Republic Bank Limited

2015

ANNUAL REPORT

Progress & Promise

179 years ago, we made a promise: A promise to **customers** – to provide the highest levels of service; to **staff** – to provide an inclusive and fulfilling professional experience, and to **communities** – to create empowered members of society. Year on year, decade on decade, community after community, we thrive to build on that promise and have seen the bounding progress that has since come about. Our focus, as we look toward an expansive, promising future as a holding company, will stay rooted in the continued success of the organisation we have become, **our staff, our customers and our communities – the lifeblood that keeps us grounded and the wheels that keep us moving.**

This year's report showcases some of our milestones over the years.

Republic Bank Limited

Vision

Republic Bank,
the Caribbean Financial Institution of Choice
for our Staff, Customers and Shareholders.
We set the Standard of Excellence
in Customer Satisfaction,
Employee Engagement, Social Responsibility
and Shareholder Value,
while building successful societies.

Mission

Our mission is to provide Personalised,
Efficient and Competitively-priced
Financial Services
and to implement Sound Policies
which will redound to the benefit
of our Customers, Staff, Shareholders
and the Communities we serve.

Values

- Customer Focus
- Integrity
- Respect for the Individual
- Professionalism
- Results Orientation

Table of Contents

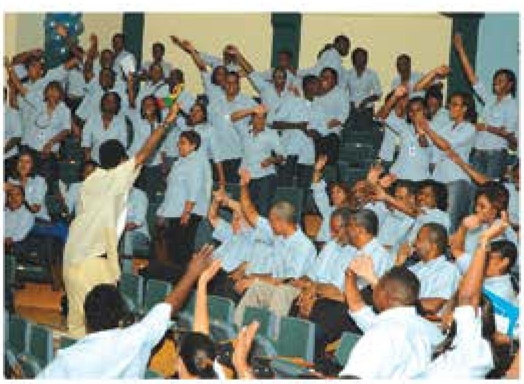
1 *Corporate Information*

2 *Executive*

3 *Corporate Social Responsibility*

4 *Financial*

1
Corporate Information



1981 The Bank changed its name from Barclays Bank of Trinidad and Tobago to Republic Bank Limited. The Governor of the Central Bank suggested the name "Bank of the Republic of Trinidad and Tobago Limited". This name was registered with the approval of the Registrar at the Registrar's office. The name was rejected at an Extraordinary General Meeting of the Bank. A second Extraordinary General Meeting was called to change the name to Republic Bank Limited. This name was approved via majority vote.

1985 Installation of the first Automated Banking Machine (Blue Machine) at the Park Street branch. An additional eight machines were installed at other branches across the country.

1990 Launch of Trinidad and Tobago's first VISA Credit Card.

1992 Acquired the National Commercial Bank of Grenada Limited (NCB). NCB was re-branded Republic Bank (Grenada) Limited in 2006. Currently, it is the leading Bank in Grenada. It boasts the widest network of branches (six), and automated banking machines (11) and employs 262 persons. In 2008, Republic Bank (Grenada) Limited became the first Grenadian corporation to list its shares on the Eastern Caribbean Securities Exchange (ECSE).

Notice of Meeting

Annual Meeting

NOTICE is hereby given that the Forty-Fifth Annual Meeting of Republic Bank Limited will be held at the Ballroom of the Hyatt Regency Trinidad, Wrightson Road, Port of Spain on Monday December 14, 2015 at 9:30 a.m. for the following purposes:-

1 To receive the Audited Financial Statements of Republic Bank Limited for the year ended September 30, 2015 and the Reports of the Directors and Auditors thereon.

2 To take note of the Dividends paid for the twelve-month period ended September 30, 2015.

3 To elect Directors.

4 To re-appoint the Auditors, Ernst & Young and to authorise the Directors to fix their remuneration.

5 To ratify the "effective date" of the restructuring as the "appointed day" specified in the Vesting Order.

6 Any other business.

By order of the Board

JACQUELINE H.C. QUAMINA
Corporate Secretary

November 4, 2015

Notes

Persons Entitled to Notice

In accordance with Section 110(2) of the Companies Act Chap. 81:01, the Directors of the Company have fixed November 16, 2015 as the Record Date for the determination of shareholders who are entitled to receive notice of the Annual Meeting. A list of such shareholders will be available for examination by shareholders at the Office of the Registrar during usual business hours.

Proxies

Shareholders of the Company entitled to attend and vote at the Meeting are entitled to appoint one or more proxies to attend, and in a poll, vote instead of them. A proxy need not be a shareholder. Any instrument appointing a proxy must be received at the Registrar's Office not less than 48 hours before the Meeting. Shareholders who return completed proxy forms are not precluded, if subsequently they so wish, from attending the Meeting instead of their proxies and voting in person. In the event of a poll, their proxy votes lodged with the Registrar, will be excluded.

Dividend

A final dividend of $3.10 declared for the financial year ended September 30, 2015 will be payable on December 1, 2015 to shareholders at the close of business on November 16, 2015.

Explanation of Item 5

At the Special Meeting held on June 26, 2015 Shareholders agreed that the transfer of the undertaking of Republic Bank Limited to Republic Finance and Merchant Bank Limited by way of a Vesting Order (pursuant to section 89 of the Financial Institutions Act Chap. 79:09) be effective October 1, 2015 subject to regulatory approval. Regulatory approval was not obtained by October 1, 2015. Accordingly, Shareholders are asked to ratify the "effective date" as the "appointed day" specified in the Order.

Documents Available for Inspection

No service contracts were granted by the Company or Subsidiary Companies, to any Director or Proposed Director of the Company.

Corporate Information

Directors

Chairman

Ronald F. deC. Harford, *CMT, FCIB, FIBAF, FCABFI, LLD*

Managing Director

David Dulal-Whiteway, *BSc (Mgmt. Studies), MBA*

Deputy Managing Director

Nigel M. Baptiste, *BSc (Econ.) (Hons.), MSc (Econ.), ACIB*

Executive Director

Derwin M. Howell, *BSc (Elec. Eng.) (Hons.), MSc (Tele. Systems), Executive MBA, MIET, MIEEE, C.Eng.*

Shazan Ali, *BSc (Mechanical Eng.)*

Dawn Callender, *FCCA, CPA, MBA*

Terrence W. Farrell, *LLB, PhD*

Peter R. Inglefield, *CA.*

Alison Lewis, *MOM, BA (Econ. and Mgmt.)*

William P. Lucie-Smith, *MA (Oxon), FCA*

Russell Martineau, *CMT, SC, LLM (Lond.)*

Chandrabhan Sharma, *BSc (Eng.), MSc, PhD*

Kristine Thompson, *B.Comm., MBA*

Gregory I. Thomson, *BSc (Math and Physics), MBA*

Corporate Secretary

Jacqueline H.C. Quamina, *LLB, MA, MBA*

Assistant Secretary

Nigel M. Baptiste, *BSc (Econ.) (Hons.), MSc (Econ.), ACIB*

Registered Office

Republic House
9-17 Park Street, Port of Spain
Trinidad and Tobago, West Indies

Group Head Office

Republic House
PO Box 1153
9-17 Park Street, Port of Spain
Trinidad and Tobago, West Indies
Tel: (868) 625-4411, 623-1056
Fax: (868) 624-1323
Swift: RBNKTTPX
Email: email@republictt.com
Website: www.republictt.com

Registrar

Trinidad and Tobago Central Depository Limited
10th Floor, Nicholas Tower
63-65 Independence Square
Port of Spain
Trinidad and Tobago, West Indies

Attorneys-at-Law

Pollonais, Blanc, de la Bastide & Jacelon
Pembroke Court
17-19 Pembroke Street
Port of Spain
Trinidad and Tobago, West Indies

J.D. Sellier & Company
129-131 Abercromby Street
Port of Spain
Trinidad and Tobago, West Indies

Hobsons
Hobsons Court
13-17 Keate Street
San Fernando
Trinidad and Tobago, West Indies

Auditors

Ernst & Young
5-7 Sweet Briar Road
St. Clair
Port of Spain
Trinidad and Tobago, West Indies

Consolidated Financial Summary

All figures are in thousands of Trinidad and Tobago dollars ($'000)

	2015	2014	2013	2012	2011
Total assets	**65,992,186**	59,371,516	57,612,365	51,626,290	47,146,600
Advances	**33,007,998**	27,095,407	25,235,517	23,317,199	21,866,285
Customers' deposits	**49,711,582**	43,770,760	42,098,310	37,090,139	33,072,441
Stated capital	**739,125**	704,871	649,932	628,150	596,492
Equity	**9,410,609**	8,746,323	8,516,034	8,510,350	7,084,365
Actual number of shares in issue	**161,999**	161,663	161,111	160,929	160,605
Weighted average number of shares - diluted	**161,662**	161,467	160,768	159,776	158,842
Profit after taxation and non-controlling interest	**1,223,648**	1,193,390	1,151,021	1,158,968	1,121,527
Dividends based on the results of the financial year	**702,665**	686,865	683,527	683,950	642,420
Dividends paid during the year	**687,597**	685,251	683,028	642,819	586,172
Dividend per share based on the results of the financial year	**$4.35**	$4.25	$4.25	$4.25	$4.00
Dividend per share paid during the year	**$4.25**	$4.25	$4.25	$3.65	$3.65
Earnings per share (basic)	**$7.59**	$7.42	$7.18	$7.27	$7.06
Return on average assets	**1.97%**	2.10%	2.16%	2.48%	2.52%
Return on average equity	**14.09%**	14.33%	14.33%	15.48%	16.17%

Group Financial Calendar

Dividend Payments

Final dividend for year ended September 30, 2015	December 2015
Dividend for half year ending March 31, 2016	May 2016

Results

Publication of results for first quarter to December 31, 2015	February 2016
Publication of results for half year to March 31, 2016	May 2016
Publication of results for third quarter to June 30, 2016	August 2016
Publication of results for year ending September 30, 2016	November 2016
Report and Accounts mailing	November 2016
Annual Meeting	December 2016

2
Executive

1996 Bank of Commerce acquired. The acquisition was one the largest and most successful organisational transformations within the Caribbean and resulted in the Bank having the largest branch and ABM networks in Trinidad and Tobago. In 1997, Bank of Commerce was successfully integrated with Republic Bank.

1997 Acquired 51% shareholding in National Bank of Industry and Commerce Limited (NBIC), the largest commercial bank and one of the longest-serving institutions in Guyana. In 2003, NBIC acquired the assets of Guyana National Co-operative Bank (GNCB). NBIC was re-branded Republic Bank (Guyana) Limited in 2006. Currently, Republic Bank (Guyana) employs 655 persons and has 11 banking offices.

2000 In December 2000, Republic Bank was awarded the "Employer of The Year" award from the National Union of Government and Federated Workers (NUGFW). The Bank was identified as a best practice organisation in the area of union/management relationships, in 2001.

2003 Acquired a 57.23% majority shareholding in Barbados National Bank Inc. (BNB), one of the longest serving Banks in Barbados, the shareholding later increased to 65.1%. In 2012, BNB was re-branded Republic Bank (Barbados) Limited. Currently, it boasts one of the largest ABM networks on the island, with ten conveniently located branches.

Former Republic Bank Managing Directors

Republic Bank Limited 1981-2015

1 **Leonard Williams,** *BSc (Econ.), MA*

2 **Dunbar I. McIntyre,** *BSc (Econ.), FCIB, FIBTT*

3 **John J. Jardim,** *FCIB, FCIS*

4 **Ronald F. deC. Harford,** *CMT, FCIB, FIBAF, FCABFI, LLD*

5 **David Dulal-Whiteway,** *BSc (Mgmt. Studies), MBA*

REPUBLIC BANK LIMITED

In 1981, the Bank changed its name from Barclays Bank of Trinidad and Tobago to Republic Bank Limited. The change of name was a difficult exercise as the Governor of the Central Bank opined that the Bank should identify more conspicuously with the country and suggested the name "Bank of the Republic of Trinidad and Tobago Limited". This name was registered with the approval of the Registrar at the Registrar's office. The name was rejected at an Extraordinary General Meeting of the Bank.

A second Extraordinary General Meeting was called to change the name to Republic Bank Limited. This name was approved via majority vote.

Leonard Williams, 1980-1984

Leonard Williams holds a Bachelor of Science Degree in Economics from University London and a Master of Arts Degree from Columbia University. He is a retired Deputy Governor of the Central Bank and the first Trinidadian appointed as Managing Director of Republic Bank Limited.

Dunbar I. McIntyre, 1984-1995

Dunbar McIntyre is a graduate of London School of Economics and is a Fellow of the UK Chartered Institute of Bankers of London. He was the first Caribbean person to be employed by Barclays as a management trainee and to have successfully risen to the position of Managing Director.

John J. Jardim, 1995-1997

John Jardim is a Fellow of the UK Chartered Institute of Bankers of London and the Chartered Institute of Secretaries and Administrators.

He served as the Chairman of Republic Finance and Merchant Bank Limited and Republic Securities Limited. He also sat on the boards of many private enterprises.

David Dulal-Whiteway, 2006 - present

David Dulal-Whiteway, Managing Director of Republic Bank Limited, was appointed to this position in 2005. He has been a banker for over 20 years.

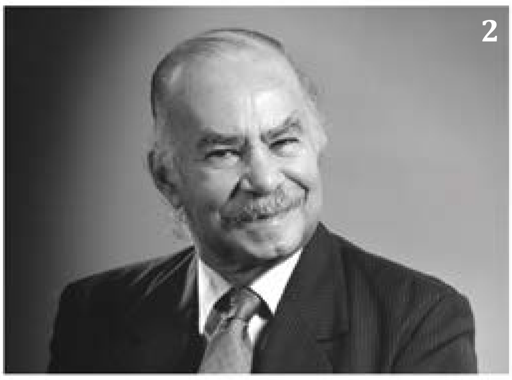
He holds a Bachelor of Science Degree in Management Studies from the University of the West Indies (UWI) and a Master of Business Administration (MBA) from the University of Western Ontario.

Mr. Dulal-Whiteway has steered the Bank through some rough economic times and his extraordinary leadership qualities continue to contribute to the Bank's success.

**Information from the book "FROM COLONIAL TO REPUBLIC" and "Republic Bank a Proud Legacy of Service"*

Former Republic Bank Chairmen

Republic Bank Limited 1981-2015



Jeffrey B. Stollmeyer, 1976-1987

Jeffrey Stollmeyer, was awarded the Chaconia Medal (Gold) in 1979 for his contribution to Sport and Agriculture. He was a skilled cricketer and served as Chairman on several private entity boards. He also served with distinction in the first and second Independent Parliament.

Frank A. Barsotti, 1987-2003

Frank Barsotti, was one of the most respected economists in the Caribbean Region. He was a Permanent Secretary in the Ministry of Finance and sat on the Boards of many private and public organisations. He was the recipient of the Chaconia Medal (Gold) for his long and distinguished service as a public servant. He was awarded the Medal of Merit (Gold) in 1989 for public service.

Ronald F. deC. Harford
Managing Director 1997-2005
Chairman, 2003 – present

Ronald Harford is a Fellow of the UK Chartered Institute of Bankers, the Institute of Banking of Trinidad and Tobago and the Caribbean Association of Banking and Finance. Mr. Harford retired from the Bank as Managing Director in 2005, after 42 years of service.

In 2003, Mr. Harford served both as Managing Director and Chairman of the Board of Republic Bank. In 2005, Mr. David Dulal-Whiteway was named Managing Director with Mr. Harford continuing in the role of Chairman of the Board.

He was the driving force behind many important developmental initiatives toward a more integrated financial sector, both in Trinidad and Tobago and the Region. He was awarded many accolades for his meritorious contribution to banking and to the business community. He is the recipient of the Chaconia Medal Gold in 2010 and an honorary Doctorate of Law from the University of the West Indies. In 2012, he was also inducted into the Trinidad and Tobago Chamber of Industry and Commerce Business Hall of Fame.

1 **Jeffrey B. Stollmeyer,** *CMT, Dip. (Agric.), ICTA,*

2 **Frank A. Barsotti,** *CMT, MOM, MA (Cantab) (Econ.)*

3 **Ronald F. deC. Harford,** *CMT, FCIB, FIBAF, FCABFI, LLD*

**Information from the book "FROM COLONIAL TO REPUBLIC" and "Republic Bank a Proud Legacy of Service"*

Board of Directors

1 **Ronald F. deC. Harford,** *CMT, FCIB, FIBAF, FCABFI, LLD*
Chairman, Republic Bank Limited

2 **David Dulal-Whiteway,** *BSc (Mgmt. Studies), MBA*
Managing Director, Republic Bank Limited

3 **Nigel M. Baptiste,** *BSc (Econ.) (Hons.), MSc (Econ.), ACIB*
Deputy Managing Director, Republic Bank Limited

4 **Derwin M. Howell,** *BSc (Elec. Eng.) (Hons.), MSc (Tele. Systems), Executive MBA, MIET, MIEEE, C.Eng.*
Executive Director, Republic Bank Limited

5 **Shazan Ali,** *BSc (Mechanical Eng.)*
Chairman and Chief Executive Officer,
TOSL Engineering Limited

Board of Directors

6 **Dawn Callender,** *FCCA, CPA, MBA*
Director, Finance and Risk Management,
Power Generation Company of Trinidad and Tobago

7 **Terrence W. Farrell,** *LLB, PhD*
Consultant

8 **Peter R. Inglefield,** *CA*
Chartered Accountant

9 **Alison Lewis,** *MOM, BA (Econ. and Mgmt.),*
Consultant

10 **William P. Lucie-Smith,** *MA (Oxon), FCA*
Retired Chartered Accountant

11 **Russell Martineau,** *CMT, SC, LLM (Lond.)*
Senior Counsel

12 Chandrabhan Sharma, *BSc (Eng.), MSc, PhD*
Deputy Dean, Faculty of Engineering,
The University of the West Indies

13 Kristine Thompson, *B. Comm., MBA*
Entrepreneur

14 Gregory I. Thomson, *BSc (Math and Physics), MBA*
Consultant

Board of Directors

Ronald F. deC. Harford

Ronald F. deC. Harford, Chairman of Republic Bank Limited since 2003, is a Fellow of the UK Chartered Institute of Bankers, the Institute of Banking of Trinidad and Tobago and the Caribbean Association of Banking and Finance. The former Managing Director of the Republic Bank Group, Mr. Harford retired from the Bank in 2005 after 42 years of service.

Mr. Harford is also the Chairman of Republic Bank (Barbados) Limited, (formerly Barbados National Bank Inc.), Republic Bank Trinidad and Tobago (Barbados) Limited, and Republic Bank (Grenada) Limited.

External Appointments

Mr. Harford is the Chairman of The University of the West Indies (UWI) Development and Endowment Fund and the Campaign Cabinet for Habitat for Humanity Trinidad and Tobago. He is also the Deputy Chairman of the Arthur Lok Jack Graduate School of Business – UWI; a Director of Caribbean Information and Credit Rating Services Limited and a former Director of the Grenada Industrial Corporation. He is a past President of the Trinidad & Tobago Red Cross Society, having served that body for over two decades, and a past President of the Bankers Association of Trinidad and Tobago. Mr. Harford is a founding Director of the Trinidad and Tobago Debates Commission and led the private sector funding that enabled the Commission to be established and hold a successful political debate on Local Government.

David Dulal –Whiteway

David Dulal-Whiteway, Managing Director of Republic Bank Limited, was appointed to this position in 2005. He has been a banker for over 20 years. He is a graduate of The University of the West Indies (UWI) and The University of Western Ontario.

He sits on the Boards of Republic Bank (Cayman) Limited, Republic Bank Trinidad and Tobago (Barbados) Limited, HFC Bank (Ghana) Limited and other companies in the Group.

External Appointments

Mr. Dulal-Whiteway is the Chairman of The Foundation for the Enhancement and Enrichment of Life (FEEL), a non-profit organisation.

Nigel M. Baptiste

Nigel M. Baptiste, Deputy Managing Director of Republic Bank Limited, was first appointed to the Board in 2005, as Executive Director. He is a First Class Honours Graduate of The University of the West Indies, an Associate of the Chartered Institute of Banking in England and a graduate of the Stonier Graduate School of Banking in the United States of America.

Mr. Baptiste serves on the Boards of Republic Bank (Guyana) Limited, Republic Bank (Cayman) Limited and other entities within the Republic Bank Group.

Derwin M. Howell

Derwin M. Howell was appointed an Executive Director of Republic Bank Limited in 2012. He sits on the Boards of Republic Bank (Guyana) Limited, Republic Bank (Grenada) Limited and Republic Bank (Barbados) Limited, Republic Bank (Suriname) N.V. and Republic Bank Finance and Merchant Bank Limited within the Republic Bank Group. Mr. Howell is a First Class Honours graduate in Electrical Engineering and was also awarded an Executive Masters in Business Administration, from the University of the West Indies. He also holds a MSc in Telecommunications Systems from the University of Essex and is a graduate of the Harvard Business School Advanced Management Program (AMP). He is a Member of the Institute of Electrical and Electronic Engineers (MIEEE), a Member of the Engineering Council of the United Kingdom (Chartered Engineer) and a Member of the Institution of Engineering and Technology (MIET).

External Appointments

Mr. Howell is the Chairman of Habitat for Humanity Trinidad and Tobago and Chancellor's Representative on the UWI St. Augustine Campus Council.

Shazan Ali

Shazan Ali, joined the Board of Directors in 2010. He is the Chairman and Chief Executive Officer of TOSL Engineering Limited. He has a wealth of experience in the energy industry and spent the last 34 years developing TOSL Engineering into a world-class operation with interests in the wider Caribbean, the Guianas and Sub-Saharan Africa.

External Appointments

Mr. Ali is Council Member of the Energy Chamber of Trinidad and Tobago (ECTT). In these roles, he aims to fashion a more pro-active energy services sector that will redound more financial benefits to the Trinidad and Tobago economy.

Dawn Callender

Dawn Callender joined the Board of Directors in 2011. She heads the Corporate Strategy Function at the Power Generation Company of Trinidad and Tobago (Powergen). She also holds the position of Director of Finance and Risk Management. She has worked in the UK, US and Zimbabwe in the fields of business management, strategic financial management and implementation of business systems. With over ten years of experience at the executive management level, Ms. Callender is a Fellow of the Association of Chartered Certified Accountants (UK) and a Certified Public Accountant. She holds an MBA from Henley Management College in the UK and has research interest in the fields of strategy and leadership.

External Appointments

Ms. Callender is a Director of Trinidad Dry Dock Company Limited.

Terrence W. Farrell

Terrence W. Farrell is Principal of Farrell Law and Mediation which provides legal advice as well as mediation and arbitration services. He is also the Principal Consultant of Terrayanna Investments Limited, which provides business development and strategy consulting services. In 2008, he was appointed to the Board of Directors of Republic Bank Limited. He is also a Director on the Board of Eastern Caribbean Financial Holdings Limited in which Republic Bank Limited has a 19.30% shareholding.

Dr. Farrell is a former Deputy Governor of the Central Bank of Trinidad and Tobago. Within the private sector, he has held senior executive positions at Guardian Holdings Limited and One Caribbean Media Limited (Group Chief Executive Officer). He studied Economics at the University of the West Indies. At the University of Toronto he obtained his PhD in 1979. He also holds an LLB (London) degree as well as the LEC (Hugh Wooding Law School). He is a Fellow of the Institute of Banking and Finance of Trinidad and Tobago. He has published several scholarly articles in Economics; written a book on Central Banking in Trinidad and Tobago; and co-edited a book on Caribbean Monetary Integration. His latest book, The Under-Achieving Society: Development Policy and Strategy in Trinidad and Tobago, 1958-2008 was published by UWI Press in 2013.

External Appointments

Dr. Farrell is Chairman of CREDI, the Catholic tertiary education institute.

Peter R. Inglefield

Peter R. Inglefield was appointed to the Board of Directors in 2015. He served as a Tax Partner and Managing Partner at PricewaterhouseCoopers and is the author of the Trinidad and Tobago Chapter of the International Bureau of Fiscal Documentation's (IBFD) publication on worldwide taxation. Mr. Inglefield has extensive experience in all aspects of doing business in Trinidad and Tobago, particularly with respect to advising incoming investors on structuring of local operations, withholding tax issues and tax treaty consideration. Mr. Peter Inglefield is a chartered accountant and is a member of the Institute of Chartered Accountants in Trinidad and Tobago.

External Appointments

Mr. Inglefield is a Director of the Trinidad and Tobago Stock Exchange, Murphy Clarke Financial Limited and Industrial Rubber Products Limited.

Alison Lewis

Alison Lewis was appointed to the Board of Directors in 2014. In August 2015, Ms. Lewis was awarded the Public Service Medal of Merit (Gold) by the Government of Trinidad and Tobago for her meritorious and outstanding service.

She was a governor of the Heritage and Stabilisation Fund. She has worked as an Advisor in the office of Executive Director World Bank and as Permanent Secretary of the Ministry of Finance. Over the last two decades, Ms. Lewis sat on several Boards of Directors, including those of the Central Bank of Trinidad and Tobago and the Sovereign Wealth Funds Group.

Board of Directors

William P. Lucie-Smith

William P. Lucie-Smith is a retired Senior Partner of PricewaterhouseCoopers Trinidad where he headed its Corporate Finance and Recoveries practice. He joined the Board of Directors of Republic Bank Limited in 2005. A Chartered Accountant by profession, Mr. Lucie-Smith holds an MA in Philosophy, Politics and Economics from Oxford University. He has extensive experience in mergers and acquisitions, valuation and taxation.

External Appointments

Mr. Lucie-Smith currently serves as a Non-Executive Director on a number of Boards including Massy Holdings Ltd. and Sagicor Financial Corporation.

Russell Martineau

Russell Martineau joined the Board of Directors in 1999. He has been Senior Counsel since 1993 and is a member of the Bar in England and Wales, Barbados, Antigua, St. Lucia, St. Vincent, Grenada, Dominica and Trinidad and Tobago. He is Chairman of the A.N.R. Robinson Library, Museum and Ethics Centre; a former Attorney General of Trinidad and Tobago; a former President of the Law Association of Trinidad and Tobago. In August 2012, Mr. Martineau was awarded the Chaconia Medal (Gold) by the Government of Trinidad and Tobago for his meritorious contribution to the field of law.

External Appointments

Mr. Martineau is a member of the Board of Directors of Caribbean Finance Company Limited.

Chandrabhan Sharma

Prof. Chandrabhan Sharma joined the Board of Directors in 1997. He is a professor (Energy Systems) in the Department of Electrical and Computer Engineering and Deputy Dean, Faculty of Engineering, the University of the West Indies, St. Augustine. He is the leader of the Energy Systems Group in the Faculty of Engineering and heads the Centre for Energy Studies at the Engineering Institute. He is a Fellow of the Association of Professional Engineers of Trinidad and Tobago (APETT) and Chairman of the Institute Electrical and Electronic Engineers' Committee (IEEE) on Global Accreditation Activities.

External Appointments

Prof. Sharma is a member of the Board of Directors of Tricon.

Kristine Thompson

Kristine Thompson joined the Board of Directors in 2011. She owns and operates the Chuck E. Cheese's family restaurant franchise in Trinidad. Prior to this, she was heavily involved in project development, particularly in the energy sector, and has extensive experience in the fields of finance, private equity, mergers and acquisitions and general management. The early years of her career were spent in management consulting with the Boston Consulting Group (BCG) where she advised Fortune 500 companies, with stints at BCG's Toronto, New York, Buenos Aires and Melbourne offices. She then headed the business development function at Guardian Holdings for many years. She holds a Bachelor of Commerce degree from Queen's University in Canada and a Master's Degree in Business Administration from the Harvard Business School.

External Appointments

Mrs. Thompson currently serves as a Non-Executive Director on the Boards of the Caribbean Communications Network (CCN), the IRP Group of Companies and the Arthur Lok Jack Graduate School of Business.

Gregory I. Thomson

Gregory I. Thomson has over 35 years of experience in Banking and Finance. He was the Deputy Managing Director of Republic Bank Limited for seven years and retired from this postion in 2012. Mr. Thomson joined the Board of Directors in 2014. Mr. Thomson holds a Bachelor of Science Degree in Mathematics and Physics from The University of the West Indies and a Master of Business Administration (MBA) degree from the University of Western Ontario, Canada.

Directors' Report

Your Directors have pleasure in submitting their Report for the year ended September 30, 2015.

Financial Results and Dividends

The Directors report that the Group's profit after taxation and minority interest for the year ended September 30, 2015 amounted to $1.2 billion.

The Directors have declared a dividend of $3.10 per share for the year ended September 30, 2015. A half-year dividend of $1.25 per share was paid on May 28, 2015 making a total dividend on each share of $4.35 (2014: $4.25).

Set out below are the names of the Directors and Senior Officers with an interest in the Company as at September 30, 2015 together with their connected parties and our ten largest shareholders.

Directors and Senior Officers

Director/Senior Officer	Shareholding	Connected Party Shareholding
Shazan Ali	11,212	
Nigel M. Baptiste	15,715	
Dawn Callender	1,000	
David Dulal-Whiteway	67,198	5,000
Terrence W. Farrell	Nil	
Ronald F. deC. Harford	4,574	
Derwin M. Howell	40,287	998
Peter R. Inglefield	Nil	
Alison Lewis	Nil	
William P. Lucie-Smith	Nil	7,500
Russell Martineau	Nil	1,000
Chandrabhan Sharma	1,000	
Kristine Thompson	Nil	
Gregory I. Thomson	15,917	
Jacqueline H.C. Quamina	26,608	2,702
Charles A. Mouttet	28,601	
Vijai Ragoonanan	19,038	
Parasram Salickram	8,669	
Anthony C. Subero	7,734	

There has been no change in these interests occurring between the end of the Company's year and one month prior to the date convening the Annual Meeting.

Directors' Report

10 Largest Shareholders

Shareholder	Ordinary Shares	%
CLICO Trust Corporation Ltd.	40,072,299	24.74
National Insurance Board	29,104,942	17.97
CLICO Investment Bank Ltd. *(In liquidation)*	16,196,905	10.00
Trintrust Limited	14,695,717	9.07
First Company Limited	13,191,640	8.14
Colonial Life Insurance Company Ltd.	11,786,000	7.28
RBC Trust Limited	5,728,498	3.54
First Citizens Trust & Merchant Bank Ltd.	4,431,625	2.74
Trinidad & Tobago Unit Trust Corporation	2,624,640	1.62
Guardian Life of the Caribbean Ltd.	2,053,759	1.27

Directors

In accordance with By-law No. 1, Paragraph 4.4, Messrs. Ronald F. deC. Harford, Russell Martineau, Shazan Ali and Chandrabhan Sharma retire from the Board by rotation and being eligible offer themselves for re-election for a term expiring at the close of the third annual meeting following this appointment.

