Consolidated Financial Statements for the year ended

September 30, 2014

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Republic Bank

We're the One for you!

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 September 30, 2014, 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 September 30, 2014, 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:
November 5, 2014

Republic Bank Limited

Consolidated Statement of Financial Position

As at September 30, 2014

Expressed in thousands of Trinidad and Tobago dollars ($'000)

	Notes	2014	2013 (Restated)	As at Oct 1 2012 (Restated)
ASSETS				
Cash and cash equivalents		565,225	526,383	486,893
Statutory deposits with Central Banks		4,834,456	4,332,600	3,972,810
Due from banks		8,345,146	9,237,076	7,224,545
Treasury Bills		5,905,053	5,723,076	4,806,156
Investment interest receivable		72,136	65,487	78,503
Advances	4	27,095,407	25,235,517	23,317,199
Investment securities	5	8,260,382	8,131,047	7,788,049
Investment in associated companies	6	345,942	445,377	207,162
Premises and equipment	7	1,573,503	1,584,014	1,558,285
Goodwill	8	300,971	485,971	485,971
Pension assets	9	1,299,725	1,292,988	1,264,920
Deferred tax assets	10	184,154	142,973	131,000
Taxation recoverable		49,607	47,034	49,782
Other assets	11	539,809	362,822	255,015
TOTAL ASSETS		**59,371,516**	**57,612,365**	**51,626,290**
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks		69,957	73,349	84,506
Customers' current, savings and deposit accounts	12	43,770,760	42,098,310	37,090,139
Other fund raising instruments	13	3,357,833	3,404,974	2,691,762
Debt securities in issue	14	1,066,802	1,229,058	1,240,547
Pension liability	9	57,275	50,337	56,609
Provision for post-retirement medical benefits	9	423,502	304,850	222,155
Taxation payable		73,043	160,991	104,795
Deferred tax liabilities	10	468,036	492,260	473,014
Accrued interest payable		40,591	51,966	62,898
Other liabilities	15	1,297,394	1,230,236	1,089,515
TOTAL LIABILITIES		**50,625,193**	**49,096,331**	**43,115,940**
EQUITY				
Stated capital	16	704,871	649,932	628,150
Statutory reserves		1,202,364	1,068,708	892,652
Other reserves	17	744,363	1,052,182	783,805
Retained earnings		5,785,296	5,449,009	5,539,069
Attributable to equity holders of the parent		8,436,894	8,219,831	7,843,676
Non-controlling interest		309,429	296,203	666,674
TOTAL EQUITY		**8,746,323**	**8,516,034**	**8,510,350**
TOTAL LIABILITIES AND EQUITY		**59,371,516**	**57,612,365**	**51,626,290**

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

These financial statements were approved by the Board of Directors on November 5, 2014 and signed on its behalf by:

Ronald F. deC. Harford,
Chairman

David Dulal-Whiteway,
Managing Director

William P. Lucie-Smith,
Director

Jacqueline H.C. Quamina,
Corporate Secretary

Republic Bank Limited

Consolidated Statement of Income

For the year ended September 30, 2014

Expressed in thousands of Trinidad and Tobago dollars ($'000), except where otherwise stated

	Notes	2014	2013 (Restated)
Interest income	18 (a)	2,521,146	2,517,161
Interest expense	18 (b)	(303,094)	(336,495)
Net interest income		2,218,052	2,180,666
Other income	18 (c)	1,486,982	1,256,599
		3,705,034	3,437,265
Operating expenses	18 (d)	(2,061,496)	(1,711,903)
Share of profits/(losses) of associated companies	6	49,135	(60,324)
Operating profit		1,692,673	1,665,038
Investment impairment expense		(4,094)	(53,044)
Loan impairment expense, net of recoveries	4 (b)(ii)	(119,883)	(57,052)
Net profit before taxation		1,568,696	1,554,942
Taxation expense	19	(338,980)	(377,075)
Net profit after taxation		**1,229,716**	**1,177,867**
Attributable to:			
Equity holders of the parent		1,193,390	1,151,021
Non-controlling interest		36,326	26,846
		1,229,716	**1,177,867**
Earnings per share ($)			
Basic		$7.42	$7.18
Diluted		$7.39	$7.16
Weighted average number of shares ('000)			
Basic	16	160,918	160,294
Diluted	16	161,467	160,768

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

Republic Bank Limited

Consolidated Statement of Comprehensive Income

For the year ended September 30, 2014

Expressed in thousands of Trinidad and Tobago dollars ($'000)

	Notes	2014	2013 (Restated)
Net profit after taxation		**1,229,716**	**1,177,867**
Other comprehensive income: *Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods or have been transferred to profit and loss in the current period:*			
Realised gains transferred to statement of income		(327,918)	(13,629)
Tax effect		51,691	16
		(276,227)	(13,613)
Revaluation of available-for-sale investments		176,412	52,753
Tax effect	10	(18,765)	(21,498)
		157,647	31,255
Translation adjustments		(156,558)	(8,293)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods or have been transferred to profit and loss in the current period		**(275,138)**	**9,349**
Items of other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plans		(69,141)	(21,847)
Tax effect		17,888	5,407
		(51,253)	(16,440)
Share of changes recognised directly in associate's equity	6	(8,270)	4,077
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		**(59,523)**	**(12,363)**
Total other comprehensive loss for the year, net of tax		**(334,661)**	**(3,014)**
Total comprehensive income for the year, net of tax		**895,055**	**1,174,853**
Attributable to:			
Equity holders of the parent		866,240	1,153,770
Non-controlling interest		28,815	21,083
		895,055	**1,174,853**

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

Republic Bank Limited

Consolidated Statement of Changes in Equity

For the year ended September 30, 2014

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 October 1, 2012 as previously reported	**628,150**	**892,652**	**783,805**	**5,586,968**	**7,891,575**	**663,612**	**8,555,187**
Impact of adopting IAS 19 (revised)	–	–	–	(47,899)	(47,899)	3,062	(44,837)
Restated balance at October 1, 2012	**628,150**	**892,652**	**783,805**	**5,539,069**	**7,843,676**	**666,674**	**8,510,350**
Total comprehensive income for the year	–	–	20,198	1,133,572	1,153,770	21,083	1,174,853
Issue of shares	15,244	–	–	–	15,244	–	15,244
Share-based payment	6,538	–	–	–	6,538	–	6,538
Unallocated shares	–	–	47,754	–	47,754	–	47,754
Transfer to general contingency reserve	–	–	200,425	(200,425)	–	–	–
Transfer to statutory reserves	–	176,056	–	(176,056)	–	–	–
Acquisition of non-controlling interest	–	–	–	(164,123)	(164,123)	(365,522)	(529,645)
Dividends (Note 27)	–	–	–	(683,028)	(683,028)	–	(683,028)
Dividends paid to non-controlling interest	–	–	–	–	–	(26,032)	(26,032)
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 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 (Note 27)	–	–	–	(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**

Republic Bank
We're the One for you!

