

## CHAIRMAN'S COMMENTS

Republic Financial Holdings and its subsidiaries recorded profit attributable to shareholders of the parent of \$774 million for the nine-month period ended June 30, 2020, a decline of \$458 million or 37.2% below the corresponding period last year. These results reflect the financial impact so far of the novel coronavirus (COVID-19) pandemic on the Group, mainly resulting from decreased economic activity, narrower margins due to reduced lending interest rates, waiver of fees and commissions and the setting aside of additional credit provisions to cover potential future losses. The ongoing uncertainty surrounding the current and potential impacts of the Covid pandemic demands that the Group continues to exercise prudence as we navigate the way forward in the best interest of all our stakeholders.

Total assets stood at \$105.3 billion at June 30, 2020, an increase of \$19.9 billion or 23.2% over the total assets at June 30, 2019. This increase was, in the main, due to the acquisition of Scotiabank's banking operations in St. Maarten and the Eastern Caribbean (Anguilla, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines) on November 1, 2019, which added \$12.7 billion and the acquisition of Scotiabank's operations in the British Virgin Islands (BVI) on June 1, 2020, which added a further \$3.1 billion to the Group's asset base.

We remain committed to our clients during this difficult time. In addition to the measures already instituted by the Group, we are working closely with all our business clients to identify appropriate financing structures to facilitate the continued success of their respective businesses and with our retail clients to agree suitable loan repayment structures.

I would like to extend thanks to all our dedicated employees who continue to provide customers with essential banking services during this period. Republic Financial Holdings Limited remains committed to balancing the interests of all our stakeholders in the territories in which we operate and to assisting in the recovery of the economies of these territories



Vincent Pereira  
Chairman  
July 28, 2020

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED		AUDITED
	Jun-30-20	Jun-30-19	Sept-30-19
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
Cash resources	27,662,925	21,547,322	20,979,111
Advances	53,239,583	44,227,064	44,630,109
Investment securities	17,525,364	14,145,484	16,576,059
Premises and equipment	3,077,051	2,864,243	2,874,572
Net pension asset	569,637	767,386	630,325
Other assets	3,264,446	1,930,964	1,793,712
<b>TOTAL ASSETS</b>	<b>105,339,006</b>	<b>85,482,463</b>	<b>87,483,888</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Due to banks	742,981	1,616,373	1,396,171
Customers' deposits and other funding instruments	88,206,405	69,733,641	70,559,191
Debt securities in issue	2,041,565	1,137,029	2,122,274
Other liabilities	2,990,653	2,132,328	2,174,492
<b>TOTAL LIABILITIES</b>	<b>93,981,604</b>	<b>74,619,370</b>	<b>76,252,128</b>
<b>EQUITY</b>			
Stated capital	826,284	798,173	803,064
Statutory reserves	1,461,923	1,308,072	1,346,858
Other reserves	(115,256)	(13,758)	15,131
Retained earnings	8,176,454	7,832,802	8,103,694
Attributable to equity holders of the parent	10,349,405	9,925,289	10,268,747
Non-controlling interest	1,007,997	937,803	963,013
<b>TOTAL EQUITY</b>	<b>11,357,402</b>	<b>10,863,093</b>	<b>11,231,760</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>105,339,006</b>	<b>85,482,463</b>	<b>87,483,888</b>