Mr. Peter R. Inglefield was appointed a Director on January 6, 2015 to fill the casual vacancy created by the resignation of Christian Mouttet on November 14, 2014. In accordance with By-law No. 1, Paragraph 4.4.5 Mr. Inglefield, having been appointed since the last meeting, retires from the Board and being eligible, offers himself for re-election for a term expiring at the close of the third annual meeting following this appointment.

Community Involvement

THE POWER TO MAKE A DIFFERENCE – COMMUNITY INVOLVEMENT

During this third phase of Power to Make A Difference (2014 – 2018), Republic Bank has, through a pledge of TTD 100 million, re-intensified the focus on programmes that address poverty alleviation, promote youth development through sport, culture and education, and create sustainable healthcare solutions for the sick and the elderly. For the financial year 2014/2015, we continued making inroads in championing literacy through our relationships with the Butler Institute of Learning Literacy (BILL), the Adult Literacy Tutors Association (ALTA), and The Trinidad and Tobago National Commission for UNESCO. Within the same period, we also successfully built upon existing relationships with long-standing non-governmental and community-based organisations like The Autistic Society of Trinidad and Tobago, the Dyslexia Association, and Persons Associated with Visual Impairment (PAVI) to bring about a greater sense of awareness, understanding and tolerance of various forms of disability.

Going a step further, we re-intensified our commitment to nation-building through long-standing, proven social investment initiatives like the Republic Bank Agri-Science Programme, the Republic Bank RightStart Republic Cup, Republic Bank RightStart Pan Minors Music Literacy Programme, the Baal Vikaas Vihaar Festival, and the Republic Bank Junior Parade of the Bands. Our signature volunteerism movement continued to gain momentum as this year, hundreds of staff members joined forces with NGOs like Habitat for Humanity to improve the quality of life of people across diverse communities. As we approach the new phase year, we will draw upon the impetus gained from this year as a source of inspiration to maintain our support and sponsorships. Moreover, we eagerly look forward to the new relationships that we shall forge in the interest of bringing about a better Trinidad and Tobago.

Auditors

The retiring Auditors, Ernst & Young have expressed their willingness to be re-appointed and a resolution to that effect will be proposed at the Annual Meeting.

By order of the Board

JACQUELINE H.C. QUAMINA
Corporate Secretary

Chairman's Review

Ronald F. deC. Harford

Results

I am pleased to report that the Republic Bank Group achieved a creditable performance, with profit attributable to shareholders of $1.22 billion for the year ended September 30, 2015. This represents an increase of $30.3 million or 2.5% over the prior year. This performance was particularly noteworthy in light of the challenging international and regional economies within which the Group operates. Please refer to the Managing Director's Discussion and Analysis for a more detailed financial review of the Group's performance.

Based on these results, the Board of Directors has declared a final dividend of $3.10 (2014: $3.00), which brings the total dividend for the fiscal year to $4.35 (2014: $4.25). This final dividend will be paid on December 1, 2015 to all shareholders on record as at November 16, 2015.

Key highlights for the year

Holding Company

On June 22, 2015 shareholders' approval was obtained to create Republic Financial Holdings Limited, the umbrella company under which all our main subsidiaries will be held. Shareholders' approval had been secured to commence the holding company from October 1, 2015 but due to a delay in obtaining all of the requisite approvals, a new date will be agreed with the Minister of Finance. The holding company structure will better enable us to segregate and isolate the risk among the various group companies, will allow for a more efficient deployment of capital and bring us in line with international best practice.

Acquisitions

In May 2015, we increased our shareholding in HFC Bank (Ghana) Limited to 57.11% following the mandatory takeover bid. This acquisition represents our first outside the Caribbean region and our first on the African Continent. This acquisition has added $2.2 billion to our asset base and is expected to provide a satisfactory return in 2016 and beyond, after an initial loss in 2015 due to restructuring charges.

On July 31, 2015 we acquired a 100% shareholding in RBC Royal Bank (Suriname) N.V. which was renamed Republic Bank (Suriname) N.V. This acquisition has added a further $3.3 billion to our asset base.

We are very pleased to welcome the staff of HFC Bank (Ghana) Limited and Republic Bank (Suriname) N.V. to the Republic Bank family.

Global

Across the globe, economic growth for 2015 has fallen short of expectations. Based on developments over the first six months, with the exception of Italy, Spain and Russia, the growth forecasts for all other large countries and regions were either held constant or revised downward by the International Monetary Fund (IMF).

Commodity prices continued to trend downward during the third quarter, with food prices declining to the lowest levels recorded in almost seven years. Despite a minor second quarter rally, oil prices continued to decline, with third quarter West Texas Intermediate (WTI) prices averaging US$46.42 per barrel.

These developments do not allow for an optimistic view on global growth prospects and the IMF has projected growth of 3.1% for 2015 and 3.6% in 2016. Economic expansion in developing countries is expected to moderate even further due to protracted low commodity prices and reduced investment flows triggered by expected increases in United States interest rates.

Trinidad and Tobago

Following a contraction of 1% in the domestic economy in 2014, minimal growth of 0.2% is estimated for 2015. This performance was largely based on the positive performance of the non-energy sector which offset the contraction in the energy sector. The non-energy sector expanded by 2.3% in 2015, up from 0.1% in 2014 due to increased activity in the manufacturing (from -4% to 1.3%) and services (from 0.7 % to 2.5%) sectors. The energy sector was affected by weak global oil and gas prices and low output and is estimated to contract by 3.4% in 2015.

In September 2015, the Monetary Policy Committee of the Central Bank of Trinidad and Tobago increased the 'Repo' rate for the seventh consecutive time by 25 basis points to 4.5%. This decision was based primarily on the forward guidance by the Federal Reserve to raise United States policy rates. However, the Federal Reserve continued to delay its increase in rates because of the slowdown of the Chinese economy and heightened uncertainty surrounding the global economy. The United States economy continues to show signs of strengthening and it is expected that rates will be increased by 2016.

Going forward, weak energy prices are expected to persist and increasing reliance will be placed on the non-energy sector to fuel growth.

Barbados

With stronger growth in the tourism sector in 2015, the domestic economy has performed slightly better than a year ago. The latest available data indicates that economic activity expanded by 0.3% percent during the first nine months of 2015, compared to a decline of 0.1% during the same period in 2014. For the full year 2015, the domestic economy is anticipated to grow by 0.5%, up marginally from 0.2% in the previous year.

The marginal improvement in economic activity during the first nine months of the year resulted in a decrease in the rate of unemployment to 12% from 12.4%. The substantial fall in commodity prices, (particularly fuel prices) helped to reduce Barbados' import bill and caused inflation to fall to 0.8% from 1.7% in September 2014. During the 2014/2015 fiscal year, the country's fiscal deficit fell significantly to 6.9% of GDP, from 11%. This improvement was linked to continued efforts by the government to bring its fiscal accounts to more sustainable levels. Debt to GDP remains high at 108.6%.

The growth was largely based on the impetus provided by the tourism sector which expanded by 6.3% during the first nine months of 2015. The sector experienced 14.5% growth in arrivals, with visitors from its largest market, the United Kingdom, increasing by 13.2%. The increased tourist arrivals, however, did not result in an increase in the country's foreign reserves which fell to US$488.35 million (14.4 weeks import cover) in September 2015 from US$532.7 million in September 2014.

The Central Bank of Barbados expects the economy to expand by 1% in 2016 on the basis of continued growth in the tourism sector. Some impetus is also expected from construction with the implementation of private and government projects. With commodity prices predicted to remain low during the year, the country is not expected to face significant inflationary pressures. Tight fiscal policy is expected to produce a further decline in the fiscal deficit but this could impact growth.

Ghana

Ghana's three main exports – crude oil, gold and cocoa – endured steady price declines over the period October to December 2014.

Chairman's Review

Depressed prices of these main exports continued through 2015, resulting in an 18.7% decline in the country's export revenue to August 2015 compared with the same period in 2014. The impact of this decline, while mitigated somewhat by a decline in import levels, still resulted in Ghana's foreign reserves declining from US$5,833.2 million in October 2014 to US$4,594 million in August 2015, equivalent to 2.9 months of import cover.

Despite these challenges, Ghana has been making progress in curbing its fiscal deficit as part of the IMF's Extended Credit Facility (ECF) programme. Consolidation through the first seven months of 2015 resulted in a fiscal deficit of 3% of GDP, within the programme's target of 4%. Following the first review of Ghana's performance under the ECF, the IMF team found that while inflation remained higher than expected, averaging 16.9% from October 2014 to August 2015, the programme was on track to achieving its goals. Buoyed by these positive comments from the IMF, the cedi, which had been declining through the first half of 2015, appreciated by 25.5% against the US dollar in July 2015 before falling by 14.8% in August 2015. The Bank of Ghana's Monetary Policy Committee, in an attempt to curb inflation and reduce the volatility of the exchange rate of the cedi, increased its benchmark rate from 19% to 25% during the period October 2014 to September 2015.

The Ghanaian economy is expected to grow by 3.5% in 2015. The country's challenges are unlikely to improve before the next six months, as harnessing its power generation capabilities will take some time and commodity prices are expected to remain depressed.

Grenada

The IMF expects economic activity in Grenada to expand by 1.6% in 2015, following on the 2.6% growth which occurred in 2014. The performance in 2015 was based primarily on continued growth in the tourism and agriculture sectors. Nonetheless, with unemployment still high, weak domestic demand restricted growth during 2015. Low oil prices are expected to contribute to a reduced current account deficit in 2015, while the fiscal deficit is expected to fall to 2.4% for 2015 from 4.9% in 2014.

The country's efforts to restructure its debt have achieved some success with private bondholders agreeing to take a 50% haircut (equal to US$131 million) on debt totaling US$262 million. The resultant cut in debt is projected to be equivalent to 13% of 2017 GDP. However, with the bulk of Grenada's debt held by multilateral organizations such as the IMF and Caribbean Development Bank, which are not subject to restructuring, the country is expected to contend with high debt rates for some time. Total debt is estimated to reach 97% of GDP in 2015, down slightly from 105% in the previous year.

In the second quarter of 2015, the IMF conducted its second review of Grenada under the Extended Credit Facility Arrangement which began in 2014 and expressed satisfaction with the country's progress thus far, indicating that the overall programme implementation remains solid. Major reforms of the fiscal policy framework to anchor debt sustainability have been completed, albeit with some delay, including new fiscal responsibility legislation and the reform of the tax incentive regime to eliminate discretion.

The economy is projected to record a slightly improved pace of 2% in 2016, due to growth in both tourism and agriculture. Tourism is expected to benefit from the continued growth of the US economy and other key markets such as the UK. The growth in key agriculture sub-sectors in 2014 and 2015 augurs well for the sector's prospects in 2016. There are, however, significant downside risks to this forecast. Public debt remains high and economic growth has fallen short in some of Grenada's key tourism markets.

Guyana

In its 2015 budget statement, the Government of Guyana estimated 3.4% growth for the economy. This follows an expansion of 3.8% in 2014 and was achieved in an environment of weak prices for the country's mining products and a high level of political uncertainty in the lead up to the May 2015 General Elections.

During the year, the country was also confronted by notable challenges within the agriculture sector, especially in the sugar industry which continues to be plagued by labour, financial and management issues which all combined to have a negative impact on sugar output. Despite the fall in revenue from the mining sector which resulted from declines in output and weak international prices, the Government is projecting the fiscal deficit to fall to 2.8% of GDP from 5.7% in 2014.

The IMF projects economic activity to expand by 4.4% in 2016 on the basis of the impetus provided by the agriculture and services sectors. This may, however, prove challenging given the number of downside risks that exist from low commodity prices, challenges in the sugar industry, and finding of markets for rice to replace the loss of the Venezuelan market. These risks could put added pressure on Guyana's fiscal resources and cause the deficit to expand in 2016. The promise offered by ExxonMobil's announcement of a major oil find off Guyana's coast is however a positive mitigant to these downside risks.

Suriname

While the political environment in Suriname remained stable following Desiré Bouterse's re-election as President in May 2015, Suriname's economy is estimated to have slowed in 2015, with real GDP growth falling to 2.7% from 3.4% in 2014. This decline was mainly due to lower export earnings from the mining sector which has traditionally been one of the main drivers of economic growth, as both gold and bauxite contribute a combined 50% of Suriname's exports. The slowdown in this sector has led to a reduction in foreign reserves and a widening of the fiscal deficit.

In light of dwindling foreign reserves, the Central Bank of Suriname was challenged in meeting the increasing demand for foreign exchange, which threatened the currency peg to the US dollar. In March 2015, an agreement was made between the Central Bank and China's Central Bank for a bilateral currency swap to help ease the demand for US currency. It is estimated that the monetary authority was able to maintain the exchange rate at an average of SR$3.30/US$1 in 2015.

The oil industry is engaged in new exploration and has the potential to expand modestly, but the current weak oil price outlook will be challenging for the industry. The domestic economy should however experience slight growth from maturing investments in manufacturing, mining and energy. Privatisation of state plantations and plans for major palm oil investment are expected to boost employment and agricultural exports.

Given the environment of weak commodity prices and Suriname's high dependence on commodity exports, growth is expected to remain subdued in 2016. Further, the economy faces fiscal constraints as the government has already introduced austerity measures in its fiscal 2016 budget. This fiscal tightening is expected to bring about inflationary pressures, lower consumption and further stymie economic growth in the next fiscal year.

Outlook

While economic challenges are likely to feature through 2016, we expect the Group to continue to perform satisfactorily through prudent management and our strong balance sheet.

In February 2016, the Group will bid farewell to Mr. David Dulal-Whiteway who has served the Bank for over 25 years, with the last ten as Managing Director. Under David's leadership, the Group withstood the effects of the 2008 financial crisis, entered not just new markets and territories but also new cultures and continents, and doubled our profit and asset base from $664 million and $29 billion in 2004 to $1.2 billion and $66 billion in 2015.

In turn, I extend a warm welcome to Mr. Nigel Baptiste, who has been appointed Managing Director Designate. Nigel has a wealth of experience accumulated over 24 years, with 16 years in Executive Management in many diverse areas throughout the Group. I am very confident that Nigel will continue to build on the rich legacy left by David and take the Republic Group to new heights.

I would like to extend a special thanks to Mr. Christian Mouttet who resigned from the Board of Directors after serving for over five years and I welcome his replacement, Mr. Peter Inglefield.

I wish to thank my fellow Directors for their expertise and support, and the staff, customers and shareholders of this organisation for their continued support, loyalty and dedication throughout the year.

Managing Director's Discussion and Analysis

David Dulal-Whiteway

Introduction

For the year ended September 30, 2015, Republic Bank Limited (the Group) recorded profit attributable to equity holders of the parent of $1.22 billion, an increase of $30.3 million or 2.5% over the prior year. Total Group assets increased by $6.6 billion or 11.2% to $66 billion as at September 30, 2015.

The major contributing factor to the profitability was the rise in net interest income of $235 million or 10.6%, driven by $5.9 billion or 21.8% growth in the loan portfolio. Loan growth continues to be robust in Trinidad and Tobago, which was the main contributor to the growth in net interest income. Gains on the sale of property in Guyana contributed to a 19% or $14 million increase in profits, while growth in Barbados has stabilised after one-off adjustments. Grenada enjoyed a $5 million increase in profitability due to better management of interest rates, while moderate economic recovery resulted in a decrease in loan impairment expense.

However, these positives were affected by several challenges that reduced profitability. The carrying value of goodwill for our operations in the Cayman Islands was reduced by $31 million due to a decline in profitability. In May 2015, we increased our shareholding in HFC Bank (Ghana) Limited (HFC) to 57.11% following the mandatory takeover bid. The overall cost of our HFC acquisition totalled $458.8 million. Upon completion of our acquisition, and as part of our restructuring of HFC, we recognised loan impairment expenses of $91.2 million ($52.1 million net of minority interest).

On July 31, 2015 we acquired a 100% shareholding in RBC Royal Bank (Suriname) N.V. (renamed Republic Bank (Suriname) N.V.) at a cost of $288.6 million.

The acquisition of HFC and Republic Bank (Suriname) N.V. added $5.5 billion to our asset base. We expect HFC to return to profitability in 2016 after recording a loss in 2015 which was due primarily to restructuring expenses for its loan portfolio.

The Board of Directors has declared a final dividend of $3.10 per share for the year ended September 30, 2015. This, when combined with the interim dividend of $1.25 per share, brings the total dividend for the year to $4.35 per share. At a closing share price of $112.00 per share, this equates to a dividend yield of 3.88%.

The Bank continues to maintain a strong capital base, reflected in a total capital adequacy ratio of 21.72%, well in excess of the 8% minimum requirement. This excess capital places us in a good position to withstand the increased capital requirements of the Basel II accord, which will be implemented in Trinidad and Tobago within the upcoming year.

The following is a detailed discussion and analysis of the financial results of Republic Bank Limited. This should be read in conjunction with the audited financial statements, contained on pages 68 to 149 of this report. All amounts are stated in Trinidad and Tobago dollars.

RESULTS OF OPERATIONS: HIGHLIGHTS

All figures are in TT$ Millions	2015	2014	Change	% Change
Financial Position				
Total assets	**65,992.2**	59,371.5	6,620.7	11.2%
Total advances	**33,008.0**	27,095.4	5,912.6	21.8%
Total investments	**8,094.4**	8,260.4	(166.0)	-2.0%
Total deposits	**49,495.7**	43,770.8	5,724.9	13.1%
Total equity	**9,410.6**	8,746.3	664.3	7.6%

Financial Position

Total assets for the Group increased by $6.6 billion or 11.2%, from $59.4 billion in 2014 to $66 billion at September 30, 2015. The growth in assets was largely driven by an increase of $5.9 billion or 21.8% in loans and advances, $3.1 billion of which originated from our Trinidad and Tobago operations. Ghana and Suriname contributed $1.4 billion to the growth as they are now being consolidated into the Group's results.

The Group's deposit base grew by $5.7 billion or 13.1%, mainly due to the addition of a $2.8 billion portfolio from Suriname and a $1.2 billion portfolio from Ghana. Moderated liquidity in Trinidad and Tobago resulted in lower growth in the deposits portfolio of $1 billion, compared to a $2.5 billion or 8% growth in 2014. With the growth in loans, we were better able to deploy low earning liquid assets into higher yielding loans. This led to a $2 billion decrease in liquid assets in Trinidad and Tobago and a decline in the Group liquid assets ratio to 30.7% in 2015, down from 33.1% in 2014.

Total investments fell by $166 million or 2%, from $8.3 billion in 2014 to $8.1 billion in 2015 as a result of scheduled repayments. These amounts are now held in liquid assets due to the lack of suitable medium to long-term investment opportunities.

Total equity increased by $664.3 million to $9.4 billion at September 30, 2015. This increased capital base will allow the Group to continue with its acquisition strategy while maintaining sufficient capital levels to fulfil impending increased capital regulations. At September 30, 2015, the Group capital adequacy ratio is 24.73%.

Managing Director's Discussion and Analysis

Loans and Advances

All figures are in TT$ Millions	2011	2012	2013	2014	2015
Performing Loans	21,477	22,928	24,640	26,513	**32,370**
Non-performing Loans (NPL's)	732	778	948	974	**1,250**
Gross loans	22,209	23,707	25,589	27,487	**33,619**
Loan Provision	(343)	(390)	(353)	(391)	**(611)**
Net Loans	**21,866**	**23,317**	**25,236**	**27,095**	**33,008**
Contingency Reserve	455	453	654	642	**642**
Non-performing Loans to Gross Loans	3.3%	3.3%	3.7%	3.5%	**3.7%**
Loan provision as a % of NPL's	46.8%	50.0%	37.2%	40.2%	**48.9%**
Provision and Contingency Reserves as a % of NPL's	109.0%	108.2%	106.2%	106.1%	**100.3%**

Loans and advances

Through sound risk management practices, we were able to keep the non-performing loans (NPL's) to gross loans ratio at 3.7% at September 30, 2015 – a slight increase of 20 basis points over the 3.5% recorded in 2014. This deterioration was primarily due to our subsidiary in Ghana for which we increased the level of NPL's after acquisition to bring in line with the Group's stricter policy for recognition of NPL's. Ghana's NPL's/ Gross loans stood at 14.3% at September 30, 2015 – up from the 10.43% at December 31, 2014.

The Group's loan provisions coverage ratio increased to 48.9%, up from the 40.2% reported in 2014, reflecting the higher levels of loan provisions being booked.

The Group seeks to achieve at least 100% provision for non-performing loans through specific and inherent risk provisions, which are booked through the statement of income and through a general contingency reserve, which is booked directly through equity. As at September 30, 2015, the combination of specific and general provisions represents 100.3% of NPL's, slightly above the target of 100%.

Income Statement

The 2.5% growth in profits was driven by a $235 million or 10.6% increase in net interest income, arising from a $5.9 billion or 21.8% growth in the loan portfolio and the recovery of $123.4 million after tax on a non-performing facility. This was offset by an increase in operating expenses of $212.4 million and impairment expenses of $108.8 million. The increase in operating expenses is attributable mainly to the consolidation of HFC Bank (Ghana) Limited (HFC) and Republic Bank (Suriname) N.V. which amounted to $89.4 million. Impairment expenses of $52.1 million (net of minority interest) was recorded by HFC to bring its loan provisions in line with Group policy and $56.7 million was booked by Republic Bank (Cayman) Limited relating to loans and goodwill impairment.

While profits grew by 2.5%, average assets grew at a faster rate of 7.2%, resulting in a decline in the Return on Assets (ROA) from 2.10% in 2014 to 1.97% in 2015. Total assets of $5.5 billion were added from the acquisition of subsidiaries in Ghana and Suriname, but the full extent of the profitability of these entities is not reflected in the Group's results as they were done close to the end of the fiscal.

Likewise, a 4.3% growth in average equity also outpaced growth in profits, resulting in a decrease in the Return on Equity (ROE) from 14.33% in 2014 to 14.09% in 2015.

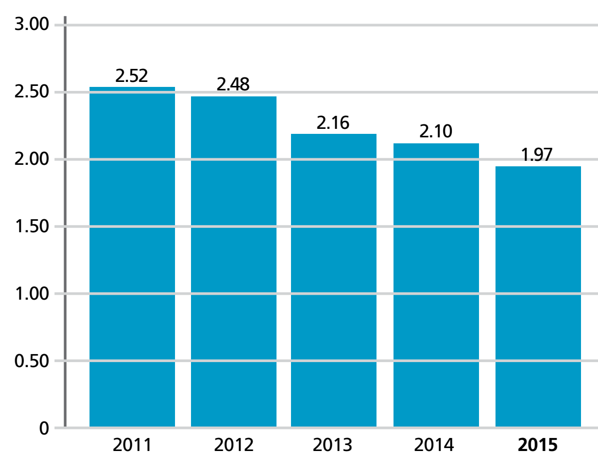
Income Statement

All figures are in TT$ Millions	2015	2014	Change	% Change
Profitability				
Net interest income	2,453.0	2,218.1	235.0	10.6%
Other income	1,462.4	1,487.0	(24.6)	-1.7%
Share of profits/(loss) of associated companies	39.3	49.1	(9.9)	-20.1%
Operating expenses	(2,027.5)	(1,815.1)	(212.4)	-11.7%
Employee benefits pension and medical contribution	(97.0)	(65.5)	(31.5)	-48.0%
Goodwill impairment expense	(31.5)	(185.0)	153.5	83.0%
Loan impairment expense	(165.3)	(119.9)	(45.4)	-37.9%
Profit before taxation	**1,633.5**	**1,568.7**	**64.8**	**4.1%**
Taxation	(396.7)	(339.0)	(57.8)	-17.0%
Profit after taxation	**1,236.7**	**1,229.7**	**7.0**	**0.6%**
Non-controlling interest	(13.1)	(36.3)	23.2	63.9%
Profit attributable to equity holders of the parent	**1,223.6**	**1,193.4**	**30.3**	**2.5%**

The Central Bank of Trinidad & Tobago increased the 'Repo' rate six times over the past year, from 3.0% in September 2014 to 4.5% by September 2015. This move, however, had minimal impact on interest yields in Trinidad and Tobago, as increased competition in interest rates in the local credit market actually resulted in reduced loan yields. These reduced rates allowed for improved growth in the loan portfolio, leading to an increase in interest income from loans. This increase in interest income from Trinidad and Tobago, combined with declining deposit interest rates in Grenada and Barbados, resulted in a 10.6% increase in net interest income for the Group in 2015. This outpaced the 7.2% growth in average assets, resulting in an increase in net interest margins from 3.79% in 2014 to 3.91% in 2015.

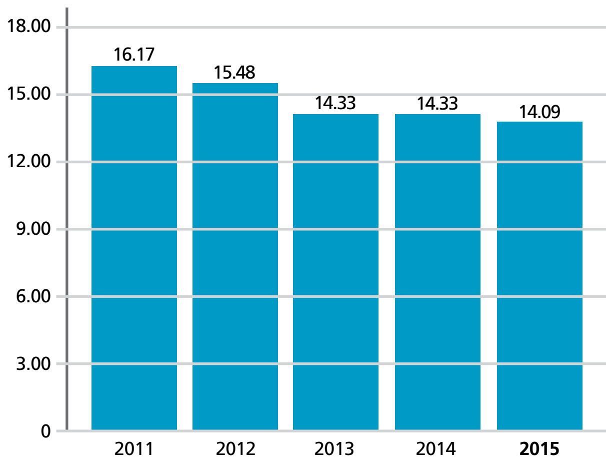
Total operating expenses increased by $76.6 million or 3.7% over the prior year, marginally less than the 5% increase in net interest and other income. This resulted in a slight improvement in the efficiency ratio, from 55% in 2014 to 54.36% in 2015.

Return on Assets (%)

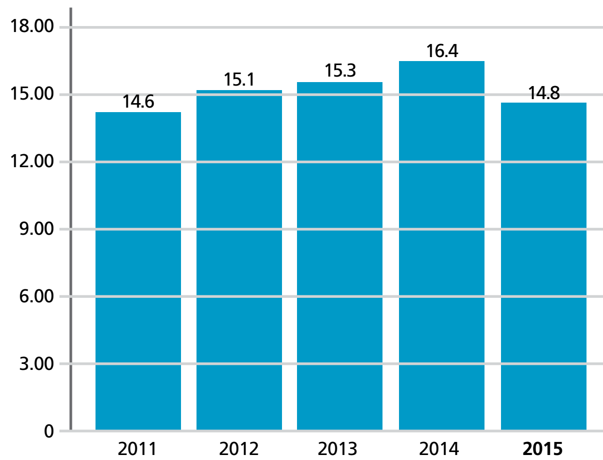


Managing Director's Discussion and Analysis

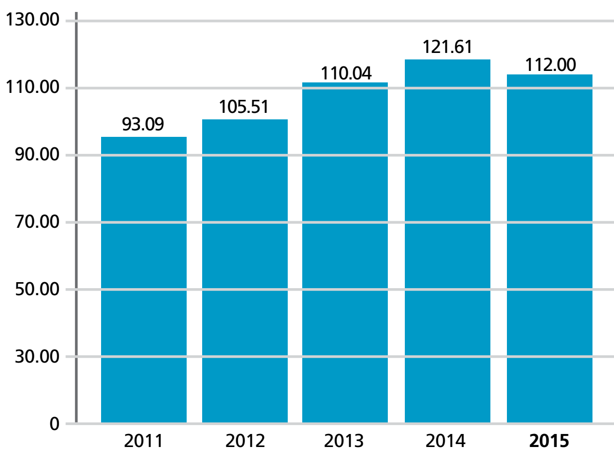
Return on Equity (%)



Price/Earnings Ratio



Share Price ($)



ANALYSIS OF PERFORMANCE BY TERRITORY

Total Assets

Country (TT$ Millions)	2015	2014	Change	% Change
Trinidad and Tobago	**48,366**	46,093	2,273	4.9%
Barbados	**8,443**	8,270	173	2.1%
Guyana	**4,328**	3,895	433	11.1%
Cayman/Suriname/Eastern Caribbean	**8,489**	5,283	3,205	60.7%
Ghana	**2,234**	–	2,234	0.0%
Inter-company eliminations	**(5,867)**	(4,170)	(1,697)	-40.7%
Total	**65,992**	**59,372**	**6,621**	**11.15%**

Total assets

The Group's asset base increased by $6.6 billion or 11.2%, mainly due to the first-time consolidation of a $3.2 billion asset base from Suriname and $2.2 billion in assets out of Ghana.

Total assets in Trinidad and Tobago increased by $2.2 billion or 4.9%, largely driven by a $3.1 billion or 16% growth in loans and advances. This growth was funded from our excess liquidity, resulting in a $2.1 billion decrease in liquid assets.

Barbados' asset base grew by $173 million or 2% with loans and advances and investments remaining fairly flat. The growth was mainly in low-yielding liquid assets. The asset base of Guyana grew by $433 million or 11.1% funded from the growth in deposits of $360.8 million or 10.7%. This was invested mainly in liquid assets. Growth in the Cayman/Suriname/Eastern Caribbean Region is effectively due to the $3.2 billion asset base of RBL Suriname, as minimal loan growth in the Eastern Caribbean Region was totally negated by declines in liquid assets in the Cayman Islands to fund the declining deposit base.

Total Loans and Advances

Country (TT$ Millions)	2015	2014	Change	% Change
Trinidad and Tobago	**22,386**	19,336	3,050	15.8%
Barbados	**4,585**	4,578	6	0.1%
Guyana	**1,592**	1,525	67	4.4%
Cayman/Suriname/Eastern Caribbean	**3,061**	1,656	1,405	84.9%
Ghana	**1,384**	–	1,384	0.0%
Total	**33,008**	**27,095**	**5,913**	**21.8%**

Total loans and advances

The Group's loans and advances portfolio continues to grow, increasing by $5.9 billion or 21.8% in 2015. Excluding the $2.8 billion in loans incorporated on the acquisition of Suriname and Ghana, organic loan growth across the Group was actually $3.1 billion or 11.5% compared with the 7.4% growth in 2014, a very good achievement, given the existing economic conditions. This $3.1 billion in organic loan growth originated mainly from Trinidad and Tobago. Guyana's loan portfolio grew by $66.8 million or 4.4%. While economic conditions in Barbados and Grenada have improved slightly, this has not translated into higher loan growth thus far. We remain optimistic, however, that the improving tourism sectors in Barbados and Grenada will lead to higher loan growth in these territories over the next fiscal year.