Republic Bank Limited
Consolidated Statement of Cash Flows
For the year ended September 30, 2014
Expressed in thousands of Trinidad and Tobago dollars ($'000)

	Notes	2014	2013 (Restated)
Operating activities			
Net profit before taxation		1,568,696	1,554,942
Adjustments for:			
Depreciation	7	150,789	154,209
Loan impairment expense, net of recoveries	4 (b)(ii)	119,883	57,052
Goodwill impairment expense	8	185,000	–
Investment securities impairment expense		4,094	53,044
Translation difference		(10,228)	2,032
Loss on sale of premises and equipment		5,278	3,099
Realised (gain)/loss on investment securities		(228,898)	25,598
Share of net (profits)/loss of associated companies	6	(49,135)	60,324
Stock option expense	16	8,150	6,538
Increase in employee benefits		118,853	24,560
Increase in advances		(1,979,773)	(1,975,370)
Increase in customers' deposits and other fund raising instruments		1,625,309	5,721,383
Increase in statutory deposits with Central Banks		(501,856)	(359,789)
Increase in other assets and investment interest receivable		(183,636)	(94,791)
Increase in other liabilities and accrued interest payable		55,783	130,584
Taxes paid, net of refund		(444,918)	(324,992)
Cash provided by operating activities		443,391	5,038,423
Investing activities			
Purchase of investment securities		(4,281,629)	(3,275,502)
Redemption of investment securities		4,126,002	2,871,561
Net cash outflow from the purchase of interest in associated companies		–	(297,767)
Acquisition of non-controlling interest		–	(529,645)
Dividends from associated companies	6	9,740	3,305
Additions to premises and equipment	7	(202,825)	(201,686)
Proceeds from sale of premises and equipment		50,459	4,760
Cash used in investing activities		(298,253)	(1,424,974)
Financing activities			
Decrease in balances due to other banks		(3,392)	(11,157)
Repayment of debt securities		(162,256)	(11,489)
Proceeds from share issue	16	46,789	15,244
Shares purchased for profit sharing scheme	17	(71,050)	–
Allocation of shares to profit sharing plan	17	52,185	47,754
Dividends paid to shareholders of the parent	27	(685,251)	(683,028)
Dividends paid to non-controlling shareholders of the subsidiaries		(15,589)	(26,032)
Cash used in financing activities		(838,564)	(668,708)
Net (decrease)/increase in cash and cash equivalents		(693,426)	2,944,741
Net foreign exchange difference		24,460	5,598
Cash and cash equivalents at beginning of year		14,459,643	11,509,304
Cash and cash equivalents at end of year		**13,790,677**	**14,459,643**
Cash and cash equivalents at end of year are represented by:			
Cash on hand		565,225	526,383
Due from banks		8,345,146	9,237,076
Treasury Bills - original maturities of three months or less		4,631,493	4,468,888
Bankers' acceptances - original maturities of three months or less		248,813	227,296
		13,790,677	**14,459,643**
Supplemental information:			
Interest received during the year		2,560,429	2,543,873
Interest paid during the year		(314,469)	(347,427)
Dividends received	18 (c)	681	464

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

Republic Bank Limited
Notes to the Consolidated Financial Statements
For the year ended September 30, 2014
Expressed in thousands of Trinidad and Tobago dollars ($'000)

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 fourteen (14) subsidiaries and four (4) associated companies. The Group is engaged in a wide range of banking, financial and related activities in Trinidad and Tobago, the Caribbean and Ghana. A full listing of the Group's subsidiary companies is detailed in Note 29 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 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 financial instruments. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards 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, using consistent 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.

Subsidiary companies

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. 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.

Expressed in thousands of Trinidad and Tobago dollars ($'000)

2. Significant accounting policies (continued)

2.2 Basis of consolidation (continued)

Subsidiary companies (continued)

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets, equity instruments and intangible assets given and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Non-controlling interest represents the portion of the profit and net assets not owned, directly or indirectly, by the Bank and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within equity in the consolidated financial position, separately from the equity holders of the parent.

Associated companies

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. The Group's investments in associates are accounted for under the equity method of accounting. The investments in associates are carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of the associates' net assets, less any impairment in value. The consolidated statement of income reflects the net share of the results of operations of the associates.

2.3 Changes in accounting policies

i) 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, 2013 except for the adoption of new standards and interpretations noted below:

IFRS 7 - Disclosures - Offsetting Financial Assets and Financial Liabilities (effective January 1, 2013)

These amendments require an entity to disclose information about rights of set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set off in accordance with IAS 32. The amendment only affects disclosures and as such, did not have an impact on the Group's financial position and performance.

IFRS 10 - Consolidated Financial Statements, IAS 27 Separate Financial Statements (effective January 1, 2013)

IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities resulting in SIC-12 being withdrawn. IAS 27, as revised, is limited to the accounting for investments in subsidiaries, joint ventures, and associates in separate financial statements. IFRS 10 does not change consolidation procedures (i.e. how to consolidate an entity). Rather, IFRS 10 changes whether an entity is consolidated by revising the definition of control.

IFRS 11 - Joint Arrangements, IAS 28 Investments in Associates and Joint Ventures (effective January 1, 2013)

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. Joint control under IFRS 11 is defined as the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. The reference to 'control' in 'joint control' refers to the definition of 'control' in IFRS 10. The adoption of this IFRS had no impact on the financial position or performance of the Group.

IFRS 12 - Disclosure of Interests in Other Entities (effective January 1, 2013)

IFRS 12 applies to an entity that has an interest in subsidiaries, joint arrangements, associates and/or structured entities. Many of the disclosure requirements of IFRS 12 were previously included in IAS 27, IAS 31, and IAS 28, while others are new. The objective of the new disclosure requirements is to help the users of financial statements understand the effects of an entity's interests in other entities on its financial position, financial performance and cash flows and to understand the nature of, and the risks associated with the entity's interest in other entities.

IFRS 13 - Fair Value Measurement (effective January 1, 2013)

IFRS 13 does not affect when fair value is used, but rather describes how to measure fair value where fair value is required or permitted by IFRS. Fair value under IFRS 13 is defined as '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' (i.e. an 'exit price'). 'Fair value' as used in IFRS 2 Share-based Payments and IAS 17 Leases is excluded from the scope of IFRS 13. This IFRS has not materially impacted the fair value measurements of the Group. Additional disclosures, where required, are provided in Note 23 - Fair value.

IAS 19 - Employee Benefits (Revised) (effective January 1, 2013)

The revised standard includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The more significant changes include the following:

For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e. the corridor approach) has been removed. As revised, actuarial gains and losses are recognised in other comprehensive income (OCI) when they occur. Amounts recorded in the consolidated statement of income are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset/liability are recognised in OCI with no subsequent recycling to consolidated statement of income.

Expected returns on plan assets are no longer recognised in profit or loss. Expected returns are replaced by recording interest income in profit or loss, which is calculated using the discount rate used to measure the pension obligation.

Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

Termination benefits will be recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37.

The distinction between short-term and other long-term employee benefits will be based on expected timing of settlement rather than the employee's entitlement to the benefits.

Impact on Consolidated statement of income		**2013**
Net profit before tax as previously reported		1,580,565
IAS 19 impact on net benefit cost		(25,623)
Net profit before taxation, restated		1,554,942
Taxation as previously reported	(383,440)	
Taxation impact of IAS 19	6,365	
Taxation expense, restated		(377,075)
Net profit after taxation, restated		**1,177,867**
Attributable to:		
Equity holders of the parent, as previously reported		1,169,991
IAS 19 impact on profit attributable to equity holders of the parent		(18,970)
Equity holders of the parent, restated		**1,151,021**
Non-controlling interest as previously reported		27,134
IAS 19 impact on profit attributable to non-controlling interest		(288)
Non-controlling interest, restated		**26,846**
Net profit after taxation, restated		**1,177,867**
Impact on earnings per share ($)		
Basic		($0.12)
Diluted		($0.12)

Impact on Consolidated statement of comprehensive income		**2013**
Total comprehensive income as previously reported		1,210,549
IAS 19 impact on profit after tax		(19,256)
		1,191,293
Re-measurement loss on defined benefit plans	(21,847)	
Taxation effect	5,407	
Re-measurement loss on defined benefit plans, net of tax		(16,440)
Total comprehensive income for the year, net of tax, restated		**1,174,853**
Attributable to:		
Equity holders of the parent, as previously reported		1,190,189
IAS 19 impact on profit attributable to equity holders of the parent		(36,419)
Equity holders of the parent, restated		**1,153,770**
Non-controlling interest as previously reported		20,360
IAS 19 impact on profit attributable to non-controlling interest		723
Non-controlling interest, restated		**21,083**
Total comprehensive income, restated		**1,174,853**