## CONSOLIDATED STATEMENT OF INCOME

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-20 \$'000	Jun-30-19 \$'000	Jun-30-20 \$'000	Jun-30-19 \$'000	Sept-30-19 \$'000
Net interest income	936,237	1,034,355	2,969,368	2,813,053	3,814,361
Other income	311,960	491,670	1,256,907	1,151,439	1,579,439
Operating income	1,248,197	1,526,025	4,226,275	3,964,492	5,393,800
Write-back of Post-Retirement Medical Benefit (PRMB) provision	–	–	–	438,397	438,397
Operating expenses	(820,307)	(878,365)	(2,574,651)	(2,130,094)	(2,941,806)
	427,890	647,660	1,651,624	2,272,795	2,890,391
Net share of profits/(loss) of associated companies	1,133	(709)	4,291	4,261	5,980
Operating profit	429,023	646,951	1,655,915	2,277,056	2,896,371
Credit Loss Expense	(73,991)	7,536	(456,809)	(154,418)	(226,176)
Profit before taxation	355,032	654,487	1,199,106	2,122,638	2,670,195
Taxation expense	(110,160)	(157,258)	(345,525)	(450,206)	(609,287)
Reversal of Deferred tax on write-back of PRMB provision	–	–	–	(153,439)	(153,439)
Reversal of Deferred tax asset for change in tax rates in Barbados	–	–	–	(191,816)	(191,816)
<b>Net profit after taxation</b>	<b>244,872</b>	<b>497,229</b>	<b>853,581</b>	<b>1,327,178</b>	<b>1,715,653</b>
<b>Attributable to:</b>					
Equity holders of the parent	230,978	449,217	774,317	1,232,567	1,581,124
Non-controlling interest	13,894	48,012	79,264	94,611	134,529
	<b>244,872</b>	<b>497,229</b>	<b>853,581</b>	<b>1,327,178</b>	<b>1,715,653</b>
<b>Earnings per share</b>					
Basic			\$4.77	\$7.60	\$9.75
Diluted			\$4.75	\$7.59	\$9.73
<b>Weighted average number of shares ('000)</b>					
Basic			162,277	162,073	162,156
Diluted			162,938	162,272	162,430

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-20 \$'000	Jun-30-19 \$'000	Jun-30-20 \$'000	Jun-30-19 \$'000	Sept-30-19 \$'000
<b>Net profit after taxation</b>	<b>244,872</b>	<b>497,229</b>	<b>853,581</b>	<b>1,327,178</b>	<b>1,715,653</b>
<i>Other comprehensive income/(loss) (net of tax) that will be reclassified to the consolidated statement of income in subsequent periods :</i>					
Translation adjustments	17,287	(14,271)	(73,123)	(78,384)	(54,678)
	17,287	(14,271)	(73,123)	(78,384)	(54,678)
<i>Other comprehensive income/(loss) (net of tax) that will not be reclassified to the consolidated statement of income in subsequent</i>					
Re-measurement losses on defined benefit plans	–	–	–	(31,663)	(80,887)
Income tax related to above	–	–	–	–	(5,861)
<b>Other comprehensive income/(loss) for the period, net of taxation</b>	<b>17,287</b>	<b>(14,271)</b>	<b>(73,123)</b>	<b>(110,047)</b>	<b>(141,426)</b>
<b>Total comprehensive income for the period, net of taxation</b>	<b>262,159</b>	<b>482,958</b>	<b>780,458</b>	<b>1,217,131</b>	<b>1,574,227</b>
<b>Attributable to:</b>					
Equity holders of the parent	249,796	438,033	722,040	1,141,342	1,451,151
Non-controlling interest	12,363	44,925	58,418	75,789	123,076
	<b>262,159</b>	<b>482,958</b>	<b>780,458</b>	<b>1,217,131</b>	<b>1,574,227</b>