Managing Director's Discussion and Analysis

Loans and Advances by Territory

All figures are in TT$ Millions	Trinidad and Tobago	Barbados	Guyana	Cayman/ Suriname/ Eastern Caribbean	Ghana	Total
Performing Loans	22,299	4,211	1,523	3,001	1,335	**32,370**
Non-performing Loans (NPL's)	220	550	89	167	223	**1,250**
Gross Loans	22,519	4,762	1,613	3,167	1,559	**33,619**
Loan Provision	(133)	(177)	(21)	(106)	(174)	**(611)**
Net Loans	**22,386**	**4,585**	**1,592**	**3,061**	**1,384**	**33,008**
Contingency Reserve	171	397	73	2	–	642
Non-performing Loans to Gross Loans	1.0%	11.6%	5.5%	5.3%	14.3%	**3.7%**
Loan provision as a % of NPL's	60.5%	32.1%	23.4%	63.7%	78.1%	**48.9%**
Provision and Contingency Reserves as a % of Non-performing loans	137.9%	104.3%	104.6%	64.7%	78.1%	**100.3%**

The total NPL to Gross Loans ratio for the Group suffered a slight decline from 3.5% in 2014, to 3.7% in 2015, mainly due to increased loan provisions in Ghana, as we seek to harmonise the risk management policies of this newly-acquired subsidiary with the policies of the rest of the Group. This resulted in a total $174 million in provisions through the Statement of Income. The NPL ratio in Barbados also deteriorated from 10.5% in 2014 to 11.6% in 2015, due to increased unemployment on the island that negatively impacted the residential mortgage portfolio.

All other regions, however, experienced improvement in this ratio, led by the Cayman/Suriname/Eastern Caribbean segment, where a marked improvement was enjoyed from 7.4% in 2014 to 5.3% in 2015, due to the recovery and restructuring of the Government of Grenada indebtedness. The ratio also improved marginally in Trinidad and Tobago from 1.2% in 2014 to 1.0% in 2015 and in Guyana from 5.7% in 2014 to 5.5% in 2015.

Net Interest Income

Country (TT$ Millions)	2015	2014	Change	% Change
Trinidad and Tobago	**1,688**	1,571	116	7.4%
Barbados	**366**	300	66	21.9%
Guyana	**192**	183	9	4.8%
Cayman/Suriname/Eastern Caribbean	**166**	164	2	1.4%
Ghana	**42**	–	42	0.0%
Total	**2,453**	**2,218**	**235**	**10.6%**

Net Interest Income

Net interest income for the Group increased by 10.6% or $235 million in 2015, led by Trinidad and Tobago where income in this area grew by $116 million or 7.4%, mainly due to the $3.1 billion increase in the loans and advances portfolio. The $66 million or 21.9% increase in net interest income in Barbados resulted from increased interest income from higher interest rates on loans, as well as declines in interest expense due to better interest rate management and liberation of the interest rate setting mechanism for deposits.

The US economy continues to show signs of strengthening, leading to a worldwide expectation of increased interest rates and further relaxation of international accommodative monetary policies. Against this backdrop, the Group will continue to manage its interest rate spreads across the region, to balance our liquidity, currency and credit risk exposure with the demands of increasing competition and the needs of our customers.

Operating Expenses

All figures are in TT$ Millions	2015	2014	Change	% Change
Total operating expenses	2,156.0	2,065.6	90.4	4.4%
Less pension costs	(97.0)	(65.5)	(31.5)	-48.0%
Goodwill impairment expense	(31.5)	(185.0)	153.5	83.0%
Core operating expenses	**2,027.5**	**1,815.1**	**212.4**	**11.7%**
Trinidad and Tobago	1,496.7	1,518.1	(21.4)	-1.4%
Barbados	319.1	325.1	(6.0)	-1.8%
Guyana	133.1	122.7	10.4	8.4%
Cayman/Suriname/Eastern Caribbean	138.6	110.7	27.9	25.2%
Ghana	79.9	–	79.9	0.0%
Inter-company eliminations	(11.5)	(11.1)	(0.4)	-3.6%
Total	**2,156.0**	**2,065.6**	**90.4**	**4.4%**

Operating expenses

Core operating expenses increased by 11.7% or $212.4 million, of which staff costs contributed a $99 million or 14% increase across the Group as union negotiations were settled in Trinidad and Tobago and Barbados. Notwithstanding the normal inflationary increases in the general operating and regulatory costs across the Group, the balance of the increase was due to the first-time inclusion of $79.9 million in operating costs from Ghana.

Managing Director's Discussion and Analysis

CAPITAL STRUCTURE

Capital Adequacy Ratio	2015	2014
Republic Bank Limited	21.72%	25.77%
Republic Finance and Merchant Bank Limited	130.21%	133.32%
Republic Bank (Cayman) Limited	26.74%	20.83%
Republic Bank (Grenada) Limited	15.60%	15.80%
Republic Bank (Guyana) Limited	22.85%	22.16%
Republic Bank (Barbados) Limited	19.78%	16.02%
Republic Bank (Suriname) N.V.	15.37%	–
HFC Bank (Ghana) Limited	14.20%	–
Atlantic Financial Limited	52.73%	67.95%

Capital Structure

The Group's policy is to diversify its sources of capital, to allocate capital within the Group efficiently, and to maintain a prudent relationship between capital resources and the risk of its underlying business. Capital adequacy is monitored by each member of the Group, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practice (the Basel Committee), as implemented by the respective Central Banks for supervisory purposes. The risk-based capital guidelines require a minimum ratio of core capital (Tier I) to risk-weighted assets of 4%, with a minimum total qualifying capital (Tier II) ratio of 8%. Core (Tier I) capital comprises mainly shareholders' equity.

All of the companies within the Group have capital ratios which are significantly higher than the regulatory requirement. The Group has maintained a historical dividend payout ratio of between 40% and 60% of net earnings. The payout ratio this year is 57.5% and remains unchanged from 2014.

The strong capital base means the Group is well positioned to fund its future expansion activities.

Outlook

Despite the forecast of improved conditions in the tourism-dependent economies in the Caribbean, growth in commodity-producing countries is expected to be challenged by low commodity prices into the next fiscal year. The Group will continue to utilise its sound risk management policies, solid capital base and skilled and dedicated staff to seek growth opportunities both organically and through expansions regionally and internationally.

This has been my last full year as Managing Director of Republic Bank, as I proceed on retirement in February 2016. The past ten years spent in this position and the previous 15 at various areas throughout the organisation, have been an experience of continuous insight and learning.

I know that the organisation will continue to thrive as Mr. Nigel Baptiste takes over the helm upon my departure. Nigel's 24 years of experience with the Bank will serve him well as he takes the Group through to its next phase of growth and development.

I would like to thank the Board of Directors for their sound leadership and last, but certainly not least, I say thank you to all the staff, customers and shareholders of this organisation who have supported and guided me through my journey over the past 25 years. It has been a pleasure serving all of you!

The Board of Directors has reviewed and adopted the Managing Director's Discussion and Analysis at the Meeting of November 4, 2015.

Ronald F. deC. Harford

Peter R. Inglefield

David Dulal-Whiteway

Alison Lewis

Nigel M. Baptiste

William P. Lucie-Smith

Derwin M. Howell

Russell Martineau

Shazan Ali

Chandrabhan Sharma

Dawn Callender

Kristine Thompson

Terrence W. Farrell

Gregory I. Thomson

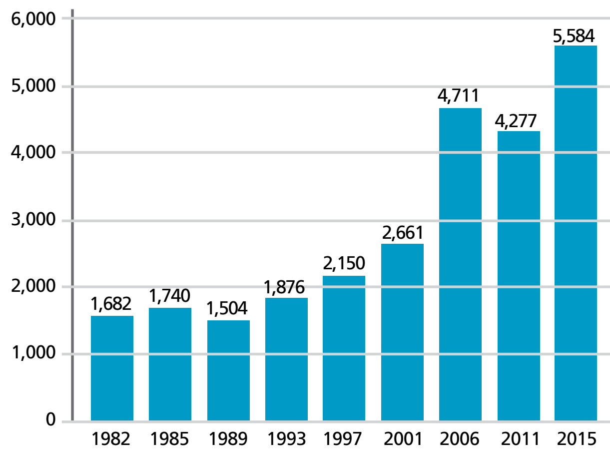
Key Performance Indicators

Republic Bank Limited 1982-2015

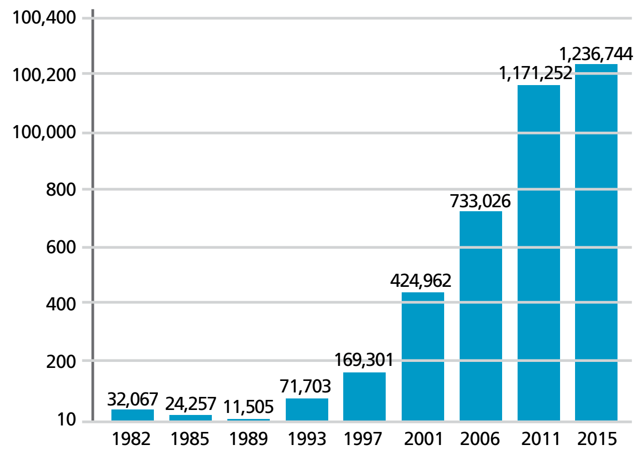
Year	Number of Employees	Profit After Taxation ($'000)	Assets ($'000)	Share Price $
1982	1,682	32,067	2,323,831	9.00
1983	1,768	40,706	2,727,999	6.20
1984	1,811	38,494	2,781,337	4.10
1985	1,740	24,257	2,762,212	3.08
1986	1,690	5,856	2,650,662	1.45
1987	1,637	2,427	2,608,915	1.06
1988	1,548	4,512	2,659,069	1.10
1989	1,504	11,505	2,866,484	2.22
1990	1,627	21,127	3,341,029	3.12
1991	1,742	37,460	3,757,756	4.62
1992	1,797	43,065	4,125,661	3.66
1993	1,876	71,703	5,067,598	5.80
1994	1,950	64,255	5,851,356	7.20
1995	2,074	109,761	6,882,784	8.42
1996	2,188	136,889	10,767,975	12.61
1997	2,150	169,301	11,793,994	20.30
1998	2,741	203,509	13,935,990	21.60
1999	2,860	298,740	14,579,855	21.55
2000	2,794	372,784	16,275,944	30.00
2001	2,661	424,962	17,475,525	32.60
2002	2,563	457,952	19,267,432	33.70
2003	2,613	608,803	25,806,430	44.00
2004	**4,783	710,121	28,558,635	79.71
2005	**4,652	860,291	31,629,603	95.00
2006	**4,711	733,026	35,060,648	85.95
2007	**4,281	1,425,805	37,362,145	80.00
2008	**4,460	1,304,136	41,566,700	99.20
2009	**4,332	1,038,836	42,446,335	85.98
2010	**4,329	1,074,385	45,902,101	72.99
2011	**4,277	1,171,252	47,146,600	93.09
2012	**4,203	1,226,605	51,626,290	105.51
2013	**4,166	1,177,867	57,612,365	110.04
2014	**4,250	1,229,716	59,371,516	121.61
2015	**5,584	1,236,744	65,992,186	112.00

** Staff Figures are group figures, 1982-2003 are parent figures

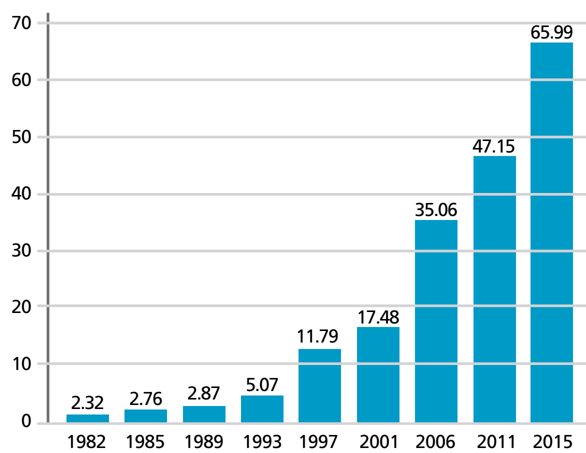
Number of Employees



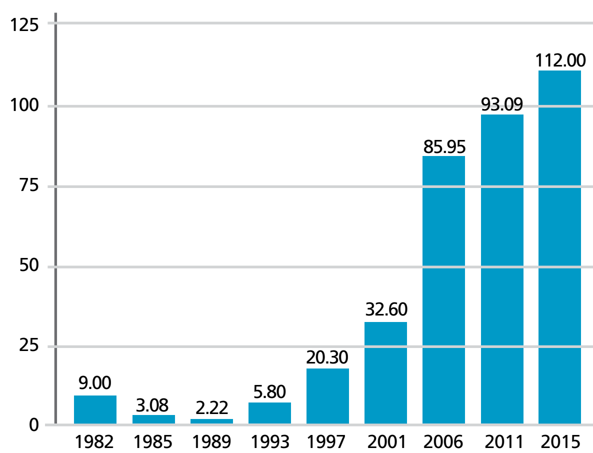
Profit After Taxation ($'000)



Assets ($'000,000)



Share Price ($)



Group Profile

EXECUTIVE MANAGEMENT

Managing Director
David Dulal-Whiteway, *BSc (Mgmt. Studies), MBA*

Managing Director ***(Designate)***
Nigel Baptiste, *BSc (Econ.) (Hons.), MSc (Econ.), ACIB*

Executive Director
Derwin M. Howell, *BSc (Elec. Eng.) (Hons.), MSc (Tele. Systems), Executive MBA, MIET, MIEEE, C.Eng.*

Group General Counsel/Corporate Secretary*
Jacqueline H.C. Quamina, *LLB, MA, MBA*

General Manager, Commercial and Retail Banking
Hilton Hyland, *Dip. (Business Mgmt.), EMBA*

General Manager, Corporate and Investment Banking*
Roopnarine Oumade Singh, *BSc (Econ.), MSc (Econ.), MBA*

General Manager, Corporate Operations and Process Improvement
Farid Antar, *ACIB, ACIS, SOBMM*

General Manager, Electronic Channels and Payments
Anthony Wong, *Dip. (Mgmt.), MBA*

General Manager, Group Marketing and Communications
Michelle Palmer-Keizer, *Dip. (Business Mgmt.), Adv. Dip. (Marketing Mgmt.), MABE*

General Manager, Group Human Resources
Anna-Maria Garcia-Brooks, *Dip. (Mass Media and Comm.), Dip. (Business Mgmt.), EMBA*

General Manager, Information Technology Management
Aldrin Ramgoolam, *Dip. (Business Mgmt.), BSc (Computer Science)*

General Manager, Internal Audit
Anthony C. Subero, *Dip. (Business Mgmt.), LIDPM, MBA*

General Manager, Planning and Financial Control
Parasram Salickram, *FCCA, ACMA, CGMA, CA, CFA*

General Manager, Risk Management
Vijai Ragoonanan, *CA, BSc (Mgmt. Studies), MSc (Acct.)*

General Manager, Treasury
Charles A. Mouttet, *ACIB*

General Manager, Wealth Management
Karen Yip Chuck, *Dip. (Business Admin.), ACIB, BSc (Econ.) (Hons.), MBA, CIA*

HEAD OFFICE DEPARTMENTS

Administration

Administration Manager
Wendy Anne Bosse, *BSc (Mgmt. Studies) (Hons.), AICB*

Assistant Manager, Administration
Peter Anthony

Branch Support Services

Manager
Valini Rajballie, *ACIB*

Business Systems and Process Improvement

Manager, Group Business Systems and Process Improvement
Antonia Dickson-Frederick, *Dip. (Bkg.), BSc (Accounting)*

Manager, Group Projects
Serafin Gonsalves, *BSc (Business Mgmt.)*

Manager, Business Systems and Process Improvement
Eric Hopkins II, *BSc (Ops. Research and Financial Eng.), MBA*

Centralised Credit Unit

Credit Manager
Grace Wei, *Dip. (Business Mgmt.), ACIB, BSc (Financial Mgmt.)*

Commercial and Retail Banking

Regional Sales Manager (North)
Suresh Supersad, *Dip. (Business Mgmt.)*

Regional Sales Manager (East/Central/Tobago)
Annette Wattie, *Dip. (Business Mgmt), ACIB, EMBA*

** Appointment to Executive Director effective January 31, 2016*

Regional Sales Manager (South)
Farook Hosein

Manager, Customer Care and Support Centre
Peter Adam, *Dip. (Business Mgmt.)*

Corporate Operations and Process Improvement

Senior Manager, Corporate Operations and Process Improvement
Michael Walcott, *BA (Accounting)*

Manager, Regional Operations
Amar Ramlogan, *BSc (Econ.), MSc (Econ.), MBA*

Economic Intelligence Unit

Economist
Garvin Joefield, *BSc (Econ. and Mgmt.), MBA*

Group Marketing and Communications

Manager, Group Corporate Communications
Tisha Lee, *B. Comm. (Marketing)*

Manager, Market Intelligence and Segments
Shazard Mohammed, *BSc (Econ.) (Hons.), PGD Marketing*

Marketing Manager, Product Development, Deposits and Investments
Lisa Mc Carthy, *BA (Marketing)*

Marketing Manager, Product Management
Shedley Branche, *BSc (Mgmt.) (Hons.), MBA*

HEAD OFFICE

Senior Manager
Kimberly Erriah, *LLB (Hons.), LEC, MBA*

Manager
Omarwatee Lackhan, *FCCA, CA*

Manager
Charlotte Sahadeo-Bellemare, *Dip. (Marketing), Dip. (Bkg.), Dip. (Business Mgmt.), BA (French and Spanish)*

Manager
Ethelbert Paul, *B.Comm. (Fin.)*

Assistant Manager
Suelan De Sormeaux, *BSc (Mgmt.), MSc (Mgmt.)*

Human Resources

Senior Manager, Group Employee and Industrial Relations
Preston George, *BSc (Sociology), LLB, EMBA*

Senior Manager, HR Projects
Corrine Brown, *BSc (General), MBA*

Project Manager, HRIS
Emerson Dixon, *Dip. IMIS*

Industrial Relations Manager
Giselle Estrada, *MBA*

Manager, Manpower Planning
Jonelle Salina, *Dip. (Financial Mgmt.), BSc (Mgmt. with Psychology), MBA*

Manager, Learning and Talent Development
Anneleise Thomas-Andrews, *BSc (Sociology with HR Mgmt.)*

Manager, Compensation and Benefits
Camille-Moseley-Joefield, *BSc (Mgmt.), CIM, IBAF, MBA*

Manager, HRIS
Addison Wayne Mitchell, *BSc (Computer Science and Mgmt.), HND (Computer Studies)*

Assistant Manager, Compensation and Benefits
Gillian Arneaud

Assistant Manager, Employee and Industrial Relations
Somers Julien, *BSc (Gov't and HR), MSc (Human Resources)*

Internal Audit

Senior Manager, Internal Audit
Amral Khan, *BSc (Mgmt. Studies) (Hons.), MBA*

Manager, IT Audits
Joyce Ramkumar, *BSc (Information Systems), ADMIS*

Group Profile

Manager, Professional Practices
Farina Karim-Ragbir, *Dip. (Business Mgmt.)*

Manager, Internal Audit
Elizabeth Deen, *Dip. (Bkg.), Cert. Accounting (Tech A)*

Manager, Finance Audits
Naseem Ali-Lopez, *FCCA*

Legal Services and Centralised Securities Unit

Manager, Legal Services/Centralised Securities Unit
Janelle Bernard, *LLB (Hons.), LEC, EMBA*

Manager, Legal Services
Ayanna Mc Gowan, *LLB (Hons.), LEC*

Manager, Legal Services
Joel Chadha, *PgDip. (Law), BA (Business Fin.), MBA*

Manager, Legal Services (Compliance)
Andrea De Matas, *LLB, LEC*

Loan Delivery Centre

Manager
Chandra Ghuran, *Dip. (Bkg.), Dip. (Business Mgmt.), MBA*

Assistant Manager
Wilma Williams, *Dip. (Marketing), Dip. (Bkg.), ALLC*

Operational Risk

Manager, Business Continuity
Joelle Bannatyne, *BSc (Management)*

Manager, Corporate Security
Terrence A.M. Butcher, *Dip. (CFAFD)*

Assistant Manager, Corporate Security
Sherwin Forte, *Dip. (Caribbean Forensics and Fin. Fraud Inst.), Arts Foundation Degree*

Manager, IT Security
Adesh Rampat, *BSc (Electronic Eng.), Pg.D. (MIS)*

Manager, IT Security
Brian Keshwah, *BSc (Computing)*

Planning and Financial Control

Senior Manager
Marsha McLeod-Marshall, *FCCA, MSc (Int'l Fin.)*

Manager, Finance - Bank
Sursatee (Vashti) Boodram, *FCCA*

Manager, Finance - Group
Joy Inniss, *FCCA*

Manager, Business Performance Management
Lana Ramroop, *BSc (Electrical and Computer Eng.)*

Manager, Strategic Initiatives
Catherine Shepherd, *MSc (Library Sc), BA (Sociology and History)*

Portfolio Management

Project Manager
Nathasha Shakira Smith-Cedeno, *BSc (Computer Sc. Mgmt.)*

Premises

Senior Manager
Mark Bishop, *Dip. (Business Mgmt.), BSc (Civil Eng.), BSc (Hydraulic Eng.)*

Project Manager
Valerie Kelsick, *BSc (Civil Eng.), MBA (Fin. and Intl. Business), PMP, MAPETT (Reg. Eng.)*

Assistant Manager
Marvin Sinanan, *BSc (Civil Eng.)*

Risk Management

Senior Manager
Dennis Kurbanali, *ACIB, MBA*

Manager
Helen Gonsalves

Credit Manager
Kalawatee Bickramsingh, *Dip. (Financial Mgmt.), ACCA, MBA CPA,CMA,CA, AICB (Hons.)*

Managers on Secondment and Special Projects

Secondment

General Manager, Retail Banking
Republic Bank (Barbados) Limited
Susan Torry, *Dip. (Business Mgmt.), BSc (Industrial Studies) (Hons.), ACIB, LLB*

Corporate Controller
Republic Bank (Barbados) Limited
Hamant Lalla, *FCCA, MBA (Fin.)*

Banking Manager
Republic Bank (Cayman) Limited
Shantie Ramoutar, *ACIB, MBA*

General Manager, Corporate Credit
Republic Bank (Guyana) Limited
Parbatie Khan, *Dip. (Business Mgmt.), ACIB, MBA*

General Manager, Risk
HFC Bank (Ghana) Limited
Anthony Jordan, *BSc (Mgmt. Studies), ACIB, EMBA*

Assistant Country Manager
Havana Representative Office
Susan Monsegue, *BSc (Mgmt.)*

Special Projects

Project Manager, Enterprise Risk Management Project
Jagnath Moonian, *FCCA, CRMA*

Project Manager, Head Office
Gillian Pierre, *Dip (Business Mgmt.)*

Manager, Head Office
Jadgesh Ramjit, *BSc Mgmt. (Econ.and Fin.), MBA*

Manager, Head Office
Najette Abraham, *Dip. (Business Mgmt.)*

SPECIALIST OFFICES

Creditor Protection Support Unit

Senior Manager
David Robinson, *BA, CFA*

Sales and Operations Manager
Sandra Bahadursingh, *Dip. (Business Mgmt.)*

Electronic Channels and Payments Division

Senior Manager, Electronic Channels and Payments
Kwame Blanchfield, *BA (History and Gov't.)*

Manager, Operations and Finance
Judith Punch-Wafe, *Dip (Business Mgmt.), Dip. (HR Mgmt.), ACCA*

Credit Manager
Sandra Dopson, *Dip. (Business Mgmt.)*

Manager, IT
Sharon Lucky-Durbal, *BSc (Info. Systems and Mgmt.), MBA*

Manager, Electronic Channels and Payments
Marsha O'Neal, *BSc (Sociology and Mgmt. Studies), MBA*

Manager, Sales and Service
Fabian Kubalalsingh

Foreign Exchange Centre (Forex)/Group Treasury

Senior Manager, Treasury
Baldath Ramkissoon, *BSc (Mgmt.), MSc (Int'l Fin.), MBA*

Acting Manager, Foreign Exchange and Dealing
Rush Ramoutar, *BSc. (Mgmt. and Fin.), MSc (Mgmt.)*

Manager, Forex
Courtney Buckradee, *Dip. (Business Mgmt.)*

Manager, Money Market
Ravi Mykoo, *BSc (Econ. and Mgmt.)*

Information Technology Management Division

Assistant General Manager
Denyse Ramnarine, *BSc (Computer Science and Physics), MSc (Telecom.), Dip. (Business Mgmt.)*

Senior Manager, Technology Advancement
Marlon Persad, *BSc (Computer Science), MSc (Computer Science), EMBA*

Acting Manager, Data Centre Services
Johnason Nath, *Dip. IMIS, BSc (Computing and Information Systems), MBA*

Group Profile

Manager, End User Services
Judy Dhoray, *BSc (Maths/Computer Science), MSc (Computer Science), MBA*

Manager, Information Reporting and Data Management
Kiran Ramlakhan, *BSc (Computer Science and Mgmt.), MSc (Computer Science)*

Manager, Production Support
Darryl Headley, *BSc (Computing)*

Project Manager/IT Governance
Brent Cabrera, *Dip. (Computer Systems Design), MSc (Strategic Business IT), IMBA*

Manager, Technology Deployment
Neal Motilal, *Tech. Dip. (Telecom. Eng.)*

Manager, Technology Infrastructure
John Corbin

Manager, Application Support
Lisa Norville, *BSc (Computer Studies)*

Project Manager
Robert Sharpe, *Dip. (Business Mgmt.)*

TRUST SERVICES DIVISION AND WEALTH MANAGEMENT LIMITED

Trust Services

Senior Manager, Trust Services
Ena Dalchan-Mahabir, *ACCA*

Acting Investment Manager, Trust Services
Jerome Gooptar, *BSc (Mgmt.), CFA*

Manager, Trust Services
Courtney Inniss, *BSc (Mgmt.)*

Operations Manager
Jo-Ann Ragoo-Khalawan, *BSc (Mgmt. Studies)*

Marketing Manager
Brendon Howell, *BSc (Acct.) (Hons.), CFA, MBA*

Project Manager
Sabatry Ramnath, *BSc (Computing) (Hons.)*

Republic Wealth Management Limited

Head
Steve Roberts, *BSc (Mgmt. Studies) (Hons.)*

Manager, Investments
Carla Kelshall, *BSc (Econ. and Maths) (Hons.), CFA, ASA, Dip. Actuarial Techniques (DAT)*

CORPORATE AND INVESTMENT BANKING

Corporate Business Centre – East/Central

Regional Corporate Manager
Anthony Clerk, *Dip. (Business Mgmt.), AIBAF, EMBA*

Corporate Manager
Ramish Maharaj, *Dip. (Business Mgmt.), ACIB, MSc. (Fin. and Mgmt.), MBA*

Corporate Manager
Vaughn Welsh, *Dip (Bkg.), ACIB, MBA*

Credit Manager
Shaeen Ghouralal, *Dip. (Financial Mgmt.)*

Credit Manager
Shawn Moses, *BSc (Econs.), MSc (Int'l. Fin.)*

Credit Manager
John Ford

Corporate Business Centre - North

Regional Corporate Manager
Karen Tom Yew-Jardine, *BSc (Mgmt.), MBA (Fin.), LLB*

Corporate Manager (Incoming)
Giselle Busby, *BSc (Ind. Mgmt.), MBA*

Corporate Manager
Derek Mohammed, *Dip. (Business Mgmt.), ACIB*

Corporate Manager
Jimmy Cedeno, *BSc (Mgmt. Studies), EMBA*

Corporate Manager
Andre Crosby, *MBA*

Corporate Manager
Adrian Riley, *BSc (Acct.), MBA (Fin.)*

Corporate Manager
Lisa Maria Morris, *BSc (Econ. with Acct.), MBA*

Corporate Manager
Charmaine Khan, *Dip (Bkg.)*

Credit Manager
Kris Chelwin, *BSc (Acct.), MBA (Fin.)*

Credit Manager
Eugene Lee

Corporate Business Centre – South

Regional Corporate Manager
Brian Alleyne, *BA (Econ.), CFA*

Corporate Manager
Ian Leonard, *BSc (Mgmt. Studies) (Hons.)*

Corporate Manager
Davi Samaroo-Singh, *BSc (Econ.)*

Corporate Manager
Rawlston Singh, *Dip. (Bkg.)*

Investment Banking

Regional Manager, Investment Banking
Riah Dass-Mungal, *BSc (Acct.), FCCA*

Investment Manager, Investment Banking
John Peter Clarke, *BA (Hons.), MA*

BRANCH SALES NETWORK

Branch Sales Manager

Arima
Cheryl Harrilal, *Dip (Business Mgmt.), MBA*

Centre City, Chaguanas
Nirmala Seetaram-Harrilal, *Dip. (Bkg.) (IBAF)*

Cipero Street
Acting BSM
Vydanand Singh

Couva
Gabrielle Dindayal

Diego Martin/Glencoe
Brad Tom Yew, *BSc (Marketing), MBA (Fin.)*

Ellerslie Court
Andrea Kurbanali, *Dip. (Financial Mgmt.)*

Gulf View
Keithan Weston, *AIBAF*

Harris Promenade
Karen Mc Sween, *BSc (Bkg. and Fin.), Dip. (Financial Mgmt.)*

High Street
Roopmin Ramkissoon-Ramdeo, *ACIB*

Independence Square
Susan Williams, *Dip. (Business Mgmt.)*

Long Circular Mall
Debra Carrington

Marabella
Desni-Ann Khan

Mayaro/Rio Claro
Jemma Persad, *Dip. (Bkg.)*

Park Street/Hilton
Rhonda Joseph-Walters, *Dip. (Bkg.)*

Penal
Acting BSM
Bharath Rambally

Pointe-a-Pierre
Marsha Lee Wing-Gopaul, *Cert (Bkg.) IBAF*

Group Profile

Point Fortin
Jemma Rampersad

Princes Town
Wendy Ann Joseph, *Dip. (Business Mgmt.), AICB, MBA*

Promenade Centre
Ingrid McKenzie

Sangre Grande
Latisha De Gannes, *BSc (Mgmt.) (Hons.), Dip. (Bkg.), (IBAF), MBA*

San Juan
Richard Mc Letchie, *Dip. (Financial Mgmt.)*

Siparia/Fyzabad
Dave Mansingh, *Dip. (Bkg.), ACIB*

Tobago

Operations Manager
Alison St. Hillaire, *Assoc. Degree (Applied Science)*

Area Manager
Allison Cooper, *Dip. (Business Mgmt.)*

Tragarete Road
Acting BSM
Ann Marie Phillip

Trincity
Nycrisha Belgraves, *BSc (Mgmt. Studies)*

Tunapuna West/East
Geeta Harricharan, *Dip., (Bkg.), BSc (Bkg. and Fin.)*

U.W.I.
Maria Fraser

Valpark/Grand Bazaar
Acting BSM
Karen Sturge-Crichlow, *BSc (Mgmt.) MSc. (Strag. Leadership and Mgmt.)*

Westmall
Charmaine Ramsubhag-Baball

Woodbrook
Nadine Riley, *BSc (Bkg. and Fin.) (Hons.)*

Executive Management

1 **Farid Antar**
General Manager, Corporate Operations and Process Improvement

2 **Anna-María García-Brooks**
General Manager, Group Human Resources

3 **Hilton Hyland**
General Manager, Commercial and Retail Banking

4 **Charles A. Mouttet**
General Manager, Treasury

5 **Roopnarine Oumade Singh**
General Manager, Corporate and Investment Banking

6 **Michelle Palmer-Keizer**
General Manager, Group Marketing and Communications

Executive Management

7 **Jacqueline H.C. Quamina**
Group General Counsel/Corporate Secretary

8 **Vijai Ragoonanan**
General Manager, Risk Management

9 **Aldrin Ramgoolam**
General Manager, Information Technology Management

10 **Parasram Salickram**
General Manager, Planning and Financial Control

11 **Anthony C. Subero**
General Manager, Internal Audit

12 **Anthony J. Wong**
General Manager, Electronic Channels and Payments

13 Karen Yip Chuck
General Manager, Wealth Management

Subsidiaries

1 **Ian R. De Souza,** *Dip. (Mgmt.), BSc (Econ.), MBA, CPA, CMA, CA, CIRA*
Managing Director, Republic Bank (Barbados) Limited

2 **Giselle Busby,** *BSc (Mgmt. Studies), MBA*
Managing Director, Republic Bank (Cayman) Limited

3 **Keith A. Johnson,** *BSc (Accountancy), MBA, AICB*
Managing Director, Republic Bank (Grenada) Limited

4 **Richard Sammy,** *BSc (Mgmt. Studies) (Hons.), MBA*
Managing Director, Republic Bank (Guyana) Limited

5 **Gloria Anthony,** *ACIB, MBA*
Managing Director, Republic Bank (Suriname) N.V.

