

UNAUDITED
HALF YEAR
FINANCIAL STATEMENTS

SIX MONTHS ENDED
MARCH 31, 2020

President's Comments

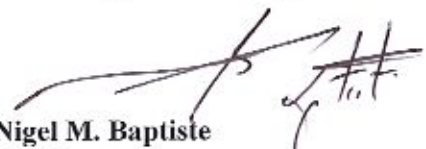
Republic Financial Holdings and its subsidiaries recorded profit attributable to shareholders of the parent of \$543 million for the six-month period ended March 31, 2020, a decline of \$240 million or 30.6% below the corresponding period last year. These results reflect preliminary estimates of the financial impact of the novel coronavirus (COVID-19) pandemic on the Group as a result of increased operating expenses during the latter half of March 2020 and the setting aside of additional provisions of \$367.7 million for the first half of Fiscal 2020 (2019 - \$134.7 million) to cover potential future losses.

Total assets stood at \$98.4 billion at March 31, 2020, an increase of \$15 billion or 17.9% over the total assets at March 31, 2019 reflecting mainly the acquisition of Scotiabank's operations in St. Maarten and the Eastern Caribbean (except Antigua and Barbuda) on November 1, 2019 which added \$12.7 billion to the Group's asset base. The acquisition of Scotiabank's banking operations in British Virgin Islands is ongoing and we are presently engaged with the regulator in that territory to obtain the requisite approval.

Cognizant of our responsibility to help our clients, staff, and communities navigate these unique challenges, the Group instituted several measures, including loan payment moratoriums, waiver of fees and charges, and interest rate reductions on loans and advances including credit cards. The Group has also contributed a total of US\$2M to national COVID-19 initiatives across the territories in which we operate.

Notwithstanding the public health measures implemented to date, there is uncertainty globally in respect of the intensity and duration of this crisis, and it is unclear what the social, economic and market conditions will be like once the crisis is over. Prudence requires therefore, that financial institutions adopt a defensive posture to preserve the stability of individual institutions and the integrity of the overall financial system. Therefore, until the full repercussions are clearer, and to preserve the capital available to the Group, the Board of Directors has declared a reduced interim dividend of \$0.60 (2019: \$1.25) per share payable on June 5, 2020.

Republic Financial Holdings is well-placed to make a major contribution to the regional recovery effort and is fully committed to doing so. We will seek to balance the interests of all our stakeholders as we all shoulder the responsibility of restoring sustainable growth to the territories in which we operate.



Nigel M. Baptiste
President
May 5, 2020

**REPUBLIC FINANCIAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	UNAUDITED		AUDITED
	Mar-31-20	Mar-31-19	Sept-30-19
	\$'000	\$'000	\$'000
ASSETS			
Cash resources	25,072,724	19,631,529	20,979,111
Advances	51,496,949	43,976,305	44,630,109
Investment securities	15,396,708	14,401,796	16,576,059
Premises and equipment	3,032,517	2,811,120	2,874,572
Net pension asset	591,345	785,481	630,325
Other assets	2,852,807	1,856,968	1,793,712
TOTAL ASSETS	98,443,050	83,463,199	87,483,888
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	813,055	1,544,722	1,396,171
Customers' deposits and other funding instruments	81,585,989	69,059,410	70,559,191
Debt securities in issue	2,086,287	131,933	2,122,274
Other liabilities	2,687,809	2,108,814	2,174,492
TOTAL LIABILITIES	87,173,140	72,844,879	76,252,128
EQUITY			
Stated capital	816,901	792,280	803,064
Statutory reserves	1,397,738	1,302,014	1,346,858
Other reserves	(53,009)	(25,111)	15,131
Retained earnings	8,102,307	7,635,226	8,103,694
Attributable to equity holders of the parent	10,263,937	9,704,409	10,268,747
Non-controlling interest	1,005,973	913,911	963,013
TOTAL EQUITY	11,269,910	10,618,320	11,231,760
TOTAL LIABILITIES AND EQUITY	98,443,050	83,463,199	87,483,888

These unaudited financial statements were approved by the Board of Directors on May 5, 2020, and signed on its behalf by:



