

Economic Alert iQ



Monday 28th December 2015 – 3:15 pm

Domestic

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Republic Bank Ltd. credit rating outlook revised to *negative*.

- Republic Bank Ltd. outlook has been revised to *negative* due to the sovereign rating outlook on T&T revised from stable to *negative*.
- The *negative* outlook further reflects that a *negative* rating action on the sovereign over the next two years could prompt a similar rating action on the bank, even if its current stand-alone credit profile and role to the T&T government remains unchanged.
- The change reflects the ratings agency's expectations of prolonged low energy prices and potentially poor GDP growth prospects that could result in a steadily rising debt burden of T&T.
- Republic Bank Limited which recently announced the formation of its holding company, to Republic Financial Holdings Limited (RFHL) Republic Bank Ltd. is currently rated BBB+ with a *negative* outlook by S&P.

Republic Financial Holdings Ltd					
In Millions of TTD except Per Share	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
12 Months Ending	09/30/2014	09/30/2013	09/30/2012	09/30/2011	09/30/2010
Returns					
Return on Common Equity	14.33	14.29	15.48	16.17	15.30
Return on Assets	2.04	2.11	2.35	2.41	2.25
Return on Capital	12.57	12.06	13.08	13.24	12.69
Margins					
Operating Margin	41.01	46.99	46.92	44.51	45.65
Incremental Operating Margin	--	48.16	--	32.93	--
Pretax Margin	42.34	45.24	47.30	44.77	46.17
Income before XO Margin	33.19	34.27	37.82	35.37	35.65
Net Income Margin	32.21	33.49	35.73	33.87	32.97
Net Income to Common Margin	32.21	33.49	35.73	33.87	32.97
Additional					
Effective Tax Rate	21.61	24.25	20.05	21.00	22.79
Dividend Payout Ratio	57.31	59.19	58.48	57.28	57.36
Sustainable growth rate	6.12	5.83	6.43	6.91	6.52

Source: Bloomberg

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