



Republic Bank
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UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ENDED DECEMBER 31, 2018

CHAIRMAN'S STATEMENT

Dear Stockholder,

Your Bank recorded an after-tax profit of \$956 million for the first quarter ended December 31, 2018. This represents an increase of \$256 million or 36.6% when compared with the corresponding period last year. This improvement was mainly due to an increase in operating income and a reduction in loan impairment expense. Your Bank remains cautiously optimistic that once the economic conditions are favourable, its strategic goals will be realised.

On Tuesday November 27, 2018 Republic Financial Holdings Limited (RFHL), the majority stockholder of Republic Bank (Guyana) Limited, announced that it had entered into an agreement to acquire Scotiabank's banking operations in Guyana, St. Maarten and the Eastern Caribbean countries including Grenada. The finalization of this transaction is subject to regulatory and other approvals. Stockholders will be kept apprised of progress through additional disclosures in accordance with regulatory requirements.

Nigel M. Baptiste
Chairman of the Board
January 21, 2019

Republic Bank (Guyana) Limited Statement of Financial Position

Expressed in millions of Guyana dollars

| | UNAUDITED Dec-31-18 | UNAUDITED Dec-31-17 | AUDITED Sept-30-18 |
|---|------------------------|------------------------|-----------------------|
| ASSETS | | | |
| Cash resources | 22,185 | 5,493 | 23,900 |
| Statutory deposit with Bank of Guyana | 16,468 | 14,113 | 16,178 |
| Investment securities | 48,831 | 52,380 | 48,790 |
| Advances | 74,205 | 66,311 | 69,748 |
| Other assets | 2,808 | 2,630 | 2,387 |
| Premises and equipment | 7,010 | 7,211 | 7,071 |
| Intangible assets | 87 | 121 | 95 |
| Pension asset | 14 | - | 14 |
| TOTAL ASSETS | 171,608 | 148,259 | 168,183 |
| LIABILITIES & STOCKHOLDERS' EQUITY | | | |
| LIABILITIES | | | |
| Customers' chequing, savings and deposit accounts | 147,699 | 125,240 | 144,655 |
| Due to banks | 130 | 853 | 117 |
| Pension liability | - | 141 | - |
| Other liabilities | 3,559 | 3,857 | 3,247 |
| TOTAL LIABILITIES | 151,388 | 130,091 | 148,019 |
| STOCKHOLDERS' EQUITY | | | |
| Stated capital | 300 | 300 | 300 |
| Statutory reserves | 300 | 300 | 300 |
| Other reserves | 795 | 3,433 | 795 |
| Retained earnings | 18,825 | 14,135 | 18,769 |
| | 20,220 | 18,168 | 20,164 |
| TOTAL LIABILITIES & STOCKHOLDERS' EQUITY | 171,608 | 148,259 | 168,183 |

Richard S. Sammy, *Managing Director*

Christine McGowan, *Corporate Secretary*

Roy E. Cheong, *Director, Chairman of Audit Committee*

Republic Bank (Guyana) Limited Statement of Income

Expressed in millions of Guyana dollars

| | UNAUDITED THREE MONTHS ENDED Dec-31-18 | UNAUDITED THREE MONTHS ENDED Dec-31-17 | UNAUDITED TWELVE MONTHS ENDED Dec-31-18 | UNAUDITED TWELVE MONTHS ENDED Dec-31-17 | AUDITED YEAR ENDED Sept-30-18 |
|---|---|---|--|--|--|
| Net interest income | 1,991 | 1,732 | 7,664 | 7,125 | 7,405 |
| Other income | 941 | 809 | 3,285 | 2,588 | 3,153 |
| Operating income | 2,932 | 2,541 | 10,949 | 9,713 | 10,558 |
| Credit loss expense on financial assets | (172) | (211) | (846) | (747) | (885) |
| Operating expenses | (1,276) | (1,268) | (5,016) | (4,878) | (5,008) |
| Profit before tax | 1,484 | 1,062 | 5,088 | 4,088 | 4,665 |
| Tax | (528) | (362) | (1,697) | (1,423) | (1,531) |
| Net profit after tax | 956 | 700 | 3,391 | 2,665 | 3,134 |
| Earnings per stock unit (G\$) | | | | | |
| | 3.19 | 2.33 | 11.30 | 8.88 | 10.45 |
| Average number of stock units ('000,000) | | | | | |
| | 300 | 300 | 300 | 300 | 300 |