Expressed in thousands of Trinidad and Tobago dollars ($'000)

2. Significant accounting policies (continued)

2.3 Changes in accounting policies (continued)

i) New accounting policies/improvements adopted (continued)

IAS 19 - Employee Benefits (Revised) (effective January 1, 2013) (continued)

Impact on Consolidated statement of changes in equity		**As at Oct 1 2012**
Total equity as previously reported		8,555,187
Re-measurement loss on defined benefit plans	(58,518)	
Taxation effect	13,681	
Net decrease in equity		(44,837)
Total equity for the year, restated		**8,510,350**
Attributable to:		
Equity holders of the parent, as previously reported		7,891,575
IAS 19 impact on profit attributable to equity holders of the parent		(47,899)
Equity holders of the parent, restated		**7,843,676**
Non-controlling interest as previously reported		663,612
IAS 19 impact on profit attributable to non-controlling interest		3,062
Non-controlling interest, restated		**666,674**
Total equity after taxation, restated		**8,510,350**

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 those standards and interpretations when they become effective.

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.

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 adoption of the first phase of IFRS 9 will primarily have an effect on the classification and measurement of the Group's financial assets.

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 meets 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.

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.

IAS 19 - Defined Benefit Plans: Employee Contributions - Amendments to IAS 19 (effective after 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.

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.

2.5 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 January 1, 2013.

IFRS	**Subject of Amendment**
IAS 40 -	Investment Property
IFRS 1 -	First-time Adoption of International Financial Reporting Standards
IFRS 3 -	Business Combinations
IFRS 13 -	Fair Value Measurement

2. Significant accounting policies (continued)

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 $4.1 billion, the Group also holds Treasury Bills and other deposits of $6.2 billion with the Central Bank of Trinidad and Tobago as at September 30, 2014. Interest earned on these balances for the year was $21.6 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.

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 rights or 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 transferred all the risks and rewards of ownership 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.

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 whilst losses are reported in operating expenses. Interest and dividends earned whilst 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.

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.

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) 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.

Expressed in thousands of Trinidad and Tobago dollars ($'000)

2. Significant accounting policies (continued)

2.6 Summary of significant accounting policies (continued)

f) 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%

g) Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following 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.

As at acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which goodwill relates. The recoverable amount is the higher of fair value less cost to dispose or value in use. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

h) Employee benefits

i) Pension obligations

The Group operates a number of defined benefit plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally 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.

For these defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated statement of income so as to spread regular costs over the service lives of employees in accordance with the advice of qualified actuaries.

The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses and return on plan assets (excluding interest) are recognised immediately through Other comprehensive 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 Bank operates an employee profit sharing scheme, which is 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 the Profit Sharing Scheme Rules, and employees 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 Bank accounts for the profit share, as an expense, through the consolidated statement of income.

i) 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.

j) 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.

k) 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, 2014 totalled $31.8 billion (2013: $29.9 billion).

2. Significant accounting policies (continued)

2.6 Summary of significant accounting policies (continued)

l) 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.

m) 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.

n) 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.

o) 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.

p) Dividends

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

q) 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 investment banking.

r) 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 28 (b) of these consolidated financial statements.

s) 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).

3. Significant accounting judgements and estimates in applying the Group's accounting policies

Management has made the following judgements in its application of the Group's accounting policies which have the most significant effect on the amounts reported in the consolidated financial statements:

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 Banks' 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, 2014 by determining the recoverable amount, which is the higher of fair value less cost to dispose or value in use. The value in use method 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.

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 Republic Bank Limited (RBL) and its subsidiaries. This assessment revealed that RBL 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.

Expressed in thousands of Trinidad and Tobago dollars ($'000), except where otherwise stated

4. Advances

a) Advances

	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 - Note 4 (b)	(73,831)	(240,841)	(76,733)	(391,405)
Net advances	**5,199,485**	**11,173,347**	**10,722,575**	**27,095,407**

	2013			
	Retail lending	Commercial and Corporate lending	Mortgages	Total
Performing advances	4,657,838	10,687,882	9,352,129	24,697,849
Non-performing advances	98,375	593,299	256,772	948,446
	4,756,213	11,281,181	9,608,901	25,646,295
Unearned interest/ finance charge	(51,267)	(130,223)	–	(181,490)
Accrued interest	23,508	71,097	29,205	123,810
	4,728,454	11,222,055	9,638,106	25,588,615
Allowance for impairment losses	(66,530)	(211,320)	(75,248)	(353,098)
Net advances	**4,661,924**	**11,010,735**	**9,562,858**	**25,235,517**

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.

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. The impairment allowance is then reviewed by credit management to ensure alignment with the Group's overall policy.

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

	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

	2013			
	Retail lending	Commercial and Corporate lending	Mortgages	Total
Balance brought forward	69,526	240,677	79,321	389,524
Translation adjustment	(281)	(465)	(152)	(898)
Charge-offs and write-offs	(40,973)	(48,327)	(3,280)	(92,580)
Loan impairment expense	61,780	146,741	35,944	244,465
Loan impairment recoveries	(23,522)	(127,306)	(36,585)	(187,413)
Balance carried forward	**66,530**	**211,320**	**75,248**	**353,098**
Individual impairment	44,833	185,167	64,163	294,163
Collective impairment	21,697	26,153	11,085	58,935
	66,530	**211,320**	**75,248**	**353,098**
Gross amount of loans individually determined to be impaired, before deducting any allowance	**98,375**	**593,299**	**256,772**	**948,446**

c) Net investment in leased assets included in net advances

	2014	2013
Gross investment	284,647	390,104
Unearned finance charge	(52,037)	(123,058)
	232,610	267,046
Allowance for impairment loss	(186)	(190)
Net investment in leased assets	**232,424**	**266,856**

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

	2014	2013
Within one year	9,827	11,095
One to five years	25,960	56,381
Over five years	196,637	199,380
	232,424	**266,856**

5. Investment securities

a) Available-for-sale

	2014	2013
Government securities	2,631,069	2,353,613
State owned company securities	1,089,040	1,189,226
Corporate bonds/debentures	4,010,586	3,633,195
Bankers' acceptances	472,575	621,053
Equities and mutual funds	56,108	332,760
	8,259,378	8,129,847

b) At fair value through profit or loss

	2014	2013
Held for trading		
Quoted securities	1,004	1,200
Total investment securities	**8,260,382**	**8,131,047**

Expressed in thousands of Trinidad and Tobago dollars ($'000), except where otherwise stated

6. Investment in associated companies

	2014	2013
Balance at beginning of year	445,377	207,162
Acquisition of shareholding	–	297,767
Share of current year profit/(loss)	49,135	(60,324)
Dividends received	(9,740)	(3,305)
Translation adjustments	(130,560)	–
Share of revaluation reserves	(8,270)	4,077
Balance at end of year	**345,942**	**445,377**

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) Ltd	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%
HFC Bank (Ghana) Limited (HFC)	Ghana	December	40.00%