**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
<b>Period ended June 30, 2020</b>							
<b>Balance at October 1, 2019</b>	<b>803,064</b>	<b>1,346,858</b>	<b>15,131</b>	<b>8,103,694</b>	<b>10,268,747</b>	<b>963,013</b>	<b>11,231,760</b>
Total comprehensive income for the period	–	–	(52,277)	774,317	722,040	58,418	780,458
Issue of shares	21,322	–	–	–	21,322	–	21,322
Share-based payment	1,898	–	–	–	1,898	–	1,898
Shares purchased for profit sharing scheme	–	–	(92,075)	–	(92,075)	–	(92,075)
Allocation of shares	–	–	53,860	–	53,860	–	53,860
Transfer from other reserves	–	–	(34,389)	34,389	–	–	–
Transfer to statutory reserves	–	115,065	–	(115,065)	–	–	–
Share of changes in equity	–	–	–	–	–	(686)	(686)
NCI share of rights issue	–	–	–	–	–	19,504	19,504
Other	–	–	(5,506)	5,506	–	–	–
Dividends	–	–	–	(626,387)	(626,387)	–	(626,387)
Dividends paid to non-controlling interest	–	–	–	–	–	(32,252)	(32,252)
<b>Balance at June 30, 2020</b>	<b>826,284</b>	<b>1,461,923</b>	<b>(115,256)</b>	<b>8,176,454</b>	<b>10,349,405</b>	<b>1,007,997</b>	<b>11,357,402</b>
<b>Period ended June 30, 2019</b>							
<b>Balance at October 1, 2018</b>	<b>790,102</b>	<b>1,277,372</b>	<b>(45,599)</b>	<b>7,466,323</b>	<b>9,488,198</b>	<b>609,584</b>	<b>10,097,782</b>
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)
<b>Balance at June 30, 2019</b>	<b>798,173</b>	<b>1,308,072</b>	<b>(13,758)</b>	<b>7,832,802</b>	<b>9,925,289</b>	<b>937,803</b>	<b>10,863,093</b>
<b>Year ended September 30, 2019</b>							
<b>Balance at October 1, 2018</b>	<b>790,102</b>	<b>1,277,372</b>	<b>(45,599)</b>	<b>7,466,323</b>	<b>9,488,198</b>	<b>609,584</b>	<b>10,097,782</b>
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
<b>Balance at September 30, 2019</b>	<b>803,064</b>	<b>1,346,858</b>	<b>15,131</b>	<b>8,103,694</b>	<b>10,268,747</b>	<b>963,013</b>	<b>11,231,760</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	Jun-30-20 \$'000	Jun-30-19 \$'000	Sept-30-19 \$'000
<b>Operating activities</b>			
Profit before taxation	1,199,106	2,122,638	2,670,195
Adjustments for non-cash items	820,371	(21,591)	174,956
Increase in operating assets	(1,350,821)	(3,210,396)	(2,747,322)
Increase in operating liabilities	5,456,431	2,380,972	3,323,494
Taxes paid	(492,252)	(468,512)	(621,248)
<b>Cash provided by operating activities</b>	<b>5,632,835</b>	<b>803,111</b>	<b>2,800,075</b>
<b>Investing activities</b>			
Net increase in investments	(996,391)	(116,908)	(650,087)
Acquisition of subsidiary, net of cash acquired	4,322,703	2,313,125	809,700
Non-controlling interests' share of rights issue	19,504	–	–
Dividends from associated companies	–	3,129	3,129
Additions to fixed assets	(298,924)	(254,411)	(368,272)
Proceeds from sale of fixed assets	21,688	3,866	6,069
<b>Cash provided by/(used in) investing activities</b>	<b>3,068,580</b>	<b>1,948,801</b>	<b>(199,461)</b>
<b>Financing activities</b>			
(Decrease)/Increase in balances due to other banks	(2,406,573)	1,435,555	1,215,354
(Repayment)/Issue of debt securities	(80,709)	843,141	1,828,386
Repayment of principal portion of lease liabilities	(55,036)	–	–
Net proceeds from share issue	21,322	7,029	10,432
Shares purchased for profit sharing scheme	(92,075)	(42,924)	(46,630)
Allocation of shares from profit sharing plan	53,860	59,153	59,153
Dividends paid to shareholders of the parent	(626,387)	(715,589)	(715,264)
Dividends paid to non-controlling interest	(32,252)	(28,327)	(28,327)
<b>Cash (used in)/provided by financing activities</b>	<b>(3,217,850)</b>	<b>1,558,038</b>	<b>2,323,104</b>
<b>Net increase in cash resources</b>	<b>5,483,565</b>	<b>4,309,950</b>	<b>4,923,718</b>
Net foreign exchange difference	(20,658)	(27,156)	(21,787)
Cash and cash equivalents at beginning of period/year	12,730,932	7,829,001	7,829,001
<b>Cash and cash equivalents at end of period/year</b>	<b>18,193,839</b>	<b>12,111,795</b>	<b>12,730,932</b>
<b>Supplemental information:</b>			
Interest received during the period/year	3,288,857	3,236,219	4,377,580
Interest paid during the period/year	(664,635)	(429,187)	(584,793)
Dividends received	694	690	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 June 30, 2020, 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, except for the adoption of IFRS 16 Leases which was adopted as at June 30, 2020, effective October 1, 2019.

The adoption of IFRS 16 Leases resulted in operating leases recorded as right-of-use assets and lease liabilities in the statement of financial position, with related amortisation expenses on the right-of-use assets and interest expense on lease liabilities.

The adoption of IFRS 16 resulted in a net expense increase of \$9.6M to the Statement of Income.

