



Republic Bank
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CHAIRMAN'S COMMENTS

GROUP FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED JUNE 30, 2012

For the nine-months ended June 2012, the Republic Bank Group achieved a Profit attributable to shareholders of \$845.5 million, an increase of 4.9% over the comparable period in 2011. Total assets grew by 8.8% for the nine month period, surpassing the \$51 billion mark as at June 30, 2012.

Our Trinidad and Tobago business has shown a 5.6% increase in credit demand; however this has been offset by high system liquidity and low interest rates. The subsidiaries in Grenada, Barbados and Guyana have produced marginally improved performances. We continue to focus on our efficiency ratio and treasury management strategies to sustain this improved result for the fiscal year.

Ronald F. deC. Harford
Chairman

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED		AUDITED
	Jun-30-12 \$'000	Jun-30-11 \$'000	Sept-30-11 \$'000
Assets			
Cash resources	16,799,371	13,263,255	14,723,273
Advances	23,082,068	22,124,151	21,866,285
Investment securities	7,437,247	6,758,954	6,662,473
Premises and equipment	1,563,670	1,556,943	1,564,540
Net pension asset	1,218,726	1,135,535	1,183,302
Other assets	1,324,245	1,311,798	1,267,913
Total Assets	51,425,327	46,150,636	47,267,786
Liabilities and Equity			
Liabilities			
Due to banks	84,984	178,242	188,047
Customers' deposits and other funding instruments	40,015,991	35,210,889	36,143,855
Debt securities in issue	1,244,373	1,267,058	1,251,281
Other liabilities	1,824,720	1,841,681	1,833,286
Total Liabilities	43,170,068	38,497,870	39,416,469
Equity			
Stated capital	623,772	595,277	596,492
Statutory reserves	745,490	677,239	697,775
Other reserves	937,195	786,910	673,225
Retained earnings	5,301,934	4,978,563	5,263,110
Attributable to equity holders of the parent	7,608,391	7,037,989	7,230,602
Non-controlling interest	646,868	614,777	620,715
Total equity	8,255,259	7,652,766	7,851,317
Total Liabilities and Equity	51,425,327	46,150,636	47,267,786

UNAUDITED FINANCIAL STATEMENTS NINE MONTHS ENDED JUNE 30, 2012

CONSOLIDATED STATEMENT OF INCOME

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	June-30-12 \$'000	June-30-11 \$'000	June-30-12 \$'000	June-30-11 \$'000	Sept-30-11 \$'000
Net interest income	523,645	518,268	1,563,025	1,575,163	2,134,542
Other income	270,859	242,356	802,862	725,654	1,176,753
Operating income	794,504	760,624	2,365,887	2,300,817	3,311,295
Operating expenses	(381,086)	(371,101)	(1,175,022)	(1,146,379)	(1,548,856)
Share of profits of associated companies	413,418	389,523	1,190,865	1,154,438	1,762,439
	(4,127)	644	6,784	9,506	8,795
Operating profit	409,291	390,167	1,197,649	1,163,944	1,771,234
Loan impairment expense	(20,825)	(33,454)	(64,797)	(78,817)	(288,627)
Profit before taxation	388,466	356,713	1,132,852	1,085,127	1,482,607
Taxation expense	(76,192)	(64,869)	(238,685)	(233,139)	(311,355)
Net profit after taxation	312,274	291,844	894,167	851,988	1,171,252
Attributable to:					
Equity holders of the parent	295,342	280,738	845,459	806,071	1,121,527
Non-controlling interest	16,932	11,106	48,708	45,917	49,725
	312,274	291,844	894,167	851,988	1,171,252
Earnings per share					
Basic			\$5.26	\$5.02	\$6.98
Diluted			\$5.25	\$5.02	\$6.98
Weighted average number of shares ('000)					
Basic			160,750	160,595	160,597
Diluted			161,037	160,615	160,642

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED YEAR ENDED
	June-30-12 \$'000	June-30-11 \$'000	June-30-12 \$'000	June-30-11 \$'000	Sept-30-11 \$'000
Net profit after taxation	312,274	291,844	894,167	851,988	1,171,252
Other comprehensive income/(expense):					
Net gains on available-for-sale investments	16,269	12,087	147,625	11,774	(107,267)
Taxation impact	(1,433)	(1,994)	(13,084)	560	(1,421)
	14,836	10,093	134,541	12,334	(108,688)
Translation adjustments	(29)	745	15,908	6,514	5,625
Share of changes recognised directly in associate's equity	642	-	16	(128)	(767)
Other comprehensive income/(expense) for the period, net of taxation	15,449	10,838	150,465	18,720	(103,830)
Total comprehensive income for the period, net of taxation	327,723	302,682	1,044,632	870,708	1,067,422
Attributable to:					
Equity holders of the parent	312,347	291,174	993,441	828,254	1,019,030
Non-controlling interest	15,376	11,508	51,191	42,454	48,392
	327,723	302,682	1,044,632	870,708	1,067,422



