Republic Financial Holdings Limited

Annual Report 2021

PURPOSE

Declaration of Purpose

We value people,
we serve with heart,
we are deeply committed
to your success...

we care

Resilient

Relevant

Responsible

SCAN TO
BROWSE • REGISTER • DOWNLOAD

OR GO TO
RFHL.COM/AR2021

OUR PURPOSE

PEOPLE PLANET PERFORMANCE

Our recent signing of the UN Principles for Responsible Banking signals our commitment to work responsibly with our clients and our customers. We aim to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

We pride ourselves on a solid history of responsible banking. Through innovative products, solutions and our Power to Make A Difference Programme, we have contributed to the growth of individuals, communities and countries. For us, the signing of the UN Principles is an extension of what we have long been building and an inspiration to create the world we see, as our best future.

VISION

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

MISSION

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

CORE VALUES

Customer Focus
Integrity
Respect for the Individual
Professionalism
Results Orientation

THE TABLE OF CONTENTS

Photography
In keeping with COVID-19 protocols, our models were photographed individually.

THE GROUP AT A GLANCE

ABOUT US

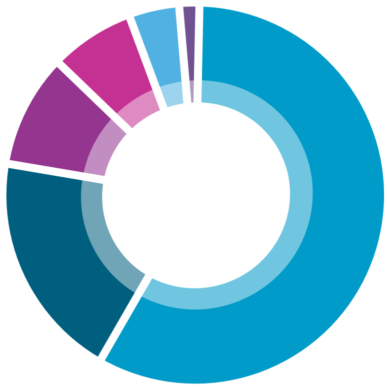
Republic Financial Holdings Limited (RFHL) is the registered owner of all of the Banks in the Republic Group:

- Republic Bank Limited
- Republic Bank (Guyana) Limited
- Republic Bank (Barbados) Limited
- Republic Bank (Grenada) Limited
- Republic Bank (Suriname) N.V.
- Republic Bank (Ghana) Plc.
- Republic Bank (BVI) Limited
- Republic Bank (Cayman) Limited
- Cayman National Corporation
- Republic Bank (EC) Limited

and other subsidiaries.

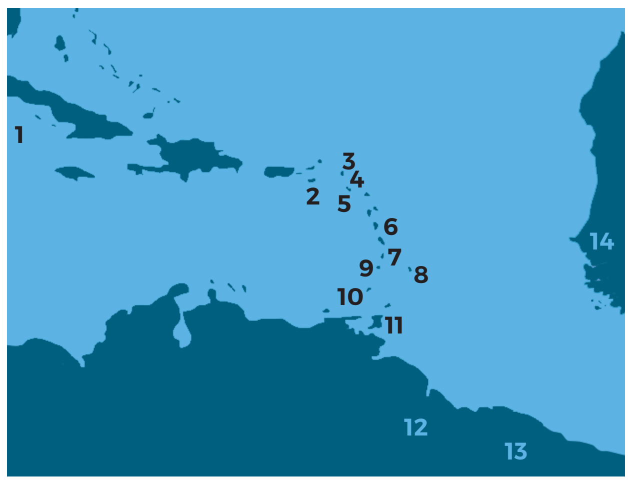
In keeping with international best practice, this holding company was formed with the aim of offering increased operational efficiencies and optimum management of the Republic Group; ultimately leading to greater value for our shareholders and clients while enabling greater strategic focus and diversification.

SOURCES OF REVENUE (%)



ADVANCES 59
FEES & COMMISSIONS 21
INVESTMENT SECURITIES 9
EXCHANGE EARNINGS 6
OTHER INCOME 4
LIQUID ASSETS 1

OPERATING COUNTRIES



1 CAYMAN ISLANDS
2 BRITISH VIRGIN ISLANDS
3 ANGUILLA
4 ST MAARTEN
5 ST KITTS & NEVIS
6 DOMINICA
7 SAINT LUCIA
8 BARBADOS
9 ST. VINCENT & THE GRENADINES
10 GRENADA
11 TRINIDAD & TOBAGO
12 GUYANA
13 SURINAME
14 GHANA

NETWORK

6,058 EMPLOYEES

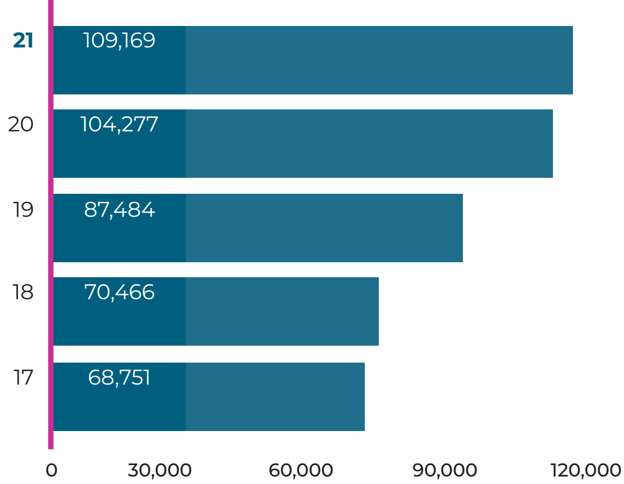
127 BRANCHES

345 ATMs

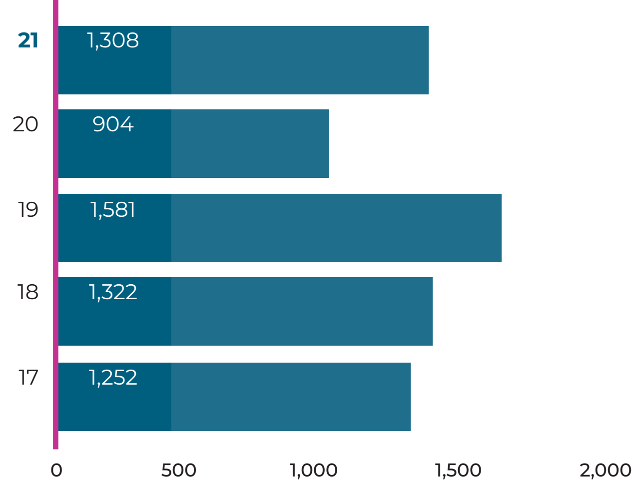
14 COUNTRIES

4,116 1,942 EMPLOYEE GENDER

TOTAL ASSETS (TT$ MILLION)



PROFIT AFTER TAX & NCI (TT$ MILLION)



SHARE PRICE (TT$)

2021 **136.31**

2020 **142.00**

DIVIDEND YIELD (%)

2021 **2.93**

2020 **1.90**

EPS (TT$)

2021 **8.05**

2020 **5.57**

PE RATIO

2021 **16.9**

2020 **25.5**

CORPORATE SOCIAL RESPONSIBILITY

Across the Caribbean, South America, and Ghana, the Republic Group continues to grow and build with diverse communities in pursuit of programmes that best support sustainable development.

As a signatory to the United Nations (UN) Principles for Responsible Banking and the UN-convened Net-Zero Banking Alliance, the Group has pledged itself, more than ever, as a committed partner.

Guided by the pillars – The Power to Care, the Power to Help, the Power to Learn, and the Power to Succeed – we use the Power to Make A Difference to improve the quality of life of people with disabilities; support healthcare, social, and environmental awareness initiatives; provide opportunities for young people to succeed through sport, education, culture and the arts; and raise the bar for corporate investment through a staff volunteerism programme.

THE GROUP'S COMMITMENT

OUR PRINCIPLES FOR RESPONSIBLE BANKING COMMITMENT

ALIGNMENT
Provide capital to contribute to the national development goals of the societies in which we operate.

SETTING AMBITIOUS GOALS
Increase positive impacts while reducing negative impacts on people and the environment resulting from our activities, products and services.

CLIENTS & CUSTOMERS
Work responsibly with clients and customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

STAKEHOLDERS
Proactively and responsibly consult, engage and partner with relevant stakeholders to achieve societal goals.

GOVERNANCE & CULTURE
Establish a sound operating model and strong culture to effectively promote and implement the Principles into our core banking operations.

TRANSPARENCY & ACCOUNTABILITY
Annually review our target and goals for the Principles and be transparent and accountable on our impact and contribution to societal goals.

LEADING BY EXAMPLE

30% Club
GROWTH THROUGH DIVERSITY

WE PLEDGE by 2025, to have at least 30% of our governance boards comprised of female directors and aspire to achieve a goal of gender parity in the long-term.

U.S. GREEN BUILDING COUNCIL
LEED CERTIFIED
USGBC

WE PLEDGE by 2025, to build all of our new properties in accordance with LEED Certified Standards and to make our existing properties greener

WE PLEDGE by 2030, to exclusively offer electric vehicles as part of our benefits package for our management team across all territories

UNEP FINANCE INITIATIVE | PRINCIPLES FOR RESPONSIBLE BANKING

Republic Financial Holdings is the leading signatory to the Global Principles for Responsible Banking in the English-speaking Caribbean and we have taken up a leadership role in contributing to the United Nations Sustainable Development Goals (SDGs) for the Caribbean region

CLIMATE FINANCE GOAL

BY 2025

LEND
INVEST
ARRANGE

US$200 Million

TO REDUCE THE IMPACTS OF CLIMATE CHANGE AND HELP DEVELOP RESILIENT CLIMATE ADAPTIVE INFRASTRUCTURE ACROSS ALL TERRITORIES

OUR COMMITMENT AIMS TO INCREASE THE PROPORTION OF:

- Loans for ELECTRIC CARS
- Loans linked to promotion of CLEAN FUELS, RENEWABLE ENERGY use and TECHNOLOGY
- Loans contributing to an improvement in ENERGY EFFICIENCY
- New construction loans that deploy CLIMATE RESILIENT TECHNOLOGY

NET ZERO

BY 2050

WE ARE COMMITTED TO ACHIEVING
NET-ZERO GREENHOUSE GAS EMISSIONS
IN OUR FINANCING ACTIVITIES

We are a founding signatory to the United Nations "Net-Zero Banking Alliance" alongside several leading global banks, where we now provide leadership for the Caribbean on a global stage.

- We will meaningfully engage our key stakeholders across all areas in the Bank to review policies, procedures, processes and systems to ensure full alignment operationally and in accordance with risk tolerance.
- We will seek out partnerships with peer banks, multilateral institutions, development banks and intergovernmental organisations for advisory services, financial products, including optimal legal structures and best practices, which allow our Bank to remain flexible based on market conditions.

THE GROUP'S COMMITMENT

SUSTAINABLE DEVELOPMENT GOALS

WE HAVE IDENTIFIED 10 GOALS WHICH CAN HAVE THE GREATEST IMPACT ON THE TERRITORIES IN WHICH WE OPERATE

1 NO POVERTY
Guyana
Suriname

3 GOOD HEALTH AND WELL-BEING
Ghana

4 QUALITY EDUCATION
Grenada
Ghana

5 GENDER EQUALITY
British Virgin Islands
Cayman Islands

6 CLEAN WATER AND SANITATION
Ghana

7 AFFORDABLE AND CLEAN ENERGY
Anguilla
Barbados
British Virgin Islands
Cayman Islands
Dominica
Guyana
St Kitts & Nevis
Saint Lucia
St. Vincent & the Grenadines
St. Maarten
Suriname
Trinidad & Tobago

8 DECENT WORK AND ECONOMIC GROWTH
Anguilla
Barbados
Dominica
Grenada
St Kitts & Nevis
Saint Lucia
St. Vincent & the Grenadines
St. Maarten

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Trinidad & Tobago

13 CLIMATE ACTION
Anguilla
British Virgin Islands
Cayman Islands
Dominica
Grenada
Guyana
St Kitts & Nevis
Saint Lucia
St. Vincent & the Grenadines
St. Maarten
Suriname
Trinidad & Tobago

17 PARTNERSHIPS FOR THE GOALS
Barbados

SMART-BASED TARGET SETTING APPROACH

S SPECIFIC goals with tangible outcomes that identify resources needed to achieve targets

M Clear and MEASURABLE definition of success to evaluate achievement and progress

A Reasonable and ATTAINABLE goals that reflect risk appetite and potential barriers to achieving targets

R Identify RELEVANCE to the Group and its subsidiaries

T Identify realistic TARGET DATES that motivate stakeholders to apply focus and discipline in implementation

PRODUCTS, SERVICES & INITIATIVES

RETAIL

- Low-cost banking products for low-income customers
- Digital apps to enable universal access to banking services
- Flexible terms on education loans to target low-income customers
- Flexible terms on insurance premium loans to target low-income customers
- Electric vehicles loan campaigns

COMMERCIAL

- Concessional interest rates and fees for PRB initiatives
- SMEs incubators and accelerators for women and youth
- Promotion of SMEs including sustainable tourism and agriculture
- Technical and Financing support

CORPORATE

- Competitive interest rates and fees for PRB initiatives
- Energy efficiency loans
- Sustainable agriculture loans
- Flexible terms on working capital credit facilities to support for green and clean energy businesses

INVESTMENT BANKING

- Direct funding to central government and related and related entities for social and environmental purposes at concessional reates
- Facilitate clean renewable energy infrastructure

RESPONSIBILITY

US$200M CLIMATE FINANCE GOAL

- **SDG 7:** Ensure access to affordable, reliable, sustainable and modern energy for all.
- **SDG 13:** Take urgent action to combat climate change and its impacts.
- **SDG 17:** Strengthen the implementation and revitalise the global partnership for sustainable development.

SUSTAINABLE COMMUNITIES

- **SDG 1:** Reduce the proportion of men, women and children of all ages living in poverty.
- **SDG 3:** Promote good mental health and well-being.
- **SDG 6:** Ensure universal and equitable access to safe and affordable drinking water.
- **SDG 8:** Promote inclusive, sustainable economic growth, full, productive employment and decent work for all.
- **SDG 9:** Build resilient infrastructure, promote sustainable industrialisation and foster innovation.

WOMEN IN BUSINESS

- **SDG 5:** Ensure women's full and effective participation and equal opportunities at all levels of decision-making.
- **SDG 8:** Promote inclusive, sustainable economic growth, full, productive employment and decent work for all.

YOUTH EMPOWERMENT

- **SDG 4:** Ensure universal access to quality early childhood development, care and pre-primary education.
- **SDG 8:** Promote inclusive, sustainable economic growth, full, productive employment and decent work for all.

NOTICE OF MEETING

NOTICE is hereby given that the Sixth Annual Meeting of Republic Financial Holdings Limited will be held virtually and streamed live to all Shareholders from the 2nd Floor Conference Room, Republic House, 9-17 Park Street, Port of Spain on December 13, 2021, at 9:30 a.m. for the following purposes:

1 To receive the Audited Financial Statements of Republic Financial Holdings Limited, for the year ended September 30, 2021, and the Reports of the Directors and Auditors thereon.
2 To take note of the Dividends paid for the twelve-month period ended September 30, 2021.
3 To elect Directors.
4 To re-appoint the Auditors, Ernst & Young, and to authorise the Directors to fix their remuneration.
5 Any other business.

NOTES

Once more, out of an abundance of caution, to proactively address the unprecedented public health impact of the global Novel Coronavirus (COVID-19) pandemic and to mitigate risks to the health and safety of our communities, Shareholders, employees and other stakeholders, we will hold a virtual Meeting, which will be conducted via live webcast.

ATTENDANCE AT THE MEETING

All Shareholders will have an opportunity to participate in the Meeting online regardless of their geographic location. Shareholders will not be able to attend the meeting in person. Shareholders can participate online using their device or tablet or computer.

Registered Shareholders and duly appointed Proxy Holders who participate in the Meeting online will be able to listen to the virtual Meeting, ask questions and vote, all in real time, provided they are connected to the internet and properly follow the following steps:

1 Shareholders are required to register during the period November 9, 2021, to December 10, 2021.
2 To register, Shareholders must visit: **rfhl.com/AR2021.**
3 Click **'Register'** which will then prompt the validation process.
4 Shareholders would be required to provide their full name, address, date of birth, valid identification number and email address.
5 Shareholders will receive an email with a username and password login credentials that will facilitate access to the Meeting on December 13, 2021.

Shareholders attending the Meeting must be confirmed as a shareholder on record as at November 18, 2021.

PERSONS ENTITLED TO NOTICE

In accordance with Section 110 (2) of the Companies Act Chap. 81:01, the Directors of the Company have fixed November 18, 2021, as the Record Date for the determination of Shareholders who are entitled to receive notice of the Annual Meeting. A list of such Shareholders will be available, for examination by Shareholders, at the Office of the Registrar during usual business hours.

PROXIES

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

VOTING

To vote on Resolutions, a pop-up screen will appear stating the resolution number. Simply click (press for touch screens) on the button next to the word "For" or "Against" depending on your vote.

Please select carefully as you cannot change your vote or vote more than once when your vote is sent. To be able to vote, you must download the Zoom app on your computer or smart phone or tablet before the event.

DIVIDEND

A final dividend of $3.00, declared for the financial year ended September 30, 2021, will be payable on December 1, 2021, to shareholders at the close of business on November 18, 2021.

REPUBLIC FINANCIAL HOLDINGS LIMITED

This is the Sixth Annual Meeting of Republic Financial Holdings Limited since the Republic Bank Limited Vesting Order (Legal Notice #215 of 2015) and the change of the name, Republic Bank Limited, to Republic Financial Holdings Limited.

DOCUMENTS AVAILABLE FOR INSPECTION

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

By order of the Board

KIMBERLY ERRIAH-ALI
GROUP GENERAL COUNSEL/CORPORATE SECRETARY

November 5, 2021

CORPORATE INFORMATION

DIRECTORS

CHAIRMAN

VINCENT A. PEREIRA, *BSc (Chem.), MBA, Dip. (Petroleum Eng.)*

PRESIDENT AND CHIEF EXECUTIVE OFFICER

NIGEL M. BAPTISTE, *BSc (Hons.) (Econ.), MSc (Econ.), ACIB*

DIRECTORS

IAN L. BENJAMIN, *BA (Hons) (Law and Land Economy), MA, LLM (Cantab), LLM (Syd), SC*

DAWN V. CALLENDER, *MBA, FCCA*

TERRENCE W. FARRELL, *LLB, LEC, PhD*

ALISON G. LEWIS, *BA (Econ. and Mgmt.), MOM*

PETER R. INGLEFIELD

SHAMEER R. MOHAMMED, *MBA (Dist.), Cert. (Business Admin.), Cert. (Family Business Mgmt.)*

ROBERT B. RILEY, *BSc (Agri. Sc.), LLB (Hons.), LEC, EMBA, CMT*

WALTNEL X. SOSA, *BA (Math. and Comp. Sc.), MBA*

KRISTINE G. THOMPSON, *B.Comm., MBA*

GREGORY I. THOMSON, *BSc (Math. and Physics), MBA*

SENIOR OFFICERS

CHIEF INTERNAL AUDITOR

WENDY A. BOSSE, *BSc (First Class Hons.) (Mgmt. Studies with minor Psyc.), AICB (Hons.)*

CHIEF FINANCIAL OFFICER

MARSHA A. MC LEOD-MARSHALL, *MSc (Dist.) (Int'l Fin.), FCCA, CA*

GROUP GENERAL COUNSEL/CORPORATE SECRETARY

KIMBERLY G. ERRIAH-ALI, *LLB (Hons.), LEC, MBA, ACAMS*

CHIEF RISK OFFICER

PARASRAM SALICKRAM, *FCCA, ACMA, CGMA, CA, CFA, FRM*

REGISTERED OFFICES

Republic House
4th Floor
9-17 Park Street, Port of Spain
Trinidad and Tobago, West Indies

GROUP HEAD OFFICE

Republic House
4th Floor
9-17 Park Street, Port of Spain
Trinidad and Tobago, West Indies
Tel: (868) 625-4411, 623-1056
Fax: (868) 624-1323
Swift: RBNKTTPX
Email: email@rfhl.com
Website: www.rfhl.com

REGISTRAR

TRINIDAD AND TOBAGO CENTRAL DEPOSITORY LIMITED

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

ATTORNEYS-AT-LAW

POLLONAIS, BLANC, DE LA BASTIDE & JACELON

Pembroke Court
17-19 Pembroke Street, Port of Spain
Trinidad and Tobago, West Indies

J.D. SELLIER & COMPANY

129-131 Abercromby Street, Port of Spain
Trinidad and Tobago, West Indies

HOBSONS ATTORNEYS AT LAW

Sagicor Centre
21-25 Independence Avenue, San Fernando
Trinidad and Tobago, West Indies

AUDITORS

ERNST & YOUNG TRINIDAD AND TOBAGO

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

CONSOLIDATED FINANCIAL SUMMARY

EXPRESSED IN THOUSANDS OF TRINIDAD AND TOBAGO DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

	2021	2020	2019	2018	2017
Total assets	**109,168,895**	104,276,614	87,483,888	70,465,620	68,751,070
Advances	**55,515,628**	53,300,181	44,630,109	36,558,137	35,322,639
Customers' deposits	**86,609,634**	81,847,168	65,023,102	52,656,548	50,402,800
Stated capital	**879,962**	862,115	803,064	790,102	780,950
Equity	**12,855,502**	11,342,473	11,231,760	10,097,782	10,146,005
Actual number of shares in issue ('000)	**163,269**	163,147	162,648	162,537	162,445
Weighted average number of shares – diluted ('000)	**163,080**	163,107	162,430	162,076	161,679
Profit after taxation and non-controlling interest	**1,308,054**	904,056	1,581,124	1,322,850	1,252,128
Dividends based on the results of the financial year	**654,314**	439,063	732,204	715,148	714,637
Dividends paid during the year	**505,846**	626,387	715,589	714,861	705,985
Dividend per share based on the results of the financial year ($)	**4.00**	2.70	4.50	4.40	4.40
Dividend per share paid during the year ($)	**3.10**	3.85	4.50	4.40	4.35
Earnings per share (basic) ($)	**8.05**	5.57	9.75	8.17	7.75
Return on average assets (%)	**1.35**	1.05	2.17	2.00	1.94
Return on average equity (%)	**11.87**	8.78	16.01	13.80	13.31

GROUP FINANCIAL CALENDAR

DIVIDEND PAYMENTS

Final dividend for year ended September 30, 2021	December 2021
Dividend for half year ending March 31, 2022	May 2022

RESULTS

Publication of results for first quarter to December 31, 2021	February 2022
Publication of results for half year to March 31, 2022	May 2022
Publication of results for third quarter to June 30, 2022	August 2022
Publication of results for year ending September 30, 2022	November 2022
Report and Accounts mailing	November 2022
Annual Meeting	December 2022

PEOPLE

Through our Diverse, Equitable and Inclusive policies and programmes we aim to facilitate a culture which is inclusive, and which respects the needs of staff and customers across a multitude of diversifying factors. As part of this thrust, we are aiming to offer SME incubators for women-led businesses and to pledge for gender and race parity on our corporate governance boards within the Group and its subsidiaries.

THE BOARD OF DIRECTORS

VINCENT A. PEREIRA
Chairman

Appointed to the Board 2019

Age 66

Credentials

- Bachelor of Sciences in Chemistry, University of Guelph
- Master of Business Administration, Houston Baptist University
- Diploma, Petroleum Engineering, University of the West Indies

Professional Summary

- Petroleum Engineer with over 35 years' energy sector experience in Trinidad and Tobago and the United States
- Former President of BHP Trinidad and Tobago:
  - ensured long term value-enabled growth and development of BHP's business in Trinidad and Tobago
  - pioneered major offshore upstream development projects and exploration efforts in the frontier deepwater basins offshore Trinidad and Tobago
- Past Director, Energy Chamber of Trinidad and Tobago
- Past Governor, Board of Governors of the National Energy Skills Centre

Subcommittees

- Governance and Nomination
- Enterprise Risk

Internal Appointments

- Chairman, Republic Bank Limited

External Appointments

- Member, Society of Petroleum Engineers
- Deputy Chairman, United Way Trinidad and Tobago

NIGEL M. BAPTISTE
President
and Chief Executive Officer

Appointed to the Board 2016

Age 55

Credentials

- Bachelor of Science in Economics with Honours, Master of Science in Economics, University of the West Indies
- Graduate, Advanced Management Programme, Harvard Business School
- Diploma with Distinction, ABA Stonier Graduate School of Banking
- Member, Chartered Institute of Bankers

Professional Summary

- Career banker with more than two decades of experience
- Managing Director, Republic Bank Limited
- Past General Manager, Human Resources, Republic Bank (Guyana) Limited

Internal Appointments

- Chairman, Republic Bank (Guyana) Limited, Cayman National Corporation
- Board Member, Republic Bank Limited, Republic Bank (Ghana) Plc.

IAN L. BENJAMIN
Senior Counsel and Head, Bethany Chambers

DAWN V. CALLENDER
Consultant, Investment Executive

Appointed to the Board 2016

Age 58

Credentials

- Bachelor of Arts in Law with First Class Honours, Bachelor of Arts in Land Economy with Upper Second Class Honours, Master of Laws with Upper Second Class Honours, University of Cambridge
- Master of Laws with First Class Honours, University of Sydney
- Admitted to the Bar of England and Wales (1988), Trinidad and Tobago (1989), Dominica (2008), Grenada (2013), Anguilla (2016)
- Appointed Senior Counsel (2018)
- Certified Mediator and Member, Chartered Institute of Arbitrators

Professional Summary

- Career advocate attorney with over 30 years' experience in practicing and teaching law in Trinidad and Tobago, the United Kingdom and Australia
- Door tenant (Associate Member) of Fountain Court Chambers, London, England

Subcommittees

- Governance and Nomination

External Appointments

- Board Member, Amitaf Investments Limited, Dobs Limited
- Volunteer Chairman, United Way Trinidad & Tobago
- Volunteer Director, Foundation for Human Development

Appointed to the Board 2011

Age 64

Credentials

- Master of Business Administration, Henley Management College
- Fellow, Association of Chartered Certified Accountants

Professional Summary

- Two decades in executive level positions
- Worked in the fields of business management, strategic financial management, implementation of business systems in the United Kingdom, the United States, and Zimbabwe
- Research interest in the fields of strategy and leadership

Subcommittees

- Audit
- Enterprise Risk

External Appointments

- Board Member, Fair Trading Commission
- Chairperson, Regulated Industries Commission

THE BOARD OF DIRECTORS

TERRENCE W. FARRELL Consultant

Appointed to the Board 2008

Age 68

Credentials

- Bachelor of Laws, University of London
- Legal Education Certificate, Hugh Wooding Law School
- Master of Economics, University of the West Indies
- Doctor of Philosophy in Economics, University of Toronto,
- Certified Mediator, Chartered Institute of Arbitration and Mediation Council of Trinidad and Tobago
- Fellow, Institute of Banking and Finance of Trinidad and Tobago

Professional Summary

- Business development and strategy consultant and Attorney-at-law
- Former Deputy Governor, Central Bank of Trinidad and Tobago
- Senior executive positions, Guardian Holdings Limited (GHL), One Caribbean Media Limited

Subcommittees

- Chairman, Governance and Nomination
- Member, Enterprise Risk

PETER R. INGLEFIELD Consultant

Appointed to the Board 2020

Age 69

Professional Summary

- Consultant with more than 3 decades' extensive experience in the field of taxation and accounting, locally and regionally, with special emphasis on Petroleum Taxation, including advising foreign investors on structuring local operations; issues relating to cross-border transactions, tax treaty considerations; withholding tax matters
- Former Board Member, Republic Bank Limited
- Former Tax Partner and Managing Partner, PricewaterhouseCoopers
- Past member, Institute of Chartered Accountants, Trinidad and Tobago

Subcommittees

- Chairman, Audit
- Member, Enterprise Risk

External Appointments

- Director, Trinidad and Tobago Stock Exchange, IRP Fire & Safety Limited, Catholic Media Services Limited

ALISON G. LEWIS

Consultant

Appointed to the Board 2014

Age 67

Credentials

- Bachelor of Arts in Economics and Management

Professional Summary

- Past Governor, Heritage and Stabilisation Fund
- Past Advisor, Office of Executive Director, World Bank
- Permanent Secretary, Ministry of Finance, Trinidad and Tobago
- Past Commissioner, Trinidad and Tobago Securities and Exchange Commission
- Two decades on several Boards including the Central Bank of Trinidad and Tobago, Trinidad Cement Limited, the Sovereign Wealth Funds Group, the Economic Development Advisory Board
- Former Chairman of the Port Authority of Trinidad and Tobago

Awards

- Public Service Medal of Merit (Gold) for meritorious and outstanding service to Trinidad and Tobago

External Appointments

- Director, NiQuan Energy Trinidad Limited, Kamfra Development Limited

SHAMEER R. MOHAMMED

Executive Director, Nutrimix Group

Appointed to the Board 2019

Age 42

Credentials

- Master of Business Administration with Distinction, Anglia Ruskin University
- Certificate in Business Administration, Association of Business Executives
- Certificate in Family Business Management, Arthur Lok Jack Graduate School of Business

Professional Summary

- Over two decades in senior management/executive roles in corporate management, financial and credit risk management, corporate strategic and business planning, implementation, research and marketing

Subcommittees

- Audit

External Appointments

- Chairman, Caribbean Airlines Limited
- Chairman, Estate Management and Business Development Company Limited
- Board Member of several local and regional companies

THE BOARD OF DIRECTORS

ROBERT B. RILEY Executive Director, Robert Riley Leadership and Energy Consulting

WALTNEL X. SOSA Consultant

Appointed to the Board 2016

Age 64

Credentials

- Bachelor of Laws with Honours, Bachelor of Agricultural Sciences with Honours, Doctor of Laws Honoris Causa, University of the West Indies
- Consortium Executive Master of Business Administration, Thunderbird American Graduate School of International Management

Professional Summary

- Attorney-at-law admitted to the Supreme Court, 1987
- Past Head of Safety and Operations Risk, Safety Risk Leadership and Culture, BP Plc., London
- Past Chairman and Chief Executive Officer, BP Trinidad and Tobago
- Past Vice President, Legal and Government Affairs, Amoco, BP/Amoco
- Past General Counsel and Corporate Secretary, BWIA
- Past Board Member, Amoco Trinidad and Tobago LLC, Titan Methanol; BP Trinidad and Tobago, Atlantic LNG, Sequis LLC (Internet Software Company) and several corporate organisations

Awards

- Chaconia Medal (Gold) 2003 for contribution to national development

Subcommittees

- Chairman, Enterprise Risk
- Member, Audit

Appointed to the Board 2018

Age 44

Credentials

- Bachelor of Science in Mathematics and Computer Science, Hamilton College
- Master of Business Administration, Harvard Business School

Professional Summary

- Independent Advisor with close to two decades' experience at the senior level in corporate finance, strategic and corporate planning and business development
- Served in financial institutions in Trinidad and Tobago and the United States
- Held advisory and operating roles in/for multilaterals, public and private sector entities for implementation, acquisition, and privatisation projects
- Financial Advisor on topics including structuring and capital sourcing, real estate development, and the advancement of Caribbean-based energy initiatives

Subcommittees

- Enterprise Risk

KRISTINE G. THOMPSON

Chief Executive Officer,
Cabot Saint Lucia
Director,
Yay! Entertainment Limited

Appointed to the Board 2011

Age 50

Credentials

- Bachelor of Commerce, Queen's University
- Master of Business Administration, Harvard Business School

Professional Summary

- Former Chief Executive Officer, Sunshine Snacks Limited, Associated Brands Industries Limited (ABIL) Group
- Co-founder, Chuck E. Cheese, Trinidad
- Past Vice President, Business Development, Guardian Holdings Group
- Past Management Consultant, Boston Consulting Group, Toronto, New York, Buenos Aires, Melbourne

Subcommittees

- Governance and Nomination

External Appointments

- Member, Beverage Leadership Council, ANSA McAl Group
- Director, Industrial Rubber Products (IRP) Ltd.

GREGORY I. THOMSON

Retired Banker

Appointed to the Board 2014

Age 69

Credentials

- Bachelor of Science in Mathematics and Physics, University of the West Indies
- Master of Business Administration, University of Western Ontario

Professional Summary

- Career banker with over 40 years' experience in banking and finance including his position as Deputy Managing Director, Republic Bank Limited until 2012

Subcommittees

- Enterprise Risk
- Audit

Internal Appointments

- Chairman, Republic Bank (Grenada) Limited

External Appointments

- Board Member, One Caribbean Media Limited
- Chairman, Caribbean Information and Rating Services Limited

DIRECTORS' REPORT

Your Directors have pleasure in submitting their Report for the year ended September 30, 2021.

FINANCIAL RESULTS AND DIVIDENDS

The Directors report that the Group's profit after taxation and non-controlling interest for the year ended September 30, 2021, amounted to $1.3 billion.

The Directors have declared a dividend of $3.00 per share for the year ended September 30, 2021. A half-year dividend of $1.00 per share was paid on May 31, 2021, making a total dividend on each share of $4.00 (2020: $2.70).

Set out below are the names of the Directors and Senior Officers with an interest in the company as at September 30, 2021, together with their connected parties and our ten largest shareholders.

DIRECTORS AND SENIOR OFFICERS

DIRECTOR/SENIOR OFFICER	SHAREHOLDING	CONNECTED PARTY SHAREHOLDING
Nigel M. Baptiste	23,142	
Ian L. Benjamin	Nil	8,159
Dawn V. Callender	1,000	
Terrence W. Farrell	Nil	
Alison G. Lewis	Nil	
Peter R. Inglefield	Nil	14
Shameer R. Mohammed	Nil	
Vincent A. Pereira	Nil	27,222
Robert B. Riley	Nil	
Waltnel X. Sosa	Nil	
Kristine G. Thompson	Nil	
Gregory I. Thomson	346	
Wendy A. Bosse	13,876	
Kimberly G. Erriah-Ali	10,305	
Marsha A. Mc Leod-Marshall	3,635	
Parasram Salickram	15,282	

10 LARGEST SHAREHOLDERS

	NAME	SHAREHOLDING	CONNECTED PARTY SHAREHOLDING
1	National Investment Fund Holding Company	42,475,362	26.01
2	Clico Trust Corporation Limited	40,072,299	24.54
3	National Insurance Board	29,944,942	18.34
4	Trintrust Limited	9,918,941	6.08
5	RBC Trust (Trinidad & Tobago) Limited	5,402,515	3.37
6	First Citizens Asset Management	3,513,152	2.15
7	Guardian Life of the Caribbean	2,625,568	1.61
8	Trinidad and Tobago Unit Trust Corporation	2,496,886	1.53
9	Central Bank of Trinidad and Tobago – Pension Scheme	782,039	0.48
10	RBC Investment Management (Caribbean) Limited	519,486	0.32

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

DIRECTORS

In accordance with By-law No. 1, Paragraph 4.4, Dawn Callender, Robert Riley and Ian Benjamin retire from the Board by rotation and, being eligible, offer themselves for re-election for a term expiring at the close of the third annual meeting following this appointment.

Mr. Michael Noel was appointed a Director on October 18, 2021, to fill the casual vacancy created by the resignation of Mr. Shazan Ali on April 21, 2021. In accordance with By-law No. 1, 4.4.5, Mr. Noel, having been appointed since the last meeting, retires from the Board and, being eligible, offers himself for re-election for a term expiring at the close of the third annual meeting following this appointment.

COMMUNITY INVOLVEMENT

PILLARS OF STRENGTH

THE POWER TO MAKE A DIFFERENCE

Defined by the deep-seated commitment to build sustainable societies through successful, long-lasting partnerships and the lives changed along the way, the Power to Make A Difference programme has grown over the course of 18 years, across the Caribbean, South America, and Ghana, to become a lifeline between the Republic Group and the diverse communities it proudly serves.

In 2020/2021, the Group strengthened that connection by becoming the first official signatory in the English-speaking Caribbean of the United Nations (UN) Principles for Responsible Banking, and later, by joining 42 other global banks in 23 countries as founding signatories of the UN-convened Net-Zero Banking Alliance, effectively mapping the way forward for the Group to achieve net-zero greenhouse gas emissions by 2050.

Against the backdrop of an ongoing COVID-19 pandemic and the impacts it continues to have on our ways of life and business, the Republic Group continued the journey onward in partnership with the community to provide not only much needed relief and support to many but also hope and encouragement to aspire.

DIRECTORS' REPORT

Using the Power to Learn, the Republic Group promoted literacy and education through strategic partnerships with the Indigenous Creative Arts Network (Trinidad and Tobago); St. Ambrose Primary School and the School Block Project (Barbados); John Gray High School, Clifton Hunter High School, and Layman E. Scott High School (Cayman Islands); the University of Guyana; the UWI Scholarship and Bursary Programme and the T. A. Marryshow Community College (Grenada); and the University of Ghana.

With the Power to Succeed, collaborations with the Institute of Marine Affairs and BPD Associates (Trinidad and Tobago); the Grenada Cricket Association; the Kiwanis Club (Cayman Islands); the Barbados Youth Action programme, Eco Rebel Barbados and Barbados Adventure Race; Women Across Differences (Guyana), and the National Partnership for Children's Trust (Ghana), the Group provided opportunities and much needed encouragement to many to dare to better themselves and their communities.

The Group further channelled the Power to Care and the Power to Help to support of a variety of relief programmes, health and wellness initiatives, and environmental protection drives. These brought about partnerships in Suriname, to establish the nation's first pediatric kidney dialysis center; in Guyana, to maintain the much loved Promenade Gardens; in the Cayman Islands, through support of the Cayman Islands Angling Club, the Special Olympics Cayman Islands Golf Tournament, and the Alex Panton Foundation; in Barbados, through support of the Crime Stoppers' 'Cool Yuh Head' Programme and Pharma Wellness International Inc. 'Workplace and Lifestyle Wellness' programme; and, in Ghana for the maintenance of the African Union Square.

