

Independent Auditors' Report on the Summary Consolidated Financial Statements

To the Shareholder of Republic Bank (EC) Limited

Opinion

The summary consolidated financial statements, which comprise the consolidated statement of financial position as at September 30, 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related summary notes, are derived from the audited consolidated financial statements of Republic Bank (EC) Limited and its subsidiaries ("the Group") for the year ended September 30, 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 1.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards ("IFRSs"). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated November 25, 2022.

Other Matter

The consolidated financial statements of Republic Bank (EC) Limited for the year ended September 30, 2021 were audited by another auditor who expressed a qualified opinion on those consolidated financial statements on April 4, 2022. The qualified opinion resulted from two matters as described below:

- (a) Expected credit losses (ECL) on the Stage 1 and Stage 2 loans

The Group acquired Scotiabank's banking operations on November 1, 2019. At this date, deferred tax on ECLs for Stage 1 and Stage 2 loans were not computed and accounted for as part of the acquisition accounting.

- (b) Core deposits - Intangible asset

Deferred tax on the core deposits' intangible was not recognized in the consolidated financial statements for the years ended September 30, 2020 and 2021 respectively.

Management has recorded the adjustment for these errors in the consolidated financial statements for the year ended September 30, 2022 and restated the comparative consolidated financial statements, such that the prior years and consequent prior year audit report qualification is now remediated.

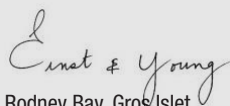
As part of our audit of the 2022 consolidated financial statements, we also audited the adjustments that were applied to amend the 2021 and 2020 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2021 and 2020 consolidated financial statements of the Group, other than with respect to the adjustments and, accordingly, we do not express an opinion or any form of assurance on the 2021 and 2020 consolidated financial statements taken as a whole.

Responsibilities of Management for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements on the basis described in Note 1.

Auditor's Responsibilities for the Audit of the Summary Consolidated Financial Statements

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.



Rodney Bay, Gros Islet,
ST. LUCIA, W.I.
November 25, 2022

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

Expressed in thousands of Eastern Caribbean dollars (\$'000)

	Sep 30, 2022 \$'000	Restated Sep 30, 2021 \$'000
ASSETS		
Cash on hand	47,460	75,480
Statutory deposits with Central Banks	280,632	262,908
Due from banks	692,387	800,633
Treasury Bills	94,214	25,608
Advances	2,604,643	2,493,587
Investment securities	449,883	246,573
Investment interest receivable	1,972	629
Premises and equipment	29,312	27,879
Right-of-use assets	15,127	18,826
Intangible assets	75,716	82,296
Deferred tax assets	18,168	14,355
Taxation recoverable	1,444	7,338
Other assets	150,734	28,330
TOTAL ASSETS	4,461,692	4,084,443
LIABILITIES & EQUITY		
LIABILITIES		
Due to banks	196,911	155,892
Customers' current, savings and deposit accounts	3,617,474	3,361,317
Lease liabilities	16,566	19,966
Taxation payable	17,903	1,407
Deferred tax liabilities	11,902	13,329
Accrued interest payable	2,568	1,950
Other liabilities	123,851	73,902
TOTAL LIABILITIES	3,987,175	3,627,763
EQUITY		
Stated capital	402,894	402,894
Statutory reserves	22,122	11,227
Other reserves	35,627	1,684
Retained earnings	13,874	40,875
TOTAL EQUITY	474,517	456,680
TOTAL LIABILITIES & EQUITY	4,461,692	4,084,443

These summary consolidated financial statements were approved by the Board of Directors on **November 25, 2022** and signed on its behalf by:



