Guide to Good Corporate Governance

REPUBLIC BANK LIMITED

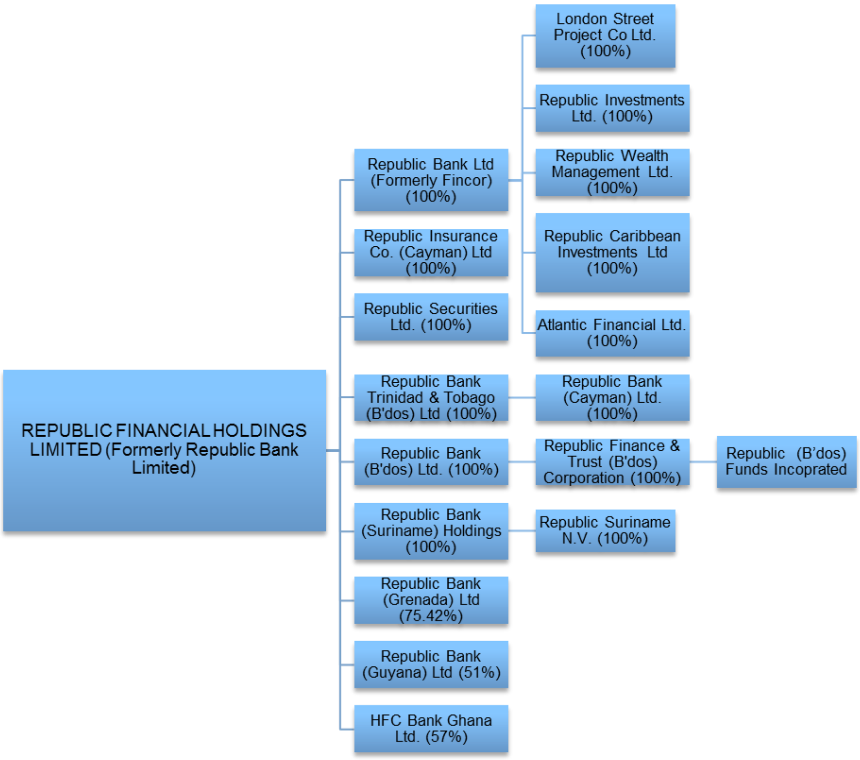
DEFINITION OF CORPORATE GOVERNANCE

"Corporate governance is the system by which businesses and corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, share-holders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company's objectives are set, and the means of attaining those objectives and monitoring performance." - The Organisation for Economic Co-operation and Development ('OECD") definition of corporate governance which is consistent with the Cadbury Report