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UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ENDED DECEMBER 31, 2018

Republic Bank (Guyana) Limited Statement of Comprehensive Income

Expressed in millions of Guyana dollars

| | UNAUDITED THREE MONTHS ENDED Dec-31-18 | UNAUDITED THREE MONTHS ENDED Dec-31-17 | AUDITED YEAR ENDED Sept-30-18 |
|---|---|---|--|
| Net profit after tax | 956 | 700 | 3,134 |
| <i>Items of other comprehensive income that will be reclassified to the statement of income in subsequent periods (net of tax):</i> | | | |
| Net gain on available-for-sale investments | - | 18 | - |
| <i>Items of other comprehensive income that will not be reclassified to the statement of income in subsequent periods (net of tax):</i> | | | |
| Re-measurement gain on defined benefit plans | - | - | 73 |
| Total Comprehensive Income for the period, net of tax | 956 | 718 | 3,207 |

Republic Bank (Guyana) Limited Statement of Cash Flows

Expressed in millions of Guyana dollars

| | UNAUDITED THREE MONTHS ENDED Dec-31-18 | UNAUDITED THREE MONTHS ENDED Dec-31-17 | AUDITED YEAR ENDED Sept-30-18 |
|--|---|---|--|
| Operating Activities | | | |
| Profit before taxation | 1,484 | 1,062 | 4,665 |
| Adjustments for non-cash items | 199 | 335 | 1,203 |
| Increase in operating assets | (5,078) | (5,419) | (10,626) |
| Increase in operating liabilities | 3,129 | 1,070 | 19,847 |
| Corporation taxes paid | (475) | (314) | (1,424) |
| Cash (used in)/from operating activities | (740) | (3,266) | 13,665 |
| Investing Activities | | | |
| Net increase in investments | (40) | (4,900) | (2,275) |
| Additions to premises and equipment | (48) | (80) | (325) |
| Proceeds from sale of premises and equipment | - | 2 | 219 |
| Cash used in investing activities | (88) | (4,978) | (2,381) |
| Financing Activities | | | |
| Increase/(decrease) in balances due to other banks | 13 | 725 | (11) |
| Dividends paid | (900) | (850) | (1,235) |
| Cash used in financing activities | (887) | (125) | (1,246) |
| Net (decrease)/increase in cash resources | (1,715) | (8,369) | 10,038 |
| Cash and cash equivalents at beginning of period/year | 23,900 | 13,862 | 13,862 |
| Cash and cash equivalents at end of period/year | 22,185 | 5,493 | 23,900 |
| Supplemental Information: | | | |
| Interest received during the period/year | 1,945 | 1,435 | 7,810 |
| Interest paid during the period/year | 93 | 90 | 569 |
| Dividends received | - | - | 10 |

Republic Bank (Guyana) Limited Statement of Changes in Equity

Expressed in millions of Guyana dollars

| | Stated Capital | Statutory Reserves | Other Reserves | Retained Earnings | Total Equity |
|---|-------------------|-----------------------|-------------------|----------------------|-----------------|
| Unaudited Three months ended December 31, 2018 | | | | | |
| Balance at October 1, 2018 | 300 | 300 | 795 | 18,769 | 20,164 |
| Total comprehensive income for the period | - | - | - | 956 | 956 |
| Dividends | - | - | - | (900) | (900) |
| Balance at December 31, 2018 | 300 | 300 | 795 | 18,825 | 20,220 |

