



JMMB Investments (T&T) LIMITED
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A MEMBER OF THE JMMB GROUP

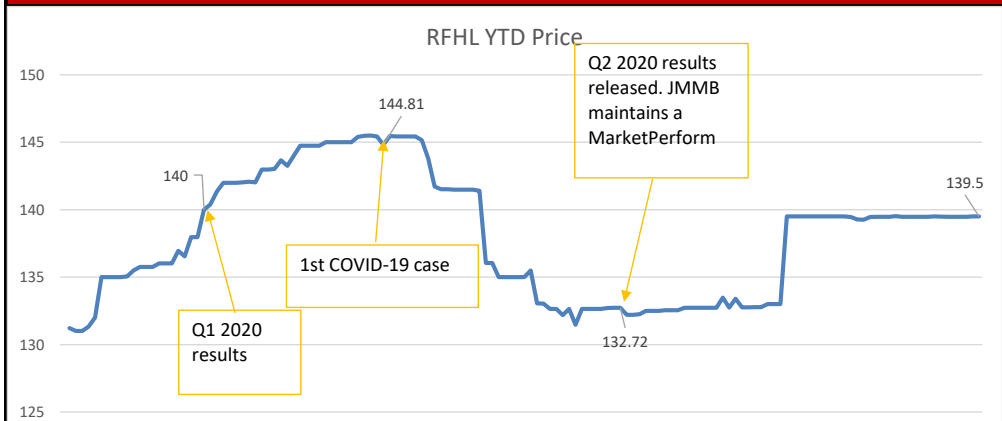
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July 2020
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RFHL's bottom-line is feeling the effects of COVID-19 measures.

RFHL's Financial Summary	9 Months Ended 30-Jun-20	9 Months Ended 30-Jun-19	\$ change	% change
Income Statement Extract				
	TT\$ '000	TT\$ '000	TT\$ '000	
Profit after Tax	853,581	1,327,178	(473,597)	↓ -35.7%
Earnings per share	4.77	7.60	(2.83)	↓ -37.2%
Dividend per share (in \$ per share)	\$ 3.85	\$ 4.40	(0.55)	↓ -12.5%
Balance Sheet Extract				
Total Assets	105,339,006	85,482,463	19,856,543	↑ 23.2%
Total Liabilities	93,981,604	74,619,370	19,362,234	↑ 25.9%
Shareholder's Equity	11,357,402	10,863,093	494,309	↑ 4.6%
Cash Flows Extract				
Net cash from operating activities	5,632,835	803,111	4,829,724	↑ 601.4%
Net cash from investing activities	3,068,580	1,948,801	1,119,779	↑ 57.5%
Net cash used in financing activities	(3,217,850)	1,558,038	(4,775,888)	↓ -306.5%
Cash and cash equivalents	18,193,839	12,111,795	6,082,044	↑ 50.2%
Metrics				
Book Value Per Share	69.99	67.03	2.96	↑ 4.4%
Market Price	139.50	121.00	18.50	↑ 15.3%
Market to Book Ratio	1.99	1.81	0.19	↑ 10%

Note: Green arrows indicate growth while red indicate contractions



Quarterly Update



Valuation	
Current Price	TT\$139.50
Trailing P/E Multiple	16.89x
Market to Book Value	1.99x
JMMB New Target Price	TT\$125.49
Dividend Yield	2.8%

For the nine months ended June 30th 2020, Republic Financial Holdings Limited (RFHL) realized profit attributable to equity holders of \$854 million, a decrease of 35.7% or \$474 million when compared to the prior year. This translates into a basic EPS of \$4.77 (Trailing EPS - \$6.92) at the end of the period. According to the Chairman's statement this decline reflects the financial impact of COVID-19 on the group, resulting in decreased economic activity, narrower margins due to reduced lending interest rates, waiver of fees and commissions and the setting aside of additional credit provisions to cover potential future losses.

Total assets stood at \$105.3 billion as at June 30, 2020, an increase of \$19.9 billion or 23.2% over that of the prior year. The increase in total assets was due to 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. Also, the acquisition of Scotiabank's operations in the BVI on June 1, 2020 added a further \$3.1 billion to its asset base.

Outlook:

JMMB research department on May 7th, 2020, maintained a MARKETPERFORM rating on RFHL and decreased the price target to \$128.12. Since that rating, RFHL's share price has increased by \$6.78 to \$139.50. During that period, most of the lockdown measures have been relaxed by the government but the country is now experiencing what many term as a second wave of cases, most being local spread.

In light of RFHL's financial results year to date and the increasing risk of a second lockdown in Trinidad and Tobago we have downgraded our rating on the stock to UNDERPERFORM (2.5% to 4.9% of your portfolio) and we decrease our price target to \$125.49.

On March 23rd, 2020, the JMMB research team performed a stress test on RFHL's share price given a 10%, 20% and 30% fall in earnings in 2020. JMMB's new target price reflects an ~30% fall in full year expected earnings which is in line with our initial stress test results.

	Fair Value Under Stress Testing- Short Term fall in 2020 earnings		
	(10% fall in Earnings)	(20% fall in Earnings)	(30% fall in Earnings)
RFHL	\$ 133.47	\$ 129.97	\$ 124.55