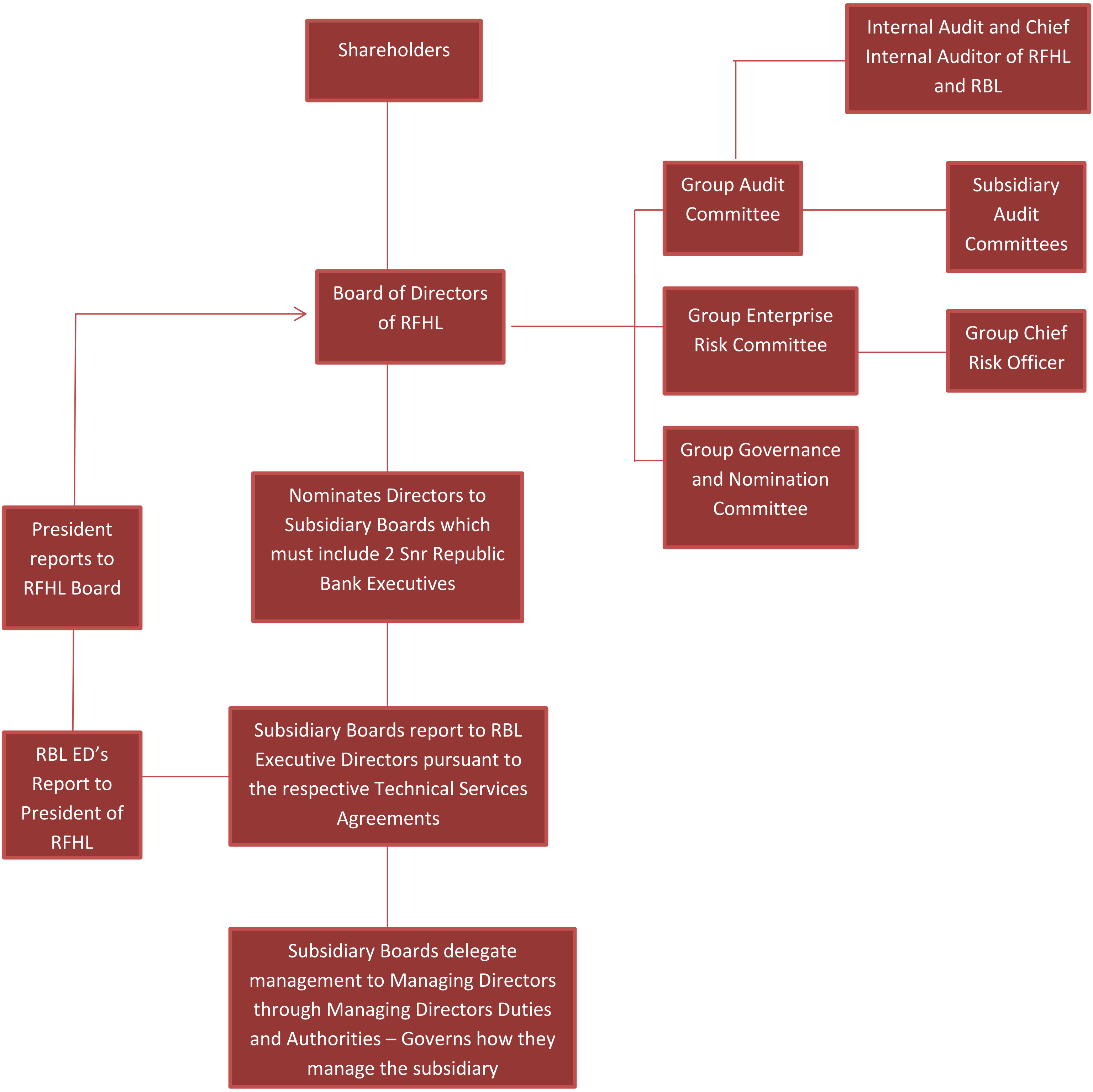
OBJECTIVE OF GOOD CORPORATE GOVERNANCE

"The objective of good corporate governance is to promote strong, viable and competitive corporations. Boards of directors are stewards of the corporation's assets and their behavior should be focused on adding value to those assets by working with management to build a successful corporation and enhance shareholder value." - Beyond building a Governance Culture – Final Report – Joint Committee on Corporate Governance November 2001 – prepared for CICA, CDNX and TSE (Canada)

GROUP ORGANISATIONAL CHART



GROUP GOVERNANCE STRUCTURE



INTRODUCTION

HISTORY

On 16th December, 2015 Republic Financial Holdings Limited (RFHL) was created in order to facilitate the restructuring of the Republic group. This was effected by a Vesting Order under the Financial Institutions Act Chapter 79:09 successfully bringing RFHL and it various subsidiaries (the Group) in line with international best practices to accommodate future growth. Following this change, RFHL became the parent company for several subsidiaries including the following banks:

- Republic Bank Limited (formerly Fincor);
- Republic Bank (Barbados) Limited;
- Republic Bank (Grenada) Limited;
- Republic Bank (Guyana) Limited;
- Republic Bank (Cayman) Limited; and
- Republic Bank (Suriname) Limited,

(collectively referred to as "the Bank").