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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 June 30, 2012							
Balance at October 1, 2011	596,492	697,775	673,225	5,263,110	7,230,602	620,715	7,851,317
Total comprehensive income for the period	-	-	147,982	845,459	993,441	51,191	1,044,632
Issue of shares	22,409	-	-	-	22,409	-	22,409
Share-based payment	4,871	-	-	-	4,871	-	4,871
Transfer to general contingency reserves	-	-	115,988	(115,988)	-	-	-
Transfer to statutory reserves	-	47,715	-	(47,715)	-	-	-
Other	-	-	-	(113)	(113)	-	(113)
Dividends	-	-	-	(642,819)	(642,819)	-	(642,819)
Dividends paid to non-controlling interest	-	-	-	-	-	(25,038)	(25,038)
Balance at June 30, 2012	623,772	745,490	937,195	5,301,934	7,608,391	646,868	8,255,259
Period ended June 30, 2011							
Balance at October 1, 2010	590,406	598,369	742,858	4,859,403	6,791,036	601,687	7,392,723
Total comprehensive income for the period	-	-	22,186	806,068	828,254	42,454	870,708
Share-based payment	4,871	-	-	-	4,871	-	4,871
Transfer to general contingency reserves	-	-	21,866	(21,866)	-	-	-
Transfer to statutory reserves	-	78,870	-	(78,870)	-	-	-
Dividends	-	-	-	(586,172)	(586,172)	-	(586,172)
Dividends paid to non-controlling interest	-	-	-	-	-	(29,364)	(29,364)
Balance at June 30, 2011	595,277	677,239	786,910	4,978,563	7,037,989	614,777	7,652,766
Year ended September 30, 2011							
Balance at October 1, 2010	590,406	598,369	742,858	4,859,403	6,791,036	601,687	7,392,723
Total comprehensive income for the period	-	-	(102,497)	1,121,527	1,019,030	48,392	1,067,422
Issue of shares	811	-	-	-	811	-	811
Share-based payment	5,275	-	-	-	5,275	-	5,275
Transfer to general contingency reserves	-	-	32,864	(32,864)	-	-	-
Transfer to statutory reserves	-	99,406	-	(99,406)	-	-	-
Other	-	-	-	622	622	-	622
Dividends	-	-	-	(586,172)	(586,172)	-	(586,172)
Dividends paid to non-controlling interest	-	-	-	-	-	(29,364)	(29,364)
Balance at September 30, 2011	596,492	697,775	673,225	5,263,110	7,230,602	620,715	7,851,317

CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED		AUDITED
	NINE MONTHS ENDED June-30-12 \$'000	NINE MONTHS ENDED June-30-11 \$'000	YEAR ENDED Sept-30-11 \$'000
Operating activities			
Profit before taxation	1,132,852	1,085,127	1,482,607
Adjustments for non-cash items	149,849	222,068	425,045
Increase in operating assets	(1,596,668)	(358,952)	(236,955)
Increase in operating liabilities	3,863,321	118,275	1,023,005
Taxes paid	(271,445)	(195,504)	(273,658)
Cash provided by operating activities	3,277,909	871,014	2,420,044
Investing activities			
Net increase in investments	(499,734)	(548,028)	(674,744)
Dividends from associated companies	2,444	3,325	3,325
Additions to fixed assets	(101,870)	(107,452)	(222,483)
Proceeds from sale of fixed assets	1,811	4,308	84,149
Cash used in investing activities	(597,349)	(647,847)	(809,753)
Financing activities			
Decrease in balances due to other banks	(103,063)	(105,494)	(95,689)
Repayment of debt securities	(6,908)	(79,751)	(95,528)
Net proceeds from share issue	22,409	-	811
Dividends paid to shareholders of the parent	(642,819)	(586,172)	(586,172)
Dividends paid to non-controlling interest	(25,038)	(29,364)	(29,364)
Cash used in financing activities	(755,419)	(800,781)	(805,942)
Net increase/(decrease) in cash resources	1,925,141	(577,614)	804,349
Net foreign exchange difference	(9,022)	1,122	85
Cash and cash equivalents at beginning of period/year	10,265,620	9,461,186	9,461,186
Cash and cash equivalents at end of period/year	12,181,739	8,884,694	10,265,620
Supplemental information:			
Interest received during the period/year	1,786,345	1,897,769	2,675,436
Interest paid during the period/year	267,693	352,901	456,473
Dividends received	279	997	1,020

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate information

Republic Bank Limited (the 'Parent') is incorporated in the Republic of Trinidad and Tobago. It was continued under the provision of the Companies Act, 1995 on March 23, 1998 and its Registered Office is located at Republic House, 9-17 Park Street, Port of Spain.