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	
	HFC 2014	ECFH 2014	2014	2014	2013
Total assets	2,382,418	8,803,208	169,815	11,355,441	10,289,449
Total liabilities	1,948,376	8,305,345	23,076	10,276,797	9,155,322
Net assets/equity	434,042	497,864	146,738	1,078,644	1,134,127
Group's share of associates' net assets	213,144	96,389	36,409	345,942	445,377
Group's share of profit/(loss) of associated companies after tax for the period	43,291	(602)	6,446	49,135	(60,324)
Group's share of translation adjustments	(130,560)	–	–	(130,560)	–
Group's share of revaluation reserves of associated companies	–	(8,270)	–	(8,270)	4,077
Dividends received during the year	7,351	–	2,389	9,740	3,305
HFC and ECFH revenue for the six-month period ended June 30, 2014	209,721	249,250	–	–	–

7. Premises and equipment

2014	Capital works in progress	Freehold premises	Leasehold premises	Equipment, furniture and fittings	Total
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/transfer of assets	(69,269)	(73,028)	4,325	(53,434)	(191,406)
	172,708	**1,153,255**	**126,114**	**1,483,731**	**2,935,808**
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**

2013	Capital works in progress	Freehold premises	Leasehold premises	Equipment, furniture and fittings	Total
Cost					
At beginning of year	129,298	1,132,990	116,217	1,423,948	2,802,453
Exchange and other adjustments	(132)	(2,449)	(164)	(1,993)	(4,738)
Additions at cost	86,153	36,816	1,908	76,809	201,686
Disposal/transfer of assets	(102,860)	55,297	2,233	(18,131)	(63,461)
	112,459	**1,222,654**	**120,194**	**1,480,633**	**2,935,940**
Accumulated depreciation					
At beginning of year	–	168,906	87,937	987,325	1,244,168
Exchange and other adjustments	–	(266)	(94)	(1,489)	(1,849)
Charge for the year	–	17,219	3,264	133,726	154,209
Disposal of assets	–	(800)	(367)	(43,435)	(44,602)
	–	**185,059**	**90,740**	**1,076,127**	**1,351,926**
Net book value	**112,459**	**1,037,595**	**29,454**	**404,506**	**1,584,014**

Capital commitments	**2014**	**2013**
Contracts for outstanding capital expenditure not provided for in the consolidated financial statements	437,591	119,448
Other capital expenditure authorised by the Directors but not yet contracted for	93,432	23,736

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8. Goodwill

	2014	2013
Goodwill on acquisition brought forward	485,971	485,971
Goodwill written off during the year	(185,000)	–
	300,971	**485,971**

Impairment testing of goodwill

In accordance with IFRS 3, all assets that gave rise to goodwill were reviewed for impairment at September 30, 2014 by assessing the recoverable amount of the cash generating unit to which the goodwill relates. 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.

In conducting this review, consideration was made for the recent downturn in the Barbados economy and the resultant impact on the cash-generating unit, Republic Bank (Barbados) Limited. Key assumptions were therefore adjusted as follows:

Assumption	Change	Reason for change
Discount rate	Increase from 10% to 12%	Increase in risk profile of the country
Terminal Growth Rate	Decrease from 5% to 1.75%	Decline in economic outlook and long-term future GDP growth for the country
Cash flow projection term	Increase from 3 years to 10 years	More extensive review of future cash flows of the cash generating unit due to change in economic conditions

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 $185 million was therefore calculated as follows for the Group's investment in Republic Bank (Barbados) Limited:

	TT$M
Carrying Value of Republic Bank (Barbados) Limited	1,551
Recoverable amount	1,366
Impairment	**185**

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	
	2014	2013	2014	2013
Present value of defined benefit obligation	(2,706,572)	(2,572,194)	(302,311)	(291,793)
Fair value of plan assets	4,020,468	3,879,232	245,036	241,456
Surplus/(deficit)	1,313,896	1,307,038	(57,275)	(50,337)
Effect of asset ceiling	(14,171)	(14,050)	–	–
Net asset/(liability) recognised in the consolidated statement of financial position	**1,299,725**	**1,292,988**	**(57,275)**	**(50,337)**

	Post-retirement medical benefits	
	2014	2013
Present value of defined benefit obligation	(423,502)	(304,850)
Fair value of plan assets	–	–
Net liability recognised in the consolidated statement of financial position	**(423,502)**	**(304,850)**

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2014	2013	2014	2013
Opening defined benefit obligation	2,863,987	2,523,045	304,850	222,114
Exchange adjustments	(2,844)	–	(65)	–
Current service cost	100,108	86,269	14,709	10,593
Interest cost	148,843	143,022	15,385	12,304
Members' contributions	1,029	1,012	–	–
Re-measurements:				
- Experience adjustments	(15,518)	23,019	91,436	27,971
- Actuarial gains/(losses) from change in demographic assumptions	2,505	(10,800)	76	34,890
- Actuarial gains/(losses) from change in financial assumptions	–	183,014	–	(552)
Benefits paid	(89,227)	(84,594)	(203)	(281)
Premiums paid by the Group	–	–	(2,686)	(2,189)
Closing defined benefit obligation	**3,008,883**	**2,863,987**	**423,502**	**304,850**

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2014	2013	2014	2013
Defined benefit obligation at prior year end	1,242,651	1,193,527	304,850	182,773
Exchange adjustments	297	–	(64)	–
Unrecognised gain/(loss) charged to retained earnings	–	14,980	–	39,344
Opening defined benefit obligation	1,242,948	1,208,507	304,786	222,117
Net pension cost	(40,517)	(22,121)	30,094	22,896
Re-measurements recognised in other comprehensive income	22,836	38,505	91,511	62,306
Premiums paid by the Group	17,183	17,760	(2,889)	(2,469)
Closing net pension asset/ liability	**1,242,450**	**1,242,651**	**423,502**	**304,850**

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	63% to 80%	76% to 87%
- Deferred members	3% to 8%	N/A
- Pensioners	15% to 30%	13% to 24%

The weighted duration of the defined benefit obligation ranged from 16.9 to 24 years.
31% to 46% of the defined benefit obligation for active members was conditional on future salary increases.
29% to 98% of the benefits for active members were vested.

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9. Employee benefits (continued)

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

	Defined benefit pension plans	
	2014	**2013**
Opening fair value of plan assets	4,120,688	3,744,144
Exchange adjustments	(2,549)	–
Interest income	194,595	193,342
Return on plan assets, excluding interest income	25,309	250,552
Contributions by employer	17,184	17,761
Member's Contributions	1,029	1,012
Benefits paid	(89,230)	(84,597)
Expense Allowance	(1,522)	(1,526)
Closing fair value of plan assets	**4,265,504**	**4,120,688**
Actual return on plan assets	**206,579**	**434,807**

f) Plan asset allocation as at September 30

	Defined benefit pension plans			
	Fair value		% Allocation	
	2014	**2013**	**2014**	**2013**
Equity securities	1,975,432	1,882,649	46.31%	45.69%
Debt securities	1,786,142	1,639,583	41.87%	39.79%
Property	31,524	32,056	0.74%	0.78%
Mortgages	1,132	1,855	0.03%	0.05%
Money market instruments/cash	471,274	564,545	11.05%	13.70%
Total fair value of plan assets	**4,265,504**	**4,120,688**	**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	
	2014	**2013**	**2014**	**2013**
Current service cost	107,811	92,997	14,652	10,538
Interest on defined benefit obligation	(65,309)	(69,696)	15,221	12,136
Past service cost	(8,473)	(9,343)	221	222
Administration expenses	1,407	1,417	–	–
Total included in staff costs	**35,436**	**15,375**	**30,094**	**22,896**
Net benefit cost under the previous IAS 19 rules	**16,542**	**20,193**	**34,400**	**23,812**

h) Re-measurements recognised in Other comprehensive income

	Defined benefit pension plans		Post-retirement medical benefits	
	2014	**2013**	**2014**	**2013**
Experience (gains)/losses	(22,958)	(39,959)	91,511	62,306
Effect of asset ceiling	122	1,454	–	–
Total included in Other comprehensive income	**(22,836)**	**(38,505)**	**91,511**	**62,306**

i) Summary of principal actuarial assumptions as at September 30

	2014 %	**2013** %
Discount rate	5.00 - 7.75	5.00 - 7.75
Rate of salary increase	2.50 - 5.50	2.50 - 5.50
Pension increases	0.00 - 2.40	0.00 - 2.40
Medical cost trend rates	5.75 - 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 expectancies underlying the value of the defined benefit obligation as at September 30 are as follows:

	Defined benefit pension plans	
	2014	**2013**
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 21.0	14.6 to 21.0
- Female	18.4 to 25.1	18.4 to 25.1

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, 2014 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	(388,070)	502,958	(82,003)	112,586
- Future salary increases	190,396	(161,485)	267	(229)
- Future pension cost increases	300,321	–	–	–
- Medical cost increases	–	–	109,912	(81,799)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at September 30, 2014 by $63.2 million and the post-retirement medical benefit by $17.5 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 $5.3 million to the pension plan in the 2015 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 $5.8 million to the medical plan in the 2015 financial year.