The definition and objective quoted above forms the basis of the corporate governance practices of the Bank. It also guided the development of the principles of corporate governance (set out in more detail below) which forms the overarching framework under which the respective Bank Boards (collectively referred to as "the Board") function and discharge their duties. These principles support the Board's aim of promoting strong, viable, competitive corporations and are in line with the Group's Core Values of Integrity, Professionalism, Customer Focus, Respect for the Individual and Results Orientation.

The Bank's corporate governance practices are consistent with the Central Bank of Trinidad and Tobago's (CBTT) Guideline on Corporate Governance as well as the Trinidad and Tobago Corporate Governance Code on the 'apply or explain basis'.

These practices are periodically reviewed by the Board and may be amended from time to time as deemed necessary to ensure compliance with international best practices and the CBTT's Guidelines on Corporate Governance.

ROLE AND EXPECTATION OF THE SUBSIDIARIES

The practices and principles set out in this document apply to RFHL and its Board and, insofar as their legal frameworks allow it, apply to the other members of the Group and their respective Boards. Each subsidiary is expected to adhere faithfully to the principles set out herein, implement the various mandates and policies set out for the Group (in particular those related to Audit and Enterprise Risk Management), report as required and manage their Boards as guided by the relevant Technical Services Agreement between the parent company and the various subsidiaries.

PRINCIPLES OF CORPORATE GOVERNANCE

PRINCIPLE 1:

Lay solid foundations for management and oversight

The Board is responsible for:

- oversight of the Bank, including its control and accountability systems;
- appointing and removing the managing director, deputy managing director, executive directors and senior management;
- formulation of policy;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- approving and monitoring financial and other reporting;
- approving credit facilities in excess of a defined amount;
- updating and maintaining organisational rules and policies to keep in step with changes in the Banking Industry.

The role of the Board shall be to provide entrepreneurial leadership to the Bank within a framework of prudent and effective controls which enables risk to be assessed and managed. It sets the Bank's strategic aims, ensures that the necessary financial and human resources are in place for it to meet its objectives and reviews management performance. It abides by the Group's Core Values and standards and ensures that its obligations to its shareholders and other stakeholders are met. The Board exercises leadership, enterprise, integrity and judgment in directing the Bank so as to achieve continuing prosperity for the Bank. It acts in the Bank's best interests in a manner based on transparency, accountability and responsibility.

This framework for management and oversight is designed to:

- Enable the Board to provide strategic guidance for the Bank and effective oversight of management;
- Clarify the respective roles and responsibilities of board members and senior executives in order to facilitate board and management accountability to both the Bank and its shareholders; and,
- Ensure a balance of authority so that no single individual has unfettered powers.

Each director shall be aware of the major statutory and regulatory requirements affecting the operations of the Bank. In particular directors are required to be mindful of the provisions of section 99 of the Companies Act which, inter alia, requires a director in exercising his powers and discharging his duties to act honestly and in good faith with a view to the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In order to effectively manage the subsidiaries the Group has established reporting structures and procedures as contained in the respective Technical Services Agreements and the Managing Director's Duties and Authorities. This document addresses the manner in which the subsidiaries report to the parent Board and also addresses senior management's role and responsibility.

PRINCIPLE 2:

Structure the Board to add value

The Bank must ensure that there is a balance of independence, diversity of skills, knowledge, experience, perspective and gender among the Directors. It should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

The Board shall comprise a maximum of fifteen (15) Directors, of which no more than three (3) shall be Executive Directors. Directors hold office for a maximum term of three (3) years before being subject to re-election. The composition of the subsidiary Boards are governed by the respective Technical Services Agreements and any relevant legislation, if applicable.

An effective Board is one that facilitates the efficient discharge of the duties imposed by law on the directors and adds value in the context of the Bank's circumstances. This requires that the Board be structured in such a way that it:

- has a proper understanding of, and competence to deal with, the current and emerging issues of the business;
- can effectively review and challenge the performance of management and exercise independent judgment.