6 **Robert Le Hunte,** *BA (Econ.), MSc (Acct.), CA, MBA*
Managing Director, HFC Bank (Ghana) Limited

7 **Godfrey Gosein,** *BSc (Ind. Mgmt.), MBA*
Chief Executive Officer, Republic Securities Limited

8 **Steve Roberts,** *BSc (Mgmt. Studies) (Hons.)*
Head, Republic Wealth Management Limited

Subsidiaries

Republic Bank (Barbados) Limited

One of the longest serving banks in Barbados, Republic Bank (Barbados) Limited has been in existence for over 30 years. Formerly Barbados National Bank Inc. (BNB), it boasts one of the largest ABM networks on the island and ten conveniently located branches. The Bank offers an array of financial services such as personal, commercial, lending, premium, corporate and investment banking. Its wholly-owned subsidiaries, Republic Finance & Trust (Barbados) Corporation and Republic Funds (Barbados) Limited, offer funds management, lease financing and merchant banking services.

Registered Office

Independence Square, Bridgetown, Barbados, West Indies
Tel: (246) 431-5999
Fax: (246) 429-2606
Swift: BNBABBBB
E-mail: info@republicbarbados.com
Website: www.republicbarbados.com

Managing Director and Chief Executive Officer

Ian R. De Souza, Managing Director and Chief Executive Officer of Republic Bank (Barbados) Limited, has been a banker for more than 30 years. He is a graduate of The University of the West Indies (UWI), a Certified Management Accountant and a Certified Insolvency and Restructuring Advisor.

Republic Bank (Cayman) Limited

Republic Bank (Cayman) Limited is a private bank offering a comprehensive wealth management service to clients in the Caribbean region and beyond. This service includes banking in most currencies, investment management and formation of private investment holding companies and trustee services. Republic Bank (Cayman) Limited continues to be a strong contributor to the Group's profits and allows the network to offer a full range of Offshore Wealth Management Services to its clients.

Registered Office

Suite #308, Smith Road Centre, 150 Smith Road, P.O. Box 2004, KY1-1104, George Town, Grand Cayman
Tel: (345) 949-7844
Fax: (345) 949-2795

Managing Director

Out-going Managing Director

Ms. Giselle Busby served as Managing Director of Republic Bank (Cayman) Limited for 19 months. She holds a BSc in Management Studies from the University of the West Indies and a MBA from the University of Manchester.

Ms. Busy is being reassigned to the Bank's Corporate Business Centre North in Trinidad, and is being replaced by Mr. Carlton Barclay.

Mr. Carlton Barclay holds an MBA in Business from Northwestern University, and a Diploma in Business Administration from the University of Technology in Jamaica. He is a member and Fellow of the Association of Chartered Accounts (FCCA, ACCA).

Republic Bank (Grenada) Limited

Incorporated on October 12, 1979, Republic Bank (Grenada) Limited is considered the leading bank in Grenada with the largest market share in assets, loans and deposits. It also boasts the widest network of branches (6), and automated banking machines (11). In 2008, Republic Bank (Grenada) Limited became the first Grenadian corporation to list its shares on the Eastern Caribbean Securities Exchange (ECSE).

As at September 30, 2015 Republic Bank (Grenada) Limited's equity base stood at US$34,518.million and asset base at US$312,935 million.

Registered Office

P.O. BOX 857 Grand Anse, St. George Grenada, West Indies
Tel: (473) 444-BANK (2265)
Fax: (473) 444-5501
Swift: NCBGGDGD
E-mail: info@republicgrenada.com
Website: www.republicgrenada.com

Managing Director

Keith A. Johnson, Managing Director of Republic Bank (Grenada) Limited, is a career banker with over 30 years of experience. In 2009, he was seconded to his current role from Republic Bank (Guyana) Limited. Mr. Johnson holds an Executive Master's Degree in Business Administration (MBA) from The University of the West Indies (UWI) (Cave Hill); a BSc in Accountancy from the University of Guyana. He is an Associate of the Institute of Canadian Bankers.

Republic Bank (Guyana) Limited

Established in 1836, Republic Bank (Guyana) Limited is one of Guyana's longest-serving institutions and is a recognised leader in the provision of financial services. Over the past year, the Bank has concentrated on growing its lending portfolio, with particular emphasis on Small and Medium Enterprises. The Bank remains committed to providing customised, efficient and competitively-priced financial services, and maintaining a philosophy of social investment in Guyana.

At September 30, 2015, Republic Bank (Guyana) Limited's equity base stood at US$74.1 million and asset base at US$692.8 million.

Registered Office

Promenade Court, 155-156 New Market Street,
North Cummingsburg, Georgetown, Guyana
Tel: (592) 223-7938-49
Fax: (592) 233-5007
SWIFT: RBGL GYGG
E-mail: email@republicguyana.com
Webite: www.republicguyana.com

Managing Director

Mr. Richard S. Sammy is an outstanding banker with significant experience in corporate and investment banking. He previously served as the Regional Manager, Corporate Business Centre – South and Regional Manager, Investment Banking Division at Republic Bank Limited, Trinidad. Prior to joining Republic Bank Limited, he served as Senior Manager, Business Development at Sagicor Merchant Limited and Risk Manager, Deals Management and Regional Manager, Capital Markets at RBTT Merchant Bank Limited. Mr. Sammy holds an MBA from the Warwick Business School in the United Kingdom and a Bachelor of Science Degree (Hons.) in Management Studies from the University of the West Indies, St. Augustine.

He is well-respected in the banking field and continues to provide excellent leadership to the Republic Bank (Guyana) Limited team since assuming the position of Managing Director on July 1, 2015.

Republic Bank (Suriname) N.V.

On July 31, 2015, Republic Bank welcomed Republic Bank (Suriname) N.V. into its expanding financial Group. Republic Bank acquired RBC Royal Bank (Suriname) N.V. from RBC Financial (Caribbean) Limited, through the purchase of Royal Overseas Holdings (St. Lucia) Limited. The Suriname bank has a network of five branches in the capital of Paramaribo and one in Nickerie, and assets of approximately US$523 million (as at October 31, 2014).

Registered Office

Kerkplein 1, Paramaribo
Tel: (597) 471555
Fax: (597) 425709
E-mail: email@republicbanksr.com
Webite: www.republicbanksr.com

Managing Director

Gloria Anthony, Managing Director, Republic Bank (Suriname) N.V. is a career banker with extensive experience in Corporate and Retail Banking. During the last fifteen years she has performed in key Senior Managerial positions in the Parent Company including Corporate Manager, Area Credit Manager, Regional Sales manager and General Manager Commercial and Retail Banking. She previously sat on the boards of Bank of St. Lucia Limited, and G4S Secure Solutions Services, Trinidad and is currently a director of the Board of the Caribbean Association of Banks. Mrs. Anthony holds a Master's Degree in Business Administration from Heriot-Watt University in the UK and an Associate Degree in Banking from the IFS School of Finance, UK. She is a member of the Energy Chamber of Trinidad and Tobago, the American Management Association and an Associate of the Chartered Institute of Bankers.

HFC Bank (Ghana) Limited

In May, 2015, following a successful offer to the Shareholders of HFC Bank (Ghana) Limited, Republic Bank increased its shareholding in HFC Bank to 57.11%. This gave Republic Bank majority ownership. HFC Bank (Ghana) was licensed as a commercial bank in 2003 and today operates 42 branches throughout Ghana, providing a wide range of banking services, including mortgages and real estate services, commercial banking, investment banking, microfinance, private equity and venture capital fund management.

Subsidiaries

Registered Office
Ebankese
35 Sixth Avenue, North Ridge
P.O.Box CT 4603, Cantonments, Accra
Tel: (233) 302 242090-4
Fax: (233) 302 242095
SWIFT: HFCAGHAC
Email: hfcomp@hfcbank.com.gh
Website: www.hfcbank.com.gh

Managing Director
Robert Le Hunte is an Executive Director at HFC Bank Ghana Limited. He has over 30 years of experience in the financial services sector and has served Republic Bank in key executive positions such as, General Manager, Planning and Financial Control; General Manager, Corporate and Investment Banking and Chief Executive Officer and Managing Director of Republic Bank (Barbados) Limited. He was a Director of National Enterprises from June 1, 2012 to November 30, 2013. Mr. Le Hunte holds a Master's Degree in Business Administration from the University of Manchester and a Master of Science degree in Accounting from The University of the West Indies (UWI), together with a Bachelor of Arts Degree in Economics from the University of Western Ontario, Canada.

He is a member of the Institute of Chartered Accountants of Trinidad and Tobago and is a graduate of The Advanced Management Program at Harvard Business School.

Republic Securities Limited

Republic Securities Limited is a full-service stock broking firm that trades on the local stock exchange and has execution capabilities for international stocks on the New York Stock Exchange. The company provides investment advisory services and specialises in financial planning, portfolio management and retirement planning.

Registered Office
2nd Floor, Promenade Centre, 72 Independence Square
Port of Spain, Trinidad and Tobago, West Indies
Tel: (868) 623-0435
Fax: (868) 623-0441
Email: rslinfo@republictt.com
Website: www.rsltt.com

Chief Executive Officer
Godfrey Gosein, Chief Executive Officer of Republic Securities Limited, is a Registered Representative with the Securities and Exchange Commission and a Registered stockbroker with the Trinidad and Tobago Stock Exchange. He has been involved in the Trinidad and Tobago capital market for over 25 years. He sits on the boards of the Trinidad and Tobago Stock Exchange and the Securities Dealers Association of Trinidad and Tobago. He is a graduate of The University of the West Indies (UWI) and holds an MBA from the Arthur Lok Jack Graduate School of Business.

Republic Wealth Management Limited

Republic Bank's Trust and Asset Management Division (TRAM), which was established in 1938, was disaggregated on July 1, 2014. The investment management services provided to individual investors, to corporate pension and savings plan clients and to Republic Bank's suite of proprietary funds are now housed at Republic Wealth Management Limited, which is registered under the Securities Act, 2012 as an Investment Adviser.

Registered Office
Republic House
9-17 Park Street
Port of Spain, Trinidad and Tobago, West Indies
Tel: (868) 625-3617
Fax: (868) 625-3617 Ext. 3178
Email: email@republictt.com
Website: www.republictt.com

Head
Steve Roberts, Head of Republic Wealth Management Limited, has been a banker for over 35 years and has gained extensive knowledge in the asset management and trust disciplines over the course of his career.

In 1997, Mr. Roberts joined Republic Bank Limited and in 1998, was transferred to the Trust and Asset Management Division where he was appointed as an Investment Manager in 2001.

Mr. Roberts, who holds a BSc in Industrial Management from the University of the West Indies, was appointed Head of Republic Wealth Management Limited on its formation on July 1, 2014.

Corporate Governance

Introduction

This report on Corporate Governance spans the financial year commencing October 2014 and ending September 2015. Accordingly, the information is describing the corporate governance framework for Republic Bank Limited and the performance of the Board of Directors during the financial year 2015 and pre the restructuring of the Group to form Republic Financial Holdings Limited.

The Republic Bank Group is committed to maintaining the highest standards of corporate governance. To this end, we continuously monitor and update as necessary our internal systems in order to ensure our standards reflect best international practice tailored to the specific needs of the Bank. In this regard, Republic Bank Limited is pleased to announce that it has adopted the Trinidad and Tobago Corporate Governance Code ('the Code') on the 'apply or explain basis'.

The Board of Directors exercises leadership, enterprise, integrity and good judgment in guiding the Group to achieve continuing growth and prosperity. The Board will act in the best interests of the Group and its stakeholders guided by a philosophy that is based on transparency, accountability and responsibility. The Group's values and standards are set to ensure that obligations to its shareholders, employees, and customers are met. Our ethics and operating principles remind us that at Republic Bank we are and strive to continue to be a Group with the highest standards of ethical conduct. Integrity and the trust of our customers are the cornerstone of our business. The Governance framework seeks to put a structure in place to help guide Directors, management and staff and we constantly seek to improve and strengthen this. One of the tools we have made available to our employees, as we strengthen and improve this framework, is whistle blowing. To this end we have contracted an international firm with which employees can communicate anonymously should they suspect that something untoward is taking place.

The Board provides entrepreneurial leadership to management within a framework of prudent and effective controls that enables risk to be assessed and managed. The Board sets the Group's strategic aims, ensuring that the necessary financial and human resources are in place for the Bank to meet its objectives. The Board also reviews management's performance against agreed metrics. Republic Bank has 10 principles of corporate governance that summarise the objectives of the Board and provide a framework for the manner in which it functions and discharges its responsibilities:

- Principle 1 - Lay solid foundation for management and oversight
- Principle 2 - Structure the Board to add value
- Principle 3 - Promote ethical and responsible decision making
- Principle 4 - Safeguard integrity in financial reporting
- Principle 5 - Make timely and balanced disclosure
- Principle 6 - Respect the rights of shareholders
- Principle 7 - Recognise and manage risk
- Principle 8 - Encourage enhanced performance
- Principle 9 - Remunerate fairly and responsibly
- Principle 10 - Recognise the legitimate interests of shareholders

Within the scope of these Principles the responsibility of the Board of Directors is further refined to include the following duties:

- Setting the Strategic aims and reviewing and approving corporate strategy
- Selecting, compensating and monitoring and where necessary replacing key executives and overseeing succession planning
- Ensuring the company has the appropriate organisational structure in place to achieve its objectives
- Reviewing and approving systems of risk management and internal compliance and control, codes of conduct and legal compliance
- Monitoring the effectiveness of corporate governance practices and updating organisational rules and policies in step with industry changes
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures
- Ensuring the integrity of accounting, financial and non-financial reporting

Our Board of Directors comprises 14 Directors, 11 are Non-Executive Directors and three are Executive Directors. The Chairman is a Non-Executive Director. Mr. Russell Martineau is the Senior Independent Director.

This balance of Non-Executive Directors to Executive Directors ensures the Board is able to exercise independent judgment with sufficient management information to enable proper and objective assessment of issues facing the Bank. The Non-Executive Directors reflect a diverse cross-section of the professional and business community and are all highly respected, independent individuals with a wealth of experience in their respective fields. Discussion

Corporate Governance

at Board meeting is therefore rich with the combined wisdom of the individuals, as well as reflective of their varied backgrounds. The Board has considered the criteria for Independence and after application of the criteria the Board was satisfied that each of the Non-Executive Directors was able to bring independent unbiased judgment to Board deliberations.

Non-Executive Directors do not participate in performance-based incentive plans, their remuneration consists solely of cash. The Board Chairman and Directors are paid fees, and Committee Chairmen and Members are paid an additional fee for each Committee on which they serve. Executives who are Directors are not paid fees.

The Executive Directors ensure that at Board meetings, Directors have access to the best possible banking, management and financial advice during their deliberations. Each Executive Director has his own particular strength reflective of his professional experience and this ensures the Board has a clear perspective on all matters on which decisions are required. Careful planning and a commitment to ensuring there is always an excellent group of managers to maintain continuity and seamless succession have always been a priority of the Board.

Director Tenure

Although this year both Ronald F. deC. Harford and Russell Martineau reached the retirement age of 70, the Board was of the view that given the proposed retirement of the Managing Director together with the fact that more than 50% of the Directors now have a tenure of five years or less, that continuity of experienced Directors outweighed the benefit of new talent at this time.

Our Board of Directors meets formally every month, while Special Board meetings are called as the need arises. During this fiscal year Thirteen meetings were scheduled:-

Board - 10 Meetings
Special Board - 3 Meetings

Director	**Attendance**	**Eligible to Attend**
Shazan Ali	12	13
Nigel M. Baptiste	12	13
Dawn Callender	10	13
David Dulal-Whiteway	12	13
Terrence W. Farrell	9	13
Ronald F. deC. Harford	13	13
Derwin M. Howell	12	13
Peter R. Inglefield *(New Appt. 6/1/15)*	10	11
Alison Lewis	9	13
William P. Lucie-Smith	11	13
Russell Martineau	11	13
Chandrabhan Sharma	10	13
Kristine Thompson	11	13
Gregory I. Thomson	12	13

The Managing Director has explicit authorities and responsibilities that are documented and approved by the Board of Directors and reviewed as and when necessary.

The international environment and legislative and regulatory demands are becoming increasingly complex and challenging causing us to constantly review our systems and make use of technology to ensure that compliance is robust and negative impact on our legitimate customers is minimal.

The Board of Directors considers that the quality, skills and experience of Directors enhance the Board's effectiveness, and the collective Board is required to have a core set of skills and experience identified to effectively provide the Bank with appropriate leadership and guidance given the risks and opportunities facing the Republic Bank Group.

The Bank is mindful that the Board must reflect the business, social, economic and cultural environment of the Bank's customers. It is also critical that the Directors must have sufficient time available to devote to the performance of their Board duties.

During the fiscal year, Directors attended the "Banking on the Future Summit 2015" Conference held at the Hyatt Regency, Port of Spain as part of their on-going education and also participated in a Training Session on Anti-Money Laundering and Counter Terrorism Financing (AML/CTF), facilitated by ComplianceAid, AML/CTF Specialists of Florida. The Bank recognises its responsibility to continuing to source training programmes for Directors that will enhance Director knowledge and improve effectiveness.

In 2013, the Board had External Consultants conduct a performance evaluation of the Board of Directors. This year, the Consultants were retained to facilitate "self-evaluations" of the members of the Boards of Republic Bank in Trinidad and Tobago, Barbados, Guyana and Grenada. The results revealed that generally the Boards were relatively happy with the quality of its members. Individual Reports would have identified areas in which the performance of a Director could improve. The Directors were invited to discuss issues raised with the Chairman.

At the Annual Meeting, one-third of the Directors retire and may offer themselves for re-election. At this Annual Meeting Ronald Harford, Russell Martineau, Shazan Ali and Chandrabhan Sharma retire from the Board by rotation and being eligible, have offered themselves for re-election. On January 6, 2015, Peter R. Inglefield filled the casual vacancy created by the resignation of Christian E. Mouttet who served as a Director of Republic Bank Limited diligently for 5½ years. In accordance with the Company's By-laws, Mr. Inglefield will retire from the Board of Republic Bank Limited and will be re-elected to the Board. The Board recommends that all the nominees be re-elected.

The Board of Directors has access to the advice of the Group General Counsel/Corporate Secretary, as well as the Bank's External Counsel, including advice on any matter concerning his or her role as a Director.

The Board of Directors complies with the Model Code for Securities Transaction by Insiders of Listed Companies issued by the Trinidad and Tobago Stock Exchange Limited. Strict guidelines are provided by the Bank for the occasions when it may be perceived that Directors and Officers have special knowledge, and dealing in the Bank's shares during these occasions is prohibited. The purchase or sale of shares by an insider requires the prior written consent of the Corporate Secretary, and transactions are tabled for the information of the Board of Directors.

The Board also has a disclosure policy designed to provide for accurate, timely and balanced disclosure of all material matters concerning the company.

The Board is committed to facilitating the ownership rights of all shareholder groups, including minority shareholders and institutional investors. Provision is made for shareholders to have the opportunity to engage with the company and participate effectively in Annual and Special Meetings through the provision of proxies. External Auditors and members of Senior Management and the Board are available at meetings with shareholders to respond to shareholder questions.

The Bank's strategies, policies, agreed management performance criteria and business plans are defined and measurable in a manner which is precise and tangible both to the Board and Management. The Bank's affairs are subject to comprehensive assessment against accurate and relevant information, both financial and non-financial as appropriate, obtainable from the Bank's internal reporting systems as well as external sources, so that informed assessment can be made of issues facing the Board. To this end, the following committees have been established:-

During the fiscal a review of the composition of the Board Sub-Committees was conducted resulting in the reappointment of Directors as members of the various Sub-Committees with effect from January 2015.

Audit Committee

This Committee meets quarterly to review the financial reporting process, the system of internal control, management of financial risks, the audit process, the Bank's process for monitoring compliance with laws and regulations and its own code of business. Four meetings were held this fiscal.

The Committee comprises:-

Directors	**Attendance**
William P. Lucie-Smith - Chairman	4
Dawn Callender	4
Ronald F. deC. Harford	4
Peter R. Inglefield *(New Appt. 6/1/15)*	3
Alison Lewis	4
Gregory I. Thomson	4

Corporate Governance

Credit Committee

This Committee meets twice monthly, or as necessary, to approve or decline credit proposals over the limit of the Executive Directors and on the classification of accounts and we advise that sixteen meetings were scheduled for the fiscal year. Attendance by Directors at these meetings is rotated.

The Committee comprises:

- Two Executive Directors
- Three Non-Executive Directors, one of whom shall be the Chairman of the Bank and who shall also be the Chairman of the Committee provided he is able to attend and the other two members selected from the following Panel:-

Directors	Attendance
Ronald F. deC. Harford - Chairman	10
David Dulal-Whiteway	11
Nigel M. Baptiste	16
Derwin M. Howell	5
Shazan Ali *(Appt. wef 1/1/15)*	1
Dawn Callender	4
Terrence W. Farrell	5
Peter R. Inglefield *(Appt. wef 6/1/15)*	4
Alison Lewis	5
William P. Lucie-Smith	4
Russell Martineau *(Appt. wef 1/1/15)*	3
Chandrabhan Sharma	3
Kristine Thompson	3
Gregory I. Thomson	6

Compensation Committee

This Committee is responsible for reviewing the compensation package for all categories of staff; the remuneration, performance and incentive rewards of Senior Executives as identified from time to time by the Committee; and meets as the need arises. One meeting was held for the fiscal year.

The Committee comprises:-

Directors	Attendance
Ronald F. deC. Harford - Chairman	1
Shazan Ali	1
William P. Lucie-Smith *(Appt. wef 1/1/15)*	Nil
Russell Martineau	1
Gregory I. Thomson	1
Kristine Thompson *(Appt. wef 1/1/15)*	Nil
Terrence W. Farrell	1
(Composition of Committee revised wef Jan 2015)	

Governance and Nomination

This Committee is responsible for establishing formal and transparent procedures for the selection of Executive and Non-Executive Directors; reviewing the Group's Management Succession Plan; developing and implementing processes to assess and improve Board and Committee effectiveness; and addressing issues which from time to time may emerge, having implications for the good governance within the Group and meets as the need arises. Three meetings were held for the fiscal year.

The Committee comprises:-

Directors	Attendance
Ronald F. deC. Harford - Chairman	3
Shazan Ali	3
Terrence W. Farrell	3
Russell Martineau	3
Peter R. Inglefield *(Appt. wef 6/1/15)*	2
Chandrabhan Sharma *(Appt. wef 1/1/15)*	2
Gregory I. Thomson	1
(Composition of Committee revised wef Jan 2015)	

Other Risks Committee

This Committee meets quarterly to review policies and procedures and ensures that the Bank is not exposed to unnecessary risk with respect to its operations in IT, Operational Risk, Legal, Trust and Asset Management, Asset Liability Management and Credit Card Operations. Four meetings were held for the fiscal year.

This Committee comprises:-

Directors	Attendance
Chandrabhan Sharma - Chairman	4
Dawn Callender	4
Terrence W. Farrell	4
Kristine Thompson	2
Alison Lewis	2
David Dulal-Whiteway	2
Nigel M. Baptiste	1
Derwin M. Howell	4

3
Corporate Social Responsibility

2004 The Launch of the Power to Make a Difference programme, the Bank's overarching social investment programme. The Programme had won the International Stevie Award for Corporate Social Responsibility Programme of The Year in South America. The Programme is in its third phase and the Bank has pledged TTD 100 million.

2005 Reliance Stockbrokers Ltd. was rebranded Republic Securities Limited after Republic Bank acquired majority shareholding in 2004.

2006 Acquired the operations of Dextra Bank and Trust Company through Republic Bank Trinidad and Tobago (Cayman) Limited.

2007 Republic Bank was awarded Best Bank – Trinidad and Tobago and a Service Excellence Organisation Designation from Ontario Tourism Education Centre (OTEC), the premiere source for customer service training.

The Power to Make a Difference

Top to bottom

Newly installed equipment von the refurbished YTEPP; Theodora Cllerie (Auntie Thea) performs at the International Literacy Day; Olympic Athlete Andrew Lewis at the Associative Technology Workshop; Rio Claro / ASJA Primary School, pose with Republic Bank's literacy mascot ELLIE

Inherent to the belief that we each have an invaluable contribution to make in strengthening the national community, is the desire to work with others to achieve that goal. Through the multi-million dollar social investment initiative, the Power to Make a Difference, Republic Bank has formed powerful connections within the national community in the hope of safeguarding the welfare and ensuring the sustainable success of our beautiful nation.

At Republic Bank, we understand the critical importance of these bonds in empowering diverse peoples and communities.

For more than a decade, through relationships with Non-Governmental Organisations (NGOs) and Community-Based Organisations (CBOs), we have worked together to help enhance the quality of lives of the differently able; support healthcare programmes and disability awareness initiatives; provide opportunities for young people to realise their truest potential through sport, education, culture and the arts; and raise the bar for community investment through a wide-reaching, comprehensive staff volunteerism programme.

PROJECTS 2014 - 2015

In this latest phase of Power to Make A Difference, Republic Bank pledged $22 million in support and sponsorship of community-based and youth empowerment programmes. In this new phase, we pursued traditional and innovative avenues to create sustainable social solutions, including the introduction of a groundbreaking staff volunteerism programme.

Youth Empowerment

Sponsorship of sport, literacy and education programmes, all aimed at challenging our nation's young people to achieve excellence, proved to be the hallmark of our investment during the 2014/2015 period.

One of the new initiatives was the full sponsorship of The Cropper Foundation, and its much-needed teen writers workshop series, which successfully engaged the minds of several young writers by providing them with the wherewithal and avenues through which they can create and publish their literary works. Additionally, hundreds of teenagers received the encouragement to succeed academically through our partnership with "In Full Flight!" and its well-received motivational programme for secondary school students, "Making the Switch".

Literacy and education continue to be the two most effective tools in breaking the cycle of poverty in our country. In 2014/2015, strong bonds were formed with the Young Men's Christian Association of Trinidad and Tobago (YMCA) when we signed on as the main sponsor of the International Children's Book Day to help instill a love of literature in the minds of young achievers.

Full support of the much-needed Trinidad and Tobago National Commission for UNESCO literacy programme, Leading for Literacy Now! helped develop reading skills in children from an early age, and helped foster stronger relationships between parents and their children.

During the period, perennial mainstays and signature beloved youth empowerment initiatives, Republic Cup National Youth Football League, RightStart Republic Bank Laventille Netball League, Republic Bank Love Movement Youth Outreach Programme, and Republic Bank National Primary Schools Agri-Science competition all continued to encourage young achievers to take more active roles in their personal and national development.

We also maintained our ongoing partnership with the National Junior Golf team through our sponsorship of their successful campaign in the US Virgin Islands in July, 2015.

Empowering the Differently Able; Providing for the Ill

In 2014/2015, we successfully built upon long-standing alliances with The Persons Associated with Visual Impairment (PAVI), the Autistic Society of Trinidad and Tobago, the School for Blind Children, and the Dyslexia Association of Trinidad and Tobago.

Additionally, we maintained our roles as the main supporter and sponsor of such innovative and far reaching healthcare programmes like the Helen Bhagwansingh Diabetes Education Research and Prevention Institute (DERPI), the Hope of a Miracle Foundation, the Sick Kids Foundation, Transplant Links Community/National Organ Transplant Unit, and our longtime partners in the fight to raise cancer awareness, the Trinidad & Tobago Cancer Society.

Staff Volunteerism

Our first priority is in doing our jobs as bankers well; however, we are always cognizant that banks have a significant impact on people, communities and countries, and as a result, we believe that more can be done to improve the quality of life for the people we serve. Through the Bank's Staff Volunteerism programme, we have had the opportunity to live our mantra of "building successful societies". Dedicated staff members, their friends and loved ones, have joined with the NGO and CBO communities to create a powerful movement to help, to care for, to teach, and to inspire others as they travel the path to success.

Partnering with the Habitat for Humanity Trinidad and Tobago and the United Way Trinidad and Tobago, our staff were challenged to get involved in worthwhile causes, joining fellow volunteers from across the breadth and length of our beautiful country to assist in the repair and construction of homes for those in need. Along the way, they formed strong bonds of learning and teamwork, helping pave the way for future projects in the new fiscal year.

Culture Preservation

Continued sponsorship of comprehensive signature programmes like the Republic Bank/NCBA Junior Parade of the Bands and the Mas Academy Youth Outreach Programme has been instrumental in preserving the Mas making traditions. The RightStart Republic Bank Pan Minors Literacy Programme has, over the course of 25 years, evolved to become one of the most groundbreaking and well-received programmes through which we awaken and develop a love and appreciation for steelpan in the hearts of our nation's young achievers.

Going a step further, we maintained our sponsorship of the Republic Bank Exodus Steel Band – one of the greatest cultural staples, not only in the Steel Band community, but within the national community as well.

Cultural diversity is equally as vital as preservation, and once again held a key focus in 2014/2015. Continued sponsorship of the Sanatan Dharma Maha Sabha's Baal Vikaas Vihaar Festival, helped provide fertile ground upon which Hindu culture can thrive in the natures and minds of our nation's youth. Partnership with the Emancipation Support Committee helped bring to life to its National African History Quiz and Spoken Word competition; a novel initiative that promotes a greater appreciation within our

The Power to Make a Difference

youth of the influence of African culture, through traditional stories and historical literary works.

