Independent Auditor's Report

To the Shareholders of Republic Financial Holdings Limited

We have audited the accompanying separate financial statements of Republic Financial Holdings Limited ('the Company'), which comprise the statement of financial position as at September 30, 2016, and the 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 Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these separate 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 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 separate financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2016, 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 3, 2016

Republic Financial Holdings Limited

Separate Statement of Financial Position

As at September 30, 2016

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

ASSETS	Notes	2016	2015
Cash and cash equivalents		10,095	400,121
Statutory deposits with Central Bank		–	4,364,178
Due from banks		–	5,475,415
Treasury Bills		198,867	2,601,046
Investment interest receivable		1,702	23,282
Advances	4	–	22,219,302
Investment securities	5	396,700	2,581,295
Investment in associated companies	6(a)	33,602	93,409
Investment in subsidiaries	6(b)	5,985,521	2,623,364
Premises and equipment	7	–	1,144,438
Pension assets	8	–	1,206,155
Deferred tax assets	9	990	128,105
Taxation recoverable		4,954	4,954
Other assets	10	2,560	1,631,308
TOTAL ASSETS		**6,634,991**	**44,496,372**
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		–	393,980
Customers' current, savings and deposit accounts	11	–	34,208,222
Other fund raising instruments	12	–	22,445
Debt securities in issue	13	–	1,148,820
Provision for post-retirement medical benefits	8	–	372,796
Taxation payable		118,778	124,153
Deferred tax liabilities	9	–	348,946
Accrued interest payable		–	17,422
Other liabilities	14	58,717	1,086,129
TOTAL LIABILITIES		**177,495**	**37,722,913**
EQUITY			
Stated capital	15	764,685	737,980
Statutory reserves		764,685	1,077,115
Other reserves	16	(2,310)	96,663
Retained earnings		4,930,436	4,861,701
TOTAL EQUITY		**6,457,496**	**6,773,459**
TOTAL LIABILITIES AND EQUITY		**6,634,991**	**44,496,372**

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

These financial statements were approved by the Board of Directors on November 3, 2016 and signed on its behalf by:

Nigel M. Baptiste,
President

Jacqueline H.C. Quamina,
Corporate Secretary

Republic Financial Holdings Limited
Separate Statement of Income

For the year ended September 30, 2016
Expressed in thousands of Trinidad and Tobago dollars ($'000)

	Notes	2016	2015
Interest income	17(a)	484,925	1,723,769
Interest expense	17(b)	(38,046)	(147,450)
Net interest income		446,879	1,576,319
Other income	17(c)	592,381	1,309,707
		1,039,260	2,886,026
Operating expenses	17(d)	(635,851)	(1,483,017)
Operating profit		403,409	1,403,009
Net loan impairment (expense)/recovery	4(b)	(12,458)	8,441
Net profit before taxation		390,951	1,411,450
Taxation expense	18	(59,170)	(292,224)
Net profit after taxation		**331,781**	**1,119,226**

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

Republic Financial Holdings Limited
Separate Statement of Comprehensive Income

For the year ended September 30, 2016
Expressed in thousands of Trinidad and Tobago dollars ($'000)

	2016	2015
Net profit after taxation	**331,781**	**1,119,226**
Other comprehensive income:		
Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):		
Net loss on available-for-sale investments	(9,705)	(12,520)
Items of other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):		
Net re-measurement gains on defined benefit plans	–	34,568
Total other comprehensive (loss)/gain for the year, net of tax	**(9,705)**	**22,048**
Total comprehensive income for the year, net of tax	**322,076**	**1,141,274**

Republic Financial Holdings Limited
Separate Statement of Changes in Equity

For the year ended September 30, 2016
Expressed in thousands of Trinidad and Tobago dollars ($'000)

	Stated capital	Statutory reserves	Other reserves	Retained earnings	Total equity
Balance at September 30, 2014	**704,871**	**1,077,115**	**139,251**	**4,380,433**	**6,301,670**
Total comprehensive (loss)/income for the year	–	–	(12,520)	1,153,794	1,141,274
Issue of shares (Note 15)	27,374	–	–	–	27,374
Share-based payment	5,735	–	–	–	5,735
Shares purchased for profit sharing scheme	–	–	(67,414)	–	(67,414)
Allocation of shares	–	–	49,200	–	49,200
Transfer from general contingency reserve (Note 16)	–	–	(11,854)	11,854	–
Dividends	–	–	–	(687,597)	(687,597)
Other	–	–	–	3,217	3,217
Balance at September 30, 2015	**737,980**	**1,077,115**	**96,663**	**4,861,701**	**6,773,459**
Total comprehensive (loss)/income for the year	–	–	(9,705)	331,781	322,076
Issue of shares	22,754	–	–	–	22,754
Share-based payment	3,951	–	–	–	3,951
Shares purchased for profit sharing scheme	–	–	(16,384)	–	(16,384)
Allocation of shares	–	–	54,761	–	54,761
Transfer to general contingency reserve (Note 16)	–	–	34,304	(34,304)	–
Transfer to statutory reserves	–	24,908	–	(24,908)	–
Dividends	–	–	–	(704,965)	(704,965)
Vesting adjustments	–	(337,338)	(161,949)	499,287	–
Other	–	–	–	1,844	1,844
Balance at September 30, 2016	**764,685**	**764,685**	**(2,310)**	**4,930,436**	**6,457,496**

The accompanying notes form an integral part of these financial statements

Republic Financial Holdings Limited
Separate Statement of Cash Flows
For the year ended September 30, 2016
Expressed in thousands of Trinidad and Tobago dollars ($'000)

	Notes	2016	2015
Operating activities			
Net profit before taxation		390,951	1,411,450
Adjustments for:			
Depreciation	7	34,510	93,817
Loan impairment expense/(recovery)	4(b)(ii)	12,458	(8,441)
Translation difference		(9,932)	14,486
Loss on sale of premises and equipment		124	1,863
Investment impairment expense		232,726	–
Stock option expense	16	3,951	5,735
Increase in employee benefits		17,849	79,710
Increase in advances		(594,334)	(3,057,105)
(Decrease)/increase in customers' deposits and other fund raising instruments		(1,108,476)	1,671,376
Increase in statutory deposits with Central Bank		(50,924)	(313,281)
Decrease/(increase) in other assets and investment interest receivable		933,777	(1,195,853)
Increase/(decrease) in other liabilities and accrued interest payable		1,105,931	(22,007)
Taxes paid, net of refund		(120,449)	(240,001)
Cash provided by/(used in) operating activities		848,162	(1,558,251)
Investing activities			
Purchase of investment securities		(622,392)	(2,147,096)
Redemption of investment securities		292,077	1,559,611
Net change in the composition of the Company		(7,487,655)	–
Net cash outflow from the purchase of interests in subsidiary		(38,518)	–
Additions to premises and equipment	7	(49,739)	(251,126)
Proceeds from sale of premises and equipment		1,218	3,000
Cash used in investing activities		(7,905,009)	(835,611)
Financing activities			
(Decrease)/increase in balances due to other banks		(369,676)	346,213
Increase in investment in subsidiary		–	(454,621)
Repayment of debt securities		(199,107)	–
Proceeds from share issue	16	22,754	27,374
Shares purchased for profit sharing scheme	17	(16,384)	(67,414)
Allocation of shares to profit sharing plan	17	54,761	49,200
Dividends paid to shareholders of the parent	28	(703,121)	(684,380)
Amortised prepaid cost on debt security		–	360
Cash used in financing activities		(1,210,773)	(783,268)
Net decrease in cash and cash equivalents		(8,267,620)	(3,177,130)
Cash and cash equivalents at beginning of year		8,476,582	11,653,712
Cash and cash equivalents at end of year		**208,962**	**8,476,582**
Cash and cash equivalents at end of year are represented by:			
Cash on hand		10,095	400,121
Due from banks		–	5,475,415
Treasury Bills - original maturities of three months or less		198,867	2,601,046
		208,962	**8,476,582**
Supplemental information:			
Interest received during the year		553,320	1,711,618
Interest paid during the year		55,468	147,640
Dividends received	17(c)	352,379	281,139