Ultimately the directors are elected by the shareholders. However, the Board plays an important role in the selection of appropriate candidates. In doing so the Board must ensure that Directors are people of integrity who can bring a blend of knowledge, skills, objectivity, experience and commitment to the Board. A proper director selection process will assist in identifying persons with the skills needed on the Board to add value to the processes of the Board in the context of the business of the Bank. The size and composition of the Board has therefore been planned with strategic considerations and the objectives of the Bank in mind.

The Board shall include a balance of executive and non-executive directors and in particular, independent non-executive directors and shall ensure that through a managed and effective process Board appointments are made that provide a mix of proficient directors, each of whom is able to add value and to bring independent judgment to bear on the decision-making process. The Board shall regularly assess the independence of each director in light of interests disclosed by them. So that it can do this, each independent director shall provide all relevant information to the Board. The Board supports the view that the Chairman and the Managing Director should not be the same person unless the circumstances are exceptional.

The Board will meet regularly, usually once a month and at least quarterly. Each director will be diligent in discharging his or her duties to the Bank, endeavor to regularly attend meetings and acquire a broad knowledge of the business of the Bank so that they can provide meaningful direction to it.

In order to ensure that the responsibilities of the Board are discharged certain responsibilities are delegated to subcommittees.

PRINCIPLE 3:

Promote ethical and responsible decision-making

As noted above, good corporate governance ultimately requires that the Bank is managed with integrity. The Board ensures that the Bank promotes ethical and responsible decision making and complies with all relevant policy, laws, regulations and codes of best business practice using the Group's Ethics and Operating Principles in force as one of the guides along with various policies and procedures circulated from time to time. The Ethics and Operating Principles address the following matters:- conflicts of interest, corporate opportunities, confidentiality, fair dealing, protection of and use of the Group's assets, compliance with laws and regulations and encouraging the reporting of unlawful/unethical behavior.

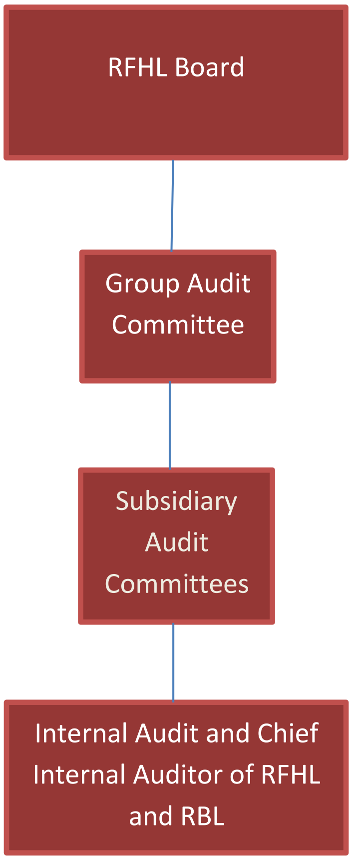
The Bank expects a high standard of ethical behavior from its directors and employees and particularly from those officers and employees who have the opportunity to materially influence the image and reputation of the Bank as well as the integrity, strategy and operation of the business and its financial performance. Each director shall take precautionary measures to avoid conflict between the interests of the director and the Bank. Any matter in which a director, his relative or any person connected to the director has an interest shall be disclosed at a Board meeting and the director may be requested not to participate in the discussions.

A Director shall not be present at any discussion on a facility or contract to be granted to a person with whom the Director is in competition and that may result in the unfair disclosure of confidential information to the Director.

PRINCIPLE 4:

Safeguard integrity in financial reporting

Group Internal Audit Reporting Structure



The Board has a structure in place to independently verify and safeguard the integrity of the Bank's financial reporting including the Internal Audit department headed by the Chief Internal Auditor and the establishment, as required by law, of the Audit Committee, to which the Chief Internal Auditor reports. The existence of an independent Audit Committee is recognized internationally as an important feature of good corporate governance and is required by the Financial Institutions Act.

