Republic Financial Holdings Limited

UNAUDITED
HALF YEAR
FINANCIAL STATEMENTS

SIX MONTHS ENDED
MARCH 31,2019

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Republic Financial Holdings Limited

Chairman's Comments

Republic Financial Holdings Limited (RFHL) and its subsidiaries recorded profit attributable to shareholders of the parent of $783.2 million for the period ended March 31, 2019. This figure was impacted by two significant one-off items, the net impact of which, positively increased profits by $93.1 million. Firstly, the bank in Trinidad and Tobago amended the terms of its post-retirement medical benefits plan in line with market, resulting in a write back net of deferred taxes of $284.9 million. Secondly, Barbados reduced its corporation tax rate from 30% to a range between 1% and 5%, which resulted in a charge to our income statement of $191.8 million due to the remeasurement of deferred tax assets at the lower tax rate.

On a normalized basis, the Group's core profit was $690.2 million, $39.8 million or 6.1% more than the prior period.

Total assets stood at $83.5 billion at March 31, 2019, an increase of $15.1 billion or 22% over that of March 2018. This increase follows RFHL's acquisition of a 74.99% shareholding in Cayman National Corporation (CNC) on March 13, 2019. The CNC acquisition increased RFHL's asset base by $11.1 billion and is expected to significantly enhance Group's profitability when its results are included in the year-end financial statements. CNC reported net profits in fiscal 2018 of $175 million. We are very pleased to welcome CNC to the Republic Group.

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

The Board of Directors has declared an interim dividend of $1.25 (2018: $1.25) per share payable on May 31, 2019.

We expect to improve on the core profitability achieved for the first half of the year with the acquisition of CNC.

Ronald F. deC. Harford
Chairman

May 1, 2019

Republic Financial Holdings Limited

REPUBLIC FINANCIAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED		AUDITED
	Mar-31-19	Mar-31-18 (Restated)	Sept-30-18
	$'000	$'000	$'000
ASSETS			
Cash resources	19,631,529	16,020,696	16,481,699
Advances	43,976,305	37,227,599	36,558,137
Investment securities	14,401,796	10,162,313	12,478,559
Premises and equipment	2,811,120	2,400,765	2,481,421
Net pension asset	785,481	948,012	821,672
Other assets	1,856,968	1,631,503	1,644,132
TOTAL ASSETS	**83,463,199**	**68,390,888**	**70,465,620**
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	1,544,722	118,168	180,818
Customers' deposits and other funding instruments	69,059,410	55,716,470	57,375,085
Debt securities in issue	131,933	308,624	293,888
Other liabilities	2,108,814	2,610,356	2,518,047
TOTAL LIABILITIES	**72,844,879**	**58,753,618**	**60,367,838**
EQUITY			
Stated capital	792,280	787,075	790,102
Statutory reserves	1,302,014	1,277,433	1,277,372
Other reserves	(25,111)	9,110	(45,599)
Retained earnings	7,635,226	7,060,099	7,466,323
Attributable to equity holders of the parent	9,704,409	9,133,717	9,488,198
Non-controlling interest	913,911	503,553	609,584
TOTAL EQUITY	**10,618,320**	**9,637,270**	**10,097,782**
TOTAL LIABILITIES AND EQUITY	**83,463,199**	**68,390,888**	**70,465,620**

These unaudited financial statements were approved by the Board of Directors on May 1, 2019 and signed on its behalf by:

Ronald F. deC. Harford, *Chairman*

Nigel M. Baptiste, *President*

Republic Financial Holdings Limited

REPUBLIC FINANCIAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF INCOME

	UNAUDITED THREE MONTHS ENDED		UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-19 $'000	Mar-31-18 $'000	Mar-31-19 $'000	Mar-31-18 $'000	Sept-30-18 $'000
Net interest income	883,459	846,269	1,778,698	1,678,638	3,415,022
Other income	362,817	350,721	790,130	745,184	1,535,604
Operating income	1,246,276	1,196,990	2,568,828	2,423,822	4,950,626
Write-back of Post-Retirement Medical Benefit (PRMB) provision	438,397	–	438,397	–	–
Operating expenses	(684,254)	(678,162)	(1,382,089)	(1,345,216)	(2,734,672)
	1,000,419	518,828	1,625,136	1,078,606	2,215,954
Share of profits of associated companies	2,416	1,316	4,970	4,421	7,567
Operating profit	1,002,835	520,144	1,630,106	1,083,027	2,223,521
Credit Loss Expense	(64,424)	(30,034)	(161,954)	(84,539)	(301,533)
Profit before taxation	938,411	490,110	1,468,152	998,488	1,921,988
Taxation expense	(141,263)	(157,206)	(292,948)	(303,810)	(527,075)
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)	–	–
Net profit after taxation	**451,893**	**332,904**	**829,950**	**694,678**	**1,394,913**
Attributable to:					
Equity holders of the parent	432,813	310,446	783,351	650,442	1,322,850
Non-controlling interest	19,080	22,458	46,599	44,236	72,063
	451,893	**332,904**	**829,950**	**694,678**	**1,394,913**
Earnings per share					
Basic			$4.83	$4.02	$8.17
Diluted			$4.83	$4.01	$8.16
Weighted average number of shares ('000)					
Basic			162,073	161,938	161,980
Diluted			162,272	162,023	162,076
Dividend based on the results for the period			$1.25	$1.25	$4.25