In the Eastern Caribbean, the Bank broke new ground, as part of a first anniversary celebration, with an inaugural community outreach programme where each territory identified and supported various non-governmental organisations (NGOs) and other vulnerable groups in their communities in an earnest attempt to deepen the Bank's roots within the region.

As we look to the future, the Republic Group is optimistic along with the people and communities we are privileged to serve. We look forward to a return to better times, thanks in large measure to the Power to Make A Difference and a mutual commitment to looking after our communities.

The past year has been instructive and encouraging. As the programme continues to gain even greater focus, strategic reach, and wider participation, the overarching mandate remains founded on bringing the Group closer with as many stakeholders as possible to make a long-lasting difference in poverty reduction, empowerment through literacy and education, arts and culture preservation, gender equity, and environmental protection.

This is the Power to Make A Difference – the fundamental promise to be each other's keepers.

AUDITORS

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

By order of the Board

KIMBERLY ERRIAH-ALI
CORPORATE SECRETARY

CHAIRMAN'S REVIEW

VINCENT A. PEREIRA

DEAR SHAREHOLDERS,

2021 was indeed an extraordinary year, defined in many ways by the deepening of the COVID-19 pandemic which has impacted every jurisdiction that the Group operates within and has had significant consequences on the lives and livelihoods of so many people across the regions – our customers, our colleagues, our shareholders and the communities we serve. As the year unfurled, the benefit of the vaccines, now broadly available in all our regions, has brought people hope and created a sense of hopefulness for economic recovery across the globe. However, vaccine hesitancy has also emerged as a great threat to a successful recovery. There is still much for us to do.

During this continued period of great uncertainty, our primary focus at Republic Financial Holdings Limited (RFHL) was on what our Group could do to serve our many stakeholders. Our priorities have remained clear: ensure that from a financial and operational standpoint, our Group remained resilient in order to play a key role in mitigating the consequences of the pandemic, whilst at the same time ensuring readiness for the role we must play in the recovery. Everywhere we operate, Republic Bank was at the forefront, helping our clients and customers through the difficulties they faced, working with regulators and governments to help chart a pathway to recovery and future growth and working with communities to provide much needed assistance and hope. Our resilience was the cornerstone that enabled us to support our colleagues, customers, clients and communities, not only ensuring they were supported through the period, but also ensuring they were ready for recovery from the impacts of the pandemic.

CHAIRMAN'S REVIEW

Our ability to navigate these challenging times was due to our people – the extraordinary women and men of RFHL. It is through their commitment, resilience and dedication that we were able to accomplish all that we did. Our team truly rose to the occasion, working in a tireless yet committed manner and demonstrating enormous professionalism and care in support of our clients and customers. On behalf of the Board, I would like to say how proud I am of the Republic Team and to express my deepest thanks to them all for the exceptional way they have and continue to respond to these most challenging of circumstances.

RESULTS

It is against the above backdrop that RFHL demonstrated a creditable level of performance. For the year ended September 30, 2021, RFHL reported profit attributable to equity holders of the Parent of $1.308 billion. This represents an increase of $404.3 million or 44.7% compared to the 2020 reported profits of $904.1 million, but $272.8 million or 17.3% below the 2019 profits of $1.58 billion.

While the improved performance over 2020 was generally attributable to lower provisions for loan losses, it also reflects the positive impact of the Group's acquisition and diversification strategy. During the fiscal, the Group continued to support our clients through maintenance of the various concessions granted to customers on loan payments, reduced interest rates and discounted fees while also supporting various national initiatives to promote higher vaccination rates and support for those adversely impacted by COVID-19. Notwithstanding these activities, our performance was positively impacted by the contribution from the British Virgin Islands (BVI) operations which were acquired in June 2020, and improved efficiency in most territories, with Ghana and the Cayman Islands being stand outs.

A full discussion of the Group's financial performance can be found in the President's Discussion and Analysis contained on pages 32 to 45 of this report.

The Board of Directors has declared a final dividend of $3.00 (2020: $2.10) per share, which brings the total dividend to $653.1 million or $4.00 (2020: $2.70) per share for the fiscal year. This represents an increase of 48.2% in total dividend payment, reflective of the increase in profitability in the

NET PROFIT (TT$B)

1.31

TOTAL DIVIDEND (TT$)

4.00

current fiscal year. At a closing share price of $136.31, this dividend represents a dividend yield of 2.93% (2020: 1.90%). The Group's capital adequacy ratios across all territories and at the Parent level remains quite robust.

The final dividend will be paid on December 1, 2021, to all Shareholders of record on November 18, 2021.

PRINCIPLES FOR RESPONSIBLE BANKING

During this fiscal, the Group has made meaningful steps towards our sustainability initiatives. Our strategy is to develop responsible and innovative bank product offerings to meet the needs of our clients and identify positive impact areas that align with the United Nations Sustainable Development Goals. We aim to create accountability and transparency that can lead to our Group becoming a more responsible corporate citizen for the Caribbean and Ghana. In June 2021, we announced our US$200 million Climate Finance Goal to finance activities that reduce the impacts of climate change and create environmental solutions in collaboration with our clients.

As a member of the United Nations Environment Programme Finance Initiative (UNEP FI), we are working to create a Sustainable Finance Sector and commit to the integration of environmental and social considerations into all aspects of our operations. The transition to net-zero is rapidly becoming one of the most important drivers of financial performance for banks globally. In April 2021, we joined a group of the leading global commercial banks as founding signatories to the United Nations-convened Net-Zero Banking Alliance. To date, this global commitment by commercial banks has mobilised US$40 trillion in assets towards achieving net-zero Greenhouse Gas (GHG) emissions from the financing activities of all signatories by 2050. We are especially proud of our role as a founding member, and, of being the only Caribbean commercial bank signatory to date.

THE GLOBAL ECONOMY

Despite the persistent challenge presented by the pandemic, global economic activity is recovering. The International Monetary Fund (IMF) in the October edition of its World Economic Outlook, forecasts that the global economy will grow by 5.9% in 2021 and 4.9% in 2022. The downward revision reflects lower expectations for developed countries due partly to supply disruptions, combined with lower expectations for low-income developing countries caused by persistent and even worsening pandemic challenges. These negatives were somewhat offset by positive near-term prospects for commodity exporting countries due to prevailing strong commodity prices.

THE REGIONAL ECONOMY

Some 18 months in, after all the surges, restrictions, stops and starts, the pandemic has created a commonality across most countries in the region. As a result of its location, persistence and the inherent appeal of assisting a large number of nation states with a small, combined population, the Caribbean was able to secure adequate supplies of COVID-19 vaccines relatively quickly. Yet, most states have experienced at least one significant surge in cases, and the regional push toward widespread population vaccination generally remains slow due to vaccine hesitancy. In the meantime, for many countries, the resumption of full economic activity continues, though important activities such as in-person schooling remain delayed. Despite this commonality of struggle and frustration, there are some differences in circumstances. With tourism activity significantly reduced in most states, those for whom this sector is their economic lifeblood are experiencing major revenue constraints and severe financing challenges. While the commodity-exporting countries are not immune to these conditions, they can still rely on a revenue stream that is generally unaffected by border closures, travel safety ratings and the confidence of prospective vacationers, and currently bolstered by strong international prices. On the positive side however, winter tourism bookings are widely reported to be strong and it is hoped that realisation of those advanced bookings is not derailed by future COVID-19 developments.

BARBADOS

The Barbados economy is expected to experience 1% to 3% overall growth in 2021. This growth is predicated on the continued recovery of the island's tourism sector as the country continues to relax the various restrictions imposed in 2020. In December 2020, Caribbean Information and Credit Rating Services Limited (CariCRIS) reaffirmed Barbados' credit rating of CariBB for local currency and CariBB- for foreign currency with a stable outlook for the country's economy. Increased borrowing, in tandem with a shrinking economy, resulted in the debt to Gross Domestic Products (GDP) ratio climbing to 144% at the end of 2020 from 120% a year earlier. The low interest rate environment however resulted in no significant increase in the debt servicing requirements. Gross international reserves continued its upward trajectory, ending the year 2020 at $2,661.9 million, equivalent to 40 weeks of import cover.

Following a visit by an IMF team in August 2021, Barbados was adjudged to have met all its Extended Fund Facility (EFF) targets to the end of June 2021. That same month, the country received an allocation of US$129 million as part of the global allocation of IMF Special Drawing Rights (SDR) which boosted its international reserves to more than US$1.4 billion. As of September 27, 2021, 35.9% of the country's population was vaccinated.

> **During the fiscal, the Group continued to support our clients through maintenance of the various concessions granted to customers on loan payments, reduced interest rates and discounted fees while also supporting various national initiatives to promote higher vaccination rates and support for those adversely impacted by COVID-19.**

CHAIRMAN'S REVIEW

BRITISH VIRGIN ISLANDS

The economy of the BVI contracted by 18.7% in 2020. In addition to COVID-19's impact on its tourism sector, BVI faced other significant challenges in 2020. As a result of restrictions and border closures implemented to limit the spread of COVID-19, stay-over arrivals fell by 72.7%.

Company incorporations experienced its worst ever decline, falling by 14.5% from 26,150 in 2019 to 22,362 in 2020. Like other tourism-based economies, as the borders have gradually reopened, the country has experienced increased tourist arrivals. At the start of July 2021, BVI welcomed its first cruise ship in 15 months, the Royal Caribbean's Celebrity Millennium. The country's respectable vaccination rate of 49.5% (at July 2021) will stand it in good stead as it continues to reopen. On the other hand, the financial services sector continues to come under pressure for more transparency, but is still expected to make a positive contribution to the country's recovery efforts in 2021.

CAYMAN ISLANDS

Economic activity contracted by 6.7% in 2020, with anecdotal evidence suggesting that the decline moderated in the second half of the year. Although the number of visitors to the Cayman Islands (CI) declined by 70.8% in 2020, economic activity associated with local staycation and the island's financial services industry minimised the extent of the economic fallout. The country's real estate sector experienced a significant upsurge in activity in 2020 and into 2021.

The gradual reopening of the country's borders commenced in early 2021 as the population's vaccination levels increased. As of September 29, 2021, 78.3% of Cayman Island's population was vaccinated. On June 30, 2021, it was announced that the economic substance requirements for the Cayman Islands were extended to partnerships pursuant to the International Tax Cooperation (Economic Substance) (Amendment of Schedule) Regulations 2021. This means that partnerships will need to submit an annual economic substance notification, indicating whether they are required to meet the economic substance test under the Economic Substance Act. The impact of this change on the financial services sector remains unknown but it is not expected to result in any material diminution of activity in the sector.

EASTERN CARIBBEAN

The economies of the Eastern Caribbean (EC) contracted to varying extents as tourism activity remained subdued from 2020 into 2021. According to the World Bank, the best performing EC country in 2020 was St. Vincent and the Grenadines, which suffered an economic contraction of 2.7% in 2020. Other islands experienced significantly greater contractions with Dominica (-16.7%), Grenada (-11.2%), Saint Lucia (-10.2%) and St. Kitts (-10.7%) all experiencing double digit declines. The future prospect of each territory is closely tied to the reopening of their borders and the ease of re-entry requirements in their source countries.

During the first ten months of the fiscal, long-stay arrivals across the EC region contracted, ranging from 51.5% to 84% (year-on-year) as global travel remained subdued. Excursionists and yacht calls also declined, with the decline in excursionists ranging from a low of 26.3% in St. Kitts to as high as 100% in Anguilla, while yacht calls declined within a range of 91% to 97.3% across the region. Total visitor expenditure also decreased in ranges from 48.6% to 94% year-on-year. In the latter half of the year, there was a notable pickup in activity as restrictions eased. As such, in fiscal 2021, tourism activity in the EC continued to lag because of the pandemic, though the gradual reopening of borders and easing of travel restrictions has generated cautious optimism for a good 2021 winter season, based on advanced bookings. In Grenada, St. George's University is making calculated strides towards in-person classes.

The region's economic recovery may hinge on its rate of vaccination as the slow pace of vaccination in some Caribbean territories is being identified as a major downside risk for future growth. St. George's University, for example, had to roll back some of its opening because of low vaccination and an upsurge in cases. Any economic recovery in the region can therefore be delayed further by pandemic-induced disruptions, financial sector uncertainties and of course, natural disasters (such as the volcanic eruption in St. Vincent during 2021). High vaccine hesitancy in some islands result in fully vaccinated rates as low as 12.2% in St. Vincent and the Grenadines and 17% in Saint Lucia at the end of September 2021. Relatively speaking, St. Kitts and Nevis reached a reasonable position with its vaccination programme, having approximately 48% of the total population receiving at least one dose, of which 42% are fully vaccinated as of October 1, 2021.

GHANA

In 2020, Ghana's GDP growth was 0.4% compared to a pre-Covid projection of 6.8%. The economic slowdown was a result of Ghana's main commodities enjoying mixed fortunes in 2020. Export receipts from crude oil fell by US$1.6 billion due to low prices, while gold and cocoa export earnings went up by 9.1% and 2.1% respectively, due to favourable prices and production volumes. Average annual inflation was 9.9% in 2020 up from 8.7% in 2019. A significant increase in its fiscal deficit resulted in Ghana's debt to GDP ratio climbing to 76.1% by December 2020, compared with 62.4% at the end of 2019. Cumulatively, the Ghana Cedi depreciated by 3.9% against the US dollar in 2020, compared with a depreciation of 12.9% in 2019.

Ghana's economy grew by 3.1% year-on-year in the first quarter of 2021 compared with 7% in the same period last year. The agriculture sector recorded the highest growth of 4.3% followed by the services sector with growth of 4.0%. The industrial sector expanded by 1.3%. Gold production is expected to continue rising and along with increased oil production and high oil prices, should put the country in a stronger fiscal position at the end of 2021 and heading into 2022. However, with its low vaccination rate, Ghana is at greater risk of experiencing major COVID-19 surges that could frustrate economic growth in 2022. Although, the country of over 30 million people reportedly did well at curbing the ravages of COVID-19, with a total 127,482 cases and 1,156 deaths as of September 30, 2021, its vaccination programme was proceeding slowly, with just 2.4% of the population vaccinated as of September 20, 2021.

In April 2021, Moody's Investors Service (Moody's) maintained Ghana's credit rating at B3 but lowered the outlook to 'Negative' reflecting its assessment that the pandemic posed rising risks to Ghana's funding and debt servicing due to its exposure to shocks from a high dependence on external financing.

GUYANA

In 2020, Guyana's economy expanded by 43.5% after a full year of oil production, which increased from 427,282 barrels in 2019 to 27,197,803 barrels in 2020. Non-oil GDP contracted by 7.3% due to the challenges of the pandemic coupled with political uncertainty. The agriculture sector was the only non-oil sub-sector that grew (4.1%). Gold declarations contracted by 7.8% due to lower declarations by the two foreign companies. The Diamond sub-sector contracted by 65% due to weaker demand for precious stones amidst the pandemic. Activity in the manufacturing sector was weaker due to contractions in sugar processing, milling and other manufacturing sub-sectors. Construction activity also declined by 6.3% because of lower public investments and delays in public infrastructural projects brought on by the elections impasse in the second quarter of 2020 and COVID-19 pandemic restrictions.

For the future, Guyana will not only focus on its highly lucrative oil industry but will seek to improve the synergy between the agriculture and tourism sectors. Currently, the Ministry of Agriculture is aiming to further develop the existing agri-tourism policy in Guyana through initiatives such as farmers' markets, agricultural tours, and other hospitality businesses. Investments in construction will also augur well for the country's overall growth potential. Within the next two years, the construction of the US$100 million Georgetown Cement Company cement plant will be completed. This new facility will combine both French and German technologies and will help reduce the cost of imported cement by approximately 30%. Concerning the country's management of the pandemic, vaccination is progressing at a slow but steady pace. As of June 30, 2021, around 14% of the population was fully vaccinated, and 30% had already received at least one dose of a vaccine. By September 29, 2021, the fully vaccinated population had grown to approximately 24%.

ST. MAARTEN

The St. Maarten economy contracted by 24% in 2020, but is projected to return to growth of 4% in 2021. The pandemic-related disruptions in St. Maarten stymied tourism activity in 2020, as long-stay arrivals contracted by 66.7% (year-on-year) compared to growth of 56.5% (year-on-year) in 2019. Cruise passengers also contracted by 73.3% (year-on-year) in 2020. During the first seven months of 2021, tourism activity improved as long-stay visitors increased by 70% (year-on-year), compared to the contraction of 62.1% (year-on-year) for the same period in 2020. However, the cruise sector worsened further in the first seven months of 2021, recording a contraction of 98.9% (year-on-year) compared to the decline of 60.4% in 2020.

CHAIRMAN'S REVIEW

On March 19, 2021, Moody's downgraded St. Maarten issuer ratings from Baa3 to Ba2 and the outlook was changed from Stable to Negative. This downgrade was largely due to policy differences between the governments of St. Maarten and the Netherlands, St. Maarten's main source of financing. The country currently stands at a good place with respect to its vaccination programme given that 58.4% of the population was fully vaccinated, and 63.4% had already received at least one dose as at October 1, 2021. This is expected to provide the foundation for further lifting of travel restrictions, spurring increased tourism activity.

SURINAME

In 2020, the Suriname economy declined by 14.5% due to pandemic related slowdown/cessation of activity. The government failed to meet a March 31, 2021, deadline to pay US$49.8 million in external debt service on its US$125 million notes (due 2023) and its US$550 million notes (due 2026). As a result of this default, on April 1, 2021 Fitch Ratings downgraded Suriname's Long-Term Foreign Currency Issuer Default Rating (IDR) to 'RD' from 'C'. At the end of April, Suriname entered a three-year, US$690 million Extended Fund Facility (EFF) arrangement with the IMF.

On the positive side, a joint venture initiative between the Apache Corporation and TotalEnergies SE made four notable oil discoveries in Suriname in 2020. Exploitation of these discoveries will contribute to the country's recovery in years to come. Suriname also commenced bilateral discussions with Guyana for a joint gas strategy, which could include gas-to-shore infrastructure and the establishment of a natural gas-powered electricity plant in Guyana. In August 2021, it was disclosed that Dubai-based logistics group DP World planned to invest more than US$100 million in a new oil port in Suriname. The port will be located on the east bank of the Suriname River, with construction scheduled for early 2022, in collaboration with local companies. Activities arising from these developments, along with the support from (and the reforms required by) the IMF, are expected to result in an improved economic performance in 2021, though the economy is still expected to contract, by 1.5% in 2021. At the end of September 2021, 29.4% of Suriname's population was vaccinated.

TRINIDAD AND TOBAGO

According to estimates from the Central Bank of Trinidad and Tobago, the Trinidad and Tobago (T&T) economy contracted by 7.4% in 2020 due to a 12.2% decline in energy sector activity and 5.6% contraction of non-energy sector activity. In a year characterised by turbulent movement in energy prices, there was encouraging, albeit modest improvement in prices at the end of 2020. In the fourth quarter of 2020, West Texas Intermediate (WTI) oil prices rose to an average of US$42.50 per barrel from US$40.89 in the third quarter. Likewise, Henry Hub gas prices increased to US$2.63 per thousand cubic feet (mcf) from US$2.07. T&T was unable to fully capitalise on this however, due to declines in output. Natural gas production fell by 12.5% in the fourth quarter of 2020 compared to the previous quarter and by 27.4% year-on-year to 2,525 million standard cubic feet per day (mmscf/d). By comparison, the decline in oil production was mild, with 56,109 barrels per day (bpd) registered during the fourth quarter, only 1% lower than the figure recorded in the third quarter and 4.9% below fourth quarter 2019 levels. Average oil output for the year was 56,472 bpd, down from 58,851 bpd for 2019.

Oil production steadily increased in 2021, with the 57,787 bpd average for April and May, 2.3% higher than that of the first quarter, and 6.8% higher than the April-May period in 2020. Natural gas production continued to decline however, with the average output of 2,528 mmscf/d for April-May, 30% lower than that of the same period a year ago. This contributed to the 82% year-on-year fall in LNG output. Energy prices strengthened in 2021. WTI crude oil prices averaged US$64.96 per barrel over the first nine months of 2021, a 70.7% increase over the US$38.06 average for the same period in 2020. Similarly, the average Henry Hub natural gas price jumped by 94% from US$1.94 per mcf in 2020 to US$3.76 per mcf in 2021. While in this scenario, oil revenue would have been boosted, sub-par gas production negatively impacted T&T's fiscal position, with revenue for the first seven months of the fiscal year (October 2020 – April 2021) registering $2.5 billion below the budgeted amount.

With the phased reopening of several sub-sectors in August and September, non-energy sector activity and its contribution to the economy would have increased steadily, if not swiftly. Nonetheless, T&T's economy is expected to contract by 1% in 2021. The country's debt to GDP ratio stood at 84.8% in September 2021. For 2022, the Government is forecasting a 2.2% increase in real GDP as both the energy and non-energy sectors are expected to increase by 13% and 2.2% respectively. As of September 30, 2021, 35.6% of T&T's population was vaccinated.

BOARD

I am deeply thankful to my fellow Board colleagues for their continued support and unswerving commitment during 2021. We remain steadfast in the belief that Board diversity is a key enabler in ensuring the quality of the decisions we make, and this is strongly supported by an environment that encourages openness and constructive challenge and debate in all our deliberations. Our commitment is to ensure that all our actions are undertaken in a manner that demonstrates fairness and that is always in the interests of all our stakeholders.

Over the past year we said farewell to one of our longest serving Directors, Shazan Ali. On behalf of the Board, I would like to thank Shazan for his invaluable contribution to the Republic Group over his 11 years of dedicated service and to wish him the very best in his new endeavours. It is also with great pleasure that I welcome Michael Noel as an independent Non-executive Director to the Board. Michael joins us with a successful and multi-faceted career with a focus on technology, having served in various Executive roles in major corporations. I look forward to the long and valuable contribution he will make to the Board.

OUTLOOK

The differences and inequities between and within nations, brought into sharper focus by the pandemic, will continue to affect performance and realities going forward. While vaccine availability was initially thought to be the main driver of early economic recovery, vaccine acceptance/hesitancy is proving to be of much greater importance. Most governments are however now committed to the gradual reopening of their economies. For many such economies, labour shortages and supply disruptions are quickly becoming their most urgent challenges, and they will strenuously seek to overcome those challenges to prevent the nascent economic recovery from being undermined. Shortages of goods and labour can drive inflation and while most analysts believe these shortages will be remedied in 2022, if they persist and fuel significant price increases, interest rates may be raised to dampen inflation. Such a development will have repercussions for countries the world over, as increased benchmark rates will increase the cost for countries to service their foreign debt and will increase the pressure on Central Banks to increase their domestic benchmark rate to avoid capital flight.

In August 2021, the Group's wholly owned subsidiary, Republic Evolve Limited, was issued an insurance license under Section 25 of the Insurance Act, 2018 as a long-term insurance company to conduct the life insurance class of business only. In September 2021, the company's name was changed to Republic Life Insurance Company Limited. This company will offer three main product offerings to the Group's clients, starting in Trinidad and Tobago – creditor life products, annuities and universal and whole life products.

I believe the Group is very well poised to respond to the opportunities and challenges that undoubtedly lie ahead and to play a key role in supporting and enabling the recovery efforts of the various countries within which we operate. The Group's strong asset base and geographic diversity has served us well in the recent past and will continue to do so going forward. Though there are still uncertain times ahead, economic recovery has begun, which is a very positive signal. The Group is well positioned to support these recovery efforts and this, coupled with our sustainability initiatives will, I believe, put us on course for a more stable future.

In closing, a lesson we have learnt over the past year is that together we are stronger. Overcoming the significant levels of uncertainty we faced over the past year would have been less likely without the unwavering support of our customers, clients, shareholders, regulators and Governments. Thank you.

I want to once again recognise and thank our people, the extraordinary women and men of the Group, whose steadfast commitment and care in the face of tremendous adversity has been a hallmark of getting us through the past year and in many ways defines the Republic way.

Thank you for your continued support of Republic Financial Holdings Limited.

VINCENT A. PEREIRA
CHAIRMAN

PRESIDENT'S DISCUSSION AND ANALYSIS

NIGEL M. BAPTISTE

INTRODUCTION

Republic Financial Holdings Limited (RFHL) recorded profit attributable to equity holders of the Parent of $1.3 billion for the year ended September 30, 2021, an increase of $404 million or 44.7% over the profit of $904 million reported in the prior year. These results reflect lower Credit loss expenses, increases in Other income and declines in expenses.

The 2021 results are however $189 million or 12.6% lower than the 2019 core profit of $1.5 billion as the Group continues to be impacted by the financial consequence of the Novel Coronavirus (COVID-19) pandemic, mainly resulting from decreased economic activity and narrower margins due to reduced interest rates for loans and investments.

Based on these results, the Board of Directors has declared a final dividend of $3.00 per share for the year ended September 30, 2021. When combined with the interim dividend of $1.00 per share, this brings the total dividend for the year to $4.00 per share, an increase of $1.30 over the amount declared for 2020. At a share price of $136.31 as at September 30, 2021, this results in a dividend yield of 2.93% on an RFHL share.

NET PROFIT (TT$B)	NET INTEREST INCOME (TT$B)	OTHER INCOME (TT$B)	TOTAL TAXATION (TT$B)
1.3	**4.0**	**1.8**	**0.5**

NET PROFIT

ALL FIGURES ARE STATED IN TT$ MILLIONS

	2021	2020	CHANGE 2020-2021	2019	CHANGE 2019-2021
Profitability					
Net interest income	**3,970**	3,995	(25)	3,814	156
Other income	**1,832**	1,705	127	1,594	238
Write-back of post retirement medical benefit provision (PRMB)	**-**	–	–	424	(424)
Share of profits of associated companies	**4**	5	(1)	6	(2)
Less:					
– Operating expenses	**3,394**	3,514	120	2,835	(559)
– Employee benefits pension and medical contribution	**119**	109	(10)	106	(13)
– Credit loss expense on financial assets	**348**	621	273	226	(122)
Profit before taxation	**1,945**	1,461	484	2,671	(726)
Reversal of deferred tax on write-back of PRMB	**-**	–	–	148	148
Reversal of deferred tax on Barbados change in tax rates	**-**	–	–	192	192
Less Taxation	**500**	458	(42)	615	115
Profit after taxation	**1,445**	1,003	442	1,716	(271)
Less Non-controlling interest	**137**	99	(38)	135	(2)
Profit attributable to equity holders of the Parent	**1,308**	**904**	**404**	**1,581**	**(273)**
Trinidad and Tobago – Core	**672**	334	338	851	(179)
Barbados – Core	**128**	108	20	194	(66)
Guyana	**70**	60	10	66	4
Cayman Islands	**179**	114	65	169	10
Eastern Caribbean	**133**	152	(19)	113	20
Suriname	**20**	71	(51)	40	(20)
Ghana	**66**	40	26	64	2
British Virgin Islands	**40**	25	15	–	40
One-off items	**-**	–	–	84	(84)
Total	**1,308**	**904**	**404**	**1,581**	**(273)**
Percentage change			***44.7%***		***(17.3%)***

PRESIDENT'S DISCUSSION AND ANALYSIS

The following is a detailed discussion and analysis of the financial results of RFHL and its subsidiaries. This should be read in conjunction with the audited Consolidated financial statements, contained on pages 95 to 205 of this report. All amounts are stated in Trinidad and Tobago dollars.

NET INTEREST INCOME AND NET INTEREST MARGINS

ALL FIGURES ARE STATED IN TT$ MILLIONS

	2021	2020	CHANGE 2020-2021	2019	CHANGE 2019-2021
Interest income	**4,644**	4,821	(177)	4,429	215
Less Interest expense	**674**	826	152	615	59
Net interest income	**3,970**	**3,995**	**(25)**	**3,814**	**156**
Trinidad and Tobago	**1,922**	1,966	(44)	2,176	(254)
Barbados	**383**	405	(22)	443	(60)
Guyana	**286**	286	-	272	14
Cayman Islands	**381**	415	(34)	328	53
Eastern Caribbean	**479**	451	28	161	318
Suriname	**76**	140	(64)	119	(43)
Ghana	**333**	297	36	315	18
British Virgin Islands	**110**	35	75	–	110
Total	**3,970**	**3,995**	**(25)**	**3,814**	**156**
Percentage change			***(0.6%)***		***4.1%***
Average Total assets	**106,723**	**95,880**	**10,843**	**78,975**	**27,748**
Percentage change			***11.3%***		***35.1%***
Net interest margin	**3.72%**	**4.17%**		**4.83%**	

The Group earned Net interest income of $3.97 billion for year ended September 30, 2021, a decrease of $25 million or 0.6% below the prior year. The increase from 2019 is primarily the result of the acquisition of new subsidiaries in the intervening period.

Average total assets increased by $10.8 billion or 11.3% in the fiscal, with the Net interest margin declining from 4.17% in 2020 to 3.72% in 2021.

- In T&T, Net interest income declined by $44 million, being a combination of a $121 million decrease in Interest income and a $77 million decrease in Interest expenses. The decrease in Interest income was generated primarily from reduction in interest rates on advances, mainly as a result of a reduction in the prime lending rate driven by the CBTT's reduction in the Repo rate by 150 basis points (bps) in March 2020. The average yields on investments and liquid assets were also lower than prior year.

  The $77 million decrease in Interest expense stemmed from lower yields on Republic Investments Limited funding, reduction in the interest rate on the US$150 million subordinated debt security held by Republic Bank Limited and the repayment of loans and other debt securities.

- In Barbados, Net interest income declined by $22 million, the net result of a $29.3 million decline in Interest income and a $7.4 million decline in Interest expense. The $29.3 million decline in Interest income was mainly the result of a decline of $14.7 million on interest on advances, resulting from lower yields and lower average advances balances in Barbados, combined with a decline of $13.6 million in Interest income from the investments portfolio. The decline in Investment income was the result of lower yields on the investment portfolio balances on the Barbados Offshore bank due to the maturity of higher-yielding investments.
- The Cayman Islands decline of $34 million in Net interest income, was the net effect of a decrease in Interest income of $77 million and a decline of $43 million in Interest expense. This decrease was the result of reduction in yields in the Cayman market.
- In Suriname, the decline of $64 million was the net effect of $76 million decline in Interest income and $12 million decline in Interest expenses, mainly due to the devaluation in the Surinamese dollar (SRD) against the US dollar. In SRD terms, Net interest income increased.
- In Ghana, the $36 million increase in Net interest income resulted from a combination of an increase in Interest income of $15.1 million emanating from increased interest Income on investments and a decline in Interest expenses of $21.7 million stemming from reduction in rates on customer deposits.
- In BVI, the increase of $75 million was the impact of twelve months income in the current year compared to four months in the prior year.
- There was also an increase of $28 million in the Eastern Caribbean due to increased portfolio balances for Advances and Investment securities.

OTHER INCOME

ALL FIGURES ARE STATED IN TT$ MILLIONS

	2021	2020	CHANGE 2020-2021	2019	CHANGE 2019-2021
Fees and commission income	**1,203**	1,097	106	1,075	128
Net exchange trading income	**365**	413	(48)	351	14
Gains from disposal of investments	**23**	14	9	10	13
Other operating income	**241**	181	60	158	83
Write-back of PRMB	**-**	–	–	424	(424)
Total Other income	**1,832**	**1,705**	**127**	**2,018**	**(186)**
Trinidad and Tobago	**902**	827	75	907	(5)
Barbados	**110**	102	8	125	(15)
Guyana	**115**	107	8	118	(3)
Cayman Islands	**261**	219	42	199	62
Eastern Caribbean	**204**	193	11	49	155
Suriname	**64**	119	(55)	44	20
Ghana	**140**	125	15	152	(12)
British Virgin Islands	**36**	13	23	–	36
Write-back of PRMB	**-**	–	–	424	(424)
Total	**1,832**	**1,705**	**127**	**2,018**	**(186)**

PRESIDENT'S DISCUSSION AND ANALYSIS

Other Income increased by $127 million or 7.4%, from $1.705 billion in 2020, to $1.832 billion in 2021. The increase of $238 million from the core 2019 amount was driven by the acquisition of new subsidiaries in that period.

- In Trinidad and Tobago, the increase of $75 million is the net effect of the following:
  - A $56.3 million increase in fees and commissions, reflecting increased net commissions on Credit card services by $34.9 million, the impact of increased volumes following the resumption of activity from COVID-19 lockdowns in the prior year, combined with increased earnings from trustee advisory services offered in Trinidad.
  - Exchange earnings declined by $7.8 million due to a reduction in available US dollars and other currencies for trade.
  - Other income increased by $26 million, mainly due to the impact of gain on sale of properties during the year.
- In the Cayman Islands, the increase of $42 million was the result of increased fee income in Cayman National Bank for Credit card, lending commission and other fees, following the reopening of the airport and resumption of economic activity this fiscal.
- In Suriname, the decline of $55 million was mainly due to the devaluation of the Surinamese dollar against the US dollar despite increased Other income in that currency.
- In BVI, the increase of $23 million was the impact of twelve months income in the current year compared to four months in the prior year.

TOTAL OPERATING EXPENSES

ALL FIGURES ARE STATED IN TT$ MILLIONS

	2021	2020	CHANGE 2020-2021	2019	CHANGE 2019-2021
Staff Costs	**1,547**	1,525	(22)	1,392	(155)
General administrative expenses	**1,122**	1,184	62	882	(240)
Property related expenses	**200**	176	(24)	153	(47)
Depreciation	**367**	333	(34)	214	(153)
Advertising and public relations	**86**	96	10	89	3
Goodwill impairment expense	**–**	143	143	–	–
Other	**72**	57	(15)	105	33
Total Operating expenses	**3,394**	**3,514**	**120**	**2,835**	**(559)**
Trinidad and Tobago	**1,592**	1,755	163	1,552	(40)
Barbados	**300**	294	(6)	300	–
Guyana	**187**	200	13	184	(3)
Cayman Islands	**440**	474	34	331	(109)
Eastern Caribbean	**460**	397	(63)	89	(371)
Suriname	**48**	95	47	86	38
Ghana	**289**	279	(10)	293	4
British Virgin Islands	**78**	20	(58)	–	(78)
Total Operating expenses	**3,394**	**3,514**	**120**	**2,835**	**(559)**

The Group incurred total operating expenses of $3.4 billion for the year ended September 30, 2021. This reflects a decrease of $120 million or 3.4% below the prior year and an increase of $559 million from 2019 mainly due to acquisition of new subsidiaries during the period. Excluding the impact of the goodwill impairment expense of $143 million in the prior year, operating expenses increased by a minimal amount of $23 million or 0.7%. This increase is due to the net effect of several areas as follows:

- The $22 million increase in staff costs is the net effect of increases in T&T of $19.7 million mainly due to increased profit share in the current year, increases in the Eastern Caribbean of $24.4 million due to increased complement and increases in the BVI of $13.8 million, being the impact of twelve months' expenses in the current year compared to four months in the prior year. Decreases were seen in Cayman Islands of $16.7 million due to reduction in staff numbers and in Suriname of $24.2 million due to the devaluation in the SRD currency.
- General administrative expenses decreased by $62 million or 5.2% due to the net effect of the following across the Group:
  - In T&T, total administrative expenses decreased by $83.5 million, the impact of reduction in strategic initiative expenses.
  - In the Cayman Islands, general administrative costs decreased by $19.5 million due to the implementation of deliberate strategies to control expenses.
  - In Suriname, these costs decreased by $19.7 million, due to the devaluation in the SRD currency against the US dollar.
  - Expenses increased in the Eastern Caribbean by $31.9 million due to increased Transition service and Credit card costs, and in the BVI by $25.9 million due to the impact of twelve months in the current year compared to four months in the prior year.
- Property related expenses increased by $24 million mainly due to increased rates and taxes and increased maintenance costs for aging properties in T&T.
- Depreciation increased by $34 million, the impact of capitalisation of Computer Hardware and Software and properties in Trinidad as the main IT centre of the Group.

CREDIT LOSS EXPENSE ON FINANCIAL ASSETS

ALL FIGURES ARE STATED IN TT$ MILLIONS

	2021	2020	CHANGE 2020-2021	2019	CHANGE 2019-2021
Loans and advances	**291**	534	243	196	(95)
Debt instruments measured at amortised cost	**57**	87	30	30	(27)
Total	**348**	**621**	**273**	**226**	**(122)**

For the year ended September 30, 2021, the Group incurred total Credit loss expense on financial assets of $348 million, a decrease of $273 million or 44.0% when compared to the amount incurred in the prior financial year and an increase of $122 million or 53.9% from 2019.

Of the decrease for 2021, $243 million represents decreased Expected Credit Losses (ECLs) on loans and advances and a $30 million decrease in ECLs for debt security instruments measured at amortised cost.