The Bank's Internal Audit is also governed by a Charter which sets out the roles and responsibilities of Internal Audit, the professional standards by which it is to be governed by, the staff's authorities and organization and emphasizes the independence of Internal Audit in the Bank's organizational structure. Each Audit Committee is also guided and governed by its own Terms of Reference.

The ability of the Audit Committee to exercise independent judgment is vital. The Audit Committee shall be of sufficient size, independence and technical expertise to discharge its mandate effectively. In accordance with international best practice the Audit Committee comprises only non-executive directors. It includes members who are all financially literate (i.e. are able to read and understand financial statements); at least one member who has financial expertise (i.e. is a qualified accountant or other financial professional with experience of financial and accounting matters); and members who have an understanding of the industry in which the Bank operates.

The Audit Committee is structured so that it consists of:

- only non-executive directors;
- an independent chairperson, who is not chairperson of the Board;
- at least three members.

The Bank is committed to the truthful and factual presentation of the Bank's financial position. The structure established to ensure the integrity of the Bank's financial reporting includes:

- review and consideration of the accounts by the Audit Committee;
- contracting of independent and competent, external auditors.

The Managing Director shall state in writing to the Board that the Bank's financial reports present a true and fair view, in all material respects, of the Bank's financial condition and operational results and are in accordance with relevant accounting standards.

PRINCIPLE 5:

Make timely and balanced disclosure

The Board shall promote timely and balanced disclosure of all material matters concerning the Bank.

To achieve this the Bank has put in place structures designed to ensure compliance with the relevant legislation and to ensure accountability at a senior management level for that compliance such that:

- all investors have equal and timely access to material information concerning the Bank – including its financial situation, performance, ownership and governance;
- Bank announcements are factual and presented in a clear and balanced way. "Balance" requires disclosure of both positive and negative information.

Such mechanisms include the systems and procedures established and carried out by the Group's regulatory Compliance Department.

Such mechanisms include the systems and procedures established and carried out by the Group's Regulatory Compliance Department who has oversight of the Group's regulatory compliance which includes quality assurance and verification and research on new regulatory requirements and developments.

There are processes in place designed to ensure that Bank announcements:

- are made in a timely manner;
- are factual;
- do not omit material information;
- are expressed in a clear and objective manner that allows investors to access the impact of the information when making investment decisions.

PRINCIPLE 6:

Respect the rights of shareholders

The Board respects the rights of shareholders and facilitates the effective exercise of those rights. To this end, the Board has a responsibility for ensuring that a satisfactory dialogue with shareholders takes place.

In furtherance of this responsibility the Board empowers the shareholders by:

- communicating effectively with them;
- giving them ready access to balanced and understandable information about the Bank;
- making it easy for them to participate in general meetings.

The primary means of communicating with shareholders is through the publication of a comprehensive annual report which conforms to international standards.

These reports are published on the Bank's website.

PRINCIPLE 7:

Recognize and manage Risk

The Board has a responsibility to review the adequacy and effectiveness of the Bank's risk management strategies and review and approve the Bank's risk management framework. To achieve this, the Group has developed an Enterprise Risk Management Policy and a Risk Appetite Statement that governs the manner in which risk is managed in the Group.

In addition, there is a Group Chief Risk Officer as well as the Enterprise Risk Committee (ERC), which comprises two (2) executive directors and four (4) non-executive directors. The Group Chief Risk Officer and the ERC makes recommendations and the Board approves and implements:

- the Bank's risk appetite framework, tolerance, limits and mandates, taking into account the Bank's capital adequacy and the external risk environment;
- strategic or material transactions, focusing on risk and implications for the risk appetite and tolerance of the Bank;
- oversight and maintenance of a supportive risk culture throughout the Bank;
- Risk assessment including risk assessment processes, identifying and managing risk and monitoring and understanding the risk profile of the Bank;
- Risk monitoring and reporting including adequacy and effectiveness of the technology infrastructure;

- Risk management function.