Republic Financial Holdings Limited

REPUBLIC FINANCIAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED THREE MONTHS ENDED		UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-1	Mar-31-18 (Restated)	Mar-31-19	Mar-31-18 (Restated)	Sept-30-18
	$'000	$'000	$'000	$'000	$'000
Net profit after taxation	**451,893**	**332,904**	**829,950**	**694,678**	**1,394,913**
Other comprehensive income (net of tax) that will be reclassified to the consolidated statement of income in subsequent periods :					
Translation adjustments	(82,178)	6,380	(64,114)	(5,782)	(58,092)
	(82,178)	6,380	(64,114)	(5,782)	(58,092)
Other comprehensive loss (net of tax) that will not be reclassified the consolidated statement of income in subsequent periods:					
Re-measurement losses on defined benefit plans	–	–	–	–	(66,522)
Other comprehensive (loss)/income for the period, net of taxation	**(82,178)**	**6,380**	**(64,114)**	**(5,782)**	**(124,614)**
Total comprehensive income for the period, net of taxation	**369,715**	**339,284**	**765,836**	**688,896**	**1,270,299**
Attributable to:					
Equity holders of the parent	374,431	316,385	734,972	647,271	1,213,357
Non-controlling interest	(4,716)	22,899	30,864	41,625	56,942
	369,715	**339,284**	**765,836**	**688,896**	**1,270,299**

REPUBLIC FINANCIAL HOLDINGS LIMITED
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 March 31, 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	–	–	(48,379)	783,351	734,972	30,864	765,836
Issue of shares	1,483	–	–	–	1,483	–	1,483
Share-based payment	695	–	–	–	695	–	695
Shares purchased for profit sharing scheme	–	–	(36,000)	–	(36,000)	–	(36,000)
Allocation of shares	–	–	59,153	–	59,153	–	59,153
Transfer to other reserves	–	–	45,714	(45,714)	–	–	–
Transfer to statutory reserves	–	24,642	–	(24,642)	–	–	–
Share of changes in equity		–	–	–	–	120	120
Acquisition of non-controlling Interest	–	–	–	–	–	288,477	288,477
Other	–	–	–	(32,070)	(32,070)	–	(32,070)
Dividends	–	–	–	(512,022)	(512,022)	–	(512,022)
Dividends paid to non-controlling interest	–	–	–	–	–	(15,134)	(15,134)
Balance at March 31, 2019	**792,280**	**1,302,014**	**(25,111)**	**7,635,226**	**9,704,409**	**913,911**	**10,618,320**
Period ended March 31, 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	–	–	(3,171)	650,442	647,271	41,625	688,896
Issue of shares	5,129	–	–	–	5,129	–	5,129
Share-based payment	996	–	–	–	996	–	996
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	–	–	6,581	(6,581)	–	–	–
Transfer to statutory reserves	–	34,282	–	(34,282)	–	–	–
Share of changes in equity	–	–	–	–	–	741	741
Acquisition of non-controlling Interest	–	–	–	–	–	(2,686)	(2,686)
NCI share of rights issue	–	–	–	–	–	27,362	27,362
Dividends	–	–	–	(511,703)	(511,703)	–	(511,703)
Dividends paid to non-controlling interest	–	–	–	–	–	(13,361)	(13,361)
Balance at March 31, 2018	**787,075**	**1,277,433**	**9,110**	**7,060,099**	**9,133,717**	**503,553**	**9,637,270**
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 interests	–	–	–	–	–	(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**