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

Republic Financial Holdings Limited
Notes to the Separate Financial Statements
For the year ended September 30, 2016
Expressed in thousands of Trinidad and Tobago dollars ($'000), except where otherwise stated

1. Corporate information

On December 16, 2015 by Legal Notice no. 215 of 2015, the business of Republic Bank Limited (RBL) was transferred and vested into Republic Finance and Merchant Bank Limited (FINCOR). FINCOR was renamed Republic Bank Limited and Republic Bank Limited was renamed Republic Financial Holdings Limited (RFHL).

Republic Financial Holdings Limited ('the Company'), the financial holding company for the Republic Group and the ultimate Parent of the Group, is incorporated in the Republic of Trinidad and Tobago and its registered office is located at 4th Floor, Republic House, 9-17 Park Street, Port of Spain. Republic Financial Holdings Limited is listed on the Trinidad and Tobago Stock Exchange. A full listing of the Company's subsidiary companies is detailed in Note 27 while associate companies are listed in Note 6.

On vesting, FINCOR issued shares to RFHL valued at $4,202,845 and this amount was recorded as an Investment in subsidiary on the Statement of Financial Position of RFHL. This amount was determined as follows:

Total assets vested	41,127,290
Total liabilities vested	(36,924,445)
Value of shares issued by FINCOR to RFHL	**4,202,845**

After vesting, RFHL had total assets of $6.8 billion, total liabilities of $181.7 million, and total equity of $6.7 billion as summarised below:

	Total Assets	Total Liabilities
RBL balances before vesting	43,773,067	37,106,188
Less amounts vested into FINCOR	(41,127,290)	(36,924,445)
Add value of shares issued by FINCOR	4,202,845	–
RFHL opening balances after vesting	**6,848,622**	**181,743**

2. Significant accounting policies

The principal accounting policies applied in the preparation of these separate financial statements are set out below.

2.1 Basis of preparation

The 2016 statement of income includes the results of RBL before vesting for the three month period ended December 31, 2015, plus nine months of results for RFHL's business as a holding company. The 2015 comparative is that of RBL separate financial statements only.

Most of the comparative notes and disclosures as at September 30, 2015 are not relevant to RFHL's business as at September 30, 2016. These notes have however still been included for presentation of the prior-year amounts in accordance with International Financial Reporting Standards.

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars. These separate 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. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions. Actual results could differ from those estimates. Significant accounting judgements, estimates and assumptions in applying the Company's accounting policies have been described in Note 3.

2.2 Changes in accounting policies

New accounting policies/improvements adopted

The accounting policies adopted in the preparation of the separate financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended September 30, 2015. There were no new interpretations or standards which became effective in the current year.

2. Significant accounting policies (continued)

2.3 Standards in issue not yet effective

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Company's financial statements. These standards and interpretations will be applicable to the Company at a future date and will be adopted when they become effective. The Company is currently assessing the impact of adopting these standards and interpretations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2 (effective January 1, 2016)

The amendments are in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction
- The classification of a share-based payment transaction with net settlement features for with holding tax obligations
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

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.

IFRS 15 Revenue from Contracts with Customers (effective January 1, 2018)

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

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

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

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

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

IFRS 9 Financial Instruments (effective January 1, 2018)

Classification and measurement of financial assets

Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs. Debt instruments are subsequently measured at FVTPL, amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 Revenue from Contracts with Customers and lease receivables under IAS 17 Leases. Entities are generally required to recognise 12-month ECL on initial recognition (or when the commitment or guarantee was entered into) and thereafter as long as there is no significant deterioration in credit risk. However, if there has been a significant increase in credit risk on an individual or collective basis, then entities are required to recognise lifetime ECL. For trade receivables, a simplified approach may be applied whereby the lifetime ECL are always recognised.

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

2. Significant accounting policies (continued)

2.3 Standards in issue not yet effective (continued)

IAS 7 Disclosure Initiative – Amendments to IAS 7 (effective January 1, 2017)

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12 (effective January 1, 2017)

The IASB issued the amendments to IAS 12 Income Taxes to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

IFRS 16 Leases (effective January 1, 2019)

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

2.4 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, 2016.

IFRS	**Subject of Amendment**
IFRS 5 -	Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
IFRS 7 -	Financial Instruments: Disclosures - Servicing contracts
IFRS 7 -	Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
IAS 19 -	Employee Benefits - Discount rate: regional market issue
IAS 34 -	Interim Financial, Reporting - Disclosure of information 'elsewhere in the interim financial report'

2.5 Summary of significant accounting policies

a) Cash and cash equivalents

For the purpose of presentation in the separate 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 Bank

Pursuant to the provisions of the Central Bank Act, 1964 and the Financial Institutions Act, 2008, Republic Bank Limited is required to maintain with the Central Bank of Trinidad and Tobago, statutory balances in relation to the deposit liabilities of the institution. Balances transferred to FINCOR on vesting in December 2015 included Statutory Deposits of $1.1 billion and Treasury Bills of $2.6 billion.

c) Financial instruments

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

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

i) Advances

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

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

d) Impairment of financial assets (continued)

i) Advances (continued)

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 Company 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 separate 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 Company'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 Company'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 Company's impairment criteria, an impairment is recognised for the difference between the fair value and the original cost basis, less any previously recognised impairments.

e) Investment in associates

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

The Company's investments in associates are accounted for under the cost method of accounting.

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

f) Leases

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

g) Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation.

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the separate 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 separate statement of income.

Leasehold improvements and leased equipment are depreciated on a straight line basis over the period of the lease. Depreciation other than on leasehold improvements and leased equipment is computed on the declining balance method at rates expected to apportion the cost of the assets over their estimated useful lives.

