

# Republic Bank Limited

## Unaudited Half Year Group Results

### GROUP FINANCIAL HIGHLIGHTS

	UNAUDITED THREE MONTHS ENDED		UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	31-Mar-08 US\$'000	31-Mar-07 US\$'000	31-Mar-08 US\$'000	31-Mar-07 US\$'000	30-Sep-07 US\$'000
Profit before taxation	79,769	105,737	140,762	161,277	276,084
Profit after taxation	62,780	97,721	109,358	137,471	228,174
Profit attributable to shareholders	58,063	94,062	100,764	130,248	213,753
Assets			6,296,213	5,750,569	5,979,139
Advances			3,363,006	2,983,017	3,187,420
Investment securities			982,766	1,207,940	1,025,597
Deposits and other funding instruments			4,803,391	4,505,728	4,589,370
Stated capital			89,549	87,397	88,415
Total shareholders' equity			830,423	716,794	778,055
<b>Information per share</b>					
Earnings per share			\$0.63	\$0.81	\$1.34
Dividends based on the results of the period			\$0.18	\$0.15	\$0.40
Number of shares — average ('000)			160,215	160,027	160,090

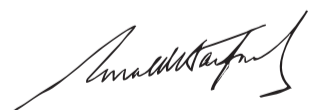
### CHAIRMAN'S STATEMENT

The Group has reported a very creditable growth of core earnings of 23% for the six months ending 31st March, 2008 when compared to the corresponding period last year. Moreover, total assets as at 31st March, 2008 are US\$6.3 billion, a 5% increase over the six month period.

Our half year profit attributable to shareholders of US\$100.8 million reflects an after tax gain of US\$13.1 million from the allocation of shares in Visa Inc. This compares with the profit from the half year ended 31st March, 2008 of US\$130.2 million which included the US\$59.2 million gain from the sale of our shareholding in FirstCaribbean International Bank. Core earnings therefore, which exclude these exceptional items, were US\$87.6 million at 31st March, 2008 versus US\$71 million at March, 2007.

The period under review has been a very difficult one for global financial institutions because of the problem occasioned by the write down of their sub-prime mortgage assets. I am pleased to report that the Bank has not been impacted by this situation. Concurrent with this financial crisis, the world is experiencing the double threats of rising food and energy prices which have placed significant upward pressure on inflation in the Caribbean and the likelihood of a downturn in economic growth. We continue to assess and monitor our operating environment and adjust our strategies, as necessary, to ensure that we are well placed to meet any challenges that may arise.

The Board of Directors has approved a half year dividend of US\$0.18 per share, a 22% increase over 2007, which will be paid to shareholders on 29 th May, 2008.



Ronald F. deC. Harford  
Chairman

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### CHAIRMAN'S STATEMENT

The Group has reported a very creditable growth in core earnings of 23% for the six months ended 31st March, 2008 when compared to the corresponding period last year. Moreover, total assets as at 31st March, 2008 are \$39.3 billion, a 5% increase over the six month period.

Our half year profit attributable to shareholders of \$629.7 million reflects an after tax gain of \$82 million from the allocation of shares in Visa Inc. This compares with the profit for the half year ended 31st March, 2007 of \$813.9 million which included the \$370 million gain from the sale of our shareholding in FirstCaribbean International Bank. Core earnings therefore, which exclude these exceptional items, were \$547.6 million at 31st March, 2008 versus \$443.8 million at 31st March, 2007.

The period under review has been a very difficult one for global financial institutions because of the problem occasioned by the write down of sub-prime mortgage assets. I am pleased to report that the Bank has not been impacted by this situation. Concurrent with this financial crisis, the world is experiencing the double threats of rising food and energy prices which have placed significant upward pressure on inflation in the Caribbean and the likelihood of a downturn in economic growth. We continue to assess and monitor our operating environment and adjust our strategies, as necessary, to ensure that we are well placed to meet any challenges that may arise.

The Board of Directors has approved a half year dividend of \$1.15 per share, a 22% increase over 2007, which will be paid to shareholders on 29th May, 2008.