> **The Group incurred total operating expenses of $3.4 billion for the year ended September 30, 2021. This reflects a decrease of $120 million or 3.4% below the prior year and an increase of $559 million from 2019 mainly due to acquisition of new subsidiaries during the period.**

PRESIDENT'S DISCUSSION AND ANALYSIS

CREDIT LOSS EXPENSE – LOANS AND ADVANCES

ALL FIGURES ARE STATED IN TT$ MILLIONS

	2021	2020	CHANGE 2020-2021	2019	CHANGE 2019-2021
Retail Lending	**169**	197	28	119	(50)
Corporate and Commercial Lending	**47**	304	257	10	(37)
Mortgages	**75**	33	(42)	67	(8)
	291	**534**	**243**	**196**	**(95)**
Trinidad and Tobago	**134**	329	195	103	(31)
Barbados	**30**	41	11	40	10
Guyana	**12**	13	1	10	(2)
Cayman Islands	**(5)**	18	23	(4)	1
Eastern Caribbean	**57**	57	–	–	(57)
Suriname	**5**	20	15	7	2
Ghana	**31**	54	23	40	9
British Virgin Islands	**27**	2	(25)	–	(27)
Total	**291**	**534**	**243**	**196**	**(95)**

Credit loss expense on loans and advances for the year ended September 30, 2021, totaled $291 million, a decrease of $243 million or 45.5% compared to the previous year. This decrease was the impact of the non-recurrence of provisions set aside for the potential impact of COVID-19 on the loan portfolio in 2020. Compared to 2019, there was an increase of $95 million or 48.5%.

While the economic impact of COVID-19 has shown some improvement since the re-opening of airports, businesses, and schools, and lifting of lockdowns, we considered it prudent to maintain the provisions set aside last year, mainly for the retail and mortgage portfolios due to the continued uncertainty over the full economic impact of the COVID-19 pandemic.

CREDIT LOSS EXPENSE ON DEBT SECURITY INSTRUMENTS MEASURED AT AMORTISED COST

ALL FIGURES ARE STATED IN TT$ MILLIONS

	2021	2020	CHANGE 2020-2021	2019	CHANGE 2019-2021
Trinidad	**1**	2	1	–	(1)
Barbados	**19**	45	26	38	19
Guyana	**(1)**	(1)	–	(6)	(5)
Ghana	**1**	(1)	(2)	2	1
Suriname	**51**	30	(21)	–	(51)
Eastern Caribbean	**(2)**	(1)	1	(4)	(2)
Cayman Islands	**(12)**	13	25	–	12
Total	**57**	**87**	**30**	**30**	**(27)**

Credit loss expense on debt security instruments measured at amortised cost for the year ended September 30, 2021, totaled $57 million, a reduction of $30 million or 34.5% when compared to the previous year. Against 2019, there was an increase of $27 million or 90%.

For the year, a decrease of $26 million emanated in Barbados and $25 million in Cayman Islands due to improvement in the credit quality of the investment portfolios maintained by those subsidiaries. The increase in Suriname of $21 million is due to additional provision on Government of Suriname bonds following default in June 2021.

REVIEW OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ALL FIGURES ARE STATED IN TT$ MILLIONS

	2021	2020	CHANGE	% CHANGE
Total assets	**109,169**	104,277	4,892	4.7
Liquid assets	**26,936**	26,974	(38)	(0.1)
Investments	**19,260**	17,536	1,724	9.8
Advances	**55,516**	53,300	2,216	4.2
Deferred tax assets	**246**	254	(8)	(3.2)
Total deposits and other funding instruments	**91,228**	87,346	3,882	4.4
Total equity	**12,856**	11,342	1,514	13.3

TOTAL ASSETS (TT$B)

109.2

TOTAL ASSETS

At September 30, 2021, the Group's total assets stood at $109.2 billion, an increase of $4.9 billion or 4.7% over the asset base of 2020. This increase was the combined effect of a $1.7 billion growth in investments and a $2.2 billion growth in advances.

INVESTMENTS (TT$B)

19.3

INVESTMENTS

Investments increased by $1.7 billion, the effect of increases of $1.1 billion in T&T, $0.4 billion in Cayman Islands and $0.5 billion in BVI, with smaller variances in the other territories.

DEPOSITS & FUNDING (TT$B)

91.2

DEPOSITS AND OTHER FUNDING INSTRUMENTS

Deposits and other funding instruments, the Group's main source of liquidity, increased by $3.9 billion or 4.4% over the prior year. $1.2 billion of the growth emanated from T&T, $1.3 billion from Cayman Islands and $0.9 billion from Guyana.

TOTAL EQUITY (TT$B)

12.9

TOTAL EQUITY

Total equity at September 30, 2021, increased by $1.5 billion or 13.3% from the prior year, the net effect of profits and dividend payments. The Group Capital adequacy ratio remains robust at 13.64% (Basel II) at September 30, 2021, underscoring the Group's ability to maintain adequate capital levels.

PRESIDENT'S DISCUSSION AND ANALYSIS

LOANS AND ADVANCES

ALL FIGURES ARE STATED IN TT$ MILLIONS

	2021	2020	CHANGE	% CHANGE
Retail Lending	**8,514**	8,708	(194)	(2.2)
Corporate and Commercial Lending	**17,367**	16,246	1,121	6.9
Mortgages	**29,635**	28,346	1,289	4.5
	55,516	**53,300**	**2,216**	**4.2**
Trinidad and Tobago	**27,509**	26,006	1,503	5.8
Barbados	**5,010**	5,100	(90)	(1.8)
Guyana	**2,962**	2,742	220	8.0
Cayman Islands	**6,756**	6,654	102	1.5
Eastern Caribbean	**8,656**	8,188	468	5.7
Suriname	**783**	959	(176)	(18.3)
Ghana	**1,816**	1,770	46	2.6
British Virgin Islands	**2,024**	1,881	143	7.6
Total	**55,516**	**53,300**	**2,216**	**4.2**

LOANS & ADVANCES INCREASE

4.2%

Loans and advances increased by $2.2 billion or 4.2%, from $53.3 billion in 2020, to $55.5 billion in 2021.

In Trinidad, total loans increased by $1.5 billion or 5.8%, reflective of growth in the corporate and commercial portfolio of $0.9 billion and mortgages portfolio by $0.7 billion.

In the Eastern Caribbean, total loans increased by $468 million or 5.7%, reflective of growth in the corporate and commercial and mortgages portfolios by $511 million, offset by declines in the retail and Credit card portfolios by $42.8 million.

In Guyana, total loans increased by $220 million or 8.0%, reflective of growth in all sectors.

The growth in Cayman Islands portfolio of $102 million was reflective of growth in the corporate and commercial and mortgages portfolios, offset by minor declines in the retail portfolio.

The $143 million or 7.6% growth in BVI was generated by growth in the corporate and commercial and mortgages portfolios with declines in the retail and Credit card portfolios.

In Suriname, the decline of $176 million is reflective of the devaluation of the currency despite growth in the corporate and commercial and mortgages portfolios in Surinamese currency.

NET LOANS DETAILED BY TERRITORY

ALL FIGURES ARE STATED IN TT$ MILLIONS

	TRINIDAD & TOBAGO	BARBADOS	GUYANA	CAYMAN ISLANDS	EASTERN CARIBBEAN	SURINAME	GHANA	BRITISH VIRGIN ISLANDS	TOTAL **2021**	TOTAL 2020
Performing loans	27,423	4,777	2,869	6,723	8,331	791	1,661	1,969	**54,544**	52,276
Non-performing loans (NPLs)	1,003	495	131	152	627	22	355	119	**2,904**	2,917
Gross loans	28,426	5,272	3,000	6,875	8,958	813	2,016	2,088	**57,448**	55,193
Allowance for ECL losses	(800)	(255)	(26)	(85)	(296)	(28)	(187)	(64)	**(1,741)**	(1,704)
Unearned loan origination fees	(117)	(7)	(12)	(34)	(6)	(2)	(13)	–	**(191)**	(189)
Net loans	**27,509**	**5,010**	**2,962**	**6,756**	**8,656**	**783**	**1,816**	**2,024**	**55,516**	**53,300**
Allowances for ECL										
Stage 1	204	94	10	22	107	10	27	19	**493**	352
Stage 2	101	10	2	2	46	9	24	12	**206**	325
Stage 3	495	151	14	61	143	9	136	33	**1,042**	1,027
Total ECL	**800**	**255**	**26**	**85**	**296**	**28**	**187**	**64**	**1,741**	**1,704**
Non-performing Loans to Gross loans (%)	**3.5**	**9.4**	**4.4**	**2.2**	**7.0**	**2.7**	**17.6**	**5.7**	**5.1**	**5.3**
Stage 3 ECLs as a % of NPLs	**49.4**	**30.4**	**10.3**	**40.2**	**22.8**	**40.9**	**38.3**	**27.7**	**35.9**	**35.2**
Total ECL as a % of Gross loans	**2.8**	**4.8**	**0.9**	**1.2**	**3.3**	**3.4**	**9.3**	**3.1**	**3.0**	**3.1**

As at September 30, 2021, the Non-Performing Loans (NPLs) to Gross loans ratio for the Group stands at 5.1%, a small decline of 0.2% below the 5.3% reported in 2020.

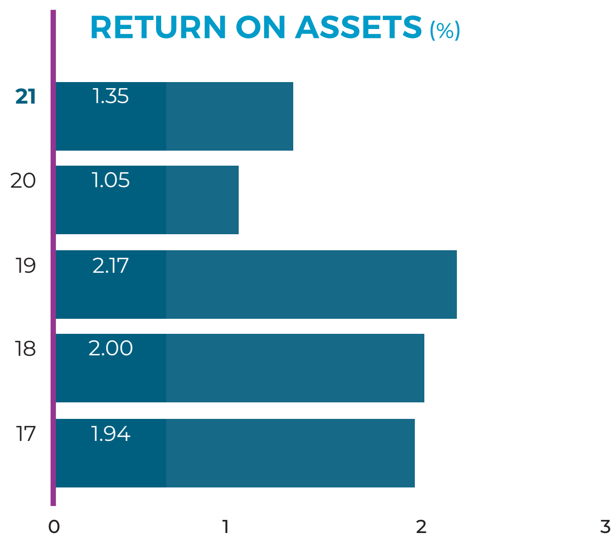
The Group recorded a provision coverage ratio of 35.9% for its Non-performing (Stage 3) facilities as at September 2021, slightly up from 35.2% in September 2020, with Trinidad, Suriname and Cayman maintaining coverage ratios in excess of 40%.

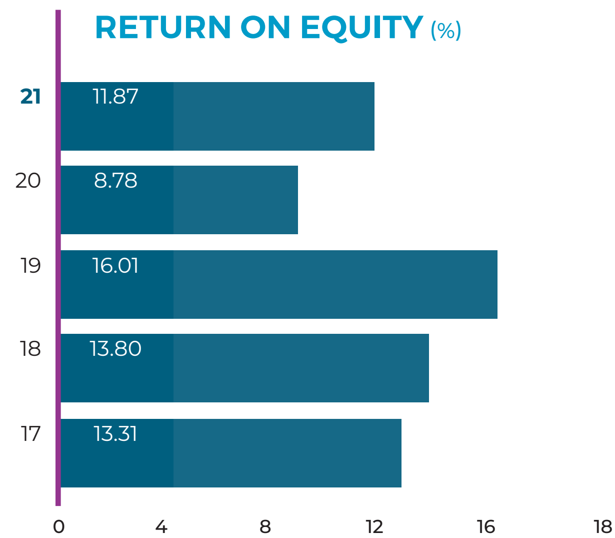
Including ECLs for the Group's performing portfolio designated as Stage 1 and Stage 2 under IFRS 9, the Group maintains total provisions of $1.7 billion, which represents 3.0% of Gross loans, relatively stable with the 3.1% in 2020.

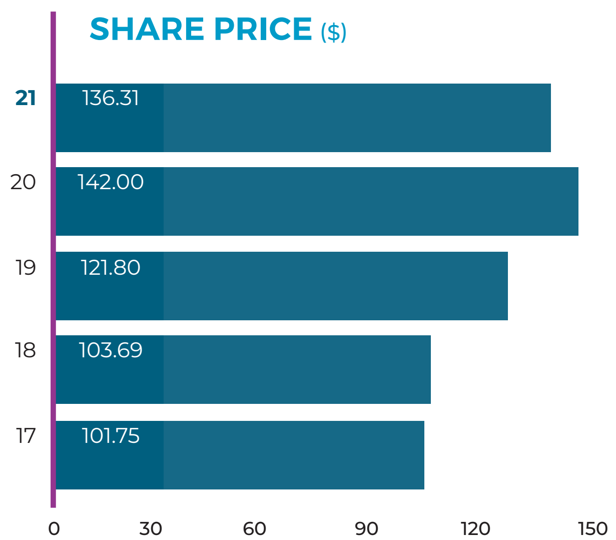
The Group recorded a provision coverage ratio of 35.9% for its non-performing (Stage 3) facilities as at September 2021, slightly up from 35.2% in September 2020, with Trinidad, Suriname and Cayman maintaining coverage ratios in excess of 40%.

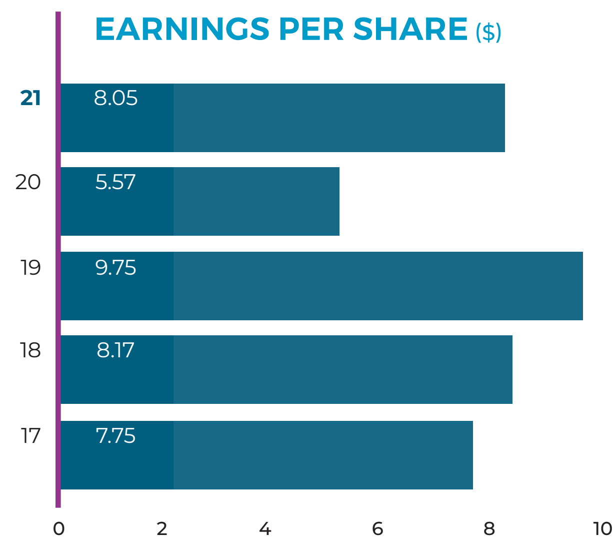
PRESIDENT'S DISCUSSION AND ANALYSIS

PERFORMANCE RATIOS

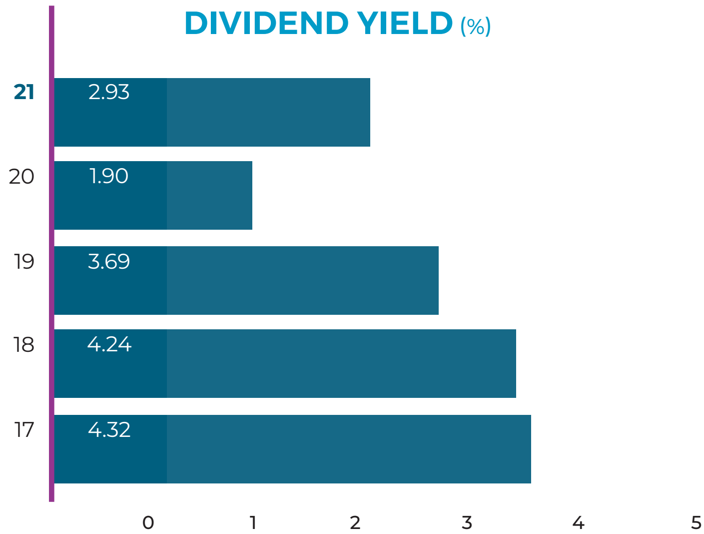








Based on these results, the Group has declared a final dividend payment of $3.00, bringing the total dividend for the year to $4.00.



The increase in profitability in 2021 is reflected in the rise in most key ratios in 2021, with the Return on Average Assets (ROA) ratio increasing from 1.05% in 2020 to 1.35% in 2021, and the Return on Average Equity (ROE) ratio increasing from 8.78% in 2020, to 11.87% in 2021.

Earnings per Share (EPS) also increased, from $5.57 in 2020, to $8.05 in 2021, an increase of $2.48 per share. Combined with a closing share price of $136.31 as at September 30, 2021, which decreased by $5.69 or 4.01% over the past year, the Price/Earnings (P/E) ratio decreased from 25.5 times in 2020, to 16.9 times in 2021.

Based on these results, the Group has declared a final dividend payment of $3.00 per share, bringing the total dividend for the year to $4.00 per share. Assessed against RFHL's closing share price of $136.31, this represents a dividend yield to shareholders of 2.93%.

CAPITAL STRUCTURE

Capital adequacy ratio	**2021** %	2020 %
Basel II		
Republic Financial Holdings Limited	**13.64**	11.87
Republic Bank Limited	**14.77**	13.60
Republic Bank (Cayman) Limited	**26.33**	28.66
Cayman National Bank	**22.27**	23.60
Republic Bank (Barbados) Limited	**18.42**	16.38
Republic Bank (Ghana) Plc.	**26.36**	24.94
Basel I		
Republic Bank (Grenada) Limited	**16.50**	16.24
Republic Bank (Guyana) Limited	**22.29**	23.79
Republic Bank (Suriname) N.V.	**11.17**	11.71
Republic Bank (EC) Limited	**15.79**	15.75
Republic Bank (BVI) Limited	**27.01**	19.00

PRESIDENT'S DISCUSSION AND ANALYSIS

> **The Group's wholly owned subsidiary, Republic Evolve Limited, was issued an insurance license as a long-term insurance company to conduct the life insurance class of business only. In September 2021, the company's name was changed to Republic Life Insurance Company Ltd. Entry into the life insurance class of business represents an exciting new foray for the Group and we look forward to this class of business becoming a significant component of the Group's overall business in the years to come.**

The Group's policy is to diversify its sources of capital, to allocate capital within the Group efficiently and to maintain a prudent relationship between capital resources and the risk of its underlying business. Capital adequacy is monitored by each member of the Group, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practice (the Basel Committee), as implemented by the respective Central Banks for supervisory purposes. In Trinidad, the Basel II Regulations were promulgated in May 2020. Under these regulations, the risk-based capital guidelines require a minimum ratio of core capital (Tier I) to risk-weighted assets of 6%, with a minimum total qualifying capital (Tier I plus Tier II) ratio of 10%.

All companies within the Group maintain capital ratios well in excess of the regulatory requirement and the Group continues to maintain a strong capital base, reflected in a Group Capital adequacy ratio of 13.64% as at September 2021, well in excess of the 10% minimum requirement under Basel II. The Group submits both a Capital Management Plan and a Recovery and Resolution Plan to the Central Bank of Trinidad and Tobago annually.

OUTLOOK

Following a challenging 2020 fiscal year, with slight indicators of improvement in 2021, the economic outlook continues to improve as markets gradually re-open. The Group's strategy to improve efficiency through the implementation of a common IT platform across all Caribbean subsidiaries continued over the past year.

During the year, conversion of the IT systems was completed for two territories in the Eastern Caribbean, with work on the remaining territories, St. Maarten, BVI, Grenada and Barbados currently underway. Other subsidiaries will follow thereafter. Successful implementation of this common platform will enable the Group to offer our Caribbean clients a common experience and facilitate the introduction of a shared support services infrastructure for improved efficiency.

The Group also continues to work on improving its digital strategy that was brought to the forefront during the pandemic, to increase our ability to continue adding value to our customers and staff. The Group rolled out its new internet/mobile banking platform in a number of territories throughout the year starting with Guyana. The rollout in Trinidad and Tobago was plagued with various challenges which resulted in a high level of dissatisfaction from a number of clients. We are truly sorry for that experience and the Group has bolstered its structure and revised its processes to ensure no repeat in other jurisdictions and improved rollout of future technology advances in all countries in the months to come.

Over the next 12 months, the economies in which we operate will continue to recover from the lingering effect of the COVID-19 pandemic. In most regional countries, domestic economic activity has resumed with reopening of borders and tourism sectors to international visitors, however vaccine acceptance/hesitancy may impact full recovery. While the commodity exporting countries may perform better, supply disruptions may challenge full recovery.

In August 2021, the Group's wholly owned subsidiary, Republic Evolve Limited, was issued an insurance license under Section 25 of the Insurance Act, 2018 as a long-term insurance company to conduct the life insurance class of business only. In September 2021, the company's name was changed to Republic Life Insurance Company Limited. Entry into the life insurance class of business represents an exciting new foray for the Group and we look forward to this class of business becoming a significant component of the Group's overall business in the years to come.

I thank the Board of Directors for their guidance and I thank each customer, shareholder and the dedicated staff of this Group for your continued loyalty to the organisation and understanding during the various challenges encountered throughout the fiscal.

NIGEL M. BAPTISTE
PRESIDENT

DIVERSE, EQUITABLE AND INCLUSIVE

DEI

DIVERSITY
the presence of differences within a given setting

INCLUSION
ensuring that people feel a sense of belonging in the workplace as their authentic self

EQUITY
ensuring that processes and programs are impartial, fair and provide equal possible outcomes for every individual

OUR COMMITMENT

We continue to build our DIVERSITY, EQUITY and INCLUSION in our operations and in the communities we serve. With the growth of the Group over the past two years from 7 to 14 countries, including 23 subsidiaries, we pledge to deepen our understanding of the communities we serve; to get to know our people (customers, stakeholders, partners and staff), their culture and their unique outlook. With this commitment, we look toward to facilitating a truly fair and empowering environment and a sense of belonging within the Republic Group.

OUR DEI COMMUNITY

- INCLUSIVE BRAND MODEL
- GENDER PARITY LEADERSHIP
- MULTINATIONAL GROUP
- CULTURAL DIVERSITY AND CELEBRATIONS
- RELIGIOUS BELIEFS ACCEPTANCE
- INCLUSIVE FOCUS GROUPS
- MULTIGENERATIONAL GROUP
- UNBIASED EVALUATION PROCESS
- INDEPENDENT FACILITATORS
- INCLUSIVE OPPORTUNITIES FOR PROMOTION AND TRAINING
- ACTIVE OPEN COMMUNICATIONS SYSTEMS

OUR GROUP EXECUTIVE LEADERSHIP

♀ 33 ♂ 67

REPUBLIC BANK LIMITED

Republic Bank Limited is one of the largest and longest serving indigenous banking and financial services organisations in Trinidad and Tobago, offering a complete range of products and services to retail and commercial banking customers, corporate clients, and governments.

The Bank's network spans 40 branches – the largest across the twin island republic – includes the most extensive Automated Teller Machine (ATM) network with 133 ATMs in 83 locations and is currently the nation's largest credit card operator.

REGISTERED OFFICE

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

NIGEL M. BAPTISTE
Managing Director

Credentials
- Bachelor of Science in Economics with Honours, Master of Science in Economics, University of the West Indies
- Graduate, Advanced Management Programme, Harvard Business School
- Diploma with Distinction, ABA Stonier Graduate School of Banking
- Member, Chartered Institute of Bankers

Internal Appointments
- Chairman, Republic Bank (Guyana) Limited, Cayman National Corporation
- Board Member, Republic Financial Holdings Limited, Republic Bank (Ghana) Plc.

Professional Summary
- Career banker with more than two decades of experience
- President and Chief Executive Officer, Republic Financial Holdings Limited
- Past General Manager Human Resources, Republic Bank (Guyana) Limited

EXECUTIVE DIRECTORS

DERWIN M. HOWELL

Executive Director

BSc (Hons.) (Elec. Eng.), MSc (Tele. Systems), EMBA, MIET, SMIEEE, C.Eng.

ROOPNARINE OUMADE SINGH

Executive Director

BSc (Econ.), MSc (Econ.), MBA

REPUBLIC BANK LIMITED

EXECUTIVE MANAGEMENT

WENDY BOSSE

General Manager, Internal Audit

BSc (First Class Hons.) (Mgmt. Studies with minor Psyc.), AICB (Hons.)

RIAH DASS-MUNGAL

General Manager, Group Human Resource

BSc (Acct.), FCCA

KIMBERLY ERRIAH-ALI

Group General Counsel and Corporate Secretary

LLB (Hons.), LEC, MBA, ACAMS

MARSHA MC LEOD-MARSHALL

General Manager, Planning and Financial Control

MSc (Dist.) (Int'l Fin.), FCCA, CA

MARLON PERSAD

General Manager, IT Consolidation

BSc (Computer Studies), MSc (Computer Science), EMBA (Dist.), CGEIT, AMLCA

ALDRIN RAMGOOLAM

General Manager, Information Technology Management

BSc (Computer Science), MBA, Dip. (Business Mgmt.)

BALDATH RAMKISSOON

General Manager, Group Treasury

BSc (Hons.) (Mgmt.), MSc (Dist.) (Fin.), MBA

DENYSE RAMNARINE

General Manager,
Electronic Channels and Payments

BSc (Computer Science and Physics), MSc (Telecom.), MBA, P.Grad (Info Tech.), Dip. (Business Mgmt.)

DAVID ROBINSON

General Manager, Wealth Management

BA (Econ.), EMBA, CFA

PARASRAM SALICKRAM

General Manager, Group Risk

FCCA, ACMA, CGMA, CA, CFA, FRM

RICHARD SAMMY

General Manager,
Corporate and Investment Banking

BSc (Hons.) (Mgmt. Studies), MBA

CARLENE SEUDAT

General Manager, Shared Services

BSc (Acct. and Business Mgmt.)

REPUBLIC BANK LIMITED

EXECUTIVE MANAGEMENT

KAREN TOM YEW

General Manager,
Group Marketing and Communications

*BSc (First Class Hons.) (Mgmt. Studies),
Fin. (First Class Hons.),
LLB (Upper Second Class Hons.), International MBA*

MICHAEL WALCOTT

General Manager,
Overseas Operations

BA (Acct.)

KAREN YIP CHUCK

General Manager,
Commercial and Retail Banking

*BSc (Hons.) (Econ.), MBA, Dip. (Business Admin.),
ACIB, CIA*

REPUBLIC LIFE INSURANCE COMPANY LIMITED

Republic Life Insurance Company Limited (RLIC), formerly Republic Evolve Limited, was incorporated on December 10, 2020, in Trinidad and Tobago. The Company was registered under the Insurance Act, 2018 on August 16, 2021 to carry on long-term insurance class of business. RLIC is a wholly owned subsidiary of Republic Financial Holdings Limited (RFHL) and proposes to commence business during fiscal 2022. The expansion into the insurance sector is a major milestone for the Republic Group and supports RFHL's strategic expansion of the range of products offered under the Republic brand.

REGISTERED OFFICE

Republic House
9-17 Park Street
Port of Spain
Trinidad and Tobago
West Indies
Tel: (868) 625 1056
Fax: 624 1323
Email:rlicl@rfhl.com

ROBERT L. SOVERALL

Managing Director,
Republic Life Insurance Company Limited
General Manager, Creditor Protection,
Republic Bank Limited

Credentials

- Bachelor of Science, Actuarial Science with Upper Second-Class Honours, City University
- Diploma in Business Management, University of the West Indies, Institute of Business
- CFA Charter Holder, CFA Institute

Professional Summary

- An experienced financial services executive with demonstrated industry expertise in insurance, risk management, investment management, governance and business-planning built-up over the course of more than two decades
- Past Director, Wealth Management, Scotiabank Trinidad and Tobago Limited
- Past Managing Director, Scotia Investments Trinidad and Tobago Limited with responsibility for leading the Group's wealth/asset management segments within Trinidad and Tobago
- Past Managing Director and General Manager ScotiaLife Trinidad and Tobago Limited
- Past Manager, Investments, Trust and Asset Management Division, Republic Bank Limited
- Past Manager, Money Market (Group Treasury) Republic Bank Limited

REPUBLIC WEALTH MANAGEMENT LIMITED

Republic Wealth Management Limited is one of the most experienced wealth management firms in Trinidad and Tobago, currently offering a comprehensive range of investment advisory and financial planning services tailored to suit the objectives and needs of individual and corporate clients. A member of the Trinidad and Tobago Stock Exchange for more than a decade, Republic Wealth Management Limited is registered as a broker-dealer with the Trinidad and Tobago Securities and Exchange Commission and provides full service stockbroking on the local stock exchange and via intermediaries on regional and international stock exchanges.

REGISTERED OFFICE

Ellerslie Plaza
#8 Rapsey Street
Maraval
Trinidad and Tobago
West Indies
Tel: (868) 623-0435
Fax: (868) 623-0441
Email: email@rfhl.com

REPUBLIC BANK (BARBADOS) LIMITED

Republic Bank (Barbados) Limited is one of the longest serving banks in Barbados, having proudly served the nation for more than 40 years. Formerly Barbados National Bank Inc. (BNB), Republic Bank (Barbados) Limited operates one of the largest networks in the country and has a network that includes seven conveniently located branches and 27 ATMs. As a leading financial institution, the Bank offers an array of financial services such as personal and commercial lending, as well as premium, corporate and investment banking.

REGISTERED OFFICE

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

ANTHONY P.S. CLERK
Managing Director,
Chief Executive Officer

Credentials

- Executive Master of Business Administration, Diploma in Business Management, Arthur Lok Jack Global School of Business, University of the West Indies
- Diploma in Banking, Institute of Banking and Finance of Trinidad and Tobago

Professional Summary

- A career banker with over a decade of experience at the senior management level
- Past Regional Corporate Manager, Corporate Business Centre – East/Central, Past Corporate Manager, Corporate Business Centre – North, Past Branch Sales Manager, Ellerslie Court, Republic Bank Limited
- Past General Manager, Credit, Republic Bank (Grenada) Limited
- Past Non-Executive Board Member, National Enterprises Limited

REPUBLIC BANK (BARBADOS) LIMITED

EXECUTIVE MANAGEMENT

JOHN PETER ELLIS CLARKE
General Manager,
Credit and Enterprise Risk
MA (Cantab)

HAMANT LALLA
General Manager,
Finance and Administration
MBA, Cert. IFRS, FCCA

SHARON ZEPHIRIN
General Manager,
Retail and Operations
BSc (Acct.), EMBA

REPUBLIC BANK (BVI) LIMITED

Republic Bank (BVI) Limited officially became a wholly owned subsidiary of Republic Financial Holdings Limited on June 1, 2020. A fully comprehensive Bank, Republic Bank (BVI) Limited offers customers a full suite of financial products and services through its one branch and six ATMs.

REGISTERED OFFICE

P.O. Box 434
Road Town
Tortola
British Virgin Islands
Tel: (284) 494-2526
Email: republicbank.bvi@rfhl.com
Website: www.republicbankbvi.com

MARION A. BLYDEN

Managing Director

Credentials

- Bachelor of Business Administration in Finance and Investments (summa cum laude), Baruch College, City University of New York
- Master of Business Administration in Finance, Wright State University
- Master's Certificate in Project Management and Monitoring and Measurement: Certification I, Laval University, IDEA International and H. Lavity Stoutt Community College
- Certificates in Financial Counselling and Personal Lending, Canadian Institute of Bankers
- Certified Continuity Manager, National Institute for Business Continuity Management

Professional Summary

- a career banker with nearly two decades of expertise in finance, business continuity management, personal financial counselling and lending, operations management, project management, risk management, and business development
- Former Managing Director, Scotiabank (British Virgin Islands) Limited
- Past Chief Operations Officer, National Bank of the Virgin Islands Limited
- Past Head of Retail, Operations and Small Business, Wealth Manager and International Premier Manager, CIBC FirstCaribbean International Bank Limited (British Virgin Islands)

External Appointments:

- Member, Golden Key Honour Society
- Charter member, Zonta Club of Tortola
- Member/Director, Rotary Club Sunrise of Road Town

REPUBLIC BANK (CAYMAN) LIMITED

Republic Bank (Cayman) Limited is a private bank offering comprehensive offshore wealth management services to clients in the Caribbean region and around the globe. As a strong contributor to the Group's profits, Republic Bank (Cayman) Limited offers banking services in major international currencies, investment management advice, registered office and company management services, as well as trustee services.

REGISTERED OFFICE

3rd Floor
Citrus Grove
106 Goring Avenue
P.O. Box 2004
George Town
KY1-1104
Cayman Islands
Tel: (345) 949-7844
Fax: (345) 949-2795

RAVI MYKOO
Country Manager

Credentials

- Bachelor of Science in Economics and Management with First Class Honours, University of the West Indies
- Chartered Financial Analyst
- Professional Certificates: Treasury Risk Management, Understanding and Transitioning to Basel II and Basel II and Transit, Corporate Tax Training

Professional Summary

- Over a decade of service in leadership roles with the Bank as an analyst and manager
- Significant regional experience in fixed income and equity investments, foreign exchange trading, treasury and liquidity management, AML and regulatory compliance and banking operations
- Past Manager, Money Market, Group Treasury Department, responsible for managing liquidity and market risk

CAYMAN NATIONAL CORPORATION

Cayman National Corporation (CNC) is a trusted financial services provider, headquartered in the Cayman Islands, with offices in the Isle of Man and Dubai. With five subsidiaries, CNC offers domestic and international clients expertise in a full range of integrated financial solutions, including retail, corporate and premier banking; investment management services, trust services, fund management and administration. Republic Bank Trinidad and Tobago (Barbados) Limited (RBTTBL), a wholly-owned subsidiary of Republic Financial Holdings Limited acquired a 74.99% shareholding in Cayman National Corporation (csx: CNC), a publicly traded entity on the Cayman Islands Stock Exchange.

REGISTERED OFFICE

Peter A. Tomkins Building
200 Elgin Avenue
PO Box 1097
Grand Cayman KY1-1102
Cayman Islands
Tel: (345) 949-4655
Fax: (345) 949-0774
Email: cnc@caymannational.com
Website: www.caymannational.com

STUART J. DACK
President
and Chief Executive Officer

Credentials

- Master of Business Administration with Merit, Southampton University
- Associate with Distinction, Chartered Institute of Bankers

Professional Summary

- A career banker for five decades
- Twenty-two years with the Midland Bank Group with numerous managerial roles at branch, area and regional levels
- Past Internal Auditor and past Executive Vice President, Cayman National Corporation

CAYMAN NATIONAL CORPORATION

EXECUTIVE MANAGEMENT

RYAN BAHADUR

Executive Vice President,
Chief Operating Officer

BSc (Hons.) (Mgmt. and Fin.), CAMS, FRM, CIPM

BRIAN ESAU

Executive Vice President

BA, Dip. (Fin. Mgmt.), CSC, AICB

JANET HISLOP

Bank President

BSc (Hons.) (Fin. Services), ACIB, TEP, CAMS

REPUBLIC BANK (EC) LIMITED

Republic Bank (EC) Limited (RBEC) officially opened its doors as a wholly owned subsidiary of Republic Financial Holdings Limited on November 1, 2019. RBEC, a licensed bank in Saint Lucia, has branches in Dominica, St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines. RBEC is also the sole shareholder of Republic Bank (St. Maarten) N.V. and Republic Bank (Anguilla) Limited. Across these territories, RBEC offers comprehensive banking services through 11 branches and 38 ATMs.

REGISTERED OFFICE

First Floor
Meridian Place
Choc Estate
Castries
Saint Lucia
West Indies
Tel: (758) 456-2300
Website: www.republicbankec.com

MICHELLE I. PALMER Managing Director

Credentials

- Advanced Diploma in Marketing Management, Association of Business Executives
- Diploma in Management Studies, Arthur Lok Jack Global School of Business, University of the West Indies
- Member, Association of Business Executives

Professional Summary

- A marketing executive with expertise in credit card business, specialising in research development and financial product management
- Extensive experience in product development, operational management and strategic management
- A senior member of the Republic Group for more than three decades
- Former General Manager, Group Marketing and Communications and led the Bank's digital and data transformation efforts toward customer-centric banking services including integrating business intelligence, analytics and social media platforms for better customer engagement and service
- Former Board member, Vision on Mission
- Past president of the Trinidad Hotels, Restaurant and Tourism Association

Internal Appointments

- Director, Republic Bank (Anguilla) Limited

Awards

- ABE World Prize for Quantitative Methods

REPUBLIC BANK (EC) LIMITED

EXECUTIVE MANAGEMENT

JANELLE BERNARD
General Manager,
Legal Services/Corporate Secretary

LLB (Hons.), MBA, CAMS, IRMCert

IDRIS FIDELA HAYNES
General Manager,
Corporate Services

BSc (Acct.), MBA (Fin.), CPA, CAMS-Audit

SHAWN MOSES
General Manager,
Business and Retail Banking

BSc (Econ. and Mgmt.), MSc (Dist.) (Int'l Fin.)

REPUBLIC BANK (GHANA) PLC

Republic Bank (Ghana) Plc. formerly HFC Bank (Ghana) Limited, officially joined Republic Financial Holdings Limited in 2018, following a successful mandatory takeover of HFC Bank (Ghana) Limited in 2015. As a licensed commercial bank, Republic Bank (Ghana) Plc. operates 40 branches throughout Ghana, providing a wide range of banking services, including corporate, commercial and retail banking; investment banking; mortgage banking; custody services and microfinance.

REGISTERED OFFICE

'Ebankese', #35 Sixth Avenue
North Ridge
P.O. Box CT 4603
Cantonments
Accra, Ghana
West Africa
Tel: (233) 302 242090-4
Fax: (233) 302 242095
Swift: HFCAGHAC
Email: email@republicghana.com
Website: www.republicghana.com

FARID ANTAR Managing Director

Appointed to the Board 2019

Credentials

- Diploma, Certificate, School of Bank Marketing and Management, American Bankers Association
- Certificate in Business Excellence, Columbia Business School
- Certificate, International Marketing, Institute of Business, University of the West Indies
- Associate, Chartered Institute of Bankers
- Fellow, Institute of Chartered Secretaries and Administrators

Professional Summary

- A career banker with more than 41 years of professional and practical exposure in the banking and financial services industry in Trinidad and Tobago, Barbados and Ghana
- Past General Manager, Group Enterprise Risk Management, Republic Bank Limited
- Chief Risk Officer, Republic Financial Holdings Limited
- Past Chairman, Republic Caribbean Investments Limited, Atlantic Financial Limited, Republic Bank (Suriname) Holding Limited
- Past Director, G4S Holdings (Trinidad) Limited, London Street Project Company Limited
- Trustee, Caribbean Court of Justice Trust Fund

Internal Appointments

- Board Member, Republic Investments (Ghana) Limited, Republic Boafo Limited, Republic Trust Company Limited, HFC Realty Company Limited, HFC Venture Capital Fund Limited, UG-HFC Limited

REPUBLIC BANK (GHANA) PLC

EXECUTIVE MANAGEMENT

BEATRIX AMA AMOAH
Company Secretary
LLB, BL, MBA

JOSEPH LARYEA ASHONG
General Manager, Retail Banking
effective September 25, 2021
MBA (Fin.), ICA

BENJAMIN DZOBOKU
Chief Operating Officer
MBA (Fin. Mgt.), ICA Ghana, Fellow Inst. of Fin. Accts., CIT Ghana, Member Institute of Auditors

BERNARD GYEBI
General Manager, Risk Management
BSc (Planning), MBA, PG (Corp. Mgmt. and Fin.)