The depreciation rates used are as follows:

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

h) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:
- Disclosures for significant assumptions - Note 3
- Premises and equipment - Note 7

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

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

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

i) Employee benefits

i) Pension obligations

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

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

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

i) Employee benefits (continued)

i) Pension obligations (continued)

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

Past service costs are recognised in the separate statement of income on the earlier of:
a) The date of the plan amendment or curtailment, and
b) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under 'operating expenses' in the separate statement of income:
a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
b) Net interest expense or income

The defined benefit plans mainly expose the Company 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 8 to these separate financial statements.

ii) Other post-retirement obligations

The Company 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 Company 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 these Profit Sharing Scheme Rules. Employees of RBL 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 RFHL. 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 Company accounts for the profit share, as an expense, through the separate statement of income.

j) 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 separate 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.

k) 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.

l) Fiduciary assets

The Company 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 separate financial statements as they are not the assets of the Company. These assets under administration at September 30, 2016 is nil, having been vested into FINCOR in December 2015 (2015: $30.8 billion).

m) Foreign currency translation

Monetary assets and liabilities of the Company 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 separate statement of income.

n) Revenue Recognition

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

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

Interest income and expense

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

Fee and commission income

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

Dividends

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

o) Fair value

The Company measures financial instruments at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or fair values that are disclosed are shown in Note 22 to the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
i) In the principal market for the asset or liability, or
ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

o) Fair value (continued)

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

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 company's own models whereby the majority of assumptions are market observable.

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

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

Where the Company'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 Company 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.

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.

p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person that allocates resources to and assesses the performance of the operating segments of an entity.

The Company has determined the President as its chief operating decision-maker. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income and other income less impairment losses and operating expenses which in certain respects is measured differently from operating profit or loss in the financial statements.

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

These represent the Company'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 Company's separate statement of financial position but are detailed in Note 26 (b) of these separate financial statements.

3. Significant accounting judgements, estimates and assumptions in applying the Company's accounting policies

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

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

a) Risk management - Note 20
b) Capital management - Note 21

Estimates and assumptions

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

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

Inherent provisions on advances (Note 4(b))
Inherent provisions on advances are calculated on an estimate of impairment incurred but not reported, existing in assets as at the separate 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 Company 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 8)
In conducting valuation exercises to measure the effect of the Company's employee benefit plans, 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.

Deferred taxes (Note 9)
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.

Judgements

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

Premises and equipment (Note 7)
Management exercises judgement in determining whether costs incurred can accrue sufficient future economic benefits to the Company to enable the value to be treated as a capital expense. Further judgement is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to carrying value.

Assessment of control
Management uses judgement in performing a control assessment review on all mutual funds and retirement plans sponsored by the Company and its subsidiaries. This assessment revealed that the Company 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

2015	Retail lending	Commercial and Corporate lending	Mortgages	Total
Performing advances	4,647,502	9,562,872	7,878,371	22,088,745
Non-performing advances	31,227	141,427	47,481	220,135
	4,678,729	9,704,299	7,925,852	22,308,880
Unearned interest/ finance charge	(2,895)	(95)	–	(2,990)
Accrued interest	2,170	39,082	5,563	46,815
	4,678,004	9,743,286	7,931,415	22,352,705
Allowance for impairment losses	(37,894)	(63,645)	(31,864)	(133,403)
Net advances	**4,640,110**	**9,679,641**	**7,899,551**	**22,219,302**

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 Company addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

Individually assessed allowances
The Company 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.

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

2016	Retail lending	Commercial and Corporate lending	Mortgages	Total
Balance brought forward	37,894	63,645	31,864	133,403
Transferred on vesting	(39,300)	(73,826)	(30,436)	(143,562)
Charge-offs and write-offs	(2,299)	–	–	(2,299)
Loan impairment expense	9,141	21,912	604	31,657
Loan impairment recoveries	(5,436)	(11,731)	(2,032)	(19,199)
Balance carried forward	**–**	**–**	**–**	**–**

2015	Retail lending	Commercial and Corporate lending	Mortgages	Total
Balance brought forward	35,246	112,164	35,412	182,822
Charge-offs and write-offs	(21,704)	(19,051)	(223)	(40,978)
Loan impairment expense	49,090	18,636	8,060	75,786
Loan impairment recoveries	(24,738)	(48,104)	(11,385)	(84,227)
Balance carried forward	**37,894**	**63,645**	**31,864**	**133,403**
Individual impairment	32,471	55,250	26,554	114,275
Collective impairment	5,423	8,395	5,310	19,128
	37,894	**63,645**	**31,864**	**133,403**
Gross amount of loans individually determined to be impaired, before deducting any allowance	**31,227**	**141,427**	**47,481**	**220,135**

5. Investment securities

	2016	2015
a) Available-for-sale		
Government securities	196,700	1,217,088
State-owned company securities	–	56,571
Corporate bonds/debentures	200,000	1,264,325
Equities and mutual funds	–	43,311
	396,700	**2,581,295**

6. Investment in associated and subsidiary companies

(a) Investment in associated companies	2016	2015
Balance at beginning of year	93,409	391,176
Acquisition of controlling interest in a subsidiary	–	(297,767)
Transferred on vesting	(3,411)	–
Write-down in value of associated company	(56,396)	–
Balance at end of year	**33,602**	**93,409**

* The Company's share of ECFH's net assets attributable to the equity holders is $90 million. The balance of $33.6 million is net of an impairment charge of $56.4 million.

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

	Country of incorporation	Reporting year-end of associate	Proportion of issued capital held
East Caribbean Financial Holding Company Limited (ECFH)	St. Lucia	December	19.30%

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

6. Investment in associated and subsidiary companies (continued)

(a) Investment in associated companies (continued)

Summarised published financial information in respect of the Company's associated company for the half-year period ended June 30, 2016 are as follows:

	Total investment in associates	
	2016	2015
Total assets	9,360,142	9,464,782
Total liabilities	8,735,865	8,775,433
Net assets/equity	624,277	689,349
Dividends received during the year	–	5,638

(b) Investment in subsidiaries

	2016	2015
Republic Bank Limited (formerly Republic Finance and Merchant Bank Limited)	4,213,507	10,662
Republic Bank (Barbados) Limited	1,020,993	1,020,993
HFC Bank (Ghana) Limited	287,424	463,754
Republic Bank (Suriname) N.V.	288,634	288,634
Republic Bank (Guyana) Limited	102,784	102,784
Republic Bank (Grenada) Limited	48,465	9,947
Republic Bank Trinidad and Tobago (Barbados) Limited	12,598	12,598
Republic Securities Limited	10,171	10,171
Republic Insurance Company (Cayman) Limited	945	945
Republic Caribbean Investments Limited	–	654,140
Bank of Commerce	–	40,785
Atlantic Financial Limited	–	6,900
Republic Investments Limited	–	1,000
Republic Wealth Management Limited	–	50
	5,985,521	**2,623,364**
Reconciliation of movement in investment in subsidiaries		
Balance at beginning of year	2,623,364	1,870,976
Additional capital issued by subsidiary	4,202,845	–
Acquisition of controlling interest in a subsidiary	38,518	752,388
Investment in subsidiary transferred on vesting	(702,876)	–
Impairment of carrying value on subsidiary	(176,330)	–
	5,985,521	**2,623,364**