Collectively, these initiatives enable us, in partnership with the national community, to create and build and preserve a rich cultural legacy for the proud people of our nation.

Community Development

In 2014/2015, partnerships with St. Mary's Mucurapo Boys' R.C. School, St. Theresa's Girls' R.C. School, Petit Valley Boys' R.C. School, Sacred Heart Boys' R.C. School, Sangre Grande Government Primary School and Queen's Royal College were key in outfitting the schools with upgraded facilities. In that vein, support of facility repairs to Tobago's Lorna Lashley Save the Children Foundation, The Trinidad Muslim League Inc., and Olive's House helped provide hundreds with shelter and peace of mind.

Bonds formed with the Archdiocesan Family Life Commission's Common Sense Parenting Programme and the Loveuntil Foundation have been integral in reviving groundbreaking education initiatives that provide critical life and vocational skills training opportunities for disadvantaged youth and to young parents.

Finally, we continued our longstanding nation-building work with the Butler Institute of Learning and Labour (BILL), St Ann's/Cascade Motivational Programme, The Cotton Tree Foundation, and the Adult Literacy Tutors Association (ALTA); work that helped break the cycles of poverty and illiteracy, particularly among young people, within our society.

The Future

Looking at the past year, we are convinced now, more than ever, that the Power to Make A Difference has made significant inroads into redefining the scope of corporate social investment in Trinidad and Tobago. Through a combination of financial and human resources investments, the Power to Make A Difference has become a legacy to the powerful bonds we have formed with true leaders within the NGO and CBO communities. Bonds that will grow stronger with every successful venture.

As we start this new phase, we are optimistic of what we can achieve; eagerly looking forward to additional opportunities to care for and protect the community, preserve our cultural and national heritage, empower our nation's young achievers, and grow and develop with the proud people of this nation.

4
Financial

2010 Launch of Credit Card with Chip and PIN Technology as well as the introduction of GPRS/Wireless terminals at merchants.

2013 Shareholding in HFC Bank Ghana increased to 40%. Currently HFC Bank Ghana is a subsidiary of Republic Bank with a 57% shareholding.

2015 Republic Bank welcomed Republic Bank (Suriname) N.V. into its expanding financial Group. Republic Bank acquired RBC Royal Bank (Suriname) N.V. from RBC Financial (Caribbean) Limited, through the purchase of Royal Overseas Holdings (St. Lucia) Limited. The Suriname bank has a network of five branches in the capital of Paramaribo and one in Nickerie, and assets of approximately US$518 million as at September 30, 2015.

2016 Proposed establishment of a Holding Company – Republic Financial Holdings Limited (awaiting requisite approval).

Financial Reporting Requirements

The Directors of Republic Bank Limited are responsible for the preparation and fair presentation of the financial statements and other financial information contained in this Annual Report. The accompanying financial statements have been prepared in conformity with International Financial Reporting Standards and present a true and fair view of the financial affairs of the company. Where amounts are based on estimates and judgments, these represent the best estimate and judgment of the Directors.

General responsibilities include:-

- establishing and maintaining effective internal controls and procedures for financial reporting;
- safeguarding of assets; and
- prevention and detection of fraud and other irregularities.

The financial information appearing throughout this Annual Report is consistent with that in the financial statements. Directors have a responsibility for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group.

The Directors have always recognised the importance of the Group maintaining and reinforcing the highest possible standards of conduct in all of its actions, including the preparation and dissemination of statements presenting fairly the financial condition of the Group. In this regard, the Directors have developed and maintained a system of accounting and reporting which provides the necessary internal controls to ensure that transactions are properly authorised and recorded, assets are safeguarded against unauthorised use or disposition and liabilities are recognised. The system is augmented by written policies and procedures, the careful selection and training of qualified staff, the establishment of an organisational structure that provides an appropriate and well-defined division of responsibility, and the communication of policies and guidelines of business conduct throughout the Group.

The system of internal control is further supported by a professional staff of Internal Auditors who conduct periodic audits of all aspects of the Group's operations. External Auditors have full and free access to, and meet periodically with the Audit Committee to discuss their audit and findings as to the integrity of the Group's accounting and financial reporting and the adequacy of the system of internal controls.

Signed on behalf of the Board

RONALD F. DEC. HARFORD
Chairman

September 30, 2015

Contents

Building a better
working world

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REPUBLIC BANK LIMITED

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF REPUBLIC BANK LIMITED

We have audited the accompanying consolidated financial statements of Republic Bank Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 30 September 2015, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 September 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst + Young

Port of Spain,
TRINIDAD:
4 November 2015

Consolidated Statement of Financial Position

As at September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000)

	Notes	2015	2014
ASSETS			
Cash and cash equivalents		**930,485**	565,225
Statutory deposits with Central Banks		**5,627,292**	4,834,456
Due from banks		**7,542,995**	8,345,146
Treasury Bills		**6,162,162**	5,905,053
Investment interest receivable		**74,400**	72,136
Advances	4	**33,007,998**	27,095,407
Investment securities	5	**8,094,392**	8,260,382
Investment in associated companies	6	**142,066**	345,942
Premises and equipment	7	**1,853,964**	1,573,503
Goodwill	8	**606,612**	300,971
Pension assets	9	**1,223,147**	1,299,725
Deferred tax assets	10	**170,736**	184,154
Taxation recoverable		**72,586**	49,607
Other assets	11	**483,351**	539,809
TOTAL ASSETS		**65,992,186**	**59,371,516**
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		**554,135**	69,957
Customers' current, savings and deposit accounts	12	**49,711,582**	43,770,760
Other fund raising instruments	13	**2,586,569**	3,357,833
Debt securities in issue	14	**1,192,952**	1,066,802
Pension liability	9	**52,595**	57,275
Provision for post-retirement medical benefits	9	**406,171**	423,502
Taxation payable		**165,493**	73,043
Deferred tax liabilities	10	**420,011**	468,036
Accrued interest payable		**68,591**	40,591
Other liabilities	15	**1,423,478**	1,297,394
TOTAL LIABILITIES		**56,581,577**	**50,625,193**
EQUITY			
Stated capital	16	**739,125**	704,871
Statutory reserves		**1,194,889**	1,202,364
Other reserves	17	**636,543**	744,363
Retained earnings		**6,361,538**	5,785,296
Attributable to equity holders of the parent		**8,932,095**	8,436,894
Non-controlling interest		**478,514**	309,429
TOTAL EQUITY		**9,410,609**	**8,746,323**
TOTAL LIABILITIES AND EQUITY		**65,992,186**	**59,371,516**

The accompanying notes form an integral part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on November 4, 2015 and signed on its behalf by:

DAVID DULAL-WHITEWAY	WILLIAM P. LUCIE-SMITH	JACQUELINE H.C. QUAMINA	DERWIN M. HOWELL
Managing Director	Director	Corporate Secretary	Executive Director

Consolidated Statement of Income

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

	Notes	2015	2014
Interest income	18 (a)	**2,778,731**	2,521,146
Interest expense	18 (b)	**(325,695)**	(303,094)
Net interest income		**2,453,036**	2,218,052
Other income	18 (c)	1,462,399	1,486,982
		3,915,435	3,705,034
Operating expenses	18 (d)	**(2,124,453)**	(1,880,590)
Share of profits of associated companies	6	**39,276**	49,135
Operating profit		**1,830,258**	1,873,579
Goodwill impairment expense	8	**(31,510)**	(185,000)
Loan impairment expense, net of recoveries	4 (b)	**(165,264)**	(119,883)
Net profit before taxation		**1,633,484**	1,568,696
Taxation expense	19	**(396,740)**	(338,980)
Net profit after taxation		**1,236,744**	1,229,716
Attributable to:			
Equity holders of the parent		**1,223,648**	1,193,390
Non-controlling interest		**13,096**	36,326
		1,236,744	**1,229,716**
Earnings per share			
Basic		**$7.59**	$7.42
Diluted		**$7.57**	$7.39
Weighted average number of shares ('000)			
Basic	16	**161,279**	160,918
Diluted	16	**161,662**	161,467

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended September 30, 2015.   Expressed in thousands of Trinidad and Tobago dollars ($'000)

	Notes	2015	2014
Net profit after taxation		1,236,744	1,229,716
Other comprehensive income:			
Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Net loss on available-for-sale investments		(226,908)	(118,581)
Translation adjustments		138,388	(156,558)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		(88,520)	(275,138)
Items of other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Re-measurement gains/(losses) on defined benefit plans		29,575	(51,253)
Share of changes recognised directly in associate's equity	6	(1,781)	(8,270)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		27,794	(59,523)
Total other comprehensive loss for the year, net of tax		(60,726)	(334,661)
Total comprehensive income for the year, net of tax		1,176,018	895,055
Attributable to:			
Equity holders of the parent		1,163,542	866,240
Non-controlling interest		12,476	28,815
		1,176,018	895,055

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000)

	Stated capital	Statutory reserves	Other reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at September 30, 2013	**649,932**	**1,068,708**	**1,052,182**	**5,449,009**	**8,219,831**	**296,203**	**8,516,034**
Total comprehensive (loss)/income for the year	–	–	(276,753)	1,142,993	866,240	28,815	**895,055**
Issue of shares	46,789	–	–	–	46,789	–	**46,789**
Share-based payment	8,150	–	–	–	8,150	–	**8,150**
Shares purchased for profit sharing scheme	–	–	(71,050)	–	(71,050)	–	**(71,050)**
Allocation of shares	–	–	52,185	–	52,185	–	**52,185**
Transfer from general contingency reserve	–	–	(12,201)	12,201	–	–	**–**
Transfer to statutory reserves	–	133,656	–	(133,656)	–	–	**–**
Dividends	–	–	–	(685,251)	(685,251)	–	**(685,251)**
Dividends paid to non-controlling interest	–	–	–	–	–	(15,589)	**(15,589)**
Balance at September 30, 2014	**704,871**	**1,202,364**	**744,363**	**5,785,296**	**8,436,894**	**309,429**	**8,746,323**
Total comprehensive (loss)/income for the year	–	–	(89,647)	1,253,189	1,163,542	12,476	**1,176,018**
Issue of shares	27,374	–	–	–	27,374	–	**27,374**
Share-based payment	6,880	–	–	–	6,880	–	**6,880**
Shares purchased for profit sharing scheme	–	–	(67,410)	–	(67,410)	–	**(67,410)**
Allocation of shares	–	–	49,195	–	49,195	–	**49,195**
Transfer to general contingency reserve	–	–	42	(42)	–	–	**–**
Transfer to statutory reserves	–	(7,475)	–	7,475	–	–	**–**
Acquisition of non-controlling interest	–	–	–	–	–	192,040	**192,040**
Dividends	–	–	–	(687,597)	(687,597)	–	**(687,597)**
Dividends paid to non-controlling interest	–	–	–	–	–	(35,431)	**(35,431)**
Other	–	–	–	3,217	3,217	–	**3,217**
Balance at September 30, 2015	**739,125**	**1,194,889**	**636,543**	**6,361,538**	**8,932,095**	**478,514**	**9,410,609**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000)

	Notes	2015	2014
Operating activities			
Net profit before taxation		1,633,484	1,568,696
Adjustments for:			
Depreciation	7	145,159	150,789
Loan impairment expense, net of recoveries	4(b)(ii)	165,264	119,883
Goodwill impairment expense	8	31,510	185,000
Translation difference		151,407	(6,134)
(Profit)/loss on sale of premises and equipment		(11,661)	5,278
Realised gain on investment securities		(1,958)	(228,898)
Share of net profits of associated companies	6	(39,276)	(49,135)
Stock option expense	16	6,880	8,150
Increase in employee benefits		32,023	118,853
Increase in advances		(3,375,831)	(1,979,773)
Increase in customers' deposits and other fund raising instruments		748,559	1,625,309
Increase in statutory deposits with Central Banks		(511,440)	(501,856)
Decrease/(increase) in other assets and investment interest receivable		256,035	(183,636)
Increase in other liabilities and accrued interest payable		66,284	55,783
Taxes paid, net of refund		(331,570)	(444,918)
Cash (used in)/provided by operating activities		**(1,035,131)**	**443,391**
Investing activities			
Purchase of investment securities		(5,586,978)	(4,281,629)
Redemption of investment securities		5,800,181	4,126,002
Acquisition of controlling interest in a subsidiary	6	236,660	–
Acquisition of subsidiaries, net of cash acquired	32	959,092	–
Dividends from associated companies	6	5,638	9,740
Additions to premises and equipment	7	(287,338)	(202,825)
Proceeds from sale of premises and equipment		17,134	50,459
Cash provided by/(used in) investing activities		**1,144,389**	**(298,253)**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows *(continued)*

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000)

	Notes	2015	2014
Financing activities			
Increase/(decrease) in balances due to other banks		**325,700**	(3,392)
Repayment of debt securities		**(12,510)**	(162,256)
Proceeds from share issue	16	**27,374**	46,789
Shares purchased for profit sharing scheme	17	**(67,410)**	(71,050)
Allocation of shares to profit sharing plan	17	**49,195**	52,185
Dividends paid to shareholders of the parent	28	**(687,597)**	(685,251)
Dividends paid to non-controlling shareholders of the subsidiaries		**(35,431)**	(15,589)
Cash used in financing activities		**(400,679)**	**(838,564)**
Net decrease in cash and cash equivalents		**(291,421)**	(693,426)
Net foreign exchange difference		**(7,140)**	24,460
Cash and cash equivalents at beginning of year		**13,790,677**	14,459,643
Cash and cash equivalents at end of year		**13,492,116**	**13,790,677**
Cash and cash equivalents at end of year are represented by:			
Cash on hand		**930,485**	565,225
Due from banks		**7,542,995**	8,345,146
Treasury Bills - original maturities of three months or less		**4,685,164**	4,631,493
Bankers' acceptances - original maturities of three months or less		**333,472**	248,813
		13,492,116	**13,790,677**
Supplemental information:			
Interest received during the year		**2,742,574**	2,560,429
Interest paid during the year		**(297,696)**	(314,469)
Dividends received	18 (c)	**442**	681

The accompanying notes form an integral part of these consolidated financial statements.

1 CORPORATE INFORMATION

Republic Bank Limited (the 'Parent') is incorporated in the Republic of Trinidad and Tobago and was continued under the provision of the Companies Act, 1995 on March 23, 1998. 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 15 subsidiaries and three associated companies. The Group is engaged in a wide range of banking, financial and related activities in the Caricom region and Ghana. A full listing of the Group's subsidiary companies is detailed in Note 30 while associate companies are listed in Note 6. Republic Bank Limited is the ultimate Parent of the Group and is listed on the Trinidad and Tobago Stock Exchange.

Until October 31, 2012, the CL Financial Group held through its various subsidiaries, 51.4% of the shares of Republic Bank Limited, of which Colonial Life Insurance Company (Trinidad) Limited (CLICO) and CLICO Investment Bank Limited (CIB) combined, held 51.1%.

CLICO Investment Bank Limited, (CIB), which owned together with its subsidiary First Company Limited, 18.3% of the shareholding of Republic Bank Limited, was on October 17, 2011 ordered by the High Court to be wound up and the Deposit Insurance Company appointed liquidator. Accordingly, this 18.3% shareholding is under the control of the Deposit Insurance Company.

On November 1, 2012, 24.8% of Republic Bank Limited formerly owned by Colonial Life Insurance Company (Trinidad) Limited (CLICO) was transferred into an investment fund launched by the Government of the Republic of Trinidad and Tobago and called the CLICO Investment Fund ('the Fund'). The Trustee of the Fund is the CLICO Trust Corporation Limited which holds the 24.8% shareholding in Republic Bank Limited in trust solely for the benefit of subscribing Unit holders of the Fund. The Fund is, as a consequence, the largest shareholder in Republic Bank Limited.

Effective November 1, 2012, the CL Financial Group is no longer considered a related party of Republic Bank Limited.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied across the Group.

2.1 Basis of preparation

The financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago Dollars. These consolidated financial statements have been prepared on a historical cost basis, except for the measurement at fair value of investment securities classified as available-for-sale and at fair value through profit or loss. The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions. Actual results could differ from those estimates. Significant accounting judgements and estimates in applying the Group's accounting policies have been described in Note 3.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Republic Bank Limited and its subsidiaries as at September 30, each year. The financial statements of subsidiaries are prepared for the same reporting year as the parent company except for HFC Bank (Ghana) Limited and Republic Bank (Suriname) N.V. which used July 31, using consistent accounting policies.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Basis of consolidation *(continued)*

Subsidiaries are all entities over which the Group has the power to direct the relevant activities, have exposure or rights to the variable returns and the ability to use the power to affect the returns of the investee, generally accompanying a shareholding of more than 50% of the voting rights.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases and any resultant gain or loss is recognised in the statement of income. Any investment retained is recognised at fair value.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3 Changes in accounting policies

New accounting policies/improvements adopted

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended September 30, 2014 except for the adoption of new standards and interpretations noted below:

IFRS 10, IFRS 12 and IAS 27 – Investment Entities (Amendments) (effective January 1, 2014)

The amendments apply to investments in subsidiaries, joint ventures and associates held by a reporting entity that meet the definition of an investment entity. The concept of an investment entity is new to IFRS. The amendments represent a significant change for investment entities, which are currently required to consolidate investees that they control. Significant judgement of facts and circumstances may be required to assess whether an entity meets the definition of investment entity. The adoption and amendments to these standards had no impact on the financial position or performance of the Group.

IAS 19 – Defined Benefit Plans: Employee Contributions – Amendments to IAS 19 (effective July 1, 2014)

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit.

The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. Examples of such contributions include those that are a fixed percentage of the employee's salary, a fixed amount of contributions throughout the service period, or contributions that depend on the employee's age.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Changes in accounting policies *(continued)*

IAS 19 – Defined Benefit Plans: Employee Contributions – Amendments to IAS 19 (effective July 1, 2014) (continued)

These changes provide a practical expedient for simplifying the accounting for contributions from employees or third parties in certain situations.

IAS 32 – Offsetting Financial Assets and Financial liabilities (effective January 1, 2014)

These amendments clarify the meaning of the phrase 'currently has a legally enforceable right to set-off' by stating that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 (effective January 1, 2014)

The amendments clarify the disclosure requirements in respect of fair value less costs of disposal. When IAS 36 Impairment of Assets was originally changed as a result of IFRS 13, the IASB intended to require disclosure of information about the recoverable amount of impaired assets if that amount was based on fair value less costs to sell. An unintended consequence of the amendments was that an entity would be required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit was significant in comparison to the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. This requirement has been deleted by the amendment. However, the IASB has added two disclosure requirements:

Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal.

Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique. The amendments harmonise disclosure requirements between value in use and fair value less costs of disposal.

IFRIC 21 – Levies (effective January 1, 2014)

IFRIC 21 is applicable to all levies other than outflows that are within the scope of other standards (e.g. IAS 12) and fines or other penalties for breaches of legislation. Levies are defined in the interpretation as outflows of resources embodying economic benefits imposed by government on entities in accordance with legislation.

The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognised before the specified minimum threshold is reached.

2.4 Standards in issue not yet effective

The following is a list of standards and interpretations issued that are not yet effective up to the date of issuance of the Group's financial statements. The Group reasonably expects these standards and interpretations to be applicable at a future date and intends to adopt these standards and interpretations when they become effective.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Standards in issue not yet effective *(continued)*

The Group is currently assessing the impact of adopting these standards and interpretations. Since the impact of adoption depends on the assets held by the Group at the date of adoption, it is not practical to quantify the effect at this time.

IAS 1 – Disclosure Initiative – Amendments to IAS 1 (effective January 1, 2016)

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify the following:

- The materiality requirements in IAS 1
- That specific line items in the statement of income and other comprehensive income (OCI) and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to the statement of income.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of income and OCI.

These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement.

IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (effective January 1, 2016)

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

Entities currently using revenue-based amortisation methods for property, plant and equipment will need to change their current amortisation approach to an acceptable method, such as the diminishing balance method, which would recognise increased amortisation in the early part of the asset's useful life. Revenue generated may be used to amortise an intangible asset only in very limited circumstances.

IFRS 9 – Financial Instruments: Classification and Measurement (effective January 1, 2018)

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. In subsequent phases, the Board will address impairment and hedge accounting. The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Standards in issue not yet effective *(continued)*

IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28 (effective January 1, 2016)

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10.

The amendments to IFRS 10 clarify that the exemption (in IFRS 10.4) from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The amendments to IFRS 10 and IAS 28 provide helpful clarifications that will assist preparers in applying the standards more consistently. However, it may still be difficult to identify investment entities in practice when they are part of a multilayered group structure.

IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective January 1, 2016)

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 Business Combinations, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments will effectively eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions.

IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 (effective January 1, 2016)

The amendments require an entity acquiring an interest in a joint operation in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in IFRS 3, and other IFRSs, that do not conflict with the requirements of IFRS 11. Furthermore, entities are required to disclose the information required in those IFRSs in relation to business combinations.

The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by the entity to the joint operation on its formation.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Standards in issue not yet effective *(continued)*

IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 (effective January 1, 2016) *(continued)*

Furthermore, the amendments clarify that for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control.

The amendments to IFRS 11 increase the scope of transactions that would need to be assessed to determine whether they represent the acquisition of a business or an asset, which would be highly judgemental. Entities need to consider the definition carefully and select the appropriate accounting method based on the specific facts and circumstances of the transaction.

IFRS 14 – Regulatory Deferral Accounts (effective January 1, 2016)

The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Existing IFRS preparers are prohibited from applying this standard. Also, an entity whose current GAAP does not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognise them on first-time application of IFRS.

Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income.

IFRS 15 – Revenue from Contracts with Customers (effective January 1, 2016)

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of disposal of certain non-financial assets including property, equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The standard will affect entities across all industries. Adoption will be a significant undertaking for most entities with potential changes to an entity's current accounting, systems and processes.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Improvements to International Financial Reporting Standards

The annual improvements process of the International Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRS. The following amendments are applicable to annual periods beginning on or after July 1, 2014.

IFRS		Subject of Amendment
IAS 16	-	Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation/amortisation
IAS 24	-	Related Party Disclosures - Key management personnel
IAS 40	-	Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)
IFRS 2	-	Share-based Payment - Definitions of vesting conditions
IFRS 3	-	Business Combinations - Accounting for contingent consideration in a business combination
IFRS 3	-	Business Combinations - Scope exceptions for joint ventures
IFRS 8	-	Operating Segments - Aggregation of operating segments
IFRS 8	-	Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets
IFRS13	-	Fair Value Measurement - Scope of paragraph 52 (portfolio exception)

2.6 Summary of significant accounting policies

a) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents consist of highly liquid investments, cash at hand and at bank, Treasury Bills and bankers' acceptances with original maturities of three months or less.

b) Statutory deposits with Central Banks

Pursuant to the provisions of the Central Bank Act, 1964 and the Financial Institutions Act, 2008, the Bank and its subsidiary, Republic Finance and Merchant Bank Limited, are required to maintain with the Central Bank of Trinidad and Tobago, statutory balances in relation to the deposit liabilities of the institutions. Other than Statutory Deposits of $4.4 billion, the Group also holds Treasury Bills and other deposits of $5.9 billion with the Central Bank of Trinidad and Tobago as at September 30, 2015. Interest earned on these balances for the year was $38.2 million.

Pursuant to the Banking Act of Grenada 1988, Republic Bank (Grenada) Limited is required to maintain specified assets as a reserve requirement to its deposit liabilities.

Pursuant to the Guyana Financial Institutions Act 1995, Republic Bank (Guyana) Limited is required to maintain with the Bank of Guyana, statutory reserve balances in relation to the deposit liabilities of the institution.

In accordance with statutory provisions, Republic Bank (Barbados) Limited is required to maintain reserves in the form of certain cash resources and government securities with the Central Bank of Barbados.

In accordance with statutory provisions, HFC Bank (Ghana) Limited is required to maintain reserves in the form of certain cash resources with the Bank of Ghana.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

b) Statutory deposits with Central Banks *(continued)*

In accordance with statutory provisions, Republic Bank (Suriname) N.V. is required to maintain reserves in the form of certain cash resources with the Central Bank of Suriname.

c) Financial instruments

The Group's financial assets and financial liabilities are recognised in the consolidated statement of financial position when it becomes party to the contractual obligation of the instrument. A financial asset is derecognised when the rights to receive the cash flows from the asset have expired or where the Group has substantially transferred all the risks and rewards of ownership of the asset or control of the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired. All 'regular way' purchases and sales are recognised at settlement date.

For purposes of subsequent measurement, financial assets are classified in the following categories:

i) Advances

Advances are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as 'Financial assets held for trading', designated as 'Financial investments – available-for-sale' or 'Financial assets designated at fair value through profit or loss'. After initial measurement, advances are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortisation is included in 'Interest income' in the consolidated statement of income. The losses arising from impairment are recognised in the consolidated statement of income in 'loan impairment expense'.

ii) Investment securities

At fair value through profit or loss

Financial assets are classified in this category if they are either acquired for the purpose of selling in the short term or if so designated by management. Securities held as financial assets at fair value through profit or loss are initially recognised at fair value and are continuously measured at fair value based on quoted market prices where available, or discounted cash flow models.

All gains realised and unrealised from trading securities and those designated at fair value through profit or loss are reported in other income while losses are reported in operating expenses. Interest and dividends earned while holding trading securities and those designated at fair value through profit or loss are reported in interest income.

Available-for-sale

Available-for-sale investments are securities intended to be held for an indefinite period of time, but may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Securities held as available-for-sale are initially recognised at fair value plus transaction costs and are continuously remeasured at fair value based on quoted market prices where available or discounted cash flow models. Unquoted equity instruments are recognised at cost, being the fair value of the consideration paid for the acquisition of the investment.

2 **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

2.6 Summary of significant accounting policies *(continued)*

c) Financial instruments *(continued)*

ii) Investment securities *(continued)*

Available-for-sale *(continued)*

Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income net of applicable deferred tax. When the securities are disposed of, the related accumulated fair value adjustments are included in other income. When securities become impaired, the related accumulated fair value adjustments previously recognised in equity are included in the consolidated statement of income as an impairment expense on investment securities.

iii) Debt securities and other fund raising instruments

Debt securities and other fund raising instruments are recognised initially at fair value net of transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

d) Impairment of financial assets

The Group assesses, at each consolidated statement of financial position date, whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

i) Advances

All non-performing and individually significant advances are individually reviewed and specific provisions made for the impaired portion based on the present value of estimated future cash flows and discounted by the original effective interest rate of the loan. The provision made is the difference between the loan balance and the discounted value of the collateral. Individually insignificant loans with similar characteristics are assessed for impairment on a group basis.

Regulatory and other loan loss requirements that exceed these amounts are dealt with in the general contingency reserve as an appropriation of retained earnings.

When all efforts have been exhausted to recover a non-performing loan, that loan is deemed uncollectible and written off against the related provision for loan losses.

ii) Investment securities

The Group individually assesses each investment security for objective evidence of impairment. If an impaired debt instrument has been renegotiated, interest continues to be accrued on the reduced carrying amount of the asset and is recorded as part of 'interest income'. If the fair value of the instrument increases in a subsequent year, the impairment loss is reversed through the consolidated statement of income.

If there is objective evidence that the cost of an available-for-sale equity security may not be recovered, the security is considered to be impaired. Objective evidence that the cost may not be recovered includes qualitative impairment criteria as well as a significant or prolonged decline in the fair value below cost. The Group's policy considers a significant decline to be one in which the fair value is below the weighted-average cost by more than 30% or a prolonged decline to be one in which fair value is below the weighted-average cost for greater than one year. This policy is applied by all subsidiaries at the individual security level.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

d) Impairment of financial assets *(continued)*

ii) Investment securities *(continued)*

If an available-for-sale equity security is impaired based upon the Group's qualitative or quantitative impairment criteria, any further declines in the fair value at subsequent reporting dates are recognised as impairments. Therefore, at each reporting period, for an equity security that is determined to be impaired based upon the Group's impairment criteria, an impairment is recognised for the difference between the fair value and the original cost basis, less any previously recognised impairments.

e) Investment in Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are accounted for under the equity method of accounting.

The investments in associates are initially recognised at cost and adjusted to recognise changes in the Group's share of net assets of the associate, less any impairment in value. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of income reflects the Group's net share of the results of operations of the associates. Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

The Group determines whether it is necessary to recognise an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the statement of income.

f) Leases

Finance Leases

Finance charges on leased assets are taken into income using the amortisation method. This basis reflects a constant periodic rate of return on the lessor's net investment in the finance lease. Finance leases net of unearned finance income are included in the consolidated statement of financial position under advances.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of income on a straight-line basis over the period of the lease. Renewal of operating leases is based on mutual agreement between parties prior to the expiration date.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

g) Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation. Leasehold buildings and leased equipment are depreciated over the period of the lease.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of income.

Depreciation other than on leasehold buildings and leased equipment is computed on the declining balance method at rates expected to apportion the cost of the assets over their estimated useful lives.

The depreciation rates used are as follows:

Freehold and leasehold premises	2%
Equipment, furniture and fittings	15% - 33.33%

h) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions (Note 3)
- Premises and equipment (Note 7)
- Goodwill (Note 8)

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows available to shareholders are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

i) Business combinations and goodwill

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the statement of income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the statement of income.

As at acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

j) Employee benefits

i) Pension obligations

The Group operates a number of defined benefit plans, the assets of which are held in separate trustee-administered funds. The pension plans are funded by payments from the relevant Group companies, taking account of the recommendations of independent qualified actuaries who carry out the full valuation of the Plans every three years. In Trinidad, the Parent, Republic Bank Limited, took the actuary's advice regarding a pension holiday, effective January 1999.

Annually, the Bank's independent actuaries conduct a valuation exercise to measure the effect of all employee benefit plans.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

j) Employee benefits *(continued)*

i) Pension obligations *(continued)*

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the statement of income in subsequent periods.

Past service costs are recognised in the statement of income on the earlier of:

a) The date of the plan amendment or curtailment, and
b) The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'operating expenses' in the consolidated statement of income:

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
b) Net interest expense or income

The defined benefit plans mainly expose the Group to risks such as investment risk, interest rate risk and longevity risk.

The above accounting requirement in no way affects the pension plans which continue to be governed by the approved Trust Deed and Rules and remain under the full control of the appointed Trustees.