Each subsidiary with banking operations has an officer with responsibility of oversight of risk management within that subsidiary and who is guided by the Technical Services Agreement and/or guidelines emanating from the Managing Director's Duties and Authorities as the case may be.

PRINCIPLE 8:

Encourage enhanced performance

The Board is committed to encouraging enhanced board and management effectiveness through periodic performance evaluations (discussed in more detail below) and reviews.

The Board also ensures that directors and key executives are equipped with the knowledge and information they need to discharge their responsibilities effectively.

Management is required to supply the Board with information in a form, time frame and quality which will enable the Board to discharge its duties and responsibilities.

When needed the Board has access to the advice of both in-house counsel, the Bank's external counsel and other independent professional advice if necessary.

Performance review

The process for performance evaluation of the key executives must be well defined and the Board must ensure that individual and collective performance is regularly and fairly reviewed against measurable and qualitative indicators. The Group's Governance and Nomination committee takes responsibility for evaluating the Board's performance.

The Board carries out periodic self-assessments aimed at ensuring that responsibilities are carried out. and also engages external consultants to periodically evaluate the performance of the Board. The performance of executives is reviewed regularly against both measurable and qualitative indicators. The remuneration committee takes responsibility for evaluating the board's performance.

Facilitating performance by education

The Bank has implemented induction procedures designed to allow new board appointees to participate fully and actively in board decision-making at the earliest opportunity.

New directors cannot be effective until they have a familiarity with the Bank and the industry within which it operates. An induction program is made available that enables directors to gain an understanding of:

- the Bank's financial, strategic, operational and risk management position
- their rights, duties and responsibilities
- the role of the board committees

The Board also recognizes its responsibilities to give Directors training on an on-going basis and as such periodically sources training programmes that will enhance Director's knowledge and improve their effectiveness.

PRINCIPLE 9:

Remunerate fairly and responsibly

The Board shall ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

To achieve this, the Bank has adopted remuneration policies (as contained in the Terms of Reference for the Group's Governance and Nomination Committee) that attract and maintain talented and motivated employees so as to encourage enhanced performance of the Bank. It is important that there be a clear relationship between performance and remuneration.

The Bank has designed its remuneration policy in such a way that it:

- motivates management to pursue the long-term growth and success of the Bank within an appropriate control framework;
- demonstrates a clear relationship between key executive performance and remuneration.

Employees are provided with information with respect to the Bank's remuneration policies which enable them to understand (i) the costs and benefits of those policies and (ii) the link between remuneration and corporate performance. No individual should be directly involved in deciding his-her remuneration.

The committee responsible for remuneration ensures that the Board, management and the itself are provided with sufficient information to ensure informed decision-making with respect to remuneration.

Executive remuneration packages should involve a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the Bank's circumstances and goals.

PRINCIPLE 10:

Recognise the legitimate interests of stakeholders

Recognise legal and other obligations to all legitimate stakeholders.

The Bank is subject to a number of legal requirements that affect the way business is conducted. These include contractual requirements, banking practice, compliance, consumer protection, respect for privacy, employment law, occupational health and safety, equal employment opportunity and environment controls. In several areas, directors and officers can be held responsible for corporate behavior inconsistent with these requirements.

In addition to its obligation to its stakeholders as mentioned above the Bank has other obligations to non-shareholders such as employees, customers and the community as a whole.

There is growing acceptance of the view that organisations can create value by better managing natural, human, social and other forms of capital. A company's success is no longer measured by numbers alone but also by its investment in human, natural and social capital and its impact and contribution to society as a whole.

The Board has a responsibility to set the tone and standards with respect to the corporate social responsibility of the Bank and to oversee adherence to these. The Group's Ethics and Operating Principles which state the value and policies of the Bank assists the Board in this task and acts as a guide for employees and management in conducting business and general behaviour.

The Board ensures that each employee receives a copy of the Ethics and Operating Principles at the on-boarding stage.