7. Premises and equipment

	Capital works in progress	Freehold premises	Leasehold premises	Equipment, furniture and fittings	Total
2016					
Cost					
At beginning of year	235,888	812,198	82,944	1,071,788	2,202,818
Additions at cost	39,266	774	265	9,434	49,739
Disposal of assets	–	–	–	(3,535)	(3,535)
Transfer of assets	(1,187)	–	–	1,187	–
Transferred on vesting	(273,967)	(812,972)	(83,209)	(1,078,874)	(2,249,022)
	–	–	–	–	–
Accumulated depreciation					
At beginning of year	–	139,578	73,014	845,788	1,058,380
Charge for the year	–	3,146	1,275	30,089	34,510
Disposal of assets	–	–	–	(2,193)	(2,193)
Transferred on vesting	–	(142,724)	(74,289)	(873,684)	(1,090,697)
	–	–	–	–	–
Net book value	–	–	–	–	–
2015					
Cost					
At beginning of year	150,303	723,084	79,116	1,042,341	1,994,844
Additions at cost	208,773	5,737	1,380	35,236	251,126
Disposal of assets	–	(90)	(2,385)	(40,677)	(43,152)
Transfer of assets	(123,188)	83,467	4,833	34,888	–
	235,888	812,198	82,944	1,071,788	2,202,818
2015					
Accumulated depreciation					
At beginning of year	–	130,033	70,475	802,343	1,002,851
Charge for the year	–	9,558	4,923	79,336	93,817
Disposal of assets	–	(13)	(2,384)	(35,891)	(38,288)
	–	139,578	73,014	845,788	1,058,380
Net book value	**235,888**	**672,620**	**9,930**	**226,000**	**1,144,438**

Capital commitments	**2016**	**2015**
Contracts for outstanding capital expenditure not provided for in the financial statements	–	378,100
Other capital expenditure authorised by the Directors but not yet contracted for	–	89,333

8. Employee benefits

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2016	2015	2016	2015
Present value of defined benefit obligation	–	(2,559,413)	–	(372,796)
Fair value of plan assets	–	3,776,892	–	–
Surplus/(deficit)	–	1,217,479	–	(372,796)
Effect of asset ceiling	–	(11,324)	–	–
Net asset/(liability) recognised in the statement of financial position	**–**	**1,206,155**	**–**	**(372,796)**

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2016	2015	2016	2015
Opening defined benefit obligation	2,559,413	2,657,397	372,796	412,897
Current service cost	(8,395)	105,205	9,454	19,501
Transferred on vesting	(2,551,018)	–	(382,250)	–
Interest cost	–	131,071	–	20,570
Re-measurements:				
- Experience adjustments	–	(47,357)	–	(33,728)
- Actuarial gains	–	(214,058)	–	(43,432)
Benefits paid	–	(72,845)	–	–
Premiums paid by the Company	–	–	–	(3,012)
Closing defined benefit obligation	**–**	**2,559,413**	**–**	**372,796**

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2016	2015	2016	2015
Defined benefit obligation at prior year end	1,206,155	1,279,876	372,796	412,897
Net pension cost	(8,395)	(42,651)	9,454	40,071
Amounts transferred on vesting	(1,197,760)	–	(382,250)	–
Re-measurements recognised in other comprehensive income	–	(31,070)	–	(77,160)
Premiums paid by the Company	–	–	–	(3,012)
Closing net pension asset/ medical liability	**–**	**1,206,155**	**–**	**372,796**

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

8. Employee benefits (continued)

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

	Defined benefit pension plans 2016	2015
Opening fair value of plan assets	3,776,892	3,951,444
Transferred on vesting	(3,776,892)	–
Interest income	–	195,739
Return on plan assets, excluding interest income	–	(296,041)
Benefits paid	–	(72,845)
Expense allowance	–	(1,405)
Closing fair value of plan assets	**–**	**3,776,892**
Actual return on plan assets	**–**	**(100,302)**

e) Plan asset allocation as at September 30:

	Defined benefit pension plans			
	Fair value		% Allocation	
	2016	2015	2016	2015
Equity securities	–	1,784,882	0.00%	47.26%
Debt securities	–	1,683,707	0.00%	44.58%
Property	–	12,809	0.00%	0.34%
Money market instruments/cash	–	295,494	0.00%	7.82%
Total fair value of plan assets	**–**	**3,776,892**	**0.00%**	**100.0%**

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2016	2015	2016	2015
Current service cost	8,395	105,205	9,454	19,501
Interest on defined benefit obligation	–	(63,959)	–	20,570
Administration expenses	–	1,405	–	–
Total included in staff costs	**8,395**	**42,651**	**9,454**	**40,071**

g) Re-measurements recognised in Other Comprehensive Income:

	Defined benefit pension plans		Post-retirement medical benefits	
	2016	2015	2016	2015
Experience gains/(losses)	–	34,626	–	(77,160)
Effect of asset ceiling	–	(3,556)	–	–
Total included in Other Comprehensive Income	**–**	**31,070**	**–**	**(77,160)**

h) Summary of principal actuarial assumptions as at September 30:

	2016 %	2015 %
Discount rate	N/A	5.50
Rate of salary increase	N/A	5.50
Pension increases	N/A	2.40
Medical cost trend rates	N/A	5.75

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, 2016 are as follows:

	Defined benefit pension plans 2016	2015
Life expectancy at age 60 - 65 for current pensioner in years:		
– Male	N/A	21.0
– Female	N/A	25.1
Life expectancy at age 60 - 65 for current members aged 40 in years:		
– Male	N/A	21.4
– Female	N/A	25.4

9. Deferred tax assets and liabilities

Components of deferred tax assets and liabilities

a) Deferred tax assets

	Opening balance 2015	Transfer on vesting	Credit/(charge) Statement of income	OCI	Closing balance 2016
Post-retirement medical benefits	93,199	(97,504)	4,305	–	–
Unrealised reserve	–	–	–	990	990
Unearned loan origination fees	28,189	(28,536)	347	–	–
Other	6,717	(6,717)	–	–	–
	128,105	**(132,757)**	**4,652**	**990**	**990**

b) Deferred tax liabilities

	Opening balance 2015	Transfer on vesting	(Credit)/charge Statement of income	OCI	Closing balance 2016
Pension asset	301,539	(299,441)	(2,098)	–	–
Premises and equipment	46,022	3,134	(49,156)	–	–
Unrealised reserve	1,385	(1,385)	–	–	–
	348,946	**(297,692)**	**(51,254)**	**–**	**–**
Net credit to statement of income/OCI			**55,906**	**990**	

10. Other assets

	2016	2015
Accounts receivable and prepayments	–	242,949
Due from related parties	2,560	1,388,359
	2,560	**1,631,308**

11. Customers' current, savings and deposit accounts

Concentration of customers' current, savings and deposit accounts	2016	2015
State	–	3,592,546
Corporate and commercial	–	10,290,161
Personal	–	18,737,131
Other financial institutions	–	1,588,384
	–	**34,208,222**

12. Other fund raising instruments

Concentration of other fund raising instruments	2016	2015
State	**–**	**22,445**

All investment securities held to secure other fund raising instruments of the Company have been transferred to Republic Bank Limited on vesting in December 2015.