Karen Yip Chuck, Chairman



Michelle I. Palmer, Managing Director



Ian De Souza, Director



Janelle Bernard, Corporate Secretary

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended September 30, 2022
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	Sep 30 2022 \$'000	Restated Sep 30 2021 \$'000
Interest income	172,565	159,358
Interest expense	(32,524)	(32,992)
Net interest income	140,041	126,366
Other income	87,334	60,419
	227,375	186,785
Operating expenses	(145,431)	(136,954)
Operating profit	81,944	49,831
Credit loss expense on financial assets	(3,634)	(13,468)
Net profit before taxation	78,310	36,363
Taxation expense	(23,833)	(3,800)
Net profit after taxation being total comprehensive income for the year	54,477	32,563
Attributable to:		
Equity holders of the parent company	<u>54,477</u>	<u>32,563</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For Year Ended September 30, 2022
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	Stated capital \$'000	Statutory reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at September 30, 2020	402,894	5,073	–	20,292	428,259
Prior year adjustments	–	–	–	(4,141)	(4,141)
Balance at September 30, 2020 (restated)	402,894	5,073	–	16,151	424,118
Total comprehensive income for the year	–	–	–	32,563	32,563
Transfer to statutory reserves	–	6,154	–	(6,154)	–
Transfer to other reserve	–	–	1,684	(1,684)	–
Balance at September 30, 2021 (restated)	402,894	11,227	1,684	40,875	456,680
Total comprehensive income for the year	–	–	–	54,477	54,477
Transfer to other reserves	–	–	33,943	(33,943)	–
Transfer to statutory reserves	–	10,895	–	(10,895)	–
Dividends (Gross)	–	–	–	(36,640)	(36,640)
Balance at September 30, 2022	402,894	22,122	35,627	13,874	474,517

Note 1. Basis of presentation

The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the full primary financial statements which include the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows.

These summary consolidated financial statements are derived from the audited consolidated financial statements of Republic Bank (EC) Limited for the year ended September 30, 2022.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended September 30, 2022
Expressed in thousands of Eastern Caribbean dollars (\$'000)

	Sep 30 2022 \$'000	Restated Sep 30 2021 \$'000
Operating activities		
Net profit before taxation	78,310	36,363
Adjustments for:		
Depreciation of premises and equipment and right-of-use assets	6,434	6,383
Credit loss expense on financial assets	3,634	13,468
Amortisation of intangibles	6,580	6,579
Gain on valuation of investments at fair value through Profit and Loss	–	(789)
Loss/(gain) on sale of premises and equipment	206	(863)
Changes in:		
Increase in advances	(114,345)	(198,670)
Increase in customers' deposits and other fund raising instruments	256,157	22,717
(Increase)/decrease in statutory deposits with Central Banks	(17,724)	398,012
Increase in other assets and investment interest receivable	(129,990)	(3,078)
Increase in other liabilities and accrued interest payable	50,522	11,650
Taxes paid, net of refund	(6,683)	(14,348)
Cash generated from operating activities	133,101	277,424
Investing activities		
Purchase of investment securities	(517,154)	(452,688)
Redemption of investment securities	314,804	499,086
Additions to premises and equipment	(4,343)	(3,318)
Proceeds from sale of premises and equipment	–	1,956
Cash (used in)/generated from investing activities	(206,693)	45,036
Financing activities		
Increase/(decrease) in balances due to banks	41,019	(134,766)
Repayment of principal lease liabilities	(3,400)	(3,477)
Dividends paid to shareholders of the parent net of withholding taxes	(30,179)	–
Cash generated from/ (used in) financing activities	7,440	(138,243)
Net (decrease)/increase in cash and cash equivalents	(66,152)	184,217
Cash and cash equivalents at beginning of year	876,113	691,896
Cash and cash equivalents at end of year	809,961	876,113
Cash and cash equivalents at end of year are represented by:		
Cash on hand	47,460	75,480
Due from banks	692,387	800,633
Treasury Bills - original maturities of three months or less	70,114	–
	<u>809,961</u>	<u>876,113</u>
Supplemental information:		
Interest received during the year	195,917	165,947
Interest paid during the year	(31,906)	(33,919)

These summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the September 30, 2022 audited consolidated financial statements. New Accounting Standards or interpretations which became effective in this financial year have had no material impact on the Group. The areas of critical accounting estimates and judgments as disclosed in "Note 3" of the September 30, 2022 audited consolidated financial statements, have also remained unchanged.