Ronald F. deC. Harford  
Chairman

### CONSOLIDATED BALANCE SHEET

	UNAUDITED 31-Mar-08 \$'000	RESTATED UNAUDITED 31-Mar-07 \$'000	AUDITED 30-Sep-07 \$'000
<b>Assets</b>			
Cash resources	8,433,937	6,294,606	7,011,769
Investment securities	6,141,061	7,548,116	6,408,698
Advances	21,014,583	18,640,125	19,917,392
Non-current assets held for sale	—	—	586,902
Net pension asset	1,065,119	969,515	1,015,807
Other assets	1,515,594	1,422,758	1,339,735
Premises and equipment	1,173,166	1,058,751	1,081,842
<b>Total Assets</b>	<b>39,343,460</b>	<b>35,933,871</b>	<b>37,362,145</b>
<b>Liabilities &amp; Equity</b>			
<b>Liabilities</b>			
Customers' deposits and other funding instruments	30,015,190	28,155,169	28,677,828
Debt securities in issue	1,399,819	804,589	797,975
Non-current liabilities held for sale	—	—	524,158
Due to banks	496,866	470,707	600,570
Other liabilities	1,779,889	1,627,230	1,474,186
	33,691,764	31,057,695	32,074,717
<b>Equity</b>			
Stated capital	559,567	546,125	552,486
Statutory reserves	313,946	306,363	308,608
Other reserves	223,044	140,774	187,850
Retained earnings	4,092,550	3,485,802	3,812,929
	5,189,107	4,479,064	4,861,873
Minority interest	462,589	397,112	425,555
<b>Total Liabilities &amp; Equity</b>	<b>39,343,460</b>	<b>35,933,871</b>	<b>37,362,145</b>

### CONSOLIDATED STATEMENT OF INCOME

	UNAUDITED THREE MONTHS ENDED		UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	31-Mar-08 \$'000	31-Mar-07 \$'000	31-Mar-08 \$'000	31-Mar-07 \$'000	30-Sep-07 \$'000
Net interest income	466,263	410,262	932,419	798,682	1,666,451
Other income	240,669	244,309	497,560	464,959	953,178
	706,932	654,571	1,429,979	1,263,641	2,619,629
Operating expenses	(339,446)	(349,652)	(681,360)	(641,421)	(1,296,697)
<b>Operating Profit</b>	<b>367,486</b>	<b>304,919</b>	<b>748,619</b>	<b>622,220</b>	<b>1,322,932</b>
Share of profits of associated companies	18,918	15,374	18,918	15,374	32,060
Allocation of Visa Inc. shares	112,050	—	112,050	—	—
Gain on FirstCaribbean shares	—	340,430	—	370,187	370,187
<b>Profit before taxation</b>	<b>498,454</b>	<b>660,723</b>	<b>879,587</b>	<b>1,007,781</b>	<b>1,725,179</b>
Taxation	(106,155)	(53,313)	(193,685)	(132,678)	(258,185)
Profit/(loss) on discontinued operations	—	3,226	(2,552)	(16,081)	(41,189)
<b>Net profit after taxation</b>	<b>392,299</b>	<b>610,636</b>	<b>683,350</b>	<b>859,022</b>	<b>1,425,805</b>
Minority interest	(29,481)	(22,868)	(53,699)	(45,133)	(90,116)
<b>Net profit after taxation and minority interest</b>	<b>362,818</b>	<b>587,768</b>	<b>629,651</b>	<b>813,889</b>	<b>1,335,689</b>
<b>Earnings per share</b>					
Basic			\$3.93	\$5.09	\$8.34
Diluted			\$3.92	\$5.08	\$8.33
<b>Average number of shares ('000)</b>					
Basic			160,215	160,027	160,090
Diluted			160,444	160,358	160,377
<b>Dividend based on the results of the period</b>			\$1.15	\$0.94	\$2.50

### CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED SIX MONTHS ENDED 31-Mar-08 \$'000	UNAUDITED SIX MONTHS ENDED 31-Mar-07 \$'000	AUDITED YEAR ENDED 30-Sep-07 \$'000
<b>Operating Activities</b>			
Profit before taxation	879,587	1,007,781	1,725,179
Adjustments for non-cash items	13,098	(453,250)	101,139
Increase in operating assets	(1,428,721)	(1,747,944)	(3,556,218)
Increase in operating liabilities	1,032,934	1,541,006	2,518,552
Corporation taxes paid	(148,230)	(138,821)	(265,127)
<b>Cash provided by operating activities</b>	<b>348,668</b>	<b>208,771</b>	<b>523,525</b>
<b>Investing Activities</b>			
Net decrease in investments	634,425	453,742	528,439
Net cash outflow from the purchase of interests in associated company	—	—	(46,519)
Dividends from associated companies	5,770	292	6,475
Additions to fixed assets	(159,243)	(72,502)	(176,762)
Proceeds from sale of fixed assets	6,730	22,511	27,835
<b>Cash provided by investing activities</b>	<b>487,682</b>	<b>406,317</b>	<b>339,468</b>
<b>Financing Activities</b>			
Decrease in balances due to other banks	(103,704)	(748,768)	(618,911)
Repayment of debt securities	(37,269)	(5,524)	(12,138)
Net proceeds from bond issue	635,797	—	—
Net proceeds from share issue	3,619	4,375	6,172
Dividends paid to shareholders of the parent	(320,344)	(276,789)	(427,305)
Dividends paid to minority shareholders of the subsidiaries	(28,850)	(25,647)	(39,058)
<b>Cash provided by/(used) in financing activities</b>	<b>149,249</b>	<b>(1,052,353)</b>	<b>(1,091,240)</b>
<b>Net increase/(decrease) in cash resources</b>	<b>985,599</b>	<b>(437,265)</b>	<b>(228,247)</b>
Net foreign exchange difference	2,392	(18,306)	(20,308)
Cash and cash equivalents at beginning of period/year	4,349,063	4,597,618	4,597,618
<b>Cash and cash equivalents at end of period/year</b>	<b>5,337,054</b>	<b>4,142,047</b>	<b>4,349,063</b>
<b>Supplemental Information:</b>			
Interest received during the period/year	1,537,985	1,348,706	2,764,986
Interest paid during the period/year	556,520	504,371	1,042,259
Dividends received	1,789	20,206	21,265





### 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	Minority Interest \$'000	Total Equity \$'000
<b>Six months ended 31st March, 2008</b>							
<b>Balance at 1st October, 2007</b>	<b>552,486</b>	<b>308,608</b>	<b>187,850</b>	<b>3,812,929</b>	<b>4,861,873</b>	<b>425,555</b>	<b>5,287,428</b>
Realized gains transferred to net profit	—	—	(3,823)	—	(3,823)	—	(3,823)
Revaluation of available-for-sale investments	—	—	31,859	—	31,859	13,625	45,484
Translation adjustments	—	—	(4,929)	—	(4,929)	(2,125)	(7,054)
Share of changes recognized directly in associate's equity	—	—	(4,604)	—	(4,604)	—	(4,604)
<b>Total income and expense recognized directly in equity</b>	<b>—</b>	<b>—</b>	<b>18,503</b>	<b>—</b>	<b>18,503</b>	<b>11,500</b>	<b>30,003</b>
<b>Profit for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>629,651</b>	<b>629,651</b>	<b>53,699</b>	<b>683,350</b>
<b>Total income and expense for the period</b>	<b>—</b>	<b>—</b>	<b>18,503</b>	<b>629,651</b>	<b>648,154</b>	<b>65,199</b>	<b>713,353</b>
Issue of shares	3,619	—	—	—	3,619	—	3,619
Value of services provided	3,462	—	—	—	3,462	—	3,462
Transfer to general contingency reserves	—	—	27,029	(27,029)	—	—	—
Transfer to statutory reserves	—	5,338	—	(5,338)	—	—	—
Exchange earnings realized from capital reserve	—	—	(10,338)	—	(10,338)	685	(9,653)
Other	—	—	—	2,681	2,681	—	2,681
Equity dividends	—	—	—	(320,344)	(320,344)	—	(320,344)
Dividends of subsidiaries	—	—	—	—	—	(28,850)	(28,850)
<b>Balance at 31st March, 2008</b>	<b>559,567</b>	<b>313,946</b>	<b>223,044</b>	<b>4,092,550</b>	<b>5,189,107</b>	<b>462,589</b>	<b>5,651,696</b>

### Six months ended 31st March, 2007

<b>Balance at 1st October, 2006</b>	<b>537,104</b>	<b>300,637</b>	<b>596,079</b>	<b>2,956,338</b>	<b>4,390,158</b>	<b>384,800</b>	<b>4,774,958</b>
Realized gains transferred to net profit	—	—	(416,686)	—	(416,686)	—	(416,686)
Revaluation of available-for-sale investments	—	—	(54,919)	—	(54,919)	(10,115)	(65,034)
Revaluation — derivatives	—	—	(958)	—	(958)	—	(958)
Translation adjustments	—	—	15,260	89	15,349	2,942	18,291
<b>Total income and expense recognized directly in equity</b>	<b>—</b>	<b>—</b>	<b>(457,303)</b>	<b>89</b>	<b>(457,214)</b>	<b>(7,173)</b>	<b>(464,387)</b>
<b>Profit for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>813,889</b>	<b>813,889</b>	<b>45,132</b>	<b>859,021</b>
<b>Total income and expense for the period</b>	<b>—</b>	<b>—</b>	<b>(457,303)</b>	<b>813,978</b>	<b>356,675</b>	<b>37,959</b>	<b>394,634</b>
Issue of shares	4,375	—	—	—	4,375	—	4,375
Value of services provided	4,646	—	—	—	4,646	—	4,646
Transfer to general contingency reserves	—	—	1,998	(1,998)	—	—	—
Transfer to statutory reserves	—	5,726	—	(5,726)	—	—	—
Equity dividends	—	—	—	(276,790)	(276,790)	—	(276,790)
Dividends of subsidiaries	—	—	—	—	—	(25,647)	(25,647)
<b>Balance at 31st March, 2007</b>	<b>546,125</b>	<b>306,363</b>	<b>140,774</b>	<b>3,485,802</b>	<b>4,479,064</b>	<b>397,112</b>	<b>4,876,176</b>