10. Deferred tax assets and liabilities

Components of deferred tax assets and liabilities

a) Deferred tax assets

			(Credit)/charge		
	Opening balance 2013 (Restated)	**Exchange and other adjustments**	**Consolidated statement of income**	**Other comprehensive income**	**Closing balance 2014**
Post-retirement medical benefits	91,325	(80)	4,181	28,291	123,717
Leased assets	24,024	–	472	–	24,496
Unrealised reserve	1,856	(3)	(395)	3,472	4,930
Unearned loan origination fees	25,156	(168)	4,779	–	29,767
Other	612	–	632	–	1,244
	142,973	**(251)**	**9,669**	**31,763**	**184,154**

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10. Deferred tax assets and liabilities (continued)

b) Deferred tax liabilities

	Opening balance 2013 (Restated)	Charge/(credit) Exchange and other adjustment	Consolidated statement of income	Other comprehensive income	Closing balance 2014
Pension asset	324,862	–	(11,942)	10,403	323,323
Leased assets	34,080	–	(1,776)	–	32,304
Premises and equipment	63,052	(189)	7,992	–	70,855
Unrealised reserve	70,266	–	–	(28,712)	41,554
	492,260	**(189)**	**(5,726)**	**(18,309)**	**468,036**
Non-controlling interest share of charge to OCI				**742**	
Net credit to consolidated statement of income/OCI			**15,395**	**50,814**	

11. Other assets

	2014	2013
Accounts receivable and prepayments	276,213	288,532
Project financing reimbursables	694	5,116
Deferred commission & fees	6,689	5,869
Non-current assets held to maturity	45,742	–
Other	210,471	63,305
	539,809	**362,822**

12. Customers' current, savings and deposit accounts

Concentration of customers' current, savings and deposit accounts

	2014	2013
State	6,637,146	6,679,163
Corporate and commercial	9,611,365	9,377,598
Personal	24,560,308	23,483,267
Other financial institutions	2,164,827	1,823,212
Other	797,114	735,070
	43,770,760	**42,098,310**

13. Other fund raising instruments

At September 30, 2014 investment securities held to secure other fund raising instruments of the Group amounted to $2.6 billion (2013: $2.8 billion).

Concentration of other fund raising instruments

	2014	2013
State	1,538,946	1,202,014
Corporate and commercial	2,300	–
Personal	81,299	81,169
Other financial institutions	1,706,394	2,096,117
Other	28,894	25,674
	3,357,833	**3,404,974**

14. Debt securities in issue

	2014	2013
Unsecured		
a) Fixed rate bonds	799,260	798,930
Secured		
a) Floating rate bonds	250,582	409,493
b) Fixed rate bonds	16,852	19,989
c) Mortgage pass-through certificates	108	646
	267,542	430,128
Total debt securities in issue	**1,066,802**	**1,229,058**

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%.

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

	2014	2013
Accounts payable and accruals	1,083,307	1,044,366
Unearned loan origination fees	130,729	110,267
Deferred income	1,413	5,251
Other	81,945	70,352
	1,297,394	**1,230,236**

16. Stated capital

	2014	2013	2014	2013
	Number of ordinary shares ('000)			
Authorised				
An unlimited number of shares of no par value				
Issued and fully paid				
At beginning of year	160,463	159,700	649,932	628,150
Shares issued/proceeds from shares issued	552	182	46,789	15,244
Share-based payment	–	–	8,150	6,538
Allocation of shares	37	581	–	–
At end of year	**161,052**	**160,463**	**704,871**	**649,932**

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

	2014	2013
Weighted average number of ordinary shares	160,918	160,294
Effect of dilutive stock options	549	474
Weighted average number of ordinary shares adjusted for the effect of dilution	**161,467**	**160,768**

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17. Other reserves

	Capital reserves	Unallocated shares	General contingency reserve	Net unrealised gains	Total
Balance at October 1, 2012	**58,940**	**(101,023)**	**453,433**	**372,455**	**783,805**
Realised gains transferred to net profit	–	–	–	(13,613)	(13,613)
Revaluation of available-for-sale investments	–	–	–	28,191	28,191
Translation adjustments	1,543	–	–	–	1,543
Share of changes recognised directly in associate's equity	4,077	–	–	–	4,077
Total income and expense for the year recognised directly in equity	5,620	–	–	14,578	20,198
Allocation of shares	–	47,754	–	–	47,754
Transfer to retained earnings	–	–	200,425	–	200,425
Balance at September 30, 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)	(276,754)
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**

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, 2014 the balance in the General Contingency Reserve of $641.7 million is part of Other Reserves which totals $744.4 million.

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, 2014, shares costing $72 million (2013: $53 million) remain unallocated from the profit sharing scheme. (Note 26 (a)).

	No. of shares (000's) 2014	2013
Balance brought forward	648	1,229
Add shares purchased	597	–
Allocation of shares	(635)	(581)
Balance carried forward	**610**	**648**

18. Operating profit

a) Interest income

	2014	2013
Advances	2,113,038	2,101,978
Investment securities	331,452	337,418
Liquid assets	76,656	77,765
	2,521,146	**2,517,161**

b) Interest expense

	2014	2013
Customers' current, savings and deposit accounts	172,908	215,653
Other fund raising instruments and debt securities in issue	130,132	120,668
Other interest bearing liabilities	54	174
	303,094	**336,495**

c) Other income

	2014	2013
Fees and commission from trust and other fiduciary activities	234,199	272,712
Other fees and commission income	495,455	538,263
Net exchange trading income	226,108	226,400
Dividends	681	464
Gains from disposal of available-for-sale investments	341,652	25,598
Other operating income	188,887	193,162
	1,486,982	**1,256,599**

d) Operating expenses

	2014	2013
Staff costs	701,845	635,437
Staff profit sharing - Note 26 (a)	108,812	104,668
Employee benefits pension and medical contribution - Note 9 (g)	65,530	38,271
General administrative expenses	607,722	551,097
Operating lease payments	46,479	43,127
Property related expenses	122,639	110,116
Depreciation expense - Note 7	150,789	154,209
Advertising and public relations expenses	66,141	69,567
Goodwill impairment expense - Note 8	185,000	–
Directors' fees	6,539	5,411
	2,061,496	**1,711,903**

e) Non-cancellable operating lease commitments

	2014	2013
Within one year	31,501	31,587
One to five years	32,023	39,392
Over five years	8,150	12,392
	71,674	**83,371**

19. Taxation expense

	2014	2013
Corporation tax	354,375	384,344
Deferred tax	(15,395)	(7,269)
	338,980	**377,075**

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:

	2014	2013
Accounting profit	1,568,696	1,554,942
Tax at applicable statutory tax rates	418,594	407,063
Tax effect of items that are adjustable in determining taxable profit:		
Tax exempt income	(82,136)	(61,809)
Non-deductible expenses	27,529	57,840
Allowable deductions	(15,395)	(22,435)
Provision for Green Fund Levy and other taxes	(9,612)	(3,584)
	338,980	**377,075**

The Group has tax losses in two of its subsidiaries amounting to $158.4 million (2013: $274.6 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.