The full results of the valuation exercise are disclosed in Note 9 to these consolidated financial statements.

ii) Other post-retirement obligations

The Group provides post-retirement medical benefits to its retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. Independent qualified actuaries carry out a valuation of these obligations.

iii) Profit sharing scheme

The Group operates various employee profit sharing schemes at the subsidiary level, which are administered by Trustees in accordance with terms outlined in the Profit Sharing Scheme Rules. The profit share to be distributed to employees each year is based on a specific formula outlined in these Profit Sharing Scheme Rules. Employees of the parent bank have the option to receive their profit share allocation in cash (up to a maximum of 75% of the total entitlement) and receive the balance in ordinary shares of the Bank. The number of shares to be allocated is based on the employees' total entitlement less the cash element, divided by the average price of the unallocated shares purchased by the Trustees. The Group accounts for the profit share, as an expense, through the consolidated statement of income.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

j) Employee benefits *(continued)*

iv) Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

k) Taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

l) Statutory reserves

The Trinidad and Tobago Financial Institutions Act 2008 requires that a minimum of 10% of the net profit after deduction of taxes in each year be transferred to a statutory reserve account until the balance on this reserve is not less than the paid-up capital. This requirement was met as at June 2012. In accordance with the Trinidad and Tobago Financial Institutions Act 2008, the Bank is also required to maintain statutory reserves of at least 20 times deposit liabilities.

The Banking Act of Grenada (No. 19 of 2005), requires that a minimum of 20% of the net profit after deduction of taxes in each year be transferred to a statutory reserve fund until the balance on this reserve is equal to the paid-up capital. These reserves are not available for distribution as dividends or for any other form of appropriation.

The Guyana Financial Institutions Act 1995 requires that a minimum of 15% of the net profit after deduction of taxes in each year be transferred to a statutory reserve fund until the balance on this reserve is equal to the paid-up or assigned capital.

The Offshore Banking Act of Barbados requires that a minimum of 25% of the net profits of each year before any dividend is paid, be transferred to a statutory reserve account until the balance on this reserve is not less than the issued and paid-up capital.

The Barbados Financial Institutions Act requires that a minimum of 25% of the net income in each year be transferred to a general reserve account until the balance on this reserve is not less than the paid-up capital.

The Banking Act, 2004 and Amendment Act, 2008 of Ghana requires that proportions of 12.5% to 50% of net profit after tax be transferred to a statutory reserve fund depending on the existing statutory reserve fund to paid-up capital.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

m) Fiduciary assets

The Group provides custody, trustee and investment management services to third parties. All related assets are held in a fiduciary capacity and are not included in these consolidated financial statements as they are not the assets of the Group. These assets under administration at September 30, 2015 totalled $32.1 billion (2014: $31.8 billion).

n) Earnings per share

Data on basic earnings per share has been computed by dividing the net profit attributable to equity holders of the parent, by the weighted average number of ordinary shares in issue during the year.

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has one category of dilutive potential ordinary shares, which are share options granted to Executive Management.

The difference between the weighted average number of shares used as the denominator in calculating basic earnings per share and that used for calculating diluted earnings per share is due to share options granted during the year.

o) Foreign currency translation

The individual financial statements of each group entity is presented in the currency of the primary economic environment, in which the entity operates (its functional currency). The consolidated financial statements are expressed in Trinidad and Tobago dollars, which is the functional currency of the parent.

Monetary assets and liabilities of the parent, which are denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling on September 30. Non monetary assets and liabilities denominated in foreign currencies are translated at historic rates. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the consolidated statement of income.

The assets and liabilities of subsidiary companies are translated into Trinidad and Tobago dollars at the mid-rates of exchange ruling at the statement of financial position date and all resulting exchange differences are recognised in other comprehensive income. All revenue and expenditure transactions are translated at an average rate.

p) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

2 **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

2.6 Summary of significant accounting policies *(continued)*

p) Revenue Recognition *(continued)*

Interest income and expense

Interest income and expense are recognised in the consolidated statement of income for all interest-bearing instruments on an accrual basis using the effective interest yield method. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on Treasury Bills and other discounted instruments.

Fee and commission income

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis as the service is provided. Fees and commissions not integral to effective interest arising from negotiating, or participating in the negotiation of a transaction from a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts. Asset management fees related to investment funds are recognised over the period the service is provided.

Dividends

Dividend income is recognised when the right to receive the payment is established.

q) Fair Value

The Group measures financial instruments at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or fair values that are disclosed are shown in Note 23 to the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i) In the principal market for the asset or liability, or

ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

q) Fair Value *(continued)*

Level 1

Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Where the Group's available-for-sale investments are not actively traded in organised financial markets, the fair value is determined using discounted cash flow analysis, which requires considerable judgement in interpreting market data and developing estimates. Accordingly, estimates contained herein are not necessarily indicative of the amounts that the Group could realise in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values. The fair value information for available-for-sale investments is based on information available to management as at the dates presented. Management is not aware of any factors that would significantly affect the estimated fair value amounts.

Investments classified as 'at fair value through profit or loss' are actively traded in organised markets and fair value is determined by reference to the market price at year end or on the last trade date prior to year end.

Financial instruments where carrying value is equal to fair value:- Due to their short-term maturity, the carrying value of certain financial instruments is assumed to approximate their fair values. These include cash and cash equivalents, investment interest receivable, customers' deposit accounts, other fund raising instruments, other assets and other liabilities.

Advances are net of specific and other provisions for impairment. The fair values of advances is based on a current yield curve appropriate for the remaining term to maturity.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

q) Fair Value *(continued)*

Level 3 *(continued)*

The fair values of the floating rate debt securities in issue is based on quoted market prices where available and where not available is based on a current yield curve appropriate for the remaining term to maturity. For balances due to banks, where the maturity period is less than one year, the fair value is assumed to equal carrying value. Where the maturity period is in excess of one year, these are primarily floating rate instruments, the interest rates of which reset with market rates, therefore the carrying values are assumed to equal fair values

The fair value of fixed rate debt securities carried at amortised cost is estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for facilities with similar credit risk and maturity.

r) Segment reporting

A geographical segment is engaged in providing products, or services within a particular economic environment that are subject to risks and returns that are different from those of segments, operating in other economic environments.

A business segment is a group of assets and operations engaged in providing similar products and services that are subject to risks and returns that are different from those of other business segments.

The Group analyses its operations by both geographic and business segments. The primary format is geographic, reflecting its management structure. Its secondary format is that of business segments reflecting retail and commercial banking and merchant banking.

s) Customers' liabilities under acceptances, guarantees, indemnities and letters of credit

These represent the Group's potential liability, for which there are equal and offsetting claims against its customers in the event of a call on these commitments. These amounts are not recorded on the Group's consolidated statement of financial position but are detailed in Note 29(b) of these consolidated financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

a) Capital management (Note 22)

b) Risk management (Note 21)

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS *(continued)*

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of financial assets

Management makes judgements at each statement of financial position date to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

Inherent provisions on advances (Note 4b)

Inherent provisions on advances are calculated on an estimate of impairment incurred but not reported, existing in assets as at the consolidated statement of financial position date. Estimated impairment incurred is determined by applying against performing loan balances, the average loan default rates and adjusting this balance for current economic factors that affect loan performance. An anticipated recovery rate (determined from historical average) is then applied to determine the value that is recoverable. This calculation is computed by product type.

Valuation of investments (Note 5)

The Group has applied IAS 39 in its classification of investment securities which requires measurement of securities at fair value. For unlisted securities, fair values are estimated using price/earnings or price/cash flow ratios which have been refined to accommodate the specific circumstances of the issuer.

Net pension asset/liability (Note 9)

In conducting valuation exercises to measure the effect of all employee benefit plans throughout the Group, the Bank's independent actuaries use judgement and assumptions in determining discount rates, salary increases, NIS ceiling increases, pension increases and the rate of return on the assets of the Plans.

Goodwill (Note 8)

The Group financial statements include goodwill arising from acquisitions. In accordance with IFRS 3, goodwill was reviewed for impairment as at September 30, 2015 using the 'value in use' method. This requires the use of estimates for determination of future cash flows expected to arise from each cash-generating unit and an appropriate perpetuity discount rate to calculate present value.

Deferred taxes (Note 10)

In calculating the provision for deferred taxation, management uses judgement to determine the probability that future taxable profits will be available to facilitate utilisation of temporary tax differences which may arise.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS *(continued)*

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Premises and Equipment (Note 7)

Management exercises judgement in determining whether costs incurred can accrue sufficient future economic benefits to the Group to enable the value to be treated as a capital expense. Further judgement is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to carrying value.

Assessment of control

Management uses judgement in performing a control assessment review on all mutual funds and retirement plans sponsored by the Group and its subsidiaries. This assessment revealed that the Group is unable to exercise power over the activities of the funds and is therefore not deemed to be in control of any of the mutual funds and retirement plans.

4 ADVANCES

a) Advances

	2015			
	Retail lending	**Commercial and Corporate lending**	**Mortgages**	**Total**
Performing advances	5,881,567	14,753,757	11,730,937	**32,366,261**
Non-performing advances	186,424	649,077	414,226	**1,249,727**
	6,067,991	**15,402,834**	**12,145,163**	**33,615,988**
Unearned interest/finance charge	(43,807)	(64,467)	–	**(108,274)**
Accrued interest	10,100	81,259	20,412	**111,771**
	6,034,284	**15,419,626**	**12,165,575**	**33,619,485**
Allowance for impairment losses - Note 4 (b)	(116,142)	(360,283)	(135,062)	**(611,487)**
Net advances	**5,918,142**	**15,059,343**	**12,030,513**	**33,007,998**

4 ADVANCES *(continued)*

a) Advances *(continued)*

	2014			
	Retail lending	**Commercial and Corporate lending**	**Mortgages**	**Total**
Performing advances	5,200,539	10,892,477	10,453,975	**26,546,991**
Non-performing advances	111,145	539,633	322,833	**973,611**
	5,311,684	11,432,110	10,776,808	27,520,602
Unearned interest/finance charge	(46,692)	(64,976)	–	**(111,668)**
Accrued interest	8,324	47,054	22,500	**77,878**
	5,273,316	11,414,188	10,799,308	27,486,812
Allowance for impairment losses	(73,831)	(240,841)	(76,733)	**(391,405)**
Net advances	**5,199,485**	**11,173,347**	**10,722,575**	**27,095,407**

b) Allowance for impairment losses

i) Impairment assessment

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 90 days or there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Group addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

Individually assessed allowances

The Group determines the allowances appropriate for each individually significant loan or advance on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support and the realisable value of collateral and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more immediate attention.

Collectively assessed allowances

Allowances are assessed collectively for losses on loans and advances that are not individually significant (including credit cards, residential mortgages and unsecured consumer lending) and for individually significant loans and advances where there is not yet objective evidence of individual impairment.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

4 ADVANCES *(continued)*

b) Allowance for impairment losses *(continued)*

i) Impairment assessment *(continued)*

Collectively assessed allowances (continued)

Allowances are evaluated on each reporting date with each portfolio receiving a separate review. The collective assessment takes account of impairment that is likely to be present in the portfolio even though there is not yet objective evidence of the impairment in an individual assessment. Impairment losses are estimated by taking into consideration the following information: historical losses on the portfolio, current economic conditions, the approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance, and expected receipts and recoveries once impaired.

ii) Reconciliation of the allowance for impairment losses for loans and advances by class

	2015			
	Retail lending	**Commercial and Corporate lending**	**Mortgages**	**Total**
Balance brought forward	73,831	240,841	76,733	**391,405**
Acquisition of subsidiaries	11,106	80,529	27,125	**118,760**
Translation adjustment	136	963	208	**1,307**
Charge-offs and write-offs	(31,537)	(31,475)	(2,237)	**(65,249)**
Loan impairment expense	113,180	223,265	61,740	**398,185**
Loan impairment recoveries	(50,574)	(153,840)	(28,507)	**(232,921)**
Balance carried forward	**116,142**	**360,283**	**135,062**	**611,487**
Individual impairment	92,960	305,372	108,292	**506,624**
Collective impairment	23,182	54,911	26,770	**104,863**
	116,142	**360,283**	**135,062**	**611,487**
Gross amount of loans individually determined to be impaired, before deducting any allowance	**186,424**	**649,077**	**414,226**	**1,249,727**

4 **ADVANCES** *(continued)*

b) Allowance for impairment losses *(continued)*

ii) Reconciliation of the allowance for impairment losses for loans and advances by class *(continued)*

	2014			
	Retail lending	**Commercial and Corporate lending**	**Mortgages**	**Total**
Balance brought forward	66,530	211,320	75,248	**353,098**
Translation adjustment	(495)	(1,497)	(363)	**(2,355)**
Charge-offs and write-offs	(34,977)	(40,116)	(4,128)	**(79,221)**
Loan impairment expense	65,221	135,658	33,256	**234,135**
Loan impairment recoveries	(22,448)	(64,524)	(27,280)	**(114,252)**
Balance carried forward	**73,831**	**240,841**	**76,733**	**391,405**
Individual impairment	53,297	210,063	64,152	**327,512**
Collective impairment	20,534	30,778	12,581	**63,893**
	73,831	**240,841**	**76,733**	**391,405**
Gross amount of loans individually determined to be impaired, before deducting any allowance	**111,145**	**539,633**	**322,833**	**973,611**

c) Net investment in leased assets included in net advances

	2015	**2014**
Gross investment	**266,822**	284,647
Unearned finance charge	**(50,514)**	(52,037)
	216,308	232,610
Allowance for impairment loss	**–**	(186)
Net investment in leased assets	**216,308**	**232,424**

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

4 ADVANCES *(continued)*

d) Net investment in leased assets has the following maturity profile

	2015	2014
Within one year	1,387	9,827
One to five years	37,383	25,960
Over five years	177,538	196,637
	216,308	232,424

5 INVESTMENT SECURITIES

	2015	2014
a) Available-for-sale		
Government securities	3,099,999	2,666,926
State owned company securities	990,330	1,053,183
Corporate bonds/debentures	3,321,438	4,010,586
Bankers' acceptances	469,382	472,575
Equities and mutual funds	43,415	56,108
	7,924,564	8,259,378
b) Held to Maturity		
Government securities	120,251	–
Corporate bonds/debentures	2,240	–
Equities and mutual funds	25,109	–
	147,600	–
c) At fair value through profit or loss		
Held for trading		
Quoted securities	22,228	1,004
Total investment securities	**8,094,392**	**8,260,382**

6 INVESTMENT IN ASSOCIATED COMPANIES

	2015	2014
Balance at beginning of year	345,942	445,377
Acquisition of controlling interest in a subsidiary	(236,660)	–
Acquisition of associate	927	–
Share of current year profit	39,276	49,135
Dividends received	(5,638)	(9,740)
Exchange adjustments	–	(130,560)
Share of revaluation reserves	(1,781)	(8,270)
Balance at end of year	**142,066**	**345,942**

The Group's interest in associated companies is as follows:

	Country of incorporation	Reporting year-end of associate	Proportion of issued capital held
G4S Holdings (Trinidad) Limited	Trinidad and Tobago	December	24.50%
InfoLink Services Limited	Trinidad and Tobago	December	25.00%
East Caribbean Financial Holding Company Limited (ECFH)	St. Lucia	December	19.30%

Summarised financial information in respect of the Group's associates are as follows:

	Associates that are material to the Group	Other associates	Total Investment in Associates	
	ECFH			
	2015	2015	2015	2014
Total assets	9,292,324	172,458	9,464,782	11,355,441
Total liabilities	8,628,809	26,674	8,655,483	10,276,797
Net assets/equity	663,515	145,784	809,299	1,078,644
Group's share of associates' net assets	104,908	37,158	142,066	345,942
Profit for the period	18,401	14,367	32,767	318,409
Group's share of profit of associated companies after tax for the period	10,301	28,976	39,276	49,135
Group's share of revaluation reserves of associated companies	(1,781)	–	(1,781)	(8,270)
Dividends received during the year	–	5,638	5,638	9,740

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

7 PREMISES AND EQUIPMENT

	Capital works in progress	Freehold premises	Leasehold premises	Equipment, furniture and fittings	Total
2015					
Cost					
At beginning of year	172,708	1,153,255	126,114	1,483,731	**2,935,808**
Acquisition of subsidiaries	827	38,269	64,895	126,478	**230,469**
Exchange and other adjustments	133	294	223	2,369	**3,019**
Additions at cost	223,954	6,281	1,908	55,195	**287,338**
Disposal of assets	–	(431)	(2,385)	(49,184)	**(52,000)**
Transfer of assets	(143,039)	95,346	5,488	42,205	–
	254,583	**1,293,014**	**196,243**	**1,660,794**	**3,404,634**
Accumulated depreciation					
At beginning of year	–	159,587	94,354	1,108,364	**1,362,305**
Acquisitions	–	9,030	2,801	80,058	**91,889**
Exchange and other adjustments	–	(4,198)	105	1,658	**(2,435)**
Charge for the year	–	16,739	6,251	122,169	**145,159**
Disposal of assets	–	(13)	(2,385)	(43,850)	**(46,248)**
	–	**181,145**	**101,126**	**1,268,399**	**1,550,670**
Net book value	**254,583**	**1,111,869**	**95,117**	**392,395**	**1,853,964**

	Capital works in progress	Freehold premises	Leasehold premises	Equipment, furniture and fittings	Total
2014					
Cost					
At beginning of year	112,459	1,222,654	120,194	1,480,633	**2,935,940**
Exchange and other adjustments	(120)	(5,923)	(261)	(5,247)	**(11,551)**
Additions at cost	129,638	9,552	1,856	61,779	**202,825**
Disposal of assets	(20,237)	(82,897)	4,325	(92,597)	**(191,406)**
Transfer of assets	(49,032)	9,869	–	39,163	–
	172,708	**1,153,255**	**126,114**	**1,483,731**	**2,935,808**

7 PREMISES AND EQUIPMENT *(continued)*

	Capital works in progress	Freehold premises	Leasehold premises	Equipment, furniture and fittings	Total
2014 *(continued)*					
Accumulated depreciation					
At beginning of year	–	185,059	90,740	1,076,127	**1,351,926**
Exchange and other adjustments	–	(748)	(152)	(3,841)	**(4,741)**
Charge for the year	–	18,876	4,472	127,441	**150,789**
Disposal of assets	–	(43,600)	(706)	(91,363)	**(135,669)**
	–	159,587	94,354	1,108,364	1,362,305
Net book value	172,708	993,668	31,760	375,367	1,573,503

Capital commitments	2015	2014
Contracts for outstanding capital expenditure not provided for in the consolidated financial statements	**378,100**	437,591
Other capital expenditure authorised by the Directors but not yet contracted for	**89,333**	93,432

8 GOODWILL

	Notes	2015	2014
Goodwill on acquisition brought forward		**300,971**	485,971
Translation adjustment		**(151)**	–
Goodwill arising on acquisition of subsidiaries	32	**337,302**	–
Goodwill written off during the year		**(31,510)**	(185,000)
		606,612	300,971

Goodwill arising from business combinations was primarily generated from the acquisitions of Republic Bank (Barbados) Limited, HFC Bank (Ghana) Limited, Republic Bank (Suriname) N.V. and acquisitions by Republic Bank (Cayman) Limited and Republic Bank (Guyana) Limited.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

8 GOODWILL *(continued)*

Impairment testing of goodwill

In accordance with IFRS 3, all assets that gave rise to goodwill were reviewed for impairment using the 'value in use' method. In each case, the cash flow projections are based on financial budgets approved by senior management and the values assigned to key assumptions reflect past performance.

The following table highlights the goodwill and key assumptions used in value in use calculations for each cash-generating unit:

	Republic Bank (Barbados) Limited TT$ million	**Republic Bank (Cayman) Limited TT$ million**	**Republic Bank (Guyana) Limited TT$ million**
Carrying amount of goodwill	145	32	92
Basis for recoverable amount	Value in use	Value in use	Value in use
Discount rate	12%	10%	8%
Cash flow projection term	3 yrs	3 yrs	3 yrs
Terminal Growth rate	1.75%	2.5%	3%

In conducting the goodwill impairment review, consideration was made for the decline in business in the Cayman Islands and the impact on the goodwill that was acquired by Republic Bank (Cayman) Limited. Key assumptions were as follows:

Assumption	**Value**
Cost of Equity	10.32%
Terminal Growth Rate	2.50%
Growth in Free Cash Flows (2015 to 2023)	3% - 5%

As a result of these changes in key assumptions, the value in use of the cash generating unit was determined to be lower than the carrying value of the company. A goodwill impairment expense of $31 million was therefore recorded for the Group's investment in Republic Bank (Cayman) Limited:

Carrying Value of RBL Cayman (TT$M)	472
Present value of future cashflows (TT$M)	441
Impairment	**31**

9 EMPLOYEE BENEFITS

a) The amounts recognised in the consolidated statement of financial position are as follows:

	Defined benefit pension plans			
	Pension assets		Pension liability	
	2015	2014	2015	2014
Present value of defined benefit obligation	(2,606,449)	(2,706,572)	(312,440)	(302,311)
Fair value of plan assets	3,840,920	4,020,468	259,845	245,036
Surplus/(deficit)	1,234,471	1,313,896	(52,595)	(57,275)
Effect of asset ceiling	(11,324)	(14,171)	–	–
Net asset/(liability) recognised in the consolidated statement of financial position	**1,223,147**	**1,299,725**	**(52,595)**	**(57,275)**

	Post-retirement medical benefits	
	2015	2014
Present value of defined benefit obligation	(406,171)	(423,502)
Fair value of plan assets	–	–
Net liability recognised in the consolidated statement of financial position	**(406,171)**	**(423,502)**

b) Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans		Post-retirement medical benefits	
	2015	2014	2015	2014
Opening defined benefit obligation	3,008,883	2,863,987	423,502	304,850
Acquisition of a subsidiary	–	–	22,375	–
Exchange adjustments	1,783	(2,844)	(279)	(65)
Current service cost	114,659	100,108	19,953	14,709
Interest cost	156,820	148,843	21,332	15,385
Members' contributions	1,107	1,029	–	–
Re-measurements:				
- Experience adjustments	(51,076)	(15,518)	(34,388)	91,436
- Actuarial (losses)/gains from change in demographic assumptions	(4,471)	2,505	(6)	76
- Actuarial losses from change in financial assumption	(214,058)	–	(43,432)	–
Benefits paid	(94,758)	(89,227)	126	(203)
Premiums paid by the Group	–	–	(3,012)	(2,686)
Closing defined benefit obligation	**2,918,889**	**3,008,883**	**406,171**	**423,502**

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

9 EMPLOYEE BENEFITS *(continued)*

c) Reconciliation of opening and closing statement of financial position entries:

	Defined benefit pension plans		Post-retirement medical benefits	
	2015	**2014**	**2015**	**2014**
Defined benefit obligation at prior year end	**1,242,450**	1,242,651	**423,502**	304,850
Acquisition of a subsidiary	**–**	–	**22,375**	–
Exchange adjustments	**(190)**	297	**51**	(64)
Opening defined benefit obligation	**1,242,260**	1,242,948	**445,928**	304,786
Net pension cost	**(55,720)**	(40,517)	**41,282**	30,094
Re-measurements recognised in other comprehensive income	**(36,512)**	22,836	**(77,814)**	91,511
Premiums paid by the Group	**20,524**	17,183	**(3,225)**	(2,889)
Closing net pension asset	**1,170,552**	**1,242,450**	**406,171**	**423,502**

d) Liability profile

The defined benefit obligation is allocated between the Plan's members as follows:

	Defined benefit pension plans	Post-retirement medical benefits
- Active members	61% to 83%	70% to 84%
- Deferred members	4% to 6%	N/A
- Pensioners	13% to 33%	16% to 30%

The weighted duration of the defined benefit obligation ranged from 11.9 to 19.8 years.

28% to 46% of the defined benefit obligation for active members was conditional on future salary increases.

19% to 99% of the benefits for active members were vested.

9 **EMPLOYEE BENEFITS** *(continued)*

e) Changes in the fair value of plan assets are as follows:

	Defined benefit pension plans	
	2015	**2014**
Opening fair value of plan assets	**4,265,504**	4,120,688
Exchange adjustments	**1,593**	(2,549)
Interest income	**202,220**	194,595
Return on plan assets, excluding interest income	**(293,752)**	25,309
Contributions by employer	**20,524**	17,184
Members' contributions	**1,107**	1,029
Benefits paid	**(94,758)**	(89,230)
Expense allowance	**(1,673)**	(1,522)
Closing fair value of plan assets	**4,100,765**	**4,265,504**
Actual return on plan assets	**205,347**	**206,579**

f) Plan asset allocation as at September 30

	Defined benefit pension plans			
	Fair value		% Allocation	
	2015	**2014**	**2015**	**2014**
Equity securities	**1,870,082**	1,975,432	**45.60%**	46.31%
Debt securities	**1,829,269**	1,786,142	**44.62%**	41.87%
Property	**25,117**	31,524	**0.61%**	0.74%
Mortgages	**5,818**	1,132	**0.14%**	0.03%
Money market instruments/cash	**370,479**	471,274	**9.03%**	11.05%
Total fair value of plan assets	**4,100,765**	**4,265,504**	**100.0%**	**100.0%**

g) The amounts recognised in the consolidated statement of income are as follows:

	Defined benefit pension plans		Post-retirement medical benefits	
	2015	**2014**	**2015**	**2014**
Current service cost	**114,659**	107,811	**19,953**	14,652
Interest on defined benefit obligation	**(44,692)**	(65,309)	**21,329**	15,221
Past service cost	**(16,601)**	(8,473)	**–**	221
Administration expenses	**2,354**	1,407	**–**	–
Total included in staff costs	**55,720**	**35,436**	**41,282**	**30,094**

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

9 EMPLOYEE BENEFITS *(continued)*

h) Re-measurements recognised in other comprehensive income

	Defined benefit pension plans		Post-retirement medical benefits	
	2015	**2014**	**2015**	**2014**
Experience gains/(losses)	**40,068**	(22,958)	**(77,814)**	91,511
Effect of asset ceiling	**(3,556)**	122	**–**	–
Total included in Other comprehensive income	**36,512**	**(22,836)**	**(77,814)**	**91,511**

i) Summary of principal actuarial assumptions as at September 30

	2015 %	**2014 %**
Discount rate	**5.00 - 7.75**	5.00 - 7.75
Rate of salary increase	**4.00 - 6.75**	2.50 - 5.50
Pension increases	**0.00 - 2.50**	0.00 - 2.40
Medical cost trend rates	**5.00 - 6.00**	7.00 - 7.75
NIS ceiling rates	**3.00 - 5.00**	3.00 - 5.00

Assumptions regarding future mortality are based on published mortality rates. The life expentancies underlying the value of the defined benefit obligation as at September 30, 2015 are as follows:

	Defined benefit pension plans	
	2015	**2014**
Life expectancy at age 60 - 65 for current pensioner in years:		
- Male	**14.6 to 21.0**	14.6 to 21.0
- Female	**18.4 to 25.1**	18.4 to 25.1
Life expectancy at age 60 - 65 for current members age 40 in years:		
- Male	**14.6 to 21.4**	14.6 to 21.0
- Female	**18.4 to 25.4**	18.4 to 25.1

9 EMPLOYEE BENEFITS *(continued)*

j) Sensitivity analysis

The calculations of the defined benefit and medical obligations are sensitive to the assumptions used. The following table summarises how these obligations as at September 30, 2015 would have changed as a result of a change in the assumptions used.

	Defined benefit pension plans		Post-retirement medical benefits	
	1% p.a. increase $'000	**1% p.a. decrease $'000**	**1% p.a. increase $'000**	**1%p.a. decrease $'000**
- Discount rate	(405,458)	522,087	(70,513)	96,101
- Future salary increases	204,637	(175,762)	267	(229)
- Future pension cost increases	228,000	–	–	–
- Medical cost increases	–	–	94,621	(71,238

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at September 30, 2015 by $65.4 million and the post-retirement medical benefit by $15.59 million.

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

k) Funding

The Group meets the entire cost of funding the defined benefit pension plan. The funding requirements are based on regular actuarial valuations of the Plan made every three years and the assumptions used to determine the funding required may differ from those set out above. The Group expects to pay $9.3 million to the pension plan in the 2016 financial year.

The Group operates the post-retirement medical benefit plan as a self-insured arrangement administered by insurance brokers. Retirees contribute at a fixed rate depending on the level of cover selected. The Group pays 'premiums' of twice the retiree contributions but will be required to meet the balance of cost of the benefits if these joint premiums prove inadequate. The Group expects to pay $7.8 million to the medical plan in the 2016 financial year.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

10 DEFERRED TAX ASSETS AND LIABILITIES

Components of deferred tax assets and liabilities

a) Deferred tax assets

				(Credit)/charge		
	Opening balance 2014	Acquisition of Subsidiaries	Exchange and other adjustments	Consolidated statement of income	OCI	Closing balance 2015
Post-retirement medical benefits	123,717	–	(597)	8,381	(21,448)	**110,053**
Leased assets	24,496	–	–	(9,717)	–	**14,779**
Unrealised reserve	4,930	–	1,328	27	1,527	**7,812**
Unearned loan origination fees	29,767	–	19	1,593	–	**31,379**
Other	1,244	–	–	5,473	(4)	**6,713**
	184,154	**–**	**750**	**5,757**	**(19,925)**	**170,736**

b) Deferred tax liabilities

				Charge/(credit)		
	Opening balance 2014	Acquisition of Subsidiaries	Exchange and other adjustments	Consolidated statement of income	OCI	Closing balance 2015
Pension asset	323,323	–	2,051	(9,948)	(7,579)	**307,847**
Leased assets	32,304	–	–	(4,435)	–	**27,869**
Premises and equipment	70,855	2,619	(2,586)	1,658	–	**72,546**
Unrealised reserve	41,554	–	55	–	(32,134)	**9,475**
Other	–	2,284	–	–	(10)	**2,274**
	468,036	**4,903**	**(480)**	**(12,725)**	**(39,723)**	**420,011**
Net credit to consolidated statement of income				**18,482**		

11 OTHER ASSETS

	2015	2014
Accounts receivable and prepayments	**309,357**	276,213
Project financing reimbursables	**629**	694
Deferred commission and fees	**7,585**	6,689
Non-current assets held to maturity	**22,314**	45,742
Other	**143,466**	210,471
	483,351	**539,809**

12 CUSTOMERS' CURRENT, SAVINGS AND DEPOSIT ACCOUNTS

Concentration of customers' current, savings and deposit accounts

	2015	2014
State	**6,487,239**	6,637,146
Corporate and commercial	**12,881,274**	9,611,365
Personal	**27,397,610**	24,560,308
Other financial institutions	**2,144,617**	2,164,827
Other	**800,842**	797,114
	49,711,582	**43,770,760**

13 OTHER FUND RAISING INSTRUMENTS

At September 30, 2015 investment securities held to secure other fund raising instruments of the Group amounted to $1.8 billion (2014: $2.6 billion).