| | | | | | |
|---|------------|------------|--------------|---------------|---------------|
| Unaudited Three months ended December 31, 2017 | | | | | |
| Balance at October 1, 2017 | 300 | 300 | 3,530 | 14,170 | 18,300 |
| Total comprehensive income for the period | - | - | 18 | 700 | 718 |
| Transfer from general banking risk reserve | - | - | (115) | 115 | - |
| Dividends | - | - | - | (850) | (850) |
| Balance at December 31, 2017 | 300 | 300 | 3,433 | 14,135 | 18,168 |

| | | | | | |
|--|------------|------------|--------------|---------------|---------------|
| Audited Year ended September 30, 2018 | | | | | |
| Balance at October 1, 2017 | 300 | 300 | 3,530 | 14,170 | 18,300 |
| Net impact of adopting IFRS 9 | - | - | (18) | (90) | (108) |
| Restated opening balance under IFRS 9 | 300 | 300 | 3,513 | 14,080 | 18,192 |
| Total comprehensive income for the period | - | - | - | 3,134 | 3,134 |
| Re-measurement gain on defined benefit plans | - | - | - | 73 | 73 |
| Transfer from general banking risk reserve | - | - | (2,717) | 2,717 | - |
| Dividends | - | - | - | (1,235) | (1,235) |
| Balance at September 30, 2018 | 300 | 300 | 795 | 18,769 | 20,164 |

Republic Bank (Guyana) Limited NOTES TO THE FINANCIAL STATEMENTS

Expressed in millions of Guyana dollars

1. Corporate information

The Bank was incorporated in the Co-operative Republic of Guyana on November 20, 1984 as a limited liability company and continued under the Companies Act, Cap. 89:01 on May 16, 1997 and is licensed as Bankers under the Financial Institutions Act, Cap. 85:03.

The Bank was registered as a reporting issuer under the Securities Industry Act, Cap. 73:04 on April 7, 2003. It was designated as an approved mortgage finance company by the Minister of Finance on September 2, 2003 in accordance with section 15 of the Income Tax Act, Cap. 81:01.

Banking operations began on February 16, 1837 by the British Guiana Bank which had been incorporated on November 11, 1836. On November 17, 1913 operations were sold to The Royal Bank of Canada. Assets and Liabilities of the Guyana operations of The Royal Bank of Canada were acquired by the Government of Guyana on November 29, 1984 and vested in the National Bank of Industry and Commerce Limited on December 1, 1984. In October 1997 the Bank became a subsidiary of Republic Bank Limited of Trinidad and Tobago now Republic Financial Holdings Limited and subsequently changed its name to Republic Bank (Guyana) Limited on June 5, 2006.

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 in the Caribbean and Ghana.

2. Basis of preparation

This interim financial report for the period ended December 31, 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 Bank

The Bank early adopted IFRS 9 in the third quarter of 2018 with effect from October 1, 2017, in advance of the date required by the International Accounting Standards Board (IASB).

The adoption of IFRS 9 resulted in changes in accounting policies relating to classification and measurement and impairment of financial instruments.

As permitted by the standard, the prior year comparative financial statements which are reported under IAS 39 Financial Instruments: Recognition and Measurement were not restated and are therefore not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as at October 1, 2017.

3. Significant accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Bank's audited financial statements for the year ended September 30, 2018.



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Republic Bank (Guyana) Limited NOTES TO THE FINANCIAL STATEMENTS

Expressed in millions of Guyana dollars

4. Capital commitments

| | UNAUDITED Dec-31-18 | UNAUDITED Dec-31-17 | AUDITED Sept-30-18 |
|--|------------------------|------------------------|-----------------------|
| Contracts for outstanding capital expenditure not provided for in the financial statements | 25 | 58 | 451 |

5. General Banking Risk Reserve

Specific provisions are made for non-performing advances based on the difference between the loan balances and the discounted realisable value of collateral held. These provisions are charged through the Statement of Income.

A General Banking Risk Reserve is created as an appropriation of retained earnings, for the difference between the specific provision and statutory provision. As at December 31, 2018, the balance in the General Banking Risk Reserve was \$795 million.