MADELINE NETTEY
General Manager,
Republic Investments Services
BSc (Math), MPhil (Fin.)

EVELYN OSEI-TUTU
General Manager,
Republic Boafo Limited
BSc (Bkg. and Fin. with French),
MA (Mktg. and Strategy), CIB Intermediate paper

ANNETTE WATTIE

General Manager, Retail Banking
as at September 24, 2021

Dip. (Business Mgmt.), Cert. (Project Mgmt.)

REPUBLIC BANK (GRENADA) LIMITED

Republic Bank (Grenada) Limited is the largest bank in Grenada, with an asset base of $1.8 billion and a network that includes eight branches and 18 ATMs. Having faithfully served the nation for more than four decades, the Bank has built a solid reputation as both a comprehensive financial services provider and an outstanding corporate social responsibility citizen through its Power to Make A Difference programme. The Bank has won the Eastern Caribbean Central Bank (ECCB) Best Corporate Citizen Award nine times in the award's 21-year history.

REGISTERED OFFICE

Republic House
Maurice Bishop Highway
Grand Anse
St. George
Grenada
West Indies
Tel: (473) 444-BANK (2265)
Fax: (473) 444-5501
Swift: NCBGGDGD
Email: info@republicgrenada.com
Website: www.republicgrenada.com

NAOMI E. DE ALLIE

Managing Director

Credentials

- Bachelor of Science with Honours in Financial Services, University of Manchester
- Master of Science in Financial Services Management, University of London
- Associate, Chartered Institute of Bankers

Professional Summary

- Career banker with a wealth of experience in commercial credit, corporate credit, and risk management streams, gathered over her 26 years with the Republic Group
- General Manager, Credit and Enterprise Risk, Republic Bank (Barbados) Limited for three years
- General Manager, Credit, Republic Bank (Grenada) Limited for five years

EXECUTIVE MANAGEMENT

CLIFFORD D. BAILEY
General Manager, Operations
BSc (Computing and Info Systems), MSc (IT and Mgmt.), Cert (Corp Gov.)

KALAWATEE A. BICKRAMSINGH
General Manager, Credit
MBA, Dip. (Fin. Mgmt.), Dip. (Business Programmes), CPA, ICATT

REPUBLIC BANK (GUYANA) LIMITED

Republic Bank (Guyana) Limited is one of Guyana's largest and longest operating financial institutions, celebrating a history of service to the people of the nation for more than 180 years. As a fully comprehensive bank, Republic Bank (Guyana) Limited provides its customers and clients customised, efficient, and competitively priced financial products and services across a network that spans 12 branches and 50 ATMs. Currently, in addition to the suite of services already provided, the Bank has placed significant emphasis on growing its lending portfolio, in particular small and medium-sized enterprises. It has also strengthened its focus on corporate social investment driven by a long-ingrained philosophy of sustainable development in Guyana.

REGISTERED OFFICE

Promenade Court
155-156 New Market Street
North Cummingsburg
Georgetown
Guyana
South America
Tel: (592) 223-7938-49
Fax: (592) 233-5007
Swift: RBGL GYGG
Email: gyemail@rfhl.com
Website: www.republicguyana.com

STEPHEN R. GRELL
Managing Director

Qualifications
- Bachelor of Arts in Economics, Florida International University
- Master of Science in Finance, Chapman School of Business, Florida International University

Professional Summary
- Career banker with a proven record of developing and executing strategies across the financial services landscape, while fostering senior level relationships at private and public sector organisations in the Caribbean, North and South America, and the United Kingdom
- Past Vice President – Banking, Capital Markets and Advisory, Citibank (Trinidad and Tobago) Limited
- Past Manager, Investment Banking Division, Republic Bank Limited
- Past Managing Partner/Portfolio Manager, Gracchi Capital Partners LLP
- Past Senior Investment Manager, Hartmann Capital Limited
- Past Investment Manager, Republic Bank (Cayman) Limited

External Appointments
- Director, Guyana Association of Bankers Inc.

SENIOR MANAGEMENT

DENISE HOBBS

General Manager, Operations

Dip. (Business Mgmt.), Cert. (Leadership)

VENUS FRITH

General Manager, Credit

BSc (Bkg. and Fin.), MSc (Dist.) (Int'l. Fin.) ,

REPUBLIC BANK (SURINAME) N.V.

Republic Bank (Suriname) N.V. offers customers a fully comprehensive suite of financial products and services through a network of six branches, five in the capital of Paramaribo and one in Nickerie. Currently the third largest bank in Suriname by asset size, Republic Bank (Suriname) N.V. joined Republic Financial Holdings Limited in 2015 following the acquisition of RBC Royal Bank (Suriname) N.V. from RBC Financial (Caribbean) Limited.

REGISTERED OFFICE

Kerkplein 1
Paramaribo
Suriname
South America
Tel: (597) 471555
Fax: (597) 425709
Swift: RBNKSRPA
Email: email@republicbanksr.com
Website: www.republicbanksr.com

KEITH A. JOHNSON

Managing Director

Credentials

- Bachelor of Science in Accountancy, University of Guyana
- Executive Master of Business Administration, University of the West Indies
- Associate, Institute of Canadian Bankers

Professional Summary

- A career banker for over four decades
- Numerous leadership roles in the Bank's Guyana operations
- Former Managing Director of Republic Bank (Grenada) Limited

EXECUTIVE MANAGEMENT

MONTAGUE MC LEOD

Director, Corporate Banking

SHANTIE RAMOUTAR

Director, Retail Banking

MBA, ACIB

WELCOMING OUR LATEST SUBSIDIARY REPUBLIC LIFE INSURANCE COMPANY LIMITED

From left to right:

NIGEL BAPTISTE, Director, Republic Life Insurance Company Limited
ROBERT SOVERALL, Managing Director, Republic Life Insurance Company Limited
DAVID ROBINSON, General Manager, Republic Wealth Management Limited
ROOPNARINE OUMADE SINGH, Chairman, Republic Life Insurance Company Limited
DERWIN HOWELL, Director, Republic Life Insurance Company Limited

On August, 16, 2021, Republic Financial Holdings Limited (RFHL) received all regulatory approvals to be the controlling shareholder of Republic Evolve Limited, a long-term insurance company.

Republic Financial Holding Limited has expanded its line of business into the insurance sector of Trinidad and Tobago, and are proud to welcome this new subsidiary to the Republic Group.

As of September 15, 2021, Republic Evolve Limited's name was changed to Republic Life Insurance Company Limited.

PLANET

We are committed to a future where we achieve net-zero greenhouse gas emissions in our financing activities. This thrust would include attractive financing for sustainable agriculture, clean fuels, renewable energy use and technology and new construction deploying climate resilient technology.

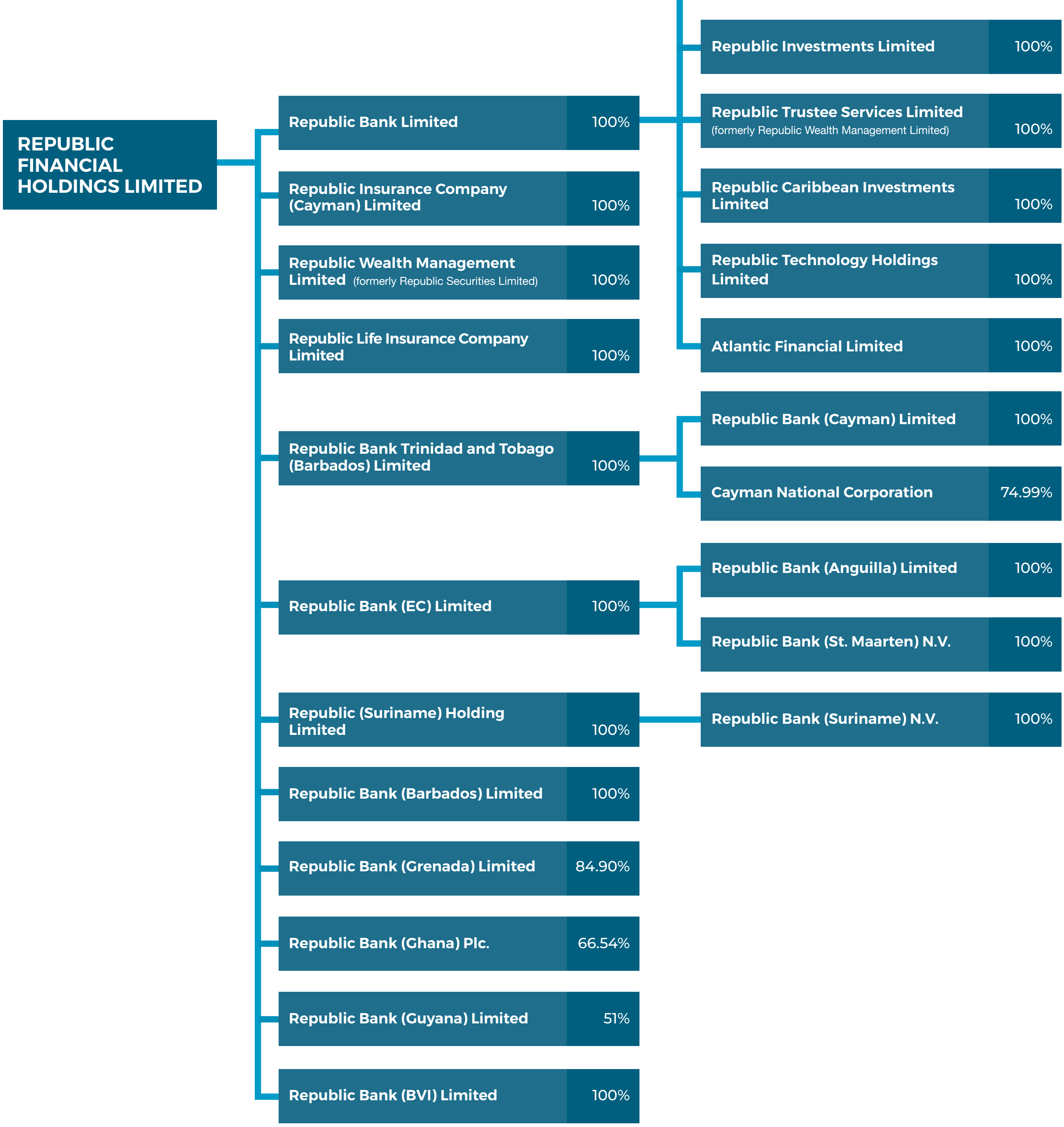
CORPORATE GOVERNANCE PRACTICES

INTRODUCTION

Republic Financial Holdings Limited is the financial holding company and Parent of all the Banks in the Group i.e. Cayman National Corporation Limited, Republic Bank (Barbados) Limited, Republic Bank (BVI) Limited, Republic Bank (Cayman) Limited, Republic Bank (EC) Limited, Republic Bank (Ghana) Plc., Republic Bank (Grenada) Limited, Republic Bank (Guyana) Limited, Republic Bank (Suriname) N.V, Republic Bank Limited located in Trinidad and Tobago, and the newest subsidiary Republic Life Insurance Company Limited. Republic Financial Holdings Limited is also the Parent of the other companies shown in the chart below.

ORGANISATION CHART

(as at 30 September 2021)



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

OBJECTIVES

The role of the Board is to provide leadership, enterprise, integrity and good judgement in guiding the Group to achieve growth and deliver long term sustainable stakeholder value. The Board sets the strategic objectives for the Group and provides oversight and control. Implementation of the strategy is delegated to management under the leadership of the President and Chief Executive Officer of Republic Financial Holdings Limited.

Entrepreneurial leadership is encouraged within a framework of prudent and effective controls that enable risk to be assessed and managed. Short term objectives are balanced carefully against the necessity of achieving long term value.

The Board acts in the best interests of the Group and its stakeholders, guided by a philosophy that is based on good governance, transparency, accountability and responsibility. The Group's Core Values of Customer Focus, Integrity, Respect for the Individual, Professionalism, and Results Orientation are set by the Board to ensure that the Group's obligations to its shareholders, employees, customers and the societies it serves, are met. Integrity and trust are the cornerstones of the business of banking and finance and the Board manages the Group and makes decisions that uphold these ideals at all times.

The Board recognises that it is the quality of its staff that differentiates it from its competitors, and creates value for its customers and investors. The Board is responsible for ensuring that its management and staff do things in the right way by setting the required tone from the top, by living the Republic culture and upholding the Core Values in everything that it does and ensuring they are reflected in the decisions the Board makes. The Board holds the Group Executive Management accountable for and upholds these Core Values thereby creating a culture in which doing the right thing is integral to the way Republic Financial Holdings Limited operates, globally. The Group's Ethics and Operating Principles confirm the commitment of the Board to strive for the highest standards of conduct within the Group.

RESPONSIBILITIES

The Group has 10 principles of corporate governance that summarise the objectives of the Board and provide a framework for the manner in which it functions and discharges its responsibilities:-

PRINCIPLES

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

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

- Setting the strategic aims and reviewing and approving corporate strategy
- Selecting, compensating and monitoring, and where necessary, replacing key executives and overseeing succession planning
- Ensuring the Group has the appropriate organisational structure in place to achieve its objectives
- Approval of an overall risk appetite framework for the Group reviewing and approving systems of risk management and internal compliance and control and legal compliance
- Monitoring the effectiveness of corporate governance practices and updating organisational rules and policies in step with industry changes

CORPORATE GOVERNANCE PRACTICES

- Approving and monitoring the progress of major capital expenditure, capital allocation and management and acquisitions and divestitures
- Ensuring the integrity of accounting, financial and non-financial reporting
- Establishing Values for the Group and approving of Codes of Conduct and Ethics

The Board is committed to engagement with all its stakeholders including its employees, customers shareholders and the societies we serve. The following guides the Board's approach to stakeholder engagement:

1 INCLUSIVITY – We have regard for all of our stakeholders. This inclusivity takes into account the interdependencies between these groups and all the factors that affect our ability to create value over time. Our organisation is recognised as an integral part of society and therefore, a corporate citizen.

2 TRANSPARENCY – We are committed to sharing information with all our stakeholders as permitted by law and our regulators.

3 PRINCIPLES FOR RESPONSIBLE BANKING – We are committed to the Principles for Responsible Banking as initiated by the United Nations Environment Program Finance Initiative. This serves to promote responsible banking by encouraging banks to align their operations at the strategic, portfolio and transactional levels with prevailing social and environmental commitments as expressed in the Paris Climate Agreement and UN Sustainable Development Goals (SDG).

4 ENGAGEMENT – We are committed to increased engagement with some or all stakeholders on varying scales. Currently we engage with our employees via direct and frequent open communication, our shareholders and investors via annual meetings and the annual report and our regulators through open discussions and forums.

Provision is made for Shareholders to have the opportunity to engage with the Group and participate effectively in Annual and Special Meetings through the provision of proxies. External Auditors and members of Senior Management and the Board are available at meetings with shareholders to respond to shareholder questions.

The Group's strategies, policies, agreed management performance criteria and business plans are defined and measurable in a manner which is precise and tangible both to the Board and Management. In turn these performance expectations and business plans are disseminated to each subsidiary. The Group's affairs are subject to comprehensive assessment against accurate and relevant information, both financial and non-financial as appropriate, obtainable not only from the Group's internal reporting systems but from external sources as well, so that informed assessment can be made of issues facing the Board.

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

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

ACCELERATING SUSTAINABLE PRACTICES AND INVESTMENT SOLUTIONS

On September 21, 2020, Republic Financial Holdings Limited became a signatory to the United Nations Environment Programme Finance Initiative's (UNEPFI) Principles for Responsible Banking (PRB). These principles signify the Group's commitment to the United Nations Sustainable Development Goals and further deepens the Group's role in serving the societies in which the Group operates.

SEPTEMBER 2020

Signed on to United Nations Environment Programme Finance Initiative's (UNEPFI) Principles for Responsible Banking (PRB).

APRIL 2021

Founding signatory to the United Nations-convened, Net-Zero Banking Alliance ('NZBA'). The NZBA was co-launched by the Financial Services Taskforce (FSTF) of the Prince of Wales' Sustainable Markets Initiative.

JUNE 2021

Committed to lend USD$200 million by 2025 to support actions to achieve major Climate Finance Goals.

THE GROUP'S SELECTED SUSTAINABLE DEVELOPMENT GOALS BY MEMBER COUNTRY

TRINIDAD & TOBAGO	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	13 CLIMATE ACTION
ANGUILLA	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	13 CLIMATE ACTION
BARBADOS	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	17 PARTNERSHIPS FOR THE GOALS
BRITISH VIRGIN ISLANDS	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION
CAYMAN	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION
DOMINICA	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	13 CLIMATE ACTION
GHANA	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	6 CLEAN WATER AND SANITATION
GRENADA	4 QUALITY EDUCATION	8 DECENT WORK AND ECONOMIC GROWTH	13 CLIMATE ACTION
GUYANA	1 NO POVERTY	7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION
ST. KITTS & NEVIS	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	13 CLIMATE ACTION
SAINT LUCIA	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	13 CLIMATE ACTION
ST. VINCENT & THE GRENADINES	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	13 CLIMATE ACTION
ST. MAARTEN	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	13 CLIMATE ACTION
SURINAME	1 NO POVERTY	7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION

CORPORATE GOVERNANCE PRACTICES

DIVERSITY EQUITY INCLUSION

We are committed to gender, geographic, ethnic, age and thought diversity and over time will be transitioning our model to reflect this diversity throughout the organisation, whilst ensuring that the dynamics and skill set of the Board continue to meet the expectations of our stakeholders. At present gender diversity on the Board is 25 percent and we are committed to achieving a higher diversity target over time where that is consistent with skills and diversity requirements. Within the group a task force is working to ensure that the policies are updated to align with several diversity factors to demonstrate the Group's commitment to an inclusive and tolerant workplace and operating model.

COMPOSITION

The Board shall comprise a maximum of 15 Directors, of which no more than two shall be Executive Directors. The Chairman shall be a Non-Executive Director. There shall be a Senior Non-Executive Director to be known as the Senior Independent Director.

The majority of the Directors shall be independent. It shall be for the Board to review the criteria to be considered in determining whether a Director is independent, both in character and judgement. The Board may take into account any direct or indirect relationship that a Director has within the Group that may be likely to interfere with the exercise of independent, unbiased judgement.

This balance between independent Non-Executive Directors and Executive Directors throughout the Group ensures that the Board as well as other subsidiary boards are able to exercise independent judgement with sufficient management information to enable proper and objective assessment of issues facing the Group.

The Board considers certain core characteristics important in any nominee for Director. They must: (i) be individuals of the highest character and integrity, (ii) demonstrate a breadth and depth of management and leadership experience, preferably in a senior leadership role in a large or recognised organisation; (iii) possess financial literacy or other professional or business experience relevant to an understanding of the Group and its business; and (iv) have a demonstrated ability to think and act strategically and independently as well be able to work constructively in a collegial environment. In identifying nominees for the position of Director, the Governance and Nomination Committee shall determine whether an individual meets the characteristics approved by the Board, assess any gaps identified in a skills matrix and also consider the current composition of the Board in light of the diverse communities and geographies served by the Group.

In composing the Board, the aim is to include highly qualified and experienced individuals from diverse backgrounds, including but not limited to elements of diverse geographic backgrounds, race, ethnicity, gender, sexual orientation, socio-economic status, age, physical abilities, and religious beliefs.

It is also critical that the Directors must have sufficient time available to devote to the performance of their Board duties.

The Board considers that the quality, skills and experience of its Directors enhances the Board's effectiveness, and the core set of skills and experience identified effectively provide the Group with appropriate leadership and guidance, necessary to tackle the risks and opportunities facing the Group.

The Non-Executive Directors on this board as well as on the subsidiary boards reflect a diverse cross-section of the professional and business community and are highly respected, independent individuals with significant experience in their respective fields.

Non-Executive Directors, including the Chairman, shall not participate in performance-based incentive plans; their remuneration consists solely of cash. Committee Chairmen and Members are paid an additional fee for each committee on which they serve. Executive Directors are not paid fees in respect of their Board or committee membership.

The Board of Directors shall meet at least quarterly, while special board Meetings shall be called as the need arises.

INDEPENDENT ADVICE

The Board shall have access to the best possible banking, management and financial advice during its deliberations and in that regard the Board has access to the advice of the Group General Counsel/Corporate Secretary, as well as External Counsel. In addition, the Board of Directors may appoint or retain any other professional advisors it considers appropriate.

DELEGATED AUTHORITY

The Board is the principal decision making forum for decisions that impact the Group. The Board of Directors has delegated the responsibility for the operational and day to day activities in relation to the Group's business to the President and Chief Executive Officer of Republic Financial Holdings Limited. Explicit authorities and responsibilities of the President and Chief Executive Officer are documented and approved by the Board of Directors. Further, formal structures of delegated authority exist for all the operating subsidiary Boards and their Managing Directors. Matters not specifically delegated are reserved to the Board.

The Board of Directors has also delegated authority to the following Board Committees:

- Audit Committee
- Enterprise Risk Committee
- Governance and Nomination Committee

DIRECTOR TENURE

A Non-Executive Director shall retire from the Board after serving for a maximum of 15 years or on becoming 70 years of age whichever first occurs. However, the Board may in its discretion consider the exigencies of a particular situation. An Executive Director shall retire in accordance with the Bank's usual retirement policy.

Republic Financial Holdings Limited scheduled ten meetings within the period October 2020 to September 2021:

DIRECTORS BOARD - 5 MEETINGS
SPECIAL BOARD - 5 MEETINGS

DIRECTORS	ATTENDANCE	ELIGIBLE TO ATTEND
Shazan Ali *(resigned April 21, 2021)*	3	3
Nigel M. Baptiste	10	10
Ian L. Benjamin	9	10
Dawn V. Callender	10	10
Terrence W. Farrell	10	10
Peter R. Inglefield	10	10
Alison G. Lewis	10	10
Shameer R. Mohammed	10	10
Vincent A. Pereira	10	10
Robert B. Riley	9	10
Waltnel X. Sosa	10	10
Kristine G. Thompson	9	10
Gregory I. Thomson	10	10

AUDIT COMMITTEE

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

The Committee comprises:

DIRECTORS	ATTENDANCE
Peter R. Inglefield – CHAIRMAN *(appointed Chairman September 20, 2020)* *(appointed September 20, 2020)*	4
Dawn V. Callender	4
Shameer R. Mohammed	4
Robert B. Riley	4
Gregory I. Thomson	4

ENTERPRISE RISK COMMITTEE

This Committee is responsible for providing oversight and advice to the Board on risk management in Republic Financial Holdings Limited and its subsidiaries and affiliates. This sub-committee considers and recommends for approval by the Board the Group's enterprise risk management policy, risk appetite statement, tolerance,

CORPORATE GOVERNANCE PRACTICES

limits and mandates taking into account the Group's capital adequacy and the external risk environment. It has oversight of strategic or material transactions including acquisitions or disposals, focusing on risk and implications for the risk appetite and tolerance of the Group. Four meetings were held this fiscal.

The Committee comprises:

DIRECTORS	ATTENDANCE
Robert B. Riley - CHAIRMAN	4
(appointed Chairman May 6, 2020)	
(appointed May 6, 2020)	
Nigel M. Baptiste	4
Dawn V. Callender	4
Terrence W. Farrell	4
Peter R. Inglefield	4
Vincent A. Pereira	4
Waltnel X. Sosa	4
Gregory I. Thomson	3

GOVERNANCE AND NOMINATION COMMITTEE

This Committee is responsible for establishing formal and transparent procedures for the selection of Executive and Non-Executive Directors, reviewing the Group's Management Succession Plan, developing and implementing processes to assess and improve Board and Committee effectiveness, and addressing issues which from time to time may emerge, having implications for the good governance within the Group and meets as the need arises. This Committee is also responsible for reviewing the remuneration, performance and incentive rewards of Senior Executives to ensure that the remuneration framework is relevant and balanced. 12 meetings were held for the fiscal year.

The Committee comprises:

DIRECTORS	ATTENDANCE
Terrence W. Farrell – CHAIRMAN	12
(appointed Chairman May 6, 2020)	
(appointed January 1, 2016)	
Shazan Ali	
(resigned April 21, 2021)	5
Ian L. Benjamin	12
Vincent A. Pereira	12
Kristine G. Thompson	12

At this annual meeting Dawn Callender, Robert Riley and Ian Benjamin, retire from the Board by rotation and being eligible, offer themselves for re-election for a term expiring at the close of the third annual meeting following this appointment.

Mr. Michael Noel was appointed a Director on October 18, 2021, to fill the casual vacancy created by the resignation of Mr. Shazan Ali on April 21, 2021. In accordance with By-law No. 1, 4.4.5, Mr. Michael Noel, having been appointed since the last meeting, retires from the Board and, being eligible, offers himself for re-election for a term expiring at the close of the third annual meeting following this appointment. The Board recommends that all the nominees be re-elected.

Mr. Shazan Ali resigned from the Board on April 21, 2021, after 11 years for personal reasons. We recognise his significant contribution to the RFHL Board as well as to the Boards of the subsidiaries of Republic Bank Limited and Republic Bank (Suriname) N.V.

DIRECTOR TRAINING AND EVALUATION

The international environment and legislative and regulatory demands remain increasingly complex and challenging causing us to constantly review our systems and make use of technology to ensure that compliance is robust with minimal negative impact on our legitimate customers. In this context, the Group recognises its responsibility to continue to source training programmes for Directors that will enhance Directors' knowledge and improve effectiveness.

Each new Director participates in an orientation of the Group. This orientation includes presentations by Senior Management on the Group's strategic plans, its significant financial, accounting and risk management policies and issues, its compliance programs, and other matters of importance to the Group.

Evaluations of the Board continue at a three-year interval. This fiscal a benchmarking exercise was conducted by Boston Consulting Group and out of which recommendations to optimise the Group's structure are being adopted.

In this fiscal year the Board received its annual Anti-Money Laundering (AML) training, entitled Blockchain and Virtual Currency, conducted by the Florida International Bankers Association (FIBA). The Board also benefitted from insights from regional leaders in, real estate, sustainable financing, manufacturing and tourism amidst COVID-19. The Board also gained more insight to the foundation elements of diversity, equity and inclusion. As customary, the Directors were also exposed to the annual Health and Safety training in-house.

ENTERPRISE RISK MANAGEMENT

Republic Financial Holdings Limited is committed to maintaining a robust enterprise risk management framework to ensure that it understands and monitors its risk environment and takes proactive measures to manage risk within acceptable levels consistent with its risk appetite. To this end, Republic Financial Holdings Limited has defined its risk management goals and objectives and supporting principles to effectively embed risk management throughout the Group into its strategic decisions and day-to-day business activities.

The Board has overall accountability for the Group's enterprise risk profile. They approve and enforce the risk management framework, inclusive of the overall risk appetite and the Group's philosophy on risk taking.

The Group Chief Risk Officer (CRO) has been appointed with responsibility for ensuring consistent application of the risk management framework across the Group and monitoring how effectively risk is being managed. The CRO reports to the Enterprise Risk Committee of the Board.

INTERNAL AUDIT

The Chief Internal Auditor provides an independent review of the Group's operations and validates that controls are working effectively. Under the leadership of the Chief Internal Auditor a professional cadre of internal auditors conducts periodic audits of all aspects of the Group's operations. External auditors have full and free access to the Chairman of the Audit Committee, and meet periodically with the Audit Committee to discuss the audit and findings as to the integrity of the Group's accounting and financial reporting. Internal audit provides the Board/Audit Committee with independent assurance on the adequacy of the system of internal controls within the Group.

FINANCIAL REPORTING REQUIREMENTS

The Board of Directors of Republic Financial Holdings Limited is responsible for the preparation and fair presentation of the financial statements and other financial information contained in this Annual Report. The accompanying financial statements have been prepared in conformity with International Financial Reporting Standards and present a true and fair view of the financial affairs of Republic Financial Holdings Limited and the subsidiaries within the Group on a consolidated and individual basis. Where amounts are based on estimates and judgements, these represent the best estimate and judgement of the Directors.

Responsibilities include:

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

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

The Directors have always recognised the importance of the Group maintaining and reinforcing the highest possible standards of conduct in all of its actions, including

CORPORATE GOVERNANCE PRACTICES

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

Signed on behalf of the Board

VINCENT A. PEREIRA
CHAIRMAN

September 30, 2021

BANKING ON DIGITAL

Services may differ in the individual banking territories

DIGITAL TRANSFORMATION DRIVERS

CUSTOMER EXPERIENCE
Banking on our customers terms, where they want, when they want, simple and easy

EFFICIENCY
Making our internal processes faster and simpler, so more time can be spent focusing on the customer

GROWTH
Increasing products and services and facilitating expansions

SECURITY
Protecting customers from external threats and other risks

COST SAVINGS
Adding value to our top and bottom lines

ENVIRONMENTAL
Reducing our footprint and providing paperless services

OMNI CHANNELS
Increasing the efficiency and automation of our products and services

- RepublicOnline: 24/7 Banking at your fingertips from any digital device
- Republic Mobile APP: Banking from the palm of your hand. New and Improved
- Republic EPAY: The most efficient way to receive payment from your customers; no website required!
- EXPRESS DEPOSIT: A fast, convenient and secure way to make deposits and bill payments
- www: All services and information can be accessed on our websites

MOBILE PRODUCTS & SERVICES

RepublicMobile
RepublicOnline
Endcash
Epay

24/7 Service
RepublicAlerts
Interbank transfers

BANKING ON DIGITAL

Services may differ in the individual banking territories

QUICK, FAST AND EASY PAYMENTS

Endcash
SCAN.PAY.DONE.

- Scan the QR Code in-store or pay directly through the Endcash App or website from wherever you are
- Send and receive payments with instant notification via app and email
- Share pictures, videos, updates, payments with friends and customers in your newsfeed

STATE OF THE ART SHOPPING

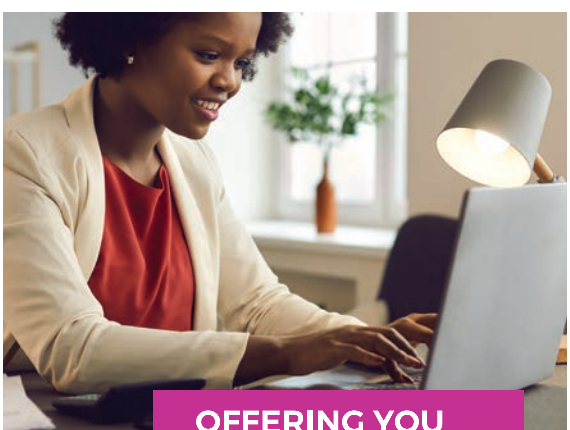
Tap and Go!

- **Faster:** Contactless technology – just tap and go for purchases under TT$300
- **Safer:** Security with Chip and PIN technology
- No additional fees

BANKING POWER IN YOUR HANDS

Republic Mobile APP

- Convenience: transfer funds and make payments on the go
- Security: two-factor authentication
- Biometric login: option for fingerprint access



OFFERING YOU SO MUCH MORE

RepublicOnline

- Convenience: real time registrations
- Security: RepublicAlerts for all purchases
- Control: personal finance tracker

DOING BUSINESS WITH US

- Register for new services
- Pay bills and salaries 24/7
- Purchasing power with our business Credit cards
- Transfer funds same day to accounts
- Receive and print bank statements
- Apply for loans

CREDIT CARDS

REWARDS

Earn Cash Back or AAdvantage® Miles every time you use your Credit card!

COMMERCIAL & CORPORATE SERVICES ARE 100% ACCESSIBLE ONLINE

SMEToolkit™

This free website contains valuable resources targeted to small and medium enterprises. It is geared at assisting entrepreneurs in the set up and development of their businesses successfully

AUTOMATED TELLER MACHINES

Republic Bank ATM

The BLUE MACHINE

345

CONVENIENTLY LOCATED

- Withdrawals
- Deposits
- Credit card payments
- Account balances
- Cardless Cash
- 24/7 Service

THE POWER TO MAKE A DIFFERENCE

THE POWER TO

CARE

We champion those in need to keep them steady in every area of their lives

THE POWER TO CARE

With the focus on healthcare issues and care for people with disabilities and the elderly, the Bank redoubled its commitment to the Trinidad and Tobago Cancer Society and the fight against all cancers through education, fund raising and awareness campaigns, continued support of "Bubbles for Life", which was transitioned into a virtual event, and the inaugural Pledge & Bid Text-a-thon and Online Auction.

The Bank also successfully partnered with the John Hayes Memorial Kidney Foundation in Trinidad and Tobago as part of their Patient Recognition Week in commemoration of World Kidney Day in March 2021. Similarly, in Suriname, the Bank pledged its support of the drive to establish the nation's first paediatric kidney dialysis centre.

In Guyana, the Bank stayed the course with long-time allies, the Step by Step Foundation School for Autistic Children, furthering the commitment to support autism awareness within the national community.

Ongoing projects with Transplant Links Community, the Diabetes Association of Barbados, and the SickKids Foundation in Barbados further cemented the long-standing partnerships the Bank built with these organisations and the community through the years.

In the Cayman Islands, the Bank maintained its support of the Meals on Wheels programme which assisted persons with disabilities while partnerships with the Special Olympics Cayman Islands Annual Golf Tournament and the Alex Panton Foundation further demonstrated the Bank's commitment to empower people with disabilities and mental health issues.

In the Eastern Caribbean, on the heels of the Republic Bank (EC) Limited 'Turns One Celebrations' in November 2020, the Bank embarked on its community outreach initiative in collaboration with Non-governmental Organisations (NGOs) across the EC region.

THE POWER TO HELP

In pursuit of sustainable poverty alleviation and social assistance programmes in Trinidad and Tobago, the Bank pledged its support of 'Positive Moments with Andrew and Don': an online motivational series aimed at encouraging positive thinking among young achievers and people adversely affected by the pandemic.

In Barbados, the Bank demonstrated its commitment to strengthening the community through support of Crime Stoppers Barbados' 'Cool Yuh Head' Programme aimed at empowering at-risk students, and support of Jabez House, which offers self-development opportunities for socially marginalised girls and young women.

In the Cayman Islands, collaboration with the Bodden Town Primary School Parent-Teacher Association (PTA) created opportunities to assist several families during the Christmas season, while the Bank also pledged its commitment to 12 NGOs, dubbed 'Champions of Change', in support of groundbreaking relief initiatives and programmes.

Key partnerships, with the CHORES Support Group (Children's Health Organisation for Relief and Educational Services); GRENCODA Student Assistance Programme; the Grenada, Carriacou & Petite Martinique Foundation for Needy Students; and the Missionaries of Charity proved instrumental in giving much needed hope to many in Grenada during the pandemic.

Continued partnership with Women Across Differences (WAD) and their Comprehensive Empowerment Programme for Adolescent Mothers in Guyana gave an even greater push for the advancement and empowerment of women and girls to improve their lives through access to critical social and economic resources.

In Ghana, the Bank collaborated with the Catholic Organisation for Social and Religious Advancement (COSRA) in full support of their blood donation drive and pledged support for the Koforidua Technical University in aid of building a clinic for the university's community.

THE POWER TO

HELP

We help shape the future for those who are following a course to their dreams

THE POWER TO MAKE A DIFFERENCE

THE POWER TO LEARN

With the focus on youth empowerment through education, culture, and the arts, the Group partnered with the Indigenous Creative Arts Network on their Digital Storytelling Series; and launched the Republic Bank Virtual Education in Schools (R-VES Programme) in Trinidad and Tobago, in playing its part to ensure that no child is left behind through the donation of laptops and tablets to schoolchildren. Continued partnership with the learning platform, Pennacool.com, led to the unveiling of '123 – Power to Make the Right Start', a new programme aimed at further providing online learning resources for Standards 1-3 in Mathematics and English.

In Grenada, powerful connections were formed with the Hands Across the Sea Literacy Programme to provide books and other teaching supplies to 70 preschools, provide additional parental support, and increase active participation in at-home educational activities. In Guyana, ongoing collaboration with the University of Guyana provided the opportunity to encourage young achievers to pursue their academic dreams and turn them into tomorrow's reality.

In the Cayman Islands, sponsorships of students' awards and prizes, a youth environmental leadership course, and the 'Father First' programme helped support novel opportunities for the Bank to encourage children and parents to aim for and achieve excellence.

Reaching out to schools across Barbados, the Bank formed a strong alliance with St. Ambrose Primary School, providing much needed assistance on a renovation project. The Bank also successfully launched the Schools Block Programme to provide funding and resources to teachers, parents, and school principals.