Concentration of other fund raising instruments

	2015	2014
State	**1,117,763**	1,538,946
Corporate and commercial	**38,387**	2,300
Personal	**187,920**	81,299
Other financial institutions	**1,242,499**	1,706,394
Other	–	28,894
	2,586,569	**3,357,833**

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

14 DEBT SECURITIES IN ISSUE

	2015	2014
Unsecured		
a) Fixed rate bonds	814,583	799,260
b) Floating rate bonds	122,959	–
	937,542	799,260
Secured		
a) Floating rate bonds	241,239	250,582
b) Fixed rate bonds	13,334	16,852
c) Mortgage pass-through certificates	837	108
	255,410	267,542
Total debt securities in issue	1,192,952	1,066,802

Unsecured obligations

a) Fixed rate bonds are denominated in Trinidad and Tobago dollars and includes an unsubordinated bond issued by the Parent Company, Republic Bank Limited in 2008 for a term of ten years at a fixed rate of interest of 8.55%.

b) Floating rate bonds are denominated in Ghanian cedis and includes three bonds issued by HFC Bank (Ghana) Limited at floating rates of interest linked to the Ghanian Treasury Bill rate. Interest on these bonds is paid semi-annually.

Secured obligations

a) For Republic Bank Limited, the floating rate bonds are denominated in Trinidad and Tobago dollars and are unconditional secured obligations of the Bank. The Bank has pledged a portfolio of liquid debt securities issued or guaranteed by the Government of Trinidad and Tobago, together with high-grade corporate bonds and debentures, in an aggregate amount equal to the bonds issued as collateral security for the bondholders. Other floating rate bonds are also denominated in Trinidad and Tobago dollars and are secured by property and equipment under investments in leased assets.

b) Fixed rate bonds for one of the subsidiaries are denominated in Trinidad and Tobago dollars and are secured by property and equipment under investments in leased assets.

c) Mortgage pass-through certificates are secured on a portfolio of mortgage loans, net of the related loan loss provisions to the extent that the Bank has recourse to the note holders.

15 OTHER LIABILITIES

	2015	2014
Accounts payable and accruals	**1,148,978**	1,083,307
Unearned loan origination fees	**133,886**	130,729
Deferred income	**10,599**	1,413
Other	**130,015**	81,945
	1,423,478	**1,297,394**

16 STATED CAPITAL

	2015	2014	2015	2014
	Number of ordinary shares ('000)			
Authorised				
An unlimited number of shares of no par value				
Issued and fully paid				
At beginning of year	**161,052**	160,463	**704,871**	649,932
Shares issued/proceeds from shares issued	**336**	552	**27,374**	46,789
Shares purchased for profit sharing scheme	**(562)**	(597)	**–**	–
Share-based payment	**–**	–	**6,880**	8,150
Allocation of shares	**423**	634	**–**	–
At end of year	**161,249**	**161,052**	**739,125**	**704,871**

The following reflects the calculation of the effect of the issue of stock options on the weighted average number of ordinary shares.

	2015	2014
Weighted average number of ordinary shares	**161,279**	160,918
Effect of dilutive stock options	**383**	549
Weighted average number of ordinary shares adjusted for the effect of dilution	**161,662**	**161,467**

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

17 OTHER RESERVES

	Capital reserves	Unallocated shares	General contingency reserve	Net unrealised gains	Total
Balance at October 1, 2013	**64,560**	**(53,269)**	**653,858**	**387,033**	**1,052,182**
Realised gains transferred to net profit	–	–	–	(276,227)	**(276,227)**
Revaluation of available-for-sale investments	–	–	–	158,572	**158,572**
Translation adjustments	(150,828)	–	–	–	**(150,828)**
Share of changes recognised directly in associate's equity	(8,270)	–	–	–	**(8,270)**
Total income and expense for the year recognised directly in equity	(159,098)	–	–	(117,655)	**(276,753)**
Shares purchased for profit sharing scheme	–	(71,050)	–	–	**(71,050)**
Allocation of shares	–	52,185	–	–	**52,185**
Transfer to retained earnings	–	–	(12,201)	–	**(12,201)**
Balance at September 30, 2014	**(94,538)**	**(72,134)**	**641,657**	**269,378**	**744,363**
Realised gains transferred to net profit	–	–	–	(553)	**(553)**
Revaluation of available-for-sale investments	–	–	–	(222,044)	**(222,044)**
Translation adjustments	134,731	–	–	–	**134,731**
Share of changes recognised directly in associate's equity	(1,781)	–	–	–	**(1,781)**
Total income and expense for the year recognised directly in equity	132,950	–	–	(222,597)	**(89,647)**
Shares purchased for profit sharing scheme	–	(67,410)	–	–	**(67,410)**
Allocation of shares	–	49,195	–	–	**49,195**
Transfer from retained earnings	–	–	42	–	**42**
Balance at September 30, 2015	**38,412**	**(90,349)**	**641,699**	**46,781**	**636,543**

General contingency reserves

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 consolidated 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 September 30, 2015 the balance in the General contingency reserve of $641.7 million is part of Other reserves which totals $636.1 million.

17 OTHER RESERVES *(continued)*

Unallocated shares in the staff profit sharing scheme

The staff profit sharing scheme purchases Republic Bank Limited shares to build its stock for allocation in the annual profit sharing exercise. As at September 30, 2015, shares costing $90 million (2014: $72 million) remain unallocated from the profit sharing scheme. Refer to Note 27 (a).

	No. of shares (000's) 2015	2014
Balance brought forward	610	648
Add shares purchased	562	597
Allocation of shares	(422)	(635)
Balance carried forward	**750**	**610**

18 OPERATING PROFIT

	2015	2014
a) Interest income		
Advances	2,357,816	2,113,038
Investment securities	306,980	331,452
Liquid assets	113,935	76,656
	2,778,731	**2,521,146**

	2015	2014
b) Interest expense		
Customers' current, savings and deposit accounts	203,832	172,908
Other fund raising instruments and debt securities in issue	119,112	130,132
Other interest bearing liabilities	2,751	54
	325,695	**303,094**

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

18 OPERATING PROFIT *(continued)*

		2015	2014
c)	**Other income**		
	Fees and commission from trust and other fiduciary activities	238,357	234,199
	Other fees and commission income	589,063	495,455
	Net exchange trading income	282,633	226,108
	Dividends	442	681
	Net gains from investments at fair value through profit or loss	771	–
	Gains from disposal of available-for-sale investments	26,885	341,652
	Recoveries on written off loans	212,103	83,013
	Other operating income	112,145	105,874
		1,462,399	1,486,982

		2015	2014
d)	**Operating expenses**		
	Staff costs	804,835	701,845
	Staff profit sharing - Note 27(a)	117,922	108,812
	Employee benefits pension and medical contribution - Note 9(g)	97,002	65,530
	General administrative expenses	706,193	611,816
	Operating lease payments	46,368	47,354
	Property related expenses	120,437	121,764
	Depreciation expense - Note 7	145,159	150,789
	Advertising and public relations expenses	76,005	66,141
	Directors' fees	10,532	6,539
		2,124,453	1,880,590

		2015	2014
e)	**Non-cancellable operating lease commitments**		
	Within one year	28,313	31,501
	One to five years	19,084	32,023
	Over five years	5,479	8,150
		52,876	71,674

19 TAXATION EXPENSE

	2015	2014
Corporation tax	415,222	354,375
Deferred tax	(18,482)	(15,395)
	396,740	338,980

Reconciliation between taxation expense and accounting profit

Income taxes in the consolidated statement of income vary from amounts that would be computed by applying the statutory tax rate for the following reasons:

	2015	2014
Accounting profit	1,633,484	1,568,696
Tax at applicable statutory tax rates	469,525	418,594
Tax effect of items that are adjustable in determining taxable profit:		
Tax exempt income	(91,799)	(82,136)
Non-deductible expenses	45,747	27,529
Allowable deductions	(18,481)	(15,395)
Provision for Green Fund Levy and other taxes	(8,252)	(9,612)
	396,740	338,980

The Group has tax losses in two of its subsidiaries amounting to $128.9 million (2014: $158.4 million). In one of these subsidiaries, no deferred tax asset has been recognised for these tax losses in the financial statements since it is not anticipated that there will be sufficient future taxable profits to offset these losses.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

20 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 are both secured and unsecured and were carried out on commercial terms and conditions, at market rates.

	2015	2014
Advances, investments and other assets		
Directors and key management personnel	17,717	14,993
Other related parties	101,095	234,548
	118,812	249,541
Deposits and other liabilities		
Directors and key management personnel	63,434	64,886
Other related parties	75,848	108,705
	139,282	173,591
Interest and other income		
Directors and key management personnel	1,229	1,290
Other related parties	7,576	15,961
	8,805	17,251
Interest and other expense		
Directors and key management personnel	7,551	7,136
Other related parties	2,558	3,813
	10,109	10,949

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

	2015	2014
Key management compensation		
Short-term benefits	30,508	27,747
Post employment benefits	1,750	11,177
Share-based payment	6,912	8,150
	39,170	47,074

21 RISK MANAGEMENT

21.1 Introduction

The Group's prudent banking practices are founded on solid risk management. In an effort to keep apace with its dynamic environment, the Group has established a comprehensive framework for managing risks, which is continually evolving as the Group's business activities change in response to market, credit, product and other developments.

The basic principles of risk management followed by the Group include:

- Managing risk within parameters approved by the Board of Directors and Executives;
- Assessing risk initially and then consistently monitoring those risks through their life cycle;
- Abiding by all applicable laws, regulations and governance standards in every country in which we do business;
- Applying high and consistent ethical standards to our relationships with all customers, employees and other stakeholders; and
- Undertaking activities in accordance with fundamental control standards. These controls include the disciplines of planning, monitoring, segregation, authorisation and approval, recording, safeguarding, reconciliation and valuation.

The Board of Directors has ultimate responsibility for the management of risk within the Group. Acting with authority delegated by the Board, the Credit, Audit, Asset/Liability Committee and Other Risks Committees, review specific risk areas.

The Internal Audit function audits Risk Management processes throughout the Group by examining both the adequacy of the procedures and the Group's compliance with these procedures. Internal Audit discusses the results of all assessments with Management and reports its findings and recommendations to the Audit Committees of the Parent and respective subsidiaries.

The Group's activities are primarily related to the use of financial instruments. The Group accepts funds from customers and seeks to earn above average interest margins by investing in high quality assets such as government and corporate securities as well as equity investments and seeks to increase these margins by lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The main risks arising from the Group's financial instruments are credit risk, interest rate and market risk, liquidity risk, foreign currency risk and operational risk. The Group reviews and agrees policies for managing each of these risks as follows:

21.2 Credit risk

Credit risk is the potential that a borrower or counterparty will fail to meet its stated obligations in accordance with agreed terms. The objective of the Group's credit risk management function is to maximise the Group's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. The effective management of credit risk is a key element of a comprehensive approach to risk management and is considered essential to the long-term success of the Group.

The Group's credit risk management process operates on the basis of a hierarchy of discretionary authorities. A Board Credit Committee, chaired by the Chairman of the Board and including executive and non-executive directors, is in place, with the authority to exercise the powers of the Board on all risk management decisions.

The Risk Management unit is accountable for the general management and administration of the Group's credit portfolio, ensuring that lendings are made in accordance with current legislation, sound banking practice and in accordance with the applicable general policy of the Board of Directors. The Risk Management function is kept separate from and independent of the business development aspect of the operations.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

21 RISK MANAGEMENT *(continued)*

21.2 Credit risk *(continued)*

The Group uses a risk rating system which groups commercial/corporate accounts into various risk categories to facilitate the management of risk on both an individual account and portfolio basis. For retail lending, a computerised Credit Scoring system with preset risk management criteria is in place at all branches to facilitate decision-making. Trend indicators are also used to evaluate risk as improving, static or deteriorating. The evaluation of the risk and trend inform the credit decision and determines the intensity of the monitoring process.

The Group's credit control processes emphasise early detection of deterioration and prompt implementation of remedial action and where it is considered that recovery of the outstanding balance may be doubtful or unduly delayed, such accounts are transferred from performing to non-performing status.

Loan loss provisions are set aside to cover any potential loss in respect of debts that are not performing satisfactorily. A review of these provisions is conducted quarterly in accordance with established guidelines and recommended provisions arising out of this review are submitted to the Board for approval. Non-performing debts recommended for write-off are also reviewed annually and action taken in accordance with prescribed guidelines.

The Group avoids exposure to undue concentrations of risk by placing limits on the amount of risk accepted from a number of borrowers engaged in similar business activities, or activities in the same geographic region or with similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Such risks are controlled and monitored on a revolving basis and are subject to an annual or more frequent review. Limits on the level of credit risk by product, industry sector, client and geography are approved by the Board of Directors.

21 **RISK MANAGEMENT** *(continued)*

21.2 Credit risk *(continued)*

21.2.1 Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the Group's maximum exposure to credit risk:

	Gross maximum exposure	
	2015	**2014**
Statutory deposits with Central Banks	**5,627,292**	4,834,456
Due from banks	**7,542,995**	8,345,146
Treasury Bills	**6,162,162**	5,905,053
Investment interest receivable	**74,400**	72,136
Advances	**33,007,998**	27,095,407
Investment securities	**8,003,640**	8,203,270
Total	**60,418,487**	**54,455,468**
Undrawn commitments	**5,138,615**	4,697,372
Acceptances	**1,108,666**	742,087
Guarantees and indemnities	**301,161**	106,898
Letters of credit	**309,110**	117,716
Total	**6,857,552**	**5,664,073**
Total credit risk exposure	**67,276,039**	**60,119,541**

Where financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Collateral and other credit enhancements

The Group maintains credit risk exposure within acceptable parameters through the use of collateral as a risk-mitigation tool. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are cash or securities, charges over real estate properties, inventory and trade receivables and mortgages over residential properties and chattels. The Group also obtains guarantees from parent companies for loans to their subsidiaries.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

21 RISK MANAGEMENT *(continued)*

21.2 Credit risk *(continued)*

21.2.2 Risk concentrations of the maximum exposure to credit risk

Concentration of risk is managed by client/counterparty, by geographical region and by industry sector as detailed in the following schedules:

a) Geographical sectors

The Group's maximum credit exposure, after taking account of credit loss provisions established but before taking into account any collateral held or other credit enhancements, can be analysed by the following geographical regions based on the country of domicile of its counterparties:

	2015	2014
Trinidad and Tobago	42,001,307	39,940,733
Barbados	7,307,155	6,845,822
Eastern Caribbean	1,499,065	1,630,028
Guyana	3,920,385	3,419,775
United States	3,944,367	4,288,264
Europe	757,070	1,169,789
Suriname	2,640,184	–
Ghana	2,139,890	–
Other Countries	3,066,616	2,825,130
	67,276,039	60,119,541

21 **RISK MANAGEMENT** *(continued)*

21.2 Credit risk *(continued)*

21.2.2 Risk concentrations of the maximum exposure to credit risk *(continued)*

b) Industry sectors

The following table breaks down the Group's maximum credit exposure as categorised by the industry sectors of its counterparties:

	2015	**2014**
Government and Central Government Bodies	**21,031,567**	18,062,055
Financial sector	**9,161,190**	9,959,108
Energy and mining	**1,640,811**	485,363
Agriculture	**296,051**	288,360
Electricity and water	**433,797**	438,235
Transport, storage and communication	**673,403**	496,898
Distribution	**3,896,355**	3,420,787
Real estate	**3,706,672**	2,916,169
Manufacturing	**1,973,901**	1,961,724
Construction	**1,971,464**	1,942,023
Hotel and restaurant	**1,392,342**	1,125,375
Personal	**15,145,163**	13,923,841
Other services	**5,953,323**	5,099,603
	67,276,039	**60,119,541**

Credit exposure with state-owned bodies have been categorised according to the service offered by the organisation rather than within 'Government and Central Government Bodies'.

21.2.3 Credit quality per category of financial assets

The Group has determined that credit risk exposure arises from the following consolidated statement of financial position lines:

- Treasury Bills and Statutory deposits with Central Banks
- Balances due from banks
- Advances
- Financial investment securities

Treasury Bills and Statutory deposits with Central Banks

These funds are placed with Central Banks in the countries where the Group is engaged in the full range of banking and financial activities and management therefore considers the risk of default to be very low. These financial assets have therefore been rated as 'Superior'.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

21 RISK MANAGEMENT *(continued)*

21.2 Credit risk *(continued)*

21.2.3 Credit quality per category of financial assets *(continued)*

Balances due from banks

The credit quality of balances due from other banks is assessed by the Group according to the level of creditworthiness of the institution in relation to other institutions in the region. The credit quality of these balances has been analysed into the following categories:

Superior: These institutions have been accorded the highest rating, indicating the institution's capacity to meet its financial commitment on the obligation is extremely strong.

Desirable: These institutions have been accorded the second-highest rating, indicating the institution's capacity to meet its financial commitment on the obligation is very strong.

Acceptable: These institutions have been accorded the third highest rating, indicating the institution's capacity to meet its financial commitment is adequate.

The table below illustrates the credit quality for balances due from banks as at September 30:

	Superior	Desirable	Acceptable	Total
2015	**3,160,390**	**4,020,141**	**362,464**	**7,542,995**
2014	4,550,906	3,680,774	113,466	**8,345,146**

Advances - Commercial and Corporate

The credit quality of commercial and corporate advances is internally determined from an assessment of the counterparty based on a combination of factors. These include the level and strength of experience of management; the track record and level of supervision required for existing facilities of the company; the financial and leverage position of the borrowing company; the estimated continued profitability of the company and the ability of that company to service its debts; the stability of the industry within which the company operates and the competitive advantage held by that company in the market. The overall level of risk thus assessed is assigned a credit score which indicates the overall quality of the Commercial/Corporate borrowing account. The related scores for commercial and corporate advances that are neither past due nor impaired are defined as follows:

Superior: These counterparties have strong financial position. Facilities are well secured and business has proven track record.

Desirable: These counterparties have good financial position. Facilities are reasonably secured and underlying business is performing well.

Acceptable: These counterparties are of average risk with a fair financial position. Business may be new or industry may be subject to more volatility, and facilities typically have lower levels of security.

Sub-standard: Past due or individually impaired.

21 **RISK MANAGEMENT** *(continued)*

21.2 Credit risk *(continued)*

21.2.3 Credit quality per category of financial assets *(continued)*

Advances - Commercial and Corporate (continued)

The table below illustrates the credit quality of commercial and corporate advances as at September 30:

	Superior	Desirable	Acceptable	Sub-standard	Total
2015	511,989	2,700,543	11,223,828	622,983	15,059,343
2014	429,159	2,043,598	8,243,645	456,945	**11,173,347**

The following is an aging of facilities classed as sub-standard:

	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Impaired	Total
2015	111,371	27,805	38,032	111,850	333,925	622,983
2014	110,583	4,636	8,137	4,019	329,570	**456,945**

Advances - Retail loans and Mortgages

These retail loans and mortgages are individually insignificant and are secured by the related assets for which these loans were granted to fund. The following is an aging analysis of these facilities:

	Current	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Impaired	Total
2015	14,595,102	2,367,694	96,336	163,463	365,763	360,297	17,948,655
2014	12,975,198	2,009,913	99,157	145,197	376,065	316,530	**15,922,060**

Financial investment securities

The debt securities within the Group's investment security portfolio are exposed to credit risk. The credit quality of each individual security is internally assessed based on the financial strength, reputation and market position of the issuing company and the ability of that company to service the debt. The level of credit risk thus assessed and associated with the security is assigned a risk premium. These premiums are defined as follows:

Superior: Government and Government Guaranteed securities, securities secured by a Letter of comfort from the Government and securities placed with institutions that have been accorded the highest rating by an international rating agency. These securities are considered risk free.

Desirable: Corporate securities that are current and being serviced in accordance with the terms and conditions of the underlying agreements and Government and Government Guaranteed securities where the country has been recently downgraded by an international rating agency. Issuing institution has good financial strength and reputation.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

21 RISK MANAGEMENT *(continued)*

21.2 Credit risk *(continued)*

21.2.3 Credit quality per category of financial assets *(continued)*

Financial investment securities *(continued)*

Acceptable: Corporate securities that are current and being serviced in accordance with the terms and conditions of the underlying agreements. Issuing company has fair financial strength and reputation.

Sub-standard: These securities are either greater than 90 days in arrears, display indicators of impairment, or have been restructured during the financial year.

The table below illustrates the credit quality of debt security investments as at September 30:

	Superior	Desirable	Acceptable	Sub-standard	Total
Available-for-sale					
2015	6,655,944	728,260	461,518	35,427	7,881,149
2014	5,530,809	1,801,968	707,033	163,460	8,203,270
Held to Maturity					
2015	–	122,491	–	–	122,491

21.3 Liquidity risk

Liquidity risk is defined as the risk that the Group either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access these only at excessive cost.

Liquidity management is therefore primarily designed to ensure that funding requirements can be met, including the replacement of existing funds as they mature or are withdrawn, or to satisfy the demands of customers for additional borrowings. Liquidity management focuses on ensuring the Group has sufficient funds to meet all of its obligations.

Three primary sources of funds are used to provide liquidity – retail deposits, wholesale deposits and the capital market. A substantial portion of the Group is funded with 'core deposits'. The Group maintains a core base of retail and wholesale funds, which can be drawn on to meet ongoing liquidity needs. The capital markets are accessed for medium to long-term funds as required, providing diverse funding sources to the Group. Facilities are also established with correspondent banks, which can provide additional liquidity as conditions demand.

The Asset/Liability Committee (ALCO) sets targets for daily float, allowable liquid assets and funding diversification in line with system liquidity trends. While the primary asset used for short-term liquidity management is the Treasury Bill, the Group also holds significant investments in other Government securities, which can be used for liquidity support. The Group continually balances the need for short-term assets, which have lower yields, with the need for higher asset returns.

21 **RISK MANAGEMENT** *(continued)*

21.3 Liquidity risk *(continued)*

21.3.1 Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at September 30, based on contractual undiscounted repayment obligations, over the remaining life of those liabilities. These balances include interest to be paid over the remaining life of the liabilities and will therefore be greater than the carrying amounts on the consolidated statement of financial position. See Note 26 for a maturity analysis of assets and liabilities.

Financial liabilities - on statement of financial position

	On demand	Up to one year	1 to 5 years	Over 5 years	Total
2015					
Customers' current, savings and deposit accounts	41,764,069	7,802,633	221,511	–	**49,788,213**
Other fund raising instruments	341,887	1,941,627	269,544	124,185	**2,677,243**
Debt securities in issue	5,956	111,398	1,208,640	250,024	**1,576,018**
Due to banks	112,472	657,592	–	–	**770,064**
Other liabilities	532,364	83,309	2,256	2,306	**620,235**
Total un- discounted financial liabilities	**42,756,748**	**10,596,559**	**1,701,951**	**376,515**	**55,431,773**
2014					
Customers' current, savings and deposit accounts	36,713,903	7,132,634	12,362	–	**43,858,899**
Other fund raising instruments	–	3,046,126	244,073	147,212	**3,437,411**
Debt securities in issue	–	109,821	1,252,750	55,010	**1,417,581**
Due to banks	22,190	47,767	–	–	**69,957**
Other liabilities	447,570	28,888	2,171	–	**478,629**
Total un- discounted financial liabilities	**37,183,663**	**10,365,236**	**1,511,356**	**202,222**	**49,262,477**

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

21 RISK MANAGEMENT *(continued)*

21.3 Liquidity risk *(continued)*

21.3.1 Analysis of financial liabilities by remaining contractual maturities *(continued)*

Financial liabilities - off statement of financial position

	On demand	Up to one year	1 to 5 years	Over 5 years	Total
2015					
Acceptances	391,149	389,352	327,499	666	**1,108,666**
Guarantees and indemnities	8,222	227,053	35,313	30,573	**301,161**
Letters of credit	85,533	223,577	–	–	**309,110**
Total	**484,904**	**839,982**	**362,812**	**31,239**	**1,718,937**
2014					
Acceptances	283,600	241,865	215,951	671	**742,087**
Guarantees and indemnities	121	52,294	17,204	37,279	**106,898**
Letters of credit	54,433	63,283	–	–	**117,716**
Total	**338,154**	**357,442**	**233,155**	**37,950**	**966,701**

The Group expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

21.4 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

21.4.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group has an Asset/Liability Committee which reviews on a monthly basis the non-credit and non-operational risk for the Parent and each subsidiary. Asset and Liability management is a vital part of the risk management process of the Group. The mandate of the Committee is to approve strategies for the management of the non-credit risks of the Group, including interest rate, foreign exchange, liquidity and market risks.

The primary tools currently in use are gap analysis, interest rate sensitivity analysis and exposure limits for financial instruments. The limits are defined in terms of amount, term, issuer, depositor and country. The Group is committed to refining and defining these tools to be in line with international best practice.

The table below summarises the interest-rate exposure of the Group's statement of financial position. Interest on financial instruments classified as floating is repriced at intervals of less than one year while interest on financial instruments classified as fixed is fixed until the maturity of the instrument.

21 **RISK MANAGEMENT** *(continued)*

21.4 Market risk *(continued)*

21.4.1 Interest rate risk *(continued)*

An interest rate sensitivity analysis was performed to determine the impact on net profit and equity of a reasonable possible change in the interest rates prevailing as at September 30, with all other variables held constant. The impact on net profit is the effect of changes in interest rates on the floating interest rates of financial assets and liabilities. The impact on net unrealised gains is the effect of changes in interest rates on the fair value of available-for-sale financial assets. This impact is illustrated on the following table:

		Impact on net profit			
		2015		2014	
	Change in basis points	Increase	Decrease	Increase	Decrease
TT$ Instruments	+/- 50	40,742	(40,742)	40,375	(40,375)
US$ Instruments	+/- 50	12,135	(12,135)	12,699	(12,699)
BDS$ Instruments	+/- 50	7,349	(7,349)	7,896	(7,896)
GHS Instruments	+/- 300	371	(371)	–	–
Other Currency Instruments	+/- 50	277	(277)	326	(326)

		Impact on equity			
		2015		2014	
	Change in basis points	Increase	Decrease	Increase	Decrease
TT$ Instruments	+/- 50	(42,211)	43,233	(45,251)	46,709
US$ Instruments	+/- 50	(43,270)	37,833	(54,543)	52,783
EC$ Instruments	+/- 25	(78)	78	(77)	78
BDS$ Instruments	+/- 50	(8,106)	8,419	(9,689)	10,096
Other Currency Instruments	+/- 50	(180)	239	(820)	514

21.4.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to the effects of fluctuations in foreign currency exchange rates arises mainly from its investments and overseas subsidiaries and associates. The Group's policy is to match the initial net foreign currency investment with funding in the same currency. The Group also monitors its foreign currency position for both overnight and intra-day transactions.

Changes in foreign exchange rates affect the Group's earnings and equity through differences on the re-translation of the net assets and related funding of overseas subsidiaries and associates, from the respective local currency to TT dollars. Gains or losses on foreign currency investment in subsidiary and associated undertakings are recognised in reserves. Gains or losses on related foreign currency funding are recognised in the consolidated statement of income.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

21 RISK MANAGEMENT *(continued)*

21.4 Market risk *(continued)*

21.4.2 Currency risk *(continued)*

The principal currencies of the Group's subsidiary and associated company investments are TTD, USD, GYD, XCD, BDS, Ghana Cedi (GHS) and Suriname SRD.

The tables below indicate the currencies to which the Group had significant exposure at September 30, on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis also calculates the effect of a reasonably possible movement of each currency rate against the Trinidad and Tobago dollar, with all other variables held constant.

	TTD	USD	BDS	GHS	Other	Total
2015						
Financial assets						
Cash and cash equivalents	352,743	186,847	108,247	91,262	191,386	**930,485**
Statutory deposits with Central Banks	4,364,178	17,871	464,920	86,771	693,552	**5,627,292**
Due from banks	2,611,970	3,324,254	8,535	43,291	1,554,945	**7,542,995**
Treasury Bills	3,485,001	–	1,200,164	–	1,476,997	**6,162,162**
Investment interest receivable	31,587	26,732	2,479	6,864	6,738	**74,400**
Advances	20,135,442	4,600,371	4,584,901	1,128,182	2,559,102	**33,007,998**
Investment securities	3,783,046	3,560,128	436,823	169,720	144,675	**8,094,392**
Total financial assets	**34,763,967**	**11,716,203**	**6,806,069**	**1,526,090**	**6,627,395**	**61,439,724**
Financial liabilities						
Due to banks	386,010	11,846	–	24,929	131,350	**554,135**
Customers' current, savings and deposit accounts	25,976,898	10,115,620	5,446,552	823,041	7,349,471	**49,711,582**
Other fund raising instruments	1,839,374	66,870	333,440	346,885	–	**2,586,569**
Debt securities in issue	1,055,029	14,964	–	122,959	–	**1,192,952**
Interest payable	20,743	5,290	7,824	28,502	6,232	**68,591**
Total financial liabilities	**29,278,054**	**10,214,590**	**5,787,816**	**1,346,316**	**7,487,053**	**54,113,829**
Net currency risk exposure		**1,501,613**	**1,018,253**	**179,774**	**(859,658)**	
Reasonably possible change in currency rate (%)		1%	1%	3%	1%	
Effect on profit before tax		**15,016**	**10,183**	**5,393**	**(8,597)**	

21 RISK MANAGEMENT *(continued)*

21.4 Market risk *(continued)*

21.4.2 Currency risk *(continued)*

	TTD	USD	BDS	GHS	Other	Total
2014						
Financial assets						
Cash and cash equivalents	328,458	44,132	115,730	–	76,905	**565,225**
Statutory deposits with Central Banks	4,050,897	3,220	285,951	–	494,388	**4,834,456**
Due from banks	4,468,127	2,986,743	8,881	–	881,395	**8,345,146**
Treasury Bills	3,827,652	–	765,598	–	1,311,803	**5,905,053**
Investment interest receivable	37,212	27,818	3,268	–	3,838	**72,136**
Advances	16,541,205	3,389,902	4,575,140	–	2,589,160	**27,095,407**
Investment securities	3,410,496	4,111,340	542,028	–	196,518	**8,260,382**
Total financial assets	**32,664,047**	**10,563,155**	**6,296,596**	**–**	**5,554,007**	**55,077,805**
Financial liabilities						
Due to banks	66	41,048	12,009	–	16,834	**69,957**
Customers' current, savings and deposit accounts	24,362,375	8,924,974	5,038,884	–	5,444,527	**43,770,760**
Other fund raising instruments	2,930,841	76,245	350,747	–	–	**3,357,833**
Debt securities in issue	1,066,802	–	–	–	–	**1,066,802**
Interest payable	17,896	3,343	17,939	–	1,413	**40,591**
Total financial liabilities	**28,377,980**	**9,045,610**	**5,419,579**	**–**	**5,462,774**	**48,305,943**
Net currency risk exposure		**1,517,545**	**877,018**	**–**	**91,233**	
Reasonably possible change in currency rate (%)		1%	1%	–	1%	
Effect on profit before tax		**15,175**	**8,770**	**–**	**912**	

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

21 RISK MANAGEMENT *(continued)*

21.5 Operational risk

The growing sophistication of the banking industry has made the Group's operational risk profile more complex. Operational risk is inherent within all business activities and is the potential for financial or reputational loss arising from inadequate or failed internal controls, operational processes or the systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud.

