

## 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 Saint. 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\$2 million 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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED		AUDITED
	Mar-31-20	Mar-31-19	Sept-30-19
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
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
<b>TOTAL ASSETS</b>	<b>98,443,050</b>	<b>83,463,199</b>	<b>87,483,888</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
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
<b>TOTAL LIABILITIES</b>	<b>87,173,140</b>	<b>72,844,879</b>	<b>76,252,128</b>
<b>EQUITY</b>			
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
<b>TOTAL EQUITY</b>	<b>11,269,910</b>	<b>10,618,320</b>	<b>11,231,760</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>98,443,050</b>	<b>83,463,199</b>	<b>87,483,888</b>

## 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	1664	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)
<b>Net profit after taxation</b>	<b>195,772</b>	<b>451,893</b>	<b>608,709</b>	<b>829,950</b>	<b>1,715,653</b>
<b>Attributable to:</b>					
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
	<b>195,772</b>	<b>451,893</b>	<b>608,709</b>	<b>829,950</b>	<b>1,715,653</b>
<b>Earnings per share</b>					
Basic			\$3.34	\$4.83	\$9.75
Diluted			\$3.33	\$4.83	\$9.73
<b>Weighted average number of shares ('000)</b>					
Basic			162,712	162,073	162,156
Diluted			163,392	162,272	162,430
<b>Dividend based on the results for the period</b>			\$0.60	\$1.25	\$4.50

## CONSOLIDATED STATEMENT OF COMPREHENSIVE 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
<b>Net profit after taxation</b>	<b>195,772</b>	<b>451,893</b>	<b>608,709</b>	<b>829,950</b>	<b>1,715,653</b>
<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	–	–	–	–	(5861)
<b>Other comprehensive loss for the period, net of taxation</b>	<b>(56,717)</b>	<b>(82,178)</b>	<b>(90,410)</b>	<b>(64,114)</b>	<b>(141,426)</b>
<b>Total comprehensive income for the period, net of taxation</b>	<b>139,055</b>	<b>369,715</b>	<b>518,299</b>	<b>765,836</b>	<b>1,574,227</b>
<b>Attributable to:</b>					
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
	<b>139,055</b>	<b>369,715</b>	<b>518,299</b>	<b>765,836</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 March 31, 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	–	–	(71,093)	543,338	472,245	46,054	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
Non-controlling interests' 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)
<b>Balance at March 31, 2020</b>	<b>816,901</b>	<b>1,397,738</b>	<b>(53,009)</b>	<b>8,102,307</b>	<b>10,263,937</b>	<b>1,005,973</b>	<b>11,269,910</b>
<b>Period ended March 31, 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	–	–	(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)
<b>Balance at March 31, 2019</b>	<b>792,280</b>	<b>1,302,014</b>	<b>(25,111)</b>	<b>7,635,226</b>	<b>9,704,409</b>	<b>913,911</b>	<b>10,618,320</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 SIX MONTHS ENDED		AUDITED YEAR ENDED
	Mar-31-20 \$'000	Mar-31-19 \$'000	Sept-30-19 \$'000
<b>Operating activities</b>			
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)
<b>Cash provided by operating activities</b>	<b>1,396,261</b>	<b>1,081,017</b>	<b>2,800,075</b>
<b>Investing activities</b>			
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
<b>Cash provided by/(used in) investing activities</b>	<b>5,079,168</b>	<b>1,902,736</b>	<b>(199,461)</b>
<b>Financing activities</b>			
(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)
<b>Cash (used in)/provided by financing activities</b>	<b>(2,862,348)</b>	<b>699,430</b>	<b>2,323,104</b>
<b>Net increase in cash resources</b>	<b>3,613,081</b>	<b>3,683,183</b>	<b>4,923,718</b>
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
<b>Cash and cash equivalents at end of period/year</b>	<b>16,317,123</b>	<b>11,482,937</b>	<b>12,730,932</b>
<b>Supplemental information:</b>			
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

**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.

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

	UNAUDITED		AUDITED
	Mar-31-20 \$'000	Mar-31-19 \$'000	Sept-30-19 \$'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

**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 \$'000	Mar-31-19 \$'000	Sept-30-19 \$'000
<b>Outstanding Balances</b>			
<b>Advances, investments and other assets</b>			
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>
<b>Deposits and other liabilities</b>			
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>
<b>Interest and other income</b>			
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>
<b>Interest and other expense</b>			
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 personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.			
<b>Key management compensation</b>			
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>

**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 Six months ended March 31, 2020</b>								
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
<b>Unaudited Six months ended March 31, 2019</b>								
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
<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 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.

**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, St. 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, 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
<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	766,184
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 outflow	<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).