William P. Lucie-Smith, *Director*



Nigel M. Baptiste, *President*

**REPUBLIC FINANCIAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF INCOME**

	UNAUDITED THREE MONTHS ENDED		UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-20 \$'000	Mar-31-19 \$'000	Mar-31-20 \$'000	Mar-31-19 \$'000	Sept-30-19 \$'000
Net interest income	1,024,883	883,459	2,033,131	1,778,698	3,814,361
Other income	468,172	274,397	944,947	701,710	1,579,439
Operating income	1,493,055	1,246,276	2,978,078	2,480,408	5,393,800
Write-back of Post-Retirement Medical Benefit (PRMB) provision	–	438,397	–	438,397	438,397
Operating expenses	(900,128)	(595,833)	(1,754,344)	(1,293,669)	(2,941,806)
	592,927	1,000,419	1,223,734	1,625,136	2,890,391
Share of profits of associated companies	1,664	2,416	3,158	4,970	5,980
Operating profit	594,591	1,002,835	1,226,892	1,630,106	2,896,371
Credit Loss Expense	(343,924)	(64,424)	(382,818)	(161,954)	(226,176)
Profit before taxation	250,667	938,411	844,074	1,468,152	2,670,195
Taxation expense	(54,895)	(141,263)	(235,365)	(292,948)	(609,287)
Reversal of Deferred Tax on write-back of PRMB provision	–	(153,439)	–	(153,439)	(153,439)
Reversal of Deferred Tax Asset for change in tax rates in Barbados	–	(191,816)	–	(191,816)	(191,816)
Net profit after taxation	195,772	451,893	608,709	829,950	1,715,653
Attributable to:					
Equity holders of the parent	169,471	432,813	543,339	783,351	1,581,124
Non-controlling interest	26,301	19,080	65,370	46,599	134,529
	195,772	451,893	608,709	829,950	1,715,653
Earnings per share					
Basic			\$3.34	\$4.83	\$9.75
Diluted			\$3.33	\$4.83	\$9.73
Weighted average number of shares ('000)					
Basic			162,712	162,073	162,156
Diluted			163,392	162,272	162,430
Dividend based on the results for the period			\$0.60	\$1.25	\$4.50



REPUBLIC FINANCIAL HOLDINGS LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED THREE MONTHS ENDED		UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-20	Mar-31-19	Mar-31-20	Mar-31-19	Sept-30-19
	\$'000	\$'000	\$'000	\$'000	\$'000
Net profit after taxation	195,772	451,893	608,709	829,950	1,715,653
<i>Other comprehensive loss (net of tax) that will be reclassified to the consolidated statement of income in subsequent periods :</i>					
Translation adjustments	(56,717)	(82,178)	(90,410)	(64,114)	(54,678)
	(56,717)	(82,178)	(90,410)	(64,114)	(54,678)
<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	—	—	—	—	(80,887)
Income tax related to above	—	—	—	—	(5,861)
Other comprehensive loss for the period, net of taxation	(56,717)	(82,178)	(90,410)	(64,114)	(141,426)
Total comprehensive income for the period, net of taxation	139,055	369,715	518,299	765,836	1,574,227
Attributable to:					
Equity holders of the parent	118,506	346,816	472,245	734,972	1,451,151
Non-controlling interest	20,549	22,899	46,054	30,864	123,076
	139,055	369,715	518,299	765,836	1,574,227



**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, 2020							
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	—	—	(71,093)	543,338	472,245	46,051	518,299
Issue of shares	12,572	—	—	—	12,572	—	12,572
Share-based payment	1,265	—	—	—	1,265	—	1,265
Shares purchased for profit sharing scheme	—	—	(16,088)	—	(16,088)	—	(16,088)
Allocation of shares	—	—	53,860	—	53,860	—	53,860
Transfer from other reserves	—	—	(34,819)	34,819	—	—	—
Transfer to statutory reserves	—	50,880	—	(50,880)	—	—	—
Share of changes in equity	—	—	—	—	—	29	29
NCI share of rights issue	—	—	—	—	—	19,504	19,504
Dividends	—	—	—	(528,664)	(528,664)	—	(528,664)
Dividends paid to non-controlling interest	—	—	—	—	—	(22,627)	(22,627)
Balance at March 31, 2020	816,901	1,397,738	(53,009)	8,102,307	10,263,937	1,005,973	11,269,910
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
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