13. Debt securities in issue

	2016	2015
Unsecured		
a) Fixed rate bonds	–	998,820
Secured		
a) Floating rate bonds	–	150,000
Total debt securities in issue	**–**	**1,148,820**

Unsecured obligations

a) The Company issued an unsubordinated bond denominated in Trinidad and Tobago dollars in 2008 for a term of ten years at a fixed rate of interest of 8.55%. This bond was transferred to Republic Bank Limited on vesting in December 2015.

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

13. Debt securities in issue (continued)

Secured obligations

a) The floating rate bonds are denominated in Trinidad and Tobago dollars and are unconditional secured obligations of the Company. The Company 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. This bond was transferred to Republic Bank Limited on vesting in December 2015.

14. Other liabilities

	2016	2015
Accounts payable and accruals	58,717	973,336
Unearned loan origination fees	–	112,793
	58,717	**1,086,129**

15. Stated capital

	2016	2015	2016	2015
	Number of ordinary shares (000's)			
Authorised				
An unlimited number of shares of no par value				
Issued and fully paid				
At beginning of year	161,249	161,052	737,980	704,871
Shares issued/proceeds from shares issued	275	336	22,754	27,374
Shares purchased for profit sharing scheme	(700)	(562)	–	–
Share-based payment	–	–	3,951	5,735
Allocation of shares	452	423	–	–
At end of year	**161,276**	**161,249**	**764,685**	**737,980**

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

	2016	2015
Weighted-average number of ordinary shares	161,342	161,279
Effect of dilutive stock options	250	383
Weighted-average number of ordinary shares adjusted for the effect of dilution	**161,592**	**161,662**

16. Other reserves

	Capital reserves	Unallocated shares	General contingency reserve	Net unrealised gains	Total
Balance at October 1, 2014	**5,620**	**(72,135)**	**192,132**	**13,634**	**139,251**
Revaluation of available-for-sale investments	–	–	–	(12,520)	(12,520)
Total income and expense for the year recognised directly in equity	–	–	–	(12,520)	(12,520)
Shares purchased for profit sharing scheme	–	(67,414)	–	–	(67,414)
Allocation of shares	–	49,200	–	–	49,200
Transfer from General contingency reserve	–	–	(11,854)	–	(11,854)
Balance at September 30, 2015	**5,620**	**(90,349)**	**180,278**	**1,114**	**96,663**
Revaluation of available-for-sale investments	–	–	–	(9,705)	(9,705)
Total income and expense for the year recognised directly in equity	5,620	(90,349)	180,278	(8,591)	86,958
Shares purchased for profit sharing scheme	–	(16,384)	–	–	(16,384)
Allocation of shares	–	(54,761)	–	–	(54,761)
Transfer to General contingency reserve	–	–	34,304	–	34,304
Balances transferred on vesting	(5,620)	51,972	(214,582)	6,281	(161,949)
Balance at September 30, 2016	**–**	**–**	**–**	**(2,310)**	**(2,310)**

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 separate 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 Company's non-distributable capital base. As at September 30, 2016 the balance is nil, having been transferred to Republic Bank Limited on vesting in December 2015.

Unallocated shares in the staff profit sharing scheme
The staff profit sharing scheme purchases Republic Financial Holdings Limited shares to build its stock for allocation in the annual profit sharing exercise. As at September 30, 2016, shares costing $114 million (2015: $90 million) remain unallocated from the profit sharing scheme. Refer to Note 24(a).

	No. of shares (000's) 2016	2015
Balance brought forward	750	610
Add shares purchased	700	562
Allocation of shares	(452)	(422)
Balance carried forward	**998**	**750**

17. Operating profit

a) Interest income

	2016	2015
Advances	453,885	1,631,424
Investment securities	16,976	59,200
Liquid assets	14,064	33,145
	484,925	**1,723,769**

b) Interest expense

Customers' current, savings and deposit accounts	15,215	58,092
Other fund raising instruments and debt securities in issue	22,446	88,778
Other interest bearing liabilities	385	580
	38,046	**147,450**

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

17. Operating profit (continued)

c) Other income

	2016	2015
Fees and commission from trust and other fiduciary activities	36,922	138,887
Other fees and commission income	121,434	666,734
Net exchange trading income	53,561	199,664
Dividends	352,379	281,139
Gains from disposal of available-for-sale investments	3,868	23,283
Other operating income	24,217	–
	592,381	**1,309,707**

d) Operating expenses

	2016	2015
Staff costs	131,014	542,629
Staff profit sharing	28,530	100,808
Employee benefits pension and medical contribution - Note 8(f)	17,849	82,722
General administrative expenses	148,801	482,181
Operating lease payments	1,231	5,271
Property related expenses	23,929	110,734
Depreciation expense - Note 7	34,510	93,817
Advertising and public relations expenses	12,981	59,792
Investment impairment expense	232,726	–
Directors' fees	4,280	5,063
	635,851	**1,483,017**

The Company performs an annual impairment assessment of its investments in subsidiaries and associated companies. In conducting the review of the investments in subsidiaries, consideration was made for the losses incurred by HFC Bank (Ghana) Limited (HFC) due to increased loan impairment expenses as well as the negative impact of the depreciation of the Ghanian cedi on the projected profits of HFC when converted to TT dollars. These assumptions negatively impacted the value of HFC, resulting in an impairment charge of $176.3 million during the current period.

An assessment was carried out on the carrying value of the investment in ECFH and it was determined that an amount of $56.4 million is impaired.

e) Non-cancellable operating lease commitments

	2016	2015
Within one year	–	28,313
One to five years	–	19,084
Over five years	–	5,479
	–	**52,876**

18. Taxation expense

	2016	2015
Corporation tax	115,076	310,310
Deferred tax	(55,906)	(18,086)
	59,170	**292,224**

Reconciliation between taxation expense and accounting profit

Income taxes in the statement of income vary from amounts that would be computed by applying the statutory tax rate for the following reasons:

	2016	2015
Accounting profit	390,951	1,411,450
Tax at applicable statutory tax rates	97,738	352,863
Tax effect of items that are adjustable in determining taxable profit:		
Tax exempt income	(89,832)	(76,117)
Non-deductible expenses	107,278	59,036
Allowable deductions	(55,387)	(29,121)
Provision for Green Fund Levy and other taxes	(627)	(14,437)
	59,170	**292,224**

19. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. A number of banking transactions are entered into with related parties in the normal course of business. These transactions are both secured and unsecured and were carried out on commercial terms and conditions, at market rates.