Republic Financial Holdings Limited

REPUBLIC FINANCIAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-19	Mar-31-18	Sept-30-18
	$'000	$'000	$'000
Operating activities			
Profit before taxation	1,468,152	998,488	1,921,988
Adjustments for non-cash items	(84,955)	224,720	623,056
Increase in operating assets	(1,690,376)	(2,321,091)	(2,743,178)
Increase in operating liabilities	1,696,284	1,105,674	2,701,356
Taxes paid	(308,087)	(335,674)	(663,616)
Cash provided by /(used in) operating activities	**1,081,018**	**(327,883)**	**1,839,606**
Investing activities			
Net (increase) / decrease in investments	(284,764)	1,436,792	(2,311,465)
Acquisition of additional interest in a subsidiary	–	(2,686)	(2,686)
Acquisition of subsidiary, net of cash acquired	2,313,125	–	–
NCI share of rights issue	–	27,362	122,744
Dividends from associated companies	1,225	1,159	3,353
Additions to fixed assets	(129,306)	(156,307)	(353,830)
Proceeds from sale of fixed assets	2,456	3,090	13,420
Cash provided by /(used in) investing activities	**1,902,736**	**1,309,410**	**(2,528,464)**
Financing activities			
Increase / (decrease) in balances due to other banks	1,363,905	(225,532)	(162,882)
Repayment of debt securities	(161,955)	(796,854)	(811,590)
Net proceeds from share issue	1,483	5,129	7,762
Shares purchased for profit sharing scheme	(36,000)	(23,795)	(32,141)
Allocation of shares from profit sharing plan	59,153	59,200	59,200
Dividends paid to shareholders of the parent	(512,022)	(511,703)	(714,861)
Dividends paid to non-controlling interest	(15,134)	(13,361)	(19,178)
Cash provided by /(used in) financing activities	**699,430**	**(1,506,916)**	**(1,673,690)**
Net increase / (decrease) in cash resources	3,683,184	(525,389)	(2,362,548)
Net foreign exchange difference	(29,247)	(6,361)	(22,853)
Cash and cash equivalents at beginning of period/year	7,829,001	10,214,401	10,214,402
Cash and cash equivalents at end of period/year	**11,482,938**	**9,682,651**	**7,829,001**
Supplemental information:			
Interest received during the period/year	1,969,228	1,908,537	3,845,962
Interest paid during the period/year	(221,013)	(271,014)	(483,515)
Dividends received	52	358	686

REPUBLIC FINANCIAL HOLDINGS LIMITED
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

2 Basis of preparation

This interim financial report for the period ended March 31, 2019, with effect from 1 October, 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 March 31, 2018, were restated to reflect these adjustments.

3 Capital commitments

	UNAUDITED		AUDITED
	Mar-31-19	Mar-31-18	Sept-30-18
	$'000	$'000	$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	**94,175**	**167,162**	**120,901**
Other capital expenditure authorised by the Directors but not yet contracted for	**84,151**	**86,103**	**46,970**

REPUBLIC FINANCIAL HOLDINGS LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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
	Mar-31-19	Mar-31-18	Sept-30-18
	$'000	$'000	$'000
Outstanding balances			
Advances, investments and other assets			
Directors and key management personnel	21,825	23,418	21,180
Other related parties	169,820	189,234	290,618
	191,645	212,652	311,798
Deposits and other liabilities			
Directors and key management personnel	89,834	93,790	89,601
Other related parties	291,313	305,680	353,497
	381,147	399,470	443,098
Interest and other income			
Directors and key management personnel	472	404	790
Other related parties	10,320	13,177	29,398
	10,792	13,581	30,188
Interest and other expense			
Directors and key management personnel	6,216	4,712	11,603
Other related parties	9,277	10,499	18,121
	15,493	15,211	29,724

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

Key management compensation			
Short term benefits	23,521	22,221	37,086
Post employment benefits	124	77	11,798
Share-based payment	695	996	1,390
	24,340	23,294	50,274

REPUBLIC FINANCIAL HOLDINGS LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

5 Segment reporting

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

	Trinidad and Tobago	Barbados	Guyana	Suriname and Eastern Caribbean	Ghana	Cayman Islands	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Unaudited								
Six months ended March 31, 2019								
Operating income	3,101,693	329,676	203,875	191,857	221,637	42,498	(1,522,408)	2,568,828
Net profit before taxation	2,563,130	140,370	104,726	98,361	45,911	33,098	(1,517,444)	1,468,152
Total assets	53,953,723	11,340,371	7,558,671	5,753,386	3,392,957	13,634,597	(12,170,506)	83,463,199
Unaudited								
Six months ended March 31, 2018								
Operating income	2,307,459	342,885	161,227	188,668	190,452	38,133	(805,002)	2,423,822
Net profit before taxation	1,402,702	149,431	66,303	83,392	68,466	30,083	(801,889)	998,488
Total assets	51,891,698	8,915,176	4,810,898	7,091,118	2,926,044	2,440,449	(9,684,495)	68,390,888
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 March 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.

8 Business Combinations - Acquisition of Cayman National Corporation

On 13 March 2019, Republic Bank Trinidad and Tobago 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

	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	409,814
	11,204,161
Liabilities	
Customer deposits and due to banks	9,928,882
Other liabilities	121,832
	10,050,714
Total identifiable net assets at fair value	**1,153,447**
Non-controlling interests	(288,479)
Goodwill arising on acquisition (provisional)	464,884
Purchase consideration transferred	**1,329,852**
Purchase Consideration	
Amount Settled in Cash	**1,329,852**
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	**2,313,125**