15,376,744	6,380,118	4,026,368	14,729,967	102,112,783
Unaudited Three months ended December 31, 2018								
Operating income	802,172	139,334	36,904	52,652	98,192	126,069	34,153	1,289,476
Net profit before taxation	316,757	49,451	14,793	29,873	53,643	40,448	24,776	529,741
Total assets	44,526,075	9,689,846	3,347,804	2,909,224	5,739,200	3,882,314	2,391,008	72,485,471
Audited Year ended September 30, 2019								
Operating income	3,512,160	568,415	163,607	209,721	389,924	467,268	527,082	5,838,177
Net profit before taxation	1,766,032	184,220	63,450	125,362	200,137	130,903	200,093	2,670,195
Total assets	46,793,990	10,016,559	3,180,215	2,883,148	6,015,765	3,905,339	14,688,872	87,483,888

6 Contingent liabilities

As at December 31, 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.

7 Business Combinations - Republic Bank (EC) Limited and Scotiabank Grenada

On November 1, 2019, the Group completed the acquisition of Scotiabank's banking operations in St. Maarten, Anguilla, Dominica, Grenada, St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines.

Republic Bank (EC) Limited was incorporated and obtained control of the St. Maarten, Anguilla, Dominica, St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines operations.

Republic Bank (Grenada) Limited acquired the operations of Scotiabank Grenada.

The acquisition has been accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities of Republic Bank (EC) Limited and Scotiabank Grenada as at the date of acquisition were:

	Fair value recognised on acquisition November 1, 2019 TT\$'000
Assets	
Cash resources	4,972,021
Investment securities	3,755
Advances	6,313,268
Other assets	1,093,540
	<u>12,382,584</u>
Liabilities	
Customer deposits and due to banks	9,724,943
Other liabilities	1,891,457
	<u>11,616,401</u>
Total identifiable net assets at fair value	766,184
Goodwill arising on acquisition (provisional)*	315,308
Purchase consideration transferred	<u>1,081,492</u>
Purchase consideration	
Amount settled in Cash	<u>1,081,492</u>
Analysis of cash flows on acquisition	
Net cash acquired	4,972,021
Consideration transferred	(1,081,492)
Net cash inflow	<u>3,890,529</u>

*The fair value of net assets is provisional pending receipt of final valuations for those assets and liabilities. These balances are subject to adjustment, with a corresponding adjustment to goodwill up to November 2020, (one year after the transaction).