	2016	2015
Advances, investments and other assets		
Republic Financial Holdings Limited Group	213,199	1,478,222
Directors and key management personnel	9,406	8,588
Other related parties	140,799	81,426
	363,404	**1,568,236**
Deposits and other liabilities		
Republic Financial Holdings Limited Group	10,307	1,451,982
Directors and key management personnel	51,516	49,549
Other related parties	18,569	14,522
	80,392	**1,516,053**
Interest and other income		
Republic Financial Holdings Limited Group	–	19,021
Directors and key management personnel	424	368
Other related parties	9,872	4,581
	10,296	**23,970**
Interest and other expense		
Republic Financial Holdings Limited Group	–	19,373
Directors and key management personnel	807	5,728
Other related parties	87	97
	894	**25,198**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Post vesting, these individuals remain employees of Republic Bank Limited, so these financial statements reflect compensation for the three-month period ending December 31, 2015.

Key management compensation	2016	2015
Short-term benefits	5,110	15,727
Post employment benefits	–	1,674
Share-based payment	1,434	5,735
	6,544	**23,136**

20. Risk management

20.1 Introduction

The Company's prudent banking practices are founded on solid risk management. In an effort to keep apace with its dynamic environment, the Company has established a comprehensive framework for managing risks, which is continually evolving as the Company's business activities change in response to market, credit, product and other developments.

The basic principles of risk management followed by the Company 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 Company. 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 Company by examining both the adequacy of the procedures and the Company'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.

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

20. Risk management (continued)

20.1 Introduction (continued)

The Company's activities are primarily related to the use of financial instruments. The Company 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 Company's financial instruments are credit risk, interest rate and market risk, liquidity risk, foreign currency risk and operational risk. The Company reviews and agrees policies for managing each of these risks as follows:

20.2 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 Company's credit risk management function is to maximise the Company'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 Company.

The Company'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 Company'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 Company 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 Company'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 Company 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.

20.2.1 Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the Company's maximum exposure to credit risk:

	Gross maximum exposure	
	2016	**2015**
Statutory deposits with Central Bank	–	4,364,178
Due from banks	–	5,475,415
Treasury Bills	198,867	2,601,046
Investment interest receivable	1,702	23,282
Advances	–	22,219,302
Investment securities	396,700	2,537,984
Total	**597,269**	**37,221,207**
Undrawn commitments	–	4,249,292
Acceptances	–	1,578,048
Guarantees and indemnities	–	121
Letters of credit	–	68,559
Total	**–**	**5,896,020**
Total credit risk exposure	**597,269**	**43,117,227**

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 Company 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 Company 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.

20.2.2 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 Company'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:

	2016	**2015**
Trinidad and Tobago	597,269	38,236,462
Barbados	–	5,975
Eastern Caribbean	–	131,232
Guyana	–	50,680
Suriname	–	374,925
United States	–	2,773,065
Europe	–	648,844
Other countries	–	896,044
	597,269	**43,117,227**

ii) Industry sectors

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

	2016	**2015**
Government and Central Government Bodies	396,682	13,970,038
Financial sector	200,587	4,598,950
Energy and mining	–	588,477
Agriculture	–	137,122
Electricity and water	–	76,610
Transport, storage and communication	–	387,650
Distribution	–	2,624,685
Real estate	–	1,944,604
Manufacturing	–	1,634,347
Construction	–	1,039,805
Hotel and restaurant	–	343,222
Personal	–	10,693,998
Other services	–	5,077,719
	597,269	**43,117,227**

Credit exposure with state-owned bodies have been categorised according to the service offered by the organisation rather than within 'Government and Central Government Bodies'.

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

20. Risk management (continued)

20.2 Credit risk (continued)

20.2.3 Credit quality per category of financial assets

The Company has determined that credit risk exposure arises from the following separate statement of financial position lines:

- Treasury Bills and Statutory deposits with Central Bank
- Balances due from banks
- Advances
- Investment securities

Treasury Bills and Statutory deposits with Central Bank
These funds are placed with the Central Bank of Trinidad and Tobago 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 Company 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.

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

	Superior	Desirable	Acceptable	Total
2015	2,488,386	2,921,763	65,266	5,475,415

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
2015	8,556	1,392,998	8,191,909	86,178	9,679,641

The following is an aging of facilities classed as sub-standard:

	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Impaired	Total
2015	–	–	–	–	86,178	86,178

Advances - Retail loans and Mortgages
These retail loans and mortgages are individually insignificant and are secured by the related assets for which these loans were granted to fund. The following is an aging analysis of these facilities:

	Current	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Impaired	Total
2015	10,285,018	2,015,709	37,041	66,707	115,836	19,350	12,539,661

Investment securities
The debt securities within the Company'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:

Available-for-sale	Superior	Desirable	Acceptable	Sub-standard	Total
2016	196,700	200,000	–	–	396,700
2015	2,409,155	114,052	13,574	1,203	2,537,984

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

20. Risk management (continued)

20.3 Liquidity risk

Liquidity risk is defined as the risk that the Company 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 Company 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 Company is funded with 'core deposits'. The Company 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 Company. 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 Company also holds significant investments in other Government securities, which can be used for liquidity support. The Company continually balances the need for short-term assets, which have lower yields, with the need for higher asset returns.

20.3.1 Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Company'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 separate statement of financial position. Refer to Note 23 for a maturity analysis of assets and liabilities.

Financial liabilities - on statement of financial position

2015	On demand	Up to one year	1 to 5 years	Over 5 years	Total
Customers' current, savings and deposit accounts	31,196,608	2,999,824	17,862	–	34,214,294
Other fund raising instruments	–	22,445	–	–	22,445
Debt securities in issue	–	91,708	1,293,626	–	1,385,334
Due to banks	–	393,980	–	–	393,980
Other liabilities	409,191	–	–	–	409,191
Total undiscounted financial liabilities	**31,605,799**	**3,507,957**	**1,311,488**	**–**	**36,425,244**

Financial liabilities - off statement of financial position

2015	On demand	Up to one year	1 to 5 years	Over 5 years	Total
Acceptances	391,150	858,733	327,499	666	1,578,048
Guarantees and indemnities	121	–	–	–	121
Letters of credit	68,559	–	–	–	68,559
Total	**459,830**	**858,733**	**327,499**	**666**	**1,646,728**

The Company expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

20.4 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.

20.4.1 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 Company 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 Company. The mandate of the Committee is to approve strategies for the management of the non-credit risks of the Company, 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 Company 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 Company'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 reasonably 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			
		2016		2015	
	Change in basis points	Increase	Decrease	Increase	Decrease
TTD Instruments	+/- 50	2,000	(2,000)	39,799	(39,799)
USD Instruments	+/- 50	–	–	3,785	(3,785)

		Impact on equity			
		2016		2015	
	Change in basis points	Increase	Decrease	Increase	Decrease
TTD Instruments	+/- 50	(735)	735	(12,389)	12,635
USD Instruments	+/- 50	–	–	(10,323)	7,243
Other currency instruments	+/- 50	–	–	(63)	239

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

20. Risk management (continued)

20.4 Market risk (continued)

20.4.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's exposure to the effects of fluctuations in foreign currency exchange rates arises mainly from its investments and overseas subsidiaries and associates. The Company's policy is to match the initial net foreign currency investment with funding in the same currency. The Company also monitors its foreign currency position for both overnight and intra-day transactions.