6. 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 Dec-31-18 | UNAUDITED Dec-31-17 | AUDITED Sept-30-18 |
|--|------------------------|------------------------|-----------------------|
| Outstanding balances | | | |
| Loans, investments and other assets | | | |
| Fellow subsidiaries | 315 | 112 | 132 |
| Directors and key management personnel | 72 | 61 | 77 |
| Other related parties | 268 | 363 | 290 |
| | 655 | 536 | 499 |

No provisions have been made against amounts due from related parties.

Deposits and other liabilities

| | | | |
|--|-------|-------|-------|
| Parent Company | - | 433 | - |
| Fellow subsidiaries | 262 | 147 | 217 |
| Directors and key management personnel | 178 | 155 | 164 |
| Other related parties | 3,494 | 2,945 | 2,980 |
| | 3,934 | 3,680 | 3,361 |

Interest and other income

| | | | |
|--|---|----|---|
| Directors and key management personnel | 1 | - | 3 |
| Other related parties | 1 | 16 | 3 |
| | 2 | 16 | 6 |

Interest and other expense

| | | | |
|--|----|----|-----|
| Fellow subsidiaries | 27 | 24 | 107 |
| Directors and key management personnel | 4 | 4 | 8 |
| Other related parties | 3 | 2 | 8 |
| | 34 | 30 | 123 |

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

Key management compensation

| | | | |
|---------------------|----|----|----|
| Short term benefits | 42 | 36 | 90 |
| | 42 | 36 | 90 |

Republic Bank (Guyana) Limited NOTES TO THE FINANCIAL STATEMENTS

Expressed in millions of Guyana dollars

7. Segment reporting

a) Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of the entity. The Bank has determined the Managing Director as its chief operating decision-maker.

Management considers its banking operation to be a single business unit. All business is conducted in Guyana with the exception of certain investment activities.

| | Guyana | Trinidad and Tobago | Other Countries | Total |
|--------------------------------------|--------|---------------------|-----------------|--------|
| b) Unaudited | | | | |
| Three months ended December 31, 2018 | | | | |
| Interest income and other income | 3,043 | 27 | 6 | 3,076 |
| Unaudited | | | | |
| Three months ended December 31, 2017 | | | | |
| Interest income and other income | 2,644 | 28 | 8 | 2,680 |
| Audited | | | | |
| Year ended September 30, 2018 | | | | |
| Interest income and other income | 10,993 | 112 | 23 | 11,128 |

8. Contingent liabilities

a) As at December 31, 2018 there were certain legal proceedings outstanding against the Bank. 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 actions to determine that eventuality.

b) Customers' liabilities under acceptances, guarantees, indemnities and letters of credit.

These represent the Bank's potential liability, for which there are equal and offsetting claims against its customers in the event of a call on these commitments.

| | UNAUDITED Dec-31-18 | UNAUDITED Dec-31-17 | AUDITED Sept-30-18 |
|-----------------------------|------------------------|------------------------|-----------------------|
| Guarantees | 1,909 | 2,055 | 1,908 |
| Letters of Credit | 690 | 231 | 196 |
| | 2,599 | 2,286 | 2,104 |
| Sectoral Information | | | |
| State | 891 | 815 | 831 |
| Corporate and commercial | 1,708 | 1,471 | 1,273 |
| | 2,599 | 2,286 | 2,104 |

9. Interest of directors and executives and of their associates

Of these categories, the following persons held stock units in the Bank, all of which were held beneficially:

| Names | December 31, 2018 | December 31, 2017 | September 30, 2018 |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| Mr. John G. Carpenter | 150,000 stock units * | 150,000 stock units * | 150,000 stock units * |
| Mr. Roy E. Cheong | 87,000 stock units ** | 87,000 stock units ** | 87,000 stock units ** |
| Mrs. Yolande M. Foo | 315,000 stock units* | 315,000 stock units* | 315,000 stock units* |
| Mr. Richard I. Vasconcellos | 15,000 stock units | 13,000 stock units | 15,000 stock units |
| Mr. Richard M. Lewis | 17,850 stock units | - | 17,850 stock units |

* (held jointly with an associate(s))

** (75,000 held jointly with an associate, and 12,000 held by an associate)