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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 and at market rates.

	2014	2013
Advances, investments and other assets (net of provisions)		
Directors and key management personnel	14,993	16,991
Other related parties	234,548	185,709
	249,541	202,700
Deposits and other liabilities		
Directors and key management personnel	64,886	47,842
Other related parties	108,705	83,421
	173,591	131,263
Interest and other income		
Directors and key management personnel	1,290	1,355
Other related parties	15,961	15,257
	17,251	16,612
Interest and other expense		
Directors and key management personnel	7,136	6,280
Other related parties	3,813	4,171
	10,949	10,451

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

Key management compensation	**2014**	**2013**
Short-term benefits	32,632	30,355
Post employment benefits	11,177	9,746
Share-based payment	8,150	6,538
	51,959	46,639

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.

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.

Republic Bank
We're the One for you!

Expressed in thousands of Trinidad and Tobago dollars ($'000), except where otherwise stated

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 2014	2013
Statutory deposits with Central Banks	4,834,456	4,332,600
Due from banks	8,345,146	9,237,076
Treasury Bills	5,905,053	5,723,076
Investment interest receivable	72,136	65,487
Advances	27,095,407	25,235,517
Investment securities	8,203,270	7,797,087
Total	**54,455,468**	**52,390,843**
Undrawn commitments	4,697,372	4,464,016
Acceptances	742,087	725,650
Guarantees and indemnities	106,898	105,381
Letters of credit	117,716	110,903
Total	**5,664,073**	**5,405,950**
Total credit risk exposure	**60,119,541**	**57,796,793**

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.

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to repay the outstanding claim. In general, the Group does not occupy repossessed properties for business use. As at the September 30, 2014, $318.9 million (2013: $384.4 million) in repossessed properties are still in the process of being disposed of.

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:

i) 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:

	2014	2013
Trinidad and Tobago	39,940,733	37,644,064
Barbados	6,845,822	6,944,968
Eastern Caribbean	1,630,028	1,510,009
Guyana	3,419,775	3,776,449
United States	4,288,264	3,755,055
Europe	1,169,789	2,086,054
Other Countries	2,825,130	2,080,194
	60,119,541	**57,796,793**

ii) Industry sectors

The following table breaks down the Group's maximum credit exposure as categorised by the industry sectors of its counterparties:

	2014	2013
Government and Central Government Bodies	18,062,055	17,336,111
Financial sector	9,959,108	10,611,082
Energy and mining	485,363	457,175
Agriculture	288,360	324,794
Electricity and water	438,235	488,546
Transport, storage and communication	496,898	382,904
Distribution	3,420,787	3,398,773
Real estate	2,916,169	1,988,085
Manufacturing	1,961,724	1,998,314
Construction	1,942,023	1,753,259
Hotel and restaurant	1,125,375	1,078,829
Personal	13,923,841	14,407,779
Other services	5,099,603	3,571,142
	60,119,541	**57,796,793**

Credit exposure with state-owned bodies has 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'.

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 that 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 that 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 that the institution's capacity to meet its financial commitment is adequate.

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 (continued)

The table below illustrates the credit quality for balances due from banks as at September 30:

	Superior	Desirable	Acceptable	Total
2014	4,550,906	3,680,774	113,466	8,345,146
2013	3,982,355	5,162,195	92,526	9,237,076

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.

The table below illustrates the credit quality of commercial and corporate advances as at September 30:

	Superior	Desirable	Acceptable	Sub-standard	Total
2014	429,159	2,043,598	8,243,645	456,945	11,173,347
2013	644,953	2,146,958	7,733,773	485,051	11,010,735

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
2014	110,583	4,636	8,137	4,019	329,570	456,945
2013	15,294	15,607	13,414	32,604	408,132	485,051

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
2014	12,975,199	2,009,913	99,157	145,197	376,065	316,529	15,922,060
2013	11,354,277	2,073,468	206,153	140,300	204,433	246,151	14,224,782

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.

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:

Financial investments

Available-for-sale	Superior	Desirable	Acceptable	Sub-standard	Total
2014	5,530,809	1,801,968	707,033	163,460	8,203,270
2013	4,565,117	2,947,081	260,604	24,285	7,797,087

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 that 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.

21.3.1 Analysis of financial liabilities by remaining contractual maturities

The following table 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 25 for a maturity analysis of assets and liabilities.

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 - on statement of financial position

	On demand	Up to one year	1 to 5 years	Over 5 years	Total
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**
2013					
Customers' current, savings and deposit accounts	34,380,625	7,781,925	34,206	–	42,196,756
Other fund raising instruments	3,465	3,076,672	192,467	236,299	3,508,903
Debt securities in issue	–	261,817	1,189,664	216,783	1,668,264
Due to banks	25,988	47,361	–	–	73,349
Other liabilities	419,217	35,204	4,058	13,391	471,870
Total un-discounted financial liabilities	**34,829,295**	**11,202,979**	**1,420,395**	**466,473**	**47,919,142**

Financial liabilities - off statement of financial position

	On demand	Up to one year	1 to 5 years	Over 5 years	Total
2014					
Acceptances	283,600	241,865	215,951	671	742,087
Guarantees and indemnities	121	52,295	17,204	37,279	106,899
Letters of credit	54,433	63,284	–	–	117,717
Total	**338,154**	**357,444**	**233,155**	**37,950**	**966,703**
2013					
Acceptances	228,434	291,558	173,097	32,561	725,650
Guarantees and indemnities	14,817	87,617	2,947	–	105,381
Letters of credit	65,707	45,196	–	–	110,903
Total	**308,958**	**424,371**	**176,044**	**32,561**	**941,934**

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.

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			
		2014		2013	
	Change in basis points	Increase	Decrease	Increase	Decrease
TT$ Instruments	+/- 50	40,375	(40,375)	33,413	(33,413)
US$ Instruments	+/- 50	12,699	(12,699)	14,500	(14,500)
BDS$ Instruments	+/- 50	7,896	(7,896)	8,428	(8,428)
Other currency Instruments	+/- 50	326	(326)	512	(512)

		Impact on equity			
		2014		2013	
	Change in basis points	Increase	Decrease	Increase	Decrease
TT$ Instruments	+/- 50	(45,251)	46,709	(48,690)	50,631
US$ Instruments	+/- 50	(54,543)	52,783	(45,523)	46,813
EC$ Instruments	+/- 25	(77)	78	(91)	93
BDS$ Instruments	+/- 50	(9,689)	10,096	(11,367)	11,833
Other currency Instruments	+/- 50	(820)	514	(984)	313

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.

The principal currencies of the Group's subsidiary and associated company investments are TT, US, Guyanese, EC and Barbados dollars.

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.