Changes in foreign exchange rates affect the Company'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 separate statement of income.

The principal currencies of the Company's subsidiary and associated company investments are TTD, USD, GYD, XCD, BDS, Ghana Cedi (GHS) and Suriname SRD.

The tables below indicate the currencies to which the Company 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.

2016	TTD	USD	BDS	Other	Total
Financial assets					
Cash and cash equivalents	2,750	7,345	–	–	10,095
Treasury Bills	198,867	–	–	–	198,867
Investment interest receivable	1,702	–	–	–	1,702
Investment securities	396,700	–	–	–	396,700
Total financial assets	**600,019**	**7,345**	**–**	**–**	**607,364**
Net currency risk exposure		**7,345**	**–**	**–**	
Reasonably possible change in currency rate		1%	1%	1%	
Effect on profit before tax		**73**	**–**	**–**	

2015	TTD	USD	BDS	Other	Total
Financial assets					
Cash and cash equivalents	352,512	34,907	981	11,721	400,121
Statutory deposits with Central Bank	4,364,178	–	–	–	4,364,178
Due from banks	2,480,475	2,467,297	1,810	525,833	5,475,415
Treasury Bills	2,601,046	–	–	–	2,601,046
Investment interest receivable	15,986	5,416	–	1,880	23,282
Advances	18,737,802	3,481,500	–	–	22,219,302
Investment securities	1,368,978	1,139,522	–	72,795	2,581,295
Total financial assets	**29,920,977**	**7,128,642**	**2,791**	**612,229**	**37,664,639**

2015	TTD	USD	BDS	Other	Total
Financial liabilities					
Due to banks	386,000	–	–	7,980	393,980
Customers' current, savings and deposit accounts	26,127,441	7,505,723	–	575,058	34,208,222
Other fund raising instruments	–	22,445	–	–	22,445
Debt securities in issue	1,148,820	–	–	–	1,148,820
Interest payable	16,213	1,130	–	79	17,422
Other liabilities	396,698	8,025	109	4,359	409,191
Total financial liabilities	**28,075,172**	**7,537,323**	**109**	**587,476**	**36,200,080**
Net currency risk exposure		**(408,681)**	**2,682**	**24,753**	
Reasonably possible change in currency rate		1%	1%	1%	
Effect on profit before tax		**(4,087)**	**27**	**248**	

20.5 Operational risk

The growing sophistication of the banking industry has made the Company'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 Company 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 Company's operational risk department oversees this and where appropriate, risk is transferred by the placement of adequate insurance coverage.

The Company 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.

21. Capital management

The Company's policy is to diversify its sources of capital, to allocate capital within the Company efficiently and to maintain a prudent relationship between capital resources and the risk of its underlying business.

Capital adequacy is monitored by the Company, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practice (the Basel Committee), as implemented by the respective Central Banks for supervisory purposes. The Basel risk-based capital guidelines require a minimum ratio of core capital (Tier 1) to risk-weighted assets of 4%, with a minimum total qualifying capital (Tier 2) ratio of 8%. Core capital (Tier 1) comprises mainly shareholders' equity.

RFHL and its main subsidiary, Republic Bank Limited (RBL), have commenced the preparatory work for the implementation of the Basel II and III framework. While the new requirements in its current form will require banks to hold substantially more capital, RFHL and RBL with their existing strong capital base, will meet the new requirements.

Capital adequacy ratio	2016	2015
Republic Financial Holdings Limited	186.67%	21.72%

At September 30, 2016 the Company exceeded the minimum level required for adequately capitalised institutions.

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

22. Fair value

22.1 Carrying values and fair values

The following table summarises the carrying amounts and the fair values of the Company's financial assets and liabilities:

2016	Carrying value	Fair value	Unrecognised gain/(loss)
Financial assets			
Cash, due from banks and Treasury Bills	208,962	208,962	–
Investment interest receivable	1,702	1,702	–
Investment securities	396,700	396,700	–
Total unrecognised change in unrealised fair value			**–**
2015			
Financial assets			
Cash, due from banks and Treasury Bills	8,476,582	8,476,582	–
Investment interest receivable	23,282	23,282	–
Advances	22,219,302	21,997,819	(221,483)
Investment securities	2,581,295	2,581,295	–
Financial liabilities			
Customers' current, savings and deposit accounts	34,208,222	34,208,222	–
Borrowings and other fund raising instruments	11,445	11,445	–
Debt securities in issue	1,148,820	1,268,970	(120,150)
Accrued interest payable	17,422	17,422	–
Other financial liabilities	409,191	409,191	–
Total unrecognised change in unrealised fair value			**(101,333)**

22.2 Fair value and fair value hierarchies

22.2.1 Determination of fair value and fair value hierarchies

The following table shows the fair value measurement hierarchy of the Company's assets and liabilities:

2016	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investment securities	–	396,700	–	396,700
2015				
Financial assets measured at fair value				
Investment securities	1,123,862	1,448,827	8,606	2,581,295
Financial assets for which fair value is disclosed				
Advances	–	–	21,997,819	21,997,819
Financial liabilities for which fair value is disclosed				
Customers' current, savings and deposit accounts	–	–	34,208,222	34,208,222
Debt securities in issue	–	–	1,364,755	1,364,755

22.2.2 Transfers between Level 1 and 2

For the year ended September 30, 2016, no assets were transferred between Level 1 and Level 2.

22.2.3 Reconciliation of movements in Level 3 financial instruments measured at fair value

	Balance at beginning of year	Transferred on vesting	Additions	Disposals /Transfers to Level 2	Balance at end of year
Investment Securities - available-for-sale	8,606	(8,606)	–	–	–
	8,606	**(8,606)**	**–**	**–**	**–**

23. Maturity analysis of assets and liabilities

The table below analyses the discounted assets and liabilities of the Company based on the remaining period at September 30 to the contractual maturity date. See Note 20.3 - 'Liquidity risk' - for an analysis of the financial liabilities based on contractual undiscounted repayment obligations.