**NOTES TO THE INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**
**3 Capital commitments**

	UNAUDITED		AUDITED
	Jun-30-20 \$'000	Jun-30-19 \$'000	Sept-30-19 \$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	92,940	93,037	153,639
Other capital expenditure authorised by the Directors but not yet contracted for	103,836	84,445	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
	Jun-30-20 \$'000	Jun-30-19 \$'000	Sept-30-19 \$'000
<b>Outstanding Balances</b>			
<b>Advances, investments and other assets</b>			
Directors and key management personnel	260,723	286,097	232,958
Other related parties	139,567	169,826	174,865
	<u>400,290</u>	<u>455,923</u>	<u>407,823</u>
<b>Deposits and other liabilities</b>			
Directors and key management personnel	167,112	131,449	127,521
Other related parties	542,534	399,232	436,482
	<u>709,646</u>	<u>530,681</u>	<u>564,003</u>
<b>Interest and other income</b>			
Directors and key management personnel	7,337	2,374	8,644
Other related parties	15,879	11,690	22,793
	<u>23,216</u>	<u>14,064</u>	<u>31,437</u>
<b>Interest and other expense</b>			
Directors and key management personnel	6,911	10,235	7,286
Other related parties	6,914	17,363	11,641
	<u>13,825</u>	<u>27,598</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**

	Jun-30-20	Jun-30-19	Sept-30-19
Short term benefits	24,827	30,575	49,070
Post employment benefits	249	576	4,949
Share-based payment	1,898	1,042	2,530
	<u>26,974</u>	<u>32,193</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
<b>Unaudited Nine months ended June 30, 2020</b>								
Operating income	2,088,617	402,634	154,755	487,546	296,193	318,109	482,712	4,230,566
Net profit before taxation	516,181	139,334	45,501	177,473	143,313	77,080	100,224	1,199,106
Total assets	47,817,197	9,734,668	3,197,421	17,774,632	6,576,992	4,050,355	16,187,741	105,339,006
<b>Unaudited Nine months ended June 30, 2019</b>								
Operating income	2,708,669	441,076	118,079	160,553	291,739	354,536	332,498	4,407,150
Net profit before taxation	1,423,971	174,966	47,289	94,188	144,350	91,291	146,584	2,122,639
Total assets	45,407,428	9,829,200	3,240,916	2,953,269	5,730,648	3,794,744	14,526,258	85,482,463
<b>Audited Year ended September 30, 2019</b>								
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 June 30, 2020, 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. Lucia, St. Kitts and Nevis, 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, St. 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 the Scotiabank operations Grenada as at the date of acquisition were:

	Fair value recognised on acquisition November 1, 2019 TT\$'000
<b>Assets</b>	
Cash resources	4,972,021
Investment securities	3,755
Advances	6,313,268
Other assets	1,093,540
	<u>12,382,584</u>
<b>Liabilities</b>	
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	<u>766,184</u>
Goodwill arising on acquisition (provisional)*	315,308
<b>Purchase consideration transferred</b>	<u>1,081,492</u>
<b>Purchase consideration</b>	
Amount settled in Cash	<u>1,081,492</u>
<b>Analysis of cash flows on acquisition</b>	
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).

**NOTES TO THE INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**
**8 Business Combinations - Republic Bank (BVI) Limited**

On June 1, 2020, Republic Financial Holdings Limited, acquired 100% of Scotiabank (BVI) Limited and renamed the company Republic Bank (BVI) Limited. The acquisition has been accounted for using the acquisition method.

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

	Fair value recognised on acquisition June 1, 2020 TT\$'000
<b>Assets</b>	
Cash resources	1,123,936
Advances	1,886,687
Other assets	55,330
	<u>3,065,953</u>
<b>Liabilities</b>	
Customer deposits and due to banks	2,543,713
Other liabilities	67,692
	<u>2,611,405</u>
Total identifiable net assets at fair value	<b>454,548</b>
Goodwill arising on acquisition (provisional)*	237,214
<b>Purchase consideration transferred</b>	<u><b>691,762</b></u>
<b>Purchase consideration</b>	
Amount settled in Cash	<u>691,762</u>
<b>Analysis of cash flows on acquisition</b>	
Net cash acquired	1,123,936
Consideration transferred	<u>(691,762)</u>
Net cash inflow	<u><b>432,174</b></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 June 2021 (one year after the transaction).