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)

2014	TTD	USD	BDS	Other	Total
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	3,359,902	4,575,140	2,589,160	27,065,407
Investment securities	3,410,496	4,111,340	542,028	196,518	8,260,382
Total financial assets	**32,664,047**	**10,533,155**	**6,296,596**	**5,554,007**	**55,047,805**
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		1,487,544	877,018	91,233	
Reasonably possible change in currency rate		1%	1%	1%	
Effect on profit before tax		**14,875**	**8,770**	**912**	

2013	TTD	USD	BDS	Other	Total
Financial assets					
Cash and cash equivalents	317,926	41,139	105,080	62,238	526,383
Statutory deposits with Central Banks	3,501,454	–	318,703	512,443	4,332,600
Due from banks	4,723,162	3,232,411	3,132	1,278,371	9,237,076
Treasury Bills	3,549,106	–	910,074	1,263,896	5,723,076
Investment interest receivable	32,496	22,202	5,199	5,590	65,487
Advances	15,051,827	3,073,446	4,537,347	2,572,897	25,235,517
Investment securities	3,792,664	3,420,975	659,565	257,843	8,131,047
Total financial assets	**30,968,635**	**9,790,173**	**6,539,100**	**5,953,278**	**53,251,186**
Financial liabilities					
Due to banks	67	40,874	16,158	16,250	73,349
Customers' current, savings and deposit accounts	22,166,956	8,962,982	5,300,176	5,668,196	42,098,310
Other fund raising instruments	2,966,237	66,745	371,992	–	3,404,974
Debt securities in issue	1,229,058	–	–	–	1,229,058
Interest payable	20,874	3,782	24,016	3,294	51,966
Total financial liabilities	**26,383,192**	**9,074,383**	**5,712,342**	**5,687,740**	**46,857,657**
Net currency risk exposure		715,791	826,758	265,538	
Reasonably possible change in currency rate		1%	1%	1%	
Effect on profit before tax		**7,158**	**8,268**	**2,655**	

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 $230 million to $8.75 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 I) to risk-weighted assets of 4%, with a minimum total qualifying capital (Tier II) ratio of 8%. Core capital (Tier I) comprises mainly shareholders' equity.

Capital adequacy ratio	2014	2013
Republic Bank Limited	25.77%	27.60%
Republic Finance and Merchant Bank Limited	133.32%	87.00%
Republic Bank (Cayman) Limited	20.83%	15.46%
Republic Bank (Grenada) Limited	15.80%	15.60%
Republic Bank (Guyana) Limited	22.16%	17.86%
Republic Bank (Barbados) Limited	16.02%	21.12%
Atlantic Financial Limited	67.95%	77.63%

At September 30, 2014 the Bank and each of its banking subsidiaries exceeded the minimum levels required for adequately capitalised institutions.

23. Fair value

In accordance with International Financial Reporting Standard No. 7 'Financial Instruments: Disclosures', the Group calculates the estimated fair value of all financial instruments at the statement of financial position date and separately discloses this information where these fair values are different from net book values.

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.

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.

Expressed in thousands of Trinidad and Tobago dollars ($'000), except where otherwise stated

23. Fair value (continued)

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:

2014	Carrying value	Fair value	Un-recognised gain/(loss)
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	(177,632)
Accrued interest payable	40,591	40,591	–
Other financial liabilities	1,083,307	1,083,307	–
Total unrecognised change in unrealised fair value			**(18,532)**

2013	Carrying value	Fair value	Un-recognised gain/(loss)
Financial assets			
Cash, due from banks and Treasury Bills	15,486,535	15,486,535	–
Investment interest receivable	65,487	65,487	–
Advances	25,235,517	25,477,526	242,009
Investment securities	8,131,047	8,131,047	–
Other financial assets	288,532	288,532	–
Financial liabilities			
Customers' current, savings and deposit accounts	42,098,310	42,121,979	(23,669)
Borrowings and other fund raising instruments	3,478,323	3,478,323	–
Debt securities in issue	1,229,058	1,433,858	(204,800)
Accrued interest payable	51,966	51,966	–
Other financial liabilities	1,044,366	1,044,366	–
Total unrecognised change in unrealised fair value			**13,540**

23.2 Fair value and fair value hierarchies

23.2.1 Determination of fair value and fair value hierarchies

The Group uses the following hierarchy for determining and disclosing the fair value of investment securities by valuation techniques:

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.

The following table shows the fair value measurement hierarchy of the Group's assets and liabilities as at September 30, 2014.

2014	Level 1	Level 2	Level 3	Total
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

23.2.2 Transfers between Level 1 and 2

For the year ended September 30, 2014, 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	1,200	–	–	(1,200)	–
Financial investments - available-for-sale	65,965	–	–	(57,140)	8,825
	67,165	**–**	**–**	**(58,340)**	**8,825**

24. Segmental information

The Group is organised into two main business segments: retail and commercial banking and investment 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

2014	Trinidad and Tobago	Barbados	Cayman, Guyana, and Eastern Caribbean	Eliminations	Total
Interest income	1,740,286	429,351	406,435	(54,926)	2,521,146
Interest expense	(168,955)	(129,357)	(59,708)	54,926	(303,094)
Net interest income	1,571,331	299,994	346,727	–	2,218,052
Other income	1,325,292	155,839	149,934	(144,083)	1,486,982
Share of profits of associates	49,135	–	–	–	49,135
Operating income	2,945,758	455,833	496,661	(144,083)	3,754,169
Goodwill impairment expense	(185,000)	–	–	–	(185,000)
Other operating expenses	(1,332,902)	(320,807)	(233,859)	11,072	(1,876,496)
Operating profit	1,427,856	135,026	262,802	(133,011)	1,692,673
Investment impairment expense	(241)	(4,302)	449	–	(4,094)
Loan impairment expense, net of recoveries	(30,543)	(46,682)	(42,658)	–	(119,883)
Net profit before taxation	**1,397,072**	**84,042**	**220,593**	**(133,011)**	**1,568,696**
Taxation	(286,199)	(12,197)	(40,584)	–	(338,980)
Net profit after taxation	**1,110,873**	**71,845**	**180,009**	**(133,011)**	**1,229,716**

Expressed in thousands of Trinidad and Tobago dollars ($'000), except where otherwise stated

24. Segmental information (continued)

i) By geographic segment (continued)

2014	Trinidad and Tobago	Barbados	Cayman, Guyana, and Eastern Caribbean	Eliminations	Total
Investment in associated companies	345,942	–	–	–	345,942
Total assets	46,093,234	8,270,023	9,178,457	(4,170,198)	59,371,516
Total liabilities	39,006,398	6,861,997	7,070,541	(2,313,743)	50,625,193
Depreciation	100,525	29,633	20,631	–	150,789
Capital expenditure on premises and equipment	137,485	28,315	37,025	–	202,825
Cash flow from operating activities	1,291,223	(487,269)	(329,658)	(30,905)	443,391
Cash flow from investing activities	(624,101)	407,641	67,765	(149,558)	(298,253)
Cash flow from financing activities	(869,127)	(70,346)	(30,581)	131,490	(838,564)
2013					
Interest income	1,677,006	505,092	397,510	(62,447)	2,517,161
Interest expense	(175,161)	(157,723)	(66,058)	62,447	(336,495)
Net interest income	1,501,845	347,369	331,452	–	2,180,666
Other income	1,478,700	120,282	154,319	(496,702)	1,256,599
Share of losses of associates	(60,324)	–	–	–	(60,324)
Operating income	2,920,221	467,651	485,771	(496,702)	3,376,941
Other operating expenses	(1,232,325)	(277,749)	(221,090)	19,261	(1,711,903)
Operating profit	1,687,896	189,902	264,681	(477,441)	1,665,038
Investment impairment expense	(3,864)	(24,291)	(24,889)	–	(53,044)
Loan impairment expense, net of recoveries	(3,333)	(53,176)	(543)	–	(57,052)
Net profit before taxation	**1,680,699**	**112,435**	**239,249**	**(477,441)**	**1,554,942**
Taxation	(312,391)	(16,430)	(48,254)	–	(377,075)
Net profit after taxation	**1,368,308**	**96,005**	**190,995**	**(477,441)**	**1,177,867**
Investment in associated companies	445,377	–	–	–	445,377
Total assets	43,253,197	8,823,665	9,529,089	(3,993,585)	57,612,366
Total liabilities	36,430,384	7,389,484	7,546,393	(2,269,929)	49,096,331
Depreciation	102,121	30,485	21,603	–	154,209
Capital expenditure on premises and equipment	151,730	21,749	28,207	–	201,686

ii) By class of business

2014	Retail and commercial banking	Investment banking	Eliminations	Total
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	(1,845,958)	(41,610)	11,072	(1,876,496)
Operating profit	1,518,959	306,725	(133,011)	1,692,673
Investment impairment expense	(4,032)	(62)	–	(4,094)
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)