2016	Within one year	After one year	Total
ASSETS			
Cash and cash equivalents	10,095	–	10,095
Treasury Bills	198,867	–	198,867
Investment interest receivable	1,702	–	1,702
Investment securities	200,000	196,700	396,700
Investment in associated companies	–	33,602	33,602
Investment in subsidiaries	–	5,985,521	5,985,521
Deferred tax assets	–	990	990
Taxation recoverable	–	4,954	4,954
Other assets	–	2,560	2,560
	410,664	**6,224,327**	**6,634,991**
LIABILITIES			
Taxation payable	118,778	–	118,778
Other liabilities	–	58,717	58,717
	118,778	**58,717**	**177,495**

2015	Within one year	After one year	Total
ASSETS			
Cash and cash equivalents	400,121	–	400,121
Statutory deposits with Central Bank	4,364,178	–	4,364,178
Due from banks	5,475,415	–	5,475,415
Treasury Bills	2,601,046	–	2,601,046
Investment interest receivable	23,282	–	23,282
Advances	7,818,064	14,401,238	22,219,302
Investment securities	381,475	2,199,820	2,581,295
Investment in associated companies	–	93,409	93,409
Investment in subsidiaries	–	2,623,364	2,623,364
Premises and equipment	–	1,144,438	1,144,438
Net pension asset	–	1,206,155	1,206,155
Deferred tax assets	–	128,105	128,105
Taxation recoverable	4,954	–	4,954
Other assets	1,590,918	40,390	1,631,308
	22,659,453	**21,836,919**	**44,496,372**

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

23. Maturity analysis of assets and liabilities (continued)

2015	Within one year	After one year	Total
LIABILITIES			
Due to banks	393,980	–	393,980
Customers' current, savings and deposit accounts	34,190,374	17,848	34,208,222
Other fund raising instruments	22,445	–	22,445
Debt securities in issue	–	1,148,820	1,148,820
Provision for post-retirement medical benefits	–	372,796	372,796
Taxation payable	124,153	–	124,153
Deferred tax liabilities	–	348,946	348,946
Accrued interest payable	17,422	–	17,422
Other liabilities	935,394	150,735	1,086,129
	35,683,768	**2,039,145**	**37,722,913**

24. Equity compensation benefits

a) Stock option plan

The Company 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 Financial Holdings 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 RFHL's share price at the beginning of the performance period during which the option is earned. The price is calculated as the average closing share price on all trading days during the calendar month, prior to the beginning of the performance period. The process of assessment, calculation of options and approval by the Board of Directors takes place in the first quarter following the end of the financial year.

The movement in outstanding options is outlined below:

	2016 Weighted-average exercise price	2015 Weighted-average exercise price	2016 Number of shares	2015 Number of shares
At the beginning of the year	$93.39	$87.71	1,811,265	1,791,585
Granted	$121.74	$110.03	415,912	355,800
Exercised	$82.87	$81.67	(275,139)	(336,120)
At end of year	**$100.91**	**$93.39**	**1,952,038**	**1,811,265**
Exercisable at end of year	**$89.85**	**$83.41**	**1,022,954**	**859,349**

Expiry date	Exercise price	2016	2015
15-Dec-18	$78.78	31,841	31,841
20-Dec-19	$90.19	88,127	93,301
20-Dec-20	$86.75	104,156	104,156
20-Dec-21	$80.00	94,324	137,160
20-Dec-22	$101.80	11,876	11,876
13-Dec-23	$85.94	89,551	143,481
8-Dec-24	$72.99	164,363	254,739
14-Dec-25	$92.67	253,673	336,496
14-Dec-26	$104.41	342,415	342,415
11-Dec-27	$110.03	355,800	355,800
18-Dec-28	$121.74	415,912	–
		1,952,038	**1,811,265**

As at September 30, 2016, 415,912 (2015: 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, 2015 to April 2, 2016
Number granted	415,912
Exercise price	$121.74
Share price at grant date	$111.49 to $112.24
Risk free interest rate	3.5% per annum
Expected volatility	7.5% per annum
Dividend yield	4.0% per annum
Exercise term	Option exercised when share price is 150% of the exercise price
Fair value	$4.14 to $4.68

The expected volatility is based on historical volatility of the share price.

The weighted-average share price for share options exercised during the year was $82.70. For options outstanding at September 30, 2016 the exercise price ranged from $72.99 to $121.74 and the weighted-average remaining contractual life was 8.9 years.

The total expense for the share option plan was $3.95 million (2015 : $5.74 million).

25. Dividends paid and proposed

	2016	2015
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2015: $3.10 (2014: $3.00)	502,199	485,129
First dividend for 2016: $1.25 (2015: $1.25)	202,766	202,468
Total dividends paid	**704,965**	**687,597**
Proposed		
Equity dividends on ordinary shares:		
Final dividend for 2016: $3.10 (2015: $3.10)	**503,050**	**502,199**

26. Contingent liabilities

a) Litigation

As at September 30, 2016 there were certain tax and legal proceedings outstanding against the Company. 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

	2016	2015
Acceptances	–	1,578,048
Guarantees and indemnities	–	121
Letters of credit	–	68,559
	–	**1,646,728**

c) Sectoral information

	2016	2015
State	–	211,871
Corporate and commercial	–	912,195
Personal	–	24,391
Other financial institutions	–	498,169
Other	–	102
	–	**1,646,728**

d) Pledged assets

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

	Carrying amount 2016	Carrying amount 2015	Related liability 2016	Related liability 2015
Investments - available-for-sale	–	**150,000**	–	**150,000**

The assets pledged by the Company 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 Company once the total value of the pool exceeds the value of the liability. In the event of the Company's default, the counterparty is entitled to apply the collateral in order to settle the liability.

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

27. Subsidiary companies

Name of Company	Country of incorporation	Equity interest
Republic Bank (Barbados) Limited *Commercial Bank*	Barbados	100.00%
Republic Bank Trinidad and Tobago (Barbados) Limited *Offshore Bank*	Barbados	100.00%
Republic Bank (Cayman) Limited *Offshore Bank*	Cayman Islands	100.00%
Republic Insurance Company (Cayman) Limited *Offshore Bank*	Cayman Islands	100.00%
HFC Bank (Ghana) Limited *Commercial Bank*	Ghana	57.11%
Republic Bank (Grenada) Limited *Commercial Bank*	Grenada	74.12%
Republic Bank (Guyana) Limited *Commercial Bank*	Guyana	51.00%
Republic Suriname Holdings Limited *Investment Company*	St. Lucia	100.00%
Republic Bank (Suriname) N.V. *Commercial Bank*	Suriname	100.00%
Republic Bank Limited *Commercial Bank*	Trinidad and Tobago	100.00%

Over the period July to September 2016, the Company acquired an additional 23.12% interest in the voting shares of Republic Bank (Grenada) Limited, increasing its ownership interest to 74.12%. Cash consideration of $38.5 million was paid to the non-controlling shareholders.

28. Structured entities

The Company sponsors several structured entities which are not consolidated as the Company is not deemed to be in control of those entities. The Company considers itself to be sponsor of a structured entity when it facilitates the establishment of the structured entity. The Company may hold an interest in some of these entities but does not provide any financial support to these entities.

These structured entities include Mutual Funds and Retirement Benefit Plans which are financed through the issue of units to investors in the funds. Up to the date of vesting, the Company generated fees from managing the assets of these funds on behalf of the third party investors. For the three-month period ended December 31, 2015, the Company earned $2.9 million (2015: $11.4 million) in management fees from the retirement plans and $18.9 million (2015: $76 million) from the mutual funds.

The Company holds no interest in sponsored funds as at September 30, 2016 since this interest was transferred on vesting in December 2015.