In Ghana, the Bank pledged its support for the commissioning of an ICT Centre at the AME Zion Basic School, Berase in the Central Region. The Bank also maintained its ongoing support of the students of the University of Ghana with its financial aid programmes.

THE POWER TO

LEARN

We empower those in need with the know-how to make a better quality of life

THE POWER TO

SUCCEED

We work together with those who want success, inspiring them to achieve their goals and lead others to do the same

THE POWER TO SUCCEED

Focussed on development through sport, nurturing entrepreneurial growth, and advocating environmental protection, the Bank in Trinidad and Tobago collaborated with the Institute of Marine Affairs on their 'Beyond the Blue Experience III' programme; and partnered with BPD Associates Limited to launch the first ever 'Entrepreneurs Business Builder programme', a project geared toward assisting women entrepreneurs across the Caribbean with creating technology-enabled, sustainable and profitable businesses.

In Barbados, the Bank worked alongside various communities through partnerships with Eco Rebel, the Barbados Youth Action Programme, and Barbados Adventure Race to instil greater agency in their drives toward sustainable development and overall wellness. In the Cayman Islands, the Bank pledged its commitment to raising environmental awareness via sponsorship of the 2020 Caribbean Transitional Energy Conference (CTEC) to promote green lending opportunities

The Bank demonstrated a similar commitment in Grenada through collaboration with the Rotary Club on the Quarantine Park Preservation initiative, aimed at protecting one of Grenada's most significant landmarks and remaining green spaces in St. George.

In Guyana, ongoing collaboration with the Ministry of Culture, Youth and Sport on the annual Republic Bank Panorama Steel Band Competition helped provide encouragement to many as they aspire to a brighter future.

In Ghana, the Bank continued its support for the National Partnership for Children's Trust which caters for the talented but socially marginalised students in public schools across the country. Similarly, the Bank pledged its support to maintaining the African Union Square, the national iconic site that celebrates the African Union and Ghana's role in leading its formation.

THE POWER TO MAKE A DIFFERENCE

OUR

PARTNERS & initiatives

Changing the future today. That is the Power to Make A Difference.

TRINIDAD & TOBAGO

- Adult Literacy Tutors Association
- Africa Film Trinidad and Tobago
- Blue Phoenix Mentorship Services
- Boys Scouts Association of Trinidad and Tobago
- BPD Associates
- Butler Institute of Learning and Labour
- Caribbean Kids and Families Therapy Organisation
- Caribbean Industrial Research Institute (CARIRI)
- CARITAS AIDS Ministry
- Children's Authority of Trinidad and Tobago
- Chosen Hands
- Community Parenting Programme for Fathers
- COVID-19 Pandemic Relief
- Diabetes Association of Trinidad and Tobago
- Down Syndrome Family Network
- Etienne Charles/Monlo Music Limited
- Families in Action
- Family Planning Association of Trinidad and Tobago
- Foundation for the Enhancement and Enrichment of Life (FEEL)
- Habitat for Humanity Trinidad and Tobago
- Horses Helping Humans
- Indigenous Creative Arts Network
- In Full Flight!
- Institute of Marine Affairs
- John Hayes Memorial Kidney Foundation
- Love Movement Christmas Concert
- Loveuntil Foundation
- Patrons of The Arts Foundation
- Pennacool.com 123
- Pennacool VCCE Community Challenge
- Pointe-a-Pierre Wild Fowl Trust
- Positive Moments with Andrew and Don
- Rape Crisis Society of Trinidad and Tobago
- Rebirth House Drug Rehabilitation Centre
- Republic Bank Extraordinaires Tassa Group
- Republic Bank Exodus Steel Orchestra
- Republic Bank Junior Golf Open (Trinidad)
- Republic Bank Love Movement Youth Outreach Programme
- Restore A Sense of I Can RSC Tech Club
- Roman Catholic Archdiocese of Port of Spain
- Rotary Club of St. Augustine West
- San Fernando Centre for Displaced Persons

- Salvation Army of Trinidad and Tobago
- Servol Junior Life Centre
- Servol Limited
- SickKids Foundation
- St. Vincent Volcano Relief
- St. Vincent de Paul Society
- The Cotton Tree Foundation
- The Esimaje Foundation
- Transplant Links Community
- Trinidad and Tobago Association for the Hearing Impaired
- Trinidad and Tobago Blind Welfare Association
- Trinidad and Tobago Cancer Society
- Trinidad and Tobago Citizen's Alliance Against Crime
- Trinidad and Tobago Coalition Against Domestic Violence
- Trinidad and Tobago Film Festival (FILMCO)
- Trinidad and Tobago Paralympic Committee
- Trinidad and Tobago Red Cross Society
- WE Say Y.E.S. Foundation
- YAHWEH Foundation Youth Support Programme – Tobago
- Youth Business of Trinidad and Tobago

BARBADOS

- Barbados Adventure Race
- Barbados Youth Action programme
- Crime Stoppers Barbados
- Eco Rebel Barbados
- Jabez House
- Pharma Wellness International Inc.
- SickKids Foundation
- St. Ambrose Primary School
- Transplant Links Community
- The Diabetes and Hypertension Association of Barbados

CAYMAN ISLANDS

- Alex Panton Foundation – Breaking Barriers Support Group
- All Stars Netball Club
- Breast Cancer Foundation – Gintonica Gala
- Bodden Town Primary School PTA
- Boyz2Men Cayman – Fine Dining Event
- Business and Professional Women's Club
- Chamber of Commerce Leadership Cayman Programme
- Champions of Change – 2021 Calendar Promotion
- Cayman Islands Angling Club – Cayman Islands International Fishing Tournament
- Cayman Islands Basketball Association
- Cayman Islands Cancer Society – Dinner
- Cayman Renewable Energy Association
- Cayman Islands National Museum
- Cayman Islands Softball Association
- Cayman Islands Tourism Association – Queen Elizabeth II 5K Fundraiser
- Cayman Islands Department of Counselling Services – International Men's Day
- Clifton Hunter High School
- Department of Education Services – Amin Mohammed Steelband Competition
- Humane Society's Annual Fur Ball Gala
- Hurricane Eta and Iota Relief Funds
- Inclusion Cayman – Autism Awareness Day
- Jasmine (Hospice Care) Flag Day Collection Fundraiser
- John Gray High School
- Kiwanis Club
- Layman E. Scott High School
- Lions Club of Tropical Gardens
- Meals on Wheels Organization
- Special Olympics Cayman Islands
- UCCI Pandemix Steelband
- University College of the Cayman Islands – Student Consulting Programme
- Young Environmental Leadership Course (YELC)
- Youth Services Unit – Brac Spring Weekend

EASTERN CARIBBEAN

ANGUILLA

- Arijah Children's Foundation

DOMINICA

- The Silver Lake Community

SAINT LUCIA

- Holy Family Children's Home

ST. KITTS AND NEVIS

- Cotton Thomas Comprehensive School

ST. MAARTEN

- New Start for Children Foundation

THE POWER TO MAKE A DIFFERENCE

ST. VINCENT AND THE GRENADINES

- Liberty Lodge Training School

GHANA

- AME Zion Basic School, Berase – ICT Centre
- African Union Square – Maintenance
- Koforidua Technical University – Construction of Clinic
- National Partnership for Children's Trust – Scholarship
- Catholic Organisation for Social and Religious Advancement
- University of Ghana

GRENADA

- Cardrona Home for the Aged
- CHORES Support Group
- Dorothy Hopkin Centre for the Disabled
- Friends of the Mentally Ill
- Grenada Cancer Society
- Grenada, Carriacou and Petite Martinique Foundation for Needy Students
- Grenada Diabetes Association
- Grenada Down Syndrome Association
- Grenada Heart Foundation
- Grenada National Council of the Disabled
- Grenada National Patient Kidney Foundation
- GRENCODA Student Assistance Programme
- Hands Across the Sea Literacy Programme
- Hillview Home for the Aged
- Lupus Foundation of Grenada
- Ministry of Health – Vaccination Campaign
- Missionaries of Charity
- National Learn to Swim Week
- Pink Ribbon Society of Grenada
- Grenada Cricket Association/RightSTART – U19 Cricket Tournament
- Rotary Club of Grenada – Quarantine Park
- Sickle Cell Association of Grenada
- St. Vincent de Paul Society
- T. A. Marryshow Community College
- UWI Scholarship and Bursary Programme

GUYANA

- Mayor and Councillors of the City of Georgetown – Promenade Gardens
- Ministry of Culture, Youth and Sport – Annual Republic Bank Panorama Steel Band Competition
- Ministry of Health Vaccination drive – Republic Bank branches
- Step by Step Foundation and School for Autistic Children
- University of Guyana – Scholarship
- Women Across Differences (WAD) – Comprehensive Empowerment Programme for Adolescent Mothers

SURINAME

- St. Vincentius Hospital – Kidney Dialysis Center for Children

PERFORMANCE

Our strategy is to achieve optimal financial performance while adhering to the Principles for Responsible Banking. With our climate finance goals we are focussing on reducing our carbon footprint and our contribution to CO_2 emissions. We are committed to sustainable operations with a view towards making all our new Bank buildings LEED Certified properties and to using electric cars in our corporate vehicle fleet at the Board level.

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STATEMENT OF MANAGEMENT RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying Consolidated financial statements of Republic Financial Holdings Limited and its subsidiaries ('the Group') which comprise the Consolidated statement of financial position as at September 30, 2021, the Consolidated statements of comprehensive income, Changes in equity and Cash flows for the year then ended, and a Summary of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited Consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying Consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

NIGEL M. BAPTISTE
PRESIDENT AND CHIEF EXECUTIVE OFFICER
November 5, 2021

MARSHA MC LEOD-MARSHALL
CHIEF FINANCIAL OFFICER
November 5, 2021

Ernst & Young
P.O. Box 158
5/7 Sweet Briar Road
St. Clair, Port of Spain
Trinidad

Tel: +1 868 628 1105
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF REPUBLIC FINANCIAL HOLDINGS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Republic Financial Holdings Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at September 30, 2021, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at September 30, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF REPUBLIC FINANCIAL HOLDINGS LIMITED

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	**How our audit addressed the key audit matter**
Allowance for Expected Credit Losses (ECLs)	
Refer to Notes 2.6g, 4d, 5c, 20 and 22.2. IFRS 9: "Financial Instruments" requires the Group to record an allowance for Expected Credit Losses (ECLs) for all advances and other financial assets not held at fair value through profit and loss (FVPL), together with loan commitments and financial guarantee contracts. Advances (loans) and other financial assets held at amortised cost comprise 93% of the Group's total assets. The estimation of ECLs on financial assets is inherently uncertain and is subject to significant judgment. Furthermore, models used to determine credit impairments are complex and certain inputs used are not fully observable. Management compensates for any model and data deficiencies by applying overlays to these outputs, which adjusts the ECLs.	We assessed and tested the modelling techniques and methodologies developed by the Group in order to estimate ECLs and evaluated its compliance with the requirements of IFRS 9. We reviewed the completeness and accuracy of data from underlying systems through to the models used to determine the ECLs. We considered the methodologies applied in determining Probabilities of Default (PDs) and the data used to estimate Loss Given Defaults (LGDs), and tested the Exposures At Default (EADs) against asset subledgers and amortisation schedules. Where PDs and LGDs were based on assigned global credit ratings, we independently tested to the source data. We tested the aging of the portfolios and performed an independent assessment for a sample of commercial facilities to assess the accuracy and timely assignment of risk ratings in compliance with Management's policy, both of which are inputs in the staging of the portfolios. We concluded on the accuracy of the staging applied against the methodologies and assessed the reasonableness of all assumptions used to determine whether the Group appropriately reflected additional risks where identified.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF REPUBLIC FINANCIAL HOLDINGS LIMITED

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	**How our audit addressed the key audit matter**
Allowance for Expected Credit Losses (ECLs) (continued)	
Key areas of judgment included: • the interpretation of the requirements to determine impairment under the application of IFRS 9, which is reflected in the Group's ECL models; • the application of assumptions where there was limited or incomplete data; • the identification of exposures with a significant deterioration in credit quality; • assumptions used in the ECL model such as the financial condition of the counterparty or valuation of security; • the need to apply overlays, the quantification of which can be highly subjective, to reflect current or future external factors that are not appropriately captured by the ECL model, including the effects of the pandemic; and • additional credit risk that could stem from the impact of the pandemic, on the ability of the Group's customers/investors to meet their financial commitments. These factors, individually and collectively, result in a higher judgmental risk and thus are considered a key audit matter in the context of the consolidated financial statements.	We also ensured that the definition of a significant deterioration in credit risk and staging adopted by the Group was in compliance with IFRS 9, particularly stemming from the loan moratoriums offered by the Group in response to the pandemic. Management's judgemental provisions applied on specific high-risk customers of the Group were reviewed in detail, in assessing the reasonableness of the resulting ECL overlay applied by management on advances. For ECLs calculated on an individual basis we tested the factors underlying the impairment identification and quantification including forecasts of the amount and timing of future cash flows, valuation of assigned collateral and estimates of recovery on default. We utilised our EY valuation specialists to assess the appropriateness of the models and assumptions used by the Group, including monitoring/validation, model governance and its mathematical accuracy. Finally we assessed the disclosure in the consolidated financial statements considering whether it satisfies the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF REPUBLIC FINANCIAL HOLDINGS LIMITED

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	**How our audit addressed the key audit matter**
Goodwill impairment assessment	
Refer to Notes 2.6n, 2.6o and 9. The Group has goodwill of $936 million. Goodwill impairment assessment is very subjective as it requires the use of projected financial information and judgemental assumptions. As required by IAS 36: "Impairment of Assets", management performs an annual impairment assessment on goodwill. Due to the potential distressed macroeconomic environment that could result from the current and future effects of the pandemic, Management opted to perform their analyses more frequently than annually, as well as for businesses acquired during the period. Management also conducted the impairment tests using sensitivity analyses, including a range of growth rates, interest rates, recovery assumptions, macro-economic outlooks and discount rates for each entity in arriving at a probability-weighted expected cashflow projection. The purpose of the impairment review is to ensure that goodwill is not carried at an amount greater than its recoverable amount. The recoverable amount is compared with the carrying value of the asset to determine if the asset is impaired. Recoverable amount is defined as the higher of fair value less costs of disposal (FVLCD) and value in use (VIU); the underlying concept being that an asset should not be carried at more than the amount it could raise, either from selling it now or from using it.	We evaluated and tested the Group's process for goodwill impairment assessment. We involved our EY valuation specialists team to assist us in the review of the key assumptions, cash flows and discount rate used to ensure that they are reasonable. With the added estimation uncertainty brought on by the pandemic, we closely analysed Management's judgements used in its assessments, including longer-term assumptions, by applying our own sensitivity analyses to account for market volatility. The calculations were reassessed to factor in any negative impact from the pandemic on the discount rate and other performance factors, along with assessing the potential future impact on business. We also assessed whether appropriate and complete disclosures have been included in the consolidated financial statements consistent with the requirements of IAS 36.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF REPUBLIC FINANCIAL HOLDINGS LIMITED

Report on the Audit of the Consolidated Financial Statements (continued)

Other information included in the Group's 2021 Annual Report

Other information consists of the information included in the Group's 2021 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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working world

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF REPUBLIC FINANCIAL HOLDINGS LIMITED

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF REPUBLIC FINANCIAL HOLDINGS LIMITED

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF REPUBLIC FINANCIAL HOLDINGS LIMITED

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner in charge of the audit resulting in this independent auditor's report is Adrienne D'Arcy.

EY

Port of Spain
TRINIDAD:
November 5, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF TRINIDAD AND TOBAGO DOLLARS ($'000)

	NOTES	2021	2020
ASSETS			
Cash on hand		**2,529,876**	2,248,900
Statutory deposits with Central Banks		**7,045,773**	8,810,482
Due from banks		**12,425,341**	12,005,309
Treasury Bills		**4,934,664**	3,909,369
Advances	4	**55,515,628**	53,300,181
Investment securities	5	**19,259,501**	17,535,686
Investment interest receivable		**205,204**	185,577
Investment in associated companies	6	**55,961**	56,971
Premises and equipment	7	**3,218,670**	3,106,952
Right-of-use assets	8 (a)	**477,858**	602,856
Intangible assets	9	**1,171,222**	1,223,414
Pension assets	10	**1,415,216**	454,573
Deferred tax assets	11 (a)	**246,214**	253,928
Taxation recoverable		**72,817**	56,877
Other assets	12	**594,950**	525,539
TOTAL ASSETS		**109,168,895**	**104,276,614**
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		**155,985**	807,192
Customers' current, savings and deposit accounts	13	**86,609,634**	81,847,168
Other fund raising instruments	14	**4,618,554**	5,499,058
Debt securities in issue	15	**1,865,895**	2,024,390
Lease liabilities	8 (b)	**482,867**	593,418
Pension liability	10	**25,356**	42,644
Provision for post-retirement medical benefits	10	**66,777**	66,524
Taxation payable		**157,343**	95,175
Deferred tax liabilities	11 (b)	**587,712**	209,161
Accrued interest payable		**86,451**	108,927
Other liabilities	16	**1,656,819**	1,640,484
TOTAL LIABILITIES		**96,313,393**	**92,934,141**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

AS AT SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF TRINIDAD AND TOBAGO DOLLARS ($'000)

	NOTES	**2021**	2020
EQUITY			
Stated capital	17	**879,962**	862,115
Statutory reserves		**1,751,552**	1,544,858
Other reserves	18	**(337,569)**	(250,315)
Retained earnings		**9,438,206**	8,156,616
Attributable to equity holders of the Parent		**11,732,151**	10,313,274
Non-controlling interests		**1,123,351**	1,029,199
TOTAL EQUITY		**12,855,502**	**11,342,473**
TOTAL LIABILITIES AND EQUITY		**109,168,895**	**104,276,614**

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

These Consolidated financial statements were approved by the Board of Directors on November 5, 2021, and signed on its behalf by:

VINCENT A. PEREIRA
CHAIRMAN

NIGEL M. BAPTISTE
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

PETER R. INGLEFIELD
DIRECTOR

KIMBERLY ERRIAH-ALI
CORPORATE SECRETARY

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2021.
EXPRESSED IN THOUSANDS OF TRINIDAD AND TOBAGO DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

	NOTES	2021	2020
Interest income	19 (a)	**4,643,764**	4,820,801
Interest expense	19 (b)	**(673,668)**	(825,831)
Net interest income		**3,970,096**	3,994,970
Other income	19 (c)	**1,832,426**	1,705,250
		5,802,522	5,700,220
Operating expenses	19 (d)	**(3,514,061)**	(3,623,392)
Share of profit of associated companies	6	**4,123**	4,911
Operating profit		**2,292,584**	2,081,739
Credit loss expense on financial assets	20	**(347,985)**	(621,164)
Net profit before taxation		**1,944,599**	1,460,575
Taxation expense	21	**(499,878)**	(457,516)
Net profit after taxation		**1,444,721**	**1,003,059**
Attributable to:			
Equity holders of the Parent		**1,308,054**	904,056
Non-controlling interests		**136,667**	99,003
		1,444,721	**1,003,059**
Earnings per share (expressed in $ per share)			
Basic		**8.05**	5.57
Diluted		**8.02**	5.54
Weighted average number of shares ('000)			
Basic	17	**162,528**	162,443
Diluted	17	**163,080**	163,107

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF TRINIDAD AND TOBAGO DOLLARS ($'000)

	2021	2020
Net profit after taxation	**1,444,721**	**1,003,059**
Other comprehensive income:		
Other comprehensive loss (net of tax) that will be reclassified to the Consolidated statement of income in subsequent periods:		
Translation adjustments	**(81,110)**	(211,636)
Total items that will be reclassified to the Consolidated statement of income in subsequent periods	**(81,110)**	**(211,636)**
Other comprehensive income/(loss) (net of tax) that will not be reclassified to the Consolidated statement of income in subsequent periods:		
Remeasurement gain/(losses) on defined benefit plans	**1,057,325**	(99,049)
Income tax related to above	**(375,193)**	34,109
Total items that will not be reclassified to the Consolidated statement of income in subsequent periods	**682,132**	**(64,940)**
Other comprehensive income/(loss) for the year, net of tax	**601,022**	**(276,576)**
Total comprehensive income for the year, net of tax	**2,045,744**	**726,483**
Attributable to:		
Equity holders of the Parent	**1,920,702**	646,913
Non-controlling interests	**125,042**	79,570
	2,045,744	**726,483**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF TRINIDAD AND TOBAGO DOLLARS ($'000)

	STATED CAPITAL	STATUTORY RESERVES	OTHER RESERVES – NOTE 18	RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROL-LING INTERESTS	TOTAL EQUITY
Balance at September 30, 2019	**803,064**	**1,346,858**	**15,131**	**8,103,694**	**10,268,747**	**963,013**	**11,231,760**
Total comprehensive (loss)/income for the year	–	–	(192,205)	839,118	646,913	79,570	**726,483**
Issue of shares	50,506	–	–	–	50,506	–	**50,506**
Share-based payments	8,545	–	–	–	8,545	–	**8,545**
Shares purchased for profit sharing scheme	–	–	(92,075)	–	(92,075)	–	**(92,075)**
Allocation of shares	–	–	53,860	–	53,860	–	**53,860**
Transfer from other reserves	–	–	(35,026)	35,026	–	–	**–**
Transfer to statutory reserves	–	198,000	–	(198,000)	–	–	–
Non-controlling interests' share of rights issue	–	–	–	–	–	19,504	**19,504**
Share of changes in equity	–	–	–	–	–	(636)	**(636)**
Dividends – Note 30	–	–	–	(626,387)	(626,387)	–	**(626,387)**
Dividends paid to non-controlling interests	–	–	–	–	–	(32,252)	**(32,252)**
Other	–	–	–	3,165	3,165	–	**3,165**
Balance at September 30, 2020	**862,115**	**1,544,858**	**(250,315)**	**8,156,616**	**10,313,274**	**1,029,199**	**11,342,473**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF TRINIDAD AND TOBAGO DOLLARS ($'000)

	STATED CAPITAL	STATUTORY RESERVES	OTHER RESERVES – NOTE 18	RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROL-LING INTERESTS	TOTAL EQUITY
Balance at September 30, 2020	**862,115**	**1,544,858**	**(250,315)**	**8,156,616**	**10,313,274**	**1,029,199**	**11,342,473**
Total comprehensive (loss)/income for the year	–	–	(69,513)	1,990,215	1,920,702	125,042	**2,045,744**
Issue of shares	12,232	–	–	–	12,232	–	**12,232**
Share-based payments	5,615	–	–	–	5,615	–	**5,615**
Shares purchased for profit sharing scheme	–	–	(17,627)	–	(17,627)	–	**(17,627)**
Transfer to other reserves	–	–	1,168	(1,168)	–	–	–
Transfer to statutory reserves	–	206,694	–	(206,694)	–	–	–
Share of changes in equity	–	–	–	–	–	1,382	**1,382**
Dividends – Note 30	–	–	–	(505,846)	(505,846)	–	**(505,846)**
Dividends paid to non-controlling interests	–	–	–	–	–	(29,579)	**(29,579)**
Other	–	–	(1,282)	5,083	3,801	(2,693)	**1,108**
Balance at September 30, 2021	**879,962**	**1,751,552**	**(337,569)**	**9,438,206**	**11,732,151**	**1,123,351**	**12,855,502**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF TRINIDAD AND TOBAGO DOLLARS ($'000)

	NOTES	2021	2020
Operating activities			
Net profit before taxation		**1,944,599**	1,460,575
Adjustments for:			
Depreciation of premises and equipment and right-of-use assets	7 and 8 (a)	**366,698**	333,176
Credit loss expense on financial assets	20	**347,985**	621,164
Goodwill impairment expense	9 (a)	**493**	143,367
Investment securities' impairment expense		**406**	580
Amortisation of intangibles	9 (b)	**51,700**	36,787
Translation differences		**249,751**	299,072
(Gain)/loss on sale of premises and equipment		**(26,246)**	3,985
Realised loss on investment securities		**13,735**	279
Share of net profit of associated companies	6	**(4,123)**	(4,911)
Stock option expense	17	**5,615**	8,545
Increase in employee benefits		**79,647**	60,567
Increase in advances		**(2,506,667)**	(999,627)
Increase in customers' deposits and other fund raising instruments		**3,881,962**	4,495,482
Decrease/(increase) in statutory deposits with Central Banks		**1,764,709**	(695,666)
(Increase)/decrease in other assets and investment interest receivable		**(89,037)**	160,055
Decrease in other liabilities and accrued interest payable		**(6,151)**	(58,833)
Taxes paid, net of refund		**(449,210)**	(610,453)
Cash provided by operating activities		**5,625,866**	**5,254,144**
Investing activities			
Purchase of investment securities		**(21,995,802)**	(16,721,518)
Redemption of investment securities		**19,291,362**	15,643,402
Acquisition of subsidiaries, net of cash acquired		–	4,243,892
Acquisition of subsidiary's rights issue by non-controlling interest		–	19,504
Dividends from associated companies	6	**4,900**	–
Additions to premises and equipment	7	**(421,204)**	(425,046)
Proceeds from sale of premises and equipment		**93,882**	8,298
Cash (used in)/provided by investing activities		**(3,026,862)**	**2,768,532**

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

CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF TRINIDAD AND TOBAGO DOLLARS ($'000)

	NOTES	2021	2020
Financing activities			
Decrease in balances due to other banks		**(651,207)**	(2,336,350)
Repayment of debt securities		**(158,495)**	(97,884)
Repayment of lease liabilities	8 (b)	**(75,839)**	(67,141)
Proceeds from share issue	17	**12,232**	50,506
Shares purchased for profit sharing scheme	18	**(17,627)**	(92,075)
Allocation of shares to profit sharing plan	18	–	53,860
Dividends paid to shareholders of the Parent	30	**(505,846)**	(626,387)
Dividends paid to non-controlling shareholders of the subsidiaries		**(29,579)**	(32,252)
Cash used in financing activities		**(1,426,361)**	**(3,147,723)**
Net increase in cash and cash equivalents		**1,172,643**	4,874,953
Net foreign exchange difference		**(234,081)**	(439,956)
Cash and cash equivalents at beginning of year		**17,165,929**	12,730,932
Cash and cash equivalents at end of year		**18,104,491**	**17,165,929**
Cash and cash equivalents at end of year are represented by:			
Cash on hand		**2,529,876**	2,248,900
Due from banks		**12,425,341**	12,005,309
Treasury Bills – original maturities of three months or less		**2,894,517**	2,607,535
Bankers' acceptances – original maturities of three months or less		**254,757**	304,185
		18,104,491	**17,165,929**
Supplemental information:			
Interest received during the year		**4,762,178**	4,552,675
Interest paid during the year		**(696,144)**	(833,880)
Dividends received	19 (c)	**721**	751

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021.
EXPRESSED IN THOUSANDS OF TRINIDAD AND TOBAGO DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

1 CORPORATE INFORMATION

Republic Financial Holdings Limited (the 'Company' or 'RFHL'), 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 Republic House, 9-17 Park Street, Port of Spain. RFHL is listed on the Trinidad and Tobago Stock Exchange.

The Republic Group (the 'Group') is a financial services group comprising several subsidiaries and associated companies. The Group is engaged in a wide range of banking, financial and related activities mainly in the Caribbean Community (CARICOM) region, Cayman Islands, Ghana, St. Maarten, Anguilla and the British Virgin Islands. A full listing of the Group's subsidiary companies is detailed in Note 33 while associate companies are listed in Note 6.

2 SIGNIFICANT ACCOUNTING POLICIES

These financial statements provide information on the accounting estimates and judgements made by the Group. These estimates and judgements are reviewed on an ongoing basis. The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Consolidated financial statements. The estimation uncertainty is associated with:

- the extent and duration of disruption to business as a result of actions from consumers, businesses and governments to contain the spread of the virus;
- the extent and duration of the expected economic downturn in the economies in which we operate. This includes forecasts for economic growth, unemployment, interest rates and inflation.

The Group has formed estimates based on information available on September 30, 2021, which was deemed to be reasonable in forming these estimates. The actual economic conditions may be different from the estimates used and this may result in differences between the accounting estimates applied and the actual results of the Group for future periods.

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

2.1 Basis of preparation

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

2.2 Basis of consolidation

The Consolidated financial statements comprise the financial statements of Republic Financial Holdings Limited ('the Parent') and its subsidiaries ('the Group') as at September 30 each year. The financial statements of subsidiaries are prepared for the same reporting year as the Parent company using consistent accounting policies.

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Basis of consolidation *(continued)*

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

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

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

2.3 Changes in accounting policies

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

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

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

Non-controlling interests represent interests in subsidiaries not held by the Group.

The accounting policies adopted in the preparation of the Consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended September 30, 2020, except for the adoption of new standards and interpretations below.

Several amendments and interpretations apply for the first time in 2021, but do not have any impact on the Consolidated financial statements of the Group. These are also described in more detail below. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 3 Business Combinations – Amendments to IFRS 3 (effective January 1, 2020)

The International Accounting Standards Board (IASB) issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

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EXPRESSED IN THOUSANDS OF TRINIDAD AND TOBAGO DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Changes in accounting policies *(continued)*

IFRS 3 Business Combinations – Amendments to IFRS 3 (effective January 1, 2020) (continued)

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition. However, entities considering the acquisition of a set of activities and assets after first applying the amendments should update their accounting policies in a timely manner.

The adoption and amendment to this standard had no impact on the Consolidated financial statements of the Group.

IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments Amendment (effective January 1, 2020)
The amendments to IFRS 9 Financial Instruments provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed.

The adoption and amendment to this standard had no impact on the Consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors Amendments (effective January 1, 2020)
The amendments provide a new definition of 'material' that states, 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'.

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendments must be applied prospectively. Early adoption is permitted and must be disclosed.

Although the amendments to the definition of material is not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.

The adoption and amendment to this standard had no impact on the Consolidated financial statements of the Group.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Changes in accounting policies *(continued)*

Conceptual Framework for Financial Reporting (effective January 1, 2020)

The revised Conceptual Framework for Financial Reporting is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The adoption and amendment to this framework had no impact on the Consolidated financial statements of the Group.

IFRS 16 Leases – Amendments to IFRS 16 – COVID-19 Related Rent Concessions (effective June 1, 2020)

In May 2020, the IASB amended IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modification to rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment does not apply to lessors.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before June 30, 2021 and increased lease payments that extend beyond June 30, 2021)
- There is no substantive change to other terms and conditions of the lease.

Lessees will apply the practical expedient retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied.

The adoption and amendment to this standard had no impact on the Consolidated financial statements of the Group.

2.4 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 Group's Consolidated financial statements. These standards and interpretations will be applicable to the Group at a future date and will be adopted when they become effective. The Group is currently assessing the impact of adopting these standards and interpretations.

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective January 1, 2021)
The amendments provide temporary reliefs which address the financial reporting effects when an Interbank Offered Rate (IBOR) is replaced with an alternative nearly Risk-free interest Rate (RFR).

The amendments include a pratical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this pratical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred.

The amendments are mandatory, with earlier application permitted. Hedging relationships must be reinstated if the hedging relationship was discontinued solely due to changes required by IBOR reform and it would not have been discontinued if the phase two amendments had been applied at that time. While application is retrospective, an entity is not required to restate prior periods.

IFRS 3 Business Combinations – Amendments to IFRS 3 (effective January 1, 2022)
The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or International Financial Reporting Interpretations Committee (IFRIC) 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018).

The amendments are intended to update a reference to the Conceptual Framework without significantly changing requirements of IFRS 3. The amendments will promote consistency in financial reporting and avoid potential confusion from having more than one version of the Conceptual Framework in use.

IAS 16 Property, Plant and Equipment – Amendments to IAS 16 (effective January 1, 2022)
The amendment prohibits entities from deducting from the cost of an item of Property, Plant and Equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

IAS 16 Property, Plant and Equipment – Amendments to IAS 16 (effective January 1, 2022) (continued)

The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments to IAS 37 (effective January 1, 2022)

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g. the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g. depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognised contract loss provisions using the guidance from the former standard, IAS 11 Construction Contracts, will be required to exclude the allocation of indirect overheads from their provisions. Judgement will be required in determining which costs are 'directly related to contract activities', but we believe that guidance in IFRS 15 Revenue from Contracts with Customers will be relevant.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1 (effective January 1, 2023)

The IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

IFRS 17 Insurance Contracts (effective January 1, 2023)

IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

IFRS 17 Insurance Contracts (effective January 1, 2023) (continued)

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e. coverage period)
- The effect of changes in discount rates will be reported in either profit or loss or Other Comprehensive Income (OCI), determined by an accounting policy choice
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the Consolidated statement of income, but are recognised directly on the Consolidated statement of financial position
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Amendments to IAS 1 (effective January 1, 2023)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

Replacement of the term 'significant' with 'material'

In the absence of a definition of the term 'significant' in IFRS, the IASB decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the IASB. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendment to IAS 8 (effective January 1, 2023)

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendments to IAS 8 (effective January 1, 2023) (continued)

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the IASB.

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

IAS 12 Income Taxes – Amendments to IAS 12 (effective January 1, 2023)

The amendments to IAS 12, narrows the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g. if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the IASB expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Improvements to International Financial Reporting Standards

The annual improvements process of the IASB 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, 2021:

IFRS	SUBJECT OF AMENDMENT
IFRS 1 –	First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (effective January 1, 2022)
IFRS 9 –	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities (effective January 1, 2022)

2.6 Summary of significant accounting policies

a Cash and cash equivalents

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

b Statutory deposits with Central Banks

Deposits with the Central Banks and other regulatory authorities represent mandatory reserve deposits and are not available for use in day-to-day operations. These amounted to $7 billion (2020: $8.8 billion).

c Financial instruments – initial recognition

i Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e. the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group recognises balances due to customers when funds are transferred to the Group.

ii Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Note 2.6 (d) (i). Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at Fair value through profit or loss (FVPL), transaction costs are added to, or subtracted from, this amount.

iii Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms, measured at either:

- Amortised cost, as explained in Note 2.6 (d) (i)
- FVPL, as explained in Note 2.6 (d) (ii)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

c Financial instruments – initial recognition *(continued)*

iii Measurement categories of financial assets and liabilities *(continued)*

Financial liabilities, other than loan commitments and financial guarantees are measured at amortised cost.

d Financial assets and liabilities

i Due from banks, Treasury Bills, Advances and Investment securities

The Group only measures Due from banks, Treasury Bills, Advances to customers and Investment securities at amortised cost if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding, and
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

The details of these conditions are outlined below.

The SPPI test

For the first step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g. if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL or Fair Value through Other Comprehensive Income (FVOCI) without recycling.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

d Financial assets and liabilities *(continued)*

i Due from banks, Treasury Bills, Advances and Investment securities *(continued)*

Business model assessment *(continued)*

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

ii Financial assets at fair value through profit or loss

Financial assets in this category are those that are designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management may designate an instrument at FVPL upon initial recognition.

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis.

Financial assets at FVPL are recorded in the Consolidated statement of financial position at fair value. Interest earned or incurred on instruments designated at FVPL is accrued in interest income, using the Effective Interest Rate (EIR), taking into account any discount/premium and qualifying transaction costs being an integral part of the instrument. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other income when the right to the payment has been established.

iii Undrawn loan commitments

Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the Expected Credit Losses (ECL) requirements but no ECL was determined based on historical observation of defaults.

iv Debt securities and other fund raising instruments

Financial liabilities issued by the Group that are designated at amortised cost, are classified as liabilities under Debt securities in issue and Other fund raising instruments, where the substance of the contractual arrangement results in the Group having an obligation to deliver cash to satisfy the obligation. After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the EIR.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

e Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

f Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, to facilitate changes to the original loan agreement or arrangement due to weaknesses in the borrower's financial position and/or non-repayment of the debt as arranged and terms and conditions have been restructured to the extent that, substantially, it becomes a new loan, with the difference recognised as an impairment loss. The newly recognised loans are classified as Stage 2 for ECL measurement purposes.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- Change in currency of the loan
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original rate (or credit adjusted EIR for purchased or credit-impaired financial assets), the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition other than for substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset, or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

f Derecognition of financial assets and liabilities *(continued)*

Derecognition other than for substantial modification (continued)

Financial assets (continued)

- The Group cannot sell or pledge the original asset other than as security to the eventual recipients
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

g Impairment of financial assets

i Overview of the ECL principles

The Group records an allowance for ECL for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

g Impairment of financial assets *(continued)*

i Overview of the ECL principles (continued)

The Group uses the general probability of default approach when calculating ECLs. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 22.2.5.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the size and nature of the underlying portfolio of financial instruments. The Group's policy for grouping financial assets measured on a collective basis is explained in Note 22.2.6.

Where the financial asset meets the definition of purchased or originated credit-impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group classifies its loans and investments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1

When financial assets are first recognised and continue to perform in accordance with the contractual terms and condition after initial recognition, the Group recognises an allowance based on 12mECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial asset has been reclassified from Stage 2.

Stage 2

When financial assets have shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 financial assets also include facilities where the credit risk has improved and the financial asset has been reclassified from Stage 3.

Stage 3

For financial assets considered credit-impaired (as outlined in Note 22.2), the Group records an allowance for the LTECLs.

POCI

POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the ECLs.

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

g Impairment of financial assets *(continued)*

i Overview of the ECL principles (continued)

POCI (continued)

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a partial derecognition of the financial asset.

ii The calculation of ECLs

The Group calculates ECLs based on the historical measure of cash shortfalls, discounted at the instrument's coupon rate. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD - The Probability of Default is an estimate of the likelihood of default over a given period of time. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 22.2.4.

EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers among other factors the risk rating category and aging of the financial asset. Each of these is associated with different PDs, EADs and LGDs. When relevant, it also incorporates how defaulted loans and investments are expected to be recovered, including the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, for which the treatment is separately set out, the maximum period for which the credit losses are determined is the contractual life of a financial instrument.

Impairment losses and recoveries are accounted for and disclosed separately.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

g Impairment of financial assets *(continued)*

ii The calculation of ECLs (continued)

The mechanics of the ECL method are summarised below:

Stage 1

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD which are derived as explained under Stage 3 for loans and using Global Credit Loss tables for traded investments and modified with management overlays when not traded.

Stage 2

When a financial asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The LGDs are derived as explained under Stage 3 for loans and using Global Credit Loss tables for traded investments and modified with management overlays when not traded.

Stage 3

For financial assets considered credit-impaired (as defined in Note 22.2), the Group recognises the LTECLs for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

POCI

POCI assets are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative changes in LTECLs since initial recognition, based on a probability-weighting discounted by the credit-adjusted EIR.

In most instances, LGDs are determined on an individual loan or investment basis, including discounting the expected cash flows at the original EIR. Stage 3 LGDs are grouped by similar types to provide percentage averages to be applied for Stage 1 and Stage 2 loans.

In limited circumstances within the Group, where portfolios were small and the products homogenous with minimal history of defaults, a simplified ECL approach was applied using historical loss rates and staged based on the sovereign rating of the residence of the loan.

iii Credit cards, overdrafts and other revolving facilities

The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities. The Group limits its exposure on these revolving facilities to the outstanding balance for non-performing facilities. For Stage 1 and Stage 2 facilities, the Group calculates ECL on a percentage utilisation of the credit card and overdraft limit based on the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

g Impairment of financial assets *(continued)*

iii Credit cards, overdrafts and other revolving facilities *(continued)*

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, as explained in Note 22.2.4, but emphasis is also given to qualitative factors such as changes in usage and repayment patterns.

The interest rate used to discount the ECLs for credit cards is based on the interest rate that is expected to be charged over the expected period of exposure to the facilities. This estimation takes into account that many facilities are repaid in full each month and are consequently charged no interest.

iv Treasury Bills, Statutory deposits with Central Banks and Due from banks

Treasury Bills, Statutory deposits with Central Banks and Due from banks are short-term funds placed with Central Banks in the countries where the Group is engaged in the full range of banking and financial activities and correspondent banks.

v Financial guarantees, letters of credit and undrawn loan commitments

The Group issues financial guarantees, letters of credit and loan commitments.

Financial guarantees, letters of credit and loan commitments are off-balance sheet instruments and have no history of default.

vi Forward looking information

In its ECL models, the Group considers a broad range of forward looking information as economic inputs, such as:

- Currency rates
- GDP growth
- Unemployment rates
- Industry risk
- Real estate price trends
- Commodity price inflation rates

Within the countries in which the Group operates, statistical correlation between the overall performance of the economies and historic loss trends were established and used to correlate macroeconomic expectations to adjustments within the ECL models.

The Group however recognised that the inputs and models used for calculating ECLs may not always capture all characteristics and expectations of the market at the date of the Consolidated financial statements. To reflect this, management adjustments or overlays are made by assessing the macroeconomic factors and applying judgements, when such differences are significantly material.

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

2.6 Summary of significant accounting policies *(continued)*

h Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories and other non-financial assets. Collateral, unless repossessed, is not recorded on the Group's Consolidated statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed at inception and re-assessed on a periodic basis.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on independent valuations and other data provided by third parties.

i Collateral repossessed

The Group's policy is for a repossessed asset to be sold. Assets to be sold are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date, in line with the Group's policy.

In its normal course of business, should the Group repossess properties or other assets in its retail portfolio, it sometimes engages external agents to assist in the sale of these assets to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the Consolidated statement of financial position.

j Write-offs

The Group's accounting policy is for financial assets to be written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to other income.

k Investment in associates

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

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

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

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

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

k Investment in associates *(continued)*

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

l Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the entity and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g. changes to future payments resulting from a change in rate used to determine such lease payments).

The Group applies the short-term lease recognition exemption to its short-term leases of property etc. (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of IT equipment that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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

2.6 Summary of significant accounting policies *(continued)*

l Leases *(continued)*

Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and included in revenue in the Consolidated statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

m 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated statement of income during the financial period in which they are incurred.

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

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%

Effective October 1, 2020, Republic Bank Limited, a subsidiary of the Group, revisited its depreciation method which resulted in a change from the declining balance method to the straight-line basis for equipment.

Equipment (computers, software, servers, other hardware, etc.)	Straight Line 4 - 8 years

n 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
- Intangible assets – Note 9

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

n Impairment of non-financial assets*(continued)*

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

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

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

o Business combinations and goodwill

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

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

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

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

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

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

2.6 Summary of significant accounting policies *(continued)*

o Business combinations and goodwill *(continued)*

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

p Employee benefits

i Pension obligations

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

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

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 Consolidated 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 Consolidated statement of income in subsequent periods.

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

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

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

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

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

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

The full results of the valuation exercise are disclosed in Note 10 to these Consolidated financial statements.

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

p Employee benefits *(continued)*

ii Other post-retirement obligations

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

iii Profit sharing scheme

The Group operates various employee profit sharing schemes at the subsidiary level, which are administered by Trustees in accordance with terms outlined in the Profit Sharing Scheme Rules. The profit share to be distributed to employees each year is based on a specific formula outlined in these Profit Sharing Scheme Rules. Employees of 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 Group accounts for the profit share, as an expense, through the Consolidated statement of income.

iv Share-based payments

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

q Taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Consolidated 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.

r Statutory reserves

There is a requirement where a portion of net profit after deduction of taxes in each year be transferred to a statutory reserve account. Statutory reserves amounted to $1.8 billion (2020: $1.5 billion) as at year end.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

s Fiduciary assets

The Group provides custody, trustee and investment management services to third parties. All related assets are held in a fiduciary capacity and are not included in these Consolidated financial statements as they are not the assets of the Group. These assets under administration at September 30, 2021 totaled $54.3 billion (2020: $49.5 billion).

t Earnings per share

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

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

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

u Foreign currency translation

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

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

The assets and liabilities of subsidiary companies are translated into Trinidad and Tobago dollars at the mid-rates of exchange ruling at the Consolidated statement of financial position date (except for the subsidiary bank in Suriname, where the rates were impacted by the economy of which was considered hyperinflationary on July 1, 2021), and all resulting exchange differences are recognised in OCI. All revenue and expenditure transactions are translated at an average rate.

The results and financial position of a Group entity whose functional currency is the currency of a hyperinflationary economy shall be translated into a different presentation currency using the following procedure: all amounts (i.e. assets, liabilities, equity items, income and expenses, including comparatives) shall be translated at the closing rate at the date of the most recent statement of financial position date.

When amounts are translated into the currency of a non-hyperinflationary economy, comparative amounts shall be those that were presented as current year amounts in the prior year financial statements (i.e. not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

v Intangible assets

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as finite and are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated statement of income when the asset is derecognised.

w Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for goods or services. Revenue is measured at the Fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

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

The EIR method

Interest income and expense is recorded using the EIR method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

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

2.6 **Summary of significant accounting policies** *(continued)*

w Revenue recognition *(continued)*

Interest income and expense

The Group calculates interest income and expense by applying the EIR to the gross carrying amount of financial assets and liabilities other than credit-impaired assets. For POCI financial assets a credit-adjusted EIR is applied to the amortised cost of the financial asset.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate in net trading income and net gains or losses on financial assets at FVPL, respectively.

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.

Credit card fees and commissions are recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services. Credit card fees and commissions are therefore net of amounts paid, the expenses for the direct cost of satisfying the performance obligation is netted against the revenues received.

Dividends

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

x Fair value

The Group measures financial instruments at fair value at each Consolidated statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value, where fair values are disclosed, are shown in Note 25 to the Consolidated 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.

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

x Fair value *(continued)*

All assets and liabilities for which fair value is measured or disclosed in the Consolidated 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 Group's own models whereby the majority of assumptions are market observable.

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

x Fair value *(continued)*

Level 3 (continued)

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.

y Segment reporting

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

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

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

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

These represent the Group's potential liability, for which there are equal and offsetting claims against its customers in the event of a call on these commitments. These amounts are not recorded on the Group's Consolidated statement of financial position but are detailed in Note 31 (b) of these Consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Summary of significant accounting policies *(continued)*

aa Equity reserves

The reserves recorded in equity on the Group's Consolidated statement of financial position include:

Stated capital –	ordinary stated capital is classified within equity and is recognised at the fair value of the consideration received by the Group.
Translation reserves –	used to record exchange differences arising from the translation of the net investment in foreign operations.
Unallocated shares –	used to record the unallocated portion of shares purchased for the staff profit sharing scheme. Such shares are presented in the notes to the Consolidated financial statements and are stated at cost.
Other reserves –	represents regulatory reserve requirements for certain subsidiaries in the Group.

Statutory reserves that qualify for treatment as equity are discussed in Note 2.6 (r).

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

a Risk management – Note 22

b Capital management – Note 24

Estimates and assumptions

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

Impairment losses on financial assets – Note 4 and Note 5

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The estimation of the amount and timing of future cash flows and collateral values when determining impairment losses
- The Group's internal credit grading model, assigns grades for corporate facilities, and this was the basis for grouping PDs

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

Estimates and assumptions *(continued)*

Impairment losses on financial asset – Note 4 and Note 5 (continued)

- The Group's criteria for assessing if there has been a significant increase in credit risk and if so, allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- Development of ECL models, including the various formulae and the choice of inputs
- Determination of the existence of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- The inclusion of overlay adjustments based on judgement and future expectations

Other assumptions

Net pension asset/liability – Note 10

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

Goodwill – Note 9 (a)

The Group's Consolidated financial statements include goodwill arising from acquisitions. In accordance with IFRS 3, goodwill was reviewed for impairment, as at September 30, 2021 using the 'value in use' method. This requires the use of estimates for determination of future cash flows expected to arise from each CGU and an appropriate perpetuity discount rate to calculate present value.

Deferred taxes – Note 11

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

Premises and equipment – Note 7

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

Leases – Note 8

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

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

Judgements *(continued)*

Leases – Note 8 (continued)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease).

Assessment of control

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

4 ADVANCES

a Advances

	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	CREDIT CARDS	TOTAL
2021						
Performing advances	6,968,228	13,943,321	28,754,653	3,032,163	1,648,543	**54,346,908**
Non-performing advances	292,305	974,514	1,381,964	118,225	136,808	**2,903,816**
	7,260,533	14,917,835	30,136,617	3,150,388	1,785,351	**57,250,724**
Unearned interest/finance charge	(72,231)	(27,409)	(8,894)	–	–	**(108,534)**
Accrued interest	18,517	112,521	159,432	9,485	6,662	**306,617**
Gross Loans	7,206,819	15,002,947	30,287,155	3,159,873	1,792,013	**57,448,807**
Allowance for ECLs – Note 4 (d)	(304,743)	(634,172)	(556,156)	(116,314)	(130,576)	**(1,741,961)**
	6,902,076	14,368,775	29,730,999	3,043,559	1,661,437	**55,706,846**
Unearned loan origination fees	(47,925)	(44,121)	(96,621)	(1,159)	(1,392)	**(191,218)**
Net advances	**6,854,151**	**14,324,654**	**29,634,378**	**3,042,400**	**1,660,045**	**55,515,628**

4 ADVANCES *(continued)*

a Advances *(continued)*

	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	CREDIT CARDS	TOTAL
2020						
Performing advances	7,109,321	12,802,130	27,279,213	3,032,684	1,716,888	**51,940,236**
Non-performing advances	281,550	1,020,061	1,437,082	103,049	75,531	**2,917,273**
	7,390,871	13,822,191	28,716,295	3,135,733	1,792,419	**54,857,509**
Unearned interest/finance charge	(61,551)	(35,191)	(12,343)	–	–	**(109,085)**
Accrued interest	39,286	149,859	236,676	9,717	9,119	**444,657**
Gross Loans	7,368,606	13,936,859	28,940,628	3,145,450	1,801,538	**55,193,081**
Allowance for ECLs – Note 4 (d)	(247,310)	(697,794)	(499,557)	(94,469)	(164,807)	**(1,703,937)**
	7,121,296	13,239,065	28,441,071	3,050,981	1,636,731	**53,489,144**
Unearned loan origination fees	(48,986)	(43,186)	(94,990)	(440)	(1,361)	**(188,963)**
Net advances	**7,072,310**	**13,195,879**	**28,346,081**	**3,050,541**	**1,635,370**	**53,300,181**

b Net investment in leased assets included in net advances

	2021	2020
Gross investment	**68,602**	101,426
Unearned finance charge	**(5,588)**	(10,035)
Net investment in leased assets	**63,014**	**91,391**

c Net investment in leased assets has the following maturity profile

	2021	2020
Within one year	**2,145**	4,530
One to five years	**37,901**	60,982
Over five years	**22,968**	25,879
	63,014	**91,391**

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4 ADVANCES *(continued)*

d Impairment allowance for advances to customers

The table below shows the staging of advances and the related ECLs based on the Group's criteria as explained in Note 22.2.4. Policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 22.2.6.

	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	CREDIT CARDS	TOTAL
2021						
Gross loans	7,206,819	15,002,947	30,287,155	3,159,873	1,792,013	**57,448,807**
Stage 1: 12 Month ECL	(134,670)	(115,252)	(155,926)	(47,981)	(39,165)	**(492,994)**
Stage 2: Lifetime ECL	(8,118)	(91,007)	(52,766)	(17,212)	(37,040)	**(206,143)**
Stage 3: Credit-impaired financial assets – Lifetime ECL	(161,955)	(427,913)	(347,464)	(51,121)	(54,371)	**(1,042,824)**
	6,902,076	**14,368,775**	**29,730,999**	**3,043,559**	**1,661,437**	**55,706,846**
Stage 1: 12 Month ECL						
ECL allowance as at October 1, 2020	76,481	70,643	103,073	35,221	66,896	**352,314**
Translation adjustments	(579)	(2,377)	(638)	(1,565)	(168)	**(5,327)**
ECL on new instruments issued during the year	16,855	17,848	18,325	6,660	551	**60,239**
Other credit loss movements, repayments etc.	41,913	29,138	35,166	7,665	(28,114)	**85,768**
At September 30, 2021	**134,670**	**115,252**	**155,926**	**47,981**	**39,165**	**492,994**
Stage 2: Lifetime ECL						
ECL allowance as at October 1, 2020	33,515	178,393	58,469	11,954	42,097	**324,428**
Translation adjustments	(89)	(4,139)	(157)	(932)	(66)	**(5,383)**
ECL on new instruments issued during the year	1,637	27,249	12,331	4,259	118	**45,594**
Other credit loss movements, repayments etc.	(26,945)	(110,496)	(17,877)	1,931	(5,109)	**(158,496)**
At September 30, 2021	**8,118**	**91,007**	**52,766**	**17,212**	**37,040**	**206,143**

4 ADVANCES *(continued)*

d Impairment allowance for advances to customers *(continued)*

	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	CREDIT CARDS	TOTAL
2021						
Stage 3: Credit-impaired financial assets – Lifetime ECL						
ECL allowance as at						
October 1, 2020	137,314	448,758	338,015	47,294	55,814	**1,027,195**
Translation adjustments	101	(3,352)	(3,303)	(1,477)	(412)	**(8,443)**
Charge-offs and write-offs	(80,482)	(68,253)	(14,236)	(6,241)	(64,255)	**(233,467)**
Credit loss expense	141,491	91,733	63,203	11,545	93,046	**401,018**
Recoveries	(36,469)	(40,973)	(36,215)	–	(29,822)	**(143,479)**
At September 30, 2021	**161,955**	**427,913**	**347,464**	**51,121**	**54,371**	**1,042,824**
Total	**304,743**	**634,172**	**556,156**	**116,314**	**130,576**	**1,741,961**

Of the total ECL of $1,742 million, 21.6% was on a collective basis and 78.4% was on an individual basis.

Overdrafts and credit cards are revolving facilities, therefore the ECL on new instruments issued during the year are assumed to be nil.

	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	CREDIT CARDS	TOTAL
2020						
Gross loans	7,368,606	13,936,859	28,940,628	3,145,450	1,801,538	**55,193,081**
Stage 1: 12 Month ECL	(76,481)	(70,643)	(103,073)	(35,221)	(66,896)	**(352,314)**
Stage 2: Lifetime ECL	(33,515)	(178,393)	(58,469)	(11,954)	(42,097)	**(324,428)**
Stage 3: Credit-impaired						
financial assets – Lifetime ECL	(137,314)	(448,758)	(338,015)	(47,294)	(55,814)	**(1,027,195)**
	7,121,296	**13,239,065**	**28,441,071**	**3,050,981**	**1,636,731**	**53,489,144**

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4 ADVANCES *(continued)*

d Impairment allowance for advances to customers *(continued)*

	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	CREDIT CARDS	TOTAL
2020						
Stage 1: 12 Month ECL						
ECL allowance as at						
October 1, 2019	60,603	45,255	65,545	31,774	27,854	**231,031**
Acquisition of subsidiaries	7,230	25	9,763	–	9,493	**26,511**
Translation adjustments	(1,528)	(2,730)	262	(1,986)	(63)	**(6,045)**
ECL on new instruments						
issued during the year	16,425	18,217	16,868	6,359	1,972	**59,841**
Other credit loss movements,						
repayments etc.	(6,249)	9,876	10,635	(926)	27,640	**40,976**
At September 30, 2020	**76,481**	**70,643**	**103,073**	**35,221**	**66,896**	**352,314**
Stage 2: Lifetime ECL						
ECL allowance as at						
October 1, 2019	2,356	65,568	14,503	9,397	14,029	**105,853**
Acquisition of subsidiaries	7,455	125	40,783	–	28,240	**76,603**
Translation adjustments	(13)	(9,011)	31	(1,331)	(67)	**(10,391)**
ECL on new instruments						
issued during the year	577	37,985	977	3,278	32	**42,849**
Other credit loss movements,						
repayments etc.	23,140	83,726	2,175	610	(137)	**109,514**
At September 30, 2020	**33,515**	**178,393**	**58,469**	**11,954**	**42,097**	**324,428**
Stage 3: Credit-impaired financial assets – Lifetime ECL						
ECL allowance as at						
October 1, 2019	115,046	317,242	247,702	30,004	40,735	**750,729**
Acquisition of subsidiaries	9,975	27,579	136,468	–	–	**174,022**
Translation adjustments	(3,165)	(8,177)	(3,903)	(3,433)	(4,753)	**(23,431)**
Charge-offs and write-offs	(59,872)	(12,106)	(44,759)	(295)	(38,357)	**(155,389)**
Credit loss expense	116,946	192,695	57,815	21,051	69,924	**458,431**
Recoveries	(41,616)	(68,475)	(55,308)	(33)	(11,735)	**(177,167)**
At September 30, 2020	**137,314**	**448,758**	**338,015**	**47,294**	**55,814**	**1,027,195**
Total	**247,310**	**697,794**	**499,557**	**94,469**	**164,807**	**1,703,937**

4 ADVANCES *(continued)*

e Restructured/Modified Loans

Within the retail and credit card portfolios, management will in the normal course of business modify the terms and conditions of facilities in the case of difficulties by the borrower. These modifications rarely result in an impairment loss and if it does, it is not material.

The Group occasionally makes modifications to the original terms of large commercial and corporate loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. These modifications are made only when the Group believes the borrower is likely to meet the modified terms and conditions. Indicators of financial difficulties include defaults on covenants, overdue payments or significant concerns raised by the Credit Risk Department. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms.

Restructured loans are carefully monitored. Restructured large commercial and corporate loans are classified as Stage 2 and amounted to $594.0 million as at September 30, 2021 ($168.6 million as at September 30, 2020).

The banking subsidiaries in the Group offered a moratorium to customers in good standing, which included a deferral of monthly instalments, including the principal and interest, for a period of 1-6 months beginning on the date of acceptance, with interest continuing to accrue during the period of the moratorium. These loans amounted to $2.5 billion as at September 30, 2021 ($16.6 billion as at September 30, 2020). The financial impact of the moratorium was not material and these loans were not determined to be restructured.

5 INVESTMENT SECURITIES

		2021	2020
a	**Designated at fair value through profit or loss**		
	Debt Instruments	**19,189**	–
	Equities and mutual funds	**154,125**	171,951
		173,314	**171,951**
b	**Debt instruments at amortised cost**		
	Government securities	**8,030,136**	7,630,834
	State-owned company securities	**2,272,359**	2,578,120
	Corporate bonds/debentures	**7,414,836**	5,908,571
	Bankers' acceptances	**380,317**	426,578
	Other short-term liquid investments and venture capital funds	**988,539**	819,632
		19,086,187	**17,363,735**
	Total investment securities	**19,259,501**	**17,535,686**

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5 INVESTMENT SECURITIES *(continued)*

c Financial investment securities subject to impairment assessment

Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit rating system, aging and year-end stage classification.

	STAGE 1 12 MONTH ECL	STAGE 2 LIFETIME ECL	STAGE 3 CREDIT-IMPAIRED FINANCIAL ASSETS LIFETIME ECL	PURCHASED OR ORIGINATED CREDIT-IMPAIRED (POCI)	TOTAL
2021					
Gross exposure	16,268,560	1,335,128	127,736	1,589,103	**19,320,527**
ECL	(9,381)	(17,012)	(62,303)	(145,644)	**(234,340)**
Net exposure	**16,259,179**	**1,318,116**	**65,433**	**1,443,459**	**19,086,187**
ECL allowance as at October 1, 2020	9,136	38,888	6,097	139,630	**193,751**
Translation adjustments	5	(5,676)	1,213	(12,294)	**(16,752)**
ECL on new instruments issued during the year	4,948	7,311	51,788	–	**64,047**
Other credit loss movements, repayments and maturities	(4,708)	(23,511)	3,205	18,308	**(6,706)**
At September 30, 2021	**9,381**	**17,012**	**62,303**	**145,644**	**234,340**
2020					
Gross exposure	13,255,884	2,687,187	22,945	1,591,470	**17,557,486**
ECL	(9,136)	(38,888)	(6,097)	(139,630)	**(193,751)**
Net exposure	**13,246,748**	**2,648,299**	**16,848**	**1,451,840**	**17,363,735**
ECL allowance as at October 1, 2019	6,110	23,790	70,275	62,467	**162,642**
Translation adjustments	111	(51)	(443)	(8,733)	**(9,116)**
ECL on new instruments issued during the year	1,922	24,357	–	21,011	**47,290**
Other credit loss movements, repayments and maturities	993	(9,208)	(16,047)	63,692	**39,430**
ECL on old instruments converted in debt restructure	–	–	(47,688)	1,193	**(46,495)**
At September 30, 2020	**9,136**	**38,888**	**6,097**	**139,630**	**193,751**

5 INVESTMENT SECURITIES *(continued)*

c Financial investment securities subject to impairment assessment *(continued)*

The decrease in investment securities classified as POCI reflects a decrease in the exposure to Bonds issued by the Government of Barbados following the Debt Exchange offer in 2019 as well as a modified financial instrument in Suriname.

In Suriname, Euro-denominated reserves held with the Central Bank of Suriname were converted to a modified financial instrument to be repaid over a term of eight-years at an interest rate of 6.75%. Consequently, the reserve balance was derecognised at the carrying value and the modified instrument was recognised under IFRS 9 at fair value and classified as POCI financial assets. There were no further losses in 2021 recognised on the recognition of the new instrument, ($11.5 million in September 30, 2020).

d Designated at fair value through profit or loss

Mutual fund securities are quoted and fair value is determined to be the quoted price at the reporting date. Holdings in unquoted equities are insignificant for the Group.

In 2021, Republic Wealth Management Limited, a subsidiary of the Group, has established an Asset Book, of investment securities. These securities were held at fair value amounting to $19.1 million as at September 30, 2021.

6 INVESTMENT IN ASSOCIATED COMPANIES

	2021	2020
Balance at beginning of year	**56,971**	52,600
Share of profit	**4,123**	4,911
Dividends received	**(4,900)**	–
Exchange adjustments	**(233)**	(540)
Balance at end of year	**55,961**	**56,971**

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

	COUNTRY OF INCORPORATION	REPORTING YEAR-END OF ASSOCIATE	PROPORTION OF ISSUED CAPITAL HELD
G4S Holdings (Trinidad) Limited	Trinidad and Tobago	December	24.50%
InfoLink Services Limited	Trinidad and Tobago	December	25.00%

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6 INVESTMENT IN ASSOCIATED COMPANIES *(continued)*

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

	2021	2020
Total assets	**263,691**	270,685
Total liabilities	**38,539**	41,175
Net assets/equity	**225,152**	229,510
Group's share of associates' net assets	**55,961**	56,971
Profit for the period	**21,760**	13,459
Group's share of profit of associated companies after tax for the period	**4,123**	4,911
Dividends received during the year	**4,900**	–

7 PREMISES AND EQUIPMENT

	CAPITAL WORKS IN PROGRESS	FREEHOLD PREMISES	LEASEHOLD PREMISES	EQUIPMENT, FURNITURE AND FITTINGS	TOTAL
2021					
Cost					
At beginning of year	495,279	2,276,098	345,657	2,539,465	**5,656,499**
Exchange and other adjustments	(19,898)	52,212	(1,264)	(4,903)	**26,147**
Additions at cost	313,046	5,291	425	102,442	**421,204**
Disposal of assets	(3,188)	(57,981)	(8,623)	(47,325)	**(117,117)**
Transfer of assets	(324,220)	50,655	35,499	238,066	–
	461,019	**2,326,275**	**371,694**	**2,827,745**	**5,986,733**
Accumulated depreciation					
At beginning of year	–	398,111	193,217	1,958,219	**2,549,547**
Exchange and other adjustments	–	7,269	(17)	(14,438)	**(7,186)**
Charge for the year	–	37,523	19,644	219,092	**276,259**
Disposal of assets	–	(6,935)	(1,489)	(42,133)	**(50,557)**
	–	**435,968**	**211,355**	**2,120,740**	**2,768,063**
Net book value	**461,019**	**1,890,307**	**160,339**	**707,005**	**3,218,670**

7 PREMISES AND EQUIPMENT *(continued)*

	CAPITAL WORKS IN PROGRESS	FREEHOLD PREMISES	LEASEHOLD PREMISES	EQUIPMENT, FURNITURE AND FITTINGS	TOTAL
2020					
Cost					
At beginning of year	474,832	2,181,511	256,384	2,278,402	**5,191,129**
Acquisition of subsidiaries	4,242	61,314	50,700	80,309	**196,565**
Exchange and other adjustments	(2,887)	(8,007)	3,034	(54,493)	**(62,353)**
Additions at cost	305,504	21,101	4,205	94,236	**425,046**
Disposal of assets	(367)	(6,640)	(10,876)	(76,005)	**(93,888)**
Transfer of assets	(286,045)	26,819	42,210	217,016	–
	495,279	**2,276,098**	**345,657**	**2,539,465**	**5,656,499**
Accumulated depreciation					
At beginning of year	–	354,849	158,665	1,803,043	**2,316,557**
Acquisition of subsidiaries	–	16,225	26,976	65,358	**108,559**
Exchange and other adjustments	–	(2,202)	496	(39,256)	**(40,962)**
Charge for the year	–	36,633	14,356	196,072	**247,061**
Disposal of assets	–	(7,394)	(7,276)	(66,998)	**(81,668)**
	-	**398,111**	**193,217**	**1,958,219**	**2,549,547**
Net book value	**495,279**	**1,877,987**	**152,440**	**581,246**	**3,106,952**

Capital commitments

	2021	2020
Contracts for outstanding capital expenditure not provided for in the Consolidated financial statements	**50,083**	107,181
Other capital expenditure authorised by the Directors but not yet contracted for	**59,722**	130,442

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8 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

a Right-of-use assets

	LEASEHOLD PREMISES 2021	LEASEHOLD PREMISES 2020
Cost		
At beginning of year	**688,819**	620,553
Exchange and other adjustments	**(2,390)**	–
Additions at cost	**16,136**	68,266
Disposal of assets	**(50,004)**	–
	652,561	**688,819**
Accumulated depreciation		
At beginning of year	**85,963**	–
Exchange and other adjustments	**(469)**	(152)
Charge for the year	**90,439**	86,115
Disposal of assets	**(1,230)**	–
	174,703	**85,963**
Net book value	**477,858**	**602,856**

Leasehold premises generally have lease terms between 3 and 15 years.

b Lease liabilities

	NON-CURRENT	CURRENT	TOTAL
2021			
At beginning of year	588,742	4,676	**593,418**
Exchange and other adjustments	(1,780)	(190)	**(1,970)**
Additions at cost	9,891	1,491	**11,382**
Accretion of interest expense – Note 19 (b)	23,329	3,285	**26,614**
Less: payments	(100,705)	(1,748)	**(102,453)**
Less: disposals	(44,124)	–	**(44,124)**
	475,353	**7,514**	**482,867**

8 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(continued)*

b Lease liabilities *(continued)*

	NON-CURRENT	CURRENT	TOTAL
2020			
Effect of adoption of IFRS 16 at beginning of year	589,323	7,466	**596,789**
Exchange and other adjustments	19	(35)	**(16)**
Additions at cost	62,922	864	**63,786**
Accretion of interest expense – Note 19 (b)	24,535	2,013	**26,548**
Less: payments	(88,057)	(5,632)	**(93,689)**
	588,742	**4,676**	**593,418**

The contractual maturity analysis of lease liabilities are disclosed in Note 22.3.1.

Payments

	FIXED PAYMENTS	VARIABLE PAYMENTS	TOTAL
2021			
Fixed rent	99,389	–	**99,389**
Variable with minimum payment	–	3,064	**3,064**
	99,389	**3,064**	**102,453**
2020			
Fixed rent	96,192	–	**96,192**
Variable rent	–	5,081	**5,081**
	96,192	**5,081**	**101,273**

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	WITHIN FIVE YEARS	MORE THAN FIVE YEARS	TOTAL
2021			
Extension options expected not to be exercised	50,478	58,518	**108,996**
Termination options expected to be exercised	–	–	–
	50,478	**58,518**	**108,996**

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8 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(continued)*

b Lease liabilities *(continued)*

	WITHIN FIVE YEARS	MORE THAN FIVE YEARS	TOTAL
2020			
Extension options expected not to be exercised	7,114	54,479	**61,593**
Termination options expected to be exercised	3,084	191	**3,275**
	10,198	**54,670**	**64,868**

9 INTANGIBLE ASSETS

		2021	2020
a	Goodwill	**936,086**	936,578
b	Core deposits	**175,628**	206,331
c	Trade name	**19,283**	27,262
d	Customer base	**40,225**	51,246
e	Banking license	–	1,997
		1,171,222	**1,223,414**
a	**Goodwill**		
	Goodwill on acquisition brought forward	**936,578**	729,653
	Goodwill impairment expense – Note 19 (d)	**(492)**	(143,367)
	Goodwill arising on acquisition of a subsidiary	–	350,292
		936,086	**936,578**

The amount of goodwill does not correspond to the figures as stated in 2020 Consolidated financial statements as adjustments were made based on the final valuation of the fair value of the net assets of Republic Bank (BVI) Limited, as detailed in Note 34.

9 INTANGIBLE ASSETS *(continued)*

a Goodwill *(continued)*

Restatement

In accordance with the provisions of IFRS 3, Business Combinations, the 2020 comparative information was restated based on the final fair value goodwill adjustments as follows:

	AS PREVIOUSLY STATED			ADJUSTMENTS	
	REPUBLIC BANK (EC) LIMITED	REPUBLIC BANK (BVI) LIMITED	TOTAL	REPUBLIC BANK (BVI) LIMITED	2020 RESTATED
Goodwill	171,541	231,994	**403,535**	(53,243)	**350,292**
Intangibles – customer base and banking license	–	–	**–**	53,243	**53,243**

Goodwill arising from business combinations was primarily generated from the acquisitions of Republic Bank (Ghana) Plc., Cayman National Corporation, Republic Bank (Cayman) Limited, Republic Bank (Guyana) Limited, Republic Bank (Grenada) Limited, Republic Bank (EC) Limited and Republic Bank (BVI) Limited.

Impairment testing of goodwill

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

The impact of COVID-19 has created uncertainty in the estimation of cash flow projections, discount rates and terminal growth rates. The goodwill impairment tests were conducted using sensitivity analysis, including a range of growth rates, interest rates, recovery assumptions, macro-economic outlooks and discount rates for each entity in arriving at a probability-weighted expected cash flow projection.

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9 INTANGIBLE ASSETS *(continued)*

a Goodwill *(continued)*

Impairment testing of goodwill *(continued)*

The following table highlights the goodwill and key assumptions used in value in use calculations for each CGU:

	REPUBLIC BANK (GHANA) PLC. TT$ M	REPUBLIC BANK (GRENADA) LIMITED TT$ M	REPUBLIC BANK (CAYMAN) LIMITED TT$ M	REPUBLIC BANK (GUYANA) LIMITED TT$ M	CAYMAN NATIONAL CORP. TT$ M	REPUBLIC BANK (EC) LIMITED TT$ M	REPUBLIC BANK (BVI) LIMITED TT$ M	TOTAL TT$ M
Carrying amount of goodwill	121	61	35	94	336	110	179	**936**
Basis for recoverable amount	Value in use	Value in use	Value in use	Value in use	Value in use	Value in use	Value in use	
Discount rate (%)	19.0	10.2	8.3	9.9	8.4	10.4	8.0	
Cash flow projection term	5 yrs	5 yrs	5 yrs	5 yrs	5 yrs	5 yrs	5 yrs	
Terminal growth rate (%)	4.0	2.5	2.4	4.0	2.0	1.4	2.0	

b Other Intangible Assets

	CORE DEPOSITS	TRADE NAME	CUSTOMER BASE	BANKING LICENSE	TOTAL
Cost					
At October 1, 2019	154,900	39,896	–	–	**194,796**
Acquisition of a subsidiary	127,166	–	–	–	**127,166**
At September 30, 2020	282,066	39,896	–	–	**321,962**
Acquisition of subsidiaries ('restated')	–	–	51,246	1,997	**53,243**
At September 30, 2021	**282,066**	**39,896**	**51,246**	**1,997**	**375,205**
Amortisation					
At October 1, 2019	46,881	4,655	–	–	**51,536**
Exchange and other adjustments	46	–	–	–	**46**
Amortisation	28,808	7,979	–	–	**36,787**
At September 30, 2020	75,735	12,634	–	–	**88,369**
Amortisation	30,703	7,979	11,021	1,997	**51,700**
At September 30, 2021	**106,438**	**20,613**	**11,021**	**1,997**	**140,069**

9 INTANGIBLE ASSETS *(continued)*

b Other Intangible Assets *(continued)*

	CORE DEPOSITS	TRADE NAME	CUSTOMER BASE	BANKING LICENSE	TOTAL
Net book value					
At September 30, 2020					
('restated')	206,331	27,262	–	–	**233,593**
At September 30, 2021	175,628	19,283	40,225	–	**235,136**

Core deposit intangibles acquired through business combinations in 2020 have been determined to have a life of 5 years (savings and chequing deposits) and 8.5 years (time deposits) from acquisition date.

Trade name intangibles acquired through business combinations in 2019 have been determined to have a life of 5 years from acquisition date.

Customer base intangibles acquired through business combinations in 2020 have been determined to have a life of 6.2 years from acquisition date.

Banking license intangibles acquired through business combinations in 2020 was fully amortised in 2021.

10 EMPLOYEE BENEFITS

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

	DEFINED BENEFIT PENSION PLANS			
	PENSION ASSETS		PENSION LIABILITY	
	2021	2020	**2021**	2020
Present value of defined benefit obligation	**(3,022,288)**	(3,524,956)	**(263,859)**	(350,563)
Fair value of plan assets	**4,451,093**	3,991,165	**342,873**	394,969
Surplus	**1,428,805**	466,209	**79,014**	44,406
Effect of asset ceiling	**(13,589)**	(11,636)	**(104,370)**	(87,050)
Net asset/(liability) recognised in the Consolidated statement of financial position	**1,415,216**	**454,573**	**(25,356)**	**(42,644)**

	POST-RETIREMENT MEDICAL BENEFITS	
	2021	2020
Present value of defined benefit obligation	**(66,777)**	(66,524)
Fair value of plan assets	–	–
Net liability recognised in the Consolidated statement of financial position	**(66,777)**	**(66,524)**

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10 EMPLOYEE BENEFITS *(continued)*

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

	DEFINED BENEFITS PENSION PLANS		POST-RETIREMENT MEDICAL BENEFITS	
	2021	2020	**2021**	2020
Opening defined benefit obligation	**3,875,519**	3,660,831	**66,524**	68,746
Exchange adjustments	**(2,329)**	(3,973)	**(316)**	1,608
Current service cost	**130,603**	131,347	**1,717**	874
Interest cost	**221,003**	209,117	**2,481**	2,216
Members' contributions	**1,610**	1,580	–	–
Past service credit	–	–	–	(1,613)
Remeasurements:				
– Experience adjustments	**(135,563)**	(35,840)	**(5,723)**	(1,927)
– Actuarial (gains)/losses from change in demographic assumptions	**(6,579)**	71,479	**(1,428)**	289
– Actuarial (gains)/losses from change in financial assumptions	**(637,847)**	(2,504)	**7,948**	805
Benefits paid	**(160,270)**	(156,518)	**(1,055)**	(748)
Premiums paid by the Group	–	–	**(3,371)**	(3,726)
Closing defined benefit obligation	**3,286,147**	**3,875,519**	**66,777**	**66,524**

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

	DEFINED BENEFITS PENSION PLANS		POST-RETIREMENT MEDICAL BENEFITS	
	2021	2020	**2021**	2020
Defined benefit obligation at prior year end	**411,929**	573,460	**66,524**	68,746
Exchange adjustments	**741**	2,261	**(316)**	1,575
Opening defined benefit obligation	**412,670**	575,721	**66,208**	70,321
Net pension (credit)/cost	**(114,766)**	(107,063)	**4,198**	1,893
Remeasurements recognised in Other comprehensive income	**1,058,121**	(99,882)	**796**	(833)
Contributions/premiums	**33,835**	43,153	**(4,425)**	(4,857)
Closing net pension asset	**1,389,860**	**411,929**	**66,777**	**66,524**

10 EMPLOYEE BENEFITS *(continued)*

d Liability profile

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

	DEFINED BENEFITS PENSION PLANS	POST-RETIREMENT MEDICAL BENEFITS
– Active members	42% to 77%	16% to 57%
– Deferred members	2% to 6%	N/A
– Pensioners	21% to 52%	43% to 84%

The weighted duration of the defined benefit obligation ranged from 10.7 to 20.1 years.