The Republic Bank Group (the 'Group') is a financial services group comprising fourteen (14) subsidiaries and three (3) associated companies. The Group is engaged in a wide range of banking, financial and related activities in Trinidad and Tobago and the Caribbean. Republic Bank Limited is the ultimate parent of the Group. This company is listed on the Trinidad and Tobago Stock Exchange.

The CL Financial Group holds through its various subsidiaries 51.4% of the shares of Republic Bank Limited.

On January 31, 2009, the Central Bank of Trinidad and Tobago (CBTT) issued a Notification pursuant to sections 44D and 44E of the Central Bank Act, Chap. 79:02 that the CBTT assumed control of the affairs of CLICO Investment Bank Limited (CIB). On February 13, 2009, the CBTT issued a Notification pursuant to sections 44D and 44E of the Central Bank Act, Chap. 79:02 that the CBTT assumed control of the affairs of Colonial Life Insurance Company (Trinidad) Limited (CLICO). These two companies are part of the CL Financial Group.

In accordance with the provisions of both Notifications, the CBTT has the power to deal with the assets of the Companies, including the Republic Bank Limited shares. The CBTT will not receive any benefit financial or otherwise from the exercise of its powers under the Central Bank Act. As at June 30, 2012, the combined shareholding of Republic Bank Limited for CLICO and CIB is 51.1%.

For the purpose of these financial statements, the related party note has not been amended to reflect the Central Bank control and has been prepared in a manner consistent with previous publications.

2 Basis of preparation

This interim financial report for the period ended June 30, 2012 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, 2011.

3 Capital commitments

	UNAUDITED		AUDITED
	Jun-30-12 \$'000	Jun-30-11 \$'000	Sept-30-11 \$'000
Contracts for outstanding capital expenditure not provided for in the financial statements	141,283	127,502	127,648
Other capital expenditure authorised by the Directors but not yet contracted for	47,670	145,376	133,941

4 General Contingency 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 Contingency Reserve is created as an appropriation of retained earnings, for the difference between the specific provision and non-performing advances. When the collateral is realised, the reserve is released back to retained earnings. The General Contingency Reserve serves to enhance the Group's non-distributable capital base. As at June 30, 2012, the balance in the General Contingency Reserve of \$571.3 million is part of Other Reserves which totals \$937.2 million.





NOTES TO THE INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)

5 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
	Jun-30-12 \$'000	Jun-30-11 \$'000	Sept-30-11 \$'000
Advances, investments and other assets (net of provisions)			
CL Financial Group	129,226	110,276	133,816
Directors and key management personnel	39,910	32,948	36,994
Other related parties	190,592	191,036	193,413
	<u>359,728</u>	<u>334,260</u>	<u>364,223</u>
Provision for amounts due from related parties	<u>4,988</u>	<u>-</u>	<u>-</u>
Deposits and other liabilities			
CL Financial Group	375,250	349,427	322,304
Directors and key management personnel	87,816	100,692	89,542
Other related parties	140,242	62,010	67,211
	<u>603,308</u>	<u>512,129</u>	<u>479,057</u>
Interest and other income			
CL Financial Group	10,897	8,438	10,990
Directors and key management personnel	1,712	1,374	2,035
Other related parties	8,643	7,565	9,794
	<u>21,252</u>	<u>17,377</u>	<u>22,819</u>
Interest and other expense			
CL Financial Group	89	1,815	2,465
Directors and key management personnel	5,000	5,195	7,077
Other related parties	238	311	383
	<u>5,327</u>	<u>7,321</u>	<u>9,925</u>
Key management compensation			
Short term benefits	33,800	28,071	43,303
Share-based payment	4,871	4,871	5,275
	<u>38,671</u>	<u>32,942</u>	<u>48,578</u>

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

6 Segment reporting

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

	Trinidad and Tobago	Barbados	Cayman, Guyana and Eastern Caribbean	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Unaudited Nine months ended June 30, 2012					
Operating income	1,804,452	351,177	346,195	(135,937)	2,365,887
Net profit before taxation	979,634	97,758	183,674	(128,214)	1,132,852
Total assets	37,330,378	8,913,124	9,013,886	(3,832,061)	51,425,327
Unaudited Nine months ended June 30, 2011					
Operating income	1,781,329	348,298	297,256	(126,066)	2,300,817
Net profit before taxation	979,836	87,541	141,757	(124,007)	1,085,127
Total assets	32,612,834	8,946,094	8,204,696	(3,612,988)	46,150,636
Audited Year ended September 30, 2011					
Operating income	2,568,908	465,263	405,268	(128,144)	3,311,295
Net profit before taxation	1,321,188	100,990	184,436	(124,007)	1,482,607
Total assets	33,846,758	8,921,936	8,016,242	(3,517,150)	47,267,786

Eliminations represent outstanding balances with other entities within the Group which are required to be eliminated in the preparation of consolidated financial statements.

7 Contingent liabilities

As at June 30, 2012, 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.