**REPUBLIC FINANCIAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS**

	UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-20 \$'000	Mar-31-19 \$'000	Sept-30-19 \$'000
Operating activities			
Profit before taxation	844,074	1,468,152	2,670,195
Adjustments for non-cash items	595,136	(84,956)	174,956
Increase in operating assets	(1,409,100)	(1,690,376)	(2,747,322)
Increase in operating liabilities	1,716,948	1,696,284	3,323,494
Taxes paid	(350,797)	(308,087)	(621,248)
Cash provided by operating activities	1,396,261	1,081,017	2,800,075
Investing activities			
Net decrease/(increase) in investments	1,386,619	(284,764)	(650,087)
Acquisition of subsidiary, net of cash acquired	3,890,529	2,313,125	809,700
Non-controlling interests' share of rights issue	19,504	—	—
Dividends from associated companies	—	1,225	3,129
Additions to fixed assets	(253,794)	(129,306)	(368,272)
Proceeds from sale of fixed assets	36,310	2,456	6,069
Cash provided by/(used in) investing activities	5,079,168	1,902,736	(199,461)
Financing activities			
(Decrease)/Increase in balances due to other banks	(2,325,414)	1,363,905	1,215,354
(Repayment)/Issue of debt securities	(35,987)	(161,955)	1,828,386
Net proceeds from share issue	12,572	1,483	10,432
Shares purchased for profit sharing scheme	(16,088)	(36,000)	(46,630)
Allocation of shares from profit sharing plan	53,860	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	(2,862,348)	699,430	2,323,104
Net increase in cash resources	3,613,081	3,683,183	4,923,718
Net foreign exchange difference	(26,890)	(29,247)	(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	16,317,123	11,482,937	12,730,932
Supplemental information:			
Interest received during the period/year	2,387,622	1,969,228	4,377,580
Interest paid during the period/year	(412,590)	(221,013)	(584,793)
Dividends received	404	52	722

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 region and Ghana.

2 Basis of preparation

This interim financial report for the period ended March 31, 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.

3 Capital commitments

	UNAUDITED		AUDITED
	Mar-31-20	Mar-31-19	Sept-30-19
	\$'000	\$'000	\$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	91,571	94,175	153,639
Other capital expenditure authorised by the Directors but not yet contracted for	70,453	84,151	103,050

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-31-20	Mar-31-19	Sept-30-19
	\$'000	\$'000	\$'000
Outstanding balances			
Advances, investments and other assets			
Directors and key management personnel	240,349	21,825	232,958
Other related parties	150,456	169,820	174,865
	<u>390,805</u>	<u>191,645</u>	<u>407,823</u>
Deposits and other liabilities			
Directors and key management personnel	117,193	89,834	127,521
Other related parties	660,368	291,313	436,482
	<u>777,561</u>	<u>381,147</u>	<u>564,003</u>
Interest and other income			
Directors and key management personnel	4,417	472	8,644
Other related parties	11,470	10,320	22,793
	<u>15,887</u>	<u>10,792</u>	<u>31,437</u>
Interest and other expense			
Directors and key management personnel	3,754	6,216	7,286
Other related parties	4,795	9,277	11,641
	<u>8,549</u>	<u>15,493</u>	<u>18,927</u>
Key management compensation			
Short term benefits	31,233	23,521	49,070
Post employment benefits	183	124	4,949
Share-based payment	1,265	695	2,530
	<u>32,681</u>	<u>24,340</u>	<u>56,549</u>

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

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	Suriname	Eastern Caribbean	Guyana	Ghana	Cayman Islands	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Unaudited								
Six months ended March 31, 2020								
Operating income	1,491,058	287,852	108,527	325,729	205,466	223,130	339,474	2,981,236
Net profit before taxation	342,503	91,216	22,902	125,653	102,778	64,865	94,157	844,074
Total assets	46,309,060	9,437,019	3,105,450	14,338,003	6,102,419	4,023,854	15,127,245	98,443,050
Unaudited								
Six months ended March 31, 2019								
Operating income	1,985,639	278,269	76,959	104,922	191,857	221,637	64,492	2,923,775
Net profit before taxation	1,098,383	88,963	28,785	61,111	98,361	44,825	47,724	1,468,152
Total assets	43,912,817	9,861,999	3,337,189	2,905,556	5,742,356	3,520,220	14,183,062	83,463,199
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 March 31, 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.

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