29% to 56% of the defined benefit obligation for active members was conditional on future salary increases.

27% to 100% of the benefits for active members were vested.

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

	DEFINED BENEFIT PENSION PLANS	
	2021	2020
Opening fair value of plan assets	**4,386,134**	4,346,698
Exchange adjustments	**(1,843)**	(1,402)
Interest income	**221,497**	219,835
Return on plan assets, excluding interest income	**315,173**	(65,023)
Contributions by employer	**33,830**	43,153
Members' contributions	**1,610**	1,580
Benefits paid	**(160,265)**	(156,518)
Expense allowance	**(2,170)**	(2,189)
Closing fair value of plan assets	**4,793,966**	**4,386,134**
Actual return on plan assets	**504,952**	**154,281**

f Plan asset allocation as at September 30

	DEFINED BENEFIT PENSION PLANS			
	FAIR VALUE		% ALLOCATION	
	2021	2020	**2021**	2020
Equity securities	**2,460,637**	1,924,021	**51.40**	43.89
Debt securities	**1,783,954**	1,986,472	**37.26**	45.31
Property	**11,134**	11,291	**0.23**	0.26
Mortgages	**4,317**	5,521	**0.09**	0.13
Money market instruments/cash	**527,431**	456,793	**11.02**	10.41
Total fair value of plan assets	**4,787,473**	**4,384,098**	**100.0**	**100.0**

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10 EMPLOYEE BENEFITS *(continued)*

f Plan asset allocation as at September 30 *(continued)*

As at September 30, 2021, plan assets of $6.5 million (2020: $2.0 million) for one of the Group's subsidiaries are held by an insurance company that are not separately identifiable. This plan asset allocation is maintained by the insurance company.

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

	DEFINED BENEFITS PENSION PLANS		POST-RETIREMENT MEDICAL BENEFITS	
	2021	2020	**2021**	2020
Current service cost	**130,603**	131,347	**1,717**	874
Interest on defined benefit obligation	**(19,139)**	(27,834)	**2,481**	2,216
Past service credit	–	–	–	(1,613)
Administration expenses	**3,457**	3,550	–	416
Total included in staff costs	**114,921**	**107,063**	**4,198**	**1,893**

h Remeasurements recognised in other comprehensive income

	DEFINED BENEFITS PENSION PLANS		POST-RETIREMENT MEDICAL BENEFITS	
	2021	2020	**2021**	2020
Experience gains/(losses)	**1,059,435**	(100,783)	**(5,001)**	(833)
Effect of asset ceiling	**(1,314)**	901	**4,205**	–
Total included in Other comprehensive income	**1,058,121**	**(99,882)**	**(796)**	**(833)**

i Summary of principal actuarial assumptions as at September 30

	2021 %	2020 %
Discount rate	**1.00 - 16.10**	2.50 - 8.50
Rate of salary increase	**3.50 - 9.20**	3.50 - 10.53
Pension increases	**0.00 - 16.00**	0.00 - 3.00
Medical cost trend rates	**5.75 - 16.00**	3.00 - 7.00
NIS ceiling rates	**3.00 - 5.00**	3.00 - 5.00

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

10 EMPLOYEE BENEFITS *(continued)*

i Summary of principal actuarial assumptions as at September 30 *(continued)*

	DEFINED BENEFIT PENSION PLANS	
	2021	2020
Life expectancy at age 60 - 65 for current pensioner in years:		
– Male	**17.5 to 24.9**	14.6 to 24.7
– Female	**21.5 to 27.0**	18.4 to 26.9
Life expectancy at age 60 - 65 for current members age 40 in years:		
– Male	**18.6 to 36.4**	14.6 to 36.2
– Female	**22.6 to 41.5**	18.4 to 42.1

j Sensitivity analysis

The calculations of the defined benefit and medical obligations are sensitive to the assumptions used. The following table summarises how these obligations as at September 30, 2021, would have changed as a result of a change in the assumptions used.

	DEFINED BENEFITS PENSION PLANS		POST-RETIREMENT MEDICAL BENEFITS	
	1% p.a. INCREASE	1% p.a. DECREASE	1% p.a. INCREASE	1% p.a. DECREASE
– Discount rate	(401,106)	507,752	(954)	1,381
– Future salary increases	192,572	(151,627)	52	(49)
– Future pension cost increases	287,047	(242,037)	–	–
– Medical cost increases	–	–	1,584	(1,101)

An increase of one year in the assumed life expectancies shown above would increase the defined benefit obligation at September 30, 2021, by $104.8 million and the post-retirement medical benefit by $31.86 million.

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

k Funding

The Group meets the entire cost of funding the defined benefit pension plan. The funding requirements are based on regular actuarial valuations of the Plan made every three years and the assumptions used to determine the funding required may differ from those set out above. The Group expects to pay $26.6 million to the pension plan in the 2022 financial year.

The Group operates the post-retirement medical benefit plan as a self-insured arrangement administered by insurance brokers. The Group expects to pay $3.9 million to the medical plan in the 2022 financial year.

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11 DEFERRED TAX ASSETS AND LIABILITIES

Components of deferred tax assets and liabilities

a Deferred tax assets

	OPENING BALANCE 2020	CREDIT/(CHARGE) EXCHANGE AND OTHER ADJUSTMENTS	CONSOLIDATED STATEMENT OF INCOME	OTHER COMPREHENSIVE INCOME	CLOSING BALANCE 2021
Pension liability	2,152	13	(2,165)	–	–
Post-retirement medical benefits	11,437	(12)	(1,245)	(2,867)	**7,313**
Leased assets	11,859	(96)	1,115	–	**12,878**
Unearned loan origination fees	45,929	(1)	(96)	–	**45,832**
Tax losses	12,197	(36)	(3,588)	–	**8,573**
Premises and equipment	(568)	(1,068)	(204)	–	**(1,840)**
Provisions	160,735	607	2,746	–	**164,088**
Other	10,187	(47)	(728)	24	**9,436**
	253,928	**(640)**	**(4,231)**	**(2,843)**	**246,214**

	OPENING BALANCE 2019	CREDIT/(CHARGE) EXCHANGE AND OTHER ADJUSTMENTS	CONSOLIDATED STATEMENT OF INCOME	OTHER COMPREHENSIVE INCOME	CLOSING BALANCE 2020
Pension liability	–	–	(850)	3,002	2,152
Post-retirement medical benefits	13,726	17	(1,870)	(436)	11,437
Leased assets	6,836	(103)	4,596	530	11,859
Unearned loan origination fees	50,240	–	(4,311)	–	45,929
Tax losses	12,273	36	(112)	–	12,197
Premises and equipment	–	–	(568)	–	(568)
Provisions	94,394	39	66,302	–	160,735
Other	2,921	(1,850)	9,116	–	10,187
	180,390	**(1,861)**	**72,303**	**3,096**	**253,928**

11 DEFERRED TAX ASSETS AND LIABILITIES *(continued)*

Components of deferred tax assets and liabilities *(continued)*

b Deferred tax liabilities

		CHARGE/(CREDIT)			
	OPENING BALANCE 2020	EXCHANGE AND OTHER ADJUSTMENTS	CONSOLIDATED STATEMENT OF INCOME	OTHER COMPREHENSIVE INCOME	CLOSING BALANCE **2021**
Pension asset	159,396	(27)	(35,621)	372,326	**496,074**
Leased assets	11,331	4	(4,960)	–	**6,375**
Premises and equipment	39,080	14,506	30,575	–	**84,161**
Other	(646)	1,721	3	24	**1,102**
	209,161	**16,204**	**(10,003)**	**372,350**	**587,712**
Net credit to Consolidated statement of income			**(5,772)**		

		CHARGE/(CREDIT)			
	OPENING BALANCE 2019	EXCHANGE AND OTHER ADJUSTMENTS	CONSOLIDATED STATEMENT OF INCOME	OTHER COMPREHENSIVE INCOME	CLOSING BALANCE 2020
Pension asset	221,029	13	(30,103)	(31,543)	159,396
Leased assets	15,849	–	(4,518)	–	11,331
Premises and equipment	21,271	(1,074)	18,736	147	39,080
Other	–	(1,022)	376	–	(646)
	258,149	**(2,083)**	**(15,509)**	**(31,396)**	**209,161**
Net credit to Consolidated statement of income			**(87,812)**		

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12 OTHER ASSETS

	2021	2020
Accounts receivable and prepayments	**491,044**	344,610
Accrued income	**2,297**	202
Project financing reimbursables	**9,565**	6,748
Deferred commission and fees	**7,390**	8,498
Other	**84,654**	165,481
	594,950	**525,539**

13 CUSTOMERS' CURRENT, SAVINGS AND DEPOSIT ACCOUNTS

Concentration of customers' current, savings and deposit accounts

	2021	2020
State	**7,343,927**	6,519,491
Corporate and commercial	**27,467,744**	24,440,278
Personal	**46,260,504**	43,816,053
Other financial institutions	**5,261,907**	6,637,449
Other	**275,552**	433,897
	86,609,634	**81,847,168**

14 OTHER FUND RAISING INSTRUMENTS

At September 30, 2021, investment securities held to secure Other fund raising instruments of the Group amounted to $4.7 billion (2020: $4.7 billion).

Concentration of Other fund raising instruments

	2021	2020
State	**784,123**	1,123,151
Corporate and commercial	**75,207**	26,801
Personal	**662,875**	202,931
Other financial institutions	**2,858,721**	3,353,768
Other	**237,628**	792,407
	4,618,554	**5,499,058**

15 DEBT SECURITIES IN ISSUE

	2021	2020
Unsecured		
a Fixed rate bonds	**848,462**	952,468
b Floating rate bonds	**992,260**	1,034,358
	1,840,722	**1,986,826**
Secured		
a Floating rate bonds	**25,173**	37,564
Total debt securities in issue	**1,865,895**	**2,024,390**

Unsecured obligations

a Republic Bank Limited, borrowed the amount of $75 million United States dollars from the Inter-American Development Bank (IADB) and $75 million United States dollars from International Finance Corporation (IFC) both on an unsecured basis. This amount is repayable in full on June 2026, at an interest rate of 4.65% plus six month Interbank Offered Rate (IBOR).

b Republic Financial Holdings Limited, has an unsecured fixed rate debt of $150 million United States dollars which become repayable at the end of a five year period, interest is accrued at a rate of 5.07%. Principal repayments would be made bi-annually after the first year of the debt, in the amount of $11.25 million United States dollars until repaid. Interest payments would be made bi-annually from inception.

Secured obligations

a Floating rate bonds are denominated in Trinidad and Tobago dollars and are secured by property and equipment under investments in leased assets.

16 OTHER LIABILITIES

	2021	2020
Accounts payable and accruals	**1,309,604**	1,273,289
Deferred income	**6,104**	11,727
Other	**341,111**	355,468
	1,656,819	**1,640,484**

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17 STATED CAPITAL

Authorised

An unlimited number of shares of no par value

	NUMBER OF ORDINARY SHARES ('000)			
	2021	2020	**2021**	2020
Issued and fully paid				
At beginning of year	**162,543**	162,221	**862,115**	803,064
Shares issued/proceeds from shares issued	**123**	499	**12,232**	50,506
Shares purchased for profit sharing scheme	**(130)**	(660)	–	–
Share-based payment	–	–	**5,615**	8,545
Unallocated shares	**733**	–	–	–
Allocation of shares	–	483	–	–
At end of year	**163,269**	**162,543**	**879,962**	**862,115**

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

	2021	2020
Weighted average number of ordinary shares	**162,528**	162,443
Effect of dilutive stock options	**552**	664
Weighted average number of ordinary shares adjusted for the effect of dilution	**163,080**	**163,107**

18 OTHER RESERVES

	TRANSLATION RESERVES	UNALLOCATED SHARES	OTHER RESERVES	TOTAL
Balance at October 1, 2019	(48,842)	(46,641)	110,614	**15,131**
Translation adjustments	(192,205)	–	–	**(192,205)**
Transfer from other reserves to retained earnings	–	–	(35,026)	**(35,026)**
Shares purchased for profit sharing scheme	–	(92,075)	–	**(92,075)**
Allocation of shares	–	53,860	–	**53,860**
Balance at September 30, 2020	**(241,047)**	**(84,856)**	**75,588**	**(250,315)**
Translation adjustments	(69,513)	–	–	**(69,513)**
Transfer to other reserves from retained earnings	–	–	1,168	**1,168**
Shares purchased for profit sharing scheme	–	(17,627)	–	**(17,627)**
Other	–	–	(1,282)	**(1,282)**
Balance at September 30, 2021	**(310,560)**	**(102,483)**	**75,474**	**(337,569)**

18 OTHER RESERVES *(continued)*

Other reserves

This balance represents the difference between regulatory reserve requirements and specific provisions under IFRSs and is an appropriation of retained earnings for certain subsidiaries in the Group.

Unallocated shares in the staff profit sharing scheme

The Republic Bank Limited staff profit sharing scheme purchases Republic Financial Holdings Limited shares to build its stock for allocation in the annual profit sharing exercise. During the 2021 financial year, $17.6 million in advances were made by Republic Bank Limited for purchase of shares to the staff profit sharing scheme (2020: $92.1 million). As at September 30, 2021, shares costing $102.5 million (2020: $84.9 million) remain unallocated from the profit sharing scheme.

	NO. OF ORDINARY SHARES (000'S)	
	2021	2020
Balance brought forward	**603**	426
Add shares purchased	**130**	660
Allocation of shares	–	(483)
Balance carried forward	**733**	603

19 OPERATING PROFIT

	2021	2020
a Interest income		
Advances	**3,837,472**	3,940,691
Investment securities	**697,559**	595,931
Liquid assets	**108,733**	284,179
	4,643,764	**4,820,801**
b Interest expense		
Customers' current, savings and deposit accounts	**421,259**	521,828
Other fund raising instruments and debt securities in issue	**203,329**	230,246
Other interest bearing liabilities	**22,466**	47,209
Finance cost lease liability – Note 8 (b)	**26,614**	26,548
	673,668	**825,831**

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19 OPERATING PROFIT *(continued)*

		2021	2020
c	**Other income**		
	Fees and commission from trust and other fiduciary activities	**368,335**	330,934
	Credit card fees and commission (net)	**327,446**	262,543
	Other fees and commission income	**507,227**	503,732
	Net exchange trading income	**365,497**	413,372
	Dividends	**721**	751
	Net gains from investments at fair value through profit or loss	**21,165**	5,073
	Net gains on derecognition of financial instruments	**1,676**	8,757
	Other operating income	**240,359**	180,088
		1,832,426	**1,705,250**
d	**Operating expenses**		
	Staff costs	**1,420,813**	1,525,484
	Staff profit sharing	**126,416**	–
	Employee benefits pension and medical contribution – Note 10 (g)	**119,119**	108,956
	General administrative expenses	**1,122,786**	1,184,589
	Operating lease payments	**12,559**	9,205
	Property-related expenses	**187,172**	166,435
	Depreciation expense – Note 7	**276,259**	247,061
	Depreciation expense right-of-use assets – Note 8 (a)	**90,439**	86,115
	Advertising and public relations expenses	**85,675**	95,768
	Goodwill impairment expense – Note 9 (a)	**492**	143,367
	Intangible amortisation expense – Note 9 (b) and (c)	**51,700**	36,787
	Investment impairment expense	**406**	580
	Directors' fees	**20,226**	19,045
		3,514,062	**3,623,392**

20 CREDIT LOSS EXPENSE

	2021	2020
Advances – Note 4 (d)	**290,644**	534,444
Debt instruments measured at amortised cost – Note 5 (c)	**57,341**	86,720
	347,985	**621,164**

21 TAXATION EXPENSE

	2021	2020
Corporation tax	**505,650**	545,328
Deferred tax – Note 11	**(5,772)**	(87,812)
	499,878	**457,516**

Reconciliation between taxation expense and net profit before taxation

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

	2021	2020
Net profit before taxation	**1,944,599**	1,460,575
Tax at applicable statutory tax rates	**767,894**	948,057
Tax effect of items that are adjustable in determining taxable profit:		
Tax exempt income	**(271,838)**	(560,374)
Non-deductible expenses	**159,815**	149,572
Allowable deductions	**(171,915)**	(99,176)
Change in tax rates	**3,939**	4,678
Provision for other taxes	**11,983**	14,759
	499,878	**457,516**

The Group has no unutilised tax losses for 2021, (2020: Parent and one of its subsidiaries had tax losses of $474.6 mllion).

22 RISK MANAGEMENT

22.1 General

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

The basic principles of risk management followed by the Group include:

- Managing risk within parameters approved by the Board of Directors and Executives;
- Assessing risk initially and then consistently monitoring those risks through their life cycle;
- Abiding by all applicable laws, regulations and governance standards in every country in which we do business;
- Applying high and consistent ethical standards to our relationships with all customers, employees and other stakeholders; and
- Undertaking activities in accordance with fundamental control standards. These controls include the disciplines of planning, monitoring, segregation, authorisation and approval, recording, safeguarding, reconciliation and valuation.

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22 RISK MANAGEMENT *(continued)*

22.1 General *(continued)*

The Board of Directors has ultimate responsibility for the management of risk within the Group. Acting with authority delegated by the Board, the Credit, Audit, Asset/Liability Committee and Enterprise Risk Committee, review specific risk areas.

A Group Enterprise Risk Management unit exists headed by a Chief Risk Officer, with overall responsibility for ensuring compliance with all risk management policies, procedures and limits.

The Internal Audit function audits Risk Management processes throughout the Group by examining both the adequacy of the procedures and the Group's compliance with these procedures. Internal Audit discusses the results of all assessments with Management and reports its findings and recommendations to the Audit Committees of the Parent and respective subsidiaries.

The Group's activities are primarily related to the use of financial instruments. The Group accepts funds from customers and seeks to earn above average interest margins by investing in high quality assets such as government and corporate securities as well as equity investments and seeks to increase these margins by lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The main risks arising from the Group's financial instruments are credit risk, interest rate and market risk, liquidity risk, foreign currency risk and operational risk. The Group reviews and agrees policies for managing each of these risks as follows:

22.2 Credit risk

Credit risk is the potential that a borrower or counterparty will fail to meet its stated obligations in accordance with agreed terms. The objective of the Group's credit risk management function is to maximise the Group's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. The effective management of credit risk is a key element of a comprehensive approach to risk management and is considered essential to the long-term success of the Group.

The Group's credit risk management process operates on the basis of a hierarchy of discretionary authorities. A Board Credit Committee, including executive and non-executive directors, is in place, with the authority to exercise the powers of the Board on all risk management decisions.

The Risk Management unit is accountable for the general management and administration of the Group's credit portfolio, ensuring that lendings are made in accordance with current legislation, sound banking practice and in accordance with the applicable general policy of the Board of Directors. The Risk Management function is kept separate from and independent of the business development aspect of the operations.

The Group uses a risk rating system which groups commercial/corporate accounts and overdrafts into various risk categories to facilitate the management of risk on both an individual account and portfolio basis. Retail lending, mortgages and retail overdrafts are managed by product type. Preset risk management criteria is in place at all branches to facilitate decision-making for all categories of loans including credit cards. 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.

22 RISK MANAGEMENT *(continued)*

22.2 Credit risk *(continued)*

The debt securities within the Group's investment security portfolio are exposed to credit risk and are managed by investment grading or country exposure with preset exposure limits as approved by the Board of Directors. The credit quality of each individual security is assessed based on the financial strength, reputation and market position of the issuing entity and the ability of that entity to service the debt.

The Group avoids exposure to undue concentrations of risk by placing limits on the amount of risk accepted from a number of borrowers engaged in similar business activities, or activities in the same geographic region or with similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Such risks are controlled and monitored on a revolving basis and are subject to an annual or more frequent review. Limits on the level of credit risk by product, industry sector, client and geography are approved by the Board of Directors.

The Group's credit control processes emphasise early detection of deterioration and prompt implementation of remedial action and where it is considered that recovery of the outstanding balance may be doubtful or unduly delayed, such accounts are transferred from performing to non-performing status.

22.2.1 Analysis of risk concentration

The Group's concentrations of risk are managed by client/counterparty, geographical region and industry sector. The table below shows the Group's maximum exposure to any client or counterparty before taking into account collateral or other credit enhancements.

	GROSS MAXIMUM EXPOSURE	
	2021	2020
Statutory deposits with Central Banks	**7,045,773**	8,810,482
Due from banks	**12,425,341**	12,005,309
Treasury Bills	**4,934,664**	3,909,369
Advances	**55,515,628**	53,300,181
Investment securities	**19,105,376**	17,363,736
Investment interest receivable	**205,204**	185,577
Total	**99,231,986**	**95,574,654**
Undrawn commitments	**4,668,590**	4,609,888
Acceptances	**3,297,413**	3,604,850
Guarantees and indemnities	**470,057**	501,247
Letters of credit	**422,123**	453,267
Total	**8,858,183**	**9,169,252**
Total credit risk exposure	**108,090,169**	**104,743,906**

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.

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22 RISK MANAGEMENT *(continued)*

22.2 Credit risk *(continued)*

22.2.1 Analysis of risk concentration *(continued)*

a Industry sectors

The following table shows the risk concentration by industry for the components of the Consolidated statement of financial position. Additional disclosures for credit quality and the maximum exposure for credit risk per categories based on the Group's internal credit rating system and year-end stage classification are further disclosed in Notes 4 (d) and 5 (c).

	2021	2020
Government and Central Government Bodies	**24,710,009**	23,280,997
Financial sector	**18,597,520**	20,143,414
Energy and mining	**1,622,336**	1,671,675
Agriculture	**476,106**	426,264
Electricity and water	**1,574,882**	1,313,911
Transport, storage and communication	**1,470,209**	1,108,981
Distribution	**5,570,606**	5,500,290
Real estate	**7,989,998**	8,727,773
Manufacturing	**2,328,947**	2,166,972
Construction	**3,299,826**	3,127,467
Hotel and restaurant	**2,814,911**	2,768,378
Personal	**29,245,307**	27,828,402
Other services	**8,389,512**	6,679,382
	108,090,169	**104,743,906**

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'.

22 RISK MANAGEMENT *(continued)*

22.2 Credit risk *(continued)*

22.2.1 Analysis of risk concentration *(continued)*

b Geographical sectors

The Group's maximum credit exposure, after taking account of credit loss provisions established but before taking into account any collateral held or other credit enhancements, can be analysed by the following geographical regions based on the country of domicile of its counterparties:

	2021	2020
Trinidad and Tobago	**44,524,306**	44,290,762
Barbados	**9,507,903**	9,580,530
Eastern Caribbean	**10,279,127**	8,535,413
Guyana	**7,545,547**	7,245,220
United States	**8,755,581**	8,157,128
Europe	**4,237,363**	3,388,388
Suriname	**1,257,272**	1,586,223
Ghana	**4,008,587**	3,856,358
Cayman Islands	**8,505,302**	8,464,352
Other Countries	**9,469,181**	9,639,532
	108,090,169	**104,743,906**

22.2.2 Impairment assessment

Financial asset provisions are reviewed quarterly in accordance with established guidelines and recommended provisions arising out of this review are submitted to the Board for approval. Non-performing debts recommended for write-off are also reviewed annually and action taken in accordance with prescribed guidelines. The Group's impairment assessment and measurement approach is set out below.

22.2.3 Default and recovery

The Group generally considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Group's policy to consider a financial instrument as 'recovered' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once recovered depends on the updated credit grade at the time of recovery.

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22 RISK MANAGEMENT *(continued)*

22.2 Credit risk *(continued)*

22.2.4 The Group's internal rating and PD estimation process

Commercial and corporate lending and mortgages

The Group has an independent internal credit risk department. Risk ratings were selected as cohorts for PD analyses. A vintage approach was applied looking at the movements of ratings over a period of time. Historical PDs were developed and using statistical correlation between macroeconomic trends and historical default rates, management applied overlays based on expectations. As previously mentioned, LGD percentage estimates were developed based on historical loss trends for non-performing loans which are assessed on an individual level including estimating the present value of future cash flows. EAD equals the loan balance outstanding plus accrued interest.

Retail lending and mortgages

Product types were selected as the cohorts for PD analyses for retail lending and retail mortgages. A vintage approach was applied looking at the number of defaults by segment over a period of time. Historical PDs were developed and using correlation between macroeconomic trends, management applied overlays based on expectations. LGD percentage estimates were developed based on historical loss trends for non-performing loans which are assessed on both an individual and collective level. EAD equals the loan balance outstanding plus accrued interest.

Overdrafts and credit cards

Many corporate customers are extended overdraft facilities and the PDs developed for the corporate portfolio were therefore applied. LGDs for the corporate portfolio were also utilised for overdrafts. EADs were developed based on historical trends in utilisation of overdraft limits. ECL percentages for the retail portfolio were utilised for retail overdrafts. PDs for the credit card portfolio were developed using default percentages over a period of time. EADs were developed based on historical trends in utilisation of credit card limits and LGD percentage estimates were developed based on historical loss trends for a sample of credit card non-performing facilities.

Management judgmentally applied overlays as required as there was no noted correlation between macroeconomic trends and historical default rates.

Investment securities

PDs and LGDs for traded instruments were based on the global credit ratings assigned to the instrument or the country for sovereign exposures. PDs and LGDs for non-traded instruments were based on one notch below the credit rating of the sovereign in which the instrument is issued or on company ratings where they existed. Management applied judgmental overlays on local debt instruments. EAD equals the amortised security balance plus accrued interest.

Treasury Bills and Due from banks

Treasury Bills, Statutory deposits with Central Banks and Due from banks are short-term funds placed with Central Banks and correspondent banks and the Group therefore considers the risk of default to be very low. These facilities are highly liquid and without restriction and based on management's review of the underlying instruments the ECL on these instruments were determined to be zero. For the Government of Barbados, PDs and LGDs were developed based on countries in the region who have defaulted in the past.

22 RISK MANAGEMENT *(continued)*

22.2 Credit risk *(continued)*

22.2.4 The Group's internal rating and PD estimation process *(continued)*

Financial guarantees, letters of credit and undrawn loan commitments

The Group issues financial guarantees, letters of credit and loan commitments.

Financial guarantees, letters of credit and loan commitments are off-balance sheet instruments and have no history of default. As a result, the Group considers the risk of default to be very low and the ECLs on these instruments were determined to be zero.

22.2.5 Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets (as set out in Note 22.2.6), the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

22.2.6 Grouping financial assets measured on a collective basis

As explained in Note 2.6 (g) (i) dependant on the factors below, the Group calculates ECLs either on a collective or an individual basis. Asset classes where the Group calculates ECL on an individual basis include:

- All Stage 3 assets, regardless of the class of financial assets
- The commercial and corporate lending and overdraft portfolios
- The mortgage portfolio
- The retail lending portfolio
- The credit card portfolio

Asset classes where the Group calculates ECL on a collective basis include:

- The retail overdraft portfolio
- Subsidiaries with small, homogeneous retail portfolios
- Past due not yet relegated credit facilities

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22 RISK MANAGEMENT *(continued)*

22.2 Credit risk *(continued)*

22.2.7 Analysis of gross carrying amount and corresponding ECLs are as follows:

Advances

	2021 %	2020 %
Stage 1	**80.0**	84.0
Stage 2	**15.0**	10.8
Stage 3	**5.0**	5.2
	100.0	**100.0**

In response to COVID-19, the Group undertook a review of its loan portfolios, determining the high-risk sectors and the ECL for each. The review considered the macroeconomic outlook, customer credit quality, type and value of collateral held, exposure at default and the effect of payment deferral options as at the reporting date.

The ECL methodology and definition of default remained consistent with prior periods. Calculation inputs, including forward looking information, together with the determination of the staging of exposures were however revised.

	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	CREDIT CARDS	TOTAL
2021						
Stage 1						
Gross loans	6,465,367	10,355,703	25,661,486	2,208,972	1,294,263	**45,985,791**
ECL	(134,670)	(115,252)	(155,926)	(47,981)	(39,165)	**(492,994)**
	6,330,697	**10,240,451**	**25,505,560**	**2,160,991**	**1,255,098**	**45,492,797**
ECL as a % of Gross loans	2.1	1.1	0.6	2.2	3.0	**1.1**
2020						
Stage 1						
Gross loans	6,694,492	10,380,511	25,669,433	2,126,888	1,487,423	**46,358,747**
ECL	(76,481)	(70,643)	(103,073)	(35,221)	(66,896)	**(352,314)**
	6,618,011	**10,309,868**	**25,566,360**	**2,091,667**	**1,420,527**	**46,006,433**
ECL as a % of Gross loans	1.1	0.7	0.4	1.7	4.5	**0.8**

The increase in Stage 1 ECLs was driven by increased FLIs, which increased LGDs, reflective of a reduction in recovery estimates across the Group.

22 RISK MANAGEMENT *(continued)*

22.2 Credit risk *(continued)*

22.2.7 Analysis of gross carrying amount and corresponding ECLs are as follows: *(continued)*

Advances (continued)

	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	CREDIT CARDS	TOTAL
2021						
Stage 2						
Gross loans	449,148	3,672,760	3,243,703	832,675	360,912	**8,559,198**
ECL	(8,118)	(91,007)	(52,766)	(17,212)	(37,040)	**(206,143)**
	441,030	**3,581,753**	**3,190,937**	**815,463**	**323,872**	**8,353,055**
ECL as a % of Gross loans	1.8	2.5	1.6	2.1	10.3	**2.4**
2020						
Stage 2						
Gross loans	392,564	2,536,288	1,834,112	915,513	238,584	**5,917,061**
ECL	(33,515)	(178,393)	(58,469)	(11,954)	(42,097)	**(324,428)**
	359,049	**2,357,895**	**1,775,643**	**903,559**	**196,487**	**5,592,633**
ECL as a % of Gross loans	8.5	7.0	3.2	1.3	17.6	**5.5**

The decrease in Stage 2 ECLs was attributable to the recovery of the economies as COVID-19 measures previously undertaken are now being relaxed.

	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	CREDIT CARDS	TOTAL
2021						
Stage 3						
Gross loans	292,305	974,484	1,381,964	118,225	136,839	**2,903,817**
ECL	(161,955)	(427,913)	(347,464)	(51,121)	(54,371)	**(1,042,824)**
	130,350	**546,571**	**1,034,500**	**67,104**	**82,468**	**1,860,993**
ECL as a % of Gross loans	55.4	43.9	25.1	43.2	39.7	**35.9**

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22 RISK MANAGEMENT *(continued)*

22.2 Credit risk *(continued)*

22.2.7 Analysis of gross carrying amount and corresponding ECLs are as follows: *(continued)*

Advances (continued)

	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	CREDIT CARDS	TOTAL
2020						
Stage 3						
Gross loans	281,550	1,020,061	1,437,082	103,049	75,531	**2,917,273**
ECL	(137,314)	(448,758)	(338,015)	(47,294)	(55,814)	**(1,027,195)**
	144,236	**571,303**	**1,099,067**	**55,755**	**19,717**	**1,890,078**
ECL as a % of Gross loans	48.8	44.0	23.5	45.9	73.9	**35.2**

The increase in Stage 3 ECLs was attributable to the increased non-performing loans in the retail portfolio.

Investment securities

	2021 %	2020 %
Stage 1	**84.2**	75.5
Stage 2	**6.9**	15.3
Stage 3	**0.7**	0.1
POCI	**8.2**	9.1
	100.0	**100.0**

	STAGE 1	STAGE 2	STAGE 3	POCI	TOTAL
2021					
Gross balance	16,268,560	1,335,128	127,736	1,589,103	**19,320,527**
ECL	(9,381)	(17,012)	(62,303)	(145,644)	**(234,340)**
	16,259,179	**1,318,116**	**65,433**	**1,443,459**	**19,086,187**
ECL as a % of Gross investments	0.1	1.3	48.8	9.2	**1.2**

22 RISK MANAGEMENT *(continued)*

22.2 Credit risk *(continued)*

22.2.7 Analysis of gross carrying amount and corresponding ECLs are as follows: *(continued)*

Investment securities (continued)

	STAGE 1	STAGE 2	STAGE 3	POCI	TOTAL
2020					
Gross balance	13,255,884	2,687,187	22,945	1,591,470	**17,557,486**
ECL	(9,136)	(38,888)	(6,097)	(139,630)	**(193,751)**
	13,246,748	**2,648,299**	**16,848**	**1,451,840**	**17,363,735**
ECL as a % of Gross investments	0.1	1.4	26.6	8.8	**1.1**

The increase in Stage 3 ECLs was driven by movements from Stage 2 to Stage 3 in Suriname, while the increase in POCI ECLs was reflective of the Government of Barbados debt.

22.3 Liquidity risk

Liquidity risk is defined as the risk that the Group either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access these only at excessive cost.

Liquidity management is therefore primarily designed to ensure that funding requirements can be met, including the replacement of existing funds as they mature or are withdrawn, or to satisfy the demands of customers for additional borrowings. Liquidity management focuses on ensuring that the Group has sufficient funds to meet all of its obligations.

Three primary sources of funds are used to provide liquidity – retail deposits, wholesale deposits and the capital market. A substantial portion of the Group is funded with 'core deposits'. The Group maintains a core base of retail and wholesale funds, which can be drawn on to meet ongoing liquidity needs. The capital markets are accessed for medium to long-term funds as required, providing diverse funding sources to the Group. Facilities are also established with correspondent banks, which can provide additional liquidity as conditions demand.

The Asset/Liability Committee (ALCO) sets targets for daily float, allowable liquid assets and funding diversification in line with system liquidity trends. While the primary asset used for short-term liquidity management is the Treasury Bill, the Group also holds significant investments in other Government securities, which can be used for liquidity support. The Group continually balances the need for short-term assets, which have lower yields, with the need for higher asset returns.

22.3.1 Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at September 30 based on contractual undiscounted repayment obligations, over the remaining life of those liabilities. These balances include interest to be paid over the remaining life of the liabilities and will therefore be greater than the carrying amounts on the Consolidated statement of financial position. Refer to Note 28 for a maturity analysis of assets and liabilities.

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22 RISK MANAGEMENT *(continued)*

22.3 Liquidity risk *(continued)*

22.3.1 Analysis of financial liabilities by remaining contractual maturities *(continued)*

Financial liabilities – on Consolidated statement of financial position

	ON DEMAND	UP TO ONE YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
2021					
Customers' current, savings and deposit accounts	71,416,704	13,187,461	1,730,338	329,076	**86,663,579**
Other fund raising instruments	–	4,388,434	223,008	42,627	**4,654,069**
Debt securities in issue	–	115,499	1,256,202	88,781	**1,460,482**
Due to banks	70,634	85,351	–	–	**155,985**
Lease liabilities	348	82,862	280,532	263,851	**627,593**
Other liabilities	536,605	183,294	78,813	925	**799,637**
Total un-discounted financial liabilities	**72,024,291**	**18,042,901**	**3,568,893**	**725,260**	**94,361,345**
2020					
Customers' current, savings and deposit accounts	65,543,537	13,109,342	7,976,460	5,793	**86,635,132**
Other fund raising instruments	–	4,786,717	681,027	153,757	**5,621,501**
Debt securities in issue	–	280,303	1,081,356	1,149,023	**2,510,682**
Due to banks	745,639	784,819	–	–	**1,530,458**
Lease liabilities	982	87,196	346,418	337,539	**772,135**
Other liabilities	572,963	195,676	91,525	57	**860,221**
Total un-discounted financial liabilities	**66,863,121**	**19,244,053**	**10,176,786**	**1,646,169**	**97,930,129**

22 RISK MANAGEMENT *(continued)*

22.3 Liquidity risk *(continued)*

22.3.1 Analysis of financial liabilities by remaining contractual maturities *(continued)*

Financial liabilities – off Consolidated statement of financial position

	ON DEMAND	UP TO ONE YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
2021					
Acceptances	728,094	2,305,824	263,412	83	**3,297,413**
Guarantees and indemnities	66,139	263,407	115,758	24,753	**470,057**
Letters of credit	282,878	139,245	–	–	**422,123**
Total	**1,077,111**	**2,708,476**	**379,170**	**24,836**	**4,189,593**
2020					
Acceptances	652,528	2,638,110	313,908	304	**3,604,850**
Guarantees and indemnities	255,000	184,722	31,908	29,617	**501,247**
Letters of credit	294,585	158,682	–	–	**453,267**
Total	**1,202,113**	**2,981,514**	**345,816**	**29,921**	**4,559,364**

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

22.4 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.