2013	Retail and commercial banking	Investment banking	Eliminations	Total
Interest income	2,222,792	356,816	(62,447)	2,517,161
Interest expense	(321,890)	(77,052)	62,447	(336,495)
Net interest income	1,900,902	279,764	–	2,180,666
Other income	1,672,773	80,528	(496,702)	1,256,599
Share of losses of associates	(60,324)	–	–	(60,324)
Operating income	3,513,351	360,292	(496,702)	3,376,941
Other operating expenses	(1,694,353)	(36,812)	19,262	(1,711,903)
Operating profit	1,818,998	323,480	(477,440)	1,665,038
Investment impairment expense	(51,752)	(1,292)	–	(53,044)
Loan impairment expense, net of recoveries	(69,145)	12,093	–	(57,052)
Net profit before taxation	**1,698,101**	**334,281**	**(477,440)**	**1,554,942**
Taxation	(339,994)	(37,081)	–	(377,075)
Net profit after taxation	**1,358,107**	**297,200**	**(477,440)**	**1,177,867**
Investment in associated companies	445,377	–	–	445,377
Total assets	52,470,102	9,135,850	(3,993,585)	57,612,366
Total liabilities	44,437,583	6,928,678	(2,269,929)	49,096,331
Depreciation	153,831	378	–	154,209
Capital expenditure on premises and equipment	201,502	184	–	201,686

25. 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.

2014	Within one year	After one year	Total
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**

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25. Maturity analysis of assets and liabilities (continued)

2013	Within one year	After one year	Total
ASSETS			
Cash and cash equivalents	526,383	–	526,383
Statutory deposits with Central Banks	4,332,600	–	4,332,600
Due from banks	9,237,076	–	9,237,076
Treasury bills	5,723,076	–	5,723,076
Investment interest receivable	63,979	1,508	65,487
Advances	6,786,405	18,449,112	25,235,517
Investment securities	1,898,347	6,232,700	8,131,047
Investment in associated companies	–	445,377	445,377
Premises and equipment	96	1,583,918	1,584,014
Goodwill	–	485,971	485,971
Net pension asset	–	1,292,988	1,292,988
Deferred tax assets	6,031	136,943	142,973
Taxation recoverable	17,497	29,537	47,034
Other assets	306,392	56,430	362,822
	28,897,882	**28,714,483**	**57,612,365**
LIABILITIES			
Due to banks	73,349	–	73,349
Customers' current, savings and deposit accounts	41,973,044	125,266	42,098,310
Other fund raising instruments	3,052,020	352,954	3,404,974
Debt securities in issue	150,000	1,079,058	1,229,058
Net pension liability	–	50,337	50,337
Provision for post-retirement medical benefits	–	304,850	304,850
Taxation payable	160,991	–	160,991
Deferred tax liabilities	24,958	467,302	492,260
Accrued interest payable	51,556	410	51,966
Other liabilities	1,030,799	199,437	1,230,236
	46,516,716	**2,579,615**	**49,096,331**

26. Equity compensation benefits

a) Profit sharing scheme

The total staff profit sharing for the Group was $109 million (2013:$104.7 million) (see Note 18). During the 2014 financial year, $71 million in advances were made by Republic Bank (the Parent) to the staff profit sharing scheme (2013: $nil).

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 weighted 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.

	2014	2013	2014	2013
	Weighted average exercise price		Number of shares	
At the beginning of the year	$84.04	$82.14	1,980,702	1,773,899
Granted	$104.41	$92.67	362,833	388,571
Exercised	$85.24	$83.87	(551,950)	(181,768)
At end of year	**$87.38**	**$82.14**	**1,791,585**	**1,980,702**
Exercisable at end of year	**$85.40**	**$84.42**	**1,209,734**	**955,785**

Expiry date	Exercise price	2014	2013
15-Dec-15	$78.78	46,665	139,816
20-Dec-16	$90.19	124,503	213,036
20-Dec-17	$86.75	187,867	260,049
20-Dec-18	$80.00	167,038	245,114
20-Dec-19	$101.80	11,876	11,876
21-Feb-21	$85.94	224,419	340,681
3-Feb-22	$72.99	350,306	395,405
30-Jan-23	$92.67	336,496	374,725
31-Dec-24	$104.41	342,415	–
		1,791,585	**1,980,702**

As at September 30, 2014, none (2013: 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, 2013 to February 25, 2014
Number granted	362,833
Exercise price	$104.41
Share price at grant date	$115.77 to $117.50
Risk free interest rate	2.0% per annum
Expected volatility	15.0% per annum
Dividend yield	3.75% per annum
Exercise term	Option exercised when share price is twice the exercise price
Fair value	$17.90 to $18.84

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 $84.77. For options outstanding at September 30, 2014 the exercise price ranged from $72.99 to $104.41 and the weighted average remaining contractual life was 9.0 years.
The total expense for the share option plan was $8.150 million (2013: $6.538 million).

27. Dividends paid and proposed

	2014	2013
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2013: $3.00 (2012: $3.00)	483,375	482,834
First dividend for 2014: $1.25 (2013: $1.25)	201,876	200,194
Total dividends paid	**685,251**	**683,028**
Proposed for approval at Annual General meeting (not recognised as a liability as at September 30)		
Equity dividends on ordinary shares:		
Final dividend for 2014: $3.00 (2013: $3.00)	**484,989**	**483,333**

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28. Contingent liabilities

a) Litigation

As at September 30, 2014 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

	2014	2013
Acceptances	742,087	725,650
Guarantees and indemnities	106,898	105,381
Letters of credit	117,716	110,903
	966,701	**941,934**

c) Sectoral information

	2014	2013
State	209,274	101,043
Corporate and commercial	650,259	612,046
Personal	32,995	23,343
Other financial institutions	50,983	183,260
Other	23,190	22,242
	966,701	**941,934**

d) Pledged assets

The table below illustrates the distribution of pledged assets in the Group's statement of financial position:

	Carrying amount		Related liability	
	2014	2013	2014	2013
Financial investments - available-for-sale	2,821,949	3,175,602	2,741,021	3,105,856

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.

29. Subsidiary companies

Name of Company	Country of incorporation	Equity interest
Republic Finance and Merchant Bank Limited *Merchant Bank*	Trinidad and Tobago	100.00%
London Street Project Company Limited *Facilitate Financing of Property Development Projects*	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 Finance & Trust (Barbados) Corporation *Merchant Bank*	Barbados	100.00%
Republic Caribbean Investments Limited *Investment Company*	St. Lucia	100.00%
Atlantic Financial Limited *Offshore Bank*	St. Lucia	100.00%
Republic Bank (Grenada) Limited *Commercial Bank*	Grenada	51.00%
Republic Bank (Guyana) Limited *Commercial Bank*	Guyana	51.00%

30. 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.

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, 2014, the Group earned $12.5M in management fees from the retirement plans and $95.7M from the mutual funds.

The Group holds an interest of $21.6M in sponsored funds as at September 30, 2014. 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, 2014.