The Group recognises that such risk can never be entirely eliminated and manages the risk through a combination of systems and procedures to monitor and document transactions. The Group's operational risk department oversees this and where appropriate, risk is transferred by the placement of adequate insurance coverage.

The Group has developed contingency arrangements and established facilities to support operations in the event of disasters. Independent checks on operational risk issues are also undertaken by the internal audit function.

22 CAPITAL MANAGEMENT

The Group's policy is to diversify its sources of capital, to allocate capital within the Group efficiently and to maintain a prudent relationship between capital resources and the risk of its underlying business. Equity increased by $668 million to $9.41 billion during the year under review.

Capital adequacy is monitored by each member of the Group, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practice (the Basel Committee), as implemented by the respective Central Banks for supervisory purposes. The Basel risk-based capital guidelines require a minimum ratio of core capital (Tier 1) to risk-weighted assets of 4%, with a minimum total qualifying capital (Tier 2) ratio of 8%. Core capital (Tier 1) comprises mainly shareholders' equity.

Capital adequacy ratio

	2015	**2014**
Republic Bank Limited	**21.72%**	25.77%
Republic Finance and Merchant Bank Limited	**130.21%**	133.32%
Republic Bank (Cayman) Limited	**26.74%**	20.83%
Republic Bank (Grenada) Limited	**15.60%**	15.80%
Republic Bank (Guyana) Limited	**22.85%**	22.16%
Republic Bank (Barbados) Limited	**19.78%**	16.02%
Republic Bank (Suriname) N.V.	**15.37%**	–
HFC Bank (Ghana) Limited	**14.20%**	–
Atlantic Financial Limited	**52.73%**	67.95%

At September 30, 2015 the Bank and each of its banking subsidiaries exceeded the minimum levels required for adequately capitalised institutions.

23 FAIR VALUE

23.1 Carrying values and fair values

The following table summarises the carrying amounts and the fair values of the Group's financial assets and liabilities:

	Carrying value	Fair value	Unrecognised gain/(loss)
2015			
Financial assets			
Cash, due from banks and Treasury Bills	14,635,642	14,635,642	–
Investment interest receivable	74,400	74,400	–
Advances	33,007,998	32,806,167	(201,831)
Investment securities	8,094,392	8,094,392	–
Other financial assets	309,357	309,357	–
Financial liabilities			–
Customers' current, savings and deposit accounts	49,711,582	49,729,973	(18,391)
Borrowings and other fund raising instruments	3,140,704	3,140,704	–
Debt securities in issue	1,192,952	1,292,125	(99,173)
Accrued interest payable	68,591	68,591	–
Other financial liabilities	1,148,978	1,148,978	–
Total unrecognised change in unrealised fair value			**(319,395)**

	Carrying value	Fair value	Unrecognised gain/(loss)
2014			
Financial assets			
Cash, due from banks and Treasury Bills	14,815,424	14,815,424	–
Investment interest receivable	72,136	72,136	–
Advances	27,095,407	27,258,579	163,172
Investment securities	8,260,382	8,260,382	–
Other financial assets	276,213	276,213	–
Financial liabilities			
Customers' current, savings and deposit accounts	43,770,760	43,774,832	(4,072)
Borrowings and other fund raising instruments	3,427,790	3,427,790	–
Debt securities in issue	1,066,802	1,244,434	(177,631)
Accrued interest payable	40,591	40,591	–
Other financial liabilities	1,083,307	1,083,307	–
Total unrecognised change in unrealised fair value			**(18,531)**

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

23 FAIR VALUE *(continued)*

23.2 Fair value and fair value hierarchies

23.2.1 Determination of fair value and fair value hierarchies

The following table shows the fair value measurement hierarchy of the Group's assets and liabilities:

	Level 1	Level 2	Level 3	Total
2015				
Financial assets measured at fair value				
Investment securities	3,512,848	4,572,636	8,908	**8,094,392**
Financial assets for which fair value is disclosed				
Advances	–	32,806,167	–	**32,806,167**
Financial liabilities for which fair value is disclosed				
Customers' current, savings and deposit accounts	–	49,729,973	–	**49,729,973**
Debt securities in issue	–	1,292,125	–	**1,292,125**
2014				
Financial assets measured at fair value				
Investment securities	3,437,232	4,814,325	8,825	**8,260,382**
Financial assets for which fair value is disclosed				
Advances	–	27,258,579	–	**27,258,579**
Financial liabilities for which fair value is disclosed				
Customers' current, savings and deposit accounts	–	43,774,832	–	**43,774,832**
Debt securities in issue	–	1,244,434	–	**1,244,434**

23 FAIR VALUE *(continued)*

23.2 Fair value and fair value hierarchies *(continued)*

23.2.2 Transfers between Level 1 and 2

For the year ended September 30, 2015, no assets were transferred between Level 1 and Level 2.

23.2.3 Reconciliation of movements in Level 3 financial instruments measured at fair value

	Balance at beginning of year	Exchange adjustments	Additions	Disposals /Transfers to Level 2	Balance at end of year
Financial assets designated at fair value through profit or loss	–	–	1,001	(894)	**107**
Financial investments - available-for-sale	8,825	–	–	(24)	**8,801**
	8,825	**–**	**1,001**	**(918)**	**8,908**

24 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	**Country of incorporation and operation**	**2015**	**2014**
HFC Bank (Ghana) Limited	Ghana	**42.89%**	60.13%
Republic Bank (Guyana) Limited	Guyana	**49.00%**	49.00%
Accumulated balances of material non-controlling interest:			
HFC Bank (Ghana) Limited		**141,499**	–
Republic Bank (Guyana) Limited		**228,330**	202,167
Profit/(loss) allocated to material non-controlling interest:			
HFC Bank (Ghana) Limited		**(32,263)**	–
Republic Bank (Guyana) Limited		**41,808**	35,192

The summarised financial information of these subsidiaries is provided in Note 25 (i) of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

25 SEGMENTAL INFORMATION

The Group is organised into two main business segments: retail and commercial banking and merchant banking. The Group's primary reporting format comprises geographical segments, reflecting its management structure and the secondary segment is by class of business. The following is an analysis by respective segments:

i) By geographic segment

	Trinidad and Tobago	Barbados	Guyana	Cayman, Suriname, and Eastern Caribbean	Ghana	Eliminations	Total
2015							
Interest income	1,861,744	455,338	209,726	201,362	89,056	(38,495)	**2,778,731**
Interest expense	(174,145)	(89,771)	(17,872)	(35,378)	(47,024)	38,495	**(325,695)**
Net interest income	1,687,599	365,567	191,854	165,984	42,032	–	**2,453,036**
Other income	1,401,864	152,196	88,975	66,488	45,434	(292,558)	**1,462,399**
Share of profits of associates	39,276	–	–	–	–	–	**39,276**
Operating income	3,128,739	517,763	280,829	232,472	87,466	(292,558)	**3,954,711**
Goodwill impairment expense	–	–	–	(31,510)	–	–	**(31,510)**
Other operating expenses	(1,496,698)	(319,100)	(133,068)	(107,131)	(79,932)	11,476	**(2,124,453)**
Operating profit	1,632,041	198,663	147,761	93,831	7,534	(281,082)	**1,798,748**
Loan impairment expense, net of recoveries	8,440	(33,475)	(17,399)	(31,665)	(91,165)	–	**(165,264)**
Net profit/(loss) before taxation	**1,640,481**	**165,188**	**130,362**	**62,166**	**(83,631)**	**(281,082)**	**1,633,484**
Taxation	(337,107)	(21,174)	(45,039)	(1,827)	8,407	–	**(396,740)**
Net profit/(loss) after taxation	**1,303,374**	**144,014**	**85,323**	**60,339**	**(75,224)**	**(281,082)**	**1,236,744**

25 SEGMENTAL INFORMATION *(continued)*

i) By geographic segment *(continued)*

	Trinidad and Tobago	Barbados	Guyana	Cayman, Suriname, and Eastern Caribbean	Ghana	Eliminations	Total
2015							
Investment in associated companies	142,066	–	–	–	–	–	**142,066**
Total assets	48,366,058	8,442,558	4,327,834	8,488,876	2,234,069	(5,867,209)	**65,992,186**
Total liabilities	41,003,885	7,050,274	3,865,036	6,507,081	1,887,016	(3,731,715)	**56,581,577**
Depreciation	94,156	25,924	12,430	8,137	4,512	–	**145,159**
Capital expenditure on premises and equipment	251,604	10,338	14,194	4,695	6,507	–	**287,338**
Cash flow from operating activities	(697,874)	129,792	356,654	(122,230)	(79,805)	(621,668)	**(1,035,131)**
Cash flow from investing activities	(1,167,865)	452,981	(79,589)	193,731	89,672	1,655,459	**1,144,389**
Cash flow from financing activities	(525,247)	(67,066)	(31,769)	6,710	(55,881)	272,574	**(400,679)**

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

25 SEGMENTAL INFORMATION *(continued)*

i) By geographic segment *(continued)*

	Trinidad and Tobago	Barbados	Guyana	Cayman, Suriname, and Eastern Caribbean	Ghana	Eliminations	Total
2014							
Interest income	1,740,286	429,351	203,012	203,423	–	(54,926)	**2,521,146**
Interest expense	(168,955)	(129,357)	(20,178)	(39,530)	–	54,926	**(303,094)**
Net interest income	1,571,331	299,994	182,834	163,893	–	–	**2,218,052**
Other income	1,325,292	155,839	71,272	78,662	–	(144,083)	**1,486,982**
Share of profits of associates	49,135	–	–	–	–	–	**49,135**
Operating income	2,945,758	455,833	254,106	242,555	–	(144,083)	**3,754,169**
Goodwill impairment expense	(185,000)	–	–	–	–	–	**(185,000)**
Other operating expenses	(1,333,143)	(325,109)	(122,715)	(110,695)	–	11,072	**(1,880,590)**
Operating profit	1,427,615	130,724	131,391	131,860	–	(133,011)	**1,688,579**
Loan impairment expense, net of recoveries	(30,543)	(46,682)	(20,153)	(22,505)	–	–	**(119,883)**
Net profit before taxation	**1,397,072**	**84,042**	**111,238**	**109,355**	**–**	**(133,011)**	**1,568,696**
Taxation	(286,199)	(12,197)	(39,417)	(1,167)	–	–	**(338,980)**
Net profit after taxation	**1,110,873**	**71,845**	**71,821**	**108,188**	**–**	**(133,011)**	**1,229,716**

25 SEGMENTAL INFORMATION *(continued)*

i) By geographic segment *(continued)*

	Trinidad and Tobago	Barbados	Guyana	Cayman, Suriname, and Eastern Caribbean	Ghana	Eliminations	Total
2014							
Investment in associated companies	345,942	–	–	–	–	–	**345,942**
Total assets	46,093,234	8,270,023	3,894,975	5,283,482	–	(4,170,198)	**59,371,516**
Total liabilities	39,006,398	6,861,997	3,485,571	3,584,970	–	(2,313,743)	**50,625,193**
Depreciation	100,525	29,633	12,872	7,759	–	–	**150,789**
Capital expenditure on premises and equipment	137,485	28,315	30,572	6,453	–	–	**202,825**
Cash flow from operating activities	1,291,223	(487,269)	(157,455)	(172,203)	–	(30,905)	**443,391**
Cash flow from investing activities	(624,101)	407,641	(79,633)	147,398	–	(149,558)	**(298,253)**
Cash flow from financing activities	(869,127)	(70,346)	(30,349)	(232)	–	131,490	**(838,564)**

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

25 SEGMENTAL INFORMATION *(continued)*

ii) By class of business

	Retail and commercial banking	Merchant banking	Eliminations	Total
2015				
Interest income	2,530,533	286,693	(38,495)	**2,778,731**
Interest expense	(316,100)	(48,090)	38,495	**(325,695)**
Net interest income	2,214,433	238,603	–	**2,453,036**
Other income	1,619,835	135,122	(292,558)	**1,462,399**
Share of profits of associates	39,276	–	–	**39,276**
Operating income	3,873,544	373,725	(292,558)	**3,954,711**
Goodwill impairment expense	–	(31,510)	–	**(31,510)**
Other operating expenses	(2,092,314)	(43,615)	11,476	**(2,124,453)**
Operating profit	1,781,230	298,600	(281,082)	**1,798,748**
Loan impairment expense, net of recoveries	(143,929)	(21,335)	–	**(165,264)**
Net profit before taxation	**1,637,301**	**277,265**	**(281,082)**	**1,633,484**
Taxation	(351,478)	(45,262)	–	**(396,740)**
Net profit after taxation	**1,285,823**	**232,003**	**(281,082)**	**1,236,744**
Investment in associated companies	142,066	–	–	**142,066**
Total assets	63,853,214	8,006,181	(5,867,209)	**65,992,186**
Total liabilities	54,503,678	5,809,614	(3,731,715)	**56,581,577**
Depreciation	144,567	592	–	**145,159**
Capital expenditure on premises and equipment	573	286,765	–	**287,338**
Cash flow from operating activities	(702,825)	289,362	(621,668)	**(1,035,131)**
Cash flow from investing activities	(1,281,493)	770,423	1,655,459	**1,144,389**
Cash flow from financing activities	(395,540)	(277,713)	272,574	**(400,679)**

25 SEGMENTAL INFORMATION *(continued)*

ii) By class of business *(continued)*

	Retail and commercial banking	Merchant banking	Eliminations	Total
2014				
Interest income	2,252,099	323,973	(54,926)	**2,521,146**
Interest expense	(296,880)	(61,140)	54,926	**(303,094)**
Net interest income	1,955,219	262,833	–	**2,218,052**
Other income	1,545,563	85,502	(144,083)	**1,486,982**
Share of profits of associates	49,135	–	–	**49,135**
Operating income	3,549,917	348,335	(144,083)	**3,754,169**
Goodwill impairment expense	(185,000)	–	–	**(185,000)**
Other operating expenses	(1,849,990)	(41,672)	11,072	**(1,880,590)**
Operating profit	1,514,927	306,663	(133,011)	**1,688,579**
Loan impairment expense, net of recoveries	(112,403)	(7,480)	–	**(119,883)**
Net profit before taxation	**1,402,524**	**299,183**	**(133,011)**	**1,568,696**
Taxation	(300,382)	(38,598)	–	**(338,980)**
Net profit after taxation	**1,102,142**	**260,585**	**(133,011)**	**1,229,716**
Investment in associated companies	345,942	–	–	**345,942**
Total assets	54,920,240	8,621,476	(4,170,200)	**59,371,516**
Total liabilities	46,709,784	6,229,151	(2,313,742)	**50,625,193**
Depreciation	150,322	467	–	**150,789**
Capital expenditure on premises and equipment	201,090	1,735	–	**202,825**
Cash flow from operating activities	516,059	(41,763)	(30,905)	**443,391**
Cash flow from investing activities	(94,788)	(53,907)	(149,558)	**(298,253)**
Cash flow from financing activities	(877,518)	(92,536)	131,490	**(838,564)**

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

26 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below analyses the discounted assets and liabilities of the Group based on the remaining period at September 30, to the contractual maturity date. See Note 21.3 - 'Liquidity risk' - for an analysis of the financial liabilities based on contractual undiscounted repayment obligations.

	Within one year	After one year	Total
2015			
ASSETS			
Cash and cash equivalents	930,485	–	**930,485**
Statutory deposits with Central Banks	5,627,292	–	**5,627,292**
Due from banks	7,542,995	–	**7,542,995**
Treasury Bills	6,162,162	–	**6,162,162**
Investment interest receivable	74,400	–	**74,400**
Advances	10,311,719	22,696,279	**33,007,998**
Investment securities	1,745,178	6,349,214	**8,094,392**
Investment in associated companies	–	142,066	**142,066**
Premises and equipment	–	1,853,964	**1,853,964**
Goodwill	–	606,612	**606,612**
Net pension asset	–	1,223,147	**1,223,147**
Deferred tax assets	–	170,736	**170,736**
Taxation recoverable	23,521	49,065	**72,586**
Other assets	467,418	15,933	**483,351**
	32,885,170	**33,107,016**	**65,992,186**
LIABILITIES			
Due to banks	554,135	–	**554,135**
Customers' current, savings and deposit accounts	49,496,180	215,402	**49,711,582**
Other fund raising instruments	2,272,144	314,425	**2,586,569**
Debt securities in issue	48,444	1,144,508	**1,192,952**
Net pension liability	–	52,595	**52,595**
Provision for post-retirement medical benefits	–	406,171	**406,171**
Taxation payable	165,493	–	**165,493**
Deferred tax liabilities	1,784	418,227	**420,011**
Accrued interest payable	68,591	–	**68,591**
Other liabilities	1,220,060	203,418	**1,423,478**
	53,826,831	**2,754,746**	**56,581,577**

26 MATURITY ANALYSIS OF ASSETS AND LIABILITIES *(continued)*

	Within one year	After one year	Total
2014			
ASSETS			
Cash and cash equivalents	565,225	–	**565,225**
Statutory deposits with Central Banks	4,834,456	–	**4,834,456**
Due from banks	8,345,146	–	**8,345,146**
Treasury Bills	5,905,053	–	**5,905,053**
Investment interest receivable	72,136	–	**72,136**
Advances	6,994,689	20,100,718	**27,095,407**
Investment securities	1,933,185	6,327,197	**8,260,382**
Investment in associated companies	–	345,942	**345,942**
Premises and equipment	–	1,573,503	**1,573,503**
Goodwill	–	300,971	**300,971**
Net pension asset	–	1,299,725	**1,299,725**
Deferred tax assets	–	184,154	**184,154**
Taxation recoverable	20,250	29,357	**49,607**
Other assets	528,982	10,827	**539,809**
	29,199,122	**30,172,394**	**59,371,516**
LIABILITIES			
Due to banks	69,957	–	**69,957**
Customers' current, savings and deposit accounts	43,761,209	9,551	**43,770,760**
Other fund raising instruments	3,026,007	331,826	**3,357,833**
Debt securities in issue	–	1,066,802	**1,066,802**
Net pension liability	–	57,275	**57,275**
Provision for post-retirement medical benefits	–	423,502	**423,502**
Taxation payable	73,043	–	**73,043**
Deferred tax liabilities	28,941	439,095	**468,036**
Accrued interest payable	40,413	178	**40,591**
Other liabilities	1,110,442	186,952	**1,297,394**
	48,110,012	**2,515,181**	**50,625,193**

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

27 EQUITY COMPENSATION BENEFITS

a) Profit sharing scheme

It is estimated that approximately $101 million (2014: $96 million) will be allocated to staff from the profit sharing scheme in the current financial year. The total staff profit sharing for the Group was $118 million (2014: $109 million). Refer to Note 18. During the 2015 financial year, $67 million in advances were made by Republic Bank (the Parent) for purchase of shares to the staff profit sharing scheme (2014: $71 million).

b) Stock option plan

The Group has a stock option plan for senior executives. Under this arrangement, the holder has the right to purchase a specified number of ordinary shares of Republic Bank Limited at a pre-determined price on or before a pre-determined date. Options are granted only when certain pre-determined individual, corporate and strategic objectives are realised.

The plan provides that the maximum number of ordinary shares that may be purchased on the exercise of options is 7,950,650 shares and the maximum entitlement for any one executive is no more than 50% of the shares comprising the plan. There is a three-year waiting period after the grant date of options before the grantee may exercise the right to purchase the shares represented by the options. The maximum period within which an option may be exercised is ten years.

The option price shall be the Bank's share price at the beginning of the performance period during which the option is earned. The price is calculated as the average closing share price on all trading days during the calendar month, prior to the beginning of the performance period. The process of assessment, calculation of options and approval by the Board of Directors takes place in the first quarter following the end of the financial year.

The movement in outstanding options is outlined below:

	Weighted average exercise price		Number of shares	
	2015	**2014**	**2015**	**2014**
At the beginning of the year	**$87.71**	$84.04	**1,791,585**	1,980,702
Granted	**$110.03**	$104.41	**355,800**	362,833
Exercised	**$81.67**	$85.24	**(336,120)**	(551,950)
At end of year	**$93.39**	**$87.38**	**1,811,265**	**1,791,585**
Exercisable at end of year	**$83.41**	**$85.40**	**859,349**	**1,209,734**

27 EQUITY COMPENSATION BENEFITS *(continued)*

b) Stock option plan *(continued)*

Expiry date	Exercise price	2015	2014
15-Dec-15	$78.78	**31,841**	46,665
20-Dec-16	$90.19	**93,301**	124,503
20-Dec-17	$86.75	**104,156**	187,867
20-Dec-18	$80.00	**137,160**	167,038
20-Dec-19	$101.80	**11,876**	11,876
21-Feb-21	$85.94	**143,481**	224,419
3-Feb-22	$72.99	**254,739**	350,306
30-Jan-23	$92.67	**336,496**	336,496
31-Dec-24	$104.41	**342,415**	342,415
12-Dec-25	$110.03	**355,800**	–
		1,811,265	**1,791,585**

As at September 30, 2015, none (2014: none) of the outstanding options were anti-dilutive and therefore not included in the calculation of diluted earnings per share.

The fair value of the stock options have been determined using a binomial option-pricing model. The assumptions used in the calculation of the fair value are as follows:

Grant date	December 18, 2014 to March 5, 2015
Number granted	355,800
Exercise price	$110.03
Share price at grant date	$118.20 to $119.75
Risk free interest rate	2.0% per annum
Expected volatility	7.5% per annum
Dividend yield	3.65% per annum
Exercise term	Option exercised when share price is twice the exercise price
Fair value	$8.53 to $10.41

The expected volatility is based on historical volatility of the share price over the last five years.

The weighted average share price for share options exercised during the year was $81.34. For options outstanding at September 30, 2015 the exercise price ranged from $72.99 to $110.03 and the weighted average remaining contractual life was 9.1 years.

The total expense for the share option plan was $5.735 million (2014: $8.150 million).

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

28 DIVIDENDS PAID AND PROPOSED

	2015	2014
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2014: $3.00 (2013: $3.00)	485,129	483,375
First dividend for 2015: $1.25 (2014: $1.25)	202,468	201,876
Total dividends paid	**687,597**	**685,251**
Proposed for approval at Annual General meeting (not recognised as a liability as at September 30)		
Equity dividends on ordinary shares:		
Final dividend for 2015: $3.10 (2014: $3.00)	502,197	485,129

29 CONTINGENT LIABILITIES

a) Litigation

As at September 30, 2015 there were certain tax and 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 the eventuality.

b) Customers' liability under acceptances, guarantees, indemnities and letters of credit

	2015	2014
Acceptances	1,108,666	742,087
Guarantees and indemnities	301,161	106,898
Letters of credit	309,110	117,716
	1,718,937	**966,701**

c) Sectoral information

	2015	2014
State	243,319	209,274
Corporate and commercial	1,375,195	650,259
Personal	32,082	32,995
Other financial institutions	52,402	50,983
Other	15,939	23,190
	1,718,937	**966,701**

29 CONTINGENT LIABILITIES *(continued)*

d) Pledged assets

The table below illustrates the distribution of pledged assets in the Group's statement of financial position:

	Carrying amount		Related liability	
	2015	2014	2015	2014
Financial investments - available-for-sale	3,262,880	2,821,949	1,946,278	2,741,021

The assets pledged by the Group relate to a pool of securities held for the purpose of providing collateral for the counterparty. Individual securities within the pool may be sold by the Group once the total value of the pool exceeds the value of the liability. In the event of the Group's default, the counterparty is entitled to apply the collateral in order to settle the liability.

30 SUBSIDIARY COMPANIES

Name of company	Country of incorporation	Equity interest
Republic Finance and Merchant Bank Limited *Merchant Bank*	Trinidad and Tobago	100.00%
Republic Investments Limited *Investment Management Company*	Trinidad and Tobago	100.00%
Republic Securities Limited *Securities Brokerage Company*	Trinidad and Tobago	100.00%
Republic Wealth Management Limited *Investment Advisory Company*	Trinidad and Tobago	100.00%
Republic Bank (Cayman) Limited *Offshore Bank*	Cayman Islands	100.00%
Republic Insurance Company (Cayman) Limited *Insurance Company*	Cayman Islands	100.00%
Republic Bank Trinidad and Tobago (Barbados) Limited *Offshore Bank*	Barbados	100.00%
Republic Bank (Barbados) Limited *Commercial Bank*	Barbados	100.00%
Republic Caribbean Investments Limited *Investment Company*	St. Lucia	100.00%

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

30 SUBSIDIARY COMPANIES *(continued)*

Name of company	Country of incorporation	Equity interest
Atlantic Financial Limited *International Business Company*	St. Lucia	100.00%
Republic Suriname Holdings Limited *Investment Company*	St. Lucia	100.00%
Republic Bank (Suriname) N.V. *Commercial Bank*	Suriname	100.00%
HFC Bank (Ghana) Limited *Commercial Bank*	Ghana	57.11%
Republic Bank (Grenada) Limited *Commercial Bank*	Grenada	51.00%
Republic Bank (Guyana) Limited *Commercial Bank*	Guyana	51.00%

31 STRUCTURED ENTITIES

The Group sponsors several structured entities which are not consolidated as the Group is not deemed to be in control of those entities. The Group considers itself to be sponsor of a structured entity when it facilitates the establishment of the structured entity. The Group may hold an interest in some of these entities but does not provide any financial support to these entities.

These structured entities include Mutual Funds and Retirement Benefit Plans which are financed through the issue of units to investors in the funds. The Group generates fees from managing the assets of these funds on behalf of the third party investors. For the year ended September 30, 2015, the Group earned $12.7 million (2014: $12.5 million) in management fees from the retirement plans and $77.1 million (2014: $95.7 million) from the mutual funds.

The Group holds an interest of $22.5 million (2014: $21.6 million) in sponsored funds as at September 30, 2015. The maximum exposure to loss in these funds is the carrying value of the assets held by the Group. These values are all included in the Investment securities portfolio of the Group as at September 30, 2015.

32 BUSINESS COMBINATIONS

a) Acquisition of HFC Bank (Ghana) Limited

Over the period November 2012 to September 2013, the Group acquired 39.87% of the outstanding ordinary shares of HFC Bank (Ghana) Limited, a company based in Ghana and listed on the Ghana Stock Exchange. In May 2015, the Group acquired 17.25% of the outstanding ordinary shares and obtained control of HFC Bank (Ghana) Limited. The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of HFC Bank (Ghana) Limited for the five-month period from the acquisition date.

32 **BUSINESS COMBINATIONS** *(continued)*

a) Acquisition of HFC Bank (Ghana) Limited *(continued)*

The fair values of the identifiable assets and liabilities of HFC Bank (Ghana) Limited as at the date of acquisition were:

	Fair value recognised on acquisition May 2015
Assets	
Cash resources	339,331
Investment securities	265,761
Advances	1,277,584
Other assets	385,844
	2,268,520
Liabilities	
Customer deposits and due to banks	1,269,624
Debt securities and other fund raising instruments	499,806
Other liabilities	58,001
	1,827,431
Purchase consideration transferred	
Total identifiable net assets at fair value	441,089
Non-controlling interests	(191,970)
Goodwill arising on acquisition (provisional)*	284,084
	533,203
Purchase consideration	
Amount settled in cash	165,987
Fair value of previously held investment	367,216
	533,203
Analysis of cash flows on acquisition	
Net cash acquired (included in cash flows from investing activities)	339,331
Consideration transferred	(533,203)
Net cash outflow	**(193,872)**

*The fair value of net assets is provisional pending receipt of final valuations for those assets and liabilities. These balances are subject to adjustment, with a corresponding adjustment to goodwill up to May 2016 (one year after the transaction).

Notes to the Consolidated Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Trinidad and Tobago dollars ($'000) except where otherwise stated

32 BUSINESS COMBINATIONS *(continued)*

a) Acquisition of HFC Bank (Ghana) Limited *(continued)*

We have however preliminarily identified increased impairment expenses of $91.1 million ($52.1 million after non-controlling interest) which has been accounted for in the consolidated statement of income. This has resulted in a net loss before taxation of $83.6 million for HFC Bank (Ghana) Limited. Refer to Note 25.

If the acquisition of HFC Bank (Ghana) Limited had taken place at the beginning of the year, revenue from continuing operations would have been $378.2 million and the profit from continuing operations for the period would have been $16.2 million.

Transaction costs of $15.1 million have been expensed and are included in operating expenses in the statement of income and are part of the operating cash flows in the statement of cash flows.

b) Acquisition of Republic Bank (Suriname) N.V.

On July 31 2015, the Group acquired 100% of the outstanding ordinary shares of RBC Royal Bank (Suriname) N.V., renamed Republic Bank (Suriname) N.V., through the purchase of Royal Overseas Holdings (St. Lucia) Limited, renamed Republic Suriname Holdings Limited. The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of Republic Bank (Suriname) N.V. as at the acquisition date.

The fair values of the identifiable assets and liabilities of Republic Bank (Suriname) N.V. as at the date of acquisition were:

	Fair value recognised on acquisition July 31, 2015
Assets	
Cash resources	1,441,598
Investment securities	166,756
Advances	1,424,440
Other assets	217,557
	3,250,351
Liabilities	
Customer deposits and due to banks	2,948,709
Other liabilities	66,226
	3,014,935
Purchase consideration transferred	
Total identifiable net assets at fair value	235,416
Goodwill arising on acquisition	53,218
	288,634

32 BUSINESS COMBINATIONS *(continued)*

b) Acquisition of Republic Bank (Suriname) N.V. *(continued)*

	Fair value recognised on acquisition July 31, 2015
Purchase consideration	
Amount settled in cash	**288,634**
Analysis of cash flows on acquisition	
Net cash acquired (included in cash flows from investing activities)	**1,441,598**
Consideration transferred	**(288,634)**
Net cash inflow	**1,152,964**

If the acquisition of Republic Bank (Suriname) N.V. had taken place at the beginning of the year, revenue from continuing operations would have been $174.4 million and the profit from continuing operations for the period would have been $28.6 million.

Transaction costs of $9 million have been expensed and are included in operating expenses in the statement of income and are part of the operating cash flows in the statement of cash flows.

33 EVENTS AFTER THE REPORTING PERIOD

On June 26, 2015 shareholders' approval was obtained to create Republic Financial Holdings Limited, the umbrella company under which all of the Group's main subsidiaries will be held.

The proposed formation of Republic Financial Holdings Limited will be achieved by Republic Bank Limited transferring (vesting) all of its banking business into Republic Finance and Merchant Bank Limited (FINCOR), save for the shareholdings in various banking subsidiaries. FINCOR will be renamed Republic Bank Limited and Republic Bank Limited will change its name to Republic Financial Holdings Limited.

We are currently in the process of obtaining all of the requisite approvals and expect the holding company structure to be in place by January 1, 2016. This reorganisation will not result in any change of economic substance for the Group as at the vesting date.

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