22.4.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group has an ALCO which reviews on a monthly basis the non-credit and non-operational risk for the Parent and each subsidiary. Asset and Liability management is a vital part of the risk management process of the Group. The mandate of the Committee is to approve strategies for the management of the non-credit risks of the Group, including interest rate, foreign exchange, liquidity and market risks.

The primary tools currently in use are gap analysis, interest rate sensitivity analysis and exposure limits for financial instruments. The limits are defined in terms of amount, term, issuer, depositor and country. The Group is committed to refining and defining these tools to be in line with international best practice.

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.

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22 RISK MANAGEMENT *(continued)*

22.4 Market risk *(continued)*

22.4.1 Interest rate risk *(continued)*

An interest rate sensitivity analysis was performed to determine the impact on net profit 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. This impact is illustrated on the following table:

		IMPACT ON NET PROFIT			
		2021		2020	
	CHANGE IN BASIS POINTS	INCREASE	DECREASE	INCREASE	DECREASE
TT$ Instruments	+/- 50	**64,814**	**(64,814)**	60,174	(60,170)
US$ Instruments	+/- 50	**28,472**	**(28,472)**	16,738	(16,966)
BDS$ Instruments	+/- 50	**1,620**	**(1,620)**	615	(615)
GHS Instruments	+/- 300	**2,751**	**(2,751)**	1,308	(1,308)
Other currency instruments	+/- 50	**24,070**	**(24,070)**	389	(424)

22.4.2 Currency risk

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

Changes in foreign exchange rates affect the Group's earnings and equity through differences on the re-translation of the net assets and related funding of overseas subsidiaries and associates, from the respective local currency to Trinidad and Tobago dollars (TTD). Gains or losses on foreign currency investment in subsidiary and associated undertakings are recognised in reserves. Gains or losses on related foreign currency funding are recognised in the Consolidated statement of income.

The principal currencies of the Group's subsidiary and associated company investments are TTD, United States dollars (USD), Guyana dollars (GYD), Eastern Caribbean dollars (XCD), Barbados dollars (BDS), Ghana cedi (GHS), Suriname dollars (SRD) and Cayman Island dollars (KYD).

The tables below indicate the currencies to which the Group had significant exposure at September 30, on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis also calculates the effect of a reasonably possible movement of each currency rate against the Trinidad and Tobago dollar, with all other variables held constant.

22 RISK MANAGEMENT *(continued)*

22.4 Market risk *(continued)*

22.4.2 Currency risk *(continued)*

	TTD	USD	BDS	GHS	SRD	KYD	OTHER	TOTAL
2021								
Financial assets								
Cash on hand	467,563	685,923	88,460	147,455	17,049	90,933	1,032,493	**2,529,876**
Statutory deposits with Central Banks	4,413,320	325,768	384,860	172,540	88,423	–	1,660,862	**7,045,773**
Due from banks	2,699,492	4,476,405	1,574,236	16,991	103,064	265	3,554,888	**12,425,341**
Treasury Bills	2,115,270	738,190	–	307,194	–	–	1,774,010	**4,934,664**
Advances	23,651,869	9,985,879	4,996,482	1,252,467	273,249	5,100,719	10,254,963	**55,515,628**
Investment securities	5,305,728	10,730,283	1,387,087	1,311,703	–	–	524,700	**19,259,501**
Investment interest receivable	61,121	60,645	415	77,196	272	17	5,538	**205,204**
Total financial assets	**38,714,363**	**27,003,093**	**8,431,540**	**3,285,546**	**482,057**	**5,191,934**	**18,807,454**	**101,915,987**

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22 RISK MANAGEMENT *(continued)*

22.4 Market risk *(continued)*

22.4.2 Currency risk *(continued)*

	TTD	USD	BDS	GHS	SRD	KYD	OTHER	TOTAL
2021								
Financial liabilities								
Due to banks	2	8,254	15,009	71,359	121	–	61,240	**155,985**
Customers' current, savings and deposit accounts	31,683,846	22,692,242	7,671,518	2,080,882	421,417	4,683,578	17,376,151	**86,609,634**
Other fund raising instruments	3,305,067	836,227	116,246	361,014	–	–	–	**4,618,554**
Debt securities in issue	25,173	1,752,554	–	88,168	–	–	–	**1,865,895**
Accrued interest payable	31,672	43,153	1,119	–	3,568	203	6,734	**86,451**
Lease liabilities	318,726	12,039	41,980	17,465	114	32,192	60,351	**482,867**
Total financial liabilities	**35,364,486**	**25,344,469**	**7,845,872**	**2,618,888**	**425,220**	**4,715,973**	**17,504,476**	**93,819,386**
Net currency risk exposure		**1,658,624**	**585,668**	**666,658**	**56,837**	**475,961**	**1,302,978**	
Reasonably possible change in currency rate (%)		1	1	3	1	1	1	
Effect on profit before taxation		**16,586**	**5,857**	**20,000**	**568**	**4,760**	**13,030**	

22 **RISK MANAGEMENT** *(continued)*

22.4 Market risk *(continued)*

22.4.2 Currency risk *(continued)*

	TTD	USD	BDS	GHS	SRD	KYD	OTHER	TOTAL
2020								
Financial assets								
Cash on hand	459,029	544,963	81,688	116,978	14,237	82,417	949,588	**2,248,900**
Statutory deposits with Central Banks	4,124,723	322,267	1,478,141	148,988	72,268	–	2,664,095	**8,810,482**
Due from banks	4,547,826	4,547,595	4,257	23,521	171,644	192	2,710,274	**12,005,309**
Treasury Bills	1,276,259	1,308,340	–	202,810	–	–	1,121,960	**3,909,369**
Advances	22,019,334	12,082,026	5,072,941	1,169,956	419,380	4,902,993	7,633,551	**53,300,181**
Investment securities	4,908,560	9,265,519	1,359,838	1,465,303	–	–	536,466	**17,535,686**
Investment interest receivable	58,307	60,549	417	59,297	–	23	6,984	**185,577**
Total financial assets	**37,394,038**	**28,131,259**	**7,997,282**	**3,186,853**	**677,529**	**4,985,625**	**15,622,918**	**97,995,504**

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22 RISK MANAGEMENT *(continued)*

22.4 Market risk *(continued)*

22.4.2 Currency risk *(continued)*

	TTD	USD	BDS	GHS	SRD	KYD	OTHER	TOTAL
2020								
Financial liabilities								
Due to banks	5	769,014	12,895	–	890	–	24,388	**807,192**
Customers' current, savings and deposit accounts	29,756,099	21,615,869	7,302,918	2,132,496	532,523	4,128,436	16,378,827	**81,847,168**
Other fund raising instruments	4,176,268	846,780	131,702	344,308	–	–	–	**5,499,058**
Debt securities in issue	37,565	1,900,066	–	86,759	–	–	–	**2,024,390**
Accrued interest payable	32,466	61,257	1,262	–	4,414	1,198	8,330	**108,927**
Lease liabilities	359,764	12,563	44,707	18,746	–	85,396	72,242	**593,418**
Total financial liabilities	**34,362,167**	**25,205,549**	**7,493,484**	**2,582,309**	**537,827**	**4,215,030**	**16,483,787**	**90,880,153**
Net currency risk exposure		**2,925,710**	**503,798**	**604,544**	**139,702**	**770,595**	**(860,869)**	
Reasonably possible change in currency rate (%)		1	1	3	1	1	1	
Effect on profit before taxation		**29,257**	**5,038**	**18,136**	**1,397**	**7,706**	**(8,609)**	

22.5 Operational risk

The growing sophistication of the financial industry has made the Group's operational risk profile more complex. Operational risk is inherent within all business activities and is the potential for financial or reputational loss arising from inadequate or failed internal controls, operational processes or the systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud.

The Group recognises that such risk can never be entirely eliminated and manages the risk through a combination of systems and procedures to monitor and document transactions. The Group's operational risk department oversees this and where appropriate, risk is transferred by the placement of adequate insurance coverage.

22 RISK MANAGEMENT *(continued)*

22.5 Operational risk *(continued)*

The Group has developed contingency arrangements and established facilities to support operations in the event of disasters. Independent checks on operational risk issues are also undertaken by the internal audit function.

Managing cybersecurity related threats across the Group remains a major priority. As part of the Group's business strategy in reducing cyber risk exposure, cybersecurity is embedded in the design of technology and services prior to deployment. The Group's Enterprise Risk Management Committee is responsible for overseeing cybersecurity risks and maintaining cybersecurity risk appetite. Mechanisms are in place across the Group to predict, prevent, detect and respond against cyber threats and where appropriate, risk is transferred by the placement of adequate insurance coverage.

23 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.

	2021	2020
Advances, investments and other assets		
Directors and key management personnel	**306,976**	284,315
Other related parties	**138,083**	236,126
	445,059	**520,441**
Deposits and other liabilities		
Directors and key management personnel	**165,182**	168,080
Other related parties	**617,604**	606,176
	782,786	**774,256**
Interest and other income		
Directors and key management personnel	**3,604**	10,233
Other related parties	**17,976**	16,938
	21,580	**27,171**
Interest and other expense		
Directors and key management personnel	**17,359**	25,140
Other related parties	**7,137**	10,621
	24,496	**35,761**

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

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23 RELATED PARTIES *(continued)*

Key management compensation

	2021	2020
Short-term benefits	**47,235**	53,324
Post employment benefits	**(8,404)**	7,363
Share-based payment	**5,615**	8,545
	44,446	**69,232**

24 CAPITAL MANAGEMENT

The Group's policy is to diversify its sources of capital, to allocate capital within the Group efficiently and to maintain a prudent relationship between capital resources and the risk of its underlying business. Equity increased by $1.5 billion to $12.9 billion during the year under review.

Capital adequacy is monitored by each member of the Group, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practice (the Basel Committee), as implemented by the respective Central Banks for supervisory purposes.

In Trinidad, the Basel II Regulations were promulgated in May 2020 and adopted by RFHL and its main subsidiary, Republic Bank Limited (RBL). Under these regulations, the risk-based capital guidelines require a minimum ratio of core capital (Tier I) to risk-weighted assets of 6%, with a minimum total qualifying capital (Tier I plus Tier II) ratio of 10%. Tier I capital comprises mainly of shareholders' equity.

Capital adequacy ratio

	2021 %	2020 %
Institutions under Basel II regulations		
Republic Financial Holdings Limited	**13.64**	11.87
Republic Bank Limited	**14.77**	13.60
Republic Bank (Cayman) Limited	**26.33**	28.66
Republic Bank (Barbados) Limited	**18.42**	16.38
Republic Bank (Ghana) Plc.	**26.36**	24.94
Cayman National Bank	**22.27**	23.60

24 CAPITAL MANAGEMENT *(continued)*

Capital adequacy ratio *(continued)*

	2021 %	2020 %
Institutions under Basel I regulations		
Republic Bank (Grenada) Limited	**16.50**	16.24
Republic Bank (Guyana) Limited	**22.29**	23.79
Republic Bank (Suriname) N.V.	**11.17**	11.71
Atlantic Financial Limited	**96.99**	93.32
Republic Bank (EC) Limited	**15.79**	15.80
Republic Bank (BVI) Limited	**27.01**	19.00

At September 30, 2021, RBL and each of RFHL's banking subsidiaries exceeded the minimum levels required for adequately capitalised financial institutions.

25 FAIR VALUE

25.1 Carrying values and fair values

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

	CARRYING VALUE	FAIR VALUE	UN-RECOGNISED (LOSS)/GAIN
2021			
Financial assets			
Cash, due from banks, and Treasury Bills	19,889,881	19,889,881	–
Advances	55,515,628	54,517,162	(998,465)
Investment securities	19,259,501	19,910,964	651,463
Investment interest receivable	205,204	205,204	–
Other financial assets	117,881	117,881	–
Financial liabilities			
Customers' current, savings and deposit accounts	86,609,634	86,638,370	(28,736)
Borrowings and other fund raising instruments	4,774,539	4,742,978	31,561
Debt securities in issue	1,865,895	2,009,712	(143,817)
Accrued interest payable	86,451	86,451	–
Other financial liabilities	704,667	704,667	–
Total unrecognised change in unrealised fair value			**(487,994)**

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25 FAIR VALUE *(continued)*

25.1 Carrying values and fair values *(continued)*

	CARRYING VALUE	FAIR VALUE	UN-RECOGNISED (LOSS)/GAIN
2020			
Financial assets			
Cash, due from banks, and Treasury Bills	18,163,578	18,163,578	–
Advances	53,300,181	52,628,725	(671,456)
Investment securities	17,535,686	17,877,857	342,171
Investment interest receivable	185,577	185,577	–
Other financial assets	344,610	344,610	–
Financial liabilities			
Customers' current, savings and deposit accounts	81,847,168	81,844,786	2,382
Borrowings and other fund raising instruments	6,306,250	6,306,250	–
Debt securities in issue	2,024,390	2,214,536	(190,146)
Accrued interest payable	108,927	108,927	–
Other financial liabilities	1,273,289	1,273,289	–
Total unrecognised change in unrealised fair value			**(517,049)**

25.2 Fair value and fair value hierarchies

25.2.1 Determination of fair value and fair value hierarchies

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

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2021				
Financial assets measured at fair value				
Investment securities	33,374	96,412	43,528	**173,314**
Financial assets for which fair value is disclosed				
Advances	–	–	54,517,162	**54,517,162**
Investment securities	7,602,017	9,749,277	2,386,356	**19,737,650**
Financial liabilities for which fair value is disclosed				
Customers' current, savings and deposit accounts	–	–	86,638,370	**86,638,370**
Debt securities in issue	–	1,921,544	88,168	**2,009,712**

25 FAIR VALUE *(continued)*

25.2 Fair value and fair value hierarchies *(continued)*

25.2.1 Determination of fair value and fair value hierarchies *(continued)*

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2020				
Financial assets measured at fair value				
Investment securities	64,713	69,583	37,655	171,951
Financial assets for which fair value is disclosed				
Advances	–	–	52,628,725	52,628,725
Investment securities	5,708,444	10,150,131	1,847,331	17,705,906
Financial liabilities for which fair value is disclosed				
Customers' current, savings and deposit accounts	–	–	81,844,786	81,844,786
Debt securities in issue	–	2,127,777	86,759	2,214,536

25.2.2 Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy as at September 30, 2021, are as shown below:

	VALUATION TECHNIQUE	SIGNIFICANT UN-OBSERVABLE INPUTS	RANGE
Advances	Discounted Cash Flow Method	Growth rate for cash flows for subsequent years	4.0% - 28.2%
Customers' current, savings and deposit accounts	Discounted Cash Flow Method	Growth rate for cash flows for subsequent years	0.0% - 9.0%

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25 FAIR VALUE *(continued)*

25.2 Fair value and fair value hierarchies *(continued)*

25.2.3 Transfers between Level 1 and 2

For the year ended September 30, 2021, $399.6 million of assets were transferred between Level 1 and Level 2 (2020: $366 million).

25.2.4 Reconciliation of movements in Level 3 financial assets measured at fair value

	BALANCE AT BEGINNING OF YEAR	ADDITIONS	DISPOSALS/ TRANSFERS TO LEVEL 2	BALANCE AT END OF YEAR
Financial assets designated at				
Fair value through profit or loss	37,655	6,410	(537)	43,528
	37,655	**6,410**	**(537)**	**43,528**

26 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

NAME	COUNTRY OF INCORPORATION AND OPERATION	**2021** %	2020 %
Republic Bank (Ghana) Plc.	Ghana	**33.46**	33.46
Republic Bank (Guyana) Limited	Guyana	**49.00**	49.00
Cayman National Corporation	Cayman Islands	**25.01**	25.01

NAME	**2021**	2020
Accumulated balances of material non-controlling interests:		
Republic Bank (Ghana) Plc.	**268,084**	237,854
Republic Bank (Guyana) Limited	**441,856**	404,007
Cayman National Corporation	**315,197**	291,160
Profit allocated to material non-controlling interests:		
Republic Bank (Ghana) Plc.	**34,670**	20,290
Republic Bank (Guyana) Limited	**59,130**	57,364
Cayman National Corporation	**40,588**	17,497

The summarised financial information of these subsidiaries is provided in Note 27 (i) of these Consolidated financial statements.

27 SEGMENTAL INFORMATION

The Group is organised into two main business segments: retail and commercial banking and other financial services. The Group's primary reporting format comprises geographical segments, reflecting its management structure and the secondary segment is by class of business. The following is an analysis by respective segments:

i By geographic segment

	TRINIDAD & TOBAGO	BARBADOS	SURINAME	EASTERN CARIBBEAN	GUYANA	GHANA	CAYMAN ISLANDS	BRITISH VIRGIN ISLANDS	TOTAL
2021									
Interest income	2,171,463	408,085	94,222	606,056	311,369	539,676	398,401	114,492	**4,643,764**
Interest expense	(249,080)	(25,214)	(18,564)	(126,782)	(25,317)	(206,088)	(17,786)	(4,837)	**(673,668)**
Net interest income	1,922,383	382,871	75,658	479,274	286,052	333,588	380,615	109,655	**3,970,096**
Other income	901,985	110,209	63,938	204,624	114,876	139,678	260,814	36,302	**1,832,426**
Share of profits of associated companies	3,970	–	153	–	–	–	–	–	**4,123**
Operating income	2,828,338	493,080	139,749	683,898	400,928	473,266	641,429	145,957	**5,806,645**
Other operating expenses	(1,693,096)	(310,293)	(50,871)	(459,601)	(192,617)	(289,330)	(440,407)	(77,846)	**(3,514,061)**
Operating profit	1,135,242	182,787	88,878	224,297	208,311	183,936	201,022	68,111	**2,292,584**
Credit loss expense on financial assets	(135,676)	(49,221)	(55,876)	(55,215)	(10,929)	(31,688)	18,819	(28,199)	**(347,985)**
Net profit before taxation	**999,566**	**133,566**	**33,002**	**169,082**	**197,382**	**152,248**	**219,841**	**39,912**	**1,944,599**
Taxation	(327,827)	(5,272)	(13,313)	(33,394)	(68,291)	(51,588)	(193)	–	**(499,878)**
Net profit after taxation	**671,739**	**128,294**	**19,689**	**135,688**	**129,091**	**100,660**	**219,648**	**39,912**	**1,444,721**

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27 SEGMENTAL INFORMATION *(continued)*

i By geographic segment *(continued)*

	TRINIDAD & TOBAGO	BARBADOS	SURINAME	EASTERN CARIBBEAN	GUYANA	GHANA	CAYMAN ISLANDS	BRITISH VIRGIN ISLANDS	TOTAL
2021									
Investment in associated companies	55,434	–	527	–	–	–	–	–	**55,961**
Total assets	51,204,653	10,088,508	2,667,969	13,892,800	7,797,275	4,411,889	15,900,515	3,205,286	**109,168,895**
Total liabilities	46,620,768	8,276,874	2,425,449	12,428,347	6,956,600	3,466,681	13,501,300	2,637,374	**96,313,393**
Depreciation	222,728	19,966	11,340	25,058	16,688	24,819	42,832	3,267	**366,698**
Capital expenditure on premises and equipment	323,736	19,794	3,796	14,211	5,497	35,564	18,165	441	**421,204**
Cash flow from operating activities	798,416	1,161,154	401,618	921,421	713,946	18,613	1,470,088	140,610	**5,625,866**
Cash flow from investing activities	(1,622,749)	343,960	(10,676)	(166,189)	(663,972)	(21,459)	(412,276)	(473,501)	**(3,026,862)**
Cash flow from financing activities	(750,229)	(109,052)	(1,233)	(423,182)	(42,098)	74,499	(111,767)	(63,299)	**(1,426,361)**

27 SEGMENTAL INFORMATION *(continued)*

i By geographic segment *(continued)*

	TRINIDAD & TOBAGO	BAR-BADOS	SURI-NAME	EASTERN CARIB-BEAN	GUYANA	GHANA	CAYMAN ISLANDS	BRITISH VIRGIN ISLANDS	TOTAL
2020									
Interest income	2,274,763	437,422	170,642	591,763	308,799	524,619	475,787	37,006	**4,820,801**
Interest expense	(308,336)	(32,655)	(30,516)	(140,431)	(23,208)	(227,760)	(60,780)	(2,145)	**(825,831)**
Net interest income	1,966,427	404,767	140,126	451,332	285,591	296,859	415,007	34,861	**3,994,970**
Other income	826,177	101,810	119,456	192,916	107,419	125,321	219,435	12,716	**1,705,250**
Share of profits of associated companies	4,841	–	70	–	–	–	–	–	**4,911**
Operating income	2,797,445	506,577	259,652	644,248	393,010	422,180	634,442	47,577	**5,705,131**
Other operating expenses	(1,846,492)	(305,718)	(97,600)	(397,156)	(202,294)	(279,217)	(474,915)	(20,000)	**(3,623,392)**
Operating profit	950,953	200,859	162,052	247,092	190,716	142,963	159,527	27,577	**2,081,739**
Credit loss expense on financial assets	(332,178)	(85,909)	(49,896)	(55,468)	(12,279)	(52,701)	(30,434)	(2,299)	**(621,164)**
Net profit before taxation	**618,775**	**114,950**	**112,156**	**191,624**	**178,437**	**90,262**	**129,093**	**25,278**	**1,460,575**
Taxation	(284,685)	(6,358)	(40,743)	(35,333)	(61,367)	(30,080)	1,050	–	**(457,516)**
Net profit after taxation	**334,090**	**108,592**	**71,413**	**156,291**	**117,070**	**60,182**	**130,143**	**25,278**	**1,003,059**

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27 SEGMENTAL INFORMATION *(continued)*

i By geographic segment *(continued)*

	TRINIDAD & TOBAGO	BAR-BADOS	SURI-NAME	EASTERN CARIB-BEAN	GUYANA	GHANA	CAYMAN ISLANDS	BRITISH VIRGIN ISLANDS	TOTAL
2020									
Investment in associated companies	56,364	–	607	–	–	–	–	–	**56,971**
Total assets	48,514,006	10,333,695	2,677,336	14,302,887	6,845,840	4,266,398	14,587,851	2,748,601	**104,276,614**
Total liabilities	45,510,366	7,813,396	2,436,951	12,779,866	6,039,857	3,407,466	12,276,927	2,669,312	**92,934,141**
Depreciation	189,834	20,799	12,207	23,811	15,771	26,127	43,558	1,069	**333,176**
Capital expenditure on premises and equipment	294,552	39,800	7,280	29,642	12,898	22,094	17,628	1,152	**425,046**
Cash flow from operating activities	5,458,351	278,710	250,640	(1,413,598)	783,882	476,146	(276,000)	(303,987)	**5,254,144**
Cash flow from investing activities	3,320,772	(88,573)	(107,281)	91,839	127,420	(449,232)	(125,261)	(1,152)	**2,768,532**
Cash flow from financing activities	(1,687,090)	(149,819)	799	(1,088,164)	(50,825)	(58,099)	(109,217)	(5,308)	**(3,147,723)**

ii By class of business

	RETAIL AND COMMERCIAL BANKING	OTHER FINANCIAL SERVICES	TOTAL
2021			
Interest income	4,285,134	358,630	**4,643,764**
Interest expense	(595,168)	(78,500)	**(673,668)**
Net interest income	3,689,966	280,130	**3,970,096**
Other income	1,518,624	313,802	**1,832,426**
Share of profit of associated companies	4,123	–	**4,123**
Operating income	5,212,713	593,932	**5,806,645**
Other operating expenses	(3,465,099)	(48,962)	**(3,514,061)**
Operating profit	1,747,614	544,970	**2,292,584**
Credit loss expense on financial assets	(339,937)	(8,048)	**(347,985)**
Net profit before taxation	**1,407,677**	**536,922**	**1,944,599**
Taxation	(425,088)	(74,790)	**(499,878)**
Net profit after taxation	**982,589**	**462,132**	**1,444,721**

27 SEGMENTAL INFORMATION *(continued)*

ii By class of business *(continued)*

	RETAIL AND COMMERCIAL BANKING	OTHER FINANCIAL SERVICES	TOTAL
2021			
Investment in associated companies	55,961	–	**55,961**
Total assets	98,205,463	10,963,432	**109,168,895**
Total liabilities	89,395,275	6,918,118	**96,313,393**
Depreciation	363,088	3,610	**366,698**
Capital expenditure on premises and equipment	418,682	2,522	**421,204**
Cash flow from operating activities	6,058,260	(432,394)	**5,625,866**
Cash flow from investing activities	(3,210,822)	183,960	**(3,026,862)**
Cash flow from financing activities	(518,445)	(907,916)	**(1,426,361)**
2020			
Interest income	4,430,116	390,685	**4,820,801**
Interest expense	(706,036)	(119,795)	**(825,831)**
Net interest income	3,724,080	270,890	**3,994,970**
Other income	1,406,644	298,606	**1,705,250**
Share of profit of associated companies	4,911	–	**4,911**
Operating income	5,135,635	569,496	**5,705,131**
Other operating expenses	(3,557,984)	(65,408)	**(3,623,392)**
Operating profit	1,577,651	504,088	**2,081,739**
Credit loss (expense)/recovery on financial assets	(627,024)	5,860	**(621,164)**
Net profit before taxation	**950,627**	**509,948**	**1,460,575**
Taxation	(397,583)	(59,933)	**(457,516)**
Net profit after taxation	**553,044**	**450,015**	**1,003,059**
Investment in associated companies	56,971	–	**56,971**
Total assets	94,871,977	9,404,637	**104,276,614**
Total liabilities	86,503,446	6,430,695	**92,934,141**
Depreciation	333,176	–	**333,176**
Capital expenditure on premises and equipment	424,426	620	**425,046**
Cash flow from operating activities	1,994,776	3,259,368	**5,254,144**
Cash flow from investing activities	4,955,974	(2,187,442)	**2,768,532**
Cash flow from financing activities	(2,206,930)	(940,793)	**(3,147,723)**

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28 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below analyses the discounted assets and liabilities of the Group based on the remaining period at September 30 to the contractual maturity date. See Note 22.3 – 'Liquidity risk' – for an analysis of the financial liabilities based on contractual undiscounted repayment obligations.

	WITHIN ONE YEAR	AFTER ONE YEAR	TOTAL
2021			
ASSETS			
Cash on hand	2,529,719	157	**2,529,876**
Statutory deposits with Central Banks	7,045,773	–	**7,045,773**
Due from banks	12,425,341	–	**12,425,341**
Treasury Bills	4,934,664	–	**4,934,664**
Advances	11,962,463	43,553,165	**55,515,628**
Investment securities	7,445,072	11,814,429	**19,259,501**
Investment interest receivable	204,914	290	**205,204**
Investment in associated companies	–	55,961	**55,961**
Premises and equipment	27,517	3,191,153	**3,218,670**
Right-of-use assets	13,426	464,432	**477,858**
Intangible assets	–	1,171,222	**1,171,222**
Pension assets	–	1,415,216	**1,415,216**
Deferred tax assets	34	246,180	**246,214**
Taxation recoverable	18,400	54,417	**72,817**
Other assets	578,310	16,640	**594,950**
	47,185,633	**61,983,262**	**109,168,895**
LIABILITIES			
Due to banks	155,985	–	**155,985**
Customers' current, savings and deposit accounts	84,785,236	1,824,398	**86,609,634**
Other fund raising instruments	4,352,684	265,870	**4,618,554**
Debt securities in issue	–	1,865,895	**1,865,895**
Lease liabilities	10,759	472,108	**482,867**
Pension liability	286	25,070	**25,356**
Provision for post-retirement medical benefits	–	66,777	**66,777**
Taxation payable	157,343	–	**157,343**
Deferred tax liabilities	–	587,712	**587,712**
Accrued interest payable	64,909	21,542	**86,451**
Other liabilities	1,545,461	111,358	**1,656,819**
	91,072,663	**5,240,730**	**96,313,393**

28 MATURITY ANALYSIS OF ASSETS AND LIABILITIES *(continued)*

	WITHIN ONE YEAR	AFTER ONE YEAR	TOTAL
2020			
ASSETS			
Cash on hand	2,248,900	–	**2,248,900**
Statutory deposits with Central Banks	8,810,482	–	**8,810,482**
Due from banks	12,005,309	–	**12,005,309**
Treasury Bills	3,909,369	–	**3,909,369**
Advances	12,466,646	40,833,535	**53,300,181**
Investment securities	6,758,048	10,777,638	**17,535,686**
Investment interest receivable	185,577	–	**185,577**
Investment in associated companies	–	56,971	**56,971**
Premises and equipment	1,028	3,105,924	**3,106,952**
Right-of-use assets	255	602,601	**602,856**
Intangible assets	–	1,223,414	**1,223,414**
Pension assets	–	454,573	**454,573**
Deferred tax assets	530	253,398	**253,928**
Taxation recoverable	–	56,877	**56,877**
Other assets	516,777	8,762	**525,539**
	46,902,921	**57,373,693**	**104,276,614**
LIABILITIES			
Due to banks	807,192	–	**807,192**
Customers' current, savings and deposit accounts	77,748,113	4,099,055	**81,847,168**
Other fund raising instruments	5,368,420	130,638	**5,499,058**
Debt securities in issue	–	2,024,390	**2,024,390**
Lease liabilities	4,676	588,742	**593,418**
Pension liability	1,980	40,664	**42,644**
Provision for post-retirement medical benefits	–	66,524	**66,524**
Taxation payable	95,175	–	**95,175**
Deferred tax liabilities	146	209,015	**209,161**
Accrued interest payable	88,555	20,372	**108,927**
Other liabilities	1,515,656	124,828	**1,640,484**
	85,629,913	**7,304,228**	**92,934,141**

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29 EQUITY COMPENSATION BENEFITS

Stock option plan

The Group has a stock option plan for senior executives. Under this arrangement, the holder has the right to purchase a specified number of ordinary shares of Republic 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 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:

	WEIGHTED AVERAGE EXCERCISE PRICE		NUMBER OF SHARES	
	2021	2020	**2021**	2020
At the beginning of the year	**$105.42**	$104.94	**2,567,508**	2,486,493
Granted	**–**	$103.65	**–**	586,354
Forfeited	**–**	$90.19	**–**	(6,118)
Exercised	**$99.79**	$101.17	**(122,578)**	(499,221)
At end of year	**$105.70**	**$105.42**	**2,444,930**	**2,567,508**
Exercisable at end of year	**$107.18**	**$106.33**	**1,613,558**	**1,431,254**

29 EQUITY COMPENSATION BENEFITS *(continued)*

Stock option plan *(continued)*

EXPIRY DATE	EXERCISE PRICE	2021	2020
20-Dec-20	$86.75	–	13,024
20-Dec-21	$80.00	**8,918**	26,680
13-Dec-23	$85.94	**37,721**	37,721
8-Dec-24	$72.99	**54,327**	54,327
14-Dec-25	$92.67	**100,725**	125,058
14-Dec-26	$104.41	**191,852**	219,411
11-Dec-27	$110.03	**231,095**	241,527
11-Dec-28	$121.74	**314,298**	327,876
12-Dec-30	$110.00	**364,363**	380,253
7-Dec-31	$101.92	**555,277**	555,277
9-Dec-32	$103.65	**586,354**	586,354
		2,444,930	**2,567,508**

As at September 30, 2021, none of the outstanding options were anti-dilutive (2020: none) and therefore not included in the calculation of diluted earnings per share.

The weighted average share price for share options exercised during the year was $99.79. For options outstanding at September 30, 2021, the exercise price ranged from $72.99 to $121.74 and the weighted average remaining contractual life was 8.1 years.

The total expense for the share option plan was $5.615 million (2020: $8.545 million).

30 DIVIDENDS PAID AND PROPOSED

	2021	2020
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2020: $2.10 (2019: $3.25)	**341,340**	528,664
Interim dividend for 2021: $1.00 (2020: $0.60)	**164,506**	97,723
Total dividends paid	**505,846**	**626,387**
Proposed		
Equity dividends on ordinary shares:		
Final dividend for 2021: $3.00 (2020: $2.10)	**489,808**	**341,340**

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31 CONTINGENT LIABILITIES

a Litigation

As at September 30, 2021, there were certain tax and legal proceedings outstanding against the Group. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise or that it would be premature at this stage of the action to determine the eventuality.

b Customers' liability under acceptances, guarantees, indemnities and letters of credit

	2021	2020
Acceptances	**3,297,413**	3,604,850
Guarantees and indemnities	**470,057**	501,247
Letters of credit	**422,123**	453,267
	4,189,593	**4,559,364**
c Sectoral information		
State	**1,123,805**	1,339,223
Corporate and commercial	**2,427,036**	2,388,324
Personal	**584,306**	691,432
Other financial institutions	**53,903**	139,982
Other	**543**	403
	4,189,593	**4,559,364**

d Pledged assets

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

	CARRYING AMOUNT		RELATED LIABILITY	
	2021	2020	**2021**	2020
Financial assets	**4,776,932**	**5,607,140**	**4,364,575**	**11,714,188**

The assets pledged by the Group relate to a pool of securities held for the purpose of providing collateral for the counterparty. Individual securities within the pool may be sold by the Group once the total value of the pool exceeds the value of the liability. In the event of the Group's default, the counterparty is entitled to apply the collateral in order to settle the liability.

32 STRUCTURED ENTITIES

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

These structured entities include Mutual Funds and Retirement Benefit Plans which are financed through the issue of units to investors in the funds. The Group generates fees from managing the assets of these funds on behalf of the third party investors. For the year ended September 30, 2021, the Group earned $34.4 million (2020: $27.7 million) in management fees from the retirement plans and $170.5 million (2020: $94.5 million) from the mutual funds.

The Group holds an interest of $55.8 million (2020: $84.9 million) in sponsored funds as at September 30, 2021. The maximum exposure to loss in these funds is the carrying value of the assets held by the Group. These values are all included in the investment securities portfolio of the Group as at September 30, 2021.

33 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 (BVI) Limited *Commercial Bank*	British Virgin Islands	100.00%
Republic Bank (Cayman) Limited *Offshore Bank*	Cayman Islands	100.00%
Republic Insurance Company (Cayman) Limited *Insurance Company*	Cayman Islands	100.00%
Cayman National Corporation *Banking and Fiduciary Services*	Cayman Islands	74.99%
Republic Bank (Ghana) Plc. *Commercial Bank*	Ghana	66.54%
Republic Bank (Grenada) Limited *Commercial Bank*	Grenada	84.90%
Republic Bank (Guyana) Limited *Commercial Bank*	Guyana	51.00%

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33 SUBSIDIARY COMPANIES *(continued)*

NAME OF COMPANY	COUNTRY OF INCORPORATION	% EQUITY INTEREST
Republic Bank (EC) Limited *Commercial Bank*	Saint Lucia	100.00%
Atlantic Financial Limited *International Business Company*	Saint Lucia	100.00%
Republic Caribbean Investments Limited *Investment Company*	Saint Lucia	100.00%
Republic (Suriname) Holding Limited *Investment Company*	Saint Lucia	100.00%
Republic Bank (Suriname) N.V. *Commercial Bank*	Suriname	100.00%
Republic Bank Limited *Commercial Bank*	Trinidad and Tobago	100.00%
London Street Project Company Limited *Facilitate Financing of Property Development Projects*	Trinidad and Tobago	100.00%
Republic Investments Limited *Investment Management Company*	Trinidad and Tobago	100.00%
Republic Wealth Management Limited *Securities Brokerage Company*	Trinidad and Tobago	100.00%
Republic Trustee Services Limited *Investment Advisory Company*	Trinidad and Tobago	100.00%
Republic Life Insurance Company Limited *Insurance Company*	Trinidad and Tobago	100.00%

34 BUSINESS COMBINATIONS

Acquisition of Scotiabank British Virgin Islands Limited

On June 1, 2020, Republic Financial Holdings Limited, acquired 100% of Scotiabank British Virgin Islands Limited, obtained control and the company was renamed Republic Bank (BVI) Limited. The acquisition has been accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities of Scotiabank British Virgin Islands Limited as at the date of acquisition were:

	FAIR VALUE RECOGNISED ON ACQUISITION JUNE 1, 2020
Assets	
Cash resources	1,122,891
Advances	1,886,367
Intangible assets	53,243
Other assets	56,208
	3,118,709
Liabilities	
Customer deposits and due to banks	2,543,713
Other liabilities	64,142
	2,607,855
Total identifiable net assets at fair value	510,854
Goodwill arising on acquisition	178,751
Purchase consideration transferred	**689,605**
Purchase consideration	
Amount settled in cash	689,605
Analysis of cash flows on acquisition	
Net cash acquired (included in cash flows from investing activities)	1,122,891
Consideration transferred	(689,605)
Net cash inflow	**433,286**

The net assets recognised as at June 1, 2020, which was used for convenience, were based on an independent valuation of the fair value of Republic Bank (BVI) Limited completed in 2021. At acquisition date, the fair value of customer base and banking license intangibles were determined to be $51.2 million and $2.0 million respectively. As a result, there was a reduction in goodwill of $53.2 million, resulting in $178.8 million of the total goodwill arising on acquisition. The increased amortisation charge on the customer base and banking license intangibles from the acquisition date to September 30, 2020, was not material.

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