### Year ended 30th September, 2007

<b>Balance at 1st October, 2006</b>	<b>537,104</b>	<b>300,637</b>	<b>596,079</b>	<b>2,956,338</b>	<b>4,390,158</b>	<b>384,800</b>	<b>4,774,958</b>
Realized gains transferred to net profit	—	—	(416,782)	—	(416,782)	—	(416,782)
Revaluation of available-for-sale investments	—	—	(57,135)	—	(57,135)	(14,360)	(71,495)
Revaluation — derivatives	—	—	(2,380)	—	(2,380)	—	(2,380)
Translation adjustments	—	—	12,969	—	12,969	4,057	17,026
<b>Share of changes recognized directly in associate's equity</b>	<b>—</b>	<b>—</b>	<b>9,639</b>	<b>—</b>	<b>9,639</b>	<b>—</b>	<b>9,639</b>
<b>Total income and expense recognized directly in equity</b>	<b>—</b>	<b>—</b>	<b>(453,689)</b>	<b>—</b>	<b>(453,689)</b>	<b>(10,303)</b>	<b>(463,992)</b>
<b>Profit for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,335,689</b>	<b>1,335,689</b>	<b>90,116</b>	<b>1,425,805</b>
<b>Total income and expense for the year</b>	<b>—</b>	<b>—</b>	<b>(453,689)</b>	<b>1,335,689</b>	<b>882,000</b>	<b>79,813</b>	<b>961,813</b>
Issue of shares	6,172	—	—	—	6,172	—	6,172
Value of services provided	9,210	—	—	—	9,210	—	9,210
Transfer to general contingency reserves	—	—	43,822	(43,822)	—	—	—
Transfer to statutory reserves	—	7,971	—	(7,971)	—	—	—
Other	—	—	1,638	—	1,638	—	1,638
Equity dividends	—	—	—	(427,305)	(427,305)	—	(427,305)
Dividends of subsidiaries	—	—	—	—	—	(39,058)	(39,058)
<b>Balance at 30th September, 2007</b>	<b>552,486</b>	<b>308,608</b>	<b>187,850</b>	<b>3,812,929</b>	<b>4,861,873</b>	<b>425,555</b>	<b>5,287,428</b>

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 Basis of preparation

This interim financial report for the period ended 31st March, 2008 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 30th September, 2007.

#### 2 Significant accounting policies

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 financial statements for the year ended 30th September, 2007 except for the adoption of new Standards and Interpretations, noted below:

##### IAS 1 Presentation of Financial Statements

The amendment to IAS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These disclosures will be detailed in the Group's annual financial statements for the year ended 30th September, 2008.

##### IFRS 7 Financial Instruments: Disclosures

The Group adopted IFRS 7 as of 1st October, 2007 which requires disclosures that enable users to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and the disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. These disclosures will be detailed in the Group's annual financial statements for the year ended 30th September, 2008.

##### IFRIC 11 and IFRS 2 – Group and Treasury Share Transactions

This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The adoption of this Interpretation did not have any effect on the financial position or performance of the Group.

#### 3 Non-current assets and liabilities held for sale

As disclosed in Note 35 of the Group's financial statements for the year ended 30th September, 2007, on 5th October, 2007, the Group transferred the banking assets and liabilities of Republic Bank (DR) S.A. to the purchaser Banco BHD.

The remaining non-banking assets of Republic Bank (DR) S.A. have been included in other assets while the Group continues to dispose of these items.

#### 4 Capital commitments

	UNAUDITED 31-Mar-08 \$'000	UNAUDITED 31-Mar-07 \$'000	AUDITED 30-Sep-07 \$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	139,487	58,035	237,586
Other capital expenditure authorized by the Directors but not yet contracted for	69